

Planning and Finance Committee Minutes

September 9, 2015

Introductions

Committee members introduced themselves and state their positions at the university.

Meeting Contents

- **Budget Unpredictability:** Dr. Winger mentioned that the current budget environment is beyond the control of committee members, and it was suggested that the committee proceed uninhibited.
- **Salary Gaps:** Dr. Winger raised the possibility that addressing the salary gaps between our faculty and those of our sister institutions be made a possible priority for the committee's IPR this year.
- **Institutional Priorities Report Purpose:** In order that all committee members understand the purpose of the IPR and the process that it goes through, it was briefly explained that the Planning and Finance Committee drafts the outlining what the committee believes to be appropriate University priorities. The report is then sent to the administration to be reviewed. After the document is reviewed, the administration comments on the various priorities outlined and inquiries made in the report. The committee usually receives this feedback around November. Additionally, the committee is able to request elaboration from the administration regarding any feedback that is apparently contradictory or ambiguous. The course that the reports from previous years have taken allows us to direct the next report more carefully.
- **Allotted Discussion Time:** It was noted that the committee will allot time to discuss the administration's feedback on the previous year's report before we begin drafting this year's document.
- **Presentation Selection Process:** A portion of the meeting was dedicated to selecting the parties the committee will hear presentations from during the fall semester. The committee already has meetings scheduled with:

University Budget

Academic Affairs

The following departments or divisions were selected by vote to appear before the committee:

IT/AT

Enrollment Management

Student Affairs/Fees

University Advancement

The majority rejected the proposal by Dr. Winger to look into the finances of the Athletic Department.

Adjournment

Planning and Finance Committee Minutes

October 7, 2015

Attendance

Assistant Vice-President for Academic Fiscal Management Dr. Alan Lacy's Presentation:

- **Introduction:**

- Academic Affairs is a large umbrella to whom at least 58 people across campus report.
- Academic Affairs works to ensure its priorities match the values of our strategic plan Educating Illinois.
- The total annual budget for Academic Affairs is around \$140 million.
- General Revenue is permanent money, we get it back each year.
- Our Personnel and Operating moneys can shift categories depending on needs, which is a uncommon ability.
- Enrollment Management is a critical priority for Academic Affairs, and it is being studied.
- The international student recruitment is a way the university works to bring diversity.
- The American Democracy Project is being evaluated for effectiveness.
- The transition to Campus Solution is causing financial strain.

- **Fiscal Year '16:**

- Academic Affairs is trying to plan and facilitate budget reduction, but in many areas they need more information about what the State Budget is going to look like in order to proceed.
- The Instructional Capacity Funding Model last year allocated about \$4.5 million for unmet instructional needs. This model is currently under study to be improved.
- Attempts are being made to offer all needed classes during summer session. This is in increasing priority to recruitment and retention.
- Strategic Budget Carryover Requests are being examined. Theoretically, these would be used by department chairs to make purchases that could not be afforded by one year's budget alone. They have actually been used as a hedge against budget reductions, and the amount of money in this category university wide exceeds \$15 million. This is dangerous in the present budget environment as the state could use it as evidence that we have money and are in less dire need of funding.

