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Dear Faculty Senate:

Thank you for your hard work this past year to strengthen our university. As President Nellis outlined in his inauguration address, this is a critical time for public higher education and for the University of Idaho as an institution. Our state and nation need us to focus our significant capacity as a land-grant university on the teaching/learning, scholarly/creative activity, and outreach/engagement that will sustain our quality of life and prepare the next generation of leaders. This requires growing our resources while working smarter, better, and differently to manage the resources we have in the face of significant economic challenges that include a 21% reduction in our state general education budget over the last two years.

President Nellis has outlined two important targets for us to reach by the year 2020, both to better serve our students and state and to grow our resources to a higher level of viability: an enrollment of at least 16,000 students; and a research, scholarly, and creative enterprise that attracts \$150 million in extramural funding. We must make strategic changes in the way we operate to build our capacity to reach these ambitious, yet highly attainable goals. This memo serves to clarify some of the operational steps that are underway, to respond to your feedback, and to outline expectations for ways in which all of us should now move forward to, strategically, creatively, and practically help the University of Idaho serve our state to our greatest capacity while building and managing resources for the future.

We are enhancing revenue through many channels such as strategic student recruitment and retention; a more robust summer school program; increased online learning opportunities; expanded interdisciplinary funded research; greater contributions from alumni, friends, foundations, and corporations; and enhanced technology transfer. These activities are prioritized through our Strategic Innovation Initiatives and have and will be supported through our strategic planning and through reinvestments of our existing resources. Every one of us can contribute to these efforts by considering how we and our area of the university might contribute to these strategic actions.

While we pursue revenue enhancements and implement our strategic innovations, we must also position ourselves to be more effective and realize cost efficiencies. In August, after working with the Provost's Council, I announced steps to improve the effectiveness and efficiencies of our internal policies and practices. I appreciate the Faculty Senate's deliberations in the subsequent months. My reactions to those comments and resolutions are summarized as follows:

1. **Course section size.** The Faculty Senate passed a motion endorsing the strategic evaluation of undergraduate courses with less than 15 students and graduate classes

with less than 8 students to determine their efficacy and strategic significance. If such classes are required to comply with a program's specific accreditation requirements, are part of classes co-taught with Washington State University, have significant external funding, or are part of specialized laboratory requirements, they will be retained as individual courses. If they do not meet those determinants or other specific, strategic purposes, they will be merged with other sections or cancelled. While these changes will begin officially in the fall of 2010, each college was asked to begin implementing this policy during the current academic year.

I ask that chairs and faculty work to examine a variety of solutions to the numerous low enrollment classes including: merging small sections, teaching small sections less frequently, partnering with other departments to teach parallel courses, partnering with WSU to deliver sections, streamlining the curriculum, and initiating efforts to recruit and retain more students. If none of those actions work, cancelling sections or examining the viability of the program may be in order. If none of those actions to affect enrollments are viable, then I will consider a request from the dean to teach the course for strategic reasons in line with the Faculty Senate recommendation. These planning activities need to occur well before the beginning of the fall 2010 semester, so that faculty, staff, and students know what courses will be offered. The intent is to gain resources and efficiencies to mitigate the impact of the loss of 25 percent of current vacant positions in the state budget holdback, plan for more efficient patterns of course delivery, and reinvest new resources in tenure track faculty and strategically important programs.

2. **Department size.** Departments with less than nine tenure-track faculty members are being merged with other departments to enhance trans-disciplinary teaching and learning and to improve administrative economies of scale. Examples of structural changes include 1) The College of Education which is working to overhaul its departmental structure, consolidating the faculty into two rather than four departments; 2) The College of Natural Resources which has successfully moved from five departments to three departments; and 3) the College of Art and Architecture which has consolidated departmental structures into a unified college structure. The Senate's motion to make these changes with an emphasis on realizing efficiency and innovation to make programs stronger is in the spirit of this policy.
3. **Department chair appointments.** Department chair appointments are being evaluated individually to determine, on an equitable basis, 9 to 12 month assignments based on the scope of duties. Our intent is to set a baseline for duties and compensation for 9-month appointments, with additional time and responsibility for summer activities determined and compensated equitably at the unit level. For example, some chairs oversee a large number of faculty working year around, while others have relatively few faculty working in the summer. The focus here is to match compensation to the job performed during the summer with the understanding that there is significant variance across the university. For example, if a chair works for six weeks in the summer, that person should be compensated for that time. A different chair, who works 10 weeks, should have a commensurate increase in

compensation. Our efforts to increase summer school offerings will certainly impact these decisions, which will need to be evaluated to determine the expectations and equitable compensation for these appointments to maintain essential services for students.

