

Minutes*

Faculty Consultative Committee
Thursday, December 22, 2011
1:00 – 4:00
238A Morrill Hall

- Present: Chris Cramer (chair), Linda Bearinger, Avner Ben-Ner, Peter Bitterman, Elizabeth Boyle, Thomas Brothen, Carol Chomsky, Walt Jacobs, Russell Luepker, Jan McCulloch, James Pacala, George Sheets, Richard Ziegler
- Absent: Colin Campbell, Caroline Hayes, Nancy Ehlke, Janet Ericksen, Elaine Tyler May, Kathryn VandenBosch
- Guests: Vice Provost Robert McMaster (Office of Undergraduate Education), Professor Fred Morrison, Vice President Richard Pfutzenreuter, Julie Tonneson (Office of Budget and Finance); Professor Nita Krevans (chair, graduate education policy review committee); Diana Harvey, Matt Sumera (University Relations)
- Other: Jon Steadland (Office of the President)

[In these minutes: (1) the budget model and related issues; (2) new graduate-education policies; (3) faculty impact and productivity]

1. The Budget Model and Many Related Issues

Professor Cramer convened the meeting at 2:00 and welcomed Vice Provost McMaster, Professor Morrison, Vice President Pfutzenreuter, and Ms. Tonneson to discuss the University's budget model and a number of related issues. He noted that the Committee had received copies of a memo to Provost Sullivan about the University's budget model; the memo had been prepared by three visitors (outside consultants) who came to campus in June, 2010 for a two-day visit.

Mr. Pfutzenreuter explained that the reason for the invitation to the outside consultants was because there were (are) a number of people who felt that parts of the budget model needed technical changes and many were asking questions about it. He and Provost Sullivan decided to bring in outsiders, wise financial people from peer institutions, and the three consultants did a "listening tour" on campus and then provided advice. There has also been the Budget Model Advisory Group (BMAG), on which Professors Luepker and Morrison serve, which has helped in making changes to the budget model.

Ms. Tonneson reviewed the technical changes that have been made to the budget model (as well as some changes that have not been made). [The points she covered are contained in the summary appended to these minutes.] Committee members and Ms. Tonneson conversed about the nature and implications of some of the technical changes.

Mr. Pfutzenreuter said that putting financial aid in a separate cost pool was more than just a technical change but said the purpose for doing so was to make that cost more transparent. He also

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions, or actions reported in these minutes represents the views of, nor are they binding on, the Senate, the Administration, or the Board of Regents.

reported that they debated whether some of the technical changes actually provided incentives or disincentives but made the changes because there was the PERCEPTION that there were incentives or disincentives.

After the support-unit budgets are set in the fall, and the President has approved them, Mr. Pfutzenreuter told the Committee, the academic budgets are set; they will know the projected tuition revenue, the cost-pool charges, and state funding (which is held by the administration and distributed to the units). State funding is like spackle, then, Professor Cramer commented. There have been suggestions over the years that the state funds be distributed formulaically, Mr. Pfutzenreuter said, but that has not been done and it is difficult to do so when the numbers are not stable (e.g., they have gone from \$702 million in FY09 to \$543 million in FY12).

In response to a question about evaluation of Facilities Management, Professor Morrison provided a broader view of the budget model. It was introduced because there were so many hidden subsidies in the old model; the new model would make costs more transparent. Before the new budget model, all utilities and space costs were paid by central administration and there was no encouragement to units to be economical. By distributing costs, the budget model creates an incentive system and also provides information about program costs. Professor Luepker pointed out that the Committee on Finance and Planning regularly looks at Facilities Management and hears reports on efficiency. Facilities Management has been as forthcoming as any unit in the University.

Ms. Tonneson noted that the BMAG did not choose to recommend any changes in the tuition-attribution formula (75% to the unit offering the instruction, 25% to the unit of the student's enrollment). [See the discussion in the appendix for a brief discussion of the rationale.] The BMAG discussed whether the formula is a disincentive for interdisciplinary instruction and concluded there should be no change but suggested there be best practices. It also concluded the budget model should be kept at the level of the college, not the department.