- Dr. Winger asked how the money from Strategic Budget Carryover exists.
- Dr. Lacy answered that the departments send the money to Academic Affairs at the end of the year, then Academic Affairs puts the money back into the budget for the next fiscal year.
- Senior Associate Vice President Smitley added that in general, our money is invested during the times it is not being used.
- Dr. Kalter asked if full cost recovery courses have gone away. Dr. Lacy answered that the summer full cost recovery program was separate from the regular program. The online summer program was a one time practice, while regular full cost recovery courses designed for students who would not otherwise be able to attend ISU are still in place for fall and spring terms.
- Dr. Ellerton inquired about Academic Impact Fund.
- Dr. Lacy and Provost Krejci answered that the fund is being examined to ensure that it is in line with our values.
- Director Brauer asked if there was an average amount that departments received from the fund and whether there were restrictions on departmental spending of the money awarded.
- Provost Krejci answered that there is a model based on the department's increase in enrollment and retention of those students. There is no restriction on department spending, partially because non-personnel operating budget is often very low, and these awards can help ameliorate this.
- Dr. Winger asked how scholarships for student athletes are funded.
- Dr. Lacy and Provost Krejci expressed that this was covered by athletics and the NCAA rather than Academic Affairs.
- Dr. Kalter attempted to clarify the question in terms of where student athlete scholarship money comes from, goes to, and gets to Academic Affairs.
- Provost Krejci answered that the tuition money is essentially raised for/by the athletes, then is paid to the university in the form of tuition.
- Dr. Winger asked if the committee felt the Institutional Priorities Report should be broken into a set of bulleted priorities that take precedence over the rest of the report. He gave the example of a goal of 70% tenure faculty that the committee had discussed last year.
- Dr. Jawahar said that this number would vary by colleges, and one of our priorities is to gather information for these numbers.
- Provost Krejci noted that the Institutional Priorities Report should be driven by Educating Illinois, and said that a meeting was being scheduled to discuss how best to connect the strategic plan with the format and content of the IPR.

-Provost Krejci stated that the IPR should be driven by Educating Illinois, such that the document's content and form match with our strategic plan. She stated that a meeting was being scheduled to discuss how best to do this.

-Senior Associate Vice President Smitley said a chart would be created to clarify any confusion over where the Academic Affairs budget comes from.

-To increase general the committee's general understanding of where the excess of Strategic Budget Carryover funds are coming from and why it could not be converted to a permanent fund, Provost Krejci said that departments often file requests for temporary money. As the money is not always there, it is difficult to establish a regular fund.

Adjournment

Planning and Finance Committee Minutes

October 21, 2015

Attendance:

Absent: Kenny Lin, Barbara Schatter, Connor Joyce

Miscellaneous Business:

- Dr. Winger summarized the matters discussed at a meeting with Dr. Kalter and Provost Krejci regarding the formatting and purpose of the Institutional Priorities Report. Committee members were instructed to begin considering matters the committee would deem to be high-level concerns. These priorities would then be placed in a bulleted list at the beginning of the document to direct the content of the rest of the report.

Office of Academic Technologies Presentation:

Administrative Technology: Some of the big functions that Administrative Technologies handles were briefly explained.

- **Information Security:** Administrative Technology works with security to prevent a multitude of attempted breaches each year.
- **Training for Enterprise Applications:** This involves training individuals on how to use enterprise applications, or applications that are used campus-wide.
- **Enterprise Data Warehouses:** Data Warehouses are used to store information from Enterprise Applications. Also, data warehouses house information during the transitions from one system to another.

General Office of Academic Technologies Questions:

- Lois Soeldner asked what applications Administrative Technologies gives training for. They are training for Leap Forward and the IT Service Management System. It is a developing division.
- Dr. Marx inquired whether Information Security was able to keep up with attempted breaches, and what challenges they faced. Information Security recently purchased the program Splunk for log analysis, which moves records of attempted breaches to one location and allows them to be interpreted. Attempted breaches include Trojan Viruses and Denial of Service attacks. There has never been a serious attempt to steal Illinois State University's information.
- Dr. Winger said he suspected our pay to our technology professionals lagged behind the private sector, and asked by how much. Our compensation tends to be approximately 15% to 20% behind that of private companies.

- Dr. Kalter asked if we could explore the OAT budget.

Budget:

