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### FACULTY SENATE - 30 March 1998 Minutes Summary

Faculty Senate

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UNIVERSITY OF NEW HAMPSHIRE  
FACULTY SENATE

30 MARCH 1998      MINUTES SUMMARY

I. Roll - The following Faculty Senate members were absent: Balling, Burger, Ernest, Herold, Lugalla, Morgan, Walsh. Excused were Greenlaw, Guidry, Henke, McMahan and McNamara.

II. Communications with the President - On April 2, the Board of Trustees is expected to take action on the tuition increase and hopefully may vote in a 11.7 percent increase for in-state tuition and a 3 percent increase for out-of-state tuition. At the present time, state funding plus in-state tuition are far from meeting the costs of a student's education. In addition, expected enrollment increases have not occurred, and there is a change in the mix of in-state and out-of-state students. However, other states are beginning to pump significant funds into their public higher education, especially in the south. At an AAHE meeting last week, the chancellor of the University System of Georgia spoke about Georgia's commitment to higher education, citing a six percent salary increase and higher funding from the legislature for technology, the library, research, and other projects. Ninety-seven percent of the students there pay no tuition and fees and receive a book allowance.

A professor asked why it is necessary to have a university administrator as part of the system bargaining team and suggested that this seems to align the administration against the faculty in Durham. Will the dean on the bargaining team help look out for the interests of this campus versus the interests of the System? The President acknowledged that deans have always been on this team and said that she will explore this matter further.

III. Communications from the Chair - The chair said that faculty are conscious of recent deaths, including that of Neil Lubow, and express their concern for the bereaved families and friends. After this comment, she turned to Faculty Senate business. Todd Gross has proposed to the Agenda Committee a new financial aid plan wherein the fifth year of university study would be free for certain students who work at least twenty hours a week. The Agenda Committee conveyed this idea to the vice president for finance and administration, who will ask the enrollment manager to review this suggestion when the manager takes office.

IV. Minutes - The minutes of the March 9 senate meeting were approved unanimously, with amendments to modify the wording of item seven.

V. Draft Policy on Scheduling of Games and Practices - The preamble only of this policy has been revised. Jim Farrell moved and John Seavey seconded that the Faculty Senate endorse the Policy on Scheduling of Games and Practices. The motion passed unanimously.

VI. University Budgeting, a Presentation by Vice President Candace Corvey - In FY 1997, the university's total revenues minus financial aid increased 1.5 percent; but the consumer price index rose 2.8 percent, while the higher education price index increased by 3 percent. At the same time, our state funding increased only 0.4 percent. The university allocated an increase of 3.5 percent to instruction and an increase of 5 percent to academic support, while decreasing institutional support and administration costs by 7 percent. In the same time period, plant operation and maintenance went up by 6.2 percent; and utility costs rose by 6.8 percent, because of an increase in the square footage of buildings. The cost per square foot remained stable. So the university has been trying to reallocate funds to instruction and away from general

administration, in order to protect the central academic mission.

After this introduction, Vice President Corvey turned to a discussion of past actions by the University Planning Council. The University Planning Council had targeted expense reductions of 4.3 million dollars, which have been accomplished. This includes cuts of 1.7 million dollars for administrative departments, 1 million dollars for administrative support, and 1.6 million dollars for academic and outreach programs. The revenue enhancement target, which was 3 million dollars and included the expectation of significantly increased enrollments, now falls short by 2.2 million dollars, because enrollments have not increased but have actually decreased. The net difference between the University Planning Council enrollment target and the likely FY 1999 degree financial full-time equivalent enrollment is 772. However, the tuition rate increases have been higher than expected in the UPC projection, and this has saved the university from a more severe problem.

As of last year, the university had 3 million dollars in one-time funds such as carry forwards and short-time interest funds, but these monies will be spent this year to help balance the budget. Vice President Corvey pointed out, however, that using one-time funds cannot be a long-term solution to our budget problems. For example, there is a projected 3 million dollar imbalance in the FY 1999 UNH general fund budget, which must be balanced. More indirect cost recovery is expected, and tuition may be raised; but a 2 million dollar gap remains, plus critical new needs such as library acquisitions and environmental health and safety. Q funds for scholarships that have been unused due to restrictive clauses are being targeted, through an effort to find students who fulfill the qualifications for the scholarships. The final UNH budget should include contingency funds, so that roll-backs will not have to be instituted. The vice president also spoke of the FY 1999 budget as a work in progress that is based on assumptions such as a 3 percent salary increase, with the current level of fringe benefits and no increase in the support budget.

