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ANTIOCH UNIVERSITY

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October 26, 2001

TO: Barbara Stewart

FROM: Glenn Watts

SUBJECT: Stabilizing the College Budget

When we met earlier this week, I briefed you on the framework that the Board of Trustees has adopted to restore financial stability to the University and the College. Both the University and the College experienced a deficit in 2000-01, and the Board expects that we will do everything that we reasonably can to avoid a deficit in the current year. A combination of internal and external circumstances will make it difficult to produce a balanced budget in 2001-02, but we need to try. Your help will be essential to this effort, and in the following sections I will describe what I would like you to work on during the next three weeks.

Although there are daily changes in the value of the endowment and the possibility that the stock market will erase the year-to-date losses, and while it is possible that the College and the University will benefit from one or more fortuitous events, so far there has been nothing that we can count on. Rather than rely on miracles, I think we need to plan for the worst and hope for the best.

At the moment, it appears that in order to bring the budget into balance before the end of the fiscal year, it will be necessary to cut at least 10% from all operating units. Clearly, this cannot be done without trauma for the units, nor will it be accepted without complaint. It is doubtful that a cut of this size, coming as it does with only six months left in the fiscal year, can be fully realized. However, unless we start the process now, we will not be able to achieve the retrenchments necessary to generate the savings that will be needed in 2002-03. In the current year, all reductions should be made with an eye towards realizing at least an additional 5% savings in 2002-03.

I think we should begin by assuming that expenditures for each department or subunit will be no greater than they were in 1999-2000. That is, we should substitute the **actual** 1999-2000 expenditures for the 2001-02 budgeted expenditures. Adjustments for units that have been added or deleted since 1999-2000 will be needed, but you should try to keep the total expenditure allocation within the 1999-2000 actual budget total.

Auxiliary departments and other units that generate revenue to support their operations must reduce their expenditures to reflect depreciation and to offset any reduction in revenue resulting from lower enrollment or other declines in service demand. Otherwise, self-supporting operations may continue to operate within a balanced budget framework.

I am guessing that at least twenty positions will need to be eliminated across the College in order to realize the needed savings level. The preferred method will be by holding budgeted positions vacant or by eliminating those that are made vacant by turnover; unfortunately, if the necessary position reduction cannot be achieved by these methods, it may be necessary to resort to retrenchment. As you prepare your analysis, I am not asking you to identify the specific positions that will need to be vacated. Rather, I need your help to identify the new departmental budget levels. Once these are known, the committee that will work with the Acting President will need to deal with the programmatic implications of the dollar reductions and the potential position reductions. Until such time as the Acting President is able to present alternatives to the College, everything mentioned in this paper should be considered for internal discussion only.

To start the across-the-board reallocation planning process, I would like you to develop the account level budget for the College based on the 1999-00 actual expenditure levels. I think a spreadsheet that summarizes the minor accounts at a reasonable organizational level might make it easier for people to evaluate the revised budget. Once the spreadsheet is ready, you will need to share it with Jim Hall. Your written evaluation of any of the particularly problematic situations contained on the spreadsheet will be of great value to him, and it will help me catch up after my return.

In addition to the revised budget, there are a number of specific reductions that will need to be considered by the Acting President and the Executive Vice Chair of the Board. I would like you to gather the background data and analyze each of these proposals separately so that those that are unworkable or impractical can be set aside without requiring that the whole package be restructured. Again, these should be considered as proposals for evaluation only.

SPECIFIC REDUCTIONS

Eliminate Summer as a Full Academic Term. The enrollment in the summer has not been adequate to justify the costs of operating the entire College during the summer months. Assuming that the academic program can be restructured so that students who would normally be scheduled for on-campus matriculation can move to coop during the summer, significant savings might be achieved.

Please determine the savings that could be realized from the following non-academic actions:

During the Summer...
- Close the cafeteria.

- Close the dormitories.
- Close other teaching facilities that will not be needed.
- Reduce support staffing to the absolute minimum.
- Close the Bookstore, Infirmary, Counseling Center and other operations that are primarily for the benefit of students.
- Reduce housekeeping staff to the absolute minimum.
- Eliminate all lighting and air conditioning in closed buildings.

Please determine the summer savings that can be realized from the following actions involving the academic areas:

- Eliminate the summer institutes.
- Close the library, computer labs and other support facilities.
- Convert all faculty and academic department staff to ten- or eleven-month appointments that will save one or two months of salary.
- Close all academic buildings.

End Support for the Antioch Quartet.

Eliminate telephone receptionist positions in Main Hall. These positions could be replaced with automated attendant/voice mail. What would the savings be, and how much would the equipment cost?

End Support for the Riding Center. The College should provide no direct or indirect support, including staffing. If it is essential for an Antioch student to use the riding facility, the fact that the building and grounds are being leased for $1.00 per year should in most cases cover all such expenses.

Suspend all Planning for the Development of the "Golf Course."

Require all Overtime to be Taken Within the Pay Period. Overtime should be permitted only for emergency situations; work that cannot be completed during a normal shift must be deferred unless the failure to complete a task would result in a risk to human life or safety, or to the loss of property. All work assignments should be prioritized to recognize that the most critical tasks will be completed first.

Suspend all Professional Development Travel

Establish Per Diem Payments for Essential Travel. This policy should extend to Admissions and Development staffs because they will be doing a lot of the traveling.

Close the Kettering Building Greenhouse. This facility is used to grow flowers and ornamental plants, but the facility is extremely energy-inefficient. Cracks in the windows allow the wind to blow through, and the single pane glass has no insulating value. While the College does not pay for the cost of heat and electricity for the greenhouse, we need to eliminate this waste. Please arrange for the plants to be removed and the pipes drained.

REVENUE ADDITIONS

Require Payment for Personal Telephone Calls.

Establish Common Area Damage Fees for Students.

Lease or Rent Facilities when not Otherwise Needed. Parts of the Inn, South Hall, the Gym, Spalt and other buildings could be rented for public events such as weddings or meetings. In addition to the rental income, added income could be realized from catering.

OTHER REDUCTIONS AND REVENUE ADDITIONS

With your broad knowledge of the College budget and operations, you are sure to have a number of ideas for bringing the College's budget into balance. Please add you ideas to this list and calculate the amounts that could be saved.

DEADLINES

At a special meeting on Thursday, AdCil approved the appointment of an ad hoc Financial Planning Committee for the purpose of reviewing the current fiscal condition of the College and recommending steps that address or propose solutions to any problems that may be found. The Board of Trustees has directed the Chancellor to request and receive such a report from every University campus by November 30. Based upon the recommendations in those reports, the Board anticipates approving a modified University budget for 2001-02 sometime during December.

Given this timetable, I think that Jim Hall will want to see your final work products not later than Friday, November 16. With Thanksgiving coming the following week, there will not be a lot of time to formulate the report to the Board by November 30. Of course, Jim will also need to present material to the Ad Hoc Committee, so draft material will probably be needed sooner. Therefore, if you can provide parts or draft versions of your work to Jim before then, I know that he would appreciate the advance look. I would appreciate it if you would leave a copy of your final materials for me when you provide them to Jim.

cc: Jim Hall
Jim McDonald
Bruce Bedford
Rosalie Sturtevant