Professor Cramer, noting that he had invited Vice Provost McMaster to the meeting, observed that tuition comes up again and again with respect to mission creep. Colleges see the formula for the allocation of tuition as an incentive to recruit ("harvest") students who are not in their college to take courses in it. There are egregious cases, he noted, where curriculum offerings go well outside traditional boundaries to encroach on areas being taught, and taught traditionally, by other colleges. The budget model is on the agenda because it could inspire curricular changes and liberal-education course offerings. One question of concern to the Committee is the degree to which the budget model influences curricular decisions. Mr. Pfutzenreuter commented that that is not a problem the finance people would see as something for the budget model to solve; that is an academic decision about enforcement (with respect to "poaching").

Professor McCulloch said she thought liberal-education courses were to provide a student experience and were not to be tuition-driven. So the question, Professor Cramer said, is the extent to which faculty are pressured to change a course so it qualifies as a liberal-education course expecting that it will attract more students—and thus tuition revenue.

Professor Jacobs noted that he is both a department chair and a member of the Council on Liberal Education (CLE) and said that there are pressures to offer more liberal-education courses. CLE receives many proposals; some are good, some are bad, some a department may decide should not be liberal-education courses, and for some the departments keep on trying to make them qualify. There are

pressures, he repeated, and there are two ways to change the system: One, make the system as designed work better (for example, say that there will be X000 seats each year in one of the core requirements and put out a call for course proposals, from which CLE will select those to be approved), or two, increase enforcement (many departments have a system in place to receive approval for liberal-education courses but in some cases CLE is concerned whether the courses are being taught as proposed).

Vice Provost McMaster provided the Committee with a matrix indicating the number of courses and seats available per semester for each of the liberal education core and theme requirements. He also provided a list of all the undergraduate majors on the Twin Cities campus and how students can fulfill some of the liberal-education requirements in their major. The College of Biological Sciences, for example, has no courses that meet theme requirements. Ideally they would like to see some themes and core courses in all majors.

Professor Pacala inquired why it is desirable for students to meet theme and core requirements within the major. Not all of them, but some of them, Dr. McMaster replied.

Is there a budget-model issue he would like to tease out, Professor Cramer asked Dr. McMaster? There is a financial aspect to the courses, to increase enrollment, Professor Jacobs pointed out. But it is not a problem for the financial side of the house, Mr. Pfutzenreuter added; there have been egregious examples of poaching, generating enrollment purely for the purpose of raising revenue. In his view, the senior academic officers should decide whether courses will be allowed—are they legitimate liberal-education (or other) courses or are they being offered simply to "grab revenue"? His office is not in the academic business, they just hear about the problems.

Professor Morrison observed that student tuition revenue is apportioned on the basis that 75% goes to the unit offering the instruction and 25% goes to the dean's office for advising and other expenses associated with having the student enrolled in the college. That is the point at which the budget model stops and it is probably a reasonably fair approximation of costs. He agreed with Vice President Pfutzenreuter that the problem of "poaching" is one outside the budget model. If the College of Biological Sciences wants to teach French, that is not a budget-model problem.

Professor Ben-Ner agreed that there are two separate variables involved, the 75%-25% split and the decision about who can teach (for example) French. He asked if there had been a sensitivity analysis of what would happen if the 25% were changed to 35%. And what would happen if every unit were allowed to teach French? The problem is that there are no data for the latter option, but there probably are data to analyze the 25% versus some other number. Ms. Tonneson said the model has used 25% since 1998 but they have not analyzed other options nor have they perceived any groundswell for change. The rates can be negotiated between colleges. They have looked at the practices at peer institutions and concluded that there is no right answer for the formula. (Michigan originally adopted 25-75, moved to 50-50, and then moved to 75-25, so it now uses the same formula that Minnesota does). The system is intended to drive revenue maximization and has led to positive changes in a number of ways, but they knew there would be disincentives in the system (such as the reasons for offering courses) that would have to be managed.

