

**University of Wisconsin–Milwaukee
ACADEMIC PLANNING AND BUDGET COMMITTEE
2017-18 Annual Report**

Members:

Name	Rank	Department
Fred Helmstetter	FAC	Psychology
Michael Carvan	FAC	Freshwater Sciences
Maria Haigh	FAC	Information Studies Admin
Tina Freiburger	FAC	Criminal Justice
Jeff Guenther	AS	L&S Administration
Thomas Malaby, Chair	FAC	Anthropology
Kevin Hartman	FAC	Music
Lawrence Kuiper	FAC	French, Italian & Comp Lit
Barry Cameron ¹	FAC	Geosciences
Seth Zlotocha	AS	Registrar's Office
Kristin Roosevelt	AS	Education Admin (ASC Rep)
Jennifer Doering	FAC	Nursing (UC Rep)
<>	FAC	(Chair-APCC)
Jason Puskar	FAC	English (Chair-GFC)
Kim Litwack	Dean	Nursing
Phyllis King	Assoc VC	Academic Affairs (Provost Rep)

1 Repl K. Swanson (2018-E)

Charter:

Functions/ Responsibilities:

A1.05 Academic Planning and Budget Committee

- (1) **Membership.** Sixteen members as follows: five faculty appointed by the University Committee, one from each of the four divisions including at least one of whom shall be a senator, and one member of the University Committee; one faculty elected by each of the four divisions; the chair of the Academic Program & Curriculum Committee; the chair of the Graduate Faculty Council; three members of the Academic Staff, two elected by the Academic Staff and one member of the Academic Staff Committee; and ex-officio, an academic dean and the Provost or designee.

(Document 2169, 12/17/98; UWM Administration, 12/30/98)

(Document 2277, 5/15/01; UWM Administration, 6/12/01)

(Editorially revised per Codification Committee, 4/26/02)

(Document 2377, 3/27/03; UWM Administration Approval, 04/12/03)

- (2) Functions. Makes recommendations to the faculty and to campus administration regarding (1) short range and long range academic plans for the campus that are consistent with the mission, and (2) budget implications for these plans.
- a) Reviews long range plans regarding academic interests that are consistent with the mission of the schools and colleges and the campus;
 - b) Advises faculty on issues related to budget and its impact on academic program quality, student retention, and development;
 - c) Reports to the Faculty Senate regarding both short and long range academic plans for the campus that are consistent with campus mission and budgetary implications of those plans;
 - d) Recommends and evaluates planning for new programs that are not the province of a single academic unit;
 - e) Represents the interests of the faculty to the Chancellor and Vice Chancellor and Provost regarding both short range and long range plans for the academic units and the budget implications of these plans;
 - f) Examines those actions taken by the Board of Regents, campus administration, or individual units on campus that impact the overall short range or long range plans for other academic programs on campus and the budget for the academic units;
 - g) Makes recommendations for faculty action;
 - h) Reviews university policies that impact the academic programs of the academic units and long range plans for these units;

(Document 1977, 5/11/95; UWM Administration, 6/14/95)

(Document 2169, 12/17/98; UWM Administration approval, 12/30/98)

(Document 2187, 4/15/99; UWM Administration approval, 5/1/99)

Meetings:

This has been a very busy and productive year for the APBC. Throughout the year our members received regular updates from the Provost, covering topics that included: progress toward restructuring, hiring efforts at the dean level, student recruitment and enrollment efforts, state and system relations, and budgetary matters. On an ongoing basis, the APBC also invited and received member reports (relative to the bodies upon which designated members sit), including from the GFC, UC, SPC (with its chair, Hobart Davies, as an invited guest), as well as from Larry Kuiper regarding the international pathways initiative.

The APBC also made some changes to its processes, making it known to Academic Affairs that in order to be taken up by the APBC, new program proposals must already be in UW System format, with all required information and corresponding narrative statements. We have been very pleased to see compliance with this requirement already widespread across the schools and college. We also made changes to our charter, in September voting to recognize a member of the University Staff Committee as a formal representative to the APBC. At the end of the year we made further changes to update the charter in relation to APBC's role in the new budget model process (see below).

