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# Administration's Response to Budget Questions

USM Faculty Senate

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## Questions from Faculty Senate for Meeting on July 27, 2009

### **1. How are the criteria set out by APG being followed in evaluating programs?**

The APG has drawn on a number of sources in the development of the central criteria for program evaluation, most notably the work of Robert Dickson entitled *Prioritizing Academic Programs and Services*. Two chapters from that book are on electronic reserve through Cook Library under the course APG100.

As the committee begins its intensive work on prioritizing programs, it will rely on the set of criteria it developed last April. For academic programs, these include Centrality to Core Curriculum & University Mission, Enrollment & Degree Production, Scholarly Productivity (including publications, grants, creative works, etc.), Cost Analysis (based on costs, tuition and fee revenues, return on grants, etc.), Uniqueness/History, Future Prospects, and Overall Quality of Program. The APG will consider these and other dimensions of a program while developing its recommendations to the President and Executive Cabinet.

### **2. Will the same criteria be used when looking at the dismissal of areas that aren't considered programs?**

With the assumption that the question refers to non-degree granting and academic support units that report to the Office of the Provost, the answer is a qualified 'yes.' Qualified in that a similar set of criteria for such units is phased in support terminology. Those criteria at present include Contribution to Enrollment & Degree Production, Contribution to Research Mission, Breadth/ Magnitude of Services, Centrality to Univ. Mission/ Strategic Planning, Cost Analysis, Essentiality/Uniqueness/ History, Efficiency of delivery, Univ. Assessment Report, Quality of Program, & Outsourcing Potential.

### **3. Why the secrecy behind APG activities? Where is the transparency?**

The APG has not operated in secrecy. Since its reorientation in January, there have been regular weekly meetings and the notes on those meetings through mid July have now been posted. As noted below, the Provost has also provided updates to the Faculty Senate.

Because of the preliminary nature of its discussions and the sensitiveness of the information being considered, the APG believes it is showing appropriate discretion in the amount of detail being provided in the meeting notes.

**4. Why isn't the budget situation at USM being publicized to the community?**

The Provost has made regular reports to the Faculty Senate on the budget situation, beginning in particular with the November 7 meeting. The Senate minutes for the April meeting indicate that he mentioned at that point the possibility of program eliminations.

Only at its July 7, 2009 meeting did the APG learn of the latest budget picture from Chief Financial Officer Joe Morgan, and at a July 14 work session committee members developed the request for a deep-cut scenario from the colleges and academic support units so that the APG would have a greater understanding of priorities of those units.

The community has been informed of the budget situation at USM through several recent articles in the Hattiesburg American and an interview with the Provost on WDAM.

**5. Will the final, compiled list be released before cuts are made?**

A compiled list of cuts will be made public, though it is undecided at this point as to the timing and order of events. In the event program elimination or reductions lead to cuts in faculty, it is IHL Board Policy that faculty affected by such cuts be informed by September 1. These programs and faculty will have the opportunity to present a counter argument to the APG before the finalization of any cuts; such a presentation, however, may well have to take place after the September 1 deadline. Cuts would be revocable up to June 30, 2010.

**6. Will the ranked items sent from all colleges be kept in that order when being compiled into the final list?**

Once it has received and reviewed the prioritized lists from all the colleges and other units reporting to the Office of the Provost, the Academic Planning Group will generate a broader, collective list, with the intention of keeping any one unit's priorities in the same relative order in which there were received. However, it is quite feasible that a unit's first suggested cut could appear far down on a final list from the APG.

**7. Don't programs have to be deleted by IHL? If they are deleted, then is there no possibility of getting it back?**

Yes, any deletion of academic programs would have to be approved by the IHL. Likewise, any proposal to reactivate a program would have to have IHL approval. There is at least one USM degree program that has had a history of being deleted and then reinstated.

**8. If a program is on the list, how should that program operate over the coming year? Should the department accept new majors?**

Should the Executive Cabinet decide to cut a degree program, every effort should be made to serve the students in the program to complete that program or transition to another program. New majors should not be accepted into a program slotted for termination.

**9. How many terminal contracts does the university estimate distributing?**

It is unclear at this time how many terminal contracts might be issued to faculty. Once the APG has reviewed the deep cut scenarios from the colleges and academic support units, it can develop such an estimation.

