

College of Arts & Sciences  
**Budget Advisory Committee**  
MINUTES  
Tuesday, October 28, 2014

**Present:**

Voting members: Professors Bryan Sebok, Eric Tymoigne, Janis Lochner, Rishona Zimring and Štěpán Šimek

Ex-officio: Gary Reiness - Associate Dean of the College, Carl Vance – Vice President for Business and Finance, George Battistel - Associate Vice President of Finance, and David Shapiro – Student Representative

Guests: Katherine Shallenberger - Budget Accountant, Robert Nayer - Director of Operating and Capital Budgets, Julio de Paula and Rebecca Lingafelter – faculty members on the Committee on Admissions and Financial Aid

Recorder: Anne Boal, Administrative Coordinator

Minutes from the September 9<sup>th</sup> meeting were approved as written.

Professor de Paula informed the committee on what the Committee on Admissions and Financial Aid has recently learned about the college's budget. He said that the Curriculum Committee is also interested in budgetary issues, as it determines what our curriculum will look like. He believes that these three committees should do some collaborative work on budget.

Apparently, the financial aid discount rate for the current incoming first-year students has hit 50%, which is about 5% higher than the predictions. This means that the students who did matriculate at Lewis & Clark had a higher financial need than the overall admitted class. The admitted class of 4207 students had a discount rate near 45%. Therefore the net tuition revenue from these students is much lower than anticipated. Also, the consulting firm used by the college, Hardwick Day, predicts that the discount rate for our next group of first-year students will be 49%. This is up from our recent rate of 43 – 44%.

Mr. Vance replied that they have analyzed this situation extensively. He was surprised to see that the average family contribution has declined over the past five years by \$10,000.

Professor Simek asked if we have modeled asking a lower tuition rate to attract more students, and Mr. Vance replied that they had done this.

Mr. Vance noted that the difference among the NW 5 colleges is that Reed and Whitman have a higher endowment than LC and the other colleges. This affects their ability to respond to these fluctuations in revenue.

Professor de Paula commented that fixing the discount rate at a lower rate affects our ability to attract diversity and economically challenged students. Professor Simek asked if there should be a greater movement to increase our endowment. Mr. Vance said that the Board of Trustees is committed to addressing the endowment.

Chair Zimring would like to hold open forum meetings for the faculty and students in November to talk about strategies to stabilize the budget. She would like to educate the faculty about the importance of the discount rate and how this affects our finances. Professor de Paula agreed that the college needs a plan on how to respond if the discount rate does go way up and for both faculty and administrators to discuss our priorities as a college. Professor Lochner added that the faculty members know what they want to protect at this institution, but don't have the expertise to know what the discount rate should be.

Mr. Vance noted that there are many complex variables in developing the budget and he is favor of educating the faculty on budgetary issues. They have been developing 5-year plans for a while, but they could roll these out for faculty to see.

Mr. Vance said that the faculty could be very helpful in assisting with the retention of students, which would help the budget. The committee members noted that it would be helpful for faculty to understand retention, merit aid, need aid, and the gap between financial need and the financial aid offered to students.

Mr. Battistel distributed the latest version of the 2015-16 Preliminary Budget. He added that this budget is changing every day as new ideas are considered, so this is not set in stone. This budget is assuming 3.5% tuition increase, 3% residence hall increase, 2% dining increase, 48% discount rate, 2% raise in wages for faculty/administrative staff, 3% raise in wages for the union staff members. This budget shows that 3.8M is needed in revenue increases and/or expense decreases to the 2% operating margin that is required. Mr. Vance explained that to fill this gap of 3.8M, they are considering reducing operational expenses by 1M, using 1.4M from reserve funds, and obtaining 1.4M from increased revenue and not filling some CAS administrative vacant positions.

Professor Lochner asked if the consulting firm, Hardwick Day, has reached the correct conclusions? Would another firm give us different data? Mr. Vance answered that switching firms at this point is not optimal. The longer they work with one firm, the better the firm understands Lewis & Clark and can give accurate recommendations and conclusions. Lisa Meyer, Dean for Enrollment and Communications, has not lost confidence in this firm.

Mr. Vance noted that he has not given in to the 49% discount rate for next academic year, but he has to look at reality.

Chair Zimring commented that it would be good to know why students leave Lewis & Clark, so that we know how to influence their decision to stay. Associate Dean Reiness added that their study of focus groups of students who had left LC did not show any one reason why they left. Professor Sebok noted that he has only heard reasons from students that we cannot change, such as the weather and distance from their families.

Chair Zimring will make a short report at the faculty meeting next week. This committee will meet again in 2 weeks.