

**Budget Advisory Committee
9-17-2020 Meeting Minutes**

- I. Committee Chair update (Walter Branson)
Mr. Branson introduced himself and provided background on his previous experience. Emphasized that budget solutions are institution specific in setting the stage for the future. Stated that finding the right solutions for Arkansas Tech University will require collegiality and collaboration. Introduced possibility of revisiting the structure of Budget Advisory Committee to best suit the needs of the university and make the most efficient use of everyone's time. Invited feedback from those in attendance on what the best version of the committee would be.

- II. President's Charge (Dr. Robin E. Bowen)
Dr. Bowen expressed appreciation to those who serve on the Budget Advisory Committee. Asked that the mission, vision and strategic plan of the university remain foremost in the minds of the committee.

Asked that all members develop a strong understanding of the university's finances and of higher education finances across the state and the nation.

Asked that members provide thoughtful input and feedback on the issues that are presented during the committee meetings.

Asked that the committee think strategically and system-wide and to make decisions that put the greater good first as opposed to one division, department or unit.

Asked that members engage their colleagues in conversation and share information with them about the matters that are discussed by the committee.

Asked members to share relevant information from elsewhere on campus with the budget advisory committee.

Asked the committee to assist in the development of the fiscal year 2022 budget as well as a five-year budget plan.

Asked the committee to contribute to strategies that will help account for budget shortfalls in the short and long term.

Asked for recommendations about budget advisory committee membership in 2021 and beyond.

Dr. Bowen provided a historical perspective on how the budget has been constructed at Arkansas Tech in past years. She emphasized the importance of transparency and being a good steward of funds.

Dr. Bowen reminded the committee that the pandemic has influenced enrollment and budgets. She asked the committee to participate in re-envisioning and restructuring the university to best serve the needs of the students and the institution moving forward.

Dr. Bowen mentioned that this is year five of the current strategic plan. The university will engage in a stretch year for its current strategic plan in 2021-22 to allow for appropriate time for review, consideration and planning. She indicated the next strategic plan is likely to be shorter in role and scope than five years.

Dr. Bowen encouraged the committee to ask administrators for information related to the budget and share that information with their colleagues so as to get the best and most broad input possible.

Dr. Bowen reminded the committee of the importance of thinking system-wide rather than about one division, department or unit as well as the importance of establishing priorities that are based upon the stated mission of the university.

Dr. Bowen asked that resources follow students.

Dr. Bowen asked that the budget be aligned with strategic planning priorities.

Dr. Bowen reminded the budget advisory committee that the ATU Board of Trustees has the responsibility of making final decisions related to the budget. She stated her recommendation to the board will be based upon the input of vice presidents, the budget advisory committee and additional key internal constituencies.

Dr. Bowen stated that collegiality is a wonderful gift we give to each other and expressed her appreciation for the development of a budget that will allow Arkansas Tech to continue as a sustainable and resilient institution.

III. Budget Goals and Process

Mr. Branson reminded the committee that every regionally-based institution in the United States is having similar conversations right now. He acknowledged the work that has already taken place.

Mr. Branson stated that moving the institution forward will be a focus of this year's work. He said the university is in a good place to plan for its future during the 2021 fiscal year.

Mr. Branson said the process will be based upon principles and goals outlined in Dr. Bowen's charge for the committee. He said that campus-wide involvement is the best way to restructure.

Mr. Branson said the budget must be based upon recurring expenses that are matched with recurring revenues.

Mr. Branson said preserving Arkansas Tech's position as a teaching institution is important.

Mr. Branson said that removing service barriers for students is important.

Mr. Branson said the solutions must be identified on an expedited timeline.

Mr. Branson said that thinking big when restructuring is important.

Mr. Branson said changes should be strategic, targeted and not across the board. He also re-emphasized that doing the cuts once rather than cutting a little year after year is a preferable method for restructuring.