- Nearly 70% of funding goes to Tech Zone as they make all of the sizable purchase at the beginning of the year.
- The most significant expense of Administrative Technologies is personnel.
- Tech Tuition is funding from tuition dollars that allows colleges to support technology however they see fit.
- Senator Goldstein asked what percentage of tuition goes to technology.
 - Vice-President Alt said those figures would have to be collected, but that a reasonable estimate was 8-10% of tuition.
- Nearly 95% of the Administrative Technologies budget is spent at the beginning of the year.
- Over the past four years expenditure has been reduced by 12%, allowing for an increase in capital expenditure.
- Senator Soeldner asked what constitutes the miscellaneous categories of expenses.
 - Miscellaneous is made up of special applications for the Office of Administrative Technologies, memberships to give us access to data sets, and other similar costs to facilitate OAT operations.
- Senator Alcorn asked why training expenses are down when faculty and student experiences seem to suggest a need for it.
 - This expense refers to training sessions for OAT personnel, which are separate from the training of student employees. The costs of sending personnel to training sessions are high and are increasing. This has resulted in our scaling back the number of sessions we send employees to.
 - We have also learned to better negotiate contracts when we purchase products, so that training sessions for the people using them are integrated into the purchase price. This has also reduced our expenditure on training.
 - In response to incidents of poor support for Reggienet and other Enterprise Applications, the appropriate channels for assistance are first the Help Desk, then the application administrators, then the vendor support. Some of the incident recollections sound like one channel failing to refer a complex problem to a higher channel. Efforts will be made to inform employees of these channels in order to provide better support.
- Senator Kalter asked: five to ten years out, where should we be investing to ensure that our technology stays current?
 - Currently, all network infrastructure is being updated.
 - Next, business continuity is going to be examined to ensure our ability to operate normally during emergency situations that threaten our technology.

- Representative Brauer asked about the wellness of OAT staff during this transitional period.
 - It has been a stressful time, but such transitions always are. The first time employees go through it is the worst.
- Senator Kalter relayed a question from Senator Daddario about whether external audits of departments would be useful to learn what technology would benefit each department the greatest amount and stay technologically ahead of the curve.
 - It was answered that the purpose of our internal audits is to stay ahead of the curve, and, while it may be useful to be audited externally, it may be cost prohibitive to do so.

Adjournment

Planning and Finance Minutes

November 4th, 2015

Roll Call:

Absent: Senator Alcorn, Trustee Joyce

Approval of the Minutes from October 7th and October 21st

Presentation from the Division of Student Affairs, Planning and Budget, and Athletics

By Interim Vice President of Student Brent Patterson, Director of Fiscal Management and Planning Wendy Bates, and Director of Athletics Larry Lyons

- The total budget for areas under Student Affairs numbers approximately \$95 million.
- The Student Affairs planning process was switched a few years ago to Campus Labs. This system allows for a customized plan. It helps get information from departments on what is and is not working. It also helps funding for departments to be organized.
- General Revenue composes 60% of the university budget but only 6% of the budget of Student Affairs.
- A majority of Student Affairs expenditure of General Revenue goes to Personnel.
- Agency Expenditures are primarily funded by student fees. They help support the Campus Recreation Center, the Dean of Students Office, Health Promotion and Wellness, and Student Health Services.
- Bond Revenue is attached to buildings for which bonds were issued to enable their construction. The debt from the bonds is paid down by the revenue generated from the facilities and student fees.
 - No general revenue or state funds may be used for the construction of facilities whose purpose is not directly tied to instruction. The university is required to bring in its own resources for the construction, maintenance, and operation of these facilities.
- The Campus Recreation Center used a unique new funding model of 60% bonds and 40% General Revenue for its construction. The split funding represents an attempt to match the purposes of the facility, which are both recreational and instructional.
- The completion of the Bone Student Center renovations will be funded largely by reserves from the Bone Student Center's and Campus Dining's revenue.

- Campus Housing and Campus Dining are under Bond Revenue, as we took out bonds to develop the facilities for these areas.
- Mandatory Student Fee Process: Legislated audit commission guidelines state that the purpose of student fees must match the expenditure of the fees.
- The Student Fees Budget is reviewed each year by the Student Fee Committee. After their review, the fees are sent to Student Government Association for review. Next they are sent to the Vice President of Student Affairs, then to the President, and then they are confirmed by the Board of Trustees.
- The Truth in Tuition Legislation that freezes tuition for four years also applies to mandatory fees.
- The board recommends the fee rates for incoming students. Once established, the fees are fixed.
- If a new student fee is established, it must go through the channels that confirm the existing fees, and it may need to be presented before Illinois Board of Higher Education.
- Also, The Truth in Tuition Legislation that freezes tuition rates for four years has been voluntarily adopted by Illinois State University to also apply to mandatory fees.

