

November 1, 2002

To: Faculty Council
From: Paul S. Muhly
Re: Proposal for a joint faculty-staff budget committee

I write this memo to address the two questions raised at the last Faculty Council meeting: 1) What are the pros and cons of forming a joint faculty-staff budget committee? 2) What role(s) should budget committees (separate or combined) play in the budget process?

Concerning point 1), the pros and cons that were solicited from the Senate's Budget Planning Committee are described below. Concerning point 2), I have attached an excerpt from the Final Report and Recommendations of the Budget Planning Advisory Committee (the Carlson Report) that was commissioned by former President Coleman to review the University's current budget processes and to make specific recommendations to improve the processes, leading, in particular to a "more strategic use of funds." That report recommended that "[s]teps should be taken to promote more effective faculty and staff participation in University-level budget allocation decision-making", and offered suggestions (recorded below) on how this might be done.

PROS

- Synergy

Experience shows that the administration usually responds more favorably to an idea when it is endorsed by faculty and staff in a joint discussion than when it is generated in separate discussions. The FRIC was held up as an example of how the faculty and staff's interests can be promoted simultaneously in ways not possible in separate committees.

- Efficiency

The two current committees share many of the same issues. The administration would have to prepare fewer materials and spend less time repeating itself in meetings.

- Diversity

A joint committee would provide a more diverse perspective on the issues than would either committee separately. The discussions and interactions have tended to be broader when the faculty and staff meet together.

- Size

A committee somewhat larger than either of the two separate committees might make it easier to develop effective subcommittees whose responsibilities would be focused on particular budget issues. A larger committee might also assure that there would be some members on campus to participate in budget discussions during the summers.

CONS

- Academic matters might not be given their full weight.

The primary force driving all budget decisions ought to be the effectiveness of our academic mission: our teaching, our research and our service. The faculty have a unique perspective on these issues and related fundamental responsibilities that are not shared by the staff. Some worry that the faculty voice might get diluted in undesirable ways in a joint committee and that this would adversely affect our academic mission. This might become especially troublesome if the joint budget committee were to take on the task of reviewing unit reviews (as has been proposed and discussed for the Faculty Senate Budget Planning Committee).

Some who voiced concern over the possibility that the “faculty voice” would be diluted also opined that there is no evidence to support this. They acknowledged that the primary interests of the Staff Budget Committee have generally focused on employee oriented issues, rather than on academic matters, but expressed optimism, based on past experience, that given the opportunity to be involved in discussions of academic importance, the staff would energetically and helpfully become involved.

Concern was expressed over the fact that the chair of the combined committee is to be appointed by the President of the University.

Concern was expressed that a disproportionate number of staff are from clinical, hospital, and other non-academic units.

- Size

Some feel that the size of a joint committee would work against its effectiveness. Discussions in large committees tend to be less candid. Larger committees present scheduling problems.

Excerpt from the Carlson Report

Recommendation 3: Steps should be taken to promote more effective faculty and staff participation in University-level budget allocation decision-making.

Budget allocation decisions are made in three different ways at the University level. First, the University makes an annual budget allocation to each budget unit. Second, the University allocates monies from centrally controlled budget pools (e.g., research funds, equipment funds) to specific purposes in each unit, generally on the basis of requests received from those units. Finally, in response to a unit review (either a regular review or a specially requested review), the President’s Council on Strategic Implementation (PCSI) may determine that the unit’s allocation of funds should be increased or diminished on a long-term basis.

We believe that there should be effective faculty and staff participation in all these decisions. With regard to allocations from budget pools, there sometimes is such participation. Advisory boards or committees participate in the process of reviewing proposals and awarding funds from various research funding pools controlled by the Office of the Vice President for Research. Faculty are also often asked to advise on travel and curriculum development grants awarded by the International Programs Office (a branch of the Provost's Office). There are other examples. On the other hand, many of the budget pool funds administered by the Provost's Office are awarded without any independent faculty or staff involvement (except insofar as faculty and staff participate in preparing requests for funding that are submitted to the Provost). Thus, with regard to centrally administered budget pool resources, our recommendation is simply that consultative mechanisms should be maintained where they are already used and should be developed where they are not currently in place.

The PCSI group (which has the authority to authorize extraordinary changes in budget allocations) already includes faculty and staff representation. We agree with the recent move to link faculty and staff representation on PCSI more closely to the elected leadership of the Faculty Senate and Staff Council. However, we also believe that faculty and staff terms on PCSI should be lengthy enough for the representatives to become knowledgeable about the issues that are regularly under consideration by PCSI. Knowledge and experience are vital to making effective contributions on budget matters, and we would not endorse a regime in which faculty and staff turnover was so rapid as to diminish the ability of faculty and staff to participate usefully in PCSI's discussions.

Faculty and staff also participate in general budget discussions through the Faculty Senate and Staff Council Budget Committees. In this connection, these committees are consulted frequently by central administration and urged to offer their views and suggestions freely. Indeed, we believe that the central administration's record in this regard is exemplary. Nevertheless, there are some problems and, while we do not have any very good solution to them, there are some possible options for addressing them that we think deserve further discussion by those committees and administrators.

One problem was alluded to earlier: gaining expertise in budget matters takes a considerable period of time. Several steps might be taken to address this problem. First, the terms and term limits for members of both the Faculty Senate and Staff Council Budget Committees should be long enough for those members to develop real expertise in budget matters. Second, careful thought should be given to ensuring that the membership of the committee includes people who have prior experience with budget issues, whether because of their academic credentials or because of their work experience. Third, budget orientation meetings, which have been successfully used in the past, should be held on a regular basis early in each academic year.

A second problem is the separation of faculty and staff into two separate groups. This puts an extra burden on administrators (who must find enough time to discuss budget issues with two different groups), and it means that faculty and staff are not able to share information and perspectives about budget issues. While we recognize that faculty and staff frequently have differing interests, our work as a joint committee has convinced many of us that there is significant value to discussing budget issues together. We would,

accordingly, recommend that the Faculty Senate and Staff Council Budget Committees seek and pursue opportunities for joint meetings on a regular basis.

A third problem is the sense that the Faculty Senate and Staff Council Budget Committees sometimes feel that they are not consulted on the “real issues,” e.g., the decisions that determine who gets what and why. We believe that past consultation with these committees has been substantive and meaningful, especially over the past few years. But this consultation has usually focused on specific initiatives (should the University request an additional allocation for library acquisitions or an increase in tuition) or on broad principles for managing budget crises (e.g., should salary increases be paid even if the state does not fund them). The question of basic university priorities is rarely a subject of explicit discussion.

We think that improvements in this state of affairs primarily require changing the practices of committee members and administrators in small ways (i.e. changing people’s expectations about what to ask and what to talk about). In part, the question is the timing of consultations. Budget discussions currently focus primarily on the current year’s budget. Increased emphasis should be placed on securing early faculty and staff input and feedback concerning budget decisions to be made in future years, with attention both to general issues of priorities (e.g., the relative importance of research initiatives versus Provost office initiatives) and the future budget implications of new initiatives or policies being considered on campus. In addition, where discussions must focus on impending budget decisions (e.g., when budget cuts must be made), feedback should be sought from the Faculty Senate and Staff Council Budget Committees on the specific proposals (e.g., whether to cut centrally-funded research support, curriculum support, travel support, etc.) as well as on general principles.

Finally, we also believe that implementation of recommendation 2 (regarding activity-based budget reporting) will help make faculty and staff participation in budget discussions more effective because, as noted above, it presents some basic budget issues more clearly and starkly than do current budget reports.