

Faculty Senate Budget Transparency Committee Report
April 17, 2019

Background

The Budget Transparency Committee began work in Fall 2018 after the recommendations of a 2017-2018 ad hoc committee to create the BTC were approved by Faculty Senate in Spring 2018. Committee members met four times in the fall to familiarize themselves with the budget and begin to set priorities; much of the discussion for the first several months focused on justification for layoffs. The BTC created a Policies and Procedures document that was approved by Faculty Senate on February 14, 2019.

On February 4, 2019, the Faculty Senate Executive Committee released a report, "WIU Cost Expenditure Comparison," evaluating the cost effectiveness of WIU's Quad Cities campus with respect to the Macomb campus. ExCo based this report on responses to questions posed by Faculty Senate over the past four years, which had also been addressed in a report requested by Board of Trustees member Todd Lester in June 2018. The responses were provided by Budget Director Letisha Trepac, Interim Vice President for Academic Services William Polley, and Director of Institutional Research and Planning Angela Bonifas in meetings in December 2018.

None of the BTC members - with, of course, the exception of Faculty Senate Secretary Susan Czechowski - were present at the meetings ExCo held with or were involved in producing the report. Following the discussion of the report at the February 14 meeting of the Faculty Senate, Senators requested that the BTC review and evaluate the ExCo report. This report is a response to that request.

Procedures

Since the February 14 Senate meeting, the Budget Transparency Committee has held five meetings (February 27, March 6, March 21, March 27, and April 10), each of which has focused primarily on this issue. We also discussed the report at our February 13 meeting. Our goals have been to:

- 1) come to a clearer understanding of the ExCo report and the financial situation on the two campuses more generally;
- 2) work to represent the interests and concerns of faculty on both campuses;
- 3) make recommendations to the Senate about actions that might be taken in the future.

At our meetings, we have discussed the ExCo report with Budget Director Trepac, IRP Director Bonifas, VP Polley, and Senate Chair Christopher Pynes. In addition,

Senator Marty Maskeriac provided recommendations about possible methods of comparing costs on the two campuses.

I. Recommendations

A) Additional reporting on budgetary issues by the administration

- 1) It is difficult to make recommendations based on only a single year of data, and since it is apparently not possible to produce data for previous years, the BTC recommends **generating the same data for the coming year and for future years.** That is, the Senate should ask the Budget Director to produce an expense report with comparisons to SCH production similar to those made in the ExCo report. (Any updates to information on SCH production - such as those slated to be discussed at the April 23 Faculty Senate meeting - will need to be incorporated into these reports.)
- 2) The BTC recommends that in addition to the annual expense report, the administration **take steps to begin generating a balance sheet broken down by campus on an annual basis.** As QC faculty have noted, the expense report discussed by ExCo may look less advantageous to the QC because it does not include such items as deferred maintenance. VP Polley and Budget Director Trepac have estimated that producing such documents would require substantially more time, perhaps as long as 2-3 years. We believe, however, that the BTC should encourage the administration to establish long-term mechanisms for the evaluation of both campuses. Just as the university produces a strategic plan that covers the next decade in many areas, WIU should develop multiple mechanisms to evaluate the financial situation of two campuses on a continuing basis.

B) Funding sources

In our review of the budget and the financial situation on both campuses, the BTC also noted concerns on the part of representatives of both campuses with regard to the funding sources available to and pursued by the administration. University-wide grants, ongoing support from local and regional businesses, and other donors could support efforts to recruit and retain students. We also recommend that the Senate ask the administration to report on the following:

- 1) What grants is the upper administration applying for or considering applying for on behalf of either campus and/or the university as a whole?
- 2) What collaborations are the administration pursuing to work with local and regional industries? In particular, what kinds of followup is being done with businesses that have made major contributions to WIU in the past - for example, John Deere?
- 3) What other donations have the foundation secured in recent years?