Each unit will be asked to place their budget in five buckets. First bucket is for when more resources are necessary to make a program or service perform optimally. Second bucket is for maintaining programs or services with no change in resourcing. Third bucket is to modify through reduced resourcing. Fourth bucket is to transform underperforming programs and services. Fifth bucket is for phasing out or merging programs and/or services. Prioritization and return on investment are key concepts in the five buckets approach.

A sixth bucket is established for the development of new initiatives, new programs or new services that will allow for innovations that will ultimately benefit the university and its students.

Dr. Bowen reminded the committee that some very viable programs or services may have been cut in past years in order to achieve a balanced budget. She asked that those items be considered if re-instituting them would be beneficial moving forward.

Mr. Branson stated that faculty senate, staff senate, student senate and key external influencers will be communicated with as Arkansas Tech engages in its restructuring process.

Mr. Branson outlined the calendar for the process, including meetings with various leadership groups as detailed above.

There will also be open forums and input from the ATU Board of Trustees.

Each unit will be required to provide its five buckets by Nov. 20.

There will be budget presentations by unit in January.

Final recommendation from a budget review committee to the executive council will be made by Feb. 8, 2020.

Executive council will then forward its recommendations to Dr. Bowen, and the ATU Board of Trustees will have an opportunity to review and possibly adopt the restructuring initiative during its March 2021 meeting.

Mr. Branson shared a preliminary fiscal year 2022 budget projection with the budget advisory committee. It reflected a preliminary estimated shortfall of \$12.7 million when comparing projected revenues and expenses for fiscal year 2022. That equates to 8.6 percent of the fiscal year 2022 budget. He also shared a five-year budget projection, which showed a \$24.6 million annual budget shortfall by fiscal year 2026 if the university does not engage in restructuring to reduce its expenses before then.

Mr. Branson shared that after meetings have occurred with key constituent groups and the open forums have taken place, the budget advisory committee will re-convene on Oct. 1 to review that feedback and continue its work.

IV. Enrollment (Dr. Blake Bedsole)

Dr. Bedsole reported that enrollment for fall 2020 is down consistent with projections. If current trends hold for spring 2021, he anticipates that tuition and fee revenue will be consistent with projections for fiscal year 2021.

V. FY2019-20 Actual Financial Results (Suzanne McCall)

Ms. McCall provided the committee with a review of the university's financial position as of June 30, 2020. Her review indicated that budget cuts and position holds that occurred during fiscal year 2020 were integral in finishing the fiscal year on June 30, 2020, with a balanced budget.

Budget Advisory Committee
10-1-2020 Meeting Minutes

- I. Committee Chair Update (Walter Branson)
Group meetings to provide an overview of the budget planning and restructuring process with such entities as faculty senate, staff senate, student senate, graduate student senate, department chairs and executive council are complete, as are open sessions for the university community. The open sessions drew approximately 240 participants.

- II. Budget Process Update (Walter Branson)
Most common question among the groups listed above was where cuts will take place and who will be affected. Answer is that it is too early in the process to know. Presentation to board on Oct. 15 will be about the projected budget gaps that exist for fiscal year 2022 and throughout the next five years.

Dr. Robin E. Bowen shared that important recommendations to the board will include whether or not the university wishes to seek a tuition increase and whether or not the university wishes to seek a raise for employees during fiscal year 2022.

Additional questions that have been raised during conversations with constituency groups have included why it is important to make cuts now based upon the five-year projections, how any surplus from the cut would be re-invested in the university in the short term, how any cuts to academic programs would be carried out, how faculty will be engaged in the process, how many people will be involved in setting budget priorities, what performance metrics will be used in setting priorities and if employee raises should be a priority during a time of budget cuts.