**10. Why are we going for the doomsday prediction of \$10-11 million? Why not go for half now and half next year? Why are we expecting the worst case scenario?**

We are currently operating in the FY2010 budget which includes \$7.3M of federal stimulus funds. We know these funds will not be available in FY2011 and beyond. In addition, we have been put on notice by IHL to prepare for a mid-year budget cut which we've been told will likely be 5%, or approximately \$4.5M. This will be a permanent cut and therefore we feel the necessity to prepare for expenditure cuts to the FY 2011 budget totaling \$11.8M. These are real numbers provided by IHL.

**11. If we ask for all of these cuts now, won't the IHL board see this as a way of getting more money than necessary?**

The University's budget is set based on IHL's funding formula.

**12. How come Ole Miss and MSU aren't going through the same budget issues?**

MSU and Ole Miss are currently preparing budget scenarios that are due to their Provosts by end of this week.

**13. If the USM administration sees this as a budget emergency, how come IHL hasn't declared it as such?**

The cuts are a direct result of the estimated funding from the IHL. I would encourage you to look at the Board minutes and review the discussions therein.

**14. How come the APG is not using the AAUP handbook while working on these budget cuts?**

The urgency of potential program and faculty cuts for fiscal year 2011 has emerged relatively recently. That said, the guidelines developed by the AAUP for financial issues (see in particular the documents linked from <http://www.aaup.org/aaup/financial/mainpage.htm> ) will continue to be referenced in this process. Faculty involvement in the APG deliberations is essential. The subcommittee of the APG that is reviewing the academic and academic support units includes two representatives each from the Faculty Senate, the Academic Council, and the Graduate Council, with a representative from the Council of Chairs.

**15. What is the total operating budget of USM? How much of that budget do we get from the state?**

The total operating budget of the University is \$181.6M, of which \$90.6M is provided in a State appropriation.

**16. How come the administration has not been more vocal with the University about the budget issues?**

President Saunders' address to the campus in February, to the Faculty Senate in June and her letter to the campus in July outlined concerns over the budget. The work of the APG is ongoing and a final recommendation has not been submitted.

**17. How can the faculty/staff feel secure in the deep cut exercise outcomes when the colleges were only given three days to prepare?**

Actually, the colleges have been aware of the need to trim budgets for much longer than that. The original APG (with at least one dean on it) was formed almost a year ago to look at the cost and enrollment of academic programs. This current version of the APG began talking with deans last March about the possibility of long-term funding cuts and had them submit lists of academic programs that could be scrutinized for efficiency possibilities at that time. It was not until June, however, when it became apparent that there would be no tuition increase for this year, and July, when the specifics of the stimulus funding were clarified, that specific monetary targets could be identified.

**18. Where is the \$2 million contingency fund that has existed with past administrations?**

The contingency funds should never be used for planned budget cuts. Contingencies must be available during the fiscal year for unplanned financial

events including unforeseen expenditures, shortfalls in revenue projection, short-term coverage of over-expended budgets, and any other financial need which had not been previously budgeted. It would be fiscally irresponsible to operate without a contingency, and \$2M (1%) is the minimum amount we must maintain.

**19. Dr. von Herrman is going to take a 10% salary cut. Are other deans and administrators looking to do the same thing?**

Individual, isolated pay cuts will do very little to resolve our financial problems. If anything, our problem is that we pay faculty, staff, and administrators too little rather than too much. However, if a collective decision is made to reduce salaries for certain levels of administrators (or for certain pay levels of faculty and staff), then this will be applied to all eligible individuals. This is a decision that the President and Executive Cabinet will have to make; it is not part of the budget cuts being considered by the APG.

**20. How come a detailed account of APG meetings is not being posted online? The meeting summaries are extremely vague and often not helpful.**

The minutes of the APG that have been posted have been general for two reasons. (1) Up until recently, the discussion has been general. It is only within the last month that specific dollar figures and specific programs have been proposed for inclusion of a list of possible budget cuts. The meeting summaries have accurately reflected the discussion up to July 1. (2) The focus of the APG has been on generation of a list of recommended **POSSIBLE** budget cuts. The time for discussion of this list is after it's a reality. To post all of the cost cutting measures that could conceivably be included on such a list would be anxiety provoking and counter-productive. APG won't know what's on the list until the list is developed.

