

**UNIVERSITY PLANNING COMMITTEE**  
**Meeting Minutes**  
 April 21, 2021

**Attendees**

Ebony Cain  
 Paul Caron  
 Lauren Cosentino  
 Michael Feltner  
 James Gash  
 Nelson Granados  
 Connie Horton

Sara Jackson  
 Lee Kats  
 Rick Marrs (chair)  
 Marilyn Misch  
 Tim Perrin  
 Jeff Pippin  
 Phil Phillips

Steven Potts  
 Greg Ramirez  
 Mark Roosa  
 Michael Shires  
 Nicolle Taylor  
 Deryck van Rensburg  
 Helen Williams

**Absent**

Rick Cupp  
 Gary Hanson  
 Pete Peterson

**Observers**

Juliano Bonavia  
 Danny DeWalt  
 Ildiko Hazak  
 Seta Khajarian  
 Jonathan See  
 Jody Semerau

**I. Call to Order and Devotional**

Provost Marrs called the University Planning Committee meeting to order at 8:30 a.m. on April 21, 2021 via Zoom Meeting. Helen Williams presented devotional thoughts.

The amended meeting minutes from March 17, 2021, will be approved at the next meeting.

**II. Office of Financial Planning FY22 Budget Process Update**

Juliano Bonavia provided an update on the budget process. Juliano Bonavia presented the rate increases. Seaver's increase of 2.95% in FY22 is the lowest seen at the school since FY10 after the financial crisis. Caruso School of Law will be increasing its tuition by 3.25%. PGBS has increased at 2.25%. GSEP will be increasing at 3.35% and SPP will be increasing at 3%. Room rates will be increasing on average by 3%. Board rates will be increasing by 5%. Faculty and staff merit pool this year has been approved at 2%. R&R funding increased by 10%. In FY22, the university

underwent a budget realigning process. Through this process the university was able to realign \$13 million in base budgets. These funds were freed up by eliminating vacant positions, freeing up unused personnel budgets, increasing budgeted enrollment in over-enrolled programs, restructuring support functions and redeploying allocations made in prior years. This has been done with minimal service reductions to students and to the Pepperdine community. The \$13 million are being immediately redeployed to address historical budget exposures, new exposures and strategic needs. The largest historical exposures that are being funded are Seaver College and PGBS student aid. The budget misalignments at School of Law and Athletics were addressed as well. Advancement's unrestricted gift expectation was adjusted as well. Funding of new budget exposures include, minimum wage and adjunct faculty impacts. External budget pressures, institutional insurance and facility leases are being funded as well. Funding of strategic needs include, the 2% faculty and staff merit pool, return of the 6% retirement match, funding of RISE program, hiring of VP and AVP of community belonging, increasing of fundraising support, setting aside new funds for a new food service contract and preserving base resources for FY23 funding request process. In summary, the budget process has been challenging, but the university is positioned for success in the future. The university was able to keep the tuition rate increases relatively low. The average rate increase is 2.96%. This is the lowest average rate increase at Pepperdine. The university will have sufficient funds set aside for meaningful investment in future strategic needs consistent with the 2030 strategic plan.

Juliano Bonavia presented the next steps in the budget process. The budget managers will finalize their budget entry in the university financial planning system on April 30. The Office of Financial Planning will report back to UPC on May 19 and present another budget update with more concrete numbers after the budget managers complete their budget entry. After all the questions get addressed, the Office of Financial Planning will present the budget at the Board of Regents meeting on June 8, 2021. Greg Ramirez commented that one of the discussion regarding budget involves the merit pool. The budget has not been formally approved by the board. Greg Ramirez wanted to remind the group that this information, including the merit pool increase, is not public information and he asked to keep this information confidential. Dean Williams asked when they should notify students of the tuition rate increase. Greg Ramirez responded that the tuition rates have been approved by the board. The tuition rate increase can be shared with students. President Gash commented that at the last President's Briefing he did signal to the community that there is going to be a modest merit increase, so the fact that there is going to be a merit increase is not confidential. The size and scope of the merit increase is confidential.

