Nov 9 2015 Faculty Senate Budget Committee       3-4:30 ECTR 228

Attendees: Julia Eichelberger, William Veal, Martha Stackel, Sam Jones (Budget and Payroll Associate VP), Courtney Murren, Calvin Blackwell, Brian McGee (Provost), Doug Friedman

1. Identify secretary to take minutes for today's meeting.
   Jessica Wolcott, Faculty Secretariat, took notes.

2. Amend draft minutes as needed; discuss any topics arising from last meeting that we should add to agenda.

Courtney - What is happening with QEP budget? How will this new QEP get funded and will this be a new expense?

Brian--. The FYE was the focus of the QEP for our last SACSCOC review cycle. Before that QEP, we had a modest commitment to freshman seminar, first year student skills. Did not have an FYE program in the fashion we have now. That QEP officially ended in 2012 but we continue to support FYE programs. This budget is entirely in academic affairs.

The upcoming SACSCOC review will only be concerned about the present QEP now being developed. Currently that QEP has no budget because there is no budget proposal. Over next few months this will be developed. Calvin Blackwell of this committee will serve on the committee to develop a QEP budget.

William – What about lost funds from students attending study abroad programs elsewhere—topic brought up in August. Has anything happened with this? Is there anything we can change in how we are doing instead of accepting all transcripts as is?

Doug-- reported that he sent proposal from Renee Muller to Brian from 10 or more years ago; Students are doing study abroad not on C of C programs but on affiliate programs. Our tuition/fees for our own programs are sometimes more expensive than affiliate programs, and we even let students use their scholarship $ to go on these programs; it’s a loss of tuition revenue and we employ people in the study abroad office whose main job is to help these students who study abroad elsewhere. Muller had plan to entice students to go on college programs and showed how revenue would increase for the college.

Julia – agrees with idea of charging our students a higher fee for helping them attend affiliate programs. Also worth remembering that affiliate programs may enable students to have more opportunities to go to more countries than we can provide in our own programs. Doug notes that with the current policy, we are undermining our own programs and making it much harder for them to succeed.

Brian said he has brought the proposal up with deans, they will have conversation on the history of this. To answer William’s question, this is a work in progress.

3. Introduce Sam Jones, Associate Vice President for Budgeting & Payroll. Discuss with Sam how cuts were made to FY 15-16 budget and what was cut from each unit.
Please review a document I made with much help from Sam, **October 2015**
*Budget Cut Information.* Sam’s also given me info on the budgets for 2014-15 and 2015-16 that provide additional context for the cuts made in October. I’ll bring copies of these documents to the meeting.

Julia - explained budget calculations that led to the cuts voted on by the Board in October. The total amount that had to be cut from various units was 1.2 not 1.5 because of fringe benefits, which are in a separate account.

Martha –
Graduate school didn’t have to make cuts?
Brian—
They had no vacancies. Cuts were over weighted to academic affairs and underweighted to the academic schools.

Julia--I think that this sheet explains what Steve Osborne meant when he told the president, who told us at our last meeting, that the cuts were made proportionally. So next year AA still owes more money to be cut. It will make the rest of its promised cuts, and the registrar position should be restored and that money will have to be found elsewhere.

Brian-That calendar could stretch, working on funding for registrar position

Julia- So, the Registrar position was cut bc it was vacant when the cuts were made, but it is important enough that hopefully it will be restored. Are any of these other cuts, made because positions were vacant, going to be restored? Possibly due to their importance/need?

Brian-Maybe, they would need to be argued for. They are gone now, but new positions could be created through reallocations, which could in effect restore the position. These will become a loss from somewhere else. Don’t have new money.

Doug and Courtney voice concern about the loss of the registrar position. Brian indicates he is going to weigh this need against other needs that will be argued for, and that he’s certain there would be a permanent registrar again, eventually.

Julia—refers to tables created by Sam Jones that list the personal services budget s and the operating budgets of each unit within the Educational & General fund.

Sam noted that all sorts of expenses are needed besides salaries: 15M of the Provost’s budget is for scholarships, and 3M of the library’s 3.3M operating budget is for books and subscriptions, so their other operating expenses are not very large. Some units will naturally have a much larger operating budget than others.

Julia asked Sam about the way software licenses had for years been treated as a non-recurring expense and then late last spring, the decision was made to make these new recurring expenses, which ate up a lot of the money we thought we could use, all from the modest tuition increase we were planning on. Sam said that whenever you know for sure an expense will be recurring you should put it in that category. Brian said that Steve Osborne said last spring that we had reached a point where funding these software licenses as non-recurring could no longer continue and we needed to make these recurring.
Calvin asked about an instance in his own department where he could not pay for all of a software license in FY15, and he had expected to pay for it with summer school revenues that can’t be predicted from year to year and can’t carry over. Steve suggested he might be able to help chairs in this situation to reallocate some of this money, if they contact him.