**21. How is the administration going to determine if deans are putting programs on the chopping block b/c they may not value the departments (not that the dept has no value)? How will it be determined if the APG and this process is being used to unfairly eliminate programs or areas?**

The original APG collected a great deal of data on cost, revenue, and enrollment of academic programs that is being referred to constantly in discussions of programs. Additionally, there is at least one faculty member from each college on the committee, including many individuals with many years of service at USM. They are frequently able to offer a perspective on programs different from the Dean's.

**22. When APG is discussing certain colleges, how come they aren't open to people from those colleges?**

These are working meetings, much like tenure and promotion committee meetings, CAC, or UAC meetings. It would make the work difficult if the meetings were open to all individuals from programs being discussed. It is worth noting that the Deans from each college are involved in the discussion of programs in their colleges.

**23. Is the APG willing to slow down the process a little or do they just want to move forward at the current fast pace?**

Unfortunately, the University is facing a deadline of September 1, 2009 in terms of notifying tenure-track faculty that their contracts might not be renewed after this coming year. This means that the APG needs to get its recommendation in front of the Executive Cabinet in time for them to consider them before September 1, 2009. Once such faculty have been notified, there is still time to discuss alternatives to such faculty terminations, as well as the other programmatic reductions that might be recommended. Even after the budget reduction list is approved by the President and Executive Cabinet, circumstances might change that would relieve us of the necessity of making the recommended cuts. Such circumstances could include quicker than predicted recovery of the economy, an adequate tuition increase approved by IHL, an increase in state appropriations, a significant increase in enrollment, a significant increase in private giving, etc.

**24. How come furloughs, pay cuts, and a total freeze on hiring have not been considered?**

They are also under consideration, although we are reluctant to impose them on an already underpaid campus community.

**25. How can APG deal with these proposals and compile a list in less than a week? How is this a good process?**

(See #17) The APG has actually been working on this issue for almost a year. Although the specific monetary targets have only been set recently, the background consideration of budget cuts has been a lengthy and carefully considered process.

**26. How are the faculty to know that the programs that are to be cut are solely based on the lack of interest/value in the program and not just a way for the deans to eliminate certain faculty members?**

(See #21) The original APG collected a great deal of data on cost, revenue, and enrollment of academic programs that is being referred to constantly in

discussions of programs. Additionally, there is at least one faculty member from each college on the committee, including many individuals with many years of service at USM. They are frequently able to offer a perspective on programs different from the Dean's.

**27. Did the administration go into this process with an eye to cut specific programs?**

No

**28. How come the academic side of cuts has to be put out there a year in advance when non-academic cuts are not being put out there?**

USM and IHL guidelines require that most tenured and tenure track faculty be notified by September 1 if their current contract is going to a terminal one. Therefore, if we are to consider eliminating any academic programs and their personnel, that recommendation has to be made by September 1. It's impossible to consider such cuts in isolation from other possible cuts in Academic Affairs, so the entire list of recommended cuts from Academic Affairs has to be generated this early. The other divisions are not under such a deadline.

**29. How come the administration hasn't been focusing more on growing resources instead of cutting?**

We have been. The strategic enrollment management group has been working for almost two years to improve retention. The work of that group can be viewed on the website and has been discussed at recent campus meetings. University Advancement has increased the number of private dollars raised by 175 percent ....and Research and Economic Development has yielded almost \$75 million in competitive grants, with 38 more submitted projects over last year and 15 more funded projects over last year resulted in an increased of \$313,157 in F&A costs.

**30. Can we have more frequent meetings about APG, the budget? Why hasn't a meeting been called earlier by the administration?**

Yes, we can meet more often.

**31. How is APG using the criteria to judge the programs? Programs can be better prepared if they know how the criteria will be used.**

The Deans were asked to consider a number of criteria in listing programs for possible inclusion on the list for reduction. These include the costs of the program, space and facilities required, sponsored program revenue, enrollment (both credit hours and majors), number of graduates, academic reputation within

and without the state, retention of faculty, uniqueness within the university, state, and region, history at USM, and relationship to the University's core mission and strategic initiatives. The APG considers these same variables in their assessment of programs.

**32. Are the president and the provost aware of the positions that they put the APG, faculty senate in by going through this process? If things go bad, will the administration take responsibility or will the blame be placed on the APG?**

Shared governance implies shared responsibility. No one has been forced to participate in the process.