



AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS:

UNIVERSITY OF MICHIGAN-FLINT CHAPTER July 2018 NEWSLETTER



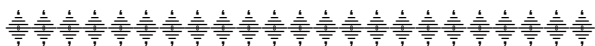
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ABOUT THE AAUP

The AAUP as a national academic association (www.aaup.org) supports faculty across the country on a wide variety of matters, from webinars on issues in higher education to providing support for grievances. The AAUP also publishes professional guidelines on governance and academic freedom that have become the model for governance at the University of Michigan. See the chapter website at: <https://blogs.umflint.edu/aaup/>.



ACADEME HIGHLIGHT

In “The Monument and the Wrecking Crew”¹ Margaret Morganroth Gullette addresses the topic of ageism—prejudice or discrimination on the grounds of a person's age—in the academy, where many assume that “higher education, with its tradition of explicit admiration for expert knowledge, is one secure location of respect for aging” (11). However, this may no longer be the case, as age discrimination seems to be on the rise, undermining the values associated with the “life-

¹ *Academe*, May-June 2018.

long course” represented by the tenure system, where the status of the experienced, aging professor as expert and guide to knowledge and skills is replaced with biased views based on the notion of aging as a decline.

What does age discrimination look like to an older middle-aged faculty member? It can be stereotyping such as inferring that senior professors are “out of touch,” creating an environment that might encourage early retirement, or instances of disdain that occur in the classroom. It can be certain practices, even to a much younger graduate student, such as “youth preference in selecting PhD candidates” (13); or “administrative pressure on tenured faculty to retire early” (12).

What are the consequences of ageism in academia? Loss of status, in brief, and loss of “meritocratic systems that underwrite respect for aging and the value of experience” (15): ageist assumptions can result in discriminatory practices that also erode seniority by threatening the tenure system. As an example, one might recall familiar arguments against tenure, such as it does not allow “hiring flexibility,” or the “expensive” argument of “one senior faculty member’s salary could pay the salaries of two new hires.” Also, one might observe the declining number of tenure-track faculty in favor of hiring less expensive contingent faculty,² whose annual contracts do not offer protection from “biased dismissal” under the 1967 Age Discrimination in Employment Act (12).

One other question that Gullette poses is how the loss of the protections and standards offered through tenure affects other important tenets of higher education. This translates into other serious losses, such as losing the “values of free speech and dissent” (14) and “the weakening of faculty governance over curriculum” (15) and in other areas of faculty purview. Without the tenure system, not only would it be difficult to keep ageism at bay, but also to ensure academe’s standards of quality under the current pressures of “cost accounting” (15).



FACULTY CONCERNS: Webinar on Due Process

Both AAUP and the University of Michigan maintain standards on due process, which refers to making decisions and taking action based on responsible, objective, equitable, transparent, and fair practices in all matters. An understanding of what it means to

² AAUP data report a 15% decline in tenured and tenure-track faculty from 1975 (about 45%) to 2015 (about 30%).

guarantee due process for ourselves and each other is critical to responsible participation of faculty, chairs, directors, deans, executive officers, executive committees, and management teams in university business. Due process affects key issues for faculty, including tenure-clock requests, sabbatical policies, promotion and tenure decisions, advancement to leadership, etc. In the interest of being responsible stewards of each other's welfare in a peer-review system, the 'Due Process' Webinar addresses these issues through review of institutional and best-practice standards. Please also see our Webinar on Minutes and Agendas. Participation in the webinar series is anonymous unless you wish to receive an individual certificate for the purpose of professional development (this option is made possible at the close of the webinar through a separate form). UM-Flint AAUP Webinars may be found at:

<https://blogs.umflint.edu/aaup/webinars-for-professional-development/>



FACULTY UPDATE: LEO reaches new Contract

As announced in *The University Record*,³ approximately 1,700 full and part-time University of Michigan lecturers represented by L.E.O. AFT Local 6244 have a ratified contract. On July 13th, 2018, a majority membership vote approved the three-year agreement, which became effective immediately upon ratification. The economic issues addressed include salary increases: 1) minimum annual salaries in the contract's first year will be \$48,000.00 in Ann Arbor and \$38,000.00 at the Dearborn and Flint campuses, and will rise in the third year to \$51,000.00 in Ann Arbor and \$41,000.00 at the Dearborn and Flint campuses; 2) a first year equity adjustment of at least 3.25% or 4% based on years of service and first-year annual increases, followed by a 2.5% and 3% in the second and third years respectively for the Ann Arbor campus, and second and third year increases in Dearborn and Flint based on the increase for tenure-track faculty or a minimum of 2%. The contract also provides an expansion of benefits: 1) eligibility for lecturers whose Winter appointment is less than 50% but have a 50% average in their Fall/Winter appointments; 2) spring/summer benefits expansion for lecturers who have eligibility in their Winter and the following Fall appointments; 3) coverage for long-

³ July 13, 2018 (<http://record.umich.edu/articles/lecturers-union-ratifies-new-three-year-contract-university>), summarized here.

serving lecturers on a one-semester unpaid educational or scholarly activity leave. Other issues addressed in the ratified agreement include expanding professional development funding opportunities and clarifying the processes for appointment and performance evaluation.



GOVERNANCE AT UM-FLINT: Budget 101 for Faculty

Abstract: For the University of Michigan the new budget year begins July 1 and ends June 30th. At the beginning of a new fiscal year it is important to reflect upon the relationship between shared governance and the budget so that faculty and governance groups can prepare for their responsibilities in the new academic year. This article provides an overview of policy excerpts related to budget, information about how our campus budget is derived, a review of recent data regarding our standing amongst Michigan's 15 public campuses, and an explanation of faculty roles and responsibilities in budgeting. These roles include knowing how to respond in times of fiscal strain. The need for such perspective is explained in the article 'Financial FAQs' from national AAUP (<https://www.aaup.org/i-need-help/financial-crisis-faqs>), which asserts that:

Most colleges and universities, and their faculties, are facing challenging financial situations. In a few cases the challenges are extraordinary. But in too many cases, administrations invoke the broader fiscal collapse in ways that exaggerate institutional conditions that are considerably less extreme. And in too many cases administrations invoke such conditions as justifications for implementing, without sufficient or any meaningful faculty participation in the decision making, a variety of measures that threaten the working conditions of faculty, academic professionals, and graduate employees. Such measures include hiring and salary freezes, furloughs, salary cuts, layoffs, nonrenewals, reduction and elimination of academic programs and colleges, revision of curricula, changes in academic policy, elimination of tenure, substantial changes in workload, and more.

