

WASHBURN UNIVERSITY BOARD OF REGENTS
Budget/Finance Committee Meeting
May 22, 2009

Regents Present: Jim Roth, Chair, Mayor Bill Bunten, Ben Blair, Jim Lagerberg, Dan Lykins, Christel Marquardt, Bob Storey

Staff Present: Jerry Farley, Wanda Hill, Robin Bowen, Denise Ottinger, JuliAnn Mazachek, Chris Leach, Rhonda Thornburgh, Gene Wunder, Tom Prasch, Melodie Christal, Loren Ferre'

- Minutes of the March 20, 2009 meeting were approved as distributed.
- Debt Retirement and Construction Fund FY 09 Allocations for FY 10 Capital Projects, Other Equipment and Technology Equipment
 - Vice President Hill reviewed the DRC Fund estimates for the current year and the requested projects and equipment for those funds in FY 10. In November request forms were sent out to all departments across campus. The requests were thoroughly reviewed and prioritized by area heads before bringing them to the Regents for approval.
 - Total allocations include \$1,799,023 for capital improvements, \$401,583 for other equipment, and \$400,000 for technology equipment.
 - Vice President Hill answered questions regarding asbestos abatement, remodel of the Admissions area, the School of Nursing video surveillance cameras, and furniture for the residence halls. Regent Blair suggested it may be more appropriate to place new furniture in the more public areas and have the older furniture moved to the residence halls.
 - It was moved and seconded to recommend approval of the DRC FY 09 allocations for FY 10 projects and equipment as presented. Motion passed.
- FY 10 Allocations for Capital Projects, Other Equipment and Technology Equipment for Washburn Institute of Technology –
 - President Farley explained when Washburn took over the management last year it was agreed the finances would be kept separate for the University and the Institute.
 - Total allocations include \$911,600 for capital improvements, \$64,852 for other equipment, and \$49,439 for technology equipment.
 - It was moved and seconded to recommend approval of the FY 10 allocations for capital projects, other equipment, and technology equipment.
- FY 10 General Fund Budget –
 - Vice President Hill said the administration has been working through some difficult budget issues due to the reduced operating budget. Town Hall meetings were held resulting in revenue generating and cost cutting ideas and recommendations. The President appointed a Budget Task Force to work through the issues. The reduced operating budget will mean fewer classes offered and increased class sizes. One of the options is to outsource the Facilities Services operations.
 - UGL Unicco Proposal –
 - Vice President Hill introduced Randy Ledbetter, Vice President of Business Development, and Jeff Schneider, Director of Business Development, from UGL Unicco. She said the management of Facilities Services has been contracted to UGL Unicco since last year and the company recently approached her with the idea of outsourcing the entire Facilities Services operation.
 - The outsourcing will affect roughly 100 employees and will save the University an estimated \$538,000 annually. Most of the savings will come from reduced costs on work comp and health insurance and from supply and contract purchase savings. All Facilities Services employees can apply and go through the screening process with UGL Unicco. Wages will

remain the same and it is estimated more than 90% of current employees will be hired. Benefits are comparable to those at Washburn.

