

**Case Western Reserve University**  
Cleveland, OH 44106

**Faculty Senate Budget Committee**  
Meeting Minutes  
August 31, 2007

**I. Call to Order:**

Committee Chair, Professor Kenneth Ledford called to order the regular meeting of the Faculty Senate Budget Committee at 4:00 p.m. on August 31, 2007 in Adelbert, Room 352.

**II. List of Attendees:**

Barbara Snyder	David Biegel	David Hutter	Edith Lerner
Elizabeth Click	Ginny Leitch	Glenn Starkman	Hossein Sadid
Jerry Goldberg	Julia Grant	Ken Ledford	Ken Loparo
Laura Chisolm	Lee Thompson	Marsha Pyle	Nicholas Ziats
Susan Case			

**III. Approval of Minutes:**

No minutes read from last meeting.

**IV. Summary of Discussion:**

A). Ken Ledford welcomed all present to the meeting. He informed the committee that there was one single item on the Agenda, that being, the preliminary Recovery Plan. The committee was reminded of using discretion, wisdom and good judgment while sharing sensitive information. The Recovery Plan is a work in progress and is being presented to this committee prior to its presentation to the Board of Trustees on October 18.

B). Hossein Sadid along with Barbara Snyder and Jerry Goldberg presented the Financial Recovery Plans.

1. *Guiding Principles for Recovery:*

- a. Key point of discussion was the wording of a sentence. "Invest in academic priorities that add value". (Slide 2) This is not a monetary measure; possibly change to "academic stature"
- b. Discussion regarding imagined streams of revenue rather than controlled expenses. Expense reduction is essential along with revenue that is proven to work. Cannot rely solely on revenue enhancements.

2. *How did we get here?*

- a. Leadership challenges. University responds with: unclear priorities and business plans, lack of capital campaign, flat proposal in federal research dollars, decrease in enrollment and lack of understanding. Resulting in deficit spending, loss of credibility, inconsistent communications and damage to morale.

3. *Continuing Pressures:*
  - a. The University continues to feel pressure with no financial flexibility, slow research growth, funding of advancement campaign, affiliation agreement with UH, high endowment payouts, debt capacity limits, rising infrastructure cost and capital project propositions.
  - b. Discussion of University's Endowment. Three key components necessary: good return, steady contribution and disciplined spending.
  - c. Lack of Capital Campaign cannot be made up. Can be compared to a "Retirement Account" in which one cannot start saving for retirement prior to actual retirement. There have been lost earning opportunities which may never be made up, but we certainly need to be aggressive in future efforts.
  
4. *Recovery Plan Goals:*
  - a. Discussion regarding achieving financial health which will include budget cutting in some areas and increased investment in other areas. Accountability and transparency at all levels is necessary. Possibly change wording: "Develop Strategic Academic plan by new senior leadership..." (Slide #5) Prior leadership "failed" and the leadership's vision did not provide direction. Therefore, *all* levels of the University need alignment with unit plans not only senior leadership. The University does plan to work with Consultants in this area.
  
5. *Opportunities for Revenue Enhancement and Cost Containment/Reduction:*
  - a. Short-term FY08 and Long-term FY09 goals were discussed. The University needs to be "wise" regarding grant writing. Dialogue brought up the point that the relationship with UH and CCF is not only a short-term goal but should be listed with long-term goals. (Slide #6) Conversation regarding "good information" concluded that Institutional Research needs to be built up to aid in strategic planning. Benchmarks, metrics and scorecards are needed.
  
6. *Plan details, Historical data for CSOM, CSE, and WSOM were presented along with bottom line projections for the remaining schools.*
  - a. CSOM will continue to reduce deficit each year and balance the budget by FY11.
  - b. CSE has a solid plan and budget for FY08 and trend lines are promising for a balanced budget after FY09.
  - c. WSOM did better than anticipated for FY07. Target is to balance in FY09.
  
7. *Bottom Line Projections:*
  - a. Surpluses are moved to that school's reserves. Each school is responsible for their deficit/reserve balance.
  - b. Demographically, there is one more year of intensification regarding increasing tuition revenue. There will be a different competitive atmosphere after 2009. The University needs to improve its yield. Applicants being accepted are making other college choices; we need to improve and investigate why this is happening.
  
8. *UGEN past actions have helped "buy time". University expenses have been reduced, investments made in areas that generate revenue and improve infrastructure, performance excelled in working capital management and endowment, and well managed utilities.*

9. *Conclusion:* Contingency plans are needed. The University needs to show constraint while attaining excellence. At this time the University balance sheet remains extremely strong and the cost of debt is very low. This committee will be very helpful in giving their thoughts and further input. It will be a concerted effort.

**IV. Adjournment:**

Meeting adjourned at 5: 43 p.m. Next meeting is Wednesday, September 19 at 4:00 p.m. in Toepfer Room, Adelbert Hall.

Minutes submitted by: Heidi Fanta