Professor Ben-Ner is incorrect on one point, Professor Cramer said, in the sense that there ARE data for universities where every college is allowed to teach any course. When he was on sabbatical in Spain, the academic system there (and in many European countries) has students take ALL of their courses from their college of enrollment (generally called "faculties" as opposed to "colleges" in Europe).

And, if that means that eight different faculties are teaching calculus, or statistics, or French, or whatever, they do exactly that. It's a model with very clear cost/revenue relationships, but probably misses out on efficiencies associated with common instruction across colleges.

Professor Morrison said that there are courses in Law and XXXX (e.g., "Law and Society," "Law and Engineering"). It is better that the Law School not teach those courses because it does not have the expertise in, for example, Civil Engineering, so it has stayed out of the business of trying to teach courses where it lacks expertise.

Professor Sheets offered a real-world example. His department, 20 years ago, offered a suite of perennially popular courses in technical terminology based on Greek and Latin word roots. These courses were taken primarily by students in the health sciences and provided dependable means of funding one or two graduate students in classics. Then Nursing and the Medical School instituted their own courses in the same subject matter, which eroded—asphyxiated—the enrollment in the technical terminology courses offered by Classics. Now they are no longer offered. In fact they no longer exist. Presumably the motivation for Nursing and the Medical School to develop their own curriculum in this area was not the quality of the courses but the generation of revenue. So this is a problem that goes beyond liberal-education courses to general education courses, which are a crucial revenue-producer for the humanities and which support more specialized courses in humanities disciplines.

Professor Bearinger said that the focus of the discussion has been on undergraduate courses but the issue is pertinent to graduate education as well. One of her courses was changed from being a cross-listed course to one only offered under her School's course number because it would generate more income if it was not cross-listed, and she lost the interdisciplinary mix of students she had when it was cross-listed. Financial decisions are directly affecting academic decisions.

Vice President Pfutzenreuter recalled that he was party to discussions about this same problem in 1996 and 1997, before the budget model was adopted. The assumption, when they adopted the budget model, was that these decisions would be regulated. Former Senior Vice President Cerra said that courses would be watched, Professor Bearinger recalled.

Professor Luepker said he was on the committee in 1998 that looked at courses being offered and it was not a problem then. It has become a problem over time, however, but no matter which budget model the University uses, there will be perverse incentives. Mr. Pfutzenreuter and Ms. Tonneson are correct, Professor Luepker said: This is not a financial issue, it is an academic issue, and it needs to be controlled or more siloes will be built to hold students.

Committee members noted again that there can be negotiations between colleges for different rates of tuition allocation for a course, which can support interdisciplinary courses, and Ms. Tonneson reported that there are quite a few such side agreements.

Mr. Pfutzenreuter next commented on the cost pools. There will be overall increases because what drives increases are compensation (the projected budget assumes a 2.5% increase), financial aid needs (the University has significantly increased its number of National Merit Scholars), and utilities (which look good right now). There is no plan for reallocation next year, so any increases will be driven primarily by compensation and financial aid; the other elements will not change much. Next year will be a stable budget year, Mr. Pfutzenreuter said, but after that it's "back in the soup."

Professor Cramer thanked Professor Morrison, Vice President Pfitzenreuter, and Ms. Tonneson for joining the meeting. He then turned to Vice Provost McMaster to continue the discussion of liberal-education courses.

Dr. McMaster reported that CLE is starting a re-evaluation of courses to determine if they are delivering what was promised. The campus will be re-accredited in 2015, so it must be ready in 2014, and one part of the assessment will be the Student Learning Outcomes approved by the Faculty Senate for the Twin Cities campus. So a huge project looms, he said, and they want to be sure that the liberal-education courses are doing what is intended, and a regular assessment is a good idea.

What they have found is that most liberal-education courses are meant to be taught by regular faculty—but a high percentage are not, Dr. McMaster said, so they are accumulating information college by college. This is a troubling issue because it was the intent that these courses would be taught by regular faculty members.

Professor Bitterman asked about feedback; perhaps students have found a phenomenal history of science course in Biology that a department has been encouraged to put forward for the matrix of core and theme courses. They do not have a student-feedback mechanism, Dr. McMaster said; this process is faculty-driven.

