

**Minutes for University Budget Committee Meeting
Provost's Conference Room
July 16, 2013 – 10:30 am**

Attending:

Karen Karmiol, Convener

Ed Gibson, Secretary

James Hale

Mary Maher, Assistant VP for Human Resources (ex officio)

Harry Schuckel, Senior VP for Administration and Finance (ex officio)

J. C. Weiss

Joe Wood, Provost & Senior VP for Academic Affairs (ex officio)

Barbara Aughenbaugh, Associate VP for Administration and Finance

Anita Becker

Theresa Cherry

Sasha Hudson

Debbie Wolcott

Absent:

Adnan Hameed

Jamaal Vetose

- I. Minutes of the May 20 meeting already had been approved (electronically) and posted on the Governance Steering Council (GSC) website.**

- II. An electronic ballot held among voting members via email from June 3 to 5, to approve a format for reporting on the FY 2014 supplemental requests, did not produce a majority for either of the suggested formats. Accordingly, no memorandum for the GSC was approved, and the GSC was notified to that effect at the close of business on June 5.**

- III. Updates on shared governance provided:**
 - University of Baltimore Staff Senate (UBSS) member(s) provided an update on the schedule for meeting over the summer, principally a virtual meeting in July. There has been some unevenness among shared governance bodies in forwarding committee assignments to the GSC due to ambiguity about the relevant dates (see GSC Meeting Minutes, June 19, 2013: "GSC needs to determine a deadline by which constituent groups will forward their committee reps to GSC"). It appears that student and faculty members are in place. The second UBSS representative to the UBC (representatives from the UBSS henceforth holding staggered two-year terms) is expected to be named in the first meeting following the summer.
 - The University Faculty Senate (UFS) will be meeting on August 21 and September 4. It is currently understood that the UFS representation on the UBC is unchanged from the initial year.
 - There was no update on Student Government Association (SGA) governance issues.
 - There was a discussion on several structural issues involving the relationship between

the committee and the other bodies constituting shared governance at the University.

- The point was made that the UBC was not intended as an entity dispensing guidance independent of the senates, SGA, and GSC, which are the principal advisory bodies. In light of the ambiguity of the committee's charter, in the view of several committee members, and a need for structures and procedures for coordination between the committee and advisory bodies, the committee operated without the desired level of engagement with the rest of the shared governance structures. Many causes contributed to this outcome, some unique to the 2012-13 academic year, but it was generally agreed that structure and processes for the committee's work will require attention in the coming year.
- Several possibilities for changing the committee's structure were discussed, with none adopted or forwarded to the GSC.
 - The issue of ex officio members being associated with actions by or communications from the committee while having no vote on such actions or communications was put to the ex officio members. All ex officio members maintained that their role was appropriately to guide and inform committee proceedings rather than to cast votes on matters.
 - The idea of increasing faculty representation on the committee raised the concern of perceived dilution of the input from other shared governance constituencies.
 - The idea of creating an odd number of voting committee members to avoid future deadlocks was countered by the perspective that the proper path for such a committee is through consensus building, so that matters can be decided unanimously or nearly unanimously.
 - A concern was raised about the lack of proper preparation for votes, with members having uneven levels of information about matters. The practice by some boards/committees of predicating voting privileges on required attendance levels was brought to the committee's attention.
 - Another suggestion was that meeting procedures and minutes of the proceedings should be more formalized, with explicit designation of motions and identification of votes.
 - Ultimately, it was concluded that the committee is unable to change its structure, so restructuring and redirecting the committee will depend on the senates, SGA, and GSC.

IV. Information posted on budget-related websites addressed:

- The committee requested that comparisons of newly budgeted amounts vs. actual spending, as well as year-over-year comparisons of budgeted and actual amounts be provided by the usual breakouts (division, NACUBO) in tabular and graphical (e.g., pie chart) formats. The A&F representatives indicated that division-level comparisons had to await the closing of the 2013 fiscal year, which currently is pending USM-initiated adjustments, such as those reflecting final fringe benefit computations.

V. FY2014 operating budget development discussed:

- Reports were distributed detailing changes in revenues and expenditures for FY2014.

