

Minutes, Budget Committee of Academic Senate

Meeting of January 25, 2002 (1/27/02 draft)

Present: Michael McIntyre (chair), Stephen Calkins, Marc Cogan, Charles Elder, Diane Gebard*, James Kaltenbach (late), Charles Parrish, Louis Romano, Linea Rydstedt, Vanessa Rose*, William Slater, James Woodyard*.

Absent with Notice: Ravi Dhar.

Absent w/o Notice: Marlyne Kilbey, John Ofenstein, Jeannette Poindexter, Lucia Schuger, Scott Ransom, William Volz.

*Liaison

Guests: Charles Bantz, Provost, and Katherin Morency, confidential assistant to the provost.

1. The meeting convened at 1:05 p.m. The minutes of the meeting of Nov. 12, 2001, were approved without amendments. The proposed agenda for the meeting was adopted without amendments. The chair indicated that he had been elected to serve as the faculty representative on the BOG's budget and Finance Committee for calendar year 2002 and that Professor Elder had been elected as the alternate. The chair also introduced Diane Gebard as the new liaison to the committee from the provost's office.

2. *Dynamic Component of Budget Model.* Provost Bantz, with his assistant, Kathy Morency, attended the meeting as guests of the committee. The committee had invited Provost Bantz to discuss the progress that the administration had made toward implementation of the dynamic component of the budget model. By way of introduction, the chair noted that the new budget model had been approved by the University in 1999. Under that model, part of the budget of the various units of the university would be set by reference to their prior budgets (historical component) and part by reference to their success in advancing the goals of the university (dynamic component). The report is available on line at <http://www.law.wayne.edu/mcintyre/budget/>. Ms. Rose, Professor Parrish, and the chair had served on that eight-person committee. After the budget model had been approved by the university, the deans met to discuss the new model and develop a plan of action for implementing the dynamic component. A committee of deans was appointed to make recommendations, and the deans prepared a report. At its last meeting, the committee expressed some concern that progress on the development of the dynamic component of the budget had stalled.

The provost indicated that little progress had been made since the dean's prepared their report over two years ago. He indicated that the university remained committed, however, to the implementation of the dynamic component of the budget and that the deans were again being asked to assist the university in developing performance measures. According to the provost, the delay in implementation was due to three factors: (1) the heart attack suffered by Provost Williamson, (2) the heavy demands on his time when he took over the position of provost, and (3) the complexity of the task of developing good

performance measures. The provost indicated that the approach taken in the report of the Formula Funding Working Group was not the only sensible way to do budgeting. He indicated that he has some interest in a resource-based budget, due to his concern about the budget implications of space allocations. Nevertheless, he praised the quality of the Working Group's report and indicated that he understood why that committee would not have viewed a resource-based budget as practical at Wayne. He noted that the University of Illinois attempted some form of resource-based budgeting, and he cautioned that this approach is complicated and risky. In his view, the current objective for Wayne State University should be to develop good performance measures.

The provost suggested that performance measures should include some measure of student satisfaction. He also would like to see some measure of academic productivity, but noted the difficulty in getting such a measure that would be perceived as fair. One common measure is federal funding of research, but that measure would discriminate against many departments and is obviously only one aspect of productivity in any case. He suggested that performance of units in obtaining alumni gifts was one possible component of success, although not one that faculty members typically view as part of their job descriptions. He suggested that the university should see what types of data are available and take steps to improve data flows. He warned that it would not be practical to reduce the various indicators of success or failure to some common denominator, echoing a point made in the report of the Formula Funding Working Group. He indicated that he is asking the deans to review their prior report and see if they still endorse it. He also indicated that he would welcome input from the faculty, and especially this committee, on ways of measuring academic performance.

The provost indicated that it would be necessary to collect various types of data to do any serious bench marking. He indicated that it is complex even to determine the resources now going to various units. A study of space allocation within the university was begun five years ago and is not yet completed. For an example of the types of data that might be useful, he directed the attention of the committee to the web site maintained by the University of Florida. See <http://www.ir.ufl.edu/>. One member suggested that the university's office of planning used to produce a lot of useful information but that he had not seen much from that office recently. He suggested that circulation of information from that office might be useful.

