

MEMORANDUM

DATE: July 29, 1993

FROM: Denis M. Callewaert, Chairman
Senate Budget Review Committee

TO: Gary Russi, Vice President for Academic Affairs
for the Senate Steering Committee

RE: Annual Report of the Senate Budget Review Committee

The following is a brief summary of the activities undertaken by the SBRC during its first year of operation:

A. Composition and Current Membership. Denis. Callewaert (Chair), James McKay, Miron Stano, Charlotte Stokes, Director, Budget & Financial Planning (Patrick Nicosia), Director, RAD (Donald McCrimmon), VP University Relations (P. Osterhout / M. King).

B. Principal Concerns and Accomplishments: The majority of the committee's effort during the past year was devoted to (a) participation in and analysis of Oakland's first round of budget hearings, and (b) identification and assembly of financial data (from the HEIDI database) and construction of indices for evaluations and comparisons.

1. Budget Hearings: The budget hearings, held from November thru January, offered intensive if uneven perspective of the financial and programmatic objectives of all academic units at Oakland. The role of the SBRC in the process is outlined in appendix A. Presentations by many non-academic units also helped place their activities and finances in perspective. Regrettably, the following hearings were were scheduled but cancelled for lack of time:

Academic Affairs Summary
Student Affairs Summary
Finance and Administration
 Student Accounts
 Financial Aid Accounting
 Accounting
 Purchasing
 Payroll

Cashier/voucher audit
Controller
Budget and Financial Planning
Internal Audit
ERD
Office of the VP
Finance and Administration Summary

One member of the committee participated in each of the budget hearings, and the entire committee subsequently reviewed a summary of the presentation as well as any written materials provided by individual presenters. An extensive series of comments and observations regarding the hearings was subsequently provided to the president and the VPAA.

2. HEIDI database and indices: A select set of the HEIDI data has been extracted and compiled by the committee, specific indices (e.g. expenditure/FYES) tabulated, adjusted as appropriate to allow for inflation, and several comparisons assembled into graphs. Data for academic units at Oakland for the past 15 years, as well as comparable data for a cohort of 5 other Michigan universities were compared. The data tables and charts were provided to the VPAA for distribution to deans and other interested parties, and an electronic version (McIntosh Excel format) offered to anyone interested in perform additional computations.

The four sets of HEIDI tables generated are:

A. 1991-92 HEIDI Instructional Data by MEGIS category for Oakland University and selected sister institutions.* NOTE: Please ignore data for the categories [Area Studies] and [Nursing + Health Sciences] in the A table charts.

B. Budget histories (1976-1992) for instruction by MEGIS category for Oakland University

C. 1991-92 HEIDI Data by Program Class for Oakland University and selected sister institutions*

D. Budget histories (1976-1992) by Program Class for Oakland University. NOTE: Charts of D table data are presented in 1983 dollars, after adjusting for inflation using the higher education price index (for instruction), and comparable indices available for other program classes.

*The set of sister institutions included in these comparisons are:

Central Michigan University
Michigan Technological University
Northern Michigan University
Wayne State University
Western Michigan University

Distributed with the HEIDI data were the following clarifications and definitions:

HEIDI data include general fund expenditures only. Expenditures for the Meadow Brooks, the Oakland Center, Dormitories, etc. are not included.

DEFINITIONS AND NOTES REGARDING HEIDI PROGRAM CLASSES

Instruction: This function includes expenditures for all activities that are part of the institutions instruction program. Expenditures for both credit and non-credit activities should be reported under this function. Instructional supplies and equipment are those allocated to specific academic units.

Research: This function includes all funds expended for activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. This includes general fund expenditures for research, including research excellence funds, general fund support for the Eye Research Institute, and research expenditures specified in the OU faculty contract. This category does not include externally funded research support.

Public service: This function includes all funds budgeted specifically for public service and expended for activities established primarily to provide non-instructional services beneficial to groups external to the institution. At OU, this includes adult counseling, the labor studies center and the studio theater.

Academic support: This function includes all funds expended for activities carried out primarily to provide support services that are an integral part of the operations of one of the institution's three primary programs: instruction, research, and public service. This includes the library and librarian salaries, the instructional technology center, the SHES resource center, the academic component of the computer center, Deans' salaries, and research support including laboratory animal care and radiation safety.

Student services: This function includes all funds expended for admissions, registrar activities, and activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the

context of the formal instruction program. At OU, this includes CIPO, student life, the Lepley Center, counseling and advising and the Registrar's office.

Institutional support: This function includes all funds expended for activities whose primary purpose is to provide operational support for the day-to-day functioning of the institution, excluding expenditures for physical plant operations. This includes all vice-presidents, the legal affairs office, community relations, accounting, finance and administration and administrative computing.

Operation and maintenance of plant: This function includes all expenditures of current funds for the operation and maintenance of physical plant, net of amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the Plant Fund. This includes insurance and utility expenses.