During open discussion, the advisory committee discussed the budgeting model of each division evenly distributing its budget into five buckets with a goal of identifying 20 percent of its budget that could be cut or phased out. Dr. Bowen stated that it will assist the vice presidents and deans if departments can share what they could do without and what is essential to operations. Mr. Branson stated that the 20-20-20-20-20 buckets will be established at the vice president and dean level based upon that input. He also said that an across the board cut is not the goal and that final analysis early in calendar year 2021 will result in some areas being cut more than others.

Dr. Bowen said that global analysis will allow for strategic cuts. She stated that this is a proactive process that will allow Arkansas Tech to determine its own fate as a university and avoid budget crises similar to the ones

that have played out at other institutions in the state. She compared the budgeting process to a puzzle and that the university is currently at the stage of identifying all the pieces in that puzzle. She stated that one of the goals of this process is to avoid continuous cuts year after year. Mr. Branson shared that the ATU Student Government Association and ATU Graduate Student Council have both shown support for a tuition increase during fiscal year 2022. The committee discussed the relative merits of various modest increases. Mr. Branson said the ATU Division of Administration and Finance would model budget scenarios based upon the suggestions brought forth by the committee.

The committee discussed a proposed fee increase in fiscal year 2023 to cover operating costs of a proposed new student union and recreation center. Dr. Blake Bedsole shared data indicating campus environment is the No. 1 controllable reason why students admitted to ATU choose to enroll elsewhere.

The committee discussed a proposed 2 percent pay increase for ATU employees for fiscal year 2022. The feedback from the committee was that any proposed raises should be deferred until fiscal year 2023.

Dr. Bowen closed the meeting by emphasizing that it will be important to maintain morale during the restructuring process and that the university needs to hear ideas from faculty, staff and students as the process continues.

Budget Advisory Committee
10-6-2020 Meeting Minutes

- I. Committee Chair Update (Walter Branson)
Model updates and review have begun based upon previous input from the committee. Dr. Robin E. Bowen expressed appreciation to the committee for its input in the past and its willingness to provide additional feedback during this meeting. She also expressed appreciation to the committee for its work to communicate with their colleagues regarding the budget planning process.

- II. Model Review (Walter Branson)
Mr. Branson reviewed a model that reflects a potential 2 percent tuition and mandatory fee increase for fiscal year 2022. He also reviewed a model that shows a 2.5 percent increase in tuition and mandatory fees over each of the five years in long-term budgeting planning (fiscal years 2022 through 2026) and the possibility of a 1 percent pay increase for employees beginning in fiscal year 2023 and continuing through fiscal year 2026.

Mr. Branson also reviewed a model that reflects a potential 3 percent increase in tuition and mandatory fees over each of the five years in long-term budgeting planning (fiscal years 2022 through 2026) and the possibility of a 1 percent pay increase for employees beginning in fiscal year 2023 and continuing through fiscal year 2026.

- III. Open Discussion
The committee reviewed the pros and cons of a 2 percent contingency in the budget. Pros for including it included unknowns such as unfunded mandates and emergency situations such as COVID-19. Contingencies can also help the university reimburse its reserve funds if not otherwise needed in a given fiscal year.

The committee discussed a line item for operational student union costs. Dr. Keegan Nichols noted that the student worker budget for the student union and recreation center is based upon a survey of expenditures at similar facilities at other universities. Dr. Nichols also noted that the funds for the student union and recreation center are auxiliary funds from student fees and cannot be transferred to other purposes. Dr. Judy Cezeaux expressed concern about the percentage of the overall university non-work study student worker budget that would be dedicated

to the student union and recreation center. On the topic of technology infrastructure needs,

Ken Wester explained that there are \$15.6 million in identified technology needs at the university and another \$1.3 to \$1.6 million in auxiliary programs. Every piece of technology on the campuses that might need to be replaced is being budgeted for so those upgrades can be executed in a planned manner.

Dr. Barbara Johnson addressed the topic of program improvement. Items included in that category include instructional designers for comprehensive online and/or hybrid instruction. These designers would assist faculty members in serving online learners and integrating technology. Dr. Johnson indicated the trend is for technology to be more integrated into all learning, be it in-person or through distance technology.