The APBC carried out a number of program reviews as part of its role in the campus approval matrix. These included proposals (all ultimately approved) from Letters & Science for an Africology master's program and a bachelor's degree in Digital Arts and Culture, the School of Public Health for a B.A. program, the School of Education for the consolidation of several of its programs, and the College of Health Sciences for the Doctor of Occupational Therapy. The APBC also took up the proposal to establish a new college, the College of General Studies, to be the faculty home for those added with the restructuring that brought the Waukesha and Washington County campuses under UWM. This was significant effort on a short timeline, but was undertaken and, after several steps of feedback, approved.

The APBC has also explored the resources that are available to campus through its membership in EAB and how they might better inform academic planning on campus. Member Jeff Guenther took the lead on this, regularly bringing to the APBC helpful information on what EAB can offer, and the committee decided that those considering new programs be encouraged to query EAB's data in order to find support for their program proposals. At member Kim Litwack's suggestion, we have established a pilot effort in cooperation with plans in the College of Nursing that will be pursued this coming year in order to explore the viability of the program.

By far the greatest amount of time spent by the committee, both in and out of regular sessions, has been in relation to the budget, both in seeking to understand how it has been operating, and in relation to the new budget model Beginning in the fall, the APBC undertook a rigorous financial curriculum, with the steadfast cooperation and support of the Office of Financial Services. Approximately twenty hours of financial curriculum training gave the committee detailed familiarity with: the budget-making calendar and process relative to system, the campus budget as a whole and its historical changes, the structure and historical costs of central support services, the nature of research funding and expenditures as a component of the overall budget, the actual budget numbers of the schools and colleges, the new budget model in process and detail, and the new budget model run with actual numbers. In December the committee felt it had learned enough to give a preliminary statement to the Senate about the old budget model, its distorting effects on the budgets of academic units, and the need for urgent change.

This training has given the APBC an enormous amount of knowledge that it has appreciated and begun to put to use in service to the campus. In November, the Rules Committee of the Senate charged the APBC with examining and reporting on the new budget model, and in May (subsequent to that training) we were able to deliver that report, expressing our assessment of the new budget model report and voicing our concerns and recommendations going forward as it is implemented. We include the report in full here, as an addendum, as it outlines these significant changes to how the APBC's role on campus is exercised. The charter, as noted above, is currently in the process of being revised to reflect that.

The APBC also elected two co-chairs for the coming year, Thomas Malaby and Tina Freiburger. Malaby will step down on commencement of his sabbatical in the Spring of 2019, and the committee voiced approval for the election of a new co-chair at that time, with plans to begin a standard practice of thus-staggered co-chairs going forward. Co-chairs will thus be able both to share the workload of a demanding committee, as well as provide for smoother transitions going forward.

APBC Report to the Senate on the New Budget Model
Moved, seconded, and voted unanimously on April 26, 2018

This report is in response to the request from Rules, in November of 2017, that the APBC consider the new budget model and its implications and provide a report to the Senate. For what follows, the APBC stresses that it has only very recently reviewed the New Budget Model report (NBM) in full. The APBC has nonetheless, as part of its financial curriculum undertaken this year, been introduced to the NBM over three sessions this spring. Those sessions were led by Robin van Harpen, Drew Knab, and Cindy Kluge, along with Mark Harris,

who attended the third meeting at the APBC's request. In light of the level of review the APBC has had a chance to have, this report must be considered preliminary. For that reason, it will be brief and offer only general comments.

The NBM is a system for setting budgets for all the schools and colleges as well as for central support services. The APBC has expressed to this body concern over the increasingly distorted allocations of funds generated by the old budget model, which was premised on a growing potential student population and narrowly incented units to increase enrollment, particularly of upper-level classes. The NBM removes the weighting for upper-level classes and seeks to balance incentives to maintain enrollment with incentives to see students through to their degree as well as to pursue research outcomes, particularly in the areas of research expenditures and doctoral degrees.

Another major change from the old model is the adoption of a multi-step process in place of allocations according to a strict algorithm. This process provides multiple opportunities for discernment and adjustment, as well as shared governance oversight, through the APBC's regular participation, which we certainly note and appreciate. The APBC also recognizes that the NBM has a strong commitment to transparency throughout its processes, which is absolutely essential for the viability of this model.