Professor McCulloch alluded to the possibility that there could be separate teaching awards for faculty and P&A instructors and wondered about the rationale that only regular faculty should teach liberal-education courses. Not "only" regular faculty, Vice Provost McMaster responded; a unit can make a case for someone other than a regular faculty member teaching a course. But the argument for the liberal-education courses is that the very best faculty members are teaching them; they do not want to see 75% of them taught by non-regular faculty. One can discuss the appropriate ratio but he would maintain that the majority should be taught by regular faculty members, in line with the principles enunciated by the Faculty Senate.

It may be that the very best person to teach a course is a P&A staff member, Professor McCulloch pointed out. Then that person should teach it, Dr. McMaster said. But a TA teaching a course screams "revenue production," Professor Cramer commented. Professor McCulloch agreed but said that the very best person teaching a course, someone who could affect students' lives, may not be a regular faculty member. Professor Jacobs reported that during the drafting of the new liberal-education requirements, he made the case that graduate students can be among the best ones to teach a course, but he lost that argument. Professor Luepker said he worried about non-regular faculty teaching liberal-education courses. How did the tenured faculty get tenure? The University promotes and tenures people because they are supposed to have outstanding teaching ability. That was the idea behind the CLE requirement, Dr. McMaster agreed.

One competitive advantage of the University is that it screens carefully for granting tenure, Professor Ben-Ner observed. But one problem with requiring that regular faculty members teach liberal-education or large-enrollment courses is that they are then less available to teach special-topics courses, Professor Jacobs said. Professor Beringer said, however, that one strength of the University is that faculty are teaching and grading courses, rather than graduate students, as Dr. McMaster described. And for every story of a graduate student who could be a terrific teacher, Professor Cramer said, there are probably a lot more stories about such students who would not be. It is an institutional judgment that there are too many potential problems with graduate students teaching liberal-education courses, even

though there may be individual cases where they would be excellent. He said he understands why the line is drawn where it is and that it is better to have the line be across the board, with occasional exceptions granted.

There are cases when CLE has approved a graduate student teaching a liberal-education course, as long as the student was closely monitored by a faculty member, Dr. McMaster said. There have been one or two such cases, and they will now assess the results.

Liberal-education courses should be taught by those who are proven great teachers, Professor Jacobs said, but now there is pressure to get as many courses as possible certified as liberal-education courses in order to generate tuition revenue.

The broader problem is that the vision should be that this is a university where the best courses are taught, but it is moving to teaching courses that instead make the most money, Professor Cramer said.

If the campus is to have an accreditation review in 2015, cannot the administration build in quality assessments or performance standards, Professor Bitterman asked? There would then be great distribution, great liberal education, and also high-quality liberal education. What worries him, Professor Cramer said, is that he may teach a brilliant course that would legitimately serve some relevant, but not enormous, population of students, but he may be prevented from doing so because he is instead assigned to teach a different course with topical coverage designed to maximize revenue -- quite possibly one where his expertise is merely adequate, as opposed to deep. That is very common, Professor Bearinger commented. Leaders are unwilling to have faculty members teach many courses that are not core courses because they want students in seats. There is interaction between the revenue model and liberal education requirements, Professor Bearinger concluded.

One could put oneself through the CLE meat grinder and obtain theme approval for a course, Professor Brothen said. The course might not meet one, Professor Cramer pointed out. One can make it fit, Professor Brothen commented. CLE should say "no," Vice Provost McMaster pointed out, and it has been good at doing so when it receives inadequate proposals. Professor Cramer said he respected CLE's stance; his department's introductory courses (Chemistry) no longer carry the environment theme because they could not meet the standard for a theme set by CLE. It is not a trivial standard. But while Chemistry can afford to hew to what it believes to be the best curriculum for its introductory course, because demand is so high even without a CLE designation, other departments may not have that luxury.