Athletics

- Athletics manages 19 Sports, 135 full time staff, a \$25 million total budget, about 425 student athletes, and 220 athletic scholarships.
- Personnel (including athletes) accounts for about 70% of the Athletics budget, with various costs associated with operations accounting for around 30% of the budget.
- Tuition waivers from athletics count as Unrealized Revenue: Nothing is charged, and nothing is collected. Athletics is the only department that reports this revenue.
- Athletics issues a ballpark figure of 40% of the university's tuition waivers. We can get the exact number.
- Athletics income fund comes from student tuition because athletics cannot receive state tax dollars.
- Athletics scholarships can be in the form of waived tuition or a payment of the tuition.
- The bond debt from athletics facilities is not permanent, but the payment periods are very long, about 30 or 40 years. Also, this debt often is refinanced into other facilities or projects.
- The first student fee was for the construction of Horton Field House and Hancock Stadium. We still collect this fee for the operations of these facilities.
- Some of the money that comes into athletics from fees and student tuition is going back into the institution when the tuition of athletes on scholarship is paid.
- Athletics adds to the diversity of the university.

- Our athletic program has difficulty self-funding with generated revenue because we do not quite have the clout of a big 10 university.
- We congratulate the academic and competitive achievements of our student athletes.

Adjournment

Planning and Finance Committee Minutes

November 18th, 2015

Call to Order:

- The previous meeting's minutes were deferred due to incorrect editing and distribution.
- Presentation by Dr. Troy Johnson to provide context on the enrollment market, enrollment projections, and the relationship of enrollment to revenue collection.

Presentation:

- Some of the information in this presentation is from the Board of Trustees Retreat.
- For successful enrollment, involvement is necessary from all university personnel. There is a history of teamwork regarding enrollment at Illinois State University.
- The focus of our enrollment strategy is on recruitment and retention.
- A primary basis of our recruitment is our high graduation rates and our strong retention facts.
- We are currently analyzing data to see if our strategy is working. This data is from sources like our Open House Surveys. The preliminary results suggest our strategy is working.

Our new student population has grown substantially, from roughly 11,500 to 12,400 over the past two years compared to the two years before that. Four years ago, our new student population was 11,100.

- This illustrates the multi-year effect of enrollment. Smaller or Larger class sizes effect overall enrollment numbers.
- Continuing to bring in large freshman classes is as high priority.
- Without any specific data, there is a sense of correlation with the number of high achieving students recruited and the increased honors participation.
- An area of concern is a decrease of 200 to 300 graduate students enrolled for next year. Our current enrollment is set to be the second highest in recent history, but the composition of our student body is shifting increasingly to undergraduates.
- Because undergraduate students tend to pay more in tuition and fees, revenue has been driven up by the recent larger freshman classes.
- About two out of five of our current graduates are transfer students. We have around 2500 new transfer students each year.
- The overall market for transfer students is getting smaller. In spite of this, our transfer enrollment was steady last fall. Our share of the market is strong, which supports these consistent numbers. We spend a lot of energy on our market share, but we have been able to uphold our standards of high quality recruitment.
- A concern is the current report of enrollment for spring transfers. Our enrollment is down 21% from the spring enrollment last year.
- Fall freshman admission applications are up 2% from last year.

- We retain 86% of our freshman. Most that we lose go to college somewhere else, rather than dropping out.
- Most of the transfer students that we receive are here by their junior year.
- Many of our students take general education courses at community colleges, and we do lose some revenue as a result of this. We cannot do much to combat this. Students and families are smart about value, so we cannot get students to take our courses when they are already inclined to take courses elsewhere. One aspect that helps make up some of the revenue is the fact that transfer students have tuition rates locked in a couple years later than they would have if they started as freshmen at ISU. The increase of tuition each year nominally keeps pace with inflation, at around 2.5%.

