University of Idaho
2019 – 2020 Faculty Senate Agenda

Meeting #30

Tuesday, May 5, 2020 at 3:30 pm
Zoom Only

I. Call to Order

II. Approval of Minutes (Vote)
   • Minutes of the 2019-2020 Faculty Senate Meeting #29 (April 28, 2020) Attach. #1

III. Chair’s Report

IV. Provost’s Report

V. Special Orders
   • Sustainable Financial Model Working Group White Paper April 2020 (Scott Green, UI President, and Brian Foisy, Vice President of Finance) Attach. #2

VI. New Business

VII. Adjournment

Attachments:

• Attach. #1 Minutes of the 2019-2020 Faculty Senate Meeting #29 (April 28, 2020)
• Attach. #2 Sustainable Financial Model Working Group White Paper April 2020
University of Idaho

2019 – 2020 Faculty Senate – Pending Approval

Meeting # 29

Tuesday, April 28, 2020, 3:30 pm – 4:30 pm

Zoom only

Present: Bridges, Caplan, Carter, Chapman, Cosens, DeAngelis, Dezzani, Fairley, Grieb (Chair), Hanigan, Hill, Jeffery, Keim, Kirchmeier (Vice-Chair), Lee-Painter, Meeuf, Paul, Raja, Rashed, Sammarruca (w/o vote), Schwarzlaender, A. Smith, R. Smith, Tibbals, Torrey Lawrence (w/o vote), John Wiencek (w/o vote), Kern, McKellar, Hickman (incoming), Wargo (incoming), McIntosh (incoming), Quinnnett (incoming), Ahmadzadeh (incoming), Cohn (incoming)

Absent: Chopin, Rinker (incoming senator)

Guest/Presenters: Rachel Halverson, Diane Whitney, Brandi Terwilliger

Call to Order: Chair Grieb called the meeting to order at 3:31 pm.

Approval of Minutes (vote by 2019-2020 Senators):
There was a motion (A. Smith/Lee-Painter) to approve the minutes of the 2019-2020 Faculty Senate Meeting #28 (April 21, 2020). Proposed amendments: on p.1, “April 7” should be “April 21”; on p.2, “April 21st” should be “April 28th” and, still on p.2, “April 28th” should be “May 5th”. The motion to approve the minutes as amended carried.

Consent Agenda:

- Approval of May 2020 Graduates
- Approval of 2021-2022 Sabbaticals

Chair Grieb opened the floor to discussion. There were no questions or comments.

Vote: motion to approve May 2020 Graduates and 2021-2022 Sabbaticals carried.

Chair’s Report:

- The next University Faculty Meeting (UFM) will be on May 6th, 2020, 2:30-4:00
- Chair Grieb welcomed the new Faculty Senate members:
  - Jerry Fairley (COS), rejoining after replacing James Foster. He will be starting a full term in Fall 2020.
  - Amin Ahmadzadeh (CALS), replacing A. Caplan
  - Dan Hickman (CBE), replacing Terry Grieb
  - Elizabeth Wargo (CDA Center), replacing A. Kern
  - Kelly Quinnnett (CLASS). Replacing J. DeAngelis
  - Bob Rinker (COE), replacing C. Jeffery
  - Deb McIntosh (LAW), finishing the term for B. Cosens
  - Teresa Cohn (CNR) , replacing A. Smith

- Congratulations to Faculty Senate members Arash Rashed, Dan Hickman, and frequent Faculty Senate guest Alexandra Teague, Faculty Affairs Committee Chair, who are recipients of the University Mid-Career Awards. Congratulations to all the outstanding faculty who are recipients of the award this year.
A Faculty Senate volunteer is needed as Senate representative at the VandalStar Committee. He/she will replace outgoing Senator DeAngelis. Senator DeAngelis gave a brief overview of the typical tasks and commitment associated with this committee. He recalled that VandalStar is used extensively by professional advisors as well as many instructors. Although it was initially controversial and there are still challenges to be worked out, it is an important committee. The committee meets every other Wednesdays from 1:00 pm to 2:30 pm, including during the summer. At this time, no volunteers came forward. Chair Grieb said we will revisit this issue next time and thanked Senator DeAngelis again for all his service.

