



Photo by Kari Lewis, March 2, 2010

Staff Presidential Forum

March 2, 2010

Excerpts from President F. Dominic Dottavio's remarks...

Good afternoon. I am pleased to see you all and welcome the opportunity to meet with you to answer your questions about important topics that affect Tarleton. I have to tell you that I have often heard from students that it is because of what you do that Tarleton feels like "home" to our students. You are important to Tarleton's success.

I enjoyed our first Staff Forum held in November and am pleased that feedback from that meeting suggested it was helpful and we should hold additional sessions. I want to thank the Staff Council for their efforts in arranging today's forum.

A number of you submitted questions in advance. Your questions will serve as the frame for comments I will make. I will then be pleased to answer any additional questions you may have.

Many of the questions that you submitted focused directly or indirectly on the Governor's 5% budget reduction mandate and its impact on Tarleton. In Sunday's paper, there was a very good article that talked about this very topic. I hope you had an opportunity to read it.

Since arriving in Texas, I have been deeply impressed by the uncommon optimism of our faculty, staff and students and the enormous goodwill of people across the state in the community toward Tarleton. Our strength and can-do attitude is a great strength and will keep us moving forward, I have also been surprised since coming to Texas by the complexity of higher education funding and the reporting mandates expected from higher education providers. It is not surprising that many of us continue to have questions about how higher education funding works and decisions are made. The newly created Budget Advisory Council, chaired by Dr. Karen Murray, had its first meeting yesterday. One of the charges I have given to that group is to find ways to communicate and to educate the campus community on funding issues and the budget development process. This is a tall order and I'm sure it will be an ongoing effort, but one from which we will all benefit.



President F. Dominic Dottavio

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I have grouped the questions that you submitted into two categories--those that relate to the budget and those that relate to personnel matters. The specific questions you submitted on the budget reduction process addressed the equity of its application, what it means for the university's growth, and what it means for your future.

Question: Did the budget crisis sneak up on us?

The possibility of budget reductions is a topic that the Executive Leadership Cabinet has been talking about for some time. We began to plan for possible budget reductions in fall 2008 because of the challenging economic climate facing the nation. We knew it would be only a matter of time before Texas higher education was affected.

The budget reduction planning that we began in September 2008, resulted in cost savings measures being initiated in January 2009. We focused on a 60 day delay in hiring, looking at ways to achieve greater utility conservation, and more closely scrutinizing travel. Implementing these measures before we received the request from the Governor's office softened its impact on our current budget. However, these measures were not enough to achieve the 5% cut that we are being asked to take for this current year (FY 2010) and next year (FY 2011).

That is why operation and maintenance budgets were reduced by 5% and why we have asked all divisions and departments to do more to reduce costs and to generate revenues. The 5% reduction in operation and maintenance budgets is in reality a small part of the overall budget of most departments. This is because operation and maintenance is only one part of a department's budget. The average reduction in departmental budgets is less than one-half of one percent. Compared to other states that are looking at significantly larger cuts (LSU, for example, is eliminating 244 faculty positions and UNLV took a 24% cut in the last two years and is facing additional double digit cuts), Tarleton's budget reduction has been relatively small.

Question: Is the President's office exempt? How are we reducing costs?

The President's Office is not exempt from doing its part. Our operating budgets have also been cut 5%. And, like you, we are doing things to operate more efficiently such as:

- Carefully reviewing monthly bills to identify ways to reduce costs (i.e. telephone, cable, etc.),
- Reducing our color copying;
- Scanning and emailing documents instead of sending paper copies;
- Reducing the office temperature;
- Turning off lights when not in use;
- Reducing student worker hours;
- Conducting ITV meetings to reduce travel; and
- Closely monitoring events for opportunities to reduce costs.

Question: Were some budgets exempt from the cuts?