Enrollment Market:

- We compete in a market with other universities for students. Recently, we've taken some of Depaul's share in the market. They plan to counter this by offering more freshmen scholarships.
- Our competition is the fiercest with the Big Ten schools and out of state universities.
- One of our big, long-term concerns is the declining graduation numbers in Illinois at the high-school level.
- Through 2022, we are expected to have a decline of 5% in high-school graduates. We're looking at targeting marketing to states with increased graduation numbers to hedge against this.
- The fact that we do not have a location mentioned in our name is great. It helps our brand. In both the enrollment and bond markets, this has helped us perform at a higher level than many similar institutions.
- We have a stronger reputation than Northern, Western and Eastern Universities. Our students have higher ACT scores coming in and stronger records of achievement.
- The idea of building a national presence and brand for ISU warrants further consideration, but our high out-of-state tuition cost currently would hinder our efforts.
- As the higher education market looks like it may face significant conflict in the coming years, we and The University of Illinois are potentially well positioned to take advantage of market conditions that will challenge our competition.

Adjournment

Planning and Finance Committee Minutes

December 2, 2015

- Approval of committee minutes from November 4th.
- Approval of committee minutes from November 18th.

Roll Call:

Absentees: Committee Members Ellerton, Goldstein, and Jawahar

Advancing ISU: Presentation by Vice-President of University Advancement Vickerman

Overview of University Advancement:

- University advancement includes Alumni Relations, University Marketing and Communications, and the ISU Foundation
- Marketing and Communications is responsible for the alumni magazine, admissions materials, and fliers.
- The ISU Foundation is a 501c3 that accepts gifts for the university. This separation from the university allows us flexibility to avoid some state restraints.
- Foundation funds are now being focused on development, which is the fundraising arm of University Advancement.
- The foundation uses the university's database.
- Our fundraising has grown from \$10 million in 2010 to \$36.8 million in 2015.
- The number of alumni donors is up to 11,899 now from 9097 in 2010.
- 74% of gift production comes from alumni, 17% comes from friends (faculty, staff, and families), and 9% comes from corporations and foundations.
- The purpose of gifts is 57% program support, 39% student support, 1% faculty support, and 3% facility support.
- It is challenging to increase funding for facilities support because donors are less excited about it than things like new labs. The uncertainty of the state political environment adds to this difficulty, but as new projects crop up we seek out donors for them.
- We are seeking new donors for the CFA's renovation project, but we need to manage expectations. It is important to convey to donors the uncertain timetable given our current lack of state funding.
- By type, gift production consists of 26% outright gifts, 69% Revocable deferred commitments (donations in estate plans), 4% pledge commitments over the course of three to five years, 1% gifts in kind (equipment, software), and 0% irrevocable deferred commitments (charitable trusts/annuities).
- Reporting on donations from estate plans is structured so that they are counted only once, rather than counting both when they are announced and come due.

- We have \$101.8 million in endowment assets managed by Commonfund. This number is up from Fiscal Year 2010's \$65.9 million. Our average return from Commonfund has been around 6%.
- Our total budget is \$420 million, with a little under 1% coming from the endowment interest.
- We are seeking to ask for many more six figure gifts next year to increase gift production.
- \$11 million is our cash receipts goal for this year.
- Testimony Gifts Documented occur when we know that the university is included in someone's will. Undocumented Testimony Gifts are inclusions in wills that we were not informed of.

The Campaign:

