

**RESOLUTION OF THE FACULTY SENATE
IOWA STATE UNIVERSITY
PROPOSED RESOURCE MANAGEMENT MODEL (BUDGET MODEL)**

WHEREAS: The Resource Management Model (Budget Model) proposed by the Budget Model Review and Implementation Committee (BMRIC), as described in the BMRIC's October 31, 2006 Report, endeavors to:

- a) provide a more transparent budgeting process that aligns income and expenditures for a significant share of the ISU budget; and to
- b) incorporate significant faculty input into budgeting processes consistent with shared governance as outlined in the Regents approved ISU Faculty Senate Constitution; and to
- c) provide the potential to realign resources keeping in mind ISU strategic objectives,

BE IT RESOLVED: The Faculty Senate of Iowa State University offers positive endorsement of the Resource Management Model (Budget Model) proposed by the Budget Model Review and Implementation Committee (BMRIC), as described in the BMRIC's October 31, 2006 Report, and recommends to President Geoffroy that the proposed model be adopted;

WITH THE FOLLOWING PROVISOS:

1) Resource Policies and Allocations Council (RPA) Role and Acknowledgement. In the Senate Commentary of 15 September, we addressed the issue of shared governance and the role of RPA as a direct advisory body to the provost on academic budget and policy matters. We continue to believe that this role is consistent with the advisory committee structure that has been revised in the BMRIC report of 10/31/06. The proposed Administrative Support Programs Budget Advisory Committee has a broad reach for the various programs falling within the office of the Executive Vice president and Provost (EVP-P), and will advise the EVP-P on the budgets of a number of administrative and student service units. Separate from that Advisory Committee, the RPA will continue to advise the provost on academic budget policy as well as on academic budgets.

The Senate proposes one change to the report to formally acknowledge RPA's role as a part of institutional policy beyond the Senate bylaws. This would be one sentence added to the end of the first paragraph on page 12 that describes the role of the Administrative Support Programs Advisory Committee: "The Senate RPA will continue to advise the provost on academic budget and policy issues and on academic budgets as part of shared governance." The final language of the paragraph would read:

"Administrative Support Programs Advisory Committee. The Administrative Support Programs Advisory Committee advises the Provost on the level of funding required to efficiently provide the desired type and quality of service for the following units: Center for Excellence in Learning and Teaching, Honors Program, Women in Science and Engineering, Women's Center, Institutional Research, Graduate College, Office for Sponsored Programs Administration, Office of Research Compliance and Assurances, and University Animal Research Station. The Senate RPA will continue to advise the provost on academic budget and policy issues and on academic budgets as part of shared governance."

AND: 2) Monitoring and Revision of the Budget Model. That a defined entity with Faculty Senate representation and a formal charge to conduct such monitoring and revision be included in the policy for review and adjustment of the Budget Model and its operation after three years of experience with the transformation to implement it;

AND: 3) That the “Statement of Guiding Principles for the College-Level Budget Processes” outlined by President Geoffroy be adopted as well.

RESERVATION TO REVISIT: The Faculty Senate reserves the right to revisit this endorsement and recommendation depending upon the budget model’s organizational & operational consistency with the substantive faculty voice in committee membership established in the October 31 Report, how well the budget model operates, the results of the assessment noted above, and how well it enables the university to address the following concerns:

CONCERNS: While we recognize that not all issues can be predicted or addressed in advance, we highlight the following concerns that may give rise to considerable risk in both the structure and operation of the Budget Model:

1) The Budget Model seems to be complex and potentially expensive to operate. It appears that training will be needed at the university and collegiate levels, a new level of institutional detail with respect to funding and expenditures will need to be developed to support decision making, and there are large committees with advisory input. These require significant hours of service time. Has an assessment been made of the total costs and benefits of implementing this model? Are there plans for ongoing assessment of the net benefit and results for resource distribution?

2) Safeguards are needed to prevent the budget from driving academics, or academic programs and quality being compromised to manipulate budgetary advantage.

3) Safeguards are needed to ensure that the ISU climate that is supportive of interdisciplinary research and programs will not be eroded.

4) We are concerned that the model induces more non-tenure track hiring for teaching and research support rather than less and more temporary employment practices in lieu of full-time hires. Financial resources are more ‘market dependent’ based upon student credit hours and external funding and these temporary hiring practices may be used to provide flexibility or a hedge against changes in resources.

5) It is not clear how resources will be reallocated to be responsive to innovative or entrepreneurial performance, nor how reallocation with respect to base support may occur stemming from the Resource Management Fund imbalances. There is limited insight into the funding of those areas that may be important to have in a great university, but which do not have significant sources of outside funding available or which might not currently be a ‘hot’ academic choice for students.

6) A number of chronic funding problems that the model *per se* cannot address remain. Policies and approaches to addressing these need to be continuously foregrounded as we look to the future, even if resources remain modest: • Salary compression; • Redistributing funding to the base to make funds more equitable in supporting collegiate and departmental units, particularly those that have been chronically underfunded; the resource management process does not seem

to rectify historic problems in this area; • Addressing and rectifying salary shortfall relative to peer programs at peer institutions; • Funding and managing the Institutional Excellence Fund – which as proposed is funded by a share of the responsibility center funds. We have not been able to fund much of this in our current financial position – how will we be able to do this in the new model? Sooner or later it has to come from collegiate funds.

7) The budget model primarily addresses legislative and tuition funding and a share of external funding. The bulk of receipts and expenditures on external grants and virtually all of the funding from Foundation gifts are ‘off the books’ with respect to the Advisory Committee purview. We are concerned that despite the effort at transparency, that significant opacity remains with respect to the true financial picture of the university, the financial health of various units, how various expense items are actually funded, or how resources are redirected to fund various initiatives.

8) The linkage between resource flow and quantitative and qualitative metrics related to the Strategic Plan 2005-2010 is not clear. The metrics of the Strategic Plan (other than a few measurable items such as enrollment or externally funded research) are not connected to the budget model – thus diluting the rationale as to what merits funding. The model as structured seems to ignore more subtle qualitative contributions to the strategic plan.