

To: Faculty Senate
From: Melanie Marks
Date: April 17, 2007
Subject: Budget and Finance Committee Final Report

The Budget and Finance Committee for the 06/07 academic year was comprised of Gary Lutz, Virginia Kinman, Kelly Nelson, Lissa Power-deFur, and me. Virginia and I represented the Faculty Senate. A least two of us were returning members from the previous year. This 5-person committee was a subset of the general committee (includes VPs, Deans, etc.) headed by Kathy Worster.

The initial meetings held during at the start of the fall semester were used to orient us to the topic of higher education finance, including Educational and General (E&G) versus auxiliary budgets, base adequacy funding, the Longwood University budget, and the time line for decision making. At these initial meetings, members expressed concern about the extremely inefficient process that was used the prior year to communicate funding needs and make decisions. A great deal of meeting time was used to distribute and review detailed budget requests, which resulted in no real role for the members of the Budget and Finance committee and redirected everyone's time from other activities. Furthermore, we expressed our inadequacy to judge the merits of an additional secretarial position against the need for a new 15-passenger van or piece of technology. This led our committee to a review of the current processes, with the idea that there must be an alternate approach where the process is efficient and the role of the faculty members better defined.

Specifically, in the previous year, each Vice President (and some members of athletics) brought forward all budget requests generated from their departments. This was cumbersome, as every single new position or position upgrade, new piece of equipment, new piece of software, new or increased maintenance need, etc. had to be addressed. Every budget request was copied for each member on the committee (10-15 individuals) and was discussed in a presentation made by the corresponding VP. This process took several meetings, many hours, and an enormous amount of paper. Requests trickled in—there did not appear to be any time line that was followed or deadline that was enforced. The entire set of requests was then compiled into a single list that reflected each VP's ranking of his or her own requests with Tiers 1, 2 and 3. At the end of last spring semester, there was not a budget to work with. The Tier 1 requests with the highest rankings were identified as potential funding recipients in anticipation of an approved budget. As a result, the Budget and Finance committee members were not involved in the decision making process in any way.

It is important to realize that the amount of money to allocate is generally very small. Last year approximately \$600,000 was available for allocation, and the Tier 1 requests alone totaled over \$2 million. A great amount of time is spent learning about the needs of the university, but we cannot act on the bulk of the items. This suggested to us that we did not need to work with such a rich database of needs. Only the items that were given the greatest priority by VPs really mattered, and the VPs should ultimately be the ones determining the priorities within their own shop. But, this was not the current process.

The first task of the faculty committee was to propose a restructured process that was streamlined and organized the flow of information. The committee met to discuss topics including

- 1) how information should be channeled to VPs
- 2) what information should be included in a budget request
- 3) how to shed more light on the rationale for a budget request
- 4) how information could be channeled from VPs to the committee
- 5) how a ranking process could be used effectively by translating it into a rating
- 6) the optimal role for committee members.

The committee presented its suggestions to the administrators. We discussed the need for a time line that organized the process. If the entire finance committee was to review requests, they had to arrive in a timely and organized manner. Deadlines should exist and they should be enforced. We offered a revised budget request form that tied the request to the strategic plan, detailed the impact of not funding the activity, and required rating information to be completed. We discussed options for streamlining the flow of information. We offered a rating rubric that would allow for better ranking across different VP areas. We discussed the role of faculty members, who at this point essentially had no real role other than to simply watch the process. Kathy Worster agreed to meet with the VPs to discuss our recommendations.

At our last meeting, the VPs returned a new budget request form that incorporated some of our ideas. Committee members made some suggestions for minor changes and, in general, we thought there was improvement over the original form. The VPs also returned with their idea of the optimal process which is detailed below (from Kathy Worster's handout given to committee on April 13).

Budget Process
Budget and Planning Committee

New Process for budget requests:

1. Vice Presidents will compile a list of their highest priority budget requests by departments.
2. The Vice Presidents will meet to:
 - a. discuss the requests
 - b. prioritize the requests
3. Final prioritized list will be submitted to the Budget and Planning Committee
4. Vice Presidents will provide background for the requests if required by the committee
5. Final list of prioritized budget requests will be submitted to the President

After funds have been approved, the faculty members from the Budget and Planning committee will meet with the Provost and Deans to determine the appropriate distribution of funds.

At this point, my suggestions are that the VP of Finance and Provost be asked to formally write up the new process and timeline in a way that the role of the Budget and Finance Committee

members is clearly outlined. I am not sure that the committee understands, at this point, how the process will take place next year. Next year's committee may need to continue working through the details of this revised process.