Scholarships and fellowships: This function applies only to monies given in the form of outright grants and trainee stipends to individuals enrolled in formal course work, either for credit or not. Athletic scholarships are included under this classification.

Auxiliary Activities expenditures: An auxiliary activity exists to furnish a service to students, faculty or staff and charges a fee that is directly related to, although not necessarily equal to, the costs of the service. The general public may incidentally be served in some auxiliary enterprises. This classification includes all athletic expenditures with the exception of scholarships.

Transfers to and from funds account descriptions: Included in this transfer account will be amounts set aside for debt and interest retirement.

3. Join Meetings with the Planning Review Committee: The SBRC has met on several occasions with the SPRC to discuss the planning implications of materials discussed in the budget review process as well as trends identified by review of HEIDI data.

4. Provision of advise to the President and the VPAA: The SBRC has provided both the President and the VPAA with complete sets of financial analyses as well as summaries of its comments and observations based on the budget hearings. In addition, the chairs of the SBRC and SPRC have submitted to the President and VPAA specific recommendations relative to allocation of resources for the 1993-94 fiscal year. A joint meeting of the SBRC and SPRC with the President and the VPAA is scheduled for August 6, 1993. At that meeting it is anticipated that the committees will make a series of specific recommendations regarding future financial planning, including the format for budget hearings and the use of comparative data.

C. Suggestions for Follow Up Activity. The committee is presently seeking to reach closure on procedures for continuing review of budgets, as well as criteria for judging productivity and allocation of resources.

D. Issues that May Require Steering Committee or Full Senate Action. One SBRC member (Charlotte Stokes) has accepted a position at another institution and will need to be replaced. Issues regarding relocation of the Honors College and the Center for International Studies have already been brought to the attention of the Senate. It is still too early in the process of developing and implementing budget review procedures to identify additional specific issues that will require senate action.

APPENDIX A

SUBJECT: Role of the SBRC in the Budget Review Process

Based on the charge to this committee by the senate, we have developed the following set of objectives and procedures for our participation in the budget review process that has been initiated.

1. Objectives:

- a. Provide the University Senate with detailed summaries of the goals and objectives of each campus unit and relate these goals and objectives to its current budget and budget projections.
- b. Assist the Senate, the Planning Review Committee and the President in their evaluation of budgetary matters regarding all campus units.
- c. Evaluate current and projected budgets and goals and objectives of each unit, as possible, relative to other units on campus that perform similar functions.
- d. Evaluate current and projected budgets and goals and objectives of each unit, as possible, relative to units at other institutions that perform comparable functions.
- e. Assist the Senate, the Planning Review Committee and the President in the identification of significant imbalances between the functions of a given unit and the resources available to it, and in identifying areas for increased efficiency in resource allocation.

2. Procedures:

- a. One faculty member from the Budget Review Committee attended each of the budget hearings, with individual members responsible for assigned days of the hearings. An alternate will be identified for each day, in the event that the primary reviewer was unexpectedly unavailable.
- b. The faculty committee member attending a budget hearing was permitted to take confidential notes of any discussions — especially regarding matters that are not clearly stated in written documents presented at a particular hearing. These were subsequently summarized to the other members of budget review committee.
- c. All written materials presented at the hearings were bound and retained as confidential. This committee, or duly appointed subcommittee members were provided reasonable access to these documents.
- d. This access will include the ability to temporarily remove documents so that data contained therein can be reviewed and compared to data obtained from other sources. For example, budget, credit production and staffing data may be entered into spreadsheets for later review by the committee as a whole. All primary data and analyses performed by the committee will be retained as confidential until the end of the review process.
- e. A subcommittee was selected and assigned the task of obtaining comparative data and relating it to data presented in the hearing process.

- f. The committee anticipates that it will need to seek clarification or additional budget and programmatic information from some units, and expects that the units will provide timely and cooperative responses to these requests.
- g. For academic units, the committee will compare Oakland budgetary data with HEIDI data for a representative subset of Michigan institutions with regard to: FTE, Compensation, student credit hours, and FYES. The institutions selected for comparison are: Central Michigan University, Western Michigan University, Northern Michigan University, Michigan Technological University and Wayne State University. We recognize that there may be some significant differences in units reported under HEGIS codes at these institutions, and will annotate comparative data to note significant differences.
- h. For non-academic units, the committee will work with the budget office to identify comparable organizational units and measures for comparison.
- i. The committee will also compare Oakland University to the same subset of Michigan institutions using HEIDI data for: State FY appropriations, Institutional revenues, Tuition and fees, Federal funds, Investment income, Indirect cost recovery, Other revenue, and Research excellence.
- j. The budget office will obtain comparative data specified by the committee and that it will arrange to have the relevant data entered into a spreadsheet format that will facilitate its analysis and review by this committee.
- k. Beginning in the Winter 1993 semester, this committee periodically met with the Planning review committee to discuss information obtained from the budget hearings and comparative analyses described above.