Gratitude and farewell to Provost John Wiencek, who is attending today his last Senate meeting at U of I. Provost Wiencek has been at U of I for 5 years, during which time he has been an excellent provost. Under his leadership, the dialogue between faculty and administration has improved, and so has shared governance. John Wiencek has seen faculty, staff, and students as making up the institution in a holistic way. He has listened to people and treated them with respect. Provost Wiencek was presented with a University of Idaho clock as a token of everyone’s appreciation.

There were no questions or comments following the Chair’s report.

Provost’s Report (delivered by Provost Designate Torrey Lawrence):

- An update on the CARE Act will probably be available next week. We hope to be able to get those funds to the students soon.
- P&T training: the dates have been moved (from Wednesday and Thursday) to Friday 9:30 am-11:00 am or 2:30 pm-4:00 pm. Anyone interested in learning about the process is invited to attend.
- COVID-19 update and Fall reopening: The Governor has published a 4-stage plan to reopen Idaho businesses, called “Idaho Rebounds”. We are developing our own plans based on those stages. More should be known by the end of the week.
- The deadline for honorary degree nominations has been extended to May 15 from earlier in April. The degrees will be announced at the December Commencement. See FSH 4930 for the relevant policy on honorary degrees.
- This semester the planned combined award ceremony for staff and faculty will not take place due to COVID-19. However, our team has put together a great website with information, pictures, and acknowledgments about the awards (visit: https/www.uidaho.edu/governance/faculty-staff/University-awards).

Committee Reports: None

Special Orders:

- Academic Program Prioritization Taskforce (APPT) and the Institutional Planning and Effectiveness Committee (IPEC) – Rachel Halverson, APPT Chair, and John Wiencek, Provost, attachment #4

Before moving on to APPT and IPEC, Provost Wiencek said he enjoyed his time at U of I. Sometimes, things have been difficult, but he always tried to focus on what is best for the students and the institution. There has been productive dialogue and he leaves with mixed emotions, although he is happy to be moving to a location that is close to his family.
Moving back to APP: The initial intention was to come with final recommendations, but those will be finalized this week. The report will become available once the process is concluded. The Provost said that he is speaking on behalf of IPEC, a committee that he chaired. IPEC oversees integrated planning which involves reallocation of resources, with APP being one of the tools used to reallocate resources. The document in attachment #4 contains a brief history of how IPEC was charged by the President in Fall 2019. A nine-faculty taskforce was, in turn, charged by IPEC to update and implement the next program prioritization. The background document contains more detail on the composition of the taskforce, whose members were by and large selected by Faculty Senate. The taskforce (APPT) implemented a two-step evaluation process, also described in the attached document. The first step was mainly focused on comparing sources of revenue with expenditures. In the second step, APPT mostly met with program representatives. Provost Wiencek was not very involved in this second phase. APPT has completed its tasks and presented its recommendations to IPEC. IPEC discussed and approved (with 9 votes in favor and one opposed) the APPT recommendations, which are presently with the President. Of the ten recommended closures of degree programs and certificates, eight were being closed voluntarily. In the end, programs recommended for closure could appeal to the President, but no appeals were submitted. Thus, the expectation is to have a final report in a few days.

A Senator said that not everyone is aware of which programs have been recommended for closing. Chair Grieb noted that the information will be available on a password-protected site, to ensure privacy and sensitivity.

Rachel Halverson, chair of APPT, was present and available to answer questions. She noted that APPT gave careful thoughts to recommendations for the next iterations of the taskforce.

There were no more questions or comments.

