

Academic Chairpersons Conference 2016

Charleston, SC

- ▶ Department Budgeting and Resources
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► Write down answers to these question

What institutions are represented here?

Number of tenure line faculty? Number of part-time faculty?

Are you a department “chair” or “head?”

Are chairs faculty?

How many years have you been chair?

How many years did your predecessor serve?

Are there term limits for chairs?

How are chairs elected/chosen in your department?

How big is your budget?

What is the current condition of your budget?

- What is one question about chairing/budgets you want to make sure I address? (Please write down and give to me).

Don Chu

- ▶ Skidmore College, Associate Chair
- ▶ 9 year chair
- ▶ California State University Executive Fellow
- ▶ CSU Department Chair Survey
- ▶ https://www.calstate.edu/AcadSen/Records/Reports/CSU_Chairs_survey_report.pdf
- ▶ Dean at University of West Florida, CSU San Marcos, National University
- ▶ *The Department Chair Primer*, John Wiley (2nd Edition)

How Don Learned About Budgeting, Resource Management, and Planning

- 1990-1992: Asked to develop 5⁰%-20⁰% one- year budget reduction plans
- Priority: Identify and protect the “core” and guard against the “department death spiral”

Don Chiu Learns about Budgeting



What is a “chair?”

Chair “facts of life”

You didn't sign on to become a professional bureaucrat

How do most chairs learn to chair?

The chair has fiduciary responsibility

Just about all department budget and resources are expended after the chair (or proxy) signs-off (or doesn't object by a certain date)