Vice Provost McMaster noted that there has been discussion of curricular conflict between colleges, which does occur. He is proposing a campus-wide curriculum committee, to be charged by the Senate Committee on Educational Policy, something that most of the University's peer institutions have. Right now there is no central authority to approve undergraduate courses; this new committee would do so, and because of the incentives of the budget model, the committee is needed for review of the undergraduate curriculum. Professor Chomsky noted that Mr. Pfitzenreuter and Ms. Tonneson had said there was need for oversight that has never been put in place. This is a little late, Dr. McMaster agreed.

Professor Pacala asked if there is any plan to look at the effects of having regular faculty members teach liberal-education courses? Tenured and tenure-track faculty are a valuable resource, and some of them are not the greatest teachers at the University but they do great things for the institution. He said he agrees with Professor Luepker that regular faculty members should teach the main courses, but

one needs to look also at the department mission and whether the faculty member is receiving recognition for teaching the course—and are the evaluations improving for it?

Professor McMaster said he had always thought that it was his job, as department chair, to put the best teachers in classes and to deliver a high-quality curriculum. He said he was not sure that any central entity could do that.

Would this be for the undergraduate curriculum, Professor Bearinger asked? Graduate education was overseen in the past but there are the same problems at the graduate level. That was part of the discussion, Vice Provost McMaster said, and Vice Provost Schroeder said that the Graduate Education Council is still discussing the matter.

Would the committee look at course evaluations, Professor Bearinger asked? Those are owned by the faculty member, Dr. McMaster said; it was agreed that he should inquire of the General Counsel if the curriculum committee could be provided with student rating data.

Professor Cramer thanked Vice Provost McMaster for joining the discussion.

2. New Graduate-Education Policies

Professor Cramer welcomed Professor Krevans to the meeting to present three new graduate-education policies.

Professor Krevans presented three policies: Post-baccalaureate Certificate Plans Approved by the Board of Regents, Readmission and Changes to Master's or Doctoral Degree Objectives, and Admission for Master's and Doctoral Programs.

In the case of the first one, they did not intend to write a policy, because these are not degrees, but the committee was asked by the Provost's office to do so. There are two kinds of certificate programs, those that have gone through a process and been approved by the Board of Regents, completion of which leads to a transcript entry, and those that are ad hoc and unofficial programs. They could not write policy for the latter programs. It is not clear how one could tell the colleges they cannot give certificates in programs; it is for the Committee on Educational Policy to consider whether the informal programs should be moved into the more formally-approved category, and the new Provost may wish to consider whether to require that any post-baccalaureate certificate program must be approved by the Regents. Some units could argue that the certificates meet a specific need and must be timely.

The certificates will say "University of Minnesota" on them, even if they are not on a transcript, Professor Luepker commented, and many of them are money-making ventures for academic units. Most such programs are, Professor Krevans said, and are for students who are not ready for a Master's degree. They are permitted to call themselves post-baccalaureate certificate programs, she said, and she was disturbed to learn there are such programs. But her committee had no authority to deal with the issue. They do not know how many such programs there are—they are not transcripts and there is no central system to keep track of them. Professor Cramer said that Computer and Electrical Engineering might, for example, be offering a certificate in CGI scripts, and he's not sure there's anything wrong with them doing so. If it is just a letter from the department, that is acceptable, Professor Sheets said. Professor Cramer said he did not wish to take a position on whether there should be independent programs, but if there is a

distinction between those that are approved by the Board of Regents and those that are not, the policy should require a notation of the difference.

Professor Bearinger said that the health professions may have particular needs for these kinds of programs, in that are part of ensuring a qualified workforce. They receive call for proposals for training grants that would support these types of certificate programs and would like to be responsive to these requests. These could have a streamlined approval process. Professor Krevans said that there would still be faculty governance involved and consultation; the process does not have to take two years but it will take more than three months. If there are no problems, it is about one semester. Professor Bearinger noted that they typically receive a six-week lead time for federal training grants, and this should be considered in decision-making about how to plan. Professor Bearinger also suggested it should be easy to ask associate deans to ask departments to identify all their post-baccalaureate certificate programs.