1) AAUP Policy highlights on Budgeting in Higher Education:

► *The allocation of resources among competing demands is central in the formal responsibility of the governing board, in the administrative authority of the president [chancellor], and in the educational function of the faculty. Each component should therefore have a voice in the determination of short- and long-range*

priorities, and each should receive appropriate analyses of past budgetary experience, reports on current budgets and expenditures, and short- and long-range budgetary projections. The function of each component in budgetary matters should be understood by all; the allocation of authority will determine the flow of information and the scope of participation in decisions. Part 2c, p. 2, [Statement on the Government of Colleges and Universities](#) (1966).

II) Policy Highlights on Budgeting and Governance:

Budgeting at UM-Flint is impacted by the nature of the budget model that we have adopted. There is no single way to budget in higher education. There are different philosophies and ways of budgeting. Policies cited below govern how budgeting occurs within U of M campuses and on our campus. The policies are taken from authoritative documents that have been approved for application across the institution by the U of M Board of Regents or the U of M Senate Assembly, both of which apply to UM-Flint.

a) Policies from the Regents Bylaws (applicable to all three campuses),

<http://www.regents.umich.edu/bylaws/>:

► *If an executive committee has been created by the board for the school, college, or department, the dean, director, or head shall be assisted by the executive committee of which he or she shall be ex officio the chair. The executive committee in addition to assisting with administrative functions shall be charged with the duties of investigating and formulating educational and instructional policies for consideration by the faculty and shall act for the faculty in matters of budgets, promotions, and appointments. Sec. 5.06.*

► *The faculty of each school and college shall from time to time recommend to the board for approval such regulations as are not included within these bylaws and which are pertinent to its structure and major operating procedures, such as departmental organization, requirements for admission and graduation, and other educational matters, the determination of which is within the peculiar competence of the faculties of the several schools and colleges. Sec. 5.03.*

b) Policies from the *Principles of Faculty Involvement in Institutional Governance* at U of M (ratified by the Senate Assembly and applicable to all three campuses),

<http://facultysenate.umich.edu/wp-content/uploads/sites/22/2015/02/Faculty-Senate-Principles-and-Regent-bylaws-updated-.pdf>:

► *Budgetary policies and decisions directly affecting those areas for which the faculty has primary responsibility such as, but not limited to, curriculum,*

subject matter and methods of instruction, research, faculty status, admission of students and those aspects of student life that relate to the educational process shall be made in concert with the faculty. Part A6, p. 5.

► *Faculty must exercise diligence and provide oversight to ensure that its agencies act in keeping with its policies and recommendations, and that they are implemented in an appropriate manner. Part A8, p. 6.*

► *The governing faculty of each academic unit shall establish the policies and procedures of each academic unit governance entity in relation to: curriculum; admission requirements; graduation requirements; major operating procedures such as departmental organization, committee organization, committee appointments; budget; faculty appointments, reappointments, decisions not to reappoint; faculty promotion and tenure; and policies concerning reviews of faculty for merit salary increases. Part B3, p. 6.*

► *The faculty shall participate in the determination of policies and procedures governing compensation of faculty. Part A4, p. 5.*

c) Policies from the Resolution on Open Governance

ratified by the Senate Assembly (applicable to all three campuses), http://facultysenate.umich.edu/wp-content/uploads/sites/22/2015/03/01-23-12_BSC-Open-Governance.pdf

► *Access to information is the foundation for transparent university governance. Open governance requires that faculty and staff have complete information in a format which they can understand and use. As the first directive of this policy, all administrators shall aim to provide complete information to the faculty whenever possible, recognizing that privacy must be respected whenever appropriate. In addition, Administrators shall work to ensure the faculty is able to understand, or reasonably should be able to, the information provided without special legal or other expertise. The same principle applies within the university. Information must be freely shared between and within departments, between faculty and administrators, subject to privacy and other concerns, so that UM employees can work together efficiently and effectively and without faculty having blinders on and kept on the outside of administrative decision-making. p. 2.*

► *The reasons behind administrative decisions are often as important as the decisions themselves. Letting the faculty know why decisions are made ensures honest, reasonable, fair, and open governance. It also protects the faculty from arbitrary administrative interference or worse. Administrators shall work to document any significant facts and criteria guiding a decision of broad impact on the faculty, staff or students and make the*

justification publically available early-on in the decision-process. p. 2.

d) Standards from the Higher Learning Commission (which accredits UM-Flint), <https://www.hlcommission.org/Publications/guiding-values.html>:

► *Governance of a quality institution of higher education will include a significant role for faculty, in particular with regard to currency and sufficiency of the curriculum, expectations for student performance, qualifications of the instructional staff, and adequacy of resources for instructional support.* Guiding Value 7.

III) The Budget as a Non-Profit:

UM-Flint's status as a non-profit, public institution influences how we spend our resources. The goal is to cover our expenses with the revenue we collect (rather than mirror for-profit accumulation), instead of amassing reserves. In the latter instance, having significant unspent funds (especially in schools/colleges) might create the impression that we do not need the funds that we request from the Regents or the state, or that we are trying to make a profit rather than merely cover costs. As a rule, funds carried-forward should have a plan. For this reason, departments, programs, and schools/colleges will often be asked to write a carry-forward plan to justify keeping funds into a new fiscal year. According to SACUA (U of M Senate leadership):

We recognize that some decisions the university must make are basically business matters, and that the optimal way for the university to make such decisions resembles the optimal way a large corporation would make them. But for decisions that significantly impact the core of the educational function, the corporate model would be counterproductive for a university.

