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Report of the Ad Hoc Committee on Budget Process

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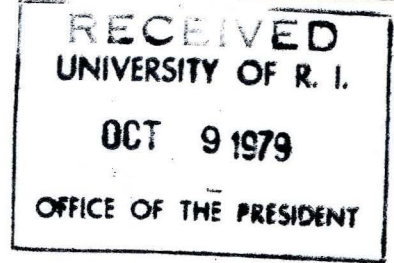
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UNIVERSITY OF RHODE ISLAND
Kingston, Rhode Island

FACULTY SENATE
BILL

Adopted by the Faculty Senate



TO: President Frank Newman

FROM: Chairperson of the Faculty Senate

1. The attached BILL, titled Report of the Ad Hoc Committee on Budget Process

is forwarded for your consideration.

2. The original and two copies for your use are included.
3. This BILL was adopted by vote of the Faculty Senate on October 4, 1979.
(date)
4. After considering this bill, will you please indicate your approval or disapproval. Return the original or forward it to the Board of Regents, completing the appropriate endorsement below.
5. In accordance with Section 8, paragraph 2 of the Senate's By-Laws, this bill will become effective on October 25, 1979 (date), three weeks after Senate approval, unless: (1) specific dates for implementation are written into the bill; (2) you return it disapproved; (3) you forward it to the Board of Regents for their approval; or (4) the University Faculty petitions for a referendum. If the bill is forwarded to the Board of Regents, it will not become effective until approved by the Board.

October 5, 1979
(date)

Alvin K. Swonger
Alvin K. Swonger
Chairperson of the Faculty Senate

ENDORSEMENT

TO: Chairperson of the Faculty Senate

FROM: President of the University

1. Returned.
2. a. Approved ✓.
- b. Approved subject to final approval by Board of Regents _____.
- c. Disapproved _____.

10/18/79
(date)

F. Newman
President

REPORT OF AD HOC COMMITTEE ON THE BUDGET PROCESS

4.48 In its conduct of the annual evaluation of administrators, the committee shall be assisted by the Coordinator for Faculty Senate Affairs. Funding to cover the expenses of the evaluation of administrators shall be added to the budget of the Faculty Senate each year.

Members of the Committee:

Daniel P. Bergen, GLS, Chairperson
George deLodzia, MGT.
Robert Gardner, SOC
Sheila Black Grubman, ex officio
Karl Johnson, LIB
W. Lynn McKinney, EDC
Joseph Turcotte, MCH

Prior to the adjournment of the March 22, 1979 Meeting, the Senate approved a motion to postpone definitely the consideration of the following amendment to section 4.46 of the Senate By-Laws proposed by the Administrator Evaluation Coordinating Committee and amended by the Senate:

Add the following sentence after the first sentence of 4.46:

The committee will determine which members of the University faculty should participate in the evaluation of each administrator.

If amended, 4.46 would read as follows (change is underlined):

4.46 In November of each year, the President of the University, the Vice President for Academic Affairs, the Dean of the Graduate School, and such other administrators deemed appropriate by the Administrator Evaluation Committee, shall be evaluated by the University faculty. The committee will determine which members of the University faculty shall participate in the evaluation of each administrator. The Deans of Arts and Sciences, Business Administration, Engineering, Human Science and Services, Nursing, Pharmacy, Resource Development, the Graduate Library School, the Graduate School of Oceanography, and the University Libraries shall be evaluated each November by the faculties in their respective colleges. The results of all evaluations shall be reported by April 1 of that academic year.

The following is a list of problems identified either in the charge to the Ad Hoc Committee on the Budget Process or subsequently by the Committee itself:

- 1) Faculty do not feel that they have significant enough input into the budget process individually or collectively;
- 2) The University community is largely ignorant of the budget process and there is real need for the development of an ongoing means of informing them both about the workings of the process and about the whys and wherefores of budgetary priorities and allocation decisions;
- 3) A major force in faculty concern is the rapid change to a period of budgetary constraint. In the past, budget development and allocation existed as co-equals. Those halcyon days are over. At present, there is a great deal of resistance on all levels to the "scenario" approach. A contingency plan prepared to meet budgetary constraint is often viewed as potential "wish fulfillment".