4. Discuss with Sam Jones the factors that influence the initial construction of a budget and the adjustments to that budget that are reported quarterly. Examples of such factors:
- Tuition revenue that differs from our projections
- New revenue from special appropriations
- New expenses that come from external mandates (e.g., 800 state-employee bonus) or new internal initiatives (e.g., our new security fee).

Sam can provide insights on how/when these factors can occur and how/when decisions get made in response to them, resulting in the quarterly adjustments that are reported at BOT meetings.

Special appropriations
Julia- The president talked to us about a lot of items he was asking for. How was that list developed? People on this committee last year remember special appropriations for faculty lines (comsci, and supply chain); special appropriations were outside of the budget process and the committee didn’t even know about them while they were hearing all the School budget requests.

How do leaders construct the list of special appropriations to ask for, why isn’t budget committee present for any of those discussions?

Sam-
Special appropriations are transferred to us in June, but the process that starts it is in prior august or September. Requests are filed as part of “governor’s budget request.” To make the list, Sam puts together institutional items he is aware of. EVPs in consult with our government relations team and Steve Osburn have conversations about what projects have a chance of getting funded by particular legislators. This group (EVPS plus gov. relations staff) know which projects may be of interest (such as supply chain and CSCI). They put together a list that will be sellable to the legislature, and hope they come out the next June with a check attached.

Our requests are first submitted as part of governor’s request, then they go through senate finance committee and others, ??, before they arrive at the governor’s office for signature.

Brian- In the past these requests have been small compared to size of the college; College doesn’t request what legislature is not interested in. We try to match request with legislature interest. Gov’t relations staff are in these meetings because they know what legislature is interested in.

This year there could be bond bill. So this year people have pretty much submitted the kitchen sink and not in a forced ranked list. If a dean submitted an idea, it was put on the list.

Doug-State appropriation isn’t all that large to begin with. Worry is about priorities of the things we end up asking for.
Julia—So there’s a first round of decisions that the leadership team in consultation with the legislative team makes, and that has already happened for possible appropriations for the following year.

Brian—Yes and no. We submitted unranked list, but at some point there will be time in early 2016 to talk about what we push hardest for.

Julia—Another kind of budget adjustment is when we reconcile actual revenues with expenses, like when we realized we were going to have 1.5M more expenses than revenue. So the team has to decide what to do, and I assume this happens fairly often in smaller amounts?

Sam—Yes, there are always adjustments. Every quarter we present to BOT the budget adjustment categories by division and detail of what is being handled; fringe benefits are always presented; something like a speaker coming in and multiple division will pay for it can lead to an adjustment; some items are for “zero based budgets” that zero out—for example, rental of guest hosting is recognized as income, then immediately added to the auxiliary services budget so there is increased income and increased money to spend.

Julia—Another example of a budget decision was to add a new security fee to students fees. Do those decisions that come up as a budget conversation or is that outside these budget discussion?

Sam—Certainly ends up being a budget conversation; most probably this decision happened at executive level and then we decided we needed to fund it with a fee; it is unusual that we would enact that type of fee mid year.

Julia—This summer the State mandated an $800 per-permanent-employee bonus; what happens when we have a situation similar to this? Where does that money come from?

Sam—Bc this was a bonus and not recurring, we used money from this year’s institutional carry forward funds—unspent funds across the institution— to fund this non-recurring item. Had a salary increase been required by the state, funding would have had to been via recurring expenses (i.e. an increase to next year’s budget rather than funding it once out of this year’s carryforward)

William asked if the legislative team would want a member of this committee to attend these discussions of special appropriations.

Brian—that is up to the president; AA affairs is now represented by the provost.

Courtney—How much of what was asked for last year (in the original Academic Affairs budget, items that we were largely unable to get) was on the list?

Brian—we were not working on those requests via special appropriations, except for CSCI lines. Those lines meant we had more money to do other things instead.

Courtney—The Honors college had a proposal for a new summer program, I could see that being state appropriated

Brian—that wasn’t asked for; we left it on the table with honors college but they didn’t take it up for other reasons, they wanted to wait.
Sam is going to send the list of “governor’s budget request” items to Julia to share with the committee.

5. Begin a discussion of how we currently get information on the College budget and different models for reporting and shared governance used at other institutions. Please take a look at the document entitled “Shared governance and budget transparency elsewhere” and, if you have time, follow the links therein.

Julia showed committee the handout with examples of how other institutions take faculty input on budget.

Clemson has fac rep on its BOT-- non voting, but this rep can put items on the agenda and is expected to make reports to the board. Georgia State has senior admin and Fac members on committees on budget and fiscal advisory committee. Appears to be more faculty input than we have now. Eastern Kentucky committee with fac. Members that voted on the budget, according to the recollection of Kendra Stewart who used to chair the budget committee here and worked at Eastern Ky. If we were to pursue another arrangement than what we have now these are some avenues/examples.

Brian-Regarding having faculty representation on the Board, trustees would say that is the role that the speaker plays now.

Julia-Could we have language making the speaker an ex-officio member? Brian was not sure the trustees would support this.