- 4. Budgeting Y accounts.** More than \$20 million of our University's resources are managed through unit-and project based Y accounts, with varying levels of fund productivity and long-term management. The Y accounts are actually a constellation of different types of accounts (e.g., local service, course fee, and indirect cost recovery). The Budget Office is working to break these accounts into a new set of more descriptive accounts. Improving the management of these accounts is an important part of maximizing our resource base, and this recommendation has benefited from considerable discussion among our faculty and staff leadership. The Faculty Senate passed the following resolution this fall, editing the recommendation from the University Budget Advisory Committee:

The Senate recommends that all Y accounts, with the exception of those accounts with balances between \$0 and \$25,000, be budgeted on a three-year cycle. Faculty and staff with Y accounts would need to establish budgeted revenues and expenditures for these accounts. For accounts in which there was significant variance over or below the budgeted amount (established between the faculty member and the department head and at the next level between the department head and the dean) justification at year's end would need to be established. On-going unbudgeted funds would be subject to reallocation at the college level.

I concur with this resolution with one exception: the \$25,000 limit. To be fiscally responsible, I believe we need budget plans for all accounts, including those below the \$25,000 limit. One of the concerns expressed by the Faculty Senate when suggesting this limit was the need for local flexibility to meet operational needs to run grants, support students, etc. I concur with that concern, but believe it is responsible to plan for all of our funds, not just some. Further, the implementation of this budgeting model should not be an arduous process. A budget is merely a spending plan that, in the case of a faculty member, should be agreed upon with a chair at the beginning of the budget cycle. The budget could be very simple (conference travel, supplies, equipment repair, contingency reserve, etc.), pointing to expected expenditures or more complex, depending on the program and budget scope. The point is to gain exemplary planning and accountability for funding. Budget plans should be approved by the chair and ultimately the dean, not for purposes of micro-management, but to open communication, gain efficiencies, and ensure the strategic use of resources within the institution. Over the coming months the Budget Office will work with faculty, staff, and administration to create an easy to use budget template to facilitate this process.

- 5. Vacant lines.** Open/vacant faculty and staff lines will revert to the Vice President for each division. These lines will be reallocated according to the unit hiring plans in

concert with focal areas of the university and the goals of the Strategic Action Plan. This formalizes a process for the entire university that has been underway for several years in Academic Affairs. Central plans are discussed in a summer retreat where each dean's and vice provost's hiring plan is examined to determine its linkages with other units and the overall strategic direction of the university. We will replicate this process in all areas, carefully weighing the importance of all hires in a coordinated way with consultation from other unit administrators. In the short-term, this will ensure that the positions we are able to hire among those currently frozen will be the most advantageous to our efforts to build greater capacity in strength areas and grow our resources overall. In the long-term, this will ensure that our hiring matches our goals as an institution and that all units bring greater strategic focus to their hiring plans. Following recommendations from the University Budget Advisory Committee and the Faculty Senate, 75% of the open line funding will stay in the college and 25% will revert to a central reserve pool. If subsequently a decision is made to reallocate the position its funding will then be moved to the new area.

6. **Travel freeze.** The return of travel decisions to the unit level has been well-received and well-managed by the individual units as we continue efforts to reduce costs to offset mid-year holdbacks and permanent reductions to our base operating budget.

I appreciate your work on these issues this year. While we are facing difficult choices and making tough decisions, we are becoming a better university because of it. Thanks for your dedicated commitment to resolving the issues we have faced to date and for the work we will accomplish as we chart our course for the future.

Sincerely,



Doug Baker,
Provost and Executive Vice President

Cc: M. Duane Nellis, President