



EXECUTIVE VICE PRESIDENT AND PROVOST

TO: University Senate Fiscal Committee

FROM: Barbara R. Snyder *barbara*
Executive Vice President and Provost

William J. Shkurti *Bill*
Senior Vice President for Business and Finance

DATE: October 24, 2006

RE: Advice on fiscal matters related to undergraduate education reform, doctoral funding, and budget model analyses in the context of rebasing and buffering

Our reform of undergraduate education and funding doctoral programs based upon quality are efforts to achieve the goal of the Academic Plan to position our university as the premier teaching and research land-grant university in the nation. The purpose of this memo is to provide information about our views and actions related to some of the recommendations, advice and information that you provided during the previous academic year and will provide during this academic year.

Our November 15, 2005, document for the University Senate Fiscal Committee was “created to lay out timing, process and substance issues involving the financial implications of major strategic academic initiatives over the next three years.” This memorandum updates that November document so that you can provide “recommendations to the President and Provost on how to best align these initiatives with each other and with the University’s academic goals.”

Undergraduate Education Reform. As you know, you convened a subcommittee of Senate Fiscal to provide initial information regarding the major fiscal implication for the reduction in the total credit hours to graduate from 191 to 180. That committee identified the potential fiscal impact, considered possible approaches for remediation of such fiscal effects, and concluded there were adequate opportunities to overcome the fiscal implications of this aspect of the reform of undergraduate education. Consequently, the governance process to consider and approve the reform of undergraduate education has continued.

This ad hoc committee will be reengaged to consider the college level fiscal implications of the reform of undergraduate education as more specific details are recommended. Those specifics include such questions as: In the first year, does the new curriculum apply only to new freshman? What is the distribution of credit hours in a major between “GEC” and “elective”

courses? What is the likely approach to implementing and considering the pilots for the “clusters”? What are the likely needs by the registrar to implement the reforms and are there implications for print and web materials? What are the implications associated with special training for counselors?

There may be enrollment shifts in undergraduate enrollments among colleges that will significantly affect a particular college’s budget. In such cases, the Provost’s cash enrollment reserve and an additional \$3 million in Provost’s discretionary cash has been set aside to provide short-term buffering of significant shifts in fee revenues.

Funding Doctoral Program Quality. The institution committed itself to aligning resources with doctoral program quality upon implementation of the budget model in 2001. Too many years have passed since our commitment to make this transition. Steps undertaken in recent years to set the stage for this transition were the recommendations by the Freeman and Beck Committees. More recently, you have convened an ad hoc committee, with representatives from the Freeman and Beck Committees, to provide several models to be considered to fund doctoral education based upon quality. We look forward to receipt of the Senate Fiscal Committee’s recommendations. Following receipt of those recommendations we will secure input from the Council of Deans, and others as appropriate, as the Graduate School works to implement the adopted changes. If the final quality allocation methodology has a disproportional impact on a college, the Provost’s cash reserves are available to provide short-term buffering to allow the college to phase in reductions in college commitments.

Budget Model Analysis. Upon implementation of the budget model, a commitment was made to analyze the budget model after five years. The first step on the analysis of the budget model was reported in March 2004 the Ad Hoc Budget Restructuring Review Committee and the University Senate Fiscal Committee that was chaired by Professor Richard Gunther.

More recently, an ad hoc and expanded subcommittee of Senate Fiscal was convened to provide advice regarding several issues associated with the budget model. This committee is charged to provide advice regarding subsidy, fee, and research support allocations (including indirect cost recovery, research administration, and plant operations and maintenance allocations). We will look forward to receipt of your advice and recommendations, perhaps sequentially as you consider each allocation, after which we will consult with other groups as appropriate as adjustments to the model are considered. We hope to be able to implement changes for FY-2008 so receipt of the recommendations endorsed by Senate Fiscal by mid- to late-winter quarter will be helpful. Following receipt of those recommendations we will secure input from the Council of Deans and others as appropriate.

Rebasing. Upon implementation of the budget model following analysis of college budgets in the context of the Academic Plan, the budgets of some of the colleges were identified for rebasing. Fiscal year 2007 was the final year of the rebasing process.

Last year, the Senate Fiscal Committee forwarded to the Provost an analysis of sources and uses by college. The committee looked at the college sources using both a weighted and unweighted allocation of undergraduate fees among the colleges. We will use this information to inform the

Provost's review of college funding levels to determine whether another round of rebasing is required to keep college funding levels in line with the Academic Plan's priorities.

Other considerations in the rebasing analysis will be the impact of changes recommended to implement funding doctoral programs based upon quality and the impact of the undergraduate education reform. Senior leadership and the Council of Deans will be consulted as appropriate to assess the effects of these changes on the college's fiscal base and to consider remediation where appropriate.

C: Karen A. Holbrook, President
Senate Leaders
College Deans
School Directors and Department Chairs
Vice Provosts
Lee Walker, Director, Office of Resource Planning