University of Idaho
FACULTY COUNCIL MINUTES
2001-2002 Meeting # 3, Tuesday, September 18, 2001

Present: Smelser (chair), Bitterwolf (vice-chair), Chandler, Chun, Dickinson, Fairchild, Guenthner, Haggart (w/o vote), Hong, Kraut, Lillard, McCaffrey, McClure, Meier, Murray, Nelson, Nielsen, Norby, Pikowsky Absent: Goodwin, Olson, Pitcher (w/o vote), Thompson, Wagner

Call to Order. A quorum being present, Faculty Council Chair, Professor Ronald Smelser, called the meeting to order at 3:35 p.m. in the Brink Hall Faculty Lounge. The chair welcomed Professor Dickinson as a new member of the council.

Moment of Silence. Chair Smelser asked the assembled council to pause for a moment of silence in honor of those who lost their lives in the terrorist attack on the USA last Tuesday.

Minutes. The council accepted the minutes of the September 4, 2001, meeting as distributed.

Chair’s Report. Chair Smelser reported the following items to the council:

- Idaho State University (once known as the Southern Branch of the University of Idaho) is celebrating its centennial. A recognition letter was signed by all of the members of the council present at this meeting. It will be presented to the ISU Faculty Senate President at this month’s SBOE/Regents meeting.
- The Associated Students of the University of Idaho (ASUI) has invited the Faculty Council or other faculty units to field a softball team to participate in a softball tournament. Registration fees of $15 will go toward a fund to provide free HIV/STD testing for U of Idaho students.
- Editorial changes in Regulation M of the U of Idaho Catalog were distributed for information purposes. The changes clear up some inconsistencies and language that are no longer appropriate for excused absences.
- The council will be asked at the next meeting to provide a framework for a “charge” to the University Curriculum Committee to study Regulation M as it relates to the official excused absences for student athletes.
- A booklet announcing the 2002 International Faculty Development Seminars offered through the Council on International Educational Exchange was circulated at the meeting.

Budget Holdback and Unfunded Obligations (UFO’s). Wayland Winstead, Executive Director of Institutional Planning and Budget, provided the council with background information on the recently announced state budget holdback and the university’s plan to fund accumulated unfunded financial obligations. He noted that these are fundamentally issues of “perception.”

Winstead began his “upbeat” presentation by reminding the council that the U of Idaho is a “healthy” institution. We are financially healthy because our enrollment is at an all time high, grants and contracts are at an all time level, indirect costs recovery rates are up, and private support is also at the highest level in institutional history. He noted that the public’s perception of the U of Idaho has also changed – no longer identifying us as that remotely located “party school.” He believes that we are poised to have considerable enrollment growth at the graduate level. The state has provided the U of Idaho with its best financial package in the history of the university – a 9.3% budget increase and an almost 7% increase in salaries. The dollar figure for the holdback is $1.7 million and that only represents about 25% of what the university is carrying forward in cash account balances for this fiscal year. He noted that we have plenty of liquidity to deal with these budget problems.

As tax revenue forecasts and collection rates began to mirror our changing economy, it was necessary for the governor to request a 2% holdback. Winstead noted that the 2% holdback only applies to appropriated funds (40% of our total budget), and thus will not affect capital funds for construction projects, like the much-needed remodeling of the University Classroom Center. Winstead encouraged the council members to look at the positive side of this issue. We should be focused on the fact that we still have a 7.3% funding increase, despite the holdback. He emphasized that most of the authorization and decision making in budget matters has been turned over to individual “responsibility centers.” Each unit can return the previously budgeted funds from any source that it deems appropriate. The previous practice of “universal” holdbacks in certain budget categories has been abolished. Responsibility center management provides added flexibility in dealing with budget issues like holdbacks.

