To: Debra L. Stanley, Chair, University Council
From: Harry Schuckel, Senior Vice President for Administration and Finance
Date: August 31, 2011
Subject: Promoting Constructive Collaboration in the UB Budget

I would like to thank the University Council and specifically the UC Budget Committee for its April 2011 report. The emphasis on constructive collaboration opportunities will certainly contribute to strengthening the processes by which University priorities are identified, resource allocations are decided and annual operating budgets are formulated. I applaud the dedication and diligence with which the committee members approached their difficult task.

The Budget Task Force that President Bogomolny has recently established provides opportunities to further consider the findings and recommendations of the UC Budget Committee report. Specifically, the task force has been asked to address issues of data, transparency and decision making in the budget process.

Consistent with the positive and collaborative spirit of the UB Budget Committee’s report and to facilitate the work of the new task force, I want to take this opportunity to respond to the recommendations highlighted in the committee’s report.

Analysis and Formulation

- There are many different ways to analyze and report financial data. We endeavor to present financial data in the most simple and straightforward manner in response to specific inquiries. Information provided in this manner is not meant to substitute for the University’s audited financial statement or UB budget information contained in the State of Maryland operating budget book. These sources of information, as well as the occasional ad hoc reports, will continue to be provided. To provide a comprehensive overview, beginning with this fall semester and using standard NACUBO templates, we also will post total university revenues and expenditures, an expenditures summary by object of expense (account level) and expenditures by division for the most recently completed fiscal year, as well as the preceding two fiscal years. The reports produced in accordance with NACUBO standards will also serve external reporting requirements.

- Sources of revenue, for all revenue-generating departments, will continue to be included in the budget call documentation. Departments which are not revenue generating do not receive revenue detail; instead they receive historic expense detail only. More comprehensive revenue information will continue to be available through the audited financial statement, the State of Maryland budget book, and the NACUBO reports noted above.

- Three years of department financials are provided with the annual budget call. We believe this history aids in budget development. Institutional level data for prior and current fiscal years will continue to be available in the State’s operating budget book along with the NACUBO reports mentioned above.

- Requests for supplemental funding require more rigorous justification and review than base budgets. Even though specific criteria are provided in the budget call letter, the strength of the supplemental justifications usually vary across the University. We would welcome the
development of additional criteria for cost-cutting, improved efficiency and return on investments that might be included in next year’s budget call letter.

- Currently, departmental proposed budgets and supplemental requests are posted on the portal for campus-wide viewing and comment. Since we have begun posting the supplemental requests, no questions or recommendations have been received by the Office of University Budget. We would welcome any suggestions for making this information more useful so that members of our community would provide their feedback about supplemental requests. Additionally, open meetings are held to allow Deans and Division heads the opportunity to present a summary of their base and supplement requests and to respond to questions. Suggestions to improve these open meetings are also welcomed.

- In the spirit of transparency, all budget development guidelines, requirements, history and final supplemental decisions will be made available to the University community via e-mail, the Web or other forms of communication. However, if some aspect is missing, please make the Office of University Budget aware of this omission.

Allocation

- The growth of student enrollment, headcount and credit hours has certainly imposed a strain on academic units that provide instruction, counseling and other critical services to students. Administrative units – especially units that provide direct services to students such as Admissions, Financial Aid, Bursar, Registrar and Office of Technology Services – also have stretched resources. Given the University’s overall budget constraints, it has not been possible to allocate resources to academic and support activities to preferred levels. However, the growth in student enrollments, along with tuition rate increases, has helped to moderate the effects of significant reductions in the levels of State support. As a conscious strategy, internal budget reductions and reallocations have required larger contribution from administrative units. Furthermore, academic units have received significantly larger shares of available funding over the last four fiscal years. The addition of the Deans to the President’s Executive Committee should help to strengthen to development of funding priorities, facilitate the transparency of decision-making processes and also ensure that scarce institutional resources will be distributed in a manner that is considered equitable and rational. Simultaneously, all departments must continue to seek operational efficiencies and cost savings opportunities, especially in administrative functions.

- The Executive Committee members (Deans and Vice Presidents) are committed to strengthen communications to ensure better understanding of institutional budget allocations, as well as the priorities that are established within each division. President Bogomolny’s periodic updates and forthcoming communications from the Provost and Deans are indications of this goal.

- Major programs and projects, including multi-year projects, are evaluated for alignment with UB’s Strategic Plan and Goals and require full justification before they are funded. Proposals with multi-year commitments are evaluated within a multi-year perspective. We will ensure full communication and transparency regarding these requests. However, to make the process effective it is very important that our community engages in campus-wide discussions before decisions are reached.
• UB21 is evolving as a strategic planning process and it is expected to positively impact our budget and decision-making processes in the future. As it evolves, I will ensure that linkage to the budgeting process is communicated with greater transparency and clarity.

• Revised funding guidelines that were approved for UB by MHEC and the USM during 2008 indicate underfunding of UB graduate and law school programs. When the State’s economic picture improves and USM is able to provide additional resources, UB will continue to press for more equitable funding that is justified by the revised funding guidelines. UB will also continue to press the USM for flexibility in managing reserve funds and use of carry-forward funds.

Execution

• We will continue to upgrade and enhance information technology in a reasonable, responsible and cost effective manner with a goal of improving the user experience and recognizing efficiencies, in particular the accounting human resources features of the PeopleSoft system.

• A review of hiring practices and procedures has begun to determine if processes can be streamlined and expedited while maintaining mandated State and USM requirements.

• Budgeting at the account level is a tool to allow a detailed understanding of how and where University money is expended. Budgeting at the account level highlights potential areas of savings or overspending that helps to maintain control over current year budgets and that facilitates identification of budget reductions that may be required by the State and the USM, as has been the case over the past few budget cycles. It also is invaluable in planning for the subsequent fiscal year.

• The University encourages and supports legitimate entrepreneurial activities. Changes to operating procedures, such as overhead allocation, were not intended to make the budget development process more difficult but simply to provide a complete accounting of the economic benefits and resource commitments entailed in such activities.

• I appreciate the acknowledgment of the constructive and positive interactions of the UB Office of University Budget staff with their counterparts in academic and administrative units throughout the University. The effectiveness of those relationships will continue to ensure the efficient execution of policies and procedures that allow the University’s accounting and financial systems to operate at the highest professional standards.

In summary, I thank the University Council and the University Council Budget Committee for their hard work and commitment to improving the University’s administrative processes, in particular the budget development and management processes. We are open to any opportunities that can improve our administrative processes. This is particularly important at a time when we must optimize the limited financial resources available to the University.

If I have failed to respond to any important issue, please let me know or forward the matter to the newly establish Budget Task Force. Meanwhile, my entire team looks forward to working together with you to continue to support the mission of the University and its components.