There were some accounts that were exempt from the 5% cut. Some examples are:

- Course fee accounts. These fees must be used to support the courses for which they are collected and can't be used to cover other expenses.
- Accounts containing matching funds for Federal or State Grants.
- Intra-system faculty travel (travel to TAMUS offices and components).
- Indirect cost allocations.
- Affiliation organization accounts such as *Friends of the Library* and the *Ultra Club*. These funds are donations that must be used for a specific purpose.
- Accounts where the 5% reduction was \$100 or less.
- High growth areas such as the Fort Worth and Waco Initiatives. High growth areas also produce higher revenues. In times of economic challenge, we not only look for ways to operate with greater efficiency, we look for opportunities to support our strengths and promote growth. It is how we can ensure that we achieve our mission.

Question: What are the different sources of funds?

As mentioned, Texas higher education funding is complex. There are many sources of funding for our budget, most of which can be used only for specific purposes.

Examples of funding sources are:

- **State Formula Funding** (includes General Revenue and General Revenue dedicated (statutory tuition). These funds are primarily used for Operations.
- **Tuition and Fees** –Tuition can be used for operation and maintenance, but fees must be used for the purposes for which they are designated. For example, the Library Use Fee can only be used in support of the Library.
- **Contracts and Grants.**
- **Gifts and donations.**
- **Sales and services.**
- **Investment income.**
- **Special Item funding** from the State which is used for specific requests such as the Agriculture Center or TIAER.

- **Tuition Revenue Bonds (TRBs)** which are for specific construction or renovation projects such as the Nursing Building and the Dairy Center.
- **Permanent University Bond** proceeds, or **PUF**, which is allocated to Tarleton per State law. Its use is regulated by the Texas Education Code. PUF can be used to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure. Examples of this would be the Central Utility Loop and smaller construction and renovation projects on campus.

Question: Why can construction projects continue when we are reducing budgets in other areas?

Because there are many different types of funds (all with their own restrictions on how they can be used) it is no wonder that it is difficult to understand why we have to make budget cuts in some areas while we can continue renovation and construction projects.

On the surface it does seem like a contradiction. But these construction projects are not funded with our operating budget funds or with funds that can be used to pay salaries. Some of the projects and how they are funded include:

- The Nursing Building and the Dairy Center projects are funded with Tuition Revenue Bonds that were authorized by the State of Texas during the 79th Legislative Session. The State also appropriates funding for the debt service associated with these projects. These types of projects and their funding are a result of a long process in which Tarleton worked with the state to obtain facilities in support of our programs. These funds cannot be used for any other purpose.
- The construction of the new Residence Hall is funded by The Texas A&M University System revenue financing bonds. The associated debt service is funded by using rental revenues paid by students who will live in the facility. Again, these funds cannot be used for any other purpose.
- Someone asked about the Trogdon House renovation. Like all presidents in the System, I receive a monthly housing allowance. Lisette and I could use the allowance to purchase a private residence. We chose, however, to use the funds to pay for the sale of an A&M System Revenue Bond issue. The bond created from the housing allowance and donations are being used to fund the debt service and consequently the renovation of the Trogdon House. Like TRBs, proceeds from the bond issue cannot be used for any other purpose.

There were several reasons why we decided to use our housing allowance to renovate the Trogdon House. First, in order to continue to use the home for any kind of university function, it had to be renovated. The wiring was no longer safe because it was inadequate for the loads placed on it by modern-day uses. The plumbing was decades old and had to be replaced. There were also serious structural issues with the walls, floors, and ceilings. We would be soon facing a decision on whether to abandon it or renovate it. Applying our housing allowance to the renovation allowed the university to accomplish an important restoration with funds that would have otherwise gone towards the purchase of a private home. A second reason we chose to live in the Trogdon House was because of the historic importance it has to many alumni and community members. We have heard dozens of stories about the important role the house played in significant university and community events. My hope is that the bonds that tie faculty, staff, students, alumni and community friends will be strengthened by welcoming them into the Trogdon House. And, finally, living in the Trogdon House is an important and visible demonstration of our commitment to our strategic goal to encourage leadership, service and student success. This goal is focused on providing seamless living and learning opportunities for our students. Having the president living in the middle of the campus should demonstrate to our students that we are serious about this goal.

