

Finance and Planning Report to Faculty Senate
March 13, 2014

Charles White
Chair, Faculty Senate Committee on Finance and Planning

First, I'd like to say thank you to everyone who attended the Budget Forum on February 26. Transparency is important, but it must be accompanied by training for it to be effective. There was some great discussion and I hope the information we presented was helpful. I was able to hear a number of questions and concerns from across campus that will help me be more effective in getting faculty the information they most care about. Thank you again to those of you who attended.

Here are the unapproved minutes from the January UPC meeting:

President Reveley began the meeting by stating that this is the University's first attempt at working through the planning and budgeting process in this way. He stated that even though we won't be able to solve all of our problems or have everything in perfect working order this year, the process is healthy and commendable. It is important that we are doing this together.

The President discussed our available revenue "levers". They are: admissions, retention, philanthropy and state general fund support. Applications are up from the same time last year, freshman retention has improved, philanthropy is coming along, and Longwood is gaining traction on the General Assembly score. He discussed a 2-phase budgeting process whereby we initially budget revenues conservatively (based on this year's enrollment data) and then address the funding requests that have been prioritized by the UPC with revenues that exceed forecasts.

The President stated that his #1 priority for the coming year is to incorporate a performance-based salary adjustment pool as part of the base budget. He indicated that monies not spent this fiscal year could become part of the core funding of the salary pool in FY15, and encouraged constituents to examine year end expenditures. Carrying forward unspent E&G funds at year end is not prohibited by the state, and other institutions have done so.

Recent actions of the General Assembly were discussed. The recommendations of the Governor, House and Senate vary. The House budget is most favorable, and gives Longwood the largest % increase of any school in Virginia. It is not anticipated that the General Assembly will finalize their work on time, which may have implications on discussions with the Board of Visitors regarding tuition increases.

Tim Pierson asked about the University's out-of-state or international student prospects. The University has not realized significant growth in its out-of-state student population, even though we have invested heavily in out-of-state incentives. Significant changes in either out-of-state or international student enrollment are not anticipated in the next couple of years. The University will work, from a marketing standpoint, to target out-of-state students.

Ken Copeland stated that he believes salaries are indeed an important issue, as evidenced by the Sibson survey. However, he is cautious about adding to our "base" budget in this compounding manner. In FY15, the University will feel the full impact of two institutionally-funded salary increases and a state increase that have occurred over the past 18 months.

There was much discussion as to whether a one-time bonus (that does not add to the “base” budget) was a better solution than salary adjustments. The difficulty in granting a bonus at the end of this fiscal year is that we will not have a good sense of our year-end cash position until June. Unless advised otherwise, the assumption is that all budgeted funds will be expended. Several Vice Presidents expressed concerns about having unspent funds at the end of this fiscal year.

There were concerns expressed about faculty salary compression. Charles White stated that he did not believe bonuses achieve objectives – salary compression or motivation. He recommended we pool funds for a couple of years prior to awarding raises, to ensure funding stability. Dick expressed his concern for core unaddressed needs across campus, which should be addressed prior to salary adjustments. Jeannine Perry stated that going down the salary pool “road” precludes us from funding other priorities. Paul Chapman stated that spending capital on people is key.

The Council discussed pros and cons of carrying forward unspent E&G monies at year end vs. prepaying expenses which free up budgeted funds next year. Either produces the same end result for the University.

Ken Copeland asked Council members to identify unproductive spending and to look for areas in which the University can save money. This will allow us to spend funds more strategically.

The E&G consolidated budget request worksheet was discussed briefly. Members discussed how to best manage one-time costs, fixed costs, and funding to meet core operational needs – and how these items are considered along with specific budget requests for additional funding.

Having a prioritized request list in place is important (1) in the event revenues are sufficient to fund new initiatives and (2) so that a prioritized document is in place with which to begin the University’s 6-Year Plan. The ultimate goal of the Council is to prioritize all requests.

It was decided to meet again after the March Board meeting so that their feedback on tuition increases is available. The next UPC meeting will be held Thursday, April 3, at 3:30 pm.