I. President Baker called the meeting to order at 4:00 PM.

II. Invocation was offered by Dr. David Rouch.

III. Report on the 2010 – 2011 Budget Implications: President Baker reported the following (see accompanying Powerpoint file for additional details):

a. The first day headcount number for 2010-2011 was 3608, which was lower than the desired budget number of 3320.

b. The official headcount on the 10th day of classes for 2010 – 2011 was 3570. This number includes 239 high school consortium students, 30 Saudi Prison Management Certificate Program students and 8 post-secondary high school students. The official 10-day headcount has dropped from 3721 in 2008 – 2009 and from 3666 in 2009 – 2010.

c. The official budget enrollment number for 2010 – 2011 is 3293. This number has dropped from 3594 in 2008 – 2009 and 3430 in 2009 – 2010. There has been an 8% decline in enrollment over the past two years which roughly equates to a loss of $3.5 million in tuition. If room and board fees were included, the loss would be greater than $3.5 million.

d. Dr. Baker noted that the university is going to balance the budget without reducing retirement contributions to TIAA-CREF. Currently, the university is refinancing debt and Suzette Fronk is examining the budget right now. Refinancing will result in a $130,000 positive margin. The problem, though, is not with this year’s budget. The problems will arise with the 2011 – 2012 budget and future years’ budgets. In Spring 2009, $3.8 million from a centralized savings fund helped balance the loss in enrollment with the budget cuts. This year’s budget is also partially supported by funds from centralized savings. While centralized savings has been helpful in the past, we cannot always rely upon these funds to be available.

e. Dr. Baker noted that the university also has to realign revenue with expenses. First, the university needs to generate a margin like the centralized savings fund. The university will continue with this idea, but cannot rely upon a level of $3.7 million every year. The second step involves increasing revenue enhancement through enrollment growth. We have lost students and need to reverse that trend. We need time for this to occur. Enrollment will have to be rebuilt gradually. The third step involves cost reductions. Cost reductions must occur. We need to build a plan that includes a continuum of cost reductions between two extremes. On one end of the continuum, we will have zero cost reductions because our margin and increased enrollment will have covered the $3.7 million. On the other end, we will have to generate cost reductions that save the university $3.7 million. It is likely the cost reductions will fall somewhere in between the two extreme scenarios.
f. Budget management involves the development of a plan along with campus conversations. The planning phase has started. Vice Presidents have been asked to identify possible cost reductions. Hospitality and discretionary funds will not be enough. Cost reductions will have to involve personnel. We are intensively heavy in personnel costs. Drafts of cost reduction plans from Vice Presidents are due by Thanksgiving.

g. After Thanksgiving, we will move to campus conversations. The goal of the campus conversations is to “pick your brains” for ideas about cost reductions. The final plan should be completed during early Spring to provide the new President with an opportunity for planning.

h. Beginning today, all personnel replacements will require the President’s approval. All personnel savings will be placed in a fund until priorities are outlined in the budget management plan in the Spring.

IV. Questions for the President:

a. In response to a question from Dr. Ron Beaschler, Dr. Baker indicated that replacement positions that were approved prior to August 30, 2010 will still be filled. These replacement positions, though, will be examined during cost reduction planning.

b. In response to a question from Dr. John Lomax, Dr. Baker noted that year to year contracts will be examined to verify need.

c. Dr. Ellen Wilson inquired about information that should be included in a request for a replacement position. Dr. Baker responded that this is currently in process and will be released soon.

d. In response to a question from Dr. Druann Bauer, Dr. Baker indicated that it is difficult to provide a percentage for personnel reduction. He expressed his hope that enrollment growth and margins will occur, decreasing the need to reduce personnel.

e. Dr. Lisa Robeson thanked the President for the hard work and dedication in avoiding a reduction in TIAA-CREF contributions. Dr. Robeson asked whether the same amount of energy is being spent on enhancing revenue through increased enrollment. Dr. Baker noted that the university has designated positions in areas of concern. The College of Business has a dedicated admissions officer. The College of Engineering has an assistant dean that is focused on admissions. The university has also hired a firm to help with financial aid econometrics and is possibly hiring another consultant to examine admissions’ practices. The Controller’s office recently brought in an outside consultant which resulted in a large surplus in the budget. The Office of Institutional Research is also assisting with processing admissions data.

f. Dr. Jeffrey Christoff asked what was sacrificed to avoid reducing TIAA-CREF contributions. Dr. Baker responded that the university restructured debt.
g. Dr. Forrest Clingerman inquired whether peer and aspirational schools are having similar enrollment issues. Dr. Baker indicated that our enrollment problems are not unique. Many schools are struggling with enrollment. Some other schools now have discount rates as high as 60%. ONU is striving to keep the discount rate flat. ONU also attracts students between 18 – 22 years old, which is a declining population. Enrollment growth is happening at some schools by attracting graduate and non-traditional students, which ONU cannot do. Another contributing factor is the reduction in financial aid. Both community and state aid have disappeared. Grants and programs like the Prison Management Certificate Program will help ONU, but students are the key.

h. In response to a question from Prof. Nils Reiss, Dr. Baker noted that the discount rate at ONU is 48.3%.

i. Prof. Nils Reiss asked about how we will make reductions without changing the character of the institution. Dr. Baker responded that he wants the faculty to provide feedback if they feel the character of the institution is being compromised.

j. Dr. Baker requested that suggestions for saving money be sent to him or Suzette Fronk.

V. The meeting adjourned at 5:03 PM.

Submitted by,

Dr. Leslie A. Riley
Secretary