- **FSH 3930 Separation of Classified Employees** – Diane Whitney, Policy Coordinator, attachment #5
  Diane Whitney and Brandi Terwilliger gave a brief background on the revisions. They consist of minor edits per FSH 1460 to ensure that the policy is consistent with controlling legal authority, IDAPA 15.04.01, and to make some minor clerical and language changes. There was no discussion.

**New Business:** A reminder that the white paper from the Sustainable Financial Model Working Group will be presented and discussed at the next meeting, May 5th, 2020. The paper will be shared with all Senators shortly.

**Adjournment:** There was a motion to adjourn (A. Smith/DeAngelis). The meeting was adjourned at 4:09pm.
Sustainable Financial Model Working Group

CONTEXT
Since 1889, the University of Idaho has provided a transformative educational experience that prepares Idaho’s citizens to solve real-world problems and achieve success in their lives and careers. Beginning with our beautiful residential campus in Moscow, the University’s reach extends throughout Idaho, serving nearly 12,000 students with educational centers in Boise, Coeur d’Alene and Idaho Falls; nine Research and Extension centers; and Extension offices in 42 counties. One of the nation’s land-grant research universities, the U of I is a national leader in student-centered learning and interdisciplinary research that promotes public service. Our work serves businesses and communities, advancing the pursuit of diversity, citizenship, and global outreach.

The U of I faces significant financial challenges that cut across all funding sources and affect all of our operations. At the same time, students, their families, and legislators across the country are focused on the cost of a college education. External and internal stakeholders are demanding better financial controls to minimize increases in tuition and to maximize the return on investment.

Over the past several years, varying levels of state support, declining enrollment and rising expenditures (as a result of optimistic enrollment growth projections) have caused the University to deplete its cash reserves. In addition, a change in accounting for post-retirement health benefits in FY18 caused an immediate $33 million non-cash increase in the University’s liabilities. This, combined with operations deficit in FY18 and FY19, led to the reporting of negative unrestricted reserves in fiscal year 2019, well below the 5% operating expenditures reserve required of all public higher education institutions by the Idaho State Board of Education (SBOE). Further financial strain resulting from a tuition freeze for all higher education institutions in Idaho for FY21, additional cuts of $2M for FY20 and an expected $5M for FY21 requested by the state have all combined to create a financial situation that is not sustainable.

The University has already implemented efforts to address its immediate challenges. But a more effective way of managing the University’s financial resources is needed to address long-term objectives. To that end, President Green invited a group of faculty, staff, students and external experts to review our budget model to inform a new way of doing business with the goal of protecting the transformative student experience we offer while elevating excellence in teaching and research.

The Sustainable Financial Model (SFM) Working Group launched in October 2019 and was charged with recommending a new financial model to guide the budget process.

The University of Idaho’s current incremental model has not proven to be the ideal tool to support achieving our two primary financial goals:

• **Balanced Budget** — We must align our annual expenditures with our revenues.

• **Positive Cash Balance** — The SBOE requires the University to have 5% of our net position in unrestricted reserves.
THE SFM WORKING GROUP’S CHARTER

The Sustainable Financial Model Working Group was asked to recommend the best model to guide University of Idaho financial decisions in the future. The ideal model rewards performance and incorporates the ability to adjust to changes in its operating environment. The new model should prepare U of I to face future budget challenges and provide the institution with the tools to invest in strategic areas that support the key priorities of student success, research and telling our story.

PROCESS

The SFM Working Group spent time together during fall 2019 and early 2020 with a goal of forming actionable recommendations to address the recent and ongoing financial challenges facing the University of Idaho.

In addition to internal representation from faculty, students, staff, and administration, the group included external representatives chosen for their professional background in accounting and finance.

October - Provost John Wiencek and VP Brian Foisy provided a detailed history of the University of Idaho’s financial performance. This added context and perspective for the group and answered the question: How did we get to where we are today?

November - The group focused on potential models and how they fit into our history and culture. This included a debate on the Guiding Principles for making financial decisions at the U of I.