Professor Jacobs inquired if an audience cares whether a certificate program has been approved by the Board of Regents; perhaps they assume that because it is offered by the University, it is a quality program, regardless of final approving authority. Some do, Professor Krevans said; the difference, she noted again, is that for Board-of-Regents-approved programs, there is a transcript notation about completion of the program.

Professor Krevans next reported that her committee had pulled admission and readmission apart because they are two different policies—and two different animals. The admission policy has the fewest changes and is pretty much the same as before for programs that were governed by the Graduate School in the past. She noted that admitted applicants may defer admission for up to one year, similar to most of the University's peer institutions, and at Professor Bearinger's suggestion, agreed to add an FAQ clarifying that deferral of admission does not mean a guarantee of funding.

Professor Krevans also noted the provision governing employees with academic appointments (above the rank of instructor or research fellow), which requires that they obtain permission from their college and supervisor/department chair "to accept an offer of admission to pursue a University master's or doctoral degree if they pursue a master's or doctoral degree in the same field, or a closely related field, in which they are also employed." The reason for the approval, in the same or closely-related fields, is because of the potential for conflict of interest. The Committee on Educational Policy felt strongly that one should not need permission if an academic employee wishes to seek a degree in an unrelated field with no overlap in the student populations.

Professor Chomsky said that if there is a conflict, requiring departmental permission, then there has to be a work-around arranged before permission should be given.

Professor Sheets observed that under the old policy, a department chair could withhold permission if the individual was already committed full time to the department. Did her committee take into account the fact that it could be advisable that the chair take such a position? Professor Krevans reported that the Committee on Educational Policy had a long and spirited discussion on this point; one member asked if an employee needs permission to have children, which take as much time as any graduate program—both add a tremendous burden. Why should anyone care? It is the employee's business. If someone enrolls in a graduate program and performs inadequately on the job, it is up to the chair to say something. Professor Krevans said she thought it would unwise in any event for a faculty member who enrolled in a graduate program without informing his or her chair—but the committee cannot legislate good employee behavior. Some Educational Policy members thought it was an

outrageous intrusion into the private lives of employees to require permission when there is no conflict of interest.

Committee members made a few editorial and organizational suggestions that Professor Krevans accepted.

Professor Krevans turned to the policy on readmission and changes to degree objectives and said there are several kinds; basically, the policy provides that if one lets active status drop, one must reapply. If one changes degree objectives, one must go through a streamlined process; how streamlined depends on the change—within a program, to a closely-related program, or to a very different field. There are also students who have let their active status lapse but who have completed everything but the paperwork; the policy establishes a streamlined process for them to graduate without applying for readmission.

Committee members made suggestions about emphasis and clarification (e.g., clarify that the policy does not apply to first professional degrees and that personal and medical issues can be covered by a leave of absence, which would preclude the necessity of applying for readmission).

The Committee voted unanimously to approve all three policies for the February 2 Faculty Senate docket. Professor Cramer thanked Professor Krevans for bringing the policies to the Committee.

3. Faculty Impact and Productivity

Professor Cramer welcomed Ms. Harvey and Mr. Sumera to continue the discussion about faculty impact and productivity. Ms. Harvey noted that the Committee on Faculty Affairs had asked to talk about concerns over events taking place in other states; that discussion had blended into other advocacy-related work. Professor Cramer decided that this discussion would be off the record; the Committee concurred.

Committee members made a number of suggestions about involving faculty members in outreach and advocacy.

Following discussion for 45 minutes, Professor Cramer thanked Ms. Harvey and Mr. Sumera for joining the meeting and adjourned it at 3:55.

