Date: January 21, 2009

To: President E. Gordon Gee
Provoast Joseph Alutto

From: Ralph E.J. Boerner, Chair
Senate Fiscal Committee

Re: Summary of Activities: Autumn Quarter 2008

The central theme which defined most of the work of Senate Fiscal Committee in Autumn Quarter 2008 was the worsening national economy and its impact on the state of Ohio and Ohio State University. It quickly became apparent if Ohio State was to make progress on its academic goals it was going to be through strategic prioritization careful investment in new resource generating initiatives and reallocation of existing resources.

Much of the committees work was done at the request of Provost Alutto or Vice President Shkurti as they reacted to the state's budget cuts, the President's desire to continue progress on key academic priorities regardless of the financial environment and the Board of Trustee's interest in keeping the University financial outlook stable.

The committee members spent considerable time and effort to educate themselves as to the impact of the state support reductions to the University line items and the impact of the University's stock market investment losses in the context of the total University budget. The committee studied options to mitigate these loses and sought out lessons learned that would inform University decisions in the future.

During Autumn Quarter 2008 the Senate Fiscal Committee met five times. A detailed listing of the activities and actions of the committee follows.

During the meeting of 30 September the Committee
  • finalized membership and assignments for the Central Distributions and Central Services Subcommittees;
  • reviewed potential agenda items for 2008-2009 and set priorities for each quarter;
  • reviewed the 2009 current funds budget, including the materials circulated to the Board of Trustees related to the strategic initiatives of alignment with academic priorities, assured financial access for students, competitive compensation, support of high quality doctoral programs, and financial stability;
  • discussed the Fiscal Year 2009 budget status with Senior Vice President Shkurti;

College of Biological Sciences
• reviewed the line items that were cut by 4.75% following Governor Strickland's budget cuts, and discussed possible impacts on OSU units funded in part by line item appropriations and potential actions the University could take to mitigate the impact on priority programs.

During the meeting of 21 October the Committee
• discussed the current status of the colleges' strategic plans with Provost Alutto, with special emphasis on the need to align fiscal resources with planned academic initiatives particularly in this time of tightening resources;
• accepted and approved the report of the Central Distributions Subcommittee detailing the reconciliation of the Fiscal Year 2008 tuition and fee income and transferring to the academic units over $3.4 million in cash collected in the various fee categories over and above original 2008 estimates;
• continued the discussions with Senior Vice President Shkurti of the Fiscal Year 2009 operating budget, strategic initiatives, and alignment of resources with academic priorities;
• reviewed the current status of the on-going efforts to streamline and standardize internal fiscal controls and the importance of their implementation on the University's fiscal status and audit results;
• reviewed the renegotiation of the university's various insurance coverages and risk management initiatives, and the resulting 21% and 23% reductions in the cost of the University's property insurance and casualty premiums, respectively;
• reviewed the October 10 letter sent by Provost Alutto, Senior Vice Presidents Gabbe and Shkurti, and Vice President Souba to President Gee in response to the May 2008 report of the Budget Review Committee. The eight key areas identified in the letter were implementation concerns, availability of central resources, links to quality, space issues, multi-disciplinary research, the impact of enrollment shifts, start-up costs for new faculty hires, and transparency.

During the meeting of 4 November the Committee
• received the annual and first quarter financial reports from Senior Vice President Shkurti; discussion focused on the performance of the Health System in relation to expectations, the impact of the financial well being of the Health System on the University, enrollments relative to projections, budget performance of auxiliaries and affiliated units, investment performance in light of the weakness of the national economy, the status of reserve funds, and status of deficit reduction plans for units with new and/or continuing deficits;
• received an update from the Central Services Subcommittee on the final stages of the organizational review of the Office of Research;
• discussed the soon to be established committee on the feasibility of a conversion of the university calendar to a semester basis, and solicited nominations for the Senate Fiscal Committee member to serve on that committee;
• established the Winter Quarter 2009 meeting dates.

During the meeting of 12 November the Committee
• received the latest update on the university and state budgets from Senior Vice President Shkurti;
• reviewed and discussed the specifics of the structure and plans for the near term of the University System of Ohio and its potential implications for Ohio State;
• developed a list of questions for Vice President and Chief Investment Officer Jonathan Hook in preparation for the Committee’s 2 December meeting with him;
• developed a list of questions for Professor Harald Vassein, SFC appointee, to take to the full semester feasibility committee.

The meeting of 2 December was devoted to a wide-ranging discussion of the University’s investment portfolio and strategy with Vice President Hook. Much of the discussion focused on lessons learned in the recent stock market melt-down and what the University should/could do to better position itself in the near future and in the long term.

Cc: Professor Richard Gunther, University Senate
    Professor Christian Zacher, University Senate
    Steering Committee, University Senate