

Minutes of the University of Central Oklahoma

52nd Faculty Senate

Tuesday, 8 March 2022

Held Virtually via Microsoft Teams

I. *Call to Order*

President Barger-Johnson called the meeting to order at 2:00 PM. A quorum was found to be present

II. *Roll Call*-Secretary Waters

Members Present (27):

CBA (4): Senator Arnold, President Barger Johnson, Senator Anderson;

CEPS (6): Correspondent Archuleta, Senator Canada-Phillips, Senator Cassel, Senator Jill Davis, Senator Evans, Senator Loucks;

CFAD (3): Senator Moran, Senator Webb;

CLA (6): Senator Breslin, Senator Copley, Senator Green, Senator Maier, Parliamentarian Provencio, Senator Shukla;

CMS (7): Senator Bentley, Senator Eitrheim, Senator Fister, Senator Gamagedara, Senator Jones, Senator Paynter, Senator Seagraves, Secretary Waters;

Library/Advising (2): Senator Kirsten Davis;

Prof. Adm (1): Senator Banks;

Members Absent (3):

Senator Kuschel, Senator Ladwig, Senator McGuigan, Senator Squires

III. *Recognition of Visitors by UCO FS President Barger:*

Provost Charlotte Simmons, Jerry Legere (Emeritus Faculty), Diane Feinberg (Vice President for People and Culture), Samantha Kramer (Student Advocacy), Adam Johnson (Associate Vice President for Registrar), Amanda Keese (Manager of Academic Technology and Training), Shawna Ellis (CMS), Jakey Dobbs (Vice-President Staff Senate), Laura Butler (UCO Legislative Liaison), Eric Kyle (21CPI Director), Amalia Gomez-Wilkerson (CLA), Kenneth Kickham (CLA), Michel Martin (IT Director of Client Experience and Technology Resources), Linda Sealy (CEPS), Scott DeBoard (Former Staff Senate President and Process Improvement Coordinator), Shawna Ellis (CMS), Amanda Putnam, Adran Al-Ibadi, Lee Tyner (COB), Laura Donner (Enrollment Management), Brett King (CeCe), Debra Traywick (CEPS), Ellen Schmidt (Staff Senate Historian), Glenda Todd (CeCe), John Hitz (CLA), John Wood (CLA), Angela Mooney (Curriculum and Instruction), Keven Freeman (Vice-President of Finance), Megan Bolin (CEPS), Mike Nelson (CEPS), Rhonda Barnett (CeCe), Erich M. Tapia, Laressa Beliele (CEPS), Kristin Karber (CMS), Katrina Lacher (CLA), Jan Hardt (CLA), Emily Hendryx (CMS), Elizabeth Overman (CLA), Chad King (CMS), Britney Hopkins (CMS), Bradley Keim (CLA), Rozilyn Miller (CLA), Lindsey Churchill (CLA), Lorry Youll (CEPS), Cami Cho (Planning and Analysis), Daniel Vincent (CEPS), Mark Goulding (CLA), Shun King (CLA), Elizabeth Allen (CMS), Kimberly Pennington (CEPS), Will Unsell (CMS), Tracy Fairless (CeCe), Suzanne Clinton (COB), Nicole Warehime

(CLA), Sean Lavery (CMS), Nancy Gwin (CMS), Megan Maker (Academic Affairs), McKenna Sanderson (CFAD), Marty Ludlum (COB), Luis Montes (CMS Former Faculty Senate President), Liz Lane Harvard (CMS), Darla Fent-Kelly (CEPS), Dallas New (CMS), Cynthia Johnson (CLA), Cristi Moore (Office of Inclusive Community), Bob Brennan (CMS), Bambi Hora (COB), Andrew Taylor (CMS).