Winstead also noted that the university will present a plan at the next SBOE/Regents meeting that will reduce the holdback obligation in fiscal year 2002 to only a 1% permanent reduction in funding. The remaining 1% will be handled by increased matriculation, non-resident tuition, part-time enrollment, summer, activity, and off-campus fees. This amount would represent only 2-3% of the normal fee increases expected each year. Average fee increases over the last decade have been running between 7.5% to 9.5%.
Council members praised the openness of the administration in discussing these budget issues, but also expressed some concern over the fact that at the departmental level most of the budget is made up of salaries. A holdback can wipe out a small department’s travel or capital outlay budget. Winstead replied that those budget decisions now rest at the responsibility center level and those units must make use of the new liquidity in budgets to meet their unit goals. The return of salary savings (including fringe benefit costs) should also have a significant impact on a unit’s ability to make budget adjustments. Councilors responded by noting that some positions may never be filled because of the diversion of funds and if they are filled it will be by entry-level faculty positions. A strong/growing university needs experienced faculty and excellent facilities, and that requires more funding, not simply reallocating existing funding.

Winstead reminded the council that academic units were getting a 7.3% increase in funding this year. He acknowledged that as the university grows it does require increased funding and those kinds of budgetary decisions need to be carefully considered at the responsibility center level. In response to some other concerns expressed by council members, Winstead noted that in the coming years the responsibility center management concept will help direct additional funds to academic units which are experiencing growth. He acknowledged that the “playing field” is not level and those differentials will have to be addressed. He also noted that more of the indirect costs associated with grants will be returned to individuals and departments. The hope is that this reallocation of funding will result in more grants, which will create the need for more research assistants who are graduate students which will, in turn, increase revenue. He also emphasized (and it was also noted by members of the council) that risks need to be taken in stimulating growth and securing finances to make this a better university. We must take these risks together so that everyone has a stake in the outcome – good or bad!

Winstead then turned the council’s attention to the issue of unfunded obligations (UFO’s). He provided the council with background information on these obligations that require funding, but for which there is either insufficient or no revenue. The gap created between on-going expenditure obligations and on-going revenue sources is currently $4.5 million. However, that figure is elastic. It can change overnight, as it did when utility costs suddenly far exceeded the budgeted funds.

He said that there are a number of causes for this financial gap. Winstead noted a number of areas that have caused the gap:

- the increased use of tuition waivers for out-of-state students in the science and technology areas
- revenue attribution – which sends money back to the colleges
- policy decisions by past and present administrations
- earmarking funds – thus affecting flexibility and discretion
- utility expenses
- fundraising expenses – usually picked up by unrestricted gifts, but too many gifts are now restricted
- resources put into scholarship tuition aid – a positive effect on enrollment, but contributes to the gap
- replacement of our administrative computer servers that are vital to high speed internet connections and the Banner program – the risk is just too high not to upgrade these systems even though it is not budgeted
- fire engine purchase split with the city of Moscow – we must have equipment capable of reaching our highest buildings
- community policing agreement with the city of Moscow – an increased police presence on the campus (foot and bicycle patrols) necessary for providing a safe campus environment
- other computer related expenses – such as licensing and maintenance agreements
- programmatic improvements – diversity and human rights – improvements in environmental science, art and architecture, and engineering – enhancements that the president and provost thought were important

Winstead said that the strategies to close the gap between actual funds and actual obligations involves many avenues:

- requiring the development office cover their portion of the costs of fundraising
- moving the cost of merit scholarships to the colleges – funded through the Campaign for Idaho
- a temporary resource reallocation – 1.71% reduction in spending authority by departments – in addition to the state 2% holdback
- seeking stable funding sources for these obligations – which will take several years to accomplish

Winstead and the council agreed that open meetings on subjects concerning the budget and funding obligations of the U of Idaho were important and productive. Chair Smelser thanked Winstead for his presentation and candid responses to the questions posed by the members of the council.

Adjournment. It was moved and seconded (Lillard, Guenthner) to adjourn. Chair Smelser adjourned the meeting at 4:46 pm.

Respectfully submitted,

Peter A. Haggart
Secretary of the Faculty Council