As part of this discussion, faculty expressed concern that the university not increase enrollments at the expense of student quality. Will the in-state tuition increase reduce the number of in-state students who come to the university? Vice President Corvey responded that, if we consider tuition, fees, room and board, the increase for in-state students would only be 7.6 percent and that financial aid will continue to be given to students using the current need formula. The applicant pool is decreasing 16 percent, which is 20% out-of-state students and 11 or 12 percent in-state students. A professor asked if lowering out-of-state tuition would improve matters in the long run, and the VPFA said that the new enrollment manager will consider that option and others. This new enrollment manager who will be hired will be required to create sufficient savings in expenses or enhancements in revenues to pay for his salary, after a start-up period. An increase in high school graduates is expected in the next few years. The vice president said that one possibility would be to set up a transfer policy to UNH after study at UNH-Manchester or other schools for the first two years.

Professors asked that efforts be made to reduce the transfer of funds from the university to the System. UNH pays 71 percent of the funds for the chancellor's and controller's offices at the System and 81 percent of the System computing office budget. The University Foundation will soon be self supporting, through an administrative tax on the endowment. There is a very realistic hope that fund raising will bring in considerable additional funds. The capital campaign goal is 100 million dollars, but half of that would be our normal income from fund raising. We should also keep in mind that major donations are often paid over a period of years. The Alumni Affairs Office and the University Foundation have as a major goal to build the alumni network and to increase our citizens' perception that they have a connection with the university.

A faculty member asked if the entrepreneurial campus will be a financial wash or a help to the university. The VPFA replied that the entrepreneurial campus will not get a subsidy from the general fund, and building for the entrepreneurial campus will be paid for without monies from that fund.

VII. Responsibility Center Management, a Presentation by Vice President Candace Corvey - Responsibility center management is a proposal for a decentralized approach to budgeting and is at an exploratory stage at UNH. Revenue streams would be analyzed and applied to each unit, while the full costs would be assigned to units, including the cost of space. Proponents say that the plan would optimize the right incentives at a local level and that each unit would have better control over its own destiny. Also, resource allocation would be in the context of the institution's values, and so some discretionary funds would be available to the president for additional support of certain programs. Competition between programs would need to be minimized. A number of larger institutions currently employ this method.

The principles of responsibility center budgeting are to balance simplicity and fairness, to empower local decision making, to match risk and reward, to develop clear and stable rules, to match accountability and responsibility, to maintain leverage, and to set clear priorities and emphasize community. Many complex decisions need to be made, such as whether the cost/revenues formula would be gross or net of financial aid and whether a distinction would be made between in-state and out-of-state students. A steering committee of eight people has been formed and also a number of working groups, including faculty on all committees.

The time frame would be 1998 and 1999 for information gathering, communication and then a decision on whether or not to proceed further, followed by development of the model, testing and refining it, and then another decision on whether or not to proceed. FY 2000 could include phased implementation, along with refinements. That year could be run with the two systems in parallel. The FY 2001 budget would be constructed in FY 2000, with full implementation during FY 2001. A unit would be a college, but deans could pass the method down if they wished.

Keys to success for responsibility center management are empowerment by the Board of Trustees and the state, support by faculty and staff, leadership, effective regulatory bodies, strong linkages, clear performance measures, open dialogue, good management, individual design, and a slow and deliberate pace. A professor asked if intercollegiate athletics would be included in this plan, and the VPFA said that everything would be included. Another faculty member said that it would be inconsistent to apply this method here when the System does not use the method. Concern was expressed about competition among departments for resources. The plan is to include effective governance mechanisms to adjudicate that. Faculty are asked to send their concerns and comments to VPFA Candace Corvey.

VIII. Adjournment - The meeting was adjourned.