IV. Open Session with Mr. Kevin Freeman, UCO Vice President for Finance and Operations, and

Mr. Benjamin Hastings, Assistant Vice President for Operations: Welcome to everyone and thank you for allowing this question and answer session. The discussion opens with the reference to the UCO cabinet notes about changing the methodology of how carryover dollars are budgeted. Mr. Freeman then turned the meeting over to AVP Hastings to walk the group through an overview of the budget, budget deficit conversation, and how carryover budgeting methodologies will be handled in the future. Discussions for the current change in how carryover budgeting was being conducted began about 1 year ago. For the last 5 years we have been operating at a budget deficit on average of about \$21 million. All of this data can be found in the Financial Services website. There are 2 sets of numbers on this website: audited financial statements and budget documents turned into RUSO. For the budget deficit you have to look at the budget documents. Generally speaking 25% of UCO revenue is from state appropriations and 70% is from tuition and fees annually. Large percentage of the revenue is coming from the ebbs and flows of credit hour production. About 2/3 of the budget expenditures come from salary and benefits. The structural budget deficit is built off of the higher level numbers of revenue vs expenditures and is an estimation. The \$20 million deficit comes from assuming no major credit hour changes, not major adjustments from state funding, and no surprise budget expenditures. The \$15 million come when we know we will have a \$5 million savings from netting out the savings expected to happen in the next year. This is estimated to be ~\$2 million every year between salary and benefits and apply it towards the deficit. There is also lots of money left in orgs across campus. Departments cannot spend over the budget, but frequently spend under.

The carryover reserves are the topic of discussion today. These are orgs that generate revenue outside of tuition and mandatory fees. Previously the orgs have kept an overage in that org. Currently UCO budgets these reserves that have been built up through academic service fees and college fees. There are 185 orgs and each of these range in carryover every year from \$100 to over six figures. At the start of the year the balance in the orgs was over \$11 million. This was a larger number until last year when the colleges gave up \$4.4 million to help offset the budget deficit. AVP Hastings then works through an example org to illustrate the point. Essentially, the new approach is not to sweep the funds from the orgs, but to have the excess not planning on being spent by the orgs go back into a pool to be used towards the deficit. Orgs will need to be more thoughtful about financial planning and what they will actually use. The remainder will be held by the university until the org needs those funds. The full effect of this shift in budgeting is not fully known. The savings could be \$8 million or \$13 million. It is just not known at this point. This calculation is underway. Then the next question is what of those really need to be spent. Then we will know the impact his shift in budgeting methodology will have on UCO.

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There will be a substantial budget deficit regardless of how this goes. This is just to soften the blow. Careful budgeting and spending will be crucial to this process. This process will require extra reporting to keep everything organized by both finance and the individual orgs. A final point was made to be careful how to cover recurring costs. This should not be done with one time funds as this is what creates a deficit to begin with. UCO has one of the most open carryover policies of RUSO. This method will align us better with the rest of RUSO.

Question from Senator: Where is the \$11 million in reserves found in the documents online?

Answer: They are not specifically listed or outlined. They show up in the budget as funds left at the end of the year. They are a form of institutional reserve. They are listed as an expense so don't specifically show up.

Question from Senator: Is it fair to say that for budgeting going forward look at what the org spent last year leaving out the savings account which will be held in reserve centrally by UCO?

Answer: Yes more or less. However, savings will not be centralized. It still belongs to the org it came from.

Question from Senator: Would either of you like to comment on what happened at the RUSO meeting yesterday and the impact it had on the budget?

Answer: They were not a part of conversation at all in the in the meeting yesterday.

Question from Senator: How do we know that even in the best scenario, we will still have a substantial deficit?

Answer: The expense budget is simply much larger than current tuition, fees, revenues and state appropriations adds up to. Also over the past 2 years we have lost 12% of UCO credit hour production. That is driving the deficit.

Question from Senator: Are the carryover funds included in the net position? This has been steady or growing over the last few years.

Answer: The COVID relief funds is what is driving this number. There are a lot of other factors affecting this as well.

Question from Senator: Have the number of positions resigned or retired been considered in the budget?

