

# UNIVERSITY STAFF ADVISORY COUNCIL

January 13, 2009 - Meeting Minutes

**Date:** January 13, 2009

**Time:** 8:00 AM

**Place:** Rand Function Room, Sarratt Student Center

## **Attendees:**

Stan Amos, Terri Armstrong, Becky Atack, Bill Bailey, Diane Banks, Harriett Boglin, John Brassil, Vickie Cage, Mary Clark Webb, Mindy Craven, Chris Cribbs, Karen Daniel, Mary Ann Dean, Sheri DiGiovanna, Marcia Dillard, Michele Dixon, Felicia Dotson, Shawn Fagan, Kristy Fisher, Keith Franklin, Jodie Gambill, Immanuel Gooding, Janiece Harrison, Shirley Hiltz, Nancy Holcroft, Jason Hunt, John Jackson, Nancy Jackson, David Jewell, Faye Johnson, Stacy Johnson, Stacey Kendrick, Sue King, Kristin Koval, Vickie Latham, Carla Mahlberg, Jason McGrath, Brenda McKee, Stacy Nunnally, Chuck Owen, Ann Marie Owens, Donald Pickert, Kit Potter, Don Pruitt, Dylan Reed, Katherine Rhodes, Andy Richter, Karen Seezen, Brenda Shelden, Mike Smeltzer, Olivia Soxayachanh, Ray Standard, Dan Steward, JJ Street, Courtney Taylor, Molly Thompson, Carlos Trenary, Nyla Villager, Bryon Walker, Andrea Wall, Jimmy Webb, Luci Whatley, Lolita White, Sue Widmer, Cliff Wilson, Michelle Wyatt

## **Regrets:**

Alison Bush, Matthew Clement, Mary Clissold, Daniel Dubois, Claudia Edwards, Joe Fisher, Sterling Frierson, Phyllis Garner, Robin Guest, Sharone Hall, Stacy Hockett, Vivienne Irizarry, Brandy Kahlig, Christina Lockhart, Chris Marshall, Julie Martin, Cheryl McClure, Camilla Meek, Kenny Moore, JoAnn Patterson, Ronnie Pepper, Sandra Robinson, Guy Sheppherd, Carol Soren, Cindy Steine, Todd Suttles, Phillip Tucker, Katie Watts

## **Special Guests:**

Lauren Brisky, Jane Bruce, Richard McCarty, Sharon Sumrell, Melissa Wocher, Sue Ann Scott

## **I. Call to Order**

President Jason Hunt called the meeting to order and welcomed visitors.

## **II. Approval of the Minutes from the December 9, 2008 USAC Meeting**

A motion to approve is called, seconded and unanimously approved

## **III. Committee Reports**

### ***Membership:***

Chair, Andy Richter announced new members Dylan Reed, USAC Group 30 and Brenda Sheldon, USAC Group 28. It is not too late to join a standing committee. If anyone is interested in joining they are to speak to someone on the Membership Committee.

***Communication:***

Chair, Kristen Koval -We will be auto-populating tomorrow. No other updates at this time.

***Events:***

Chair, Faye Johnson reported we will be having another Bake Sale on April 14, 2009. The bake sale will be held outside Sarratt, unless it is raining. Otherwise, the bake sale will be held indoors in the same location as last year. Just a reminder that all proceeds from the bake sale will benefit the Employee Hardship fund.

***Staff Life:***

Chair, Daniel DuBois – We are in the final stages for the Habit for Humanity build that USAC is sponsoring. We need volunteers to commit to help on one of four weekends. April 18 and 19; April 25 and 26; May 2 and 3; or May 16 and 17. Sign-up will begin at the February 2009 USAC meeting. There are 210 to 220 slots open. There will be a wide variety of things to sign up for. Special thanks to Michele Dixon, Sue King and Kathy Rhodes for doing a lot of the leg work on this. I am really excited about this.

Q – Is there skill level required?

A – It ranges in everything. You don't have to have any skill level to help. There will be clean-up. You will not be using electrical equipment.

Q – Do you have to do an entire weekend?

A – No – we are asking that you sign up for one day because of the number of volunteers are limited. If we have more open slots, at that time, you may sign up for more. You have to commit to one-full day, no half days. No families, kids during this time. Hours are 7 a.m. to 4 p.m.

***Rules and Administration:***

Chair, Dan Steward – The amendments to the bylaws have been adopted and have been submitted to administration for approval.

***Standing Committees***

***Benefits:***

Cliff Wilson reported the Benefits Advisory committee to discuss an offering that is being considered in our health care plan which is ADA (people with autism and other severe disabilities like that). We had a lengthy presentation filled with information from several Vanderbilt health care professionals. My feeling was that the committee was very receptive to what we learned.