The following is a list of recommendations:

- 1) The committee found the "In-House Budget Cycle" to be satisfactory as it applies to budget development. (A copy of the original instruction instituting our annual three year budget development cycle is enclosed. Please note the objectives specifically intended to be met by the process. Also enclosed is a copy of our calendar for the budget development currently in progress for the 1980/81 budget submission due to the Regents during August 1979.) However, faculty should be encouraged to get in on the ground floor of the development process and make their needs known to the department chairperson. Schedules of due dates for operating, staff or capital requests should be publicized well in advance. Furthermore, it is recommended that the calendar showing the key dates affecting all faculty, department heads, deans, and meetings of the Budget Advisory Committee, be published in a shortened form and made available to each individual faculty member.
- 2) It is recommended that individual departments/units establish, from among their membership, a small budget task force to assist the department or unit in analyzing needs/projected requirements and in making recommendations, particularly with regard to priorities in the allocation process. A BTF at the college or department/unit level would stimulate input into the budget formulation process and have the added advantage of advising on imminent and long-range planning. Normally their advice would reach top management through the recommendations of deans and directors, but could be sought or given directly.
- 3) It is recommended that both the character and role of the BAC be altered. At present the BAC has the following make-up:

2/13/79

(3) - continued

president	3 faculty members
4 vice presidents	3 student members
6 staff members	

It is recommended that the make-up of the committee be altered to the following:

4 faculty members
3 student members (2 undergrad. and 1 grad.)
3 staff members (that are not a part of the integral budget process by function; eg. asst. dean, business mgrs.)
2 ex-officio members (who will be the vice pres. for business & finance and the budget director, non-voting)

The president will select a chairman. He will also appoint the three staff members. The faculty senate will appoint the faculty members. The two undergraduate students will be appointed by the student senate, and the graduate student will be appointed by the graduate student association.

The length of service shall be three years staggered terms for the faculty and staff members and two year staggered terms for the students. The revised BAC should serve the following functions:

- a) Review the capital, operating and personnel services budget request as developed in the course of the budget development process and advise the president before final approval and submission to the Regents;
- b) Review and advise the president on supplemental budget priorities and requests;
- c) Review and advise on the allocation or reallocation of resources required for support of new programs or expenditure activities;
- d) Review quarterly presentations of the University's budget status and advise on solutions or reallocation of funds dealing with the potential deficit or surpluses projected for the year;
- e) Review and advise the president on tuition, fees, auxiliary income and any other income.
- f) Review and advise on the final allocation of the operating budget as administrative decisions are made concerning allocations in the period May to June of each budget year.

(3) - continued

(It is to be noted that the first quarterly report would be delivered to this committee based on operations of the University through September and would thus allow ample time for debate and advice to the president on any corrective actions necessary in the expenditure patterns of the University).

In addition, it is recommended that this BAC be promoted and caused to be recognized by the University community as the means for dealing with perceived inequities regarding budgetary decisions and also be supported as the most direct route for the elimination of such inequities.

To most effectively carry out the above functions, it is recommended that the BAC's meetings be scheduled as an integral part of the budget development process (see attached calendar). In addition, the BAC will hold formal quarterly meetings for the purpose of quarterly budget status review and will meet on the call of its chairperson or any three members of the committee.

- 4) It is recommended that designees from the faculty senate, student senate and graduate student association be invited and regularly attend the meetings at which the quarterly budget status review is presented.
- 5) It is recommended that five copies of the budget request, when finalized for a given fiscal year, and at the time of submission to the Regents, be made available at the University library for use by the University community. (This will be in the NACUBO format as presented to the Regents.)

As a final point, the committee recognizes the faculty's right to dispute budgetary decisions which they perceive as harmful to academic programs. As budgetary constraint becomes a constant in the University community, it is more essential than ever that the aforementioned rights and responsibilities be supported through the development of formal procedures.

Submitted by,

Mike Derois
Walter Gray
Richard Katzoff
A. W. Petrocelli, Chairperson
Bernard Schurman
Judith Swift
Richard Weeks
Frank White

attachments

Attachment #1 to Report of Ad Hoc Task Force on the Budget Process

December 20, 1977

To: Department Heads, Directors, Deans and Vice Presidents
From: A. W. Petrocelli, Vice President for Business and Finance
Subject: Budget Development Process and Procedure

Introduction and Objectives

The development each year of the University budget request for the next academic year is one of the prime ways in which the organization and activities of the University are examined in detail and decisions are made regarding expansion, cut backs, restructuring and improvement. Thus, the annual operating budget is a University modeling tool. It is through the analysis of our budget request that the Regents exercise, in a major way, their legal responsibilities, visa vis the maintenance of a system of quality post-secondary education in the State of Rhode Island.