Dr. Bowen said it is important for Arkansas Tech to be on the cutting edge of technology in education and be a model for the rest of the state in that regard.

On the topic of the 2.5 percent tuition and fee increase model vs. the 3 percent model, Dr. Jeffrey Cass, Dr. Jeff Woods, Dr. Jeff Aulgur, Chancellor Bruce Sikes and graduate student Christopher Rehm voiced support for the 3 percent model. No one spoke against a 3 percent increase in tuition and mandatory fees.

Mr. Branson addressed the question of whether this initiative is retrenchment or restructuring. Dr. Cezeaux referred to the Faculty Handbook in relation to whether or not tenured faculty are at risk of suffering negative consequences from the restructuring. Dr. Bowen indicated the university is not planning on declaring financial exigency.

Dr. Bowen reminded supervisors that leading by example, supporting people, maintaining hope, remaining dedicated to transparency and sharing the vision of building a better university for the future are ways in which the committee can help maintain morale among faculty and staff.

Mr. Branson shared that his previous experience in restructuring has been different because there was less time than what is present in Arkansas Tech's current situation. He said the buckets exercise helps faculty and staff think about their operations in a way that is sustainable and continues to generate savings.

Mr. Bruce Sikes asked if the model reflects potential enrollment decreases as a result of potential decreased program offerings. Mr. Branson said care will need to be taken in minimizing the number of student semester credit hours cut. He went on to say this process is about gaining efficiencies across the board as a university.

Budget Advisory Committee
11-12-2020 Meeting Minutes

- I. Committee Chair update (Walter Branson)

The ATU Board of Trustees approved the budget model brought forward by the university during its October 2020 meeting. The five-year plan will fill the 8.15 percent budget gap that is forecast. Mr. Branson expressed appreciation to the budget advisory committee for its input in building the model.
- II. President's Update (Dr. Robin E. Bowen)

Dr. Bowen noted that the board asked for close adherence to the guiding principles that were approved as part of the October 2020 resolution.
- III. Forthcoming Process (Walter Branson)

Information is due from the vice presidents to Laury Fiorello, interim director of budget, on Nov. 20. Data will be reviewed and gaps will be identified. Communication for clarity will occur as needed. In January 2021, there will be three day-long sessions to review the proposals submitted by each division. Membership on the proposal review group will consist of two committees. An academic committee of a representative from each college (appointed by each college's dean) and a member of the faculty senate and an at-large faculty member and two staff members (one from staff senate, one at-large) will participate in each of the presentations. The university support committee will consist of staff from each of the vice presidents' areas as well as two faculty and two additional staff members. The university support committee will be asked to develop input. The charge is to listen, review and provide critical input on the budget plans presented during January and February 2021. Committee members will use the guidelines and principles for direction. It is important that a systems approach facilitates decision making in order to create the best overall future for the university rather than for any one division or unit. Continuity between the two committees will be important. Committee members will be tasked to identify savings and efficiencies that can be incorporated into the fiscal year 2022 budget and beyond. It will be essential for the group to ask questions. Confidentiality, adherence to norms established by the committees and full participation will be required of each committee member. The committees will provide input to executive council and to the budget advisory committee. A quick turnaround will be necessary to remain on schedule. EC will finalize budget formulation during a day-long retreat in spring 2021. The proposed fiscal year 2022 budget will subsequently be presented to the ATU Board of Trustees for adoption. The first round of presentations is Jan. 15, 2021. The committees will forward their recommendations to budget advisory committee and executive council by Feb. 8, 2021. Budget advisory committee will review the committee recommendations during a meeting on Feb. 11, 2021. Mr. Branson noted the committees will need to be set as soon as possible. Dr. Jon Clements shared that Nov. 30 is the only scheduled faculty senate meeting between now and Jan. 15. Dr. Clements indicated

that electing the at-large faculty representative will be the more challenging of the two as compared to electing a faculty senate representative.