-- Gary Engstrand

University of Minnesota

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**Summary Items – Changes made to the Budget Model as a result of
Activity of the Budget Advisory Committee August 2010 to January 2012**

8 Changes Implemented:

1. Updated Principles for the Budget Model
2. Eliminated headcount related to College in the Schools students
3. Changed the weighting of headcounts for part-time students from 1.0 to .5
4. Separated Undergraduate Student Aid out from the Undergraduate Student Cost pool & created a new cost pool
5. NO CHANGE – see below
6. Changed the weighting of subaward expenditures from being fully counted to being included at 50%
7. NO CHANGE – see below
8. NO CHANGE – see below
9. NO CHANGE – see below
10. Removed faculty from the headcount statistics for the Graduate Student Cost Pool
11. Added chilled water from the facilities O&M pool into the set of utilities that are direct charged based on consumption
12. NO CHANGE – see below
13. Adopted principles for determining if a unit should operate under the pooled methodology for facilities or be direct charged by FM

NO CHANGE items discussed and analyzed:

#5 – Did not implement a change to use a three year rolling average for total expenditures as the base statistic for the Support Service Unit cost pools

#7 – Not really a budget model issue but discussed and recommended an end to the Presidential Scholarship Match and 21 Century Graduate Fellowship Match Programs

#8 – Did not implement a change to remove Non-Paid Employees from the headcount statistics.

#9 – Did not change the methodology for the attribution of tuition.

#12 – Did not implement a change to return utility savings to support units.

Leadership Decisions to date:

- 1) The **principles for the budget model** have been updated and modified to reflect current priorities related to the ongoing management of the model, rather than the priorities relevant at the time of implementation.
- 2) The student headcounts for those enrolled in **College in the Schools** classes have been eliminated from the headcount statistics in order to remove any disincentive to maintain and expand this program for units enrolling these students (CCE, Crookston and Duluth). This change was implemented budget neutral for FY12.
- 3) The headcount **weight for all part-time students** has been changed from 1 to .5 in order to lessen the disincentive to expand enrollment of part-time/nontraditional students. Part-time is defined as less than 12 credits for undergraduate and professional students (Med less than 6 and Vet Med less than 9); and less than 6 credits for graduate students. This change was implemented budget neutral for FY12.
- 4) The current Undergraduate Student Cost Pool has been split into two – one for undergraduate services and support and one **for financial aid** - in order to ensure transparency and continued discussion of financial aid policies and funding decisions. The new financial aid pool includes the Promise for Tomorrow Scholarship Program, the Admissions Scholarships and the Presidential Match Scholarships for undergraduate students. The base statistic for this new pool is headcount of only full-time undergraduates. This change was implemented budget neutral for FY12.
- 5) NO CHANGE - The group reviewed an analysis related to implementing a **three-year rolling average for total expenditures** used as the statistical base for distributing the support service unit cost pool. The analysis measured the change in volatility of total cost pool charges under the current methodology and under the 3-year averaging methodology. The group consensus was to not implement the change and leadership concurs. Of the units most impacted by the change, an equal amount benefitted by more than 15% (volatility was less than 85% of what it was under the current method) as were disadvantaged by more than 15% (volatility was more than 115% of what it was under the current method). The group decided that there was no real benefit overall to making this change. Each unit could better manage and understand when its cost pool charges might rise and fall based on known swings in its own total expenditures.
- 6) **“Subaward” expenditures** represent the set of transactions that pass a portion of sponsored award dollars through the University to another entity as the subrecipient (other higher education institution, corporate partner, etc.) to complete a portion of the work associated with the sponsored award. Traditionally, these subaward expenditures have been included in full as part of the base statistic for the support service unit cost pool. They are now weighted at 50% for that pool in order to lessen a disincentive for University departments to accept the role of primary recipient. This change was implemented budget neutral for FY12. “Subaward” expenditures will continue to be included in full for the research cost pool.