One member made his longstanding point that measurement of performance on the academic side might lead to lower budget allocations to the academic side unless the performance of the non-academic side was also subject to measurement. Discussion then turned to the progress being made in measuring administrative performance. Ms. Rose indicated that she was working on that issue and that a pilot project was being started for measuring performance in several units, including human services and parking. She anticipated that the pilots would begin within 30 days but that a general program for review would not be ready for the 2003 budget. She expected, however, that a system for bench marking in the departments would be ready in 12-18 months. One member suggested that the university should not postpone some evaluation of the departments while awaiting these studies. He suggested that "paralysis by analysis" was a danger to avoid. He suggested

that the initial focus of bench marking should be on large departments that are known to have problems.

Another member indicated his concern that a focus on performance tended to exclude many qualitative aspects of programs. He suggested that many people at the university may be doing a good job under the circumstances but were part of a flawed system that prevented them from achieving success. He noted that a comparison with peer institutions may not be useful if the systems in place in the other institution are better than those at Wayne State. The provost agreed that it is necessary to go behind the numbers to measure the success of a program. In some cases, a program that has good numbers may be found to be performing inadequately once the numbers are examined in detail, and a program with apparently bad numbers may have some important elements of success.

The chair noted that the report of the Formula Funding Working Group recommended that primary responsibility for developing bench marks be given to the units that were being bench marked. The idea was that the units would know better than central administration staff how success was measured in their discipline. In addition, there was a political benefit in imposing budget discipline based on criteria that the unit had itself endorsed. One member warned that a dean might manipulate the bench marking system to get more money for his or her unit. For a dynamic component to operate effectively and fairly, some controls from a central body, such as the Budget Review Committee, would be needed to review the bench marking proposals of the units.

Some members then raised the issue of resources for the academic side and the decline in those resources over the past decade. The chair noted that this issue, although important, was somewhat afield from the proper functioning of the dynamic component of the budget model. Some members felt, nevertheless, that it would be useful to get the provost's views on this issue. One member noted that the university could increase the number of tenure-track slots at modest cost by converting some lecturer positions to tenure-track positions when those positions fall vacant. He noted that a 2N committee that included faculty and deans had endorsed this proposal. The provost noted that any conversion plan should take account of the fact that lecturers typically teach more classes than tenure-track faculty. He also noted that a comparison of the salary of lecturers and entry level tenure-track faculty is somewhat misleading, due to the likelihood that the salary of a tenure-track person will increase significantly as that person rises to the rank of full professor. He agreed, nevertheless, that the conversion of some lecturer slots is a matter worthy of consideration.

Responding to the issue of resources on the academic side of the budget, the provost noted that there was some movement to reclaim funds for the academic side with the approval of a \$1 million fund for academic programs in the 2002 budget. That fund is to be administered by the provost's office. He indicated that most of the money for the current year has not been committed. He said that he is tentatively planning to ask units to submit proposals for funding. He envisions offering three kinds of money: one time money, short term money, and money that would go into the base budget of a unit. He indicated that he

has talked generally about his plan with the deans. The advice he has gotten is that the proposals should focus on projects that would advance the strategic plan of the university. That plan is available on line at: <http://president.wayne.edu/strategicplan/>. He indicated that he would be receptive to a proposal from a department to convert some lecturer slots to tenure track positions if the unit could show that the proposal would advance university goals. He indicated that his office is working on a more refined proposal, which he expects to be able to circulate reasonably soon. Although he felt that some linking of proposals to university goals was important, it was also important in the long run to get money to the units.