In recognition of this, we have designed a budget preparation and process to meet the following objectives:

- 1) Involve the full participation of faculty, department heads, deans directors, and Vice Presidents in the definition and justification of input to the budget request.
- 2) Establish a timely and orderly review of requests by appropriate University committees.
- 3) Provide information feedback to the originators of budget input regarding priorities and changes affecting their request.
- 4) Establish a multi-year planning document.

Success with this process depends on adherence to the in-house budget calendar, a copy of which is attached. The in-house budget cycle begins with the issuance of capital request forms and guidelines to deans and department heads on December 20th. Department heads will have until January 31st to submit their requests to their deans or directors. The deans and directors will submit their capital requests to the Budget Office by February 13th to be collated and presented to the Vice Presidents on February 28th. In the months that follow, guidelines and forms will be issued for staffing and operating budget requests. On May 15th, the Budget Advisory Committee will complete its review of the 1979-80 budget request and make its recommendations to the President.

Rationale

In recent years, two important state-wide procedures have been established which have an impact on our approach to the University budgeting and planning operations; namely, the application of zero-based budgeting, and the concept of a budget cap. The cap suggests a limit on annual total State spending growth of eight percent in all future State budgets.

It is important that we analyze and respond to the implications resulting from the combination of zero-based budgeting and a legislative cap on total State-funding growth. Key elements to be considered are:

- 1) Under the zero-based budget concept, no program or activity has an automatic lease on life. For each annual budget preparation, every program or function must be reviewed as to its continuing needs, possible curtailment or expansion. In this regard, the University has established and is utilizing procedures and practices which ensure our compliance with this requirement, e.g., budget task forces, staffing plan development and analysis, instructional review, space committees, and most importantly, the President's emphasis on decentralizing management involvement in the process. Our remaining task is to now mold these activities into a coherent University budget development process.
- 2) As regards the budget cap concept, each of the 21 State agencies is affected. It would be wrong to assume the cap to be anything but a cap. It certainly is not an automatic guaranteed rate of growth to be assumed as applicable by each individual state agency. It is, after all, a suggested cap on the total State budget, thereby bringing the 21 agencies in competition for a portion of the pool of dollars which the cap represents. On an individual basis, it can be expected that many of the agencies will present persuasive cases for an increase of greater than the cap to their individual budgets, particularly in lieu of the gap that resulted between what they asked for in 77-78 and what they received, and what they are asking for in 78-79 and what they are going to receive; thus leaving some agencies with less than the cap increase. Given such a scenario it is incumbent upon us, if we are to successfully compete for our share of limited State resource, that we establish and operate a model program of budget development, justification and control.

The result of all this, is that, should we fail in our budget development to identify and justify our necessary and minimum needs, then we would create a funding gap, between what we need and what we get, which in view of the funding cap would become wide and wider with each succeeding budget year. We would thereby expose the commissioner, the Regents, and the taxpayers to an eventual crisis situation relative to the University. It is clearly our management responsibility to avoid such a development. On the other hand, if we were to overstate our needs or fail to improve our operational

efficiencies then we likewise would be guilty of mismanagement, resulting in loss of credibility and confidence.

In order to avoid these pitfalls, it is no longer desirable to deal with the University's future on the basis of a year-by-year budget plan. Long range planning has become imperative. We must, during each yearly budget preparation, develop a multi-operating budget projection and capital plan. Only in this way will it be possible to assess trends relative to required State revenues versus the other sources of University funding, that is tuition, fees, research grants, and service revenue, and thereby avoid surprises which are so detrimental to responsible fiscal management. We would thus have a rational basis for justification of a current year budget relative to its effect on future budget requirements. As an example, a request for research funds to be used as seed money for the various colleges would be reflected in the projections of increased grant and research activity with the ancillary benefit of an increased overhead contribution by outside sources and a favorable adjustment in the ratio of State funds vs. outside funds in future budget years. On the other hand, should we be faced with administrative budget cuts, i.e., cuts beyond those which we at the University make as a result of our own detailed analysis of our operations, then we would be prepared with a ready and rational analysis of the effects of such cuts on future budget requirements, including the forced necessity of tuition and service fee increases, and cut-backs in vital University function.

