

College of Arts & Sciences
Budget Advisory Committee

MINUTES

Friday, January 29, 2010

Present:

Voting members: Professors Susan Glosser, Niko Loening, Todd Lochner, Jens Mache and Heather Smith.

Ex-officio: Julio de Paula - Dean of the College, Jane Hunter - Associate Dean of the College and George Battistel - Associate Vice President of Finance.

Guests: Robert Nayer - Director of Operating and Capital Budgets and Dith Pamp – Student Representative.

Recorder: Anne Boal - Dept. of Mathematical Sciences

Professor Todd Lochner will chair the committee this semester.

The minutes from the December 2nd meeting were approved as written.

The committee discussed several handouts from Dean de Paula - “Assumptions for Lewis & Clark Budget Proposal for 2010-11”, “2010-11 Consolidated Budget Proposal by Natural Classifications” and a “Sensitivity Analysis”. Some significant revenue assumptions include a 4% CAS tuition increase, 36% discount rate, 510 first year students, 60 transfer students and 1,326 returning students. The CAS revenue includes an unrestricted gift of \$500,000 from Life Trustee Fred Fields. This gift of stock will mainly be applied to the 2010-11 fiscal year. No salary increases are budgeted for CAS faculty or staff. Health and dental premiums will increase, except for Kaiser health. The college’s contribution to the employees’ retirement fund would decrease by 10%, effective July 1, 2010 (from 10% to 9%).

Professor Loening asked what happens to extra funds when the year is in the black. Mr. Nayer replied that these funds would go into the CAS general fund balance, or reserves, that could be used to pay down the debt. The fund balance for CAS was 1.7M at 5/31/09.

The Presidential Strategic Initiative fund of \$500,000 is in the budget for 2010/11 for use by the new president. Candidates know that this fund exists, and policies for its use have not changed.

The School Administration and Admissions envelopes show a percentage increase mainly because the salaries and benefits of the Provost and the Dean of Admissions have been added back into the budget. These positions have been vacant for most of this year.

The difference and importance of the operating margin and cash margins were explained. The operating margin is the difference between the revenue and expenses. The cash margin shows the actual cash available to use. Dean de Paula pointed out that the cash margin in the CAS budget for 2010-11 would cover the worst-case scenario in the

enrollment predictions. The worst-case scenario shows 36 fewer students in CAS than the budget assumptions, and a discount rate increase of 1 point.

The principal payment on the 2008 bonds increases every year until 2032. For 2010-11, the CAS repayment is over 1.1M, which increases by several hundred thousand every year. This is a major expense to the college, however the college plans to refinance to a fixed-rate debt when it becomes advantageous to do so.

Dean de Paula reiterated that the kind of cuts that will be looked at for subsequent years will require major conversations between groups of faculty, staff and students.

Chair Lochner asked for more spreadsheets from the business office in order to write a report for the Faculty Meeting next Wednesday.

There was a discussion concerning investment decisions of our reserves. Mr. Nayer did explain that policies restrict riskier investments of the reserves.

The committee will meet again in two weeks.