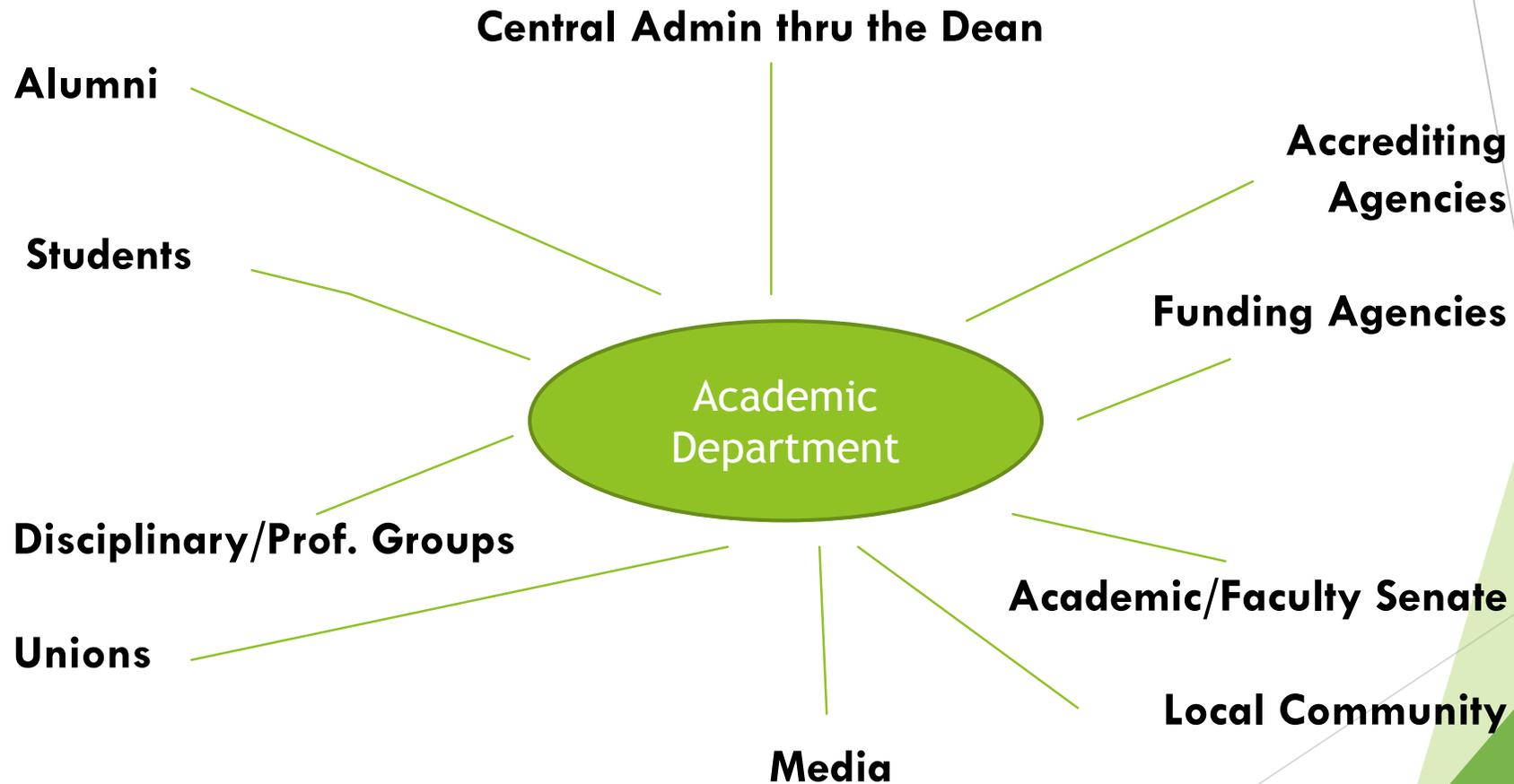
Myths

- ▶ “My hands are tied!” I was given this budget and there’s nothing I can do about it.
- ▶ “What can I do when our budget is tiny.”
- ▶ Illustration: Chair Li from last to first
 - ▶ Chair Smykla leaving a legacy

What kind of chair do you want to be?

- ▶ Laissez faire
- ▶ Caretaker
- ▶ Dynamic
- ▶ Self-Server or Servent-Leader

Departments as “Open Systems”





▶ Budgets, Budgeting and Resources

Institutional budget models

- ▶ Responsibility based--Zero based budgeting
- ▶ Centralized --Historical “flat” budgeting

Budget Approval Styles

- **Tacit approval of budget by precedent:** the “let’s just do what we have always done” and the replacing “dear old Sam syndrome”
- **Dynamic budget management:** chair analyzes and decides where and how much to spend, actively grows assets, and invests to realize the department’s core mission

If you are a “dynamic chair”



Do you think your budget percentages reflect both needs and department priorities?

Department Priorities Questions

What programs pay for themselves and which programs do not?

What courses pay for themselves and which do not?

What personnel pay for themselves and who does not?

How essential are each of your department programs, courses and personnel?

What kind of dean do you have?

- ▶ Dynamic vs. Caretaker?
- ▶ How willing is the dean to back you up?

What is your political and economic position?

- ▶ At the institutional level
- ▶ At the college/school level
- ▶ At the department level

Understanding the budget

- ▶ “The budget” vs. fiscal year expenditures

How big are department budgets?

Illustration

10 TT faculty @ \$75,000 each = \$750,000 personnel

One office assistant @ \$35,000

Operating expenses @ \$25,000

TOTAL = \$800,000

Typical Department Expenses

- *Personnel*: Tenure track, non-tenure track, instructors, GAs, TAs, SW, office help, special assignment contract employees, overloads, summer assignments, administration
- *Research support* (labs, supplies, consultants, assistants, grant proposal development, etc..)
- *Travel/professional development*
- *Equipment* (purchased or leased)
- *Others* (including rents, service contracts, benefits, deferred expenses/debt service)
- Typical % in each category of expenses depends upon your type of institution

Typical Budget Income Sources

- ***Allocations***
(may be related to enrollments, tuition, fees, state return formulas)
- ***Earned income***
(grant residuals, contracts, research seed accounts)
- ***“Carry forward”***
(balances transferred from one fiscal year to the next)
- **THE BEST INCOME** = revenue that flows to the department from outside of institutional budget allocations, and that are available for the chair’s discretionary use

What is the biggest budget category?

- ▶ Personnel typically consume 90% department budgets
- ▶ Exception may be RI universities where research costs may rival personnel expenses

Excluded from most chair's budgets

- ▶ Fringe benefits
- ▶ Bond indebtedness
- ▶ Carry-forward
- ▶ Annual budget over-runs
- ▶ Foundation accounts for faculty
- ▶ Soft money accounts from grants and contracts
- ▶ College/institutional reserves

How budgets are created

- ▶ At institutional level
- ▶ At college/school level
- ▶ At department level

For new chairs:



Ask your budget manager to summarize on two spreadsheets

1. "**all income and assets** by source for the department and faculty"
2. "**all expenses and debts** by source for the department and faculty"

Triangulate responses

Who are the players?

