Budget Committee Annual Report

AY 2021, Fall 2020 through Spring 2021

The 2020-2021 Faculty Senate Budget Committee (BC) is one of three Standing Senate Committees. The BC met ten times during Fall 2020 and Spring 2021. CFO Loonan, new to the College in 2020, provided much discussion about how to best manage a budget and to tie it directly to the Strategic Plan and Student Success. His experience in the academy will continue to help with those discussions, he has shown to be very open when questions were asked, and he has been very transparent during COVID. In the early Fall, BC items centered around deficits at the College due to COVID, low student enrollment, and long-term structural problems in the incremental budget model. As we moved into a heavily reduced but balanced budget later in the Fall and Spring, the budget model of Responsibility Center Management (RCM) came to the forefront along with other initiatives in the College, primarily the CETL proposed by Provost Austin once the initial budget deficit was addressed.

The Fall 2020 began with the Board of Trustees (BOT) requiring a balanced budget by the end of September. To cover the ~$12.2M deficit, the primary methods were again cutting operational budgets across the College, voluntary furlough by the upper administration (that was unannounced in general), implementation of a voluntary separation program, and not filling vacant positions. While the BC was provided the information on how the budget was to be balanced, and there was some feedback, we had little true say in the matter. That needs to be addressed in the future.

In September the budget was balanced and accepted by the BOT, the CFO presented to the committee the best ways to manage the budget, which included a 3-year budget process that started in December (goal setting), Financial Reporting Timelines (transparency), Financial Systems Training (Banner), Enrollment Management (revenue impacts), student to staff support ratios (CofC is at 8:1, where across the nation it is closer to 15:1), and Responsibility Center Management. Also rolled into our unique character in Charleston, the number of buildings we have is 155 (cf. Clemson has 76), which causes increased maintenance and staff allocation.

Once the FY21 budget was resolved, Provost Austin (new to the College, July 2020) was able to participate in discussions related to funding faculty and staff lines within Academic Affairs (AA), and the overall budget within AA.

The new 3-year budgets were provided by the Responsibility Centers (e.g. Dean-level center) in December, and while helpful to the administration, very little has been provided at a more granular level. One item that everyone agrees would be extremely helpful (initially came up in AY21 BC) is to allow for carry forward on budgets to avoid end of year spending sprees. How carry forward funding would be implemented, and it is already clear that some struggles will ensue between the revenue-generating Responsibility Centers and what they want to see go forward, vs. what the

Responsibility Center Management will be the budgetary model for the College in the next few years and will look at goals, modify behaviors as needed, and incentivize good budget habits. In the Spring of 2021, the RCM Steering Committee was formed and an outside consultant, Kennedy and Company, was hired to assist in development of the RCM model specific to College of Charleston. The process continued through the summer, and in the Fall expect to see regular updates from the RCM Steering Committee. By December 2021, the primary algorithms for RCM will be established, balancing revenue-generating
centers with the cost centers. Through these processes, funds will be set aside on the order of approximately 10% the current annual budget to carry us through unforeseen circumstances. The model will run in the background parallel with the current process for an undetermined amount of time to identify problems and create solutions. RCM will be tied with the 3-year budgetary models to smooth interannual fluctuations. In the long-term, administrations will change. To avoid random/abusive change in RCM approaches in the future, the RCM will include creation of a governance body (which the faculty need to pay close attention while it develops), the policies surrounding RCM, and the incentives associated with the model.

The College has been compiling and making more transparent a master list of the timing of budget-related events. The BC, and other committees, may want to tie specific meetings to this list in the future. This information will mean working with the chairs and deans as the 1-, 3-, and possibly 5-year budgets look like regularly and how they fit into the larger RCM model. We also discussed briefly that each school and possibly department, in holding with the transparency that should be surrounding RCM, should develop their own budget committees that support their units, provide financial insight to long-term initiatives and programs, and provide a means of communication and transparency often missed on campus.

During the Spring, Provost Austin started the Center for Excellence in Teaching and Learning, pushing forward for more faculty development surrounding teaching. AA managed to pull together $50k recurring annual funds to hire a part-time director. There was some concern that while the President is focusing efforts to push towards a budget model that includes more research, that research was not included in the overall thought process.