- We are new to fundraising campaigns. Our first was in 2005, raising \$95 million. We have not campaigned since, which is a long time compared to other institutions.
- We are currently in the process of planning the campaign and determining our priorities.
- The phases of a fundraising campaign are the quiet phase, the nucleus phase, and the public phase.
- The quiet phase is an initial stage of planning the priorities of the campaign.
- The nucleus phase includes the gathering of leadership expenses, as well as figuring out accounting and structure of the campaign.
- The public phase tends to last about four years. It can be difficult to keep the fundraising momentum during this phase, due to a difficulty keeping donor attention. This is one reason we are looking at condensing the public phase of this campaign.
- We are currently working with a campaign consultant to help us plan and conduct feasibility studies.
- The entry to the public stage depends on the success of key solicitations planned for 2016. In the best case, we would be going public in spring of 2017.
- Large commitments are leadership gifts of \$1 million and up. We will need about 60 gifts at this level to reach our campaign goals.
- We are also working with the consultant to see if we can turn some of the \$25,000 gifts we have been getting into six-figure gifts.
- We have an initiative to get students to purchase special tassels at graduation in a push to connect our young alumni early. Once we lose donors, they tend to be gone for good. Our data says that if young alumni are not connected within five years it is difficult to get them back into the cycle.
- Part of the fundraising campaign is to strengthen our culture of philanthropy, which is part of our strategic plan.

- Corporate gifts are quite competitive. This is one of the reasons why they constitute only 9% of our incoming gifts. We tend to receive gifts from the institutions that see it as an investment, like Country Companies and State Farm.
- As we gain experience in fundraising, we are getting better at following our high-profile alumni. Now, we are trying to tell our story to them.
- Our current state environment encourages us to seek private support. We are still learning to tell our story with assertion. President Dietz's ISU Points of Pride are a good start towards this.

Adjournment:

- Motion By Senator Schaab
- Second by Senator Lin.

Planning and Finance Committee Minutes

January 20, 2016

Call to Order

Roll: Absent- Committee Members Joyce and Schlatter

- Barbara Schlatter is being replaced this semester by Brent Beggs from Kinesiology and Recreation.

Approval of the minutes from December 2, 2015.

- The committee thanked Senator Winger for his work as Committee Chair during fall 2015.
- As a committee, we recommend what we believe should be priorities for the university in the annual Institutional Priorities Report. We have been asked by Provost Krejci to attempt to align these priorities with the goals and strategies outlined in Educating Illinois.
- We have also been asked to review the university policies for sustainability and fundraising.
- A motion carried to form two subcommittees to work independently on these documents and report back to the Planning and Finance Committee. The volunteers for the subcommittees are listed below:

Sustainability Policy Subcommittee: Brauer, Feiz, Lin, Schaab, Smitley, Soeldner,

Fundraising Policy Subcommittee: Browder, Ellerton, Goldstein, Jawahar

General Overview of the Structure, Function, and Logistics of the Institutional Priorities Report:

- Based on the timeline from last year's committee, we set the goal to close our business on the above listed priorities and the Institutional Priorities Report by early March. This will allow us to bring them as information items on April 6th, so that they may be voted upon by the current senate on April 20th, our final meeting.
- We previously have needed additional meeting time to complete the report. This could be accomplished by creating additional meeting times as necessary, or by meeting earlier than 6:00 P.M.
- We determined it to be preferable to meet earlier on Wednesday evening rather than attempting to find another suitable time. After our next meeting, we will decide whether or not to meet earlier for the following committee meeting.
- Committee members were asked to read Educating Illinois and consider which elements committee members might like to see focused upon in the Institutional Priorities Report.
- Reports from the Vice Presidents show that they are working hard to meet these goals and strategy.
- A possible function of our report could be to add concrete actions to some of the abstract and flexible goals listed in Educating Illinois.

- A concern of our committee should be ensuring that we do not simply repeat the strategic plan, Educating Illinois. Pulling out elements from the plan for special attention could be of value, and it can be difficult for offices to respond to our report when it is unaligned with the other reports to which they must respond. However, it is important that our document focus on the future of the institution when possible and differentiate itself from the strategic plan.
- A new structure centered on a few points seemed to be favored over the traditional list of many goals.
- From our previous report, nothing was inconsistent with Educating Illinois. This type of compliance with the document is a possible way to consider the strategic plan without mirroring it.
- We should take care to start with our priorities and match them to Educating Illinois, as opposed to allowing Educating Illinois to dictate our priorities.