- ▶ State and federal government
- ▶ Board of Trustees
- ▶ President
- ▶ CFO
- ▶ Provost/VP Academic Affairs
- ▶ Deans
- ▶ Chairs

What is the timeline?

- ▶ Mid-Fall draft budget to Trustees, President, CFO
- ▶ Late Winter to Provost/Academic VP
- ▶ Early Spring to Deans
- ▶ Mid to Late Spring to Chairs

How can chairs impact the budget?

- ▶ How is the department viewed on campus?
- ▶ How is the department viewed by opinion leaders?
- ▶ How central to the institution's mission is the department?
- ▶ Enrollment trends?
- ▶ How resource rich is the department?
- ▶ How much does the department cost?
- ▶ How well politically positioned is the department?

Budget categories

Non-discretionary/”Fixed”

- ▶ Personnel: tenure line
- ▶ Faculty
- ▶ Staff

▶ Discretionary/”Flexible”

- ▶ Faculty (including student workers, graduate assistants, etc..)
- ▶ Staff
- ▶ Operating expenses

Two Kinds of Funds

- **Discretionary:** Travel, professional development funds, adjunct and part-time staff funds, graduate assistant/student worker funds, equipment purchase funds, carry-forwards, faculty and department research seed accounts
- **Non-discretionary:** Tenure track salaries, full-time staff salaries, long-term rents, equipment leases, work study, may include benefits
- Total discretionary funds should be allocated according to department priorities



How to determine department priorities? Who determines priorities?

What's included in “operating expenses?”

- ▶ Professional development
- ▶ Office expenses - computer replenishment, printing, office phones, copying, office replenishment/upgrades

How “fixed” is “fixed?”

- ▶ Can tenure line be converted into non-tenure and vice-versa?
- ▶ If faculty go on unpaid leave what happens to their salary?
- ▶ If your faculty teach for another department what happens to that portion of their salary?
- ▶ What happens to faculty salary when they move into executive position?
- ▶ What happens to faculty salary when time is bought out by grant or contract?

Your most important tool

- ▶ The 2 page annual budget spreadsheet
- ▶ The 2 page annual end of year accounting
- ▶ The 2 page monthly accounting

“Use it or lose it” vs. “carry forward”

- ▶ Foundation vs. normal budget accounting
- ▶ Department vs. faculty accounts

What is “burn rate”

- ▶ Predictable vs. unpredictable expenses
- ▶ When is most money spent for
 - ▶ Personnel?
 - ▶ Equipment?
 - ▶ Travel?

How to ask your dean for money

- ▶ Understand the dean's environment in the institution, college/school, among your department faculty
- ▶ What is the dean's agenda?
- ▶ Asking for more vs. asking for flexibility in spending allocated dollars
- ▶ Asking for permission to generate more department dollars

Justifying your budget request

- ▶ Must tie into strategic missions/plans
- ▶ Accreditation/licensure
- ▶ Improve service to students
- ▶ Improve town-gown relations
- ▶ Enhance future funding

Intra-college politics

- ▶ Is money being reallocated within the college?
- ▶ Success may breed jealousy
- ▶ Protect your back!
 - ▶ Senate
 - ▶ Union
 - ▶ Opinion leaders
 - ▶ Advisory Board, Alumni Board

Your biggest “resource” is workload

- ▶ Workload
- ▶ Illustration
- ▶ Faculty 30 unit annual workload and \$90,000 salary = \$3000/unit
 - ▶ 6 units for service = \$18,000
 - ▶ 24 units for teaching = \$72,000
 - ▶ Therefore for a 6 class load each class = \$12,000

10 Steps to Increase department resources

- ▶ 1. Reduce operating expenses and funnel savings into your department
- ▶ 2. Grow annual fund through earmarked alumni donations
- ▶ 3. Develop your alumni list
- ▶ 4. Create lab/course packs
- ▶ 5. Cultivate grant getters

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6. Get a fair rate of return to department from grants and contracts
 7. Cultivate local renewable contracts and internships
 8. Development advisory board (annual donation)
 9. Stage conferences/workshops
 10. Manage workload



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