- 7) Although not directly impacting the budget model, the group discussed and recommended approval of the proposal that the University end the Presidential Scholarship Match and 21st Century Graduate Fellowship Match programs. Leadership decided to accept that recommendation. Therefore, communication was distributed in Dec. 2010 indicating that all final qualifying gift commitments under these programs were to be submitted by Dec. 31, 2010 and that either payment in full or the first installment must have been received by January 15, 2011.
- 8) NO CHANGE - The topic of **removing Non-paid Employees** (those with an official “without salary” appointment) from the headcount statistics in the model was discussed. This appointment type is generally assigned to an individual performing a function for the University specifically to grant them “University Privileges”, such as access to all technology, access to the Library, ability to join the Rec Center or take advantage of employee discounts etc. A second option exists to grant “volunteers” access to University technology only: departments can open a “sponsored account” for an individual with OIT for \$8 per person per month, which allows the individual the same access to technology that an employee has. This option does not provide any other “University Privileges”. After the cost pools were initially implemented, there was a period where units cleaned up the use of the WOS appointment, but since that time, the numbers have been steady. The group decided that there is really no built in disincentive to use this appointment type, and since the use has been steady, the consensus recommendation was to continue to include them in the headcount statistics.
- 9) NO CHANGE - The issue of **Interdisciplinary Activity and the Attribution of Tuition Revenue** in the model was discussed and analyzed. The group recommended no change in the current methodologies and offered specific recommendations in two areas. Leadership agreed with the recommendations.

The consensus of the BMAG was that the current methodology, in and of itself, does not negatively impact interdisciplinary activity. They recommended no change in the percent split of tuition based on instruction (75%) and enrollment (25%), nor did they recommend a change in the basis for the instructional attribution (course designator).

In combination with the recommendation to leave the current tuition attribution methodology unchanged, the BMAG recognized that the University must manage the system to avoid undesirable behaviors. The operating assumption recognizes that it is impossible to create methodologies that provide the correct incentives and disincentives and simultaneously control for all undesirable behaviors. Therefore, the BMAG offered recommendations for optimal execution of the model: 1) The provision of “best practice” models for implementing tuition sharing agreements between units; 2) Continuation of the allocation of revenues and costs at the RRC level (rather than the department level) as the “best practice”; and 3) Emphasis on the message within the University community that the quality of the educational experience for students and scholars is greatly enhanced through interdisciplinary work and constant reinforcement of that message by academic leaders throughout the University.

A three page document detailing the findings of this analysis and the BMAG recommendations is available from the Budget Office.

- 10) The **base statistics for the Graduate Student Pool** have been changed. The faculty headcount has been removed from the statistic used to distribute this cost pool; only the graduate student headcount will be used. The part-time weighting described above also applies to this pool. Additionally, the Grant-In-Aid program funding has been moved to the Research cost pool. Both of these changes are as a result of analysis done surrounding the restructuring of the Graduate School. These changes were implemented budget neutral for FY12.
- 11) The chilled water component of utilities was traditionally included in the general facilities operations and maintenance cost pool due to insufficient data for direct charging. All meters are now operational, and after monitoring the data for two years, Facilities Management is now confident that this utility could be moved into the direct charge category – basing the charge on actual consumption by building. Therefore, for FY12, this utility was moved to the direct charge category; implemented budget neutral for FY12.
- 12) NO CHANGE – The group discussed **incentives within the model for the support units to positively influence utility costs**. The cost for utilities consumed by support units is included in the various cost pools to which those support unit budgets are assigned. For example, utility costs for the Libraries are added to the Library cost pool and University Libraries is not billed for that cost. Any savings that occur when actual utility costs are lower than budgeted (and added to the cost pools) are retained by Facilities Management and used for R&R priority projects across the campus. After reviewing the savings in total the last several years and by-unit specific savings for FY11, the BMAG recommended that this practice continue, rather than return a dollar reward back to the support units responsible for that savings. The dollar amounts involved were not significant enough at the unit level to offset the more significant benefit to R&R needs. In addition, however, the group recommended that Facilities Management send statements of utility costs to each of the support units on a regular basis so they can monitor their individual utility consumption and costs. Leadership agreed with these recommendations.
- 13) The group developed **principles for determining if a unit should operate under the pooled methodology for facility costs or be direct charged**. The recommendation was that unless a management decision is made to the contrary, those units currently operating under the direct charged methodology (Facilities Management bills the unit regularly for services) should continue under that methodology and not be transitioned into the pooled methodology. This primarily includes Auxiliary Units. For questions on this issue for new or modified facilities in the future, the group offered a set of principles to consider before making that decision primarily addressing the mission of the units involved and the specific use of the facility and the revenues generated from its use.