Lisette and I will be living in a two bedroom 1800 square foot apartment on the second floor. There will be an equivalent amount of entertaining space on the first floor and we plan to host many events in the house—including an open house to which the entire campus community will be invited.

The renovation was reviewed and approved by the State Historic Preservation Office to assure we would not be compromising the historic integrity of the house. The Historic Preservation Office suggested that we try to maintain the appearance of the building exterior and, if possible, the inside stairway. Renovation is scheduled to be complete around July 1st.

Question: Are our jobs safe? Will personnel be cut?

In addition to submitting questions about the budget, you also asked about personnel matters. I know that your biggest concern is for the security of your jobs. Let me assure you that our priority is to protect your jobs. You, the staff and faculty, are our most important assets and without you we could not achieve our mission. As we considered budget reduction measures, preserving your jobs was our top priority.

Question: Why were there cuts in TIAER and the graphics department if the 5% O&M reduction didn't affect jobs?

Some of you questioned the statements in an email to campus and in the local newspaper that said no personnel cuts occurred as a result of the 5% reduction mandate from the State. The questions arose because of recent personnel actions in the Division of Institutional Advancement and TIAER. The personnel reductions in the Institutional Advancement Division and TIAER were under discussion well before the required 5% budget reduction. Discussions about reorganization in Institutional Advancement began last spring. The personnel reductions in Publications and Graphics were the result of this reorganization and a decision to implement a new approach to producing university publications and graphics to better serve Tarleton's needs.

Shortly after Dan Hunter became the Executive Director for TIAER, he began assessing staffing needs in light of expected and ongoing projects. TIAER is partially supported by state and federal funding for specific projects. Staffing needs are determined by these projects. The reductions in TIAER came from delays in federal contracts, some contracts not being received, and the completion of other projects. They were not the result of the overall budget reduction plan. In fact, because of its existing funding challenges, TIAER's operation and maintenance budgets were exempt from the 5% reduction.

Question: When will we again be able to reclassify positions or to hire positions that are on hold?

Some of you asked when positions can be reclassified or when the flexible hiring freeze would be lifted. The delay will continue until there is more certainty on state funding. However, if a department manager believes there is critical need to move forward with a position, a request to lift the hold should be sent forward. The department head should develop a justification and route it through the vice president for review by the Executive Leadership Cabinet. The Cabinet will review all requests for reclassification or posting of a position and determine if it can be approved. Keep in mind that there has to be strong justification and consensus by the Executive Leadership Cabinet.

Question: Will there be salary increases next year?

Of interest to all of you are merit raises. In the article in Sunday's newspaper, you read that it is unlikely that you will receive increases. You are being asked to do the best job you can do so that Tarleton can be the best it can be. I want to reward your meritorious efforts, but we don't know enough about our funding for next year to tell you that we can give merit increases. If the Board of Regents approves tuition or fee increases for next year, you are more likely to receive a merit raise. We will not know this for several months. I don't want to get your hopes up because we just don't have enough information yet. But let me assure you, if given the choice between giving merit raises or saving jobs, I will choose to save jobs.

Tarleton has experienced financial challenges and budget reduction mandates in the past. It is because of you—Tarleton's knowledgeable, hard-working and dedicated staff-- that Tarleton remains financially sound. But that doesn't mean that we can do things the same as we have always done them. In order to remain competitive and to provide the highest quality education possible, we must find ways to operate more efficiently and, most importantly, to develop strategies that support growth. That is how we will carry forward our legacy of being an affordable, quality university.

You are important. You help us achieve our mission of serving our students. The service you provide is on my mind each and every day and I am grateful for all you do.