Regents Communication: Governance in Academe.⁴

IV) Whose Money are we Spending?

Part of being a public non-profit institution is a responsibility to currently enrolled students. In an ideal model, the resources that come in for the current year are spent, virtually in their entirety, on the students registered that same year. This requires that the campus operate on a deficit, because funds for the current year are transferred at the end of the year based on the revenue from tuition and state appropriations. This approach might seem counter-intuitive—why wouldn't we save this year's funds to pay for next year? As a non-

profit, the services provided to students should be paid for with funds (fees and tuition) provided by those same students. With revenue sources such as fees, in particular, it should not be the case that, for example, students paying a philosophy fee are subsidizing economics students. This would not constitute a direct return. In the same way, students currently enrolled should not be paying hefty fees for future expenditures. If that occurs, then it would be important for the students currently paying fees to themselves benefit from fees paid by students in prior years (not the ideal).

Because of the importance of monies paid by a current group of students going to that same group (whether the expenditures improve the quality of the faculty through research or they go to instruction), departments, schools, colleges, student governments, etc., should strive to use resources before the close of the fiscal year.

V) The Budget and State Appropriations:

Each year, the state legislature decides how much to earmark for higher education. For FY 2019 the campus was approved to receive a ½ million dollar increase in its budget with an additional 2.6 million anticipated through approved increases of new/higher fees and a tuition increase. These funds constitute resources provided by the state towards the university's operating costs. As a rule, state appropriations keep costs within reach for students. Some students and faculty may not realize that one of the reasons for tuition increases is that state funding for higher education has declined over the years. Michigan has 15 public universities that rely on state appropriations,⁵ which are outlined in Article VIII of the State Constitution.⁶ Section 4 stipulates that the state must dedicate funds to higher education. For 2017-18, higher education received 3% of the total state budget. State appropriations have generally increased since 2010-II. However, appropriations have not caught up since their last peak in 2007-08 (they are still 14% lower than what they were that year).⁷

⁵ Michigan's 15 'publics' include: Central Michigan University, Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Michigan State University, Michigan Technological University, Northern Michigan University, Oakland University, Saginaw Valley State University, University of Michigan-Ann Arbor, University of Michigan-Dearborn, University of Michigan-Flint, Wayne State University, and Western Michigan University.

⁶ [http://www.legislature.mi.gov/\(S\(ocnmvbtvguad2fld3smwdql\)\)/mileg.aspx?page=getobject&objectname=mcl-Constitution-VIII](http://www.legislature.mi.gov/(S(ocnmvbtvguad2fld3smwdql))/mileg.aspx?page=getobject&objectname=mcl-Constitution-VIII)

⁷ Higher Ed Budget Briefing FY 2017-18: https://www.house.mi.gov/hfa/PDF/Briefings/HigherEd_BudgetBriefing_fy17-18.pdf. The brief is provided by the House Fiscal

⁴ December 2007 Regents Communication: <https://facultysenate.umich.edu/wp-content/uploads/sites/22/2015/03/regup12-07.pdf>

Michigan's public universities must lobby for their share in the state's resources every year, which is why chancellors, presidents, and their delegates meet with state legislators. Having a presence in Lansing and effective leadership to represent the campus's needs are essential to adequate support. In FY 2017 (reported January 2018), both U of M Dearborn and Flint received between approximately \$3000 and \$4000 per year per student in state appropriations, while U of M Ann Arbor was at roughly \$7000 per student. These monies are for 'operations grant funding' and equate to the baseline budget given to each university before adjustments for performance funding, which is allocated per campus. As an example of performance funding, the state puts pressure on the campuses to prioritize STEM fields by rewarding undergraduate degree completions in 'critical skills areas (generally STEM fields).' However, the total amount of rewarded performance for all 15 publics was only 3.1 million in the 2017-18 year.⁸ In addition, universities are required to abide by certain rules in order to receive performance-based funding from the state. These included the following for 2017-18: 'Restraining resident undergraduate tuition and mandatory fee increases to 3.8% or \$475 (whichever is greater) over the prior year.' Participation in transfer agreements is also a factor. If a university charges more than the cap on tuition increases set by the state each year, then it forfeits its state appropriations, which are redistributed to the other campuses. So, while the public campuses benefit from state support, it also limits other revenue.⁹ Also of note is that for the 2017-18 year, UM-Flint was 5th out of the 15 publics in receiving the highest portion of performance funding (just behind Dearborn at 4th but ahead of Ann Arbor at 11th).

VI) The Budget and Enrollment:

The campus's budget each year is based on its own estimation of the total enrollment for the upcoming fiscal year. Because the non-profit budget is set up to spend in deficit and repay it at the end of the fiscal year, if a campus under-estimates its enrollment it will have a budget surplus. But, if it over-estimates enrollment it will have to pay the difference. Enrollment targets, as they are known, are broken down by school/college, such that an individual unit might also have either a surplus or a bill to pay at the close of the year. A study

Agency, defined as 'a nonpartisan agency within the Michigan House of Representatives. Agency personnel provide confidential, nonpartisan expertise to the House Appropriations Committee and all other members of the House on all legislative fiscal matters.'

<http://www.house.mi.gov/hfa/About.asp>

⁸ Ibid.

⁹ Ibid.

of the change in enrollment by percentage over the past 10 years shows that **UM-Flint has been the top performing campus out of all 15 Michigan publics between 2006-7 and 2016-17 for growing FYES enrollment-- roughly a 20% increase over 10 years, ahead of Dearborn and Ann Arbor.**¹⁰

In Michigan, approximately 71% of public university general fund revenue comes from tuition and fees, while 21% comes from state appropriations.¹¹ There are good and bad consequences to relying on enrollment. On the one hand, the less a campus is dependent on state appropriations, the less devastating state budget cuts might be. On the other hand, declining state appropriations across the country have required universities to compensate by covering operating costs through increased tuition. The less a campus relies on state appropriations, the more it counts on enrollment. What makes the future uncertain for Michigan's 15 publics is that the number of high school graduates is expected to decline by 9% by the year 2023.