Brief Planning and Finance Committee Background:

- The committee was formed 15 to 20 years ago in order to obtain faculty, staff, and student input on the direction the university should take, as well as to establish a better working relationship between the administration and these groups. An element of the committee was consideration of how the budget allocated resources and where the committee thought resources should be allocated to uphold our values during challenging times. The committee reflected a desire to better achieve the potential of the university. This task has recently become more challenging, as we have made significant progress toward many of the initial goals of the committee. It is becoming more important to focus our priorities and ask how we can continue to hit our trajectories ten years from now, when our environment will be quite different.
- Another important feature of the committee is the response we get to the report issued from the previous year. Its consideration allows us to more productively align the points in the next report.
- The Planning and Finance Committee serves an important function as another set of eyes looking at university issues from different perspectives.
- We have also been known to ask the administration for additional feedback when we have received answers that were overly broad or general.
- In line with our committee's purpose of suggesting priorities for the future of the university, our presentations from the fall featured good information but lacked constructive dialogue about the future of our institution.
- The first meeting of the committee next fall will likely be dedicated to determining which parties to meet with and what the content of those meeting should be. It may be necessary to dedicate more time to reflecting on the meetings and discussing how they can impact the university's future.

Thoughts on the response to last year's Institutional Priorities Report:

- We should mention the ongoing priority of funding technology that works, funding infrastructure, and funding staff.
- Focus on transparency through difficult times. When communication is clear, everyone is more understanding. When communication is unclear there is greater resentment

- We live in an era in which technology is becoming all consuming. In the future, we will no longer be able to have a system for many years without replacing or updating it. This is going to continue to be an issue, and we need to fund technology accordingly.
- We need better communications between people making technology choices and the people using those technologies so both parties understand the wants and constraints of the other.
- We need to find ways to convince the general population of the value of state institutions of higher education and convey what the absence of these institutions would mean for communities.
- The statistic that about 80% of graduates of state institutions find employment in the state is a useful one.
- We need to encourage the administration to help forge a strong argument for our existence. This could help support our document and make it less adversarial.
- For the next meeting, please review last year's report and its response in order to help our small groups be as productive as possible next time.

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Adjournment

Planning and Finance Committee Minutes February 3, 2016

Call to Order: 6:00 P.M.

Approval of Minutes from January 20th, 2016: Motion by Committee Member Schaab, seconded by Committee Member Jawahar.

- A request was made to include a list of the committee members who were present rather than a list of the members who were absent.
- The committee split into four groups to give feedback on the inclusions in the *Institutional Priorities Report* and their relationships to the strategic plan *Educating Illinois*

Adjournment: 7:00P.M.

Planning and Finance Committee Minutes

February 17, 2016

Call to Order: 5:35 P.M.

Roll:

- Absent Committee Members: Smitley, Joyce, Soeldner
- Present Committee Members: Alcorn, Beggs, Brauer, Browder, Ellerton, Feiz, Goldstein, Jawahar, Kalter, Lin, Marx, Miller-Schuster, Schaab, Smitley, Soeldner, Winger

Approval of the minutes from February 3rd

Subcommittee Reports:

- The Subcommittee for Sustainability met to review policy, but didn't see the need for substantial changes due to the strategic nature of the policy. The committee will meet again.
- The Subcommittee for Fundraising has not met.

Senate Democrats Report on Executive Compensation:

- The report is an attack by the Illinois General Assembly to lower support for higher education.
- The report singles out administrative bloat as a cause of rising costs of higher education. However, it is unclear what is driving this administrative expansion. As a mechanism for strategic planning for the university, it seems we have some responsibility to analyze these administrative expenses and assess the validity of the General Assembly's accusations.
- Vice-President Alt's presentation touched on what is done with the money we receive from the state, as well as how much we spend on unfunded state mandates.
- Vice-President Alt intended to be here this week, but was unable to be present. He will attend next week to discuss the particulars.
- The report appeared to be halfway researched. Many facts seemed cherry-picked to cast higher education in a negative light.
- The narrative created by the report is of high administrative salaries driving up tuition costs, but we really need to investigate where the money is coming from and going to so we can intelligibly respond to the report.
- The committee split into groups to brainstorm for the Institutional Priorities Report.