January - The group answered an anonymous, detailed questionnaire to further focus the discussion on the preferred model. Each participant recommended a model and identified potential challenges, opportunities, and next steps.

February - The group reviewed questionnaire results and shared feedback with President Green related to the challenges and opportunities going forward. In addition, the group highlighted key actions to enable success.

SFM WORKING GROUP PARTICIPANTS

Scott Green
President

Chandra Zenner Ford
President’s Office Executive Sponsor

John Wiencek
Provost and EVP co-chair

Brian Foisy
VP Finance and Administration co-chair

Annette Elg
retired CFO Simplot

Sharon Allen
retired Chairman Deloitte

Craig Olson
retired CFO Albertsons

Todd Kilburn
CFO SBOE

Brad Ritts
AVP Research

Jerry Long
Dean College of Law

Terry Grieb
Chair, Faculty Senate College of Business and Economics

Patrick Hrdlicka
Chemistry Faculty

Brian Johnson
Engineering Faculty

Toni Broyles
President's Office

Cari Espenschade
Vice Chair Staff Council

Stephanie Fox
Manager, Facilities and Operations UI Boise

Margarita Cardona
Director Admin Services, College of Agriculture and Life Sciences

Jacob Lockhart
ASUI President

Alexis Murray
SArb President

Recorder: Patty Houle
retired staff
GUIDING PRINCIPLES

The SFM Working Group focused on the following general themes as guiding principles for making its recommendations.

- **Mission Alignment** - The model must help us achieve our land grant mission, support student success, and promote research and discovery.

- **Transparency** - The model, and its implementation, must be accessible to the entire University community.

- **Agility and Adaptability** - The model must allow university leadership to correct and guide, support continuous improvement, enable U of I to respond to the State’s educational needs and provide training for in-demand jobs.

- **Incentive Based** - The model must promote efficiencies and encourage entrepreneurial and interdisciplinary ideas.

The ultimate goal is for the University of Idaho to adopt a budget model that improves our financial strength and allows for more flexibility to invest strategically and react to changes in the educational needs of our students and the State. The group agreed that for the Guiding Principles to be put into practice, we will need a periodic process to monitor outcomes of the budget model implementation and ensure the outcomes match these principles. In addition, a strong university-wide communications plan will need to be developed to convey the correlation between the Guiding Principles and the budget model implementation and outcomes. Linking the budget process to the overall vision and mission of the University of Idaho will be key to a successful implementation.

BUDGET MODELS CONSIDERED

The SFM Working Group considered the following budget models:

1. **Incremental** – Currently in use at the U of I with budget allocations based on the previous year’s budget

2. **Activity-based** – Allocates funding based on specific activities and metrics

3. **Performance-based** – Awards funding based on performance, defined by outcomes and standards (e.g., student credit hours taught, degrees conferred, graduation rates)

4. **Responsibility Centered Management (RCM)** – Assigns decision-making authority to academic units to manage their own budgets, increases accountability, assigns all costs (like central services and facilities) to units and motivates revenue generation and expense reduction

The group unanimously rejected the idea of continuing with the current incremental model as it is no longer sufficient to meet all of the Guiding Principles. A model with a performance-based focus was clearly favored with the other options all having some level of performance driven emphasis. Cultural realities, our land grant mission, implementation considerations and history all factored into the budget model recommended by the group.
RECOMMENDED MODEL:  
The Vandal Hybrid

Overview
The Vandal Hybrid model primarily combines elements of incremental with movement to performance-based budgeting. Accountability, incentives for growth, efficiency, entrepreneurial thinking, and improving financial strength are all key components of the Vandal Hybrid model.

It is important to note the model does not apply to self-sustaining operations, such as Auxiliary Services, nor charitable donations or grants or other outside funding sources. This model is for the general education funding from the state and the tuition and fee revenues.