Your cooperation in this process will be appreciated. If you have any questions, the Budget Office personnel will be happy to assist you. They can be reached at 792-4037.

cc: F. Newman

"A Tight Budget Brings Out the Best Creative Instincts in Man." R. Townsend

- Dec. 18, 1978 Issue Budget preparation guidelines and calendar
- Dec. 18, 1978 Issue Capital forms and guidelines
- Jan. 29, 1979 Department Heads submit capital requests to Deans/Directors
- Feb. 1, 1979 Issue Staff forms and guidelines
- Feb. 12, 1979 Deans/Directors submit Capital requests to Budget Office
- Feb. 15, 1979 Department heads submit Staff requests to Deans/Directors
- Feb. 15, 1979 Issue Operating forms and guidelines
- Mar. 5, 1979 Budget Office to meet with V.P.'s, President and give them collated Capital requests and instructions.
- Mar. 7, 1979 Deans/Directors submit Staff requests to Budget Office
- Mar. 13, 1979 Department heads submit Operating requests to Deans/Directors
- Mar. 20, 1979 V.P.'s and President submit Capital requests to Budget Office
- Mar. 26, 1979 Budget Office to meet with V.P.'s and President and give them collated Staff requests and instruction.
- April 2, 1979 Deans/Directors submit Operating requests to Budget Office
- April 4, 1979 Budget Advisory Committee to review Capital requests (and develop contingency plan?)
- April 4, 1979 Deans/Directors submit highlights papers to Budget Office
- April 17, 1979 V.P.'s and President submit Staff requests to Budget Office
- April 17, 1979 Budget Office to meet with V.P.'s and President and give them collated Operating requests and highlights paper
- May 1, 1979 Budget Advisory Committee to review Staff requests
- May 1, 1979 V.P.'s and President submit Operating requests and highlights letters (V.P.'s only) to Budget Office
- May 23, 1979 Budget Advisory Committee to review 1980-81 Budget Request (with President)
- May 21-31 Put Budget together
- May 21-31 Obtain research budget, obtain income information, obtain course enrollment data, and obtain other data as required

ADDENDUM TO REPORT OF AD HOC COMMITTEE ON BUDGET PROCESS

July 2, 1979

- I. Add the following new sections 10.80.10 through 10.80.13 to the University Manual:

10.80.10 Budget Process. The Vice President for Business and Finance shall publish and make available to all faculty a calendar showing key dates for the annual budget process which affect all faculty, department heads and deans. Dates of meetings of the Budget Advisory Committee (see 5.34.10 - 5.34.14) shall be included on the calendar.

10.80.11 Department chairpersons shall actively solicit faculty participation in the budget process of the department.

10.80.12 If the majority of the faculty in an individual department or unit so chooses, it shall establish annually a small budget task force to assist the department or unit in analyzing needs and projected requirements. The task force shall also make recommendations to the chairperson on priorities regarding budgetary needs as well as in the allocation of funds in the existing budget.

10.80.13 The Vice President for Business and Finance shall make available in the University Library five copies of the budget request as submitted to the Board of Regents when finalized for a given fiscal year.

- II. Replace the present sections 5.34.10 and 5.34.11 of the University Manual with the following new sections 5.34.10 through 5.34.14:

5.34.10 The Budget Advisory Committee shall review the capital, operating and personal services budget request as developed during the budget development process and advise the President prior to his final approval and submission to the Regents. The committee shall review and advise the President on the following: supplemental priorities and requests, allocation or reallocation of resources required for support of new programs or expenditure activities; tuition, fees, auxiliary income and any other income.

5.34.11 The committee shall also review quarterly presentations of the University's budget status and advise on solutions or reallocations of funds dealing with potential deficits or surpluses projected through the year. In addition, the committee shall review and advise on the final allocation of the operating budget as administrative decisions are made concerning allocations during May and June of each budget year.

5.34.12 This committee shall be available to the University community for hearing and initiating the resolution of any inequities regarding budgetary decisions.

5.34.13 The membership shall comprise four faculty members appointed by the Faculty Senate; two staff members to be appointed by the President, who are not part of the integral budget process by function; two undergraduate students appointed by the Student Senate; and one graduate student appointed by the Graduate Student Association. The Budget Director and the Vice President for Business and Finance shall serve as ex officio non voting members of the committee. Faculty and staff shall serve three year terms. Student terms shall be for two years. Terms shall be served on a staggered basis. The chairperson will be elected by the committee.

5.34.14 Meetings of the committee shall be scheduled as an integral part of the budget development process. The committee shall also hold formal meetings to review the status of the budget each quarter. These quarterly meetings shall be attended by designees from the Faculty Senate, Student Senate and Graduate Student Association; these designees shall be chosen by the respective Executive Committees of the organizations. Additional meetings may be called by the chairperson or any three members of the committee.