C) QC campus (10-20 years and beyond)

The QC campus is owned by the state of Illinois. The state has invested a huge amount of money in it; faculty, staff, and administrators have dedicated their time and energy to make it successful; and many students have benefitted from its

existence. Whatever the results of cost analyses and budget reports may be, **the BTC does not recommend adding to the uncertainty over WIU's future by casting doubt on whether the QC campus will continue to operate.**

The questions we do wish to raise pertain largely to longer-term issues - e.g., will WIU fund Riverfront III, an investment that would begin 15-20 years down the road? - and to shorter-term issues relating to the appropriate level of funding for each campus, as evaluated department by department, and area by area (i.e., payroll, admissions, etc.). Our initial examination of the different line items for each campus did not suggest that the QC receives a disproportionate amount of funding in any one area, but these kinds of questions will be easier to evaluate if we have information on more than one year. (See Attachment A, BTC Preliminary Analysis of QC Costs, and explanatory notes in Item 6 of Attachment B, the March 21 BTC minutes. This is a rough, preliminary analysis that we will refine in future years.)

In addition - in relation to the longer, 15-20 year term questions - the BTC stresses that **the administration must establish criteria for what constitutes a successful campus in the Quad Cities, and then state what will occur if these criteria are not met.** The administration predicted that enrollment at the QC campus would reach 3000, but if this is not intended to be a criterion by which success is measured, it should make this clear. If there are no circumstances under which WIU would consider closing the QC campus (just as presumably there are no circumstances under which WIU would close the Macomb campus), this is important to assert, but a justification should be provided. This way, should enrollment continue to drop, the administration will be able to articulate its reasons for keeping the campus open. (VP Polley and others, when asked to state the metric by which the campus should be evaluated, declined to answer and instead suggested that individual programs and areas should be evaluated.)

Finally, the QC and the Macomb campuses have both struggled to meet fiscal and enrollment goals in the years during and after the budget impasse. **The central goal of both the ExCo report and this report is to emphasize the shared nature of these difficulties, and the need for additional state support to alleviate them.**

II. Clarification of questions on the report

1) **Types of expenses included.** A concern frequently raised by QC faculty relates to the inclusion of the funds for the QC Manufacturing Lab in the expense report. The State initially provided a line-item for the Lab; however, VP Polley noted that the state moved to a lump sum budget about five years ago, so no line items exist at this point. Whatever money is in our total can be moved anywhere; it is part of our overall appropriation. In the unlikely event that the lab disappeared tomorrow we would still receive that money.

2) **SCH production.** We reviewed the discussion of semester credit hours, but are not reporting on this in detail here given that a new report will be discussed at the next Senate meeting. We will factor in this information for any future reviews of the expense reports and/or balance sheets.

III. Recommendations on other matters

While the ExCo report has been the primary focus of the BTC discussions for the last two months, other topics have arisen which the BTC could look at in future semesters/years. Many are included in our minutes, but we would like to highlight the following three:

1. **Justification for layoffs:** **The BTC continues to recommend that the administration make public the criteria used to determine the 2015, 2018 and 2019 layoffs.** The layoffs of both faculty and staff affect student recruitment and retention, as well as morale. No upper-tier administrators were laid off, and we are uncertain as to why this is the case.
2. **Lack of an Enterprise-level computing system:** Many individuals from across the university have indicated the need for an Enterprise-level system to generate financial reports, and more importantly, facilitate recruitment, admissions, and marketing. The current system, according to these reports, is outdated and wasteful. **We recommend the administration develop a plan to update the system.**
3. **Marketing and Recruiting:** We support the administration's emphasis on marketing and recruiting, particularly to support areas in both the QC and Macomb where there is untapped potential.