- These reports had been posted on the MyUB portal on June 26, after a message from the President on June 25 summarizing FY14 budget changes.
- The committee noted the increase in projected revenue above the previous estimate. The point was also noted that the projected revenue figure for tuition was dependent on enrollment, not only the overall headcount, but the specific distribution. To illustrate, losing an enrollment in the School of Law requires roughly four additional freshmen to be enrolled to make up the lost revenue.
- A&F representatives answered several inquiries about individual items. The increased mandatory expenditure on “MDREN” came from State charges for the University’s communication links, including Internet and “T1” lines.
- The committee discussed the decrease in funding for the Merrick School of Business and the virtually unchanged funding for the School of Law, both due to pressure on enrollments. Selected faculty lines have been added in MSB, as well as some replacement hires, but were exceeded by recently retiring faculty.
- The committee noted the increase in funding for marketing by \$150,000. Also, there was an extra position created for director of college communications, to be shared between the College of Arts and Sciences and the College of Public Affairs.
 - The person whose position has been shared between the two colleges—25 percent each—and University Relations will now be fully assigned rather than 50 percent allocated to University Relations, resulting in 2 full-time communications positions in FY2014, a net gain of the CAS-CPA (1) position. The School of Law and Merrick School of Business each have had a full-time position for communication and outreach.
 - The recommendation was made that the UFS request a presentation by the VP for Planning and External Affairs to discuss the plans for use of the increased resources for marketing.
- Explanations about the amounts available as contingencies for unanticipated spending needs or revenue shortfalls addressed the explicit \$600,000 reserve, as well as other categories of planned expenditure that might be drawn upon if needed. The SVP A&F indicated that the explicitly designated reserve amount for contingencies should be four times as large, or roughly two percent of total spending, to provide for the level of uncertainty in the budget projections.
 - Also available to meet a contingency is \$200,000 reserved within the President’s Office, one portion of which is for continuing education. That allocation is pending a spending plan for this requirement, which is expected to be directed toward on-line instruction, courses at Shady Grove, summer school, or other venues suited to continuing education. Another portion of the \$200,000 reserved within the President’s Office is designated for a Career/Professional Development Center.
 - The funding designated for new faculty lines also represents a source of potential contingency reserves, since newly hired faculty will not begin until the next academic year. In some cases, advertising for the positions will not occur until significantly later in the year.
 - Adding the formal contingency reserve to the above amounts—not yet associated with firm spending plans during FY14—totals \$1.5 million.

VI. Budget process, including strategies and tactics, discussed:

- The timing and purpose of advisory input to the budget process was discussed.
 - The SVP A&F indicated that the appropriate timing of input depended on the level of detail needed for the input.
 - For strategic-level input, there was no constraint on the time when input could be usefully provided: the earlier, the better.
 - For more specific input, at the level of priorities designated by various constituencies, the committee was reminded that the initial budgetary input to the USM, including a staffing model, was due in October. But another opportunity for revising the input comes in December, when tuition estimates affecting the budget are reconsidered and the October estimates are revisited based on revised tuition and fee projections and other new information developed in the interim.
 - Given the schedule above, the period following the Winter break provides the best opportunity to ascertain the priorities of the various constituencies. The challenge is that the deans and other division heads will be formulating their budgetary priorities at the same time. The coordination necessary to maintain correspondence between advisory and administrative procedures, so that the budgetary priorities representing the same constituencies do not compete or conflict, poses a challenge for the committee as well as for shared governance groups generally.
 - If the committee intends to play a role following the submission of supplemental requests, the schedule will be a bit more accommodating for the FY15 budget, due to a number of factors that pushed the FY14 requests later than anticipated by a few weeks. But the tight window between supplemental requests and executive-level decision making on the budget will continue to pose challenges for an advisory body to play a useful role during that time period.
 - Linkages between the budget process and strategic planning documents were discussed.
 - The importance for the budget process of having a manageable number of objectives was stressed. The strategic plan, as currently drafted, sets high-level goals, which are difficult for the budget process to target.
 - The Provost indicated that a small number of objectives linked to each major goal will help to make the strategic plan more actionable.
 - The SVP A&F urged the formulation of multi-year plans, which would be consistent with the strategic plan, but geared toward implementation and, therefore, more conducive to specific actions and investments that support the process of budgeting.
 - The committee discussed the necessity of developing a work plan tied to the points, suggested above, when the budget process is amenable to advisory input.

- The advisability of a stewardship emphasis was discussed, as a means of budgeted funds being conserved rather than spent, when less costly alternatives can be found or expenditures avoided entirely.
 - o The process of taking advantage of conserved funds was explained by A&F representatives as complicated. Funds unspent at the end of the fiscal year are retained in fund balances, which function, in effect, as a “savings account,” to which the University lacks the ready access that current-year appropriations and tuition and fee revenues provide.
 - Discussion addressed the responsibility of management for controlling spending as the primary source of operational thrift. However, personal initiative was argued to represent another source of stewardship. For example, travelers on University business can minimize their requests.
 - Another example of voluntary cost control presented to the group was for instructors to raise enrollment caps, which ultimately could reduce the number of sections required to teach the same number of students.
 - Members remarked on the difficulty in higher education of operating through rigid rules to enforce cost control.
 - The suggestion was offered of developing lists of agreed-upon local priorities, so that funds saved might be redirected toward recognized and valued purposes, thereby incentivizing the stewardship behavior.
 - The referral of this issue to the governance bodies, especially the UFS, was agreed upon as the next step in building consciousness of the role, if any, for stewardship in improving the University’s fiscal situation.

VII. Addition of non-committee members to the proprietary (“T:”) drive considered:

- Adding “T:” drive access beyond the committee membership, for example, for GSC members, was discussed, but a formal motion was not made. Expansion of the access beyond the committee was discouraged by several members, who pointed out that the working documents, which populate the committee’s proprietary storage, would be inappropriate for external consumption. It was suggested that the committee follow the example of the President’s University Budget Task Force, which maintained similarly proprietary storage for working documents and data.

VIII. The next meeting date will be determined through an email query of members’ availability for potential meeting dates in late August and early September.

IX. The meeting adjourned at 11:57 am.