When examining enrollment patterns in higher education, the subject areas with the highest increases in the number of degrees awarded for a 10-year period (spanning 2006-7 and 2016-17) are as follows:

- Health Professions: 88.2% increase
- Biology/Biomedical: 50% increase
- Engineering: 38.4% increase
- Psychology: 23.4% increase
- Communications/Journalism: 18.2% increase
- Business/Management: 14.3% increase
- Visual/Performing Arts: 10.8% increase
- Social Sciences: 7.3% increase
- Education: 59% decrease¹²

On the positive side, the results show that even areas that traditionally have to compete for investment like the arts and social sciences are showing growth. It is tempting for campuses to follow the enrollment increases (in pursuit of revenue) in terms of prioritizing effort and resources, but as institutions for the public good, it might be argued that universities have a responsibility to offer degrees to those who may not be equipped or willing to study in the most profitable areas. Students have varying skills and passions—one must not lose sight of the entire population and diversity of need that the university should serve. For regional comprehensive institutions like UM-Flint, which are designed to offer a broad range of liberal arts to professional degrees, our institution has an

¹⁰ Ibid.

¹¹ Per the Higher Ed Budget Briefing FY 2017-18, the remaining 8% is identified as 'other.'

¹² Ibid.

obligation to prepare Michigan for a diversified economy and workforce, which can only be achieved by providing many paths to a university degree across subject areas.

VII) The Budget and UM-Flint:

While the University of Michigan-Ann Arbor certainly has the resources to compensate for funding challenges that may occur at Dearborn or Flint, such support could come with unintended outcomes. Currently the three campuses are considered legislatively independent from one another, meaning that if Dearborn or Ann Arbor failed then Flint would not be considered part of the pot that needs to pay the bill for another campus. That legislative independence also ensures that Flint leaders can make decisions for the Flint campus with relative autonomy from the other campuses. If, for example, Ann Arbor were to 'bail us out' for something like the LEO salary increases, it might set a precedent of collapsing that legislative independence.

A point of confusion on the Flint campus has been ongoing references to an emergency fund or reserve, reported to be falling due to lower enrollment and the water crisis in recent years. There is no single pot of money accessible only to executive officers. The emergency fund refers to monies spread across each office, college, school, department, etc. that have not been spent.

Another concern has been that offices outside of the schools and colleges can overspend and compel academic units to give funds to pay the deficit. Although deans in the schools were asked to bail out CAS in 2016 when it had overestimated its enrollment targets, this is not typical and therefore the support of the deans in the other units. If non-academic units were over-spent, however, it would not normally be the case that individual schools or colleges would pay their debts.

VIII) The Budget Cycle and Shared Governance at UM-Flint:

The annual budget cycle varies depending on the level of governance. Here are some best practices for faculty participation at each level:

i) **Department/program:** Your instructional unit should develop an equitable way to distribute resources and identify priorities at the beginning of the academic year or the end of the prior year. Use of funds should be regularly reported to the faculty. By early winter semester departments and programs should to communicate (through their chair/director) to their dean's office what their needs are for the upcoming year. Because acquisitions in equipment often take many

months to coordinate (involving internal and external estimates, etc.) purchases of equipment should begin by early winter. If payment falls after June 30th (the last day of the fiscal year) departments/programs risk losing a year's funding.

Departments should not leave budget control to an individual chair or director. Resources should be discussed and prioritized in order to ensure fair distribution and the achievement of the instructional unit's (department/program) goals in teaching and research. Department/program budgets are reconciled on June 30th, such that the new year's budget begins July 1st. In most departments/programs, the chair or director receives a file from the dean that outlines his/her department's/program's budget for the year. Chairs/directors should be sensitive to untenured faculty, who may not be comfortable asking for such information directly—just provide it to them without them having to ask. Faculty should scrutinize such allocations. Because allocations happen in the summer when faculty are off contract, it is advisable for departments/programs to establish their fiscal plans for the new year in the winter semester. Directors/chairs are usually asked to communicate their unit's budget priorities at some point in the fiscal year. Find out when this is for your department/program and be sure to convey need even if it is not requested. An explanation of the budget that you are requesting might assist in securing necessary resources.

The only way to know if your department/program is equitably or adequately funded is to access all instructional unit and administrative office budgets in your school or college. To ensure fair and transparent funding, deans should provide all governing faculty in their units with the budget for their own office (and other non-instructional offices), as well as all program and departmental budgets, in addition to copies of expenditure reports and audits that have been conducted of the unit. Most of these budgets are created at the beginning of the fiscal year. Faculty, like any member of the state of Michigan, have the right to see public documents at public institutions, including those used for spending and allocation of resources.

Within departments and academic programs it is important that faculty instate (through a vote of governing faculty using Robert's Rules) policies and procedures in Bylaws or Standing Rules that set standards for how budget decisions will occur within the unit and how they, the faculty, will be involved. Their right to establish ways to be involved is a standard of U of M shared governance:

Agencies for faculty participation in the government of the college/school or university shall be established at each level where faculty responsibility is to be met. A

faculty-elected campus-wide body shall exist for the presentation of the views of the whole faculty. The agencies may consist of meetings of all faculty members of a department, school, college, division, or university system, or they may take the form of faculty-elected executive committees in departments and colleges/schools, and a faculty-elected body for larger divisions or for the institution as a whole (Principles A5, p. 5).

Although chairs and directors have the authority to make financial decisions, the faculty have the right to decide how those decisions are made and to recommend what they want to see happen. A chair or director who chooses not to support the faculty's decision or procedures should provide written explanations for decisions counter to their faculty, who can hold their supervisors accountable in elections and reviews.