***New Business***

Jason Hunt – There was a miscommunication with Vanderbilt Dining Services for today's meeting; however, due to budget constraints, we will no longer have food and drinks at the USAC meeting.

Chris Cribbs asked for some clarification regarding the benefits package. Jane Bruce, Human Resources addressed the USAC representatives to give some answers. Human Resources are constantly reviewing other health benefits that are most beneficial. One major change was that co-pays increased from \$15 to \$20. We have recently hired a Health Plan Benefits Communication person and we have been diligent in letting people know about the changes in

2009 Health Benefits by email, mailing the literature to everyone's home address as well as open enrollment dates. If anyone has suggestions or additional questions, please let her know by sending an email at [jane.bruce@vanderbilt.edu](mailto:jane.bruce@vanderbilt.edu) All suggestions will be fully evaluated. We are done with WageWorks and any claims will be processed through PayFlex. You should have received a card to use for your personal spending accounts.

Q – Health Savings Account

A – Technically we do not have one. We do have a grandfather program. If you have more questions regarding this, please let her know.

People have been receiving phone calls from Caremark. Jane Bruce will follow-up with this. Sounds more like a telemarketing type call but will check it out.

**Speakers:**

**Lauren Brisky** – Vice Chancellor for Administration and CFO, spoke about the transition plan as she nears her retirement in February 2009. The decision was made to divide her duties into two positions during the transition. Betty Price will be acting Vice Chancellor for Finance and CFO and Jerry Fife will be acting Vice Chancellor for Administration. She spoke briefly about the financial picture of Vanderbilt University and emphasized that universities are positioned to have a stronger financial picture than many other industries. The demand for education and health care remains strong even in a weak economy. She also introduced Sarah McQue, Economics Major from Simmons College, who is a shadow student in the Leadership program. We have a great leadership team in Administration. The transition should be very smooth. It has been a glorious 20 years at Vanderbilt. I have always had the ability to stand up in front of any audience to say that this was the best financial year we have had and even with the economy over the past year, Vanderbilt is better than many other universities. But if I had to start my career, Vanderbilt University would be where I would want to work. All universities endowments are down, no one is immune. When you have been at a place for 20 years, I have done a lot more over time and it makes sense to divide up the responsibilities. I don't believe in long goodbyes. On a personal note, she wanted to take this opportunity to thank everyone and she is looking forward to her retirement. Her home is in Nashville and she hopes to see you at various functions. I will be doing more volunteer and community work. If you have any questions, please do not hesitate to ask.

**Provost Richard McCarty** presented information concerning the four major concerns facing higher education in this economy:

1. The ability of families to access adequate financial support for tuition. The good news is that Spring 2009 tuition payments have been received already and there has not been an increase in the number of families unable to pay tuition payments this semester. There is a concern that parents won't be able to access the equity in their homes for educational expenses this coming Fall 2009. In addition, credit markets may still be sufficiently frozen making it harder to access credit from traditional lenders. Vanderbilt University has carefully picked preferred lenders that are performing very well. We are here because of students and if students can't come here, it is a gigantic challenge for us. We had fewer challenges on individual students for the spring

semester. Tuition payments came in a really positive fashion and we don't if that will hold up for next summer and we will be watching this very very closely. We hope with the new administration that the US Dept of Education will work with the Congress to make sure families have access to credit markets so that their children can go to college. It is the American dream.

2. Decreases in the endowment. All university endowments are decreasing but Vanderbilt University is fortunate in that we do not rely on endowment income as much as some other top universities. Places such as Stanford, Yale, Harvard and Princeton are endowment-driven rather than tuition-driven in their financial operations. The impact of the declining endowment is also "averaged" at Vanderbilt. The endowment income for a preceding year (FY 2010, for example) is the average of the previous three fiscal years return (FY 2007, FY 2008 and FY 2009) in this example. So FY 2010's endowment payout will be based upon two "good" years and one poor year of returns. We outperform many of our competitors.

3. Liquidity. Every month, Vanderbilt must have the cash on hand to meet a \$100M monthly payroll. What we are trying to do, is to the work on the power of the collective. I have been going around with my colleague, John McDaniel to every faculty on our campus on University Central and we are telling them the same thing. If you don't have to spend it, don't do it. We have to preserve what we worked so hard to preserve. I don't have any food for any meeting. I have cancelled all my discretionary travel. We are doing video conferencing. We are all in this together. I know there have been concerns with the Medical Center. Let me assure you one thing, we are all one university. If there are hiccups in the Medical Center, we are all in the GI. There are some things about the Medical Center that are unusual in the operations over here. One of those are the staff bonuses for work done the previous year and I am 99 percent sure that will not happen next year. The goal at the end of the current fiscal year is to put the saving in a cash reserve fund to buffer against future downturns in the economy. When we go to faculty, we are talking about a couple of things we are trying to preserve. Many of you know how challenging it is to be a tenure-track faculty when you have 7 years to establish a career that is sufficiently luminous that Vanderbilt says to you – You get a lifetime job.