Adjournment: 7:00P.M.

Planning and Finance Committee Minutes

March 2nd, 2016

Call to Order: 5:37 P.M.

Roll Call:

Absent Committee Members: Alcorn, Beggs, Miller-Schuster, Soeldner, Joyce

Discussion with Vice-President Alt:

- The primary topic of our discussion was the growth of higher education administration, specifically at ISU, and the increase of administrative costs, in the context of the Illinois Senate Democrats Report.
- The context of the report makes it of questionable validity. Facts seem cherry-picked to make higher-ed institutions appear to have reckless spending.
- We still have questions about administrative costs at ISU. The questions raised by the report are big ones, and are worth asking. VP Alt expressed willingness to answer questions he had answers for and take down more involved questions the committee may have. He also reminded us to consider that collecting information to answer some of these questions may take hours from administrative personnel and cost money.
- Many of our increased costs are due to the increasing complexity of higher-ed. Factors like the expansion of advisory roles and the increasing necessity of IT were not part of the higher-ed landscape in earlier years.
- Some expansion of administration has been necessary to comply with rules and regulations put forth by the state.
- Pinning down administrative costs also depends on the definition of administrative personnel. The report seems to implicate higher-level administrators with bloated salaries but we have many more lower level positions that could also be considered administrators.
- The narrative put forth by this report is that higher-ed does not need more money because they will waste it on administrative costs. We need to arm ourselves with information about what is driving up these costs, so that we have a coherent counter-argument to the points in this report.
- Both the governor and the legislature are focusing on administrative costs. This is a convenient story to tell, as it draws attention away from the fact that the state is decreasing funding for higher-ed. In terms of defining administrative costs, we can identify broad drivers. IT growth is reasonably easy to pinpoint. Compliance could be estimated, but the sprawl of compliance costs makes coming to a figure difficult. Student Services has also expanded.

- The fact that this report was leaked to the press before it was even released makes the impression that it is designed to hurt higher-ed's reputation even more acute. Due to budget uncertainty, we have been striving to reduce administrative costs. We have eliminated 77 non-instructional positions in an attempt to curtail administrative costs.
- Is it worth compiling the information to address these accusations from the state?
- It is always good to make a case against false accusations. The challenge is getting there without a tremendous investment of time and money. Five to Ten years ago the state undertook a massive effort to study the management of the state universities. The end result was of little use due to different accounting practices and characteristics of each university. Each institution has such different ways of doing things that one ends up comparing apples to oranges.
- While student to administrator ratios may be useful, they are difficult to compile due to the difficulty establishing a definition for "administrators" that was discussed earlier.
- There is also an underlying assumption that we are able to attract higher quality people for positions by offering higher compensation. While this does increase our costs, it also increases the quality of our institution, and this is hard to convey in simple metrics.
- Similarly, institutional growth will be necessary to meet many of our goals, but growth cannot be achieved without a subsequent increase in costs.
- We are working to reduce costs. We will continue to do this where we can without impairing our services. Generally, the less administrative costs we have, the fewer services we will be able to provide.
- Our first priority is to apply additional tuition revenue to offset costs. We do as much administrative leave as possible. This is an attempt to divert the burden away from instruction as much as possible. This does not mean we will be able to avoid cuts to instruction forever, but we will do what we can. When a budget is finally established, we have determined that we could sustain a 10% cut without affecting instruction. If the cut was closer to 20%, that becomes more difficult to do.
- This can become a vicious cycle. Worse instruction decreases enrollment, which in turn decreases revenue.
- This cycle is actually happening at some of our sister institutions, and is beginning to show in their facilities. We have been fortunate in the amount of upkeep we have been able to perform to our infrastructure.
- We determined it to be best not to issue a response to the report, but rather to be prepared with key facts to dispel concerns through the Board of Trustees, Institutional Priorities Report, and through individual actions.

Passage of Minutes from February 17th.

- We established that we would create a survey to determine which priorities from the old report to keep and which new goals are the most important to each committee member.

Adjournment