It is also important that chairs and directors demonstrate competence by ensuring that decisions about resources are made with adequate time and transparency to facilitate faculty involvement. To make budgetary decisions, faculty must have access to the current detailed departmental or program budget as allocated by the dean. For example, one cannot decide if one has money for student travel, without also knowing if one has money for lab supplies. If chairs/directors are making sure that decisions are based on discipline-specific expertise, they will provide enough time and information for their faculty to be involved in the process.

Some departments/programs vote to approve their budgets at the beginning of the year, for example. Some require that all expenditures of certain types require a faculty vote, while other types of expenditures occur without faculty consultation as long as the chair/director keeps to the budget approved by the faculty. In whatever way your department/program chooses to manage its budget, the faculty should ensure that resources are adequately and equitably distributed.

At the end of the fiscal year, faculty might also wish to participate in the preparation of a carry-forward plan for unspent funds. It is also a best practice for the department/program faculty and supervisor to work together on a budget request for the new fiscal year, such as by indicating if needs are not being met or if they need to be redistributed within the instructional unit's budget. In order for faculty to be involved in this kind of decision-making, they need to be informed about the instructional unit's revenue sources and how they are allowed to be used. Education of the faculty in the use and forms of funding that the department/program will receive is essential to the faculty providing oversight and accountability. Such

practices also support having informed leaders when faculty take their turn at leadership duties. Larger departments or programs might consider establishing a budget committee, which can not only make recommendations to the faculty and supervisor, but can educate new faculty in the budgeting process and advocate for needs, such as by writing reports of unmet needs that the chair/director can submit to the higher unit's leadership.

ii) Schools/Colleges: The budgets of schools/colleges are approved around June of each fiscal year. In order to propose a budget, deans are asked to prepare requests that are then presented to the Regents by the Chancellor in coordination with the Vice-Chancellor for Business and Finance. These requests are usually developed upon priorities within the school or college. Faculty should ensure that their voices are heard in the process, such as regarding their instructional and research needs, as well as other budget priorities. Your unit's leader should provide time in governing faculty meetings to discuss such priorities (before the unit's requests are presented to the Regents). If this does not occur then faculty could submit agenda items on budget priorities and may consider formalizing a process in their bylaws. To allow for a unit's faculty to be involved in setting unit budget priorities, which may also include its executive committee or management team, such activities should occur during the fall. As a matter of transparency unit faculty and governance committees should receive copies of the budget priority requests submitted on their behalf.

Faculty must also hold their executive committees/management teams accountable in the budgeting process. If an executive committee does not have time for budget matters, then a budget committee could be established. The same standards of responsibility in leadership apply to deans as they do to chairs and directors. An effective dean will be sure to provide ample time in decision-making processes for all relevant budget information to be obtained, investigated, and discussed by the faculty and/or executive committee on time for meaningful faculty influence in plans and decisions. Claims that there is not enough time to share, collect, or decipher budgetary information relevant to an important decision should not be entertained. Faculty should refuse to recommend supervisory initiatives impacting budget without full disclosure of the budget and any other information essential to the decision.

Faculty within schools and colleges should undertake their responsibilities in shared governance, irrespective of whether or not they are asked to do so. The faculty should be using parliamentary procedure or

other faculty-approved bylaws or rules to agree on how to make recommendations to a dean regarding resources. Just because supervisors above the faculty can override a faculty decision on budget does not mean that the decision or recommendation should not be communicated. According to the Regents, faculty are required to participate.

iii) Campus-wide: In 2016-17 the academic and non-academic units were required to provide information about current resources and claims of need to propose budget requests to the campus community at the 'budget town halls.' By contrast, the 2017-18 iteration of presentations did not disclose budget requests, nor allowed for questions and debate. The 2017-18 format did not fulfill the function that the town halls were designed to provide by requiring disclosure of budget information to accompany requests, because preparation of such information was considered moot by the event organizers, given the limited funds that were available to allocate that year. The format of the earlier town halls is however necessary in order to provide accountability and to ensure that Budget Committee members can request the information that they deem necessary for consideration of even routine budget requests.

The town halls, along with reports from the deans on unit budget priorities, occur in the winter before the Chancellor makes the requests to the Regents. Before the town halls, CACBSP¹³ updates guidelines on the information it is requesting of town-hall presenters. After the town halls, the Budget Committee is convened in winter, comprised of CACBSP members, leading staff in Budget and Finance, and representatives from Staff and Student Council. The Committee ranks the requests made by each unit/office by order of priority and reaches decisions on whether to recommend new fees from departments and non-academic offices. It also makes a recommendation regarding the merit-pay program. These recommendations are reviewed and either supported or not by the Chancellor for presentation to the Regents in the spring budget requests. Chancellor Borrego has typically presented recommendations to the Regents that are in keeping with Budget Committee recommendations.

IX) Myths to Question:

Faculty involvement in budget matters is sometimes difficult to ensure and navigate. Best practices would

suggest that claims such as those below should require careful response:

i) ***You wouldn't understand it.*** This kind of response, which may be condescending, might occur when faculty ask to see budgetary information that has yet to be disclosed. Faculty at public institutions have a legal right to see budget documents; proof of ability to comprehend them is not a pre-requisite for access. If budgetary information may not be understood, it is the supervisor's responsibility to provide complete information in a legible format. From the Open Governance Resolution: *'Administrators shall work to ensure the faculty is able to understand, or reasonably should be able to, the information provided without special legal or other expertise.'* p. 2.

ii) ***It takes too much time to put the information together*** (which may be accompanied by claims that requests for information are an undue burden to staff): Most information should not require additional work or staff time to provide, especially if faculty request reports that have already been generated.

iii) ***Faculty do not have oversight over budget.*** The *U of M Regents Bylaws* and the *AAUP Statement on the Government of Colleges and Universities* both stipulate that faculty have influential roles in resource allocation through shared governance. It is incorrect to state that if a decision has a budgetary component that the issue is therefore out of the faculty's purview. Attaching dollars to a particular issue does not wrest it from the purview of the faculty.

iv) ***Only _____ is allowed access to that information.*** At UM-Flint, although one has to receive permission to access websites like Tableau and WebFocus, which include access to enrollment and budgetary information, in reality documents at UM-Flint are a matter of public record. Any person can request access to university documents. If access is denied, submit a Freedom of Information Act request.¹⁴ One should always attempt to ask for the information first, however.

v) ***Only the Executive Committee/Management Team makes those decisions.*** These committees only have as much power as the faculty give them. According to the Regents Bylaws, the duties of such committees are delegated by the governing faculty, whereby one might surmise that such delegation may be retracted, if those committees do not act in keeping with the faculty's standards, policies, and priorities for the affairs of the

¹³ The Chancellor's Advisory Committee for Budget and Strategic Planning (a campus-wide standing committee).

