According to Kent John Chabotar (Vice President for Finance and Administration, Bowdoin College, and Educational Co-chair of the Management Development Program at Harvard University), who has studied campus budgeting processes throughout higher education, many administrators may operate within the framework that budget preparation is strictly a management function - and that faculty should devote themselves to their "faculty duties". However, Chabotar provides a strong rationale for participatory budgeting in higher education. His extensive research of the subject produced a set of basic principles, flowing from the premise that a budget developed with genuine participation is more likely to be understood, to be equitable, and thus may be more acceptable to campus constituencies.[2]

Why does faculty participation in the campus budget process matter? Beyond the evidence that such a process can build trust and improve employee morale, the effective use of faculty and staff expertise in the budget/planning process can benefit institutions throughout a range of fiscal, strategic and operational areas. Chabotar also makes the case that a participatory budget process can help re-engineer work processes and improve customer service; such benefits can follow from soliciting ideas from employees and students who encounter "wrong-headedness and inefficiency" every day. Additionally, in their advocacy of an institution's academic mission, active participation by faculty in the budget process may serve to enhance rationality and accountability in the allocation of institutional resources.

Within SUNY, a compelling case for participatory budgeting has been made by Ram Chugh. Distinguished Professor, Potsdam. In a 1997 presentation to the University Faculty Senate (subsequently published as a position paper)[3], Chugh asserts that faculty have a major stake in the preparation of the budget, considering that faculty are the most stable component among the various constituencies on a campus. Citing fiscal constraints and competing demands for resources, Chugh observes that it is in the interest of faculty and administration to work together to ensure that limited funds are allocated to best meet the long-term key goals of the institution. Chugh further states that faculty governance must accord high priority to faculty participation in the budgetary process, and that administration must create an adequate mechanism for such participation - by facilitating faculty involvement through a campus budget committee comprised largely of faculty members. Such a committee enhances the overall long-term effectiveness of the institution, and is an investment well worth the effort.

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[2] Chabotar, Kent John, "Managing Participative Budgeting in Higher Education", CHANGE, September/October 1995, pp. 21-29

Chabotar's basic principles for effective participative budgeting:
- Use a budget committee.
- Set clear expectations and limits.
- Start early and allow more time.
- Provide adequate staff and timely data.
- Schedule community meetings during the process.
- Involve the governing board early and often.
- Appoint overlapping membership with other governance bodies.
- Pay attention to strategic visions.
- Implement participation gradually (since a truly participative process may be a radical change).

[3] Chugh, Ram, "Faculty Participation in the Campus and SUNY Budget Process", Position Paper, State University of New York, University Faculty Senate, January 1997. In the context of this report, Chugh's white paper provides interesting background reading. Of particular relevance: his description of prerequisites for a successful budget committee, and suggestions for issues on which a campus budget committee might focus.

III. EXECUTIVE SUMMARY

Introduction

Across higher education, it is increasingly recognized that participatory budgeting, which directly involves faculty and other campus constituencies in budget preparation and resource planning, not only builds trust and accountability, but also contributes to the long-term best interests of the institution. Participatory budgeting can lead to improved equity in resource allocation, and the effective use of faculty and staff expertise in the budget and planning process can benefit institutions through a broad range of fiscal, operational and strategic areas.

A study of the campus budget process was undertaken by the Operations Committee of the State University of New York, University Faculty Senate. A Budget Subcommittee designed and administered a survey to evaluate the overall fairness and effectiveness of the campus budget process, with special focus on the degree of participation by faculty and other campus constituencies. The survey was mailed to all 34 campuses in the State University system.

Of the 29 state-operated campuses and 5 statutory campuses in the mailing, responses were received from 25 state-operated campuses, representing an **86%** response rate by the state-operated campuses. Of the 34 CFOs and 32 Campus Governance Leaders to whom the survey was administered, a total of 35 responses were received (18 from CFOs and 17 from CGLs).