While broad expectations, especially among faculty, of this kind of process may be that it results in immediate, and potentially dramatic, reallocations of funds, and these expectations are quite understandable given how distorted the old model had come to be for our circumstances, we want to make clear to the Senate that the goal of the new budget model is to implement better and more transparent sets of incentives, on one hand, and processes that enable judgment and adjustment, on the other, in order to be in a position to have better conversations about resources and where they are best directed. To this end, it will be important for faculty and administrators in the schools and colleges to understand that moving toward a more effective distribution of resources on campus will take time. The APBC sees one of its major roles as that of raising questions about the nature of continued support in specific cases and how, over time, better performance can be achieved.

This leads to two overall concerns going forward that the APBC would like to emphasize. First, the transition to the NBM will entail a profound shift of our campus culture and our implicit paradigm for how we understand planning, monitoring, and decision-making regarding the budget on campus. This shift will require ongoing discussion and effort in order to maintain productive conversations about where resources come from and where they should go. The potential for budget discussions to devolve into zero-sum maneuvering is real and will require constant management. Relatedly, the NBM will require especially close monitoring in the early implementation phase, and the APBC will look to suggest changes where necessary in order to improve the functioning of the process at every stage.

The primary challenge, then, in the view of the APBC, for a model that uses this unadjusted/adjusted framework, is to strike a balance between robust and reliable incentives, as instituted in the unadjusted formula, and the need to share resources across units due to their ongoing and ineradicable interdependence. Put more plainly, it will be essential that deans see, in concrete terms, that improved performance at the unadjusted stage is to their benefit. Increases that simply, wholly, and continually are shifted to support other units will undermine the effectiveness of the model overall. At the same time, the role of adjustment is equally legitimate – this is a campus that will always entail cross-subsidization. The commitment to transparency in the process will be vital to sustain as the process unfolds. The APBC stresses that an important goal is to be in a position to discern, roughly speaking, three kinds of support: (1) short-term support, the need for which can be addressed and improved, allowing for that support to sunset; (2) mid-term support, reflecting improvements that will take somewhat longer to implement, but again with distinct timelines for reduction and elimination of support; and (3) long-term/indefinite support, which for the foreseeable future reflects unavoidable differences across units in such areas as, for example, cost of instruction.

The APBC appreciates the careful effort to build incentives for research into the NBM, reflecting our status as a research institution and the role that Carnegie's rankings play in evaluating research universities. At the same time, we note that there remains a significant amount of research activity on this campus, especially in certain

schools, that as yet is not recognized in the research metrics that drive the unadjusted formula. It is important for everyone involved to recognize that the formula does not alone express the values of the university; they are also expressed in the processes surrounding the adjustment of schools' and colleges' budgets, as well as throughout the NBM (in the setting of initial targets, for example).

With regard to indirect cost returns, the APBC has continued to examine this component of the model with some concern, and has scheduled an additional financial curriculum session for May 3rd. Overall, however, the APBC can express appreciation for changing the balance of indirect costs to return 80% to schools and colleges, even as it notes that this will not generate any increase in actual allocations. While the need to reduce other budget support to those units in order to balance costs overall, because there is no new money in this system, is understandable, the APBC continues to wonder whether the prospect of a unit only seeing an increase in its returns with increased extramural funding over an amount fixed at the time this model is implemented replicates, albeit in a comparatively small way, some of the problems seen in the old budget model, where an initial allocation, fixed in time, became the non-negotiable "sea level" around which all subsequent funding moved. Additionally, moving from a rather complex model for indirect allocation to one that operates over a much shorter two-year average might generate dramatic swings in this portion of a unit's unadjusted budget. If a smaller unit, for example, were to lose a faculty member that generates a high amount of external research funding, then the loss on both the formula side and on the indirect side could be very high, and require consideration in the adjustment phase in order to avoid deleterious effects on the unit.

The APBC has appreciated greatly the willingness of central campus to "open up its books" to the APBC and commit in this model to a process which would give the APBC an opportunity to review the cost of Central Support Services on an annual basis. Given that there is no model-driven, incenting element for these budgets, as there is for the academic units, the APBC stresses that it will be extremely important to develop a tradition of robust and transparent conversations, as well as use peer benchmarks and overall percentage targets to the extent possible.

The APBC will revise its charter to reflect its role in this process, and also strongly recommends the implementation of annual financial training that is open to all on campus, perhaps a one-day session in conjunction with the Chairs & Directors retreat at the start of the fall contract period. Such a meeting would be very helpful in establishing a campus-wide understanding of how the university's budget works, improving not only APBC's deliberations as new members cycle on and old ones off, but more generally underwriting a base level of budget literacy across campus.