IV. Enrollment and Scholarships (Dr. Blake Bedsole)

Dr. Bedsole provided data about non-concurrent enrollment over a period of five years (2015-20) that has led to reduced revenue for the university.

Projections for the future have been reset based upon the impact of the COVID-19 pandemic. Total revenue is forecast to slowly and steadily drop from approximately \$166 million in 2021 to approximately \$162 million by 2032. Dr. Bedsole also provided data about scholarship expenditures over time and future plans for reducing scholarship expenses while simultaneously making appropriate aid available to qualifying students.

V. Additional Information (Mr. Walter Branson)

The review committees will have access to Mr. Branson and Ms. Fiorello and their data when they commence with their reviews.

Budget Advisory Committee
2-11-2021 Meeting Minutes

- I. CARES Act Funding Update (Mr. Thomas Pennington)

\$3.5 million in new CARES Act funding will be distributed to Arkansas Tech University students. Pell grant recipients are required to be prioritized in receiving the funds. There are 2,891 enrolled ATU students who are Pell eligible during spring 2021. Full Pell eligible students will receive top priority and will be eligible to apply for \$1,000 each. Partial Pell eligible students will receive second priority and will be eligible to apply for \$800 each. ATU students who are not Pell eligible would be able to apply for \$419 each. As a result of this approach, all ATU undergraduate students will be eligible to apply for some CARES Act relief. Mr. Pennington stated that the goal is to distribute the majority of funds by the end of March 2021. There is also \$9.5 million that is designated for institutional use. No determination has been made on how those funds will be expended. Student funds must be distributed before the institutional funds may be tapped.
- II. Most Recent Financial Statement (Mr. Walter Branson)

Revenue in tuition and fees is lower than what was budgeted for fiscal year 2021. Interest income is also lower than anticipated because the pandemic has lasted longer than was anticipated. Continuing students have caused scholarship expenditures to be above budget. Unfilled vacancies and decreased expenses in supplies and services have allowed the university to offset those financial pressures and will allow the university to complete fiscal year 2021 with a positive balance. Continuing to keep positions open and reduce expenses will be important in the continued financial success of the institution.
- III. Enrollment Update (Dr. Blake Bedsole)

ATU Russellville campus was down 12 percent in undergraduate student semester credit hours (SSCH) and slightly less than 4 percent in graduate SSCH in spring 2021 as compared to spring 2020. Fall-to-spring retention among undergraduate students was lower than anticipated during the 2020-21 academic year. Prospective students for fall 2021 are delaying decision making due to uncertainty created by the pandemic. Applications for fall 2021 are up 2 percent as compared to this time one year ago. As prospective students begin to register for advising appointments it will assist in making projections for fall 2021 freshman class size and overall enrollment.
- IV. Housing Report (Dr. Keegan Nichols)

Occupancy for spring 2021 is 82 percent. Of the 2,400 beds, approximately 1,900 are filled. Looking ahead to fall 2021, signed housing contracts are down 338 as compared to one year ago.
- V. Five-Year Budget Forecast and Fiscal Year 2022 Planning (Mr. Walter Branson)

A recent round of bond refinancing, a modest increase in interest income from reserve accounts and a change in P-card vendor have been beneficial in budget planning. Adjustments in TIAA retirement contributions for new employees, changes

to the faculty and staff tuition waiver program and a more robust energy savings program are additional measures that could be beneficial that have been discussed with the restructuring working groups. Following Mr. Branson's remarks, the budget advisory committee was divided into two groups to provide feedback on restructuring working committee reports.

VI. Breakout Session Recaps (Mr. Walter Branson)

Members of the budget advisory committee shared their feedback on the restructuring working committee reports.