Juliano Bonavia presented an update on academic and administrative spending. The university actual expense trends were presented excluding the online programs. Juliano Bonavia presented the academic to administrative spending ratio: 1.9 to 1.7 from FY11 to FY20. This analysis goes through FY20, which is not a normal year due to the pandemic. There was a reduction in spending within the schools and student affairs area. There was a relatively large increase in administrative spending due to the preparations for the campus for the COVID environment

including, face coverings, COVID testing, plexiglass, facility modifications and outdoor furniture purchases. Student aid is not considered an expense, but a lot of the university's investment has gone to student aid.

Juliano Bonavia presented the expenses by classification. Each expense is categorized as academic or administrative spending. Juliano Bonavia presented the university actual expense and student aid trends from FY 11 to FY19. The spending on student aid at the Schools and Provost and the Non-School Spending have grown at similar rates around 39% each. The ratio is consistent from FY11 to FY19 at 1.7. Schools and the Provost area are expected to have expense budget growth of about 7.4% or \$14.8 million from FY21 to FY22. Non-school expense budget growth is expected to be around 2% or \$2.8 million. If the heavy investment in student aid would be included then that growth in expenses and student aid for Schools and Provost would be around \$23 million. The university is definitely seeking to heavily fund the schools for any expense and aid needs they may have in FY22. Marilyn Misch asked about the Public Service Expenses and Auxiliary Enterprises. Juliano Bonavia responded that Auxiliary Enterprises are mostly Pepperdine activity that is not related with providing higher education to students. Most of them are housing and revenue from the Center for the Arts. Public Service Expenses are mostly grants that the university receives from foundations and the government.

### **III. WSCUC Site Visit Information**

Seta Khajarian gave an update on the WSCUC site visit. Seta Khajarian began the presentation by showing the reaffirmation timeline. Seta Khajarian noted that the draft report is on the website and it is being edited and modified. In the next two weeks, the Provost will review and add his conclusion comments for component nine. Between May 17 and June 17, the revised version will be put up on the website for all the community. Between June and July the appendices will be finalized. There are 300 appendices to the this 60-page document. In August, the report will be uploaded. The site visit will be in October. WSCUC will give Pepperdine a feedback. President Gash may respond if needed. In February next year, the Commission meets and decides what actions to take based on the visiting team's recommendations. Next year in March, Pepperdine will receive the action letter.

Seta Khajarian presented the visiting team members. Barbara Gross Davis is the WSCUC visit liaison. She is the person that Pepperdine communicates with regarding any ALO communications or program changes. There are five visiting team members. The Team Chair is Kevin Worthen. There are representatives from UC Santa Barbara, San Jose State University and Whittier College. If the visit is going to be a physical visit, it will start a day before the official visit date. President Gash is aware of the timeline. The WSCUC team will meet for dinner with the executive group. The three days of the actual visit are 10/20, 10/21 and 10/22. Seta Khajarian asked the UPC members to add 10/19 also to their calendar for the WSCUC visit. If this will be a physical visit they will start meeting with the ALO and OIE's office and the support staff. Then they

will meet with the president for a full hour. They will meet with the WSCUC Steering Committee, the senior staff and they will continue with the interviews. On the first day, the team will have a dinner with the executive group. On day two, the interviews will continue and they will be meeting with the governing board. The team will dine alone. On the third day, the WSCUC team will meet with the president and later the team will meet with the institution members. Seta Khajarian presented the details of the WSCUC Senior College and University Commission Annual Accreditation Resources Conference. They have a specific session for TPR institutions on April 30, 2021. Seta Khajarian encouraged the UPC members to attend. Seta Khajarian shared the WSCUC newsletter from March with the UPC members. The newsletter includes updates on the report, WSCUC Steering Committee, Transition Team and Site Visit Members. There will be another newsletter in the fall of 2021 and in the spring of 2022.

#### **IV. Adjournment**

The meeting was adjourned at 9:14 a.m. The next meeting of the University Planning Committee will convene at 8:30 a.m. on May 19, 2021 via Zoom Meeting.