Although this past year has been clearly focused on COVID, balancing the budget, and RCM, we did have several academic programs proposed and passed with limited budgetary impact documented.

The Budget Committee continues to develop a strong, positive relationship with the upper administration, in particular the CFO and Provost. As this relationship continues to grow, the College will greatly benefit. At the last meeting of the semester, we elected Dr. Robert “Bob” Pitts, Professor of Marketing, as Chair, and Dr. Adam Jordan, Assistant Professor of Teacher Education, as the Secretary for 2021-22.

Committee Members (2020-2021):
Byker, Devin – English;
Harris, Scott – Geology and Environmental Geosciences, Chair
Jordan, Adam - Teacher Education
McNerney, Todd - Theatre and Dance
Pitts, Robert - Management and Marketing
Ravalico, Lauren - French, Francophone, and Italian Studies
Southgate, Agnes - Biology

Non-voting ex-officio members:
Provost (or Provost's designee), Suzanne Austin
College Budget Director (CFO), John Loonan

Past-chair, William Veal
No one volunteered to be secretary
Future and Ongoing Recommendations

- Transparency faded a bit in the Spring of 2021, and that needs to be addressed with the administration and faculty management.
- The need for rapid response to COVID budget deficits caused the administration to make many decisions with limited Faculty input. The faculty were able to react and provide some thoughts, but while not possible, a longer time to process would have been appropriate and beneficial to the Administration. A recommendation to future committees is to force proactive development of the budget with the administration versus reactive responses. The multi-year rolling budget development should assist with this endeavor.
- The RCM policies and governance bodies are critical items to which faculty must pay very close attention and speak up immediately, thus the Chair of the Budget Committee should be included in the governance body, as well as other faculty members.
- Transparency by Responsibility Centers (e.g. Schools) will need to be developed and maintained going forward with RCM. Granularity at the Responsibility Center level will be key to maintaining an understanding and implication of the budget.
- With RCM, the College will be able to have a better understanding of where funds are being funneled, including providing transparency costs associated with new programs, facilities, State interactions, etc.
- We need to be clear on how carry forward funding will operate to alleviate end of year run on purchases.
- Ask the right questions, and ask what the right questions might be
- With the timeline, get into the room: BOT, budget retreat exercises, Departments, Schools, etc.
- Learn the vocabulary
- Clarity of AA budget needs to be brought forward. How will programs be selected in the future and when do they rise above the line for permanent funding? What makes a project or program fall below the line?
- Review the 3-year rolling budget and look for opaque areas and where that can be made transparent.
- Operational budget adjustments: Although balanced, those budgets are not likely to come back except when budgets of the first year or two of RCM are known.
- It is well understood that while it may be helpful at the highest levels, Banner proves to be a painful and often useless budgetary software for most users, leaving chairs, directors, and their administrative staff building a wide array of stop-gap spreadsheets. A good, universal system needs to be identified to assist a supermajority of the employees.

Budget Committee and Associations (FAM)

Composition (FAM V2(B)2a)
Seven faculty members. The Provost and the College Budget Director [CFO] are non-voting ex-officio members of the Budget Committee.

Duties (FAM V2(B)2b)
To review College policies relating to long-range financial planning, budget preparation and the allocation of funds within budget categories, and to recommend policy changes. To review in particular
the projected costs of proposals for new College programs and initiatives, and to inform the Senate, before these proposals are put to a vote, of the Committee’s evaluation of their potential budgetary impact. To review and make recommendations concerning the potential budgetary impact of proposals for the termination of programs brought to the committee by the Provost. To review each annual College budget. The Chair of the Budget Committee or their representative shall attend meetings of the Budget Committee of the Board of Trustees. (Rev. Nov. 2010; Aug. 2018).

Relation to other committees
“Academic Planning Committee shall work closely with the Budget Committee” (FAM Art. V, Sec. 2(B)1b)

Chair of the Budget Committee sits on the Faculty Advisory Committee to the President (FAM Art. V, Sec. 3(B)10a)

Chair of the Budget Committee sits on the ad hoc Responsibility Center Management Steering Committee; the past chair is asked to be present for continuity.

Submitted by:

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