

## **Student Budget Advisory Council**

Meeting Notes - October 27, 2016

213 Memorial Union - 4:30 pm - 6:00 pm

**Council Members Attending:** Kat Crane, Steven Miller, Jasen Phillips, Trevor Ross, Fahad Al Sinaidi, Justin Nielsen, Trang Dang, Regina Aaron, Lisa Lin, Alejandro Meillon Munoz, Safi Ahmad and Ashlei Edgemon

**Attending from Budget & Fiscal Planning:** Sherm Bloomer & Karren Cholewinski

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### Agenda

1. Review of notes from last meeting...corrections, additions?
  2. Co-chair selection (at least for members in attendance)
  3. Review of issues raised at last meeting:
    - a. Other members
    - b. Athletics overview
    - c. Salary distribution of major positions
    - d. Cultural Center budgets (work in progress)
  4. Budget scenario tool and associated information
  5. Ideas on next steps and goals for next meeting
  6. Other questions or issues?
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*Note: Content from the October 27th meeting has been reordered to improve information flow in the Notes and may not reflect the actual order of discussion. Karren*

#### **1. No additions or changes to notes from October 13, 2016 meeting.**

*To Do-Karren: Upload final meeting notes to the SBAC webpage*

*(fa.oregonstate.edu/budget/university-budget-committee/student-budget-advisory-council)*

#### **2. Co-Chair selection**

- Expression of interest from Steven Miller and Jasen Phillips
- Jasen recommended they share the Co-Chair position
- Division of duties will be identified as needed.
- Interim Provost Adams and the University Budget Committee agreed to the SBAC co-chair(s) participation.
- Following brief discussion, the Council agreed to a shared role by Jasen and Steven  
*To Do-Karren: Add Jasen & Steven to the University Budget Committee list and send calendar invites/message for the 2016-17 meetings.*

#### **3. Review of membership suggestions and issues raised at last meeting**

- a. Other members - Sherm has made contact with the applicable administrators regarding these other roles.
  - Athletics - Agreed student athlete participation is important but unfortunately current meeting schedule falls within most sports practice time. They will let Sherm know if someone can be available.
  - Greek Life - A representative has been identified but not yet confirmed.
  - Disability Access Services - Concern for confidentiality of students receiving services. Has approached Vice Provost Susie Brubaker-Cole about identifying a student familiar with accessibility issues, possibly someone from one of the student groups affiliated with, i.e. CAPS, Student Health Services, etc.

**b. Athletics Overview & Discussion Items**

- Discussed the Athletics' information Sherm shared - Any specific questions?
- Trevor expressed appreciation for the information provided.
- Sherm: OSU Athletics has had an ongoing operating at a deficit for a number of years.
  - Athletics is a point of contention at every Division 1 University. The levels below Division 1 have been supporting athletics at the institutional level for years.
  - Revenue from TV is quite large (PAC-12/NCAA projected to exceed \$31 mm for fiscal year 2017). The Athletes Financial Stability Workgroup (AFSW) recently spent time discussing the role of athletics at OSU. TV contract revenue is split  $\frac{2}{3}$  Football and  $\frac{1}{3}$  Basketball. The other sports do not generate significant, if any, revenue.
- Is the Athletics' TV contract for a fixed amount?
  - Sherm: OSU's share of the TV contract fluctuates as PAC-12 teams participate in bowl or championship games, and is shared across entire PAC-12 Conference. If the Conference (aka college teams) is doing well there is bonus money, which is distributed.
- How much of TV contract revenue comes back to students and faculty?
  - Sherm: All TV revenue goes toward Athletics, which in turn supports all the OSU athletic programs. The \$4mm E&G institutional contribution to Athletics comes back as revenue in the form of resident/non-resident tuition and fees and other cost of attendance scholarships.
- Is it possible to route some of the Athletics' TV contract revenue back to E&G?
  - Sherm: In order to be a member of the PAC-12 Conference (Division 1 Institution), OSU must offer and maintain 16 sports, currently OSU has 18 sports. Most of these sports do not generate much revenue. The Athletics Financial Sustainability Workgroup has had discussions about OSU's membership in the PAC-12 Conference and whether or not it is sustainable. It has been determined that the alternative of going down to a lower NCAA division does not change the financial picture of athletics at OSU. So OSU is left with figuring out how to make it and stay in Division 1.
- What are the coaches' salaries?
  - Sherm: The four highest paid are the football, basketball (women's & men's) and the baseball coaches, with a combined salary expense of less than \$10mm annually. The average salary for a football coach in the PAC-12 is \$2.5mm. At this rate you are able to hire a high profile seasoned coach who in turn attracts the best student athletes, which results in students attending the university and attracts (external) fans (alumni) who buy tickets to the games and support the program. You could hire, at a lesser salary, an up-and-coming unproven younger coach but the resulting impact on the team's success is uncertain.
- Why is student focus on the sport and not an education?
  - Sherm: Student athletes typically want to be part of a successful program and play for a coach who is willing to ensure them an education, valuable experiences, etc. Playing for a Division 1 Team (PAC-12) is a big deal for the student athlete. If being in the PAC-12 is important to OSU, do we want to be competitive but the question remains, can we pay for it? There is \$4mm coming out of E&G and student fees for

participation in NCAA athletics. There are 500 athletes and a couple hundred more people who participate in athletics related activities (band, cheer, trainers, etc.) and many, students who attend athletic events, but others that never do. On balance, what is the right role for division 1 athletics.