3. *BOG Materials.* Ms. Rose reviewed for the committee the various items going to the BOG and also answered the various questions about the BOG materials that were raised at the last meeting. None of the BOG items triggered a substantial response from the committee. Some members noted, however, that the university has been increasing its debt quite substantially in recent years. Ms. Rose promised to provide the committee with figures on the overall debt obligations of the university and the changes in debt obligations in recent years. One member asked whether the proposal for a relatively small bond offering was consistent with past practices of the university. Another member noted that most of the spending issues on the BOG agenda involved maintenance but that the committee had not received a list of the various maintenance projects with priorities. Ms. Rose indicated that the priority list comes from John Sears' office and that she would try to get the list for the committee. The chair noted that the committee cannot give useful advice on maintenance expenditures without information on the projects competing for funds. Providing maintenance is always a good thing — the budget question is which good thing to fund out of a limited budget.

The chair indicated that he intended to raise with the BOG his concerns about the late distribution of the BOG materials. He noted that under the BOG's Bylaws, the materials are to be distributed at least 7 days prior to the BOG meeting. Professor Parrish noted that the late circulation of materials is not only a problem for the committee but also for anyone who wishes to request permission to speak at a BOG meeting. The BOG requires that requests to address the BOG be made 72 hours (3 days) before a meeting. When the BOG materials are distributed late, a person interested in appearing has little time to react to the materials and make a timely request to address the BOG. It was noted that the BOG materials are not posted on the BOG's web site. It was further noted that the materials were not posted on the website <http://boq.wayne.edu> as of noon on Friday but were posted sometime later. The chair suggested that the posting of the materials should not be viewed as a way of extending the deadline for circulation of the materials but rather as a way of making the materials available on a timely basis to more people. He also noted that the Senate requires a hard copy of the BOG materials because most of those materials have to be duplicated and distributed to the relevant committee.

4. *Review of Proposed Institute for Learning and Performance Improvement.* A proposal has been made for the establishment of an Institute for Learning and Performance Improvement. The Senate reviews all proposals for new centers and institutes and gives its recommendations to the administration. The Policy Committee has asked the Budget

Committee to review the budget aspects of the proposed center. The center had been reviewed by the committee last year, but no report was prepared and the person who was expected to draft a report has left the university. After his request for volunteers received a tepid response, the chair appointed Professors Calkins and Parrish to a subcommittee to review the proposed institute and agreed to join the subcommittee as its chair.

5. *Survey of Unit Budget Committees.* At its last meeting the committee had discussed in general terms some ways that it might interact with the various unit budget committees that are to be elected by the faculty in the various academic units of the university under Article 31 of the AAUP-AFT contract (attached to minutes of Nov. 12, 2001, meeting). Professor Parrish reported that he had written to Provost Bantz about the need to get a list of all of the unit budget committees to see that Article 31 was being complied with in the various units. With the permission of the provost, Professor Parrish read from his letter of November 13, 2001, and the response of the provost, dated December 18, 2001. In brief, the provost asked the deans to give him the names of the chairs of each unit committee and promised that he would provide Professor Parrish with the list as soon as it was completed. The chair suggested that some units probably have not yet elected a budget committee and the deans might delay making a report to the provost until their college or school was in compliance. He suggested, therefore, that Professor Parrish request a partial list, with additional information to be provided as it becomes available. Professor Parrish agreed to make the request.

Professor Woodyard provided the committee with a copy of a survey that the budget committee had conducted in 1996, along with a copy of the report on the results of the survey. After some discussion, he made the following motion:

That the committee endorse in principle the idea of making a survey of the unit budget committees or deans and chairs of their budget priorities and needs.

In the discussion of the motion, one member noted that the prior survey required a significant commitment of time by members of the committee. Another member suggested that the vote should not be understood as an endorsement of the particular survey taken in 1996 but only that the committee is interested in getting the views of the units on budget matters through some type of survey. The motion carried without opposition. The chair indicated that he intended to use the recently established committee LISTSERV to solicit views on the possible contents of a survey.

6. *Future Meeting.* The Chair announced that the next regular meeting of the committee will be on March 18, 2002 (Monday) at 3:00 p.m. That time is intended to allow the committee to review materials for the BOG meeting scheduled for March 20. The chair concluded that a Friday meeting was not practical because of the Spring Break (March 9-17).

7. The meeting adjourned at 2:45 p.m.

By Michael J. McIntyre