4. Credit instruments for building projects. Vanderbilt has been able to secure a number of long-term, low fixed rate loans for building projects. In November, interest rates had dropped so low, that the terms of these loan agreements required Vanderbilt to produce additional collateral to secure these loans. Additionally, in September, one of Vanderbilt's significant cash accounts was frozen. These two events combined meant Vanderbilt University temporarily lost access to large amounts of cash.

To summarize, Provost McCarty believes that we have some advantages over many other universities in dealing with these problems since we have always been well managed financially and rely less on our endowment. But he emphasizes it will take all our efforts to manage this upcoming year.

Q – We currently are 100 percent need-based, what if we were 90 percent?

A – It is sort of like 90 percent pregnant. You have to tie student quality to the financial stability of the institution. Twenty-five percent of our bond rate is tied to the demand for seats in the undergraduate class. They are fighting and clawing to get into the door. We have gone accepting

62% who applied in the late 90s to 25% last year. This is a monumental change in quality metrics. Think about the applicant pool, from 8,000 in the late 90s and to almost 19,000 this year.

Q – Is there a university-wide hiring freeze and if there is or not, will there be layoffs and why is sports at Vanderbilt totally different?

A – Great questions. First of all we are trying to do in managing these financial times, is to give as much discretion as possible to people close to the ground. In my case, working with deans and department heads. We want them to have some discretion in meeting budget targets and that includes staffing. What I would say we are doing is a soft-freeze. If it is a one-person office, they won't be able to operate. If it is a four-person office, when one leaves, you will not replace. Layoffs - If we are preserving the academic mission, many of our students depend on support from staff to just go about their normal activities. In departments for example, the office has become critical for shunting students to facility advisors, scheduling classes. So if we do any substantial reductions, it would be by attrition as what I described. I cannot promise you that there will not be layoffs. It pains me to say but I would be misleading you. Athletics – we are starting no new buildings. We have looked at projects that are underway. We will not stop them because we have already purchased materials or because of a safety hazard. Phase II of the renovation of the football stadium is still going forward and it is totally donor funded and the donor has requested that we go forward. Athletic department is scaling back on free tickets. Bowl Game for example – Chancellor Zeppos said anyone who goes to the game has to purchase tickets and I bought nine of his tickets at standard rate. We will see further scaling back on freebies and appropriately so within limit of contracts.

Q – Grant funding – what are the predictions?

A – It looks like the major sources of funding for Vanderbilt as a whole, namely NIH, as well as NSF, DoD, and DOE probably level. Federal funding for research has been relatively level against inflation – losing the last 3 years. Our faculty has been competing for those scarce dollars and their numbers have been increasing--\$500 million in grant funding – huge credit to our faculty especially and staff. We are hopeful that the Obama administration with three highly reputable scientists who will set policy and this is a change. I hope part of the stimulus money goes into two things. One is research investment. Not because it makes our lives easier but it makes our economy better. If we don't compete with other countries, they will be eating our lunch. The other is increasing the PELL grants and financial support.

Q – What can we do for employee morale with everything that is going on?

A – It takes a long time to build it up but takes a second to knock it down. We are trying to be transparent. When we are transparent, employees will buy in to what we are trying to accomplish. To preserve morale, we need to preserve the financial integrity of the institution.

Q – What about shirts given away for student programs like at the Commons?

A – Commons golf shirts will not be issued next year. We are going to be t-shirt friendly next year. If we are wasteful with our freshman, we are sending a horrible message. We have to prepare them and not giving them everything because that will not prepare them for the real world. Programming budget will be closely monitored.

On a personal note, the last 7 ½ years for me I have been hall mates with Lauren for 7 of those years. I pride myself for working very hard but this woman worked me into the ground. I could not get here before she arrived and it was killing me to stay as late as she did. When my wife was out of town, I would catch a few winks just to leave after she did. I have learned so much from her and if I told you how much I will miss her, I will tear up. This is an opportunity for us to step back and admire what she has done over the last 20 years.

## **VI. Closing Statement / Dismissal**

Jason thanked Lauren Brisky and Provost Richard McCarty for their words.

The next regular meeting will be in the Rand Function Room of the Sarratt Student Center on February 10, 2009.

Meeting adjourned.