I'm not aware of a university that left a big five conference. If you leave one, the only way you are going to save significant money is to cut your athletic program. When the AFSW discussed options, it was determined by dropping down to Division 2, there was not that significant of a difference in institutional net cost. Ultimately the institution ends up supporting the program with general operating funds.

- What benefits do students gain from OSU being a part of the PAC-12?
  - Sherm: For many students, as either a student athlete or a student spectator, athletics is part of the higher education experience. None of the funds from the PAC-12 flow back into the E&G fund but it does have an impact on the community.
- How much value does OSU gain from being part of the PAC-12?
  - Sherm: In addition to athletics in the PAC-12, there are multiple administrative groups for presidents, provosts, Vice Presidents of Finance & Administration. It is difficult to determine the value of athletics, hard to put a number on it. There is however, economic value which comes to the Corvallis community through lodging, dining and other ancillary services.

***To Do-Sherm: What benefit does OSU gain from being a part of the PAC-12?***

### **c. Salary distribution of major positions**

- Sherm: Salaries are often determined based on market rates for faculty and administrators, close to median (inside unclassified table) faculty salary comparison. OSU Professors are below the averages for Tier 1 & 2 Peers and the rates for Associate and Assistant Professors are within the two tier averages. When comparing OSU to the 2015-6 CUPA Administrators in Higher Education Salary Survey, took the highest level equivalents at OSU (most like).
- Jasen - OSU Budget break down...how much of OSU's budget goes to administrator salaries?
  - Sherm: The Board of Trustees (BOT) has just asked a similar question, How has our administration changed? The first question to answer is **Who is an administrator?** Other questions to consider, How much is spent on the different position types? Who is an administrator? Are there too many, too few? Is the total number of administrators or total salaries appropriate? OSU is lower than the majority of peer our institutions.
- Jasen - Focusing on OSU what is an appropriate percentage of administrators? Can we get an understanding based on the number of positions? Reduce the number of administrators as a budget reduction strategy? Is it possible to stop increases for these position as a cost control?
  - Sherm: Shared thoughts about information related to administration, how administration fits into OSU's Strategic Plan; reflected on peer institutions; Other Payroll Expenses (OPE), outlined what is included in OPE; discussion about Public Employees Retirement System (PERS) and the shortfall on their annuity and the impact the increases will have on the OSU budget over the next 8 or so years-the

overall contribution will rise during this period and as Baby Boomers begin retiring, the rate will begin to decline.

***To Do-Sherm: What is administration? Research to determine how OSU defines “administration”.***

***To Do-Sherm: Worksheet page, “How big are changes”, add a column to reflect 1% decrease, but we cannot cut people’s salaries.***

Employee Salary Increases & Caps: Unclassified Faculty positions (Professorial, Instructor and Professional roles) do not function under a collective bargaining agreement (non-union positions). These positions do not have rules or restrictions making it easier to set aside salary increases or limit to xx amount/percentage. Will need to get a sense of how much it will reduce the budget by not providing a salary increase.

A salary cap philosophy is not without challenges...First you must consider what positions you think a salary cap can work and not lose competitiveness or one which will deter people to come to OSU. Employee retention, what other incentives does OSU have to offer which incentivize people to stay (most often it is about work they want to do; OSU may or may not have the tools/opportunity)? We have faculty we want to retain or attract to OSU and sometimes support for facilities or equipment can be as important as salary, so we might offer facility/equipment repairs and updates (to labs), increase the amount of available research dollars rather than provide a salary increase. One common incentive is the offer of a 9-month appointment with the option for summer work or research work thus moving the employee from a 12-month appointment to 9-month appointment (which is a voluntary change). The colleges of Agricultural Sciences and Forestry are moving many positions to 9-month appointments with the requirement that Summer months employment be funded by research dollars.

- How are they getting paid for the summer work?
  - Faculty are paid from research grant funds for their Summer Appointments or from teaching summer classes. Professorial faculty and instructors are typically hired annually on 9-month appointments, with contract renewed annually, and often with the option for summer work. Contracts are automatically renewed for tenured professors.