Designed to be anonymous, each pair of surveys mailed to campuses was tagged with a randomly assigned tracking code. This allowed the analysis of paired responses from the same campus, which would otherwise not have been possible. For those 10 campuses where responses were received from both the CFO and GCL, significant variation in their paired responses is seen as indicating some problem(s) with the budgeting process on that campus.

Survey Findings

Analysis of the completed surveys finds considerable variation in budgeting processes across the system. While 80% of respondents indicate that their campus has a "formal structure" for budgeting and resource allocation, **64%** of campuses represented in the survey have a budget committee. All but one of these campus budget committees include faculty representatives.

About two-thirds of all individuals responding rate their campus budget process as fair and effective, although there is significant variation in the responses of administration and faculty. CFOs are more than twice as likely as CGLs to rate their campus budget process as both fair and effective (89% vs. 41%). When the responses of individuals are analyzed with respect to the 25 *distinct campuses* represented in the survey response, the survey finds that campus budgeting processes in SUNY can be separated into three general categories:

1. overall budgeting process is jointly satisfactory to faculty and administration, with a well-functioning budget committee;
2. overall budgeting process is neither satisfactory or dissatisfactory, with some improvement needed or already in progress;
3. overall budgeting process is dissatisfactory to faculty and/or administration, with major issues to be resolved.

About **40%** of the SUNY campuses included in this study are found in the first category, having a satisfactory process and well-functioning budget committee. About **25%** of campuses are found to be in the middle category, and **35%** are found to be in the third. The existence of a campus budget committee is a predominant factor in the perceived overall fairness and effectiveness of the campus process. For faculty, it is found to be a prerequisite.

On campuses with a budget committee, **78%** of CGLs view the budgeting process as both fair and effective compared to **0%** on campuses without such a committee. Yet the mere existence of a budget committee does not guarantee the mutual satisfaction of CFOs and CGLs with the process. Both faculty and administration are far more likely to view the campus budgeting process as fair and effective when the campus has a budget committee with certain attributes.

Best Practices

The success of a campus budget process is a function of key elements of its budget committee - including committee composition, procedures, communication, type of data provided, type of funds reviewed, planning activities, etc. Respondents are **8** times as likely to view the campus budgeting process as fair and effective when the budget committee is provided with detailed budgetary data [on both allocations and expenditures], and **5** times as likely to view the process as fair and effective when the committee engages in all-funds budgeting.

Both faculty and administration (**68%** overall) are more likely to agree or strongly agree that budgeting is linked effectively to planning, when a budget committee is in place. *No* faculty and 13% fewer CFOs view budgeting and planning as effectively linked without a budget committee. When campus budget committees also engage in multiple types of planning (such as long-range, strategic, facilities and capital planning, etc.), respondents are **3.5** times as likely to view the overall campus budget process as both fair and effective.

Budget processes perceived as both fair and effective share the following 12 elements[4]:
* The campus has a budget committee.
* The budget committee includes broad representation of campus constituencies.
* The committee meets frequently, with an annual calendar of scheduled meetings.
* The committee follows agreed-upon procedures, and engages in regular assessment of its activities and overall effectiveness.
* The committee keeps a formal record of its meetings and activities, and communicates with faculty governance and the campus community.
* The administration provides the committee with budgetary data in sufficient detail.
* The committee has access to historical and expenditure data.
* The committee reviews annual budget requests of all divisions and functional areas.
* The committee engages in all-funds budgeting.
* The committee makes recommendations on funding priorities.
* The committee establishes linkages between budgeting and planning.
* The committee seeks an optimal allocation of resources, so as to advance the institution's goals and mission.

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[4] Best Practices are further described in Section V. Detailed survey findings and statistical analysis are found in Sections VI. and VII. Information contained in this report will be incorporated into the next edition of Budget Handbook, to be produced by Operations Committee in cooperation with SUNY Office of Business and Finance.

IV.   RESPONSE RATE

➢   53% overall response rate of individuals (CFOs and CGLs)

The 35 completed surveys received represent an overall response rate of 