Answer: Yes that is factored in and plays a large part of the forecast deficit. If not considered the deficit would be much larger. Another thing to remember is that every year there is a \$1 million mandatory increase because of tenure, promotion, increase in utilities, technology upgrades, All of that totals a \$2.5 increase every year. We have to grow to offset this or make cuts.

Question from Senator: UCO seems to have been underwater for years. Why is it an issue now?

Answer: The enrollment decline has exasperated the entire situation. We have been using carryover to fill the gap, but that isn't an option anymore.

Question from Senator: What exactly is the deficit?

Answer: It is naïve to think it is one number. It is always changing as forecasts change.

Question from Senator: Hypothetically we spend \$10 of of the \$11 million to cover the costs this year. Do we have \$0 in reserves for the next year or do we recoup this?

Answer: Virtually we spend everything that comes in every year. Once the reserves are completely spent, they are gone. They do not replenish. Carryover funds should not be spent on recurring expenses since it cannot be replenished, but the expenses will continue.

Question from Senator: Do we know what our enrollment or student population needs to be to meet our current budgetary needs

Answer: Every percent enrollment increase equals about \$700,000 in tuition revenue. A \$7 million deficit would require 10% increase in enrollment.

Question from Senator: Has the cabinet considered if low enrollment is the new normal what plans have been made for how are university will be structured or operates in student enrollment or credit hour production not go back up?

Answer: UCO is becoming reconciled to never hitting 400,000 credit hours again. The sharp decline in enrollment is creating a challenge.

Question from Senator: We are not the only institution that are facing these challenges. I think that you know we are seeing higher education struggle across the country, and we're going to have to be innovative in our approach if we want to both attract and retain our students. So when we talk about right sizing and we talk about having an alternative approach for the future, I think that in turn also comes with a different vision for the future. I'm wondering what kind of strategic conversations are happening around both budget but also about reimagining what our campus could look like for the future because you know what I've seen thus far has just been incremental patches for a much bigger problem.

Answer: This is well said. We have to reimagine what we look like in 20 years. We have to resolve the financial issues sooner rather than later and then move on from there.

Question from Senator: Can you tell us about any cabinet discussions that tell the number of students we need to be the right size to maintain the faculty and staff we have now?

Answer: Better question for VP Lynch who is generating more students and more credit hours. The market tells us we need to be smaller and more efficient. The processes are being streamlined to help enrollment.

Question from Senator: University of Oklahoma today announced that it is expanding the size of its nursing class by allowing all qualified applicants. Is the university ready for a possible decline and nursing students?

Answer: It is something we need to sit up and take note of.

Question from Senator: You mentioned that the purpose of online course fees was really to use those fees for the students that are paying them to help provide the services that they

need for the classes that they're enrolled in. So my question to you goes back to this additional at the time that I started, it was \$40.00 a credit hour online course fee for every student that takes one of my online classes. Are these online course fees that are tacked on part of these carryover funds that are designed to be used for students that are paying those fees for those classes versus being held over from for some other purpose or further development, for example, going back into CC to help build new programs?

Answer: Those course fees should technically be used for the student paying the fees. It is not a perfect match.

Question from Senator: Are we going to downsize administration while we downsized faculty?

Answer: That has been discussed. Everything should be on the table to have a sustainable, balanced budget.

Question from Senator: Right sizing expenditures is what it sounds like we're going to need to go toward. And what do we plan on being in the future? What will we offer in the future? How are we going to consider that?

Answer: This is a complicated question. Reducing expenditures to align with enrollment. This has to be balanced with what we mean to the community. I think it's at the heart of that strategic discussion is where do we make reductions while protecting everything that's core to who we are and who we serve.

Question from Senator: Is there a realization that cutting faculty eliminates not only expenses, but the inventory of classes and thus the revenues?

Answer: Yes there very much is. Whatever the cut may be, the ability to serve students whether in the classroom or outside the classroom is impacted. That has to be part of the conversation.

