Town Hall Meeting

Q&A Session

February 11, 2016

2:00 – 3:30 p.m. and 3:30 – 5:00 p.m.

Session 1 - 2:00 – 3:30 p.m.

Q. Will more classrooms or computer labs be needed with housing extra students?
A. From classroom perspective we have capacity because enrollment is coming back up to what it was. We may need technology – i.e. printers.

Q. Residence Hall – how will wellness of students be supported?
A. Close to dining hall, full time living staff in building.

Q. What are key drivers for very steep increase in expenses, historically level, what changed?
A. This has accumulated each year, was hidden, used auxiliary funds to bury, defer, delay maintenance. Was told that one faculty member didn’t even have money to buy paper. It has caught up with us - small class years coming in, larger going out, huge discount rate and increased expenses. Bernie Madoff scenario, my view, just can’t juggle numbers any more.

Q. What actions of clusters will fix this?
A. URSA process will let us look at what we should do going forward. Clusters help define strategy, create points of focus, build programs into families that support each other, create image to students to raise funds, create unique product for students, legislators and trustees to see and support. It was the clusters concept that got BOT to support the $1.7M funding.

Q. What was cost of rehabilitating the marketing and communications offices?
A. Not major reconstruction – just moving walls/doors, using existing furniture, and did a lot internally without using subcontractors.

Q. Why aren’t we rehabbing existing dorms?
A. Budget strains, and students were not on campus. Biggest financial drain from students living on campus. Positive swing now to renovate existing spaces in residence halls. There is now a strategy with the new residence hall to include investments in future rehabbing as it is needed. Never did that before. We actually have been spending on rehabbing dorms and will spend $1.6M this summer to do repairs. Working on a 5 year plan to restore buildings to better living conditions.

Q. What are plans to increase deferred maintenance funds?
A. Board of Trustees (BOT) want a 10 year plan on capital and deferred maintenance, strategic plan including how we allocate funding.

Q. Steve said we need to engage in strategic allocation rather than annual budgeting, how can we participate?
A. Steve sees his job to facilitate it, everyone’s job to participate. Needs to be large input and campus engagement in how we dedicate resources. Make sure dollars follow strategy. Engagement, conversation, debate, collaboration.

Q. What is our targeted discount rate?
A. Overall 22 – 24%. Tripled our scholars - On one hand better prepared students but less net revenue. Shooting for 30% have not increased targeting amount and have increased tuition.

Q. Why does slide 13 show net revenue declining?
Largest class but at high discount rate. Net effect, 2017 goes down but inches back up. Certainly if discount rates or enrollments shift, this will change. Simply a compounding effect. Impact from graduating large classes with smaller ones coming in.

Q. Is there any AWN revenue to set against $2M annual costs?
A. Original idea was to market programs in HHP and athletic training. Development of new track and field brought in 50 students and hoped to generate revenue in off season with events. But never enough to offset the $2M.

Q. Are academic deans and provost excited about clusters and invested in it?
A. Julie: Yes, I look at the deans and see excitement. Great vision, exciting. Committed and not going to do it alone. All working to determine path together. Together we can and definitely excited. It will be an evolutionary process, integrating innovation and entrepreneurship into recruiting, more graduate 4+1 and 5yr programs ending with Master’s degree.

Q. How can students enter into clusters fall 17 when they are not fully defined; can admissions talk about it in middle of cycle?
A. Students will still coming in to a major and department as well as part of a cluster.

Q. Will faculty and staff be stakeholders in brand strategy?
A. There will be plenty of opportunity for all to participate. We will be interviewing consultants seeking input.

Q. What is the cost of implementing clusters?
A. Faculty will be compensated in the summer for working on clusters as they are off contract. Faculty will need and be given time to work on this.

Q. What if the staff/faculty input is NO to a brand?
A. We would not continue with a brand idea if it wasn’t working.

Q. How can we meet $5M gap without cuts/RIFs?
A. Very difficult. For example, in F&A they are working to streamline processes to being more student focused to get resources to students and faculty as needed and mapping structure and processes to get us where we need to go. Part of $5M gap anticipates projected costs for FY17. Could take off $2-3M of these costs but we need to commit to reallocation process. It will all come together in next 2-3 months. Staff input on PAT/OS side is critical.

Q. With the new Residence Hall, what changes will there be in student health services?
A. Spring Break – will close health services, but we will work with Speare Memorial Hospital on partnering to provide services, shuttle students to Speare or Boulder Point. Examining student Fees and health insurance, extending care.

Q. Would we consider themed housing?
A. Happily and with clusters this will make sense. Pilot projects this year – model of engagement for students to seek their own personal growth. Workload balance to be mindful of.

Q. Will each cluster need to generate income to sustain itself?
A. Idea behind clusters is to get us to a structure that will sustain itself. President has seen it work elsewhere. If not, we have failed miserably. Holistic way to transform the university and meet our needs. Excited and hopeful on the path forward.

Q. Not feeling faculty buying into this. Overworked. Not seeing end all, works at places like Bryn Mawr and Dartmouth. PSU not a top tier school and doesn’t have the resources. Can’t see a 16 year old understanding this. Can’t see how this will get us out of $5M deficit.
A. We will go with those that do buy in. Others will follow. President came from Penn State, University of Houston, and University of New Mexico – in Houston it transformed the University. Houston had struggled for funds, outside interests didn’t participate. Huge investments by state, donors, outside interests, faculty excited. Not everyone buys in at first. Clusters are so flexible, allow faculty input, creativity, opportunity. If not this, what is our other option? Can’t keep doing what we do and do it better. May be better ways out there, but this works. Others have copied what was done elsewhere. We are not presenting ourselves well and this gives us an opportunity to better show what we do. It will be exciting.
Q. Brand strategy validation step – what if it fails?  
A. We would go back to the drawing board. It would defeat the purpose if it doesn’t hit the point.