¹⁴ <https://foia.vpcomm.umich.edu/>

school or college.¹⁵ According to the Unit Governance Task Force report (2005), executive committees that do not insist upon direct involvement in budgetary action in their units, including receiving and reviewing all unit budgetary information, are out of compliance with the Regents Bylaws.¹⁶ If a dean does not include such a committee in influential participation regarding budget decisions for the unit, he/she is also out of compliance. Both should be evaluated based upon fulfillment of these responsibilities.

vi) *We are in a budget crisis (or under financial strain), therefore we must do x, y, or z. . . .* Claims about fiscal necessity must be legitimized by full disclosure of budgets to the relevant faculty group. Unless a budget crisis can be shown to exist in verifiable comprehensive budgetary data, it should not be accepted as existent. When decisions regarding cuts and shifting resources are made, the faculty have the right to recommend which resources merit preservation or reduction. This can only be done by knowing how all resources are being expended in a given unit or office. As a rule, responsible cuts in higher education are normally made first to administrative rather than academic spending, because the latter is what guarantees quality of instruction and research (i.e. administrative staff would be released before instructional staff if a staff cut was necessary).

vii) *Deans approve or control departmental/program expenditures.*

The budget model at UM-Flint is decentralized, meaning that supervisors at each level are responsible for the decisions that they make for their own purview and the levels below them. Decentralization is tricky

¹⁵ Regents Bylaws 5.02: "the governing faculty shall be in charge of the affairs of the school, college, or division, except as delegated to the executive committee, if any."

¹⁶ U of M SACUA Report of the Unit Governance Task Force (2005), part I.2, pp. 1-2, clarifies that executive committees that do not act on or assist with budgets are not adhering to the Regents Bylaws:

The second reason for the TF formation was the concern that not all ECs are permitted to participate in areas of governance specified in Regents' Bylaw Sec. 5.06, according to which 'The executive committee ... shall act for the faculty in matters of budget, promotions, and appointments.' Specifically, while in some units the ECs discuss and vote on administrative appointments and the budget, in a number of units the deans do not involve the ECs in these issues. In still other units, the issues of budget and appointments are presented to ECs for information only. Redressing this possible non-adherence to the Regents' Bylaws in some units was another goal of the TF formation.

because it requires delegated responsibility and oversight over delegates, which can be a challenge. Ultimately, decentralization parallels shared governance, which refers to administrators, faculty, and a board sharing decision-making. Decisions are rarely the right of any one person or group, and the weight of these three groups varies on the type of decision.

At UM-Flint some faculty believe that deans, for example, make final decisions for departments and schools/colleges. In reality, chairs, directors, and deans each make recommendations to their own supervisors, in the same way that the faculty recommend to chairs and deans. Provosts approve the recommendations of deans; a chancellor approves those of a provost; the Regents approve those of a chancellor. If any one level makes a decision that violates institutional policy or is damaging to the institution's mission, it is the responsibility of the higher level to intervene. The fact that decisions are complex and are meant to be reinforced by both faculty and administrative expertise is made clear by the Regents in the example provided regarding granting tenure:

*All promotions to tenured teaching positions shall be made by the board on recommendation by the chair of the department, the dean, the executive committee, the provost, and at the University of Michigan-Dearborn or the University of Michigan-Flint by the chancellor, and the president.*¹⁷

Allowing one party to dominate decisions that are meant to be through review of multiple parties is an affront to shared governance. But, the Regents have stipulated that some voices should be more weighted than others depending on the type of decision. For example, faculty have the most authority on curriculum and matters of peer review. By contrast, faculty might have the least authority in certain types of administrative decisions over non-academic matters/hires within the university.

Disciplinary expertise (and therefore management by the faculty in the discipline) is necessary to make responsible decisions about budget priorities within a given academic program, such as which courses to schedule, instructors to assign, chairs to elect, incentives to use for recruitment, etc. The Regents recognize this and insist that departments must have budgets that are independent from those of the college or school. For this reason, departments and academic programs are decentralized, just as schools and colleges are decentralized. Deans expect provosts and chancellors to respect their purview over unit-wide matters, but they too must delegate authority (including over budgets) to chairs and directors, in order for the system of

¹⁷ Regents Bylaws, Sec. 5.08, 4.

expertise-based decision-making to work. For the most responsible stewardship of resources, chairs/directors should cultivate faculty involvement in budgeting, while deans should encourage chairs/directors to consult their faculty. The Regents have most succinctly explained the importance of expertise-based decisions in their definition of a department:

A department is a subdivision of a school or college under an administrative head maintained for the purpose of conducting a curriculum or curricula in a specified field of learning. A department has a separate budget, responsible to the budgetary authorities of the school or college of which it is a part.

*Each department shall be organized in such a manner as to provide general participation by staff members in the management of departmental affairs.*¹⁸

So, a department is defined according to its curricular purview, independent budget, and the necessity of involving faculty in making decisions.

viii) Fees and revenues can be taxed or re-allocated by supervisors. Because chairs/directors and deans can overturn some kinds of faculty decisions, sometimes funds are reallocated in ways that were not intended. Such actions usually occur amidst claims of fiscal strain. It is not uncommon in academia that an executive officer or supervisor will overspend in order to create an illusion of financial exigency or to force fiscal or non-fiscal agendas that would otherwise not be possible to do without the claim of a crisis. So, it is imperative that faculty have an influential role in determining if financial strain exists and which cuts to make (if any).

