



MINUTES
BOARD OF TRUSTEES OF THE
TRUSTEES OF PURDUE UNIVERSITY

FINANCE COMMITTEE

MAY 18, 2017

A meeting of the Finance Committee of the Purdue Board of Trustees convened at 2:11 p.m. on Thursday, May 18, 2017, in Room 326 of Stewart Center on the campus of Purdue University in West Lafayette, Indiana.

All members of the committee were present in person or, where specifically noted, by means of electronic communication pursuant to the Electronic Meeting Policy: Don Thompson (committee chair, by phone); Sonny Beck (by phone); Vanessa Castagna (by phone); and Michael Klipsch. Other trustees present were: Michael Berghoff, chairman; JoAnn Brouillette; and Thomas Spurgeon, vice chairman. Malcolm DeKryger, Gary Lehman, and Cameron Mann were not present.

Also in attendance were: Bill Sullivan, treasurer and chief financial officer; Jim Almond, senior vice president, assistant treasurer, and assistant secretary; Steve Schultz, legal counsel; and Thomas Keon, chancellor of Purdue University Northwest (by phone).

I. ROLL CALL

Trustee Thompson called the meeting to order and asked Chairman Berghoff to conduct roll call.

II. APPROVAL OF FY 2018 AND FY 2019 PROPOSED STUDENT FEE RATES AND FY 2018 SYSTEM-WIDE CONCEPTUAL BUDGET

Trustee Thompson began the meeting by stating that this was a special meeting of the Finance Committee to facilitate the approval of the fiscal year 2018 and fiscal year 2019 proposed student fee rates and the fiscal year 2018 system-wide conceptual budget. He then explained that the Indiana Commission for Higher Education had approved its non-binding tuition and fee recommendation of 0-1.4%, system-wide, at its board meeting on May 11, 2017 and that the university's conceptual budget and tuition and fee recommendations presented today for the Finance Committee's consideration would then be voted on by the Executive Committee at its meeting on May 31, 2017. This would allow for the ten-day notification period required under State statute and provide the opportunity for public commentary on the proposed fees. He concluded that, upon the Executive Committee's approval of the conceptual budget on May 31, 2017, the budget would be implemented and presented to the Finance Committee in its final form in Fall 2017. Trustee Thompson then asked Ms. Melissa Johnson, director of financial planning and analysis, to present the proposed student fee rates and conceptual budget for fiscal year 2018.

Before Ms. Johnson began her presentation, Treasurer Sullivan announced that she would be leaving the university to spend more time with her family and that Ms. Eva Nodine, currently director of benefits, would assume Ms. Johnson's role effective June 1, 2017. Trustee Thompson thanked Ms. Johnson for her 25 years of service to the university and remarked that she would be missed.

Ms. Johnson began by discussing the legislative outcomes that affected the conceptual budget and proposed student fee rates, which, she said, included State appropriations for two new line

items – Purdue Moves and the Think Summer (Summer Start) program. She then provided highlights of the proposed fee structure. Highlights included a continued tuition freeze for the West Lafayette campus, a 1.4% tuition increase each year for the regional campuses, and differential fees for both a new Data Science major and the Honors College on the West Lafayette campus. Ms. Johnson then discussed key inputs that were used to create the FY 2018 all-funds conceptual budget. Inputs included a 2.5% merit increase salary policy for the West Lafayette campus, 0.5% of which would be conditional upon units supporting institutional priorities, and medical inflation of 7%, which Trustee Sullivan briefly addressed. Ms. Johnson concluded her presentation with an outline of revenues and expenditures. Trustee Thompson thanked Ms. Johnson for the way in which she presented the information.

Upon proper motion duly made and seconded, Trustee Thompson called for discussion. Treasurer Sullivan and Ms. Johnson discussed “one-time items” in response to a question from Trustee Klipsch. Trustee Thompson observed that even without a tuition increase, it was clear that the university would successfully meet its expenditures. Chairman Berghoff and Trustee Brouillette then asked questions about historical surplus and expenditure figures.

Trustee Thompson asked Chancellor Keon to share his concerns with regard to the budget for Purdue University Northwest, to which Chancellor Keon responded that he was slightly concerned with a possible decrease in international students. Trustee Castagna voiced concern about the lack of merit increases for the regional campuses and asked if increases had been provided in the previous three years. Assistant Treasurer Almond responded that the regional campuses were not in a position to implement salary increases because they had been challenged by declining enrollment. Trustee Castagna expressed her belief, which was echoed by Trustee Thompson, that this should be reconsidered. The Committee invited Stephen Turner, vice chancellor for finance and administration at Purdue University Northwest, to address a question from Chairman Berghoff regarding how the faculty and staff felt about foregoing merit increases. Vice Chancellor Turner shared that there was a general acceptance that merit increases were heavily dependent upon enrollment. Trustee Klipsch expressed concern about losing quality faculty and staff, a concern also shared by Trustee Beck. Chancellor Keon informed the Committee that the salaries of many PNW faculty and staff had been adjusted during PNW’s consolidation process during the last fiscal year; therefore, the concern for merit increases at PNW was not as significant. Trustee Thompson was pleased to receive the additional information from Chancellor Keon and said it provided a better perspective relative to the PNW campuses. To conclude the discussion, Trustee Thompson asked Treasurer Sullivan and Ms. Johnson to give additional consideration to merit compensation for the faculty and staff at the regional campuses, specifically the Fort Wayne campus, prior to May 31, 2017, when the Executive Committee would vote to approve the conceptual budget.

Following discussion, the Finance Committee voted unanimously by roll-call vote to recommend to the Executive Committee approval of the FY 2018 and FY 2019 proposed student fee rates and the proposed FY 2018 system-wide conceptual budget.

Supporting materials and a copy of Ms. Johnson’s presentation were filed with the minutes.

III. ADJOURNMENT

By consent, the meeting adjourned at 2:55 p.m.