Q. Financially what happens? Do we have to pay again for their (consultant’s) work?  
A. We haven’t had this happen before. We might go back to them with their contract.

Q. Where did the 60 juniors (who transferred) go?  
A. Not sure, but it was not a financial aid issue. We work to fill gaps there, we will explore this more.

Q. Strategic cluster guides, support & implementation. How is Gen Ed and faculty governance involved?  
A. All would be involved. Themed Gen Ed courses would go to curriculum committee and gen ed committee. Still follow general faculty governance.

Q. How is new Res Hall being paid for?  
A. Basically self-funding. Projections for Fall look good, but housing shortage. All 350 students pay for the cost of debt service, along with modest increase in housing fee and including fund for deferred main to sustain facility in long term.

Q. Parking already strained.  
A. We will continue to have strained parking. It is available but not where you want it to be. Actually a couple of hundred spaces available. Looking at new spaces, remote, shuttle and how to handle event parking

Q. What is the plan for revenue gap? Why is it expected to decline in FY 17?  
A. It is also an expense gap. Largest entering class at highest discount rate despite enrollment ticking up. Want to stabilize discount rate, but can’t make drastic moves because students won’t enroll. Next year a bit down in net revenue but then picks up. Last few years, smaller classes coming in and larger classes graduating. We are still paying for this, a four year process.

Q. Can you explain what a strategic allocation model looks like compared to annual budget model?  
A. Change thinking on how we allocated resources, need to define what we need to support clusters. Not sure how yet, but we need to collaborate and look at everything to see how to move dollars to make it work. Jim described a model. It’s a work in process. Strategic allocation process will formally start next year. This year keep the train running and stay on track. This was noted in the URSA CG report – ongoing priority and must address this.

Q. Mistakes made in the past. We had opened buildings without business plans. Will there be a business plan for the conference center?  
A. Yes, Conference Center plan is being made for 5 years and partner with Sodexo. Center won’t be ready until summer 2018.

Q. Is there a business plan for AWN? For the Concord facility?  
A. AWN was not designed to be a business. Ice arena had a business model. AWN was 3 phase plan to replace PE center, never intended to be revenue generating. We are changing that. There is a portion of AWN that can raise revenue. Part of the problem – long term implications of these decisions were not considered because tuition could be increased and state funding was there. A lot of assumptions were based on this. AWN costing $2M per year, an incredible amount and at the time if all had continued the same, it would have been fine. We will look at the Concord facility. We can improve ROI on AWN. The Res Hall cash flow, even with no additional students is positive. Summer revenue conservative estimate is $200K in the business plan.

Q. Will conference space be primarily used in summer, class rooms?  
A. It will be a flexible structure for open labs, clusters, living/learning sections. Absolutely, for student activities, meeting room space and more.

Q. Students might have a high fee for new res hall  
A. Model similar to Langdon woods rate. We raised overall auxiliaries 1% for the coming year. This is a building with good impact on students.

Q. Will the possibility for program changes apply to those in quintiles 1 and 2 only?
A. Changes will apply to all quintiles and reports just help prioritizing.

Q. What is the interrelationship between URSA decisions and clusters. Are we basing decisions on current model?
A. URSA and clusters relationship are closely tied. URSA helps prioritize so we can invest in future/new initiatives. Clusters are what we want to invest in. We need to be careful because with URSA, we did not know that clusters were in the future, at the time of report writing.

Q. Do you see PBLG continuing?
A. Talked about the right role, could continue, reimagined, or might eliminate.

Q. Will layoffs be for faculty or staff, tenure or untenured?
A. We presented what could happen. We’re hoping we can work around this and will know better in March or April at next town hall meeting. We don’t want any surprises, telling worst case now.

Q. Any questions in first session that we didn’t ask?
A. Questions similar. Health center will be eliminated due to new Res Hall. Students will be shuttled for 7 weeks just after spring break. Cluster – partnering with Speare, charging students’ health insurance may lower student fees. Also asked about discount rate.

Q. Plan for clusters workload? Faculty summer not in contract – will they be compensated?
A. A faculty stipend for any work in summer and release time for faculty serving as guides.

Q. Staff too? They are in the guide model as well.
A. If a staff member is a guide, will have a conversation with supervisor for release time or additional money if not working in summer.

Q. What happens to staff in our health center?
A. Anticipate staff will transition with health services in new location.

Q. Any update on proposed 4 credit model, how does this work with accreditation?
A. Timeline for sharing possibly for March faculty meeting but realistically in April. Not an immediate impact as it would have to go into the next year. Task force will look at where it is relevant as science courses already have 4 credits. Variations across campus. Gives ability for open lab hour to let students work across disciplines. Right now we can’t do it with M, W, F time blocks. Direction allows people to change curriculum to include open labs.

Q. Does new res life have a name?
A. Looking for donor – naming opportunity!

Q. The slide with unadjusted expenditures – why so high?
A. Smaller class sizes, extra expenses, deferred maintenance, AWN - $2M, salary increases – perfect storm. Results of several past years playing out. We have used dollars in the auxiliaries to pay for this but can’t anymore.