How would faculty know whether funding for their programs is being misused? In academia, generally speaking, the primary applicants for a funding source are usually in charge of spending it. This is because only those with the expertise to direct their use can assure taxpayers of good stewardship of resources. A chair cannot effectively direct a research grant for another faculty member. A dean cannot effectively manage discipline-based fees or revenue for a department. Rather, the department faculty whose expertise is required to apply for lab or subject (prefix) fees must ensure that the fees are applied towards their intended purpose. If fees that students pay to support their disciplines are taken to pay for administrative or non-academic expenditures (such as by removing the funding recipients from controlling use of the funds), whether through taxation or shuffling of budgetary responsibilities to negate the increased income (and therefore the revenue's purpose), then why should faculty apply for them? To retain credibility when

asking for fees or other support from the Regents, legislators, or the tax payer, our faculty and leaders must ensure that funding is used as intended.

In the case of tuition revenue (whether as a special agreement or standard return), the situation is similar. Tuition revenue refers to the amount of a program's 'profit' that it is allowed to keep. At UM-Flint the standard rate of return is 60%, although those approved for special tuition revenue (to build a program in its first 5 years) receive 80%. In some units deans are required to ask for permission of their faculty to change the rate of return, while in others there are no policies governing these decisions and therefore deans use their own criteria. When faculty and campus leadership approve a new program, they make a commitment to support that curriculum. Failure of a dean/chair/director to allow a program to receive its intended revenue might constitute failure to respect the curricular authority of the faculty.

At UM-Flint, new fees and tuition revenue are first proposed by a program's faculty. In order for faculty to find out if fees and revenue granted to their programs are being appropriately allocated and expended, the following documents provide some information:

a) The Gray Book lists the funds allocated by deans to individual departments. See

<http://obp.umich.edu/root/budget/budget-detail/>.

b) The campus budget documents posted at <http://www.umflint.edu/financialservices/budget-financial-reports> indicate what the standard tuition and lab fee returns are for a program in a given year, versus what a dean allocated to that program (see appendix at the link provided on page 13 for tuition revenue allocations to selected graduate programs).¹⁹

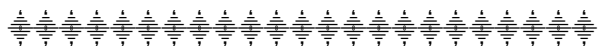
c) Quarterly expenditure reports are reviewed by CACBSP four times a year. Not all of the funds allocated (or transferred to departments) actually make it to their intended use. It occasionally happens that a dean or chair will claim that a resource is available, or let it sit in the department/program's budget, but in fact the faculty are prevented from spending it. This makes it possible for the funds to be reclaimed at the end of the fiscal year (it will look like they were not needed), while creating the illusion that they were available to the faculty.

Conclusion: At UM-Flint we need to strengthen individual and collective responsibility for stewardship of our resources among the faculty and mid-level administrators. We should commit ourselves to transparency and accountability through access to information and participation in decision-making. To

¹⁸ Regents Bylaws, Sec. 6.04.

¹⁹ For a summary of graduate program allocations across campus, to see how this works, see the Appendix.

be accountable to ourselves, colleagues, and students we must ask for information and participation. Trust is built upon transparency.



GOVERNANCE POLICY HIGHLIGHT: Budget 101 for Individual Faculty

From the U of M Senate Assembly: Principles for Faculty Participation in Institutional Governance:

The faculty has primary responsibility for such fundamental areas as curriculum, subject matter and methods of instruction, evaluation of student performance, research, faculty status, standards for admission of students, and those aspects of student life that relate to the educational process.

Considerations of faculty status and related matters are primarily a faculty responsibility; this area includes matters relating to academic titles, appointments, reappointments, decisions not to reappoint, promotions, the recommending of tenure and dismissal. Policies and procedures shall be developed for the implementation of these faculty responsibilities.

Introduction: There are many ways in which faculty are individually impacted by budget decisions within the university. As the above quote identifies, U of M faculty are the primary decision-makers in an array of areas related to faculty status, curriculum, instruction, and research. Decisions within a university are normally, associated with dollars. This is why the Regents and AAUP have defined budget oversight as a shared responsibility between the faculty and administration. What are the kinds of decisions that faculty make and that should result in corresponding budgetary action?

i) **Merit pay:** Faculty at U of M should have a role in the determination of faculty compensation. If merit pay, for example, is not being allocated in a transparent, equitable, and predictable manner, according to criteria and judgment determined by the faculty, then the level of faculty input on compensation has fallen out of step with institutional standards. A strong model for distribution of merit pay is the School of Management, where the faculty agreed to a rubric that guides performance aspirations and assessment for raises. Accomplishments correspond to points and percentages of a raise. These are tabulated and recommended to the Dean, who invariably allocates the raises as determined by the faculty. By contrast, other units lack a faculty system or committee to handle merit pay, such that raises are determined rather un-clearly by administrators, sometimes without consulting even chairs or directors.

Faculty in such units could better protect their peers from potentially inequitable practices, by putting policies in place to prioritize faculty oversight and judgment on compensation. This year, with another merit-pay program of 2% (for non-bargaining faculty and staff) it is essential that the campus-wide merit salary program be applied consistently across all units.

ii) **Departmental Fees:** Many departments and programs have lab or prefix fees. The former often more specific in application, while prefix fees are approved for intended purposes, yet are more flexible. Faculty and students can be hindered in their success when funds do not reach their intended use. Prefix fees, for example, might have been proposed to cover new equipment, software, physical space upkeep, faculty/student research or travel, instruction supplies, achievement awards, departmental events, etc. It is important that when new resources are allocated that the new funding is not negated through reductions in other funding. When a department/program of its own merit, need, or effort applies for funds like prefix fees, special revenue, or a tuition increase (grad programs only), these are recommended through governance processes. Such gains can be negated if the recipient of the new funding is asked to pay for things that had not been the responsibility of the department/program to provide. This can also occur through reductions to a department/program's revenue return or budget. Shuffling of expense responsibilities can be hard to track, but it can negate newly awarded funding, making it instead an increase to administrative rather than academic spending.

