Present: Bailey (Chair), Anderson, Bechinski, Beard, Exon, Greever, Gunter, Hammel, McMurtry, Reese, Reid, Rinker, Rosholt, Voxman (w/o vote), Woolston, Young, Zemetra

Absent: Baillargeon, Cloud, Houle, McGuire, McLaughlin, Pitcher

Observers: 2

Call to Order. A quorum being present, Faculty Council Chair Bailey called the meeting to order at 3:33 p.m. in the Michael Board Room of the Albertsons Building.

Minutes. The council accepted the minutes of meeting #9 of the 2004-2005 Faculty Council, held on November 16, 2004, as distributed.

Chair's Report. Chair Bailey said that the search for Faculty Secretary was underway and that the council’s search committee’s recommendations would be presented at the next council meeting. He said that President White in consultation with the screening committee had announced three finalists for the Interim Provost position: Judy Parrish, Dean of the College of Science, Monte Boisen, Chair of the Department of Mathematics, and Linda Morris, Interim Associate Provost for Academic Affairs. Bailey encouraged councilors to meet with these candidates at the open forums or the meetings scheduled with members of the council. Chair Bailey called councilors’ attention to the recently announced licensing agreement between the university and the South Korean corporation LG Life Sciences, Ltd. for the development of an anti-mastitis product that should be of considerable importance to the dairy industry. University of Idaho researcher Greg Bohach has played a major role in this effort. Finally, Bailey said that the annual Legislative luncheon would take place January 12th. He asked councilors to contact him if interested in attending this event.

University Budgeting 101 (Mark Brainard, Jay Kenton) The remainder of the meeting was taken up with a budget overview presentation by Mark Brainard and Jay Kenton. Brainard presented the council with a packet of information (copies are available at the Faculty Secretary’s Office) that included various financial reports as well as descriptions of the budget process, major sources of revenue, and trends and resource issues. He noted that the University’s budgeted funds totaled $260,000,000 and that there were 2059 FTE budgeted positions. Brainard described the six sources of state appropriated university revenues. He described how student fees could be used and pointed out that the present fees result in about one-half of the capacity for which they could be used. He noted that fees students currently pay are about 78% of our peer average. In response to a councilor’s question regarding a negative perception by legislatures of the amount of annual carry-over funds, Kenton said that this amount is within the commonly accepted and recommended range for such funds from an accounting viewpoint. However, he did agree that positive or negative feedback depended on whose eyes were looking at the carryover. He noted that a significant portion of these funds probably resulted from departmental concerns about potential holdbacks. He strongly stressed the need to develop a sufficient contingency reserve to relieve departments of these concerns. Brainard and Kenton said that the university is currently facing approximately $5,000,000 of recurring unfunded obligations that must be dealt with in the immediate future. They emphasized that efforts must be made to first balance the current budget and then begin to amortize the university’s deficits. This will undoubtedly be a painful process. They also reminded the council of the ever increasing deferred maintenance costs, increases in utilities, health insurance, technology, audits, etc.

Councilor Reid expressed concern that some gift accounts were not receiving interest income. Kenton agreed to look into this matter, but said that although all gift monies are invested, it is possible that not all accounts are credited with the return on the investments. He said in this connection that there is an ongoing review of the structure and practices of the University of Idaho Foundation and its relation to the university. The discussion then turned to health benefits for retirees. Kenton said that approximately 25% of the university’s $20,000,000 health costs are attributed to retiree benefits. Because of newly announced accounting practices Governmental Accounting Standards Board (GASB) that are to go into effect in 2007, it is estimated that the
university will eventually accrue a $300,000,000 liability if current university benefit policies are maintained. This amount might then be greater than the university's assets, an untenable situation. Kenton said that, as Vice-president for Finance and Administration, he believed it incumbent on him to bring this issue to the table. However, he emphasized that no decisions have been made on how to resolve this problem. He anticipates that there will continue to be widespread discussions among many groups, including retirees, on this issue. Kenton also mentioned that the university has one of the most generous benefit programs nationwide for retirees. Councilor Gunter observed that the current dilemma appeared to be more an accounting problem than actually funding the retiree benefits.

Following a hearty round of applause for the presentation, there was a motion (Beard) to adjourn. Councilor Reid seconded the motion which was duly acted on at 5:01 p.m.

Respectfully submitted,

Bill Voxman
Interim Secretary of the Faculty Council