

Lee, Lori

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**From:** Rigsby, Catherine  
**Sent:** Wednesday, January 07, 2009 11:04 AM  
**To:** Agenda Committee  
**Cc:** Tovey, Janice; Lee, Lori  
**Subject:** university budget issues

Dear Agenda Committee,

I am forwarding this message about the budget situation (from Senator Zach Robinson) because it is related to the message I sent earlier -- the one asking for an agenda item related to the budget situation. Zach makes some very good points/suggestions that I think are worth considering/passing on.

Catherine

-----Original Message-----

**From:** Robinson, Zachary  
**Sent:** Thu 12/18/2008 4:21 PM  
**To:** Gavin, Timothy P  
**Subject:** university budget committee

Dear Tim,

I'm the faculty senator from Mathematics. Just wanted to let you know of my interest in attending the next University Budget Committee meeting. Was disappointed to hear from Lori Lee that the meeting this afternoon was cancelled.

According to the 2007-08 ECU FactBook, 65% of the University budget goes to salaries and benefits; thus about 1/3 of the budget goes to other items. In discussion of the budget cuts, we hear very little about that other 1/3. Furthermore, discussion of the portion relating to salary and benefits focuses on eliminating positions, rather than on more creative measures.

I am certainly not an expert, yet have spent time scouring the web to see how other universities are dealing with the financial crisis. There is very little information on the web about ECU, and what is there is vague.

There are six items below that I wanted to share with Budget Committee: 1) on benefits, 2) on energy, 3) on campus road maintenance, 4) on information technology, 5) on university publications and 6) on gifts.

Please share.

Yours,

Zach Robinson

1) BENEFITS:

The University of Michigan has chosen to move to self-insure for risks and losses, as well as for medical benefits. They estimate substantial savings from their risks and losses program alone (that program has been in place since 2003.) There is more information on that, and on their many other cost-containment measures, from the UM Provost's Office here:

<http://www.provost.umich.edu/budgeting/CostContain-2008.pdf>

A number of other public universities, for example, Purdue University, are also self-insured.

## 2) ENERGY:

ECU's Facility Services has a page on conservation efforts, which are minimal:

[http://www.ecu.edu/facility\\_serv/energy/energytips.htm](http://www.ecu.edu/facility_serv/energy/energytips.htm)

In contrast, the University of Tennessee recently announced policy measures to cut \$2 million from their energy budget. Their measures include REQUIRING university buildings to have a heating set-point of 68 degrees F. More at this link:

<http://www.knoxnews.com/news/2008/dec/01/ut-thermostats-capped-68-degrees-2m-savings-goal/>

Northwestern University Facilities Management has announced a similar heating set-point cap, see:

[http://www.northwestern.edu/fm/environmental\\_sustainability.htm](http://www.northwestern.edu/fm/environmental_sustainability.htm)

I have to say that, in my view, their proposed set-point caps are not aggressive enough.

## 3) CAMPUS ROAD MAINTENANCE:

ECU announced an estimated \$70 thousand bid (due February) on milling and repaving Founders Drive & Wright Circle:

[http://www.ecu.edu/cs-admin/campus\\_operations/facilities\\_engineering\\_and\\_architectural\\_services/Upcoming-Construction-Opportunities.cfm](http://www.ecu.edu/cs-admin/campus_operations/facilities_engineering_and_architectural_services/Upcoming-Construction-Opportunities.cfm)

This, as well as other ECU campus road maintenance, should be put on hold. There really should not be any significant on-campus motor vehicle traffic.

## 4) INFORMATION TECHNOLOGY:

ECU spends about \$18 million yearly on IT, which pales in comparison to NC State and Chapel Hill, yet is third within the UNC system. ECU spends several millions each year on its program to replace its PC's every 3 years. Cutting that back to every 5 or 6 years would result in significant savings. Many universities are thinking about moving to open source software to reduce licensing fees:

<http://www.insidehighereducation.com/news/2008/10/29/computing>

<http://www.insidehighereducation.com/news/2008/10/29/computing>

## 5) UNIVERSITY PUBLICATIONS:

How much does ECU spend on this?

6) GIFTS:

It was recently announced that University Health Systems of Eastern Carolina surpassed \$1 billion in revenue:

<http://www.reflector.com/news/uhs-surpasses-1-billion-in-revenue-249254.html>

Fitch Ratings has affirmed that UHSEC reports a 3.9% operating margin (profit) and that UHSEC essentially has a regional monopoly on health care (78.8% market share) in its primary service area.

<http://www.reuters.com/article/pressRelease/idUS168184+22-Jul-2008+BW20080722>

This "non-profit" mega-monopoly is based on the privatization of Pitt County Memorial Hospital 10 years ago, which ECU supported. The public, including ECU, has not received its fair share of benefits from UHSEC, which operates under tax-exempt status.

A number of similar entities are required by the municipalities in which they are located to make PILOT (payments in lieu of taxes) payments, see the policy brief from the Cuyahoga County (Cleveland, Ohio) Treasurer:

[http://www.policymattersohio.org/PILOT\\_Reports\\_2004\\_12.htm](http://www.policymattersohio.org/PILOT_Reports_2004_12.htm)

ECU could and must move aggressively in this direction to secure gifts from UHSEC to fund its very expensive programs in Medicine, Nursing and Allied Health. Surely there are faculty in the UNC system who could help ECU to structure such a deal (I personally know someone in the Chapel Hill School of Public Health with degrees in both law and public health.) UHSEC currently stiffes ECU's BSM (and the State of NC) for millions on indigent care and other items.