Faculty suffer when resources intended for their programs do not materialize, resulting in an inability to build their programs, provide equipment and class supplies to students, engage in high-impact practices that require funding, or provide quality of instruction. This has a direct impact on the creativity, variety, and quality of instruction and research, impacting performance reviews and even faculty retention. Students suffer because they are not getting the supplies, equipment, or facilities that true support of the curriculum requires, while opportunities for awards, scholarships, research travel, publication, or a sense of community, evaporate. Accountability to our students and faculty regarding proper allocation of and access to fees is critical.

iii) **Class scheduling:** The recently passed new LEO contract for lecturers across U of M was a major win for part-time and contingent faculty on our campus. The AAUP Chapter at UM-Flint congratulates LEO and its Flint representatives for securing better conditions for Flint lecturers. That being said, the raises

were passed without a corresponding increase in the campus-wide budget, leaving the campus and each unit to come up with the difference in lecturer salaries for the year. Across the campus this will roughly mean a shortfall of 1.3 million dollars in the annual budget. The agreement may be good for lecturers overall, but there are downsides for individual tenure-stream and lecturer faculty. Some lecturers are being cut from classes that are low enrolled with greater frequency in order to reduce the total salary increase needed per unit.²⁰ Alternatively, some lecturers may lose classes, due to more stringent demands for tenure-stream faculty to 'save money' by teaching larger classes. Efficiency in scheduling is called for in this situation, but if students cannot advance, or they lose the variety of fields available for study, then we will have failed to approach the problem with the right priorities. Also of concern is that the shortfall could be used to justify cuts that are not made in concert with the faculty, or to damage individual programs or departments for political reasons. The faculty have oversight over curriculum, but that authority can be undermined through scheduling and budgeting decisions.

Class cancellations can also discriminate based on age and seniority. Some faculty have been told that they are too expensive to teach the courses that they were originally assigned before the LEO contract outcome. This makes some of our valuable senior faculty feel dispensable, unappreciated, and unsupported. Senior faculty are essential to student learning and the balance of power across the university.

iv) Tuition Revenue: This funding source is the amount of revenue returned to a program. All new programs are eligible to apply for a temporary 'special revenue' agreement of 80% (usually for 5 years), while thereafter the rate of return is 60%. It may be the norm that most departments and programs are not given their whole 60% return, but it should be the norm that their needs are met up to that amount. Information about how much of your department/program's 60 or 80% return has been allocated to it by its dean is available at this link:

<http://www.umflint.edu/financialservices/budget-financial-report>. Included are the total amounts of revenue up to their maximum revenue return that departments/programs are earning, along with the actual amount that the relevant dean has allocated to the department/program. Faculty should provide oversight for deans and executive committees/management teams regarding such

²⁰ These decisions are made by the deans' offices, in consultation, ideally, with a program's chair or director.

allocations. If there isn't enough revenue for all of the instructional units in a school or college to keep their maximum revenue return, then is the burden of taxation equally shared? Are some programs favored or not favored? Is there disciplinary bias, etc.?

Conclusion: The governing faculty of the campus are obliged to create procedures, policies, committees, and standards that guarantee faculty involvement in budgeting at every level where it occurs, from one's department to campus-wide decisions. The Regents require that executive committees act on budgetary decisions. The faculty must ensure that U of M institutional policies are followed in their units, to preserve the quality of their own research and instruction, as well as that of their students and the academic standing of the campus.



BUDGET READINGS: Knowledge is power.

Campus Budget Information:

Publicly available budget documents at UM-Flint include the following:

1) Go to <http://obp.umich.edu/root/budget/budget-detail/> Select the file 'All Campus Detail for 2017-18' [also at http://obp.umich.edu/wp-content/uploads/pubdata/budget/greybookdetail_fy18_allcamp.pdf]

► This file reports on the budget for the current fiscal year for all three campuses. Data is large, aggregated rather than finite specifics.

2) Go to <http://www.umflint.edu/financialservices/budget-financial-reports> Select the files to see the total revenue and budget allocated to each unit or office. You will need your UMICH login information to access these files.

BUDGET READINGS AND WEB LINKS:

- ▶ AAUP, "[The Role of the Faculty in Budgetary and Salary Matters](#)," AAUP Reports and Publications. Academic Senate for California Community Colleges
- ▶ AAUP, 'Understanding Institutional Finances,' <https://www.aaup.org/i-need-help/responding-financial-crisis/understanding-institutional-finances#f2>
- ▶ "[The Faculty Role in Planning and Budgeting](#)," Fall 2001, California Community Colleges Report
- ▶ Ronnie Downes, "[The Budget Transparency Toolkit: The 5 Key Entry Points to Budget Transparency](#)," International Federation of Accountants, September 26, 2017.
- ▶ James Frew, "[Creating a Flexible Budget Process](#)," *Academe*, November-December 2009.
- ▶ Richard J. Meisinger, Jr., [College and University Budgeting: An Introduction for Faculty and Academic Administrators](#), 2nd edition, National Association of College and University Business Officers, 1994.
- ▶ David D. Perlmutter, "[Administrator 101: Learn How to Follow the Money](#)," *Chronicle of Higher Education*, April 29, 2018.
- ▶ Chelsea Reome and Thomas A.P. Sinclair, "[Better Budgeting is Good Governance: Applying a Best Practices Framework to Public Universities' Budgetary Processes](#)," SUNY Voices Conference (Mar. 2015), *Shared Governance in Higher Education*, Vol. 2, SUNY Press, 2017.

APPENDIX: How to read a UM-Flint fiscal year budget report and tell the difference between the tuition revenue generated by your program, versus the tuition revenue allocated to your program in a given year.

The appendix instructs on how to understand a budget report of tuition revenue budgeting (the amount of tuition revenue generated by a program versus how much it is actually allocated for the year by its unit supervisor). To access this appendix go to the UM-Flint AAUP Chapter website. The appendix will be posted with the newsletters.

<https://blogs.umflint.edu/aaup/>