In the incremental model the university budgeted their next fiscal year to a forecasted enrollment number and all anticipated funds were distributed accordingly. If the actual enrollments met or exceeded the forecasted projections, then the budgets held up. If actual enrollment did not meet the forecasted projection, the university was in a deficit position and with the budgets already set for the fiscal year it was difficult to pivot.

The Vandal Hybrid model will budget to a lower fixed enrollment number chosen because we have high confidence in achieving it year in and year out. The enrollment number will be evaluated annually, but the frequency of the adjustment is expected to be closer to every three years. One of the goals of the SFM working group is a model that allows leadership to know their funding level for multiple years at a time for strategic planning. For purposes of illustration, 9,500 students is used for the infographic on page 6.

University Operations
Historically some of the university operations were base funded in the incremental model including Information Technology Services (ITS) while others such as University Communications and Marketing (UCM) and Strategic Enrollment Management (SEM) were not. Meaning the university had to find one-time funding each year from different places for these core university operations. The university’s reserves were often used for this purpose if other funding sources could not be found. The Vandal Hybrid model will provide a reasonable amount of consistent base funding for all key university operations. The cost of doing business will be built into the annual budget.

After base funding, it is expected for Advancement and the UI Foundation to fund their growth through their gift and endowment fees. The more money we fundraise and grow our endowment we can then expand those operations. Similarly, research is a presidential priority and will be funded; however, future growth in the Office of Research and Economic Development budget will be aligned with research growth at the institution.

All other university operations will also have metrics. Their funding will now expand and contract based on enrollment, performance to increase operating efficiencies, span of control and collaboration.
**Central & Fixed Costs**

There are many centralized and fixed costs for the university system (i.e. utilities and student financial aid). Under the incremental model these were base funded and will continue to follow the incremental model under the Vandal Hybrid.

The main difference with the Vandal Hybrid is all the university’s operational expenses will be incorporated into the base budgeting which will decrease the pressure on the reserves. The Vandal Hybrid will put a fixed amount of money into reserves every year until the 5% SBOE requirement is met. Once the 5% requirement has been satisfied, the fixed amount will be reallocated to the overall budget for the university.

**Provost Office**

The non-instruction areas under the Provost Office are primarily focused on student services such as the library, and Student Affairs. Depending on the unit, some of the areas have been base funded historically while others have not, and the university had to find one-time monies for support.

The Vandal Hybrid model will provide base funding while also ensuring all required core non-instructional student services budgets are tied directly to the size of the student population they are serving. It will be based on a three-year rolling average of enrollment. For example, when there are less students there is less demand on the library, the student rec center, and counseling services for example. The converse is also true. As enrollment grows, we will need to add resources accordingly for the larger population.

For the areas of instruction, under the incremental model there is no direct incentive for performance and no reward system for growing enrollment. In the Vandal Hybrid model a large percentage of academic operating budgets will be base funded as it was with the incremental model. Also, an increasing percentage will be attributed to achieving the performance driven metrics.

The performance driven metrics should align with the Guiding Principles and could include enrollment, student credit hours taught, degrees conferred, graduate job placement, service to other programs, research output, collaboration, and others. Performance could also include some measure of centrality to our land grant mission, given that some small programs are integral to who we are as a University and for that reason are a priority to ensure our success as a community. The ultimate performance metrics will be developed with input from faculty, staff, and students.

**Enrollment Increase**

As mentioned in the overview, the Vandal Hybrid model base budgets to a high confidence enrollment number versus a forecasted projection. So what happens to the additional funds generated when the actual enrollments are higher than 9,500 students? Whether it is 9,501 or 10,000 or more, those funds are used for strategic growth and to reward performance.

The additional funding will be flowing to the instructional areas meeting their performance driven metrics, the non-instructional student support services experiencing increased demand and university core operations.