Julia asked the rest of the committee for their thoughts on these examples from other institutions.

William-Why do we want to make more work for ourselves? Brian has a job and he did it, is it our job to be faculty members or manage the budget? I think we are in an advisory capacity, Brian relays information to us and we inform the senate. As long as budget process is transparent, aren’t we doing our job? How far do we want to go?

Calvin-We have numbers but they are still pretty meaningless to me. I don’t know what that money was spent on (operating budget), found out things going on in other schools which I would have addressed (as a chair) if I had known. I think our job may be to get more transparency, and watch to make sure the process is being done fairly and thoughtfully.

William-We have interim chair in our department, you’ve given examples of how you (talking to Calvin) deal with the budget, what is the training chairs receive on the budget?

Calvin says Zero training

Brian-This is Macro v Micro question. In most depts. It isn’t difficult to work within the budget you’re given, you either have or don’t have foundation money or annual donors and manage a lot like household budget. Not say we can’t train chairs better.
Julia-I don’t expect us to become accountants but I want faculty to be fully represented when we are facing these cuts and budget requests. Last year the committee took great care and time to look through all requests and offer advice to Brian, and then forces outside Academic Affairs basically nullified that work, and now there are more cuts coming. So it is important for the fac to pay attention and make sure those who decide on these cuts understand how the cuts will affect our academic mission and make sure that is supported as well as it can be. Policy of personal services being used for cuts was not really explained to the committee, for example. The rationale for basing the cuts on personal services is one that disadvantages units that are almost all salaries. And since last year Academic affairs is sort of moved back on all that they have to spend, our buying power is a little lower this year.

Brian-Was satisfied with the method that was just used (basing cuts on personal services) but he wouldn’t be a proponent of this method to make cuts again.

William-We’re on the right track in focusing on transparency and understanding the process

Julia-Better understanding by all faculty on budget reality will be beneficial, for them to be more realistic. FAM gives us and senate an advisory role, but we can’t give sensible advice if someone doesn’t understand the budget better.

Courtney-Brian, we learned a lot and dreamed big dreams in the things we talked about last year, but money is scarcer than we thought it would be. What is our next step and where do we fit in? How can we dream about something new, with hope? Within the context of our budget reality.

Brian-Process was new last year, I thought dollar figures we were hoping to get were quite modest. All of it turned to ash, but it was not bc process or the level of spending was unrealistic; it changed because assumptions about enrollments were no longer true. Thinks this year will be similar process, with hearings, but he is considering asking for proposals to cut not increase spending. This has been done at other institutions he’s worked for, this is old school but new here. That institution told departments the % cut they had to make and they were asked explain what they would cut, and they were also what they would do if they got that % back or more than that %.

Julia-The example, that approach is more reasonable since we haven’t had to make cuts before. An item is added to the budget and you keep it until it’s taken away, you don’t have to justify it ever again. It’s unrealistic to imagine the whole budget could be justified every year, but beginning to think about dept budgets in a holistic way would be healthy step. Because reallocation is going to happen.

Brian-Is talking to Deans about process but in a different place conversation wise than where he is with us or the president. Not sure they will be supportive, but he does not wish to make cuts un-strategically

William-Committee could work in advisory role, make sure the mission as liberal arts stays as is and make sure faculty suggestions are heard

Calvin-Is there anything like the Delaware study to get us disciplinary norms for operation budgets?
Brian-
It’s very hard to compare budgets to other universities especially if they have decentralized budgets

Calvin- Operating expenses on this list make no sense to me, do these numbers have a rational basis? It would be nice to know that they do.

Brian- The last time you could argue that there was a reasonable granular budget process that talked about allocation of budget dollars was turn of the last century; Higden froze operating budget or moderate freeze. A year ago I wanted to bump up operating budgets across Academic affairs bc of inflation and it hadn’t been done in a long time. Budgets are not rational, there is a lot of disparity. Part of the aversion to making adjustments is people with a little more money may be unwilling to reallocate.

Calvin- Faculty want to know there has been a discussion about how money is allocated, and what you should be spending on what

Doug- We started a program and it didn’t have money at all, we had to beg for it

Brian- One way to facilitate thoughtful reallocation would be the support of this committee.

Calvin- May be reasons for disparity across campus but I have no idea why, need transparency, would be nice to know

Julia- Thanked Sam for coming, very helpful for having him here

Adjourned at 4:50

Remaining items will be further discussed at our remaining November meetings:

6. Discuss how next year’s budget will be constructed and how this committee should participate in order to play a meaningful role and fulfill our charge in the FAM.

7. Discuss what we have learned so far about the Athletics budget and what other information we would like to collect on this topic.
   At Sam’s suggestion, I’ve contacted Laura Legemen, Associate Athletics Director, and requested information on their personnel, operating, and scholarship expenses since 2010-11. I also asked for information on how funds are accumulated in the Athletics budget as a cushion against shortfalls and how these funds were moved around in 12-13 and 13-14 to cover the shortfalls we reported to the Senate. I’ll pass along any information I get from her.