***To Do-Sherm (Karren): Prepare a list of the OSU position-types with roles define as part of the budget orientation materials.***

- For instructors is there a differential for taking on extra responsibility, such as Ecampus courses?
  - Sherm: It depends on how the department has structured their offerings. For some faculty Ecampus courses are part of their assigned workload. For other faculty they voluntarily take on an additional course for Ecampus, so are compensated extra for this additional course.
- What is the possibility for salary increase expenses not coming from student tuition?
  - Sherm: Education & General (E&G) funds are comprised of 70% tuition, 20% state appropriations, 10% other. Can the cost increase be paid strictly from the state funding? If there is a cost increase, is it important/appropriate to have enough funds

to cover the expense, and some part will be covered by tuition funds. Really any cost increase is partly covered by tuition.

- Justin: 70% of E&G funds is tuition revenue. How much of these funds go into supporting education?
  - Sherm: The amount returning to education can probably be calculated; its roughly 60-65% of E&G spending. What has changed in recent years is average class size, it has gone up. The challenges are around “course costs”, decisions about small classes, which may be dropped as this may not be a good use faculty or facility time. These situations have become an expense question for OSU and are resulting in course availability change.
- Have OSU administrative positions changed?
  - Salaries for unclassified positions go up along with any general salary increase for unclassified positions. The number of positions has changed, some in response to things like the student success initiative, compliance requirements, governance changes.

***To Do-Sherm: How has administration changed over time? Has the number of accountant, human resources, etc. positions increased? Where are those offices which are doing strictly administrative work located? Where do we draw the line as to what is an administration position?***

- Ashlei: What is the breakdown of positions in Student Affairs?
  - Sherm: Student Affairs is comprised of mostly unclassified positions but UHDS has a lot of classified positions in dining services. Employees with responsibility for student leadership and involvement are filled with unclassified positions.
- Trang - Does OSU contract out work?
  - Sherm: OSU's has a contract for custodial services, with the exception of UHDS which has internal custodial support. OSU has building projects contracts for new construction and renovations. Another example is contracts for software services. OSU's guidelines are set by State rules for contracted services. The question in the end is whether or not a contract service saves money.

What about INTO? The INTO-OSU agreement is a public-private partnership. INTO is responsible for the recruitment of international students; OSU is responsible for the education and housing of the students. Often private companies build and operate dorms on behalf of the institution. OSU has not grown fast enough to require a private-public partnership for housing.

#### **d. Miscellaneous topics**

- Justin: What about annual tuition benchmarks; comparison to other institutions?
  - Sherm: There are some benchmarks around Student Aid, specifically for privately funded scholarships, which excludes, state, OSU or other types of student aid. Getting this information is difficult as most institutions do not publicize data down to this level of detail. Budget balance struggles at OSU are around E&G funding. Individual institutions are not always willing to share their “E&G” budget details.

***To Do-Sherm: Contact other institutions regarding their detailed budgets.***

- Considering the E&G funds, how do you determine what is paid for using tuition dollars?

- Sherm: Tuition is part of the revenues for all education and general expenses. Some things get dedicated revenues from student fees (approved by ASOSU) like Student Health Services and the Memorial Union.
- Ecampus charges a distance education fee. Is this fee intended to help grow the program?
- Sherm: As Ecampus grows, students at this point in time are funding future Ecampus infrastructure. The \$80 distance education fee goes toward Ecampus course development for the next generation of courses as well as for support of advisors, course designers, and other positions to support current offerings.
- Ashlei: What about a Budget Training session, how to read budgets?
  - Sherm: Excellent idea and will try to develop some short guides this year and provide more comprehensive training this spring for next year. Understanding where the information comes from and the data contained within the various categories, is important. Also, understanding the definitions of “who” is within the categories is helpful. **Debrief at the end of this Council year:** What at the beginning should you have known? Issues: Adequate training (working on transparency), definitions of OSU Data; no facilitated training about OSU Budget for SBAC.

***To Do-Sherm (Karren): Write up a couple of pages of short definitions for budget and finance terminology.***

- e. **Cultural Center Budgets** - Sherm reported a need for more research before he can provide useful insight into the Cultural Center budgets.

#### 4. Budget scenario tool and associated information

- Send Sherm your questions about the Budget workbook, and unless you indicate otherwise, he will respond to the group.

#### 5. Ideas on next steps and goals for next meeting

- OSU-Corvallis Campus
  - What is OSU’s economic impact on the local community?
  - What is the maximum physical capacity of the community? Presently there are ~24,000 students attending courses in Corvallis, and a goal of having no more than 28,000 in Corvallis.
  - How does OSU plan collectively with the city for growth of the OSU-Corvallis campus? There are regular meetings of a variety of workgroups between City and University staff and leadership.
- Tuition & Financial Aid
  - Identify link between tuition and financial aid
  - Cutting tuition by 5%...what does this reduction in revenue mean for OSU students?
  - Increase tuition by 2% and earmark it specifically for financial aid...where does it go?
- OSU Board of Trustees (BOT)
  - 10 year planning scenario
  - No tuition increases over 3% (inflationary increases only) over 10-year period
  - What can be changed?
  - Does the BOT care what students have to say? Most definitely yes, student voices are an important part of the process which has consistently been missing.