A portion of funds from increased enrollment going to university core operations will be used for UI Strategic Initiatives and Priorities. This will create the flexible pool of funds the university has sorely been missing to fuel innovation and entrepreneurial thinking. Examples could include investment in quick response research, such as the recent Covid-19 pandemic; necessary infrastructure for new programs; sustainable funding for market-based salary targets; and many other strategic opportunities that will present themselves. The use of the funds will follow the Guiding Principles and presidential priorities.
Summary

In the past with the incremental model, areas received the same amount of funding regardless if their area increased enrollment and were high performing, or experienced enrollment contraction. Creating tension in areas trying to keep up with their growth juxtaposed to the areas enjoying the consistent funding with decreased demand. It also allowed little flexibility to adjust to state holdbacks or enrollment swings and did little to incentivize innovation or performance.

The Vandal Hybrid model seeks a more strategic perspective, providing funds to invest in programs that attract students with an educational experience that is relevant to employers in an ever-evolving workplace. It also ensures that impactful research continues to be a focus at the University of Idaho. Finally, the model addresses the need to regain fiscal strength including aligning expenses with revenues, providing a permanent funding plan for operations and infrastructure, and re-establishing an adequate reserve position.
TIMELINE

The ideal timeline for the Vandal Hybrid implementation assumes FY21 budget allocations will be developed from the adjusted budget in place following the recent cuts. FY21 will be a year for the colleges to model the Vandal Hybrid and prepare for the transition beginning July 1, 2021.

The transition from the current incremental budget model to the Vandal Hybrid will occur beginning in FY22 but full implementation could take multiple years.

This will allow for a managed evolution in programs and priorities. As indicated on the Infographic above, over the transition period, ever increasing percentages of available resources will be shifted away from incremental-based to performance-based allocations. The performance metrics shown in the model are examples only and will be finalized in the next phase of this process.

COMMUNICATION PLAN

ASUI President Jacob Lockhart developed a statement of values during the SFM Working Group’s second session. The group agreed this was insightful and could be used to help communicate to the U of I community and provide some visioning and inspiration for now and into the future. The “Circle of Success” infographic depicts a statement of purpose and values showing Jacob’s input with the inner circle of Ingenuity, Discovery, Accountability, Harmony, Optimism.

**Ingenuity** – Imagining new possibilities for student success by empowering students to meet the market and social needs of today and tomorrow. In doing so, we will remain a premier institution dedicated to serving state, country, world and beyond.

**Discovery** – Breaking through dated metrics and embracing the future of higher education will help us inspire new innovation, research, and discovery.

**Accountability** – Acting as informed and involved leaders gives each of us a stake in our shared success.

**Harmony** – Joining together in the promotion of interdisciplinary practices will forge an even stronger sense of institutional unity.

**Optimism** – Continually cultivating an environment that values the contribution of students, faculty, and staff guarantees a future of endless possibilities and boundless opportunity.

The “Circle of Success” infographic points to President Green’s priorities and higher-level mission references for the University of Idaho. The goal is to use information like this to help communicate and support University-wide communications around the new model, positioning it as a tool to help us move forward in an optimistic way.
CONCLUSION AND NEXT STEPS:
U of I Community Feedback

The SFM Working Group agrees we should over communicate the plan and the rationale behind it. The group also agrees the University of Idaho community will get behind a budget model with an increased focus on performance if we provide an optimistic vision for the future this new model can help create. Our future should include the ability to invest in strategic areas of emphasis and an improved ability to weather variances in our resource base.

A credible roadmap to execute on this model over time will need to be widely shared and transparent. The group desires input from the U of I community on the conclusions reached and to that end, Provost’s Council, Faculty Senate and Staff Council will engage in a feedback process beginning in April and over the summer where comments and input will be considered and incorporated as appropriate in the final draft of this document. A site for comments and input will also be made available to the entire U of I community.

The next phase of this process will be for President Green to appoint a group to finalize the metrics and implementation steps. The charge will be to create an outline and guidelines for colleges and departments to move the University of Idaho’s budget process to be in alignment with the recommendations in this white paper.