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- VII. Fiscal Year 2022 Budget Update (Mr. Walter Branson)
Mr. Branson presented a draft of the memorandum and accompanying budget details that will be presented to the ATU Board of Trustees on May 20, 2021.
- VIII. Course Fee Changes (Mr. Walter Branson)
Mr. Branson yielded the floor to Dr. Jeffrey Cass for an explanation of proposed changes in course-specific fees in the College of Arts and Humanities, to Dr. Judy Cezeaux for an explanation of proposed changes in course-specific fees in the College of Engineering and Applied Sciences, to Dr. Jeff Robertson for an explanation of proposed changes in course-specific fees in the College of Natural and Health Sciences and to Ms. Laury Fiorello for an explanation of proposed changes in course-specific fees at ATU-Ozark Campus. Mr. Branson also spoke about a proposed new \$35 fee when a student requests a stop payment on a check, but that the fee will be waived if the student signs up for direct deposit.
- IX. More Fiscal Year 2022 Budget Details (Mr. Walter Branson)
Mr. Branson explained to the committee changes in the way in which the State of Arkansas is categorizing funding and how that will affect the ATU budget. He also stated that the university will ask the ATU Board of Trustees to reinstate the previously existing tuition waiver policy for ATU faculty and staff during its May meeting, reversing a change that was approved in March. Mr. Branson expressed that the greatest unknown going into fiscal year 2022 is tuition and fee revenue. He also explained the implications of using one-time federal pandemic recovery funds as a replacement for a tuition and fees increase. The committee discussed enrollment trends for fall 2021, noting increases in graduate students and transfer students alongside concerns about the traditional undergraduate population. It was noted that national trends indicate students are waiting longer than usual to make their enrollment decisions about fall 2021 due to the ongoing pandemic. Dr. Robin E. Bowen expressed appreciation to Mr. Branson for his leadership of the budgeting process during the current fiscal year and stated that the restructuring he has led has positioned Arkansas Tech for continued financial stability in future years. She also expressed appreciation to the budget advisory committee for its input throughout the budgeting process.

Budget Advisory Committee
Meeting Minutes
May 24, 2021

- I. Federal Relief Funds Update (Mr. Walter Branson)
Mr. Branson informed the committee that Arkansas Tech will receive \$11.7 million for students and \$10.9 million for institutional needs in the third round of federal COVID-19 relief funds. He stated that the \$10.9 million may be helpful and applicable in offsetting lost revenue as a result of the pandemic. He also reminded the committee that this is one-time money and thus cannot be committed to recurring expenses. Mr. Branson indicated that the State of Arkansas will play a role in determining how the institutional funds are invested.
- II. Board Meeting Recap (Mr. Walter Branson)
All of the fiscal year 2022 budget-related items presented to the board on May 20, 2021, were approved. Some new state dollars were committed to covering the restoration of the previous faculty and staff tuition waiver policy. The rest of the new state dollars are being held in reserve based upon the extent to which the university is able to meet its enrollment projections for fall 2021.
- III. Enrollment Update (Dr. Blake Bedsole)
Dr. Bedsole reported that fall 2021 enrollment is down 7.2 percent as compared to the same date last year. That equates to about \$2.4 million in reduced revenue.
- IV. President's Update (Dr. Robin E. Bowen)
Dr. Bowen reported that the state has indicated that agencies can budget based upon receiving all categories of state funding for fiscal year 2022. She also encouraged departments to be thinking about innovations that could help the university generate revenue in fiscal year 2022 and beyond.
- V. Financial Report (Mr. Walter Branson)
Mr. Branson reported that the university will finish the year with a positive fund balance. The university has dedicated \$1.7 million in one-time money to upgrades at McEver Hall.
- VI. Scholarship Program (Dr. Blake Bedsole)
The university will pilot a need-based scholarship program that will be a one-time award for incoming freshmen and continuing students during the 2021-22 academic year. This will be the first time that institutional funds will be directed to need-based aid. The committee engaged in a conversation about the potential benefits of the program.