

FACULTY SALARY AND BUDGET COMMITTEE (FSBC) MINUTES

NOVEMBER 16, 2018

PRESENT: Marty Abramson, Bonnie Bowen (ex-officio), Neal Buckwalter, Larry Burns, Denise Goerisch, Robert Hollister (Chair), Lori Houghton-Rahrig, Zack Kurmas, Nancy Mack, Paul Murphy, Len O'Kelly, Mike Patterson (graduate student), Ashley Rosener, Paul Stephenson, Joel Stillerman, Shelby Vincke (undergraduate student), Mike Yuhas.

NOT-PRESENT: Gregg Dimkoff, Jon Rose.

1. The meeting was called to order at 12:00pm and the Agenda was approved.
2. The Minutes of November 2, 2018 were reviewed and approved.
3. Greg Sanial (Vice President for Finance) and Brian Copeland (Associate Vice President for Business & Finance) led a discussion on the University's Budget. The big picture is that Grand Valley is on sound financial footing. That said, Grand Valley is entering an unfamiliar phase with potential budget constriction, whereas most of the recent past has only seen increasing revenues. The outlook for the future is a modest contraction of approximately 1%. The primary cause is a slight decrease in enrollment due to faster time to graduation rates and a small decrease in retention. The incoming freshman class has remained strong and is expected to remain strong due to the reputation of the Grand Valley.

The main focus of the discussion was on the General Fund. The General Fund represents 75%-80% of the total budget and it is treated like a non-profit organization with all expenditures equaling revenues in any given year. The main driver of revenues is tuition, the main drivers of expenditures are salaries, financial aid, and facilities. Approximately 63% of the General Fund budget is allocated toward wages (36.9% on faculty), 23.5% is allocated toward non-salary expenses, and 13% is financial aid. Financial aid has become an increasingly large proportion of the budget as the university has continued to compete for students. Currently financial aid represents 16% of tuition revenues; it is believed that this proportion will continue to rise but it is unlikely to exceed 20% in the foreseeable future (as reference many private institution allocate as much as 30-40% of tuition revenues to financial aid). The number of faculty has continued to rise in recent years, but it is believed that Grand Valley has more or less reached the maximum number of faculty and it is unlikely that many new positions will be created in the near future. Likewise Grand Valley has invested nearly 1 billion dollars in new construction projects over the past 20 years. The administration does not plan to invest in any new major projects at this time, although we did submit a request to the State of Michigan for a New Computer Science Facility. The budget office has worked creatively to minimize the impact of infrastructure investment on the overall budget; in short, the budget office allocates a fixed amount annually to a fund to pay off bonds, the fund will grow in some years and shrink in others. There are several other budget stabilization strategies that have been employed to minimize the budget impact in any one year and create buffers over time. For the next year the strategy is to continue the status quo. Recent anticipated budget shortfalls have been addressed by reductions in CSSM, modest saving from restructuring and not refilling some staff positions vacated due to retirements. The administration is considering more proactive budgeting strategies designed to grow our strength but the details are still being developed and there is an unwillingness to make any significant changes until a new president is involved in the process.
4. The committee was encouraged to look over the draft budget webpage and provide possible changes. The committee was also encouraged to consider what changes to the webpage or other instructions would best facilitate the completion of Unit Stability Reports and if there are new criteria the committee should consider in this year's Annual Examination of Unit Stability Metrics.
5. The meeting adjourned at 1:35pm.