

HOW WE WILL CREATE A BUDGET RECOMMENDATION

By Dr. Elizabeth Stroble, Senior Vice President and Provost

At the last Faculty Senate meeting, I was asked to elaborate on how the Budget Hearing Committee will use information compiled during the hearings to draft a final budget recommendation to the Board. As this is a subject that is important to all of us, I thought it appropriate to address it here.

You will recall that the budgeting process was restructured in 2004 to make it more inclusive and transparent. As part of the redesign, a series of budget hearings was held in January, at which time the deans and vice presidents presented plans for Fiscal Year 2006 and details on their unit's productivity and priorities. The hearings yielded a wealth of information, which the committee is using to shape a budget recommendation for the Board. (The charge and composition and Budget Hearing Committee was described in detail in [the March 3 Perspectives message](#). Additionally, a diagram that shows the committee's work vis-à-vis the budgeting process is also [online](#).)

After the hearings, each committee member was asked to assign a rating to each request from every unit. The ratings were: (1) high priority for UA, (2) medium priority, (3) low priority or (4) not recommended. In determining a rating, committee members were asked to consider the following:

- The productivity of the unit making the request: enrollment and retention, degrees awarded, research and development funding, other evidence of revenue generation for the University;
- The likelihood of the specific request enhancing the unit's productivity;
- The degree of change within the unit in the last three to five years (e.g. new unit, new responsibilities, etc.);
- The unit's efficiency (How effectively have resources been used?);
- The innovativeness of the request, particularly in light of how it can help differentiate UA from others;
- The opportunities for engagement of campus and community that would result from the funding the request;
- The use of data to support request (trends, benchmarks);
- The connection of the request to accountability functions, such as accreditation, health and safety, etc.;
- The case made for enhancing student success through the requested investment;
- The connection of the request to a larger University context; and
- The availability of dollars the unit can tap to fulfill the request without additional funding.

After the ratings for each request were compiled and presented to Vice President for Business and Finance Roy Ray and me, we asked many deans and VPs for clarifying data before beginning to draft a recommendation for Dr. Proenza.

Our final recommendations to the President will reflect our institutional priorities, but the numbers will be soft, owing to the speculative state of several factors that will impact our budget, including:

- The state share of instruction (SSI). The governor's budget "guarantees" 95 percent of an institution's rolling three-year average of SSI, with favorable enrollment trends drawing more dollars. The result of that proposal would be less SSI funding for UA than anticipated.
- Health care costs. We anticipate double-digit increases each year for the cost of the University's group benefit plans. Last year the increase for the SummaCare and Kaiser HMOs was 17 percent for one year. The University currently has requested a two-year request for proposals for all group benefits, which will become effective Jan. 1.
- Energy costs. Our annual heating budget for just 11 buildings increased \$1 million this year. The annual cost of steam from the Akron Thermal Energy Plant is expected to increase by at least \$1 million as well.
- Enrollment for fall.
- Ongoing collective bargaining on economic issues.

Dr. Proenza will review the recommendation and forward it to the Board for consideration at its April 27 meeting. Once the Board approves the budget and submits it to the Ohio Board of Regents, we will inform campus units of their tentative allocations for FY 2006. More accurate figures will not be available until the state passes a budget, which may come as late as early fall.

As you can see, the coming fiscal year is likely to be challenging, and it will require from all of us a high level of cooperation and understanding. I'm gratified by the dedication and effort made by so many faculty and staff members throughout our organization. I thank you for that commitment, and I look forward to our continuing pursuit of our common goals.