

College of Arts & Sciences
Budget Advisory Committee

MINUTES

Friday, September 10, 2010

Present:

Voting members: Professors Cliff Bekar, Rachel Cole, Susan Glosser, Todd Lochner and Jens Mache

Ex-officio: Jane Hunter – Interim Dean of the College, Gary Reiness –Associate Dean of the College and George Battistel - Associate Vice President of Finance

Guests: Carl Vance - Vice President for Business & Finance, Robert Nayer - Director of Operating and Capital Budgets and Christabel Escarez –Student Representative.

Recorder: Anne Boal - Dept. of Mathematical Sciences

Professor Todd Lochner will chair the committee this term and Professor Cliff Bekar will do this honor during the Spring Term.

The results of the student survey administered last Spring was shared with the committee. 424 students, equally split among the four levels, rated how well various services contributed to their student experience and if they would be willing to further fund these activities. These results will be shared with the faculty soon.

Mr. Carl Vance explained his handout titled, “2009-10 Fiscal Year Actual Results Compared to Budget”. The good news is that the operating margins for all three schools were higher than the original budget. However, the large items that made the difference in 2009-10 are not replicable events. So far, the number of incoming students in all three schools met or exceeded expectations and the retention of current students was higher than modeled. However, the freshman class discount level is 3 – 4% higher than modeled.

A letter of credit with Wells Fargo expires in June 2011, and the college is considering refinancing the variable rate debt for fixed rate debt. Specific options will be presented to the Board of Trustees at their October meeting. Mr. Carl Vance explained that the college believes that this is a good time to convert to a fixed rate debt because of the low interest rates and the uncertainty with renewing the letter of credit. Even though initially the rate would be higher than the current variable rate, over the long term, the costs would be lower. However, about \$17+ M cash would be needed to buy out of our current swaps. The college is considering transferring the management of this \$17 M debt to the endowment fund, instead of the operating budget.

The college is considering building a new residence hall in the wooded area between Hartzfeld Hall and the Facilities Services buildings. This new dorm would feature larger rooms, more amenities, 4 stories, 170 beds and would be ready for occupancy for Fall 2012. Mr. Carl Vance explained that there were many reasons to consider this now. This includes low interest rates, low constructions costs, a waiting list of undergraduate

students for dorm space and a possibility of converting 1 floor of this dorm to graduate and law school housing. The cost of this residence hall could be rolled into the fixed rate refinance mentioned earlier, so that the hall could pay for itself the first year of occupancy. Dean Sumner, Interim Dean of Admissions, favors a new hall as it is good for recruiting and retention.

A three-year residency requirement would ensure the full use of this hall, however the college will not be asking the Board to change this requirement at this time. Dean Hunter explained that a three-year residency requirement has been shown to contribute immensely to the students' experiences, leadership opportunities and connection to campus life. She is hesitant to ask current students about changing this requirement, because it would affect a different cohort – current high school students. She noted that other colleges similar to LC have a three-year requirement.

Committee members questioned this investment, as many current students have told faculty that they don't want to live on campus, and that part of the appeal of LC is the opportunity to live in Portland. Mr. Vance explained that with an 87% occupancy rate, it would break even. Adding the option of using part of the dorm for graduate or law students, or moving Foreign Language floors from the apartments to this new dorm, should increase the use of this new dorm.

Professor Mache asked why we cannot begin the new science building now if construction costs are low. Mr. Vance explained that since a science building does not produce revenue, like a dorm, it would not be prudent to proceed with the science building yet.

The committee will meet again next week.