Budget Transparency Committee minutes
March 21, 2019

Members Present: Susan Czechowski, Betsy Perabo, Khaled Zbeeb (via CODEC)
Guests Present: Angela Bonifas, Letisha Trepac
Members not present: Gloria Delaney-Barmann, Stacey Macchi

1) **Purpose and form of the BTC committee's report.** We discussed what the purpose of the BTC committee report should be. Some comments from over the course of the meeting: what changes do we anticipate suggesting as a result of this report? Has any metric been discussed, at any level, for evaluating the campuses separately? And if there is no reasonable expectation that the administration, BOT or state will consider closing either of the campuses, what are we trying to accomplish with the cost analysis? Shouldn't we then be going program by program within academics and administrative areas to assess the costs for each of these - looking for excessive expenses, low SCH/enrollment, etc. - rather than trying to pin down a specific value for the QC campus as a whole?

2) **Publicity surrounding the ExCo report and Senate conversations.** KZ expressed concerns that Christopher Pynes had "gone public" with this conversation, and had an interview with channel 8, which KZ felt would lead to negative publicity. He again stressed that many QC faculty are feeling that the Senate leadership is advocating separating the QC campus from Macomb, and forcing the QC to defend itself, noting that he had been pulled out from an important meeting to respond to the publicity. They are hearing concerns from QC students about whether the QC will remain open.

He suggested that our goal should be to redo the ExCo report in a more professional way with the help of the administration. Whereas he sees some of the Senate wanting to separate QC campus from Macomb, he thinks this is not a good idea, but rather wants to focus on where we can be more economical, or where the problems are, and rectify this in both campuses. Statements about how the QC campus has not lived up to its promises and is 12X more expensive to operate are incorrect. Going public like this creates an "us against them" scenario.

AB noted that the conclusions were Christopher's and not the administration's.

3) **Balance sheets vs. expense report:** KZ, noting that he had spoken to an accounting professor, expressed concern that ExCo had relied on an income/expense report rather than a balance sheet. A balance sheet would reflect assets and liabilities for each campus and would show the "real financial status" for each; he'd like to see this. We can't say that the QC campus is not living up to its promise without this kind of analysis.

LT said the income/expense statement is what the BOT had requested, and AB said in addition that this was a draft, not the final form.

Is it possible for the administration to do a balance sheet for each campus?

LT: this would be something done by the Business Service - they do audited financial statements; this would likely take a couple of years.

Returning again to the question of the purpose of the report, LT said that she would agree if were seriously considering whether to shut down the QC campus, but have to be practical on how much time/effort we should spent on something like this. KZ said he believes some Senators do want to look at shutting down the QC, and is concerned that if we do not do this, the Senate will rely on the income/expense statement which is insufficient.

4) Problems/inaccuracies with the ExCo Report: BP asked that LT go through the report point by point and identify any inaccuracies or concerns on the part of the administrators; LT said that she wouldn't necessarily say that conclusions are all inaccurate, but rather that the report is somewhat theoretical. Given that WIU is one university with two campuses, our expenditures and revenues are very hard to split out. There are limitations, and different things you might question, such as:

- 1) how to prorate certain items
- 2) how to calculate student credit hour production. (AB argued that LT is most qualified person on our campus to make an assessment of how to calculate SCH, and that her ratios and methodology well thought out. The two of them came up independently with similar ratios.)

AB also noted that she has nothing to criticize about the report, though there were some small issues that were corrected in followups. LT is hoping to finish up an executive summary that goes along with her draft report produced for the BOT.

KZ argued that the QC Manufacturing Lab should not be included in QC expenses, since this has nothing to do with teaching classes; it's a research lab supported by the state. BP stated there are similar items in Macomb (for example, the Peace Corps Fellows program); do we know if expenses like these disproportionately appear in the QC? LT questioned whether we should leave any expenses out, given that the entire university's mission is education.

5) QC Recruiter Layoff: KZ raised the issue of a recruiter hired for engineering dept and paid by Moline Foundation money; this person was laid off - wouldn't this be a misuse of funds? [Note: this issue was resolved during the 3/26 Senate meeting.]