Question from Senator: If we go to the legislation as say we are in financial trouble and need money, but then we reduce the deficit with the new budget practice, what does that look like?

Answer: We will have a deficit and it is significant.

Question from Senator: If we do not change anything, will we incur another \$20 million deficit the next year?

Answer: If you spend the carryover to bring the deficit down, then there is nothing to fall back on. That is an accrued deficit.

Question from Senator: Recruitment and enrollment are causing issues for students and perspective students. How do we fix this?

Answer: This is a VP Lynch issue and I report it to him every time I hear anything.

Question from Senator: Is the increased levels of turnover and departures causing a perpetual issue?

Answer: Yes. That is why generating new revenue is so important.

Question from Senator: how much carryover has actually averaged over the last few years and if you could comment on based on that average, how much of it do we actually spend?

Answer: These numbers are watched. Rough estimate that \$2.5 million was spent down last year.

Question from Senator: Given the faculty is the engine of the university, creating credit hour production, will sports be cut if we're going to be a smaller university?

Answer: I don't have an answer for that. Everything is being considered.

Question from Senator: Should COVID relief funds be considered a one-time fund when the pandemic is ongoing?

Answer: Yes they are a one-time fund.

Question from Senator: Where do you see what is actually being spend and taken in by the university?

Answer: The financial statements or for a more detailed view you are welcome to talk to the financial managers scattered around the university. There is a huge amount of oversight.

Question from Senator: Are carryover funds the same as institutional reserves?

Answer: There are reserves in addition to carryover. They are not the same. There is a set level by RUSO for institutional reserves. You cannot go much above or below that amount without issues from RUSO.

Question from Senator: Are we maintaining the current budget for marketing recruitment grants enrollment or are we increasing those budgets kind of like feeding the beast that we want to grow?

Answer: That has actually increased, but we definitely need more invested. The question is better directed to VP Nobles.

Question from Senator: Are we prioritizing funds for online programs?

Answer: I don't think it would be described that way.

Question from Senator: What would student enrollment have to be to break even?

Answer: Do not have an exact number, but the more students the better.

Question from Senator: Do you have any sense how we are looking compared to other institutions, at least in the Regents system?

Answer: We are only differ by how we budgeted our carryover funds. There are across the board enrollment declines in RUSO. Not the case the research institutes. Also we are towards the bottom for RUSO for the state appropriations per FTE.

Question from Senator: Any comment on the \$6.82 academic service fee. How does this affect the upper limits for fees for some colleges?

Answer: This is not an administrative fee. It has been submitted to RUSO for approval. This fee would be to support faculty, but further information would need to come from the Provost's office. The upper limit issue will have to be looked at further and gotten back to you.

Question from Senator: Is there a timeline out of the president has said that she will address the community next month?

Answer: President wants to be able to have a conversation with the campus community in the near future.

V. New Business

- a. **Acceptance of the Resignation of At Large Executive Committee Member Jarrett Jobe (Prof. Admin.)** Announced by President Barger-Johnson.
- b. **Acceptance of the Resignation of Vice President Mariya Burdina (College of Business)** Announced by President Barger-Johnson.

VI. Announcements for the Good of the Order

- a. Faculty Senate nominations for the 2022-2023 will close tomorrow at 5pm. Eligibility checks will take about a week after nominations close. Elections will begin after spring break.
- b. Announcement of the news story involving the President's rejection of the faculty senate's proposal to put a member on the cabinet in the Vista.
- c. Former Faculty Senate President John Maisch's funeral will be held April 1 at 3 pm at St. Luke's Methodist Church.
 - i. Donations to the scholarship fund in his name will be accepted.
 - ii. Donations to the Matthews Funeral Home will go to his life's work in Whiteclay.

VII. Adjournment 3:47 pm

Motion to adjourn by Senator Fister and Senator Copley seconds. Adjourned at 3:57 pm.

Respectively Submitted by **Secretary Amanda Waters**, on 10 April 2022