- Mr. Ledbetter indicated UGL Unicco has been in business for 60 years and 15-20% of their business is with higher education. They currently work with approximately 75 colleges and universities, including Concordia, Holy Cross, Harvard, Tulane, and Drexel.
- When asked why work comp is so much less expensive for UGL Unicco, Mr. Ledbetter said UGL Unicco is comprised of 30,000 people so safety training is an important issue for them and great safety drives the rate down.
- Vice President Hill said the current union contract expires on June 30, 2009 and the administration can either negotiate out or renew the contract. Mr. Schneider said in most cases when UGL Unicco takes over a union operation it continues to remain a union operation after the takeover. The contract would be with UGL Unicco rather than with Washburn. Approximately half of the UGL Unicco operations are union shops.
- The draft contract has been reviewed by Mr. Hackler.
- Vice President Hill said twenty-five percent of the Facilities Services workers are dues paying Union members.
- The agreement would include management staff as well as the maintenance and custodial employees. Vice President Hill said it will be beneficial to UGL Unicco to continue to have a full-time architect on campus. We have one of the best maintained campuses in the state and there can be no diminishment of service. Management will continue to report to Vice President Hill as well as to UGL Unicco.
- Chairman Roth asked if anyone would like to speak.
 - Emil Rameriz, United Steelworkers representative, said the union represents 35 of 80 employees at the University. He said there is a more vested interest if jobs remain in Topeka with Washburn and asked that a meeting be held to try to resolve issues of skills management.
 - Robert Tripp, President of the United Steelworkers Union Local #307, said USW represents 1500 members in Topeka, of which 1300 are Goodyear workers. He said he shares the pain felt by everyone, however, Unicco is in business to make money and will hurt the local businesses and revenue stream.
 - When asked if members would be able to continue their union membership with UGL Unicco, Mr. Schneider indicated negotiations would not be appropriate until the contract with the University is resolved.
 - Sue Peek, CAS secretary, asked the committee to find other ways to save money and said employees she has talked to are more than willing to give up pay and benefits to prevent people from losing their jobs. She said workers have been told they will have to pay their own health insurance.
 - Mr. Schneider indicated he did not know all of the details of the UGL Unicco health insurance plan but UGL Unicco also uses Blue Cross. He said single employees pay a 30% share of health insurance premiums; however, the UGL Unicco family plan costs less out of pocket than the Washburn plan.
 - Jackie Boydston, Bookstore employee, asked if any consideration had been given to travel freezes. President Farley said reducing travel costs has been discussed but travel for recruitment and continuing education of employees will continue to be needed. She also asked how the buy-out would affect the employee retirement plans. Vice President Hill said all employees vested in TIAA-CREF can leave their money in the program or possibly roll it over into another program.
 - Pat Brauer, Mabee Library employee, said many employees are willing to do furloughs.
 - Brad Hite, Facilities Services employee, said there are a lot of unanswered questions with UGL Unicco. He asked for a decision to be put off so it can be discussed further.
 - Mary Lou Herring said the decision was rushed and the outsourcing should be bid out.
- Regent Lykins said he has always been a strong union supporter and he did not want to see any of the Washburn family punished, however, this is a sad and devastating time for the State of Kansas and our country. All of the Regent schools are also looking at large budget cuts, layoffs, and larger classes. We are all here to educate students but they have to be

able to afford to come here and we cannot keep raising tuition. We need to work together to solve this issue and wishes he had a good answer. It is a tremendous problem for all institutions.

- Mayor Bunten said everyone has come forth in good faith to express concerns and suggest alternatives. He suggested deferring the proposal to give the union time to bring a proposal to the University.
- It was moved and seconded to defer the UGL Unicco proposal until the next meeting.

- FY 10 Budget – Washburn University
 - A Budget/Finance Committee meeting will be held prior to the June 26 Board of Regents meeting.
 - The budget is usually approved in May. If the budget is not approved at the June 26th Board meeting authorization will be needed for a continuation of the existing budget.
 - Chairman Roth said he would like to see a breakdown of the savings to go with UGL Unicco proposal and a comparison with the union proposal.
 - The union contract will be reviewed by Mr. Hackler.
 - President Farley said there are a limited number of options for savings to balance the budget. These include the early retirement incentive program, furloughs, and a reduction in the WTE Program. He pointed out furloughs are unique in that they are only a temporary solution.
 - Tom Prasch, Faculty Senate, said it seems the reduction in WTE funding is a programmatic shift rather than a budget issue. He said it is a valuable, signature program and this kind of cut would severely affect the program. President Farley agreed the WTE is an important program, saying if the program is reduced by a third it will definitely change the program. Discussion will need to take place about what is in the best interest of the University and the program.
 - Making the WTE Program an elective rather than a mandatory program was discussed.
 - It was moved and seconded to recommend approval to reduce the WTE Program by \$300,000. Motion carried.

- FY 10 Budget – Washburn Institute of Technology
 - The administration recommended budget version B, which includes an 8.8% tuition increase, raising the resident rate from \$68 to \$74.
 - The administration will provide information on past years tuition increases.
 - Most students enrolled at Washburn Tech have done so through their high schools and are in one-year programs.
 - It was moved and seconded to recommend approval of the FY 10 Budget - version B, which includes an 8.8% tuition increase. Motion passed.

- Meeting was adjourned.