6) Differences between Betsy's breakdown of QC expenses, per FY19 budget (see attached spreadsheet; Letisha has been asked to provide her spreadsheet with these corrections).

- 1) **lapse spending** vs. finalized
- 2) LT included **Kibbe, Life Sciences, C Prep Ed Professionals** on the QC list; may want to look at these more closely
- 3) LT added in a **proportion of Medicare and CMS health insurance**, based on total personnel (which in this case was 9% for the QC; when possible, she used a more precise figure than the 92/8 split, and it was here)
- 4) **Macomb instructional travel** (at bottom of lists) - calculated which appropriate for which campus

- 5) **Awards, grants, matching funds provided by financial aid**, whatever app institutional aid to QC student [same deducted from M campus]
- 6) **Macomb instruction**: calculated, looking back at info [IR had done FY15 analysis, how much instructional cost of Macomb faculty salaries went towards instruction at the QCs] - turned out to be about 1 percent of overall ac affairs personnel budget; used actual year's data multiplied by that year's percentage
- 7) **Travel**: we collect actual data from all depts. pulled out any QC/Macomb; any time shifted from QC to Mac or vv, deducted travel because that is captured there
- 8) **Administrative overhead** - did not shift any expense to the QC - one dept budget used by both campuses
- 9) **Big administrative depts**. Not included on QC specific: includes payroll (prorated based on employee headcount in QC), budget (used total budget as ratio); HR (total ccivil service employment); VPSS, Provost - then used 8% and 92% split Rives: 92% to Macomb, travel admin (like all other VPs)

		<u>APPENDIX B</u>							
	Appropriated Funds Budget	FY19				in Provost and AC VP			
	QC categories					summary	Macomb comparison		
page	WIU QC-categories	staffing	expended FY18	budgeted FY19		notes	exp F18	budg FY19	
II-82	Academic Advising	4 advisors	204078	212577	*				
II-83	Academic Affairs	3 CS, 2 admin	218991	257458	*				
VI-2	Administration	2A,3CS	377315	381956		includes dev dir			
VI-1	VP QC planning	1A, contract (11K?)	197852	190620					
VI-4	Admissions	3A	143543	145776			1708348		
II-85	Arts & Sciences	1A, 7?F	604299	515793	*		20923292	20515076	A&S total
II-86	Business & Technology	1A, 14?F	1363806	1418010	*		11029009	10525698	B&T total
II-81	Commencement	contr	18619	0	*				
VI-6	Development		205	0		see Admin			
II-88	Education and Human Services	1A,14?F, 1	1463813	1240286	*		10440687	10503049	
II-87	Engineering	1B, 5F, 1 CS	640467	641936	*				
V-28	Financial Aid	1C	27238	30816			1020826		
II-90	Fine Arts & Communication	2F	137298	151938	*				
VI-3	General	reserve?	0	40104		?			
II-84	Library	1F, 2CS	130172	135589	*		4034799	3846126	
VI-5	Marketing	contract	73462	75000					
II-91	Museum Studies	1B, 2F	132231	149666	*				
VI-8	Operations and Maintenance	9 CS	674396	676183					
VI-9	Security	contract	100345	100000					
VI-7	Student Services	3A, 2C	234324	214219					
II-99	Technological Services	4A 1C	329114	492477					
II-100	Technology Utilities	contr	938	48258					
VI-10	Utilities	contract	363656	300000					
II-114	QC Manu Lab	3?F, !c	378518	442529					
II-89	Counselor Ed (QC in allocation)	1B, 6F, 1C	625168	649101	*				
	totals for QC-specific categories		8439848	8510292					
II-92	Online Dev/Course Off	1Prof?, contr	483939	460000					
Percentages of expenses in QC						Total for category	QC percent of total		
	Provost and Academic VP	see * above	5538942	5372354		75616529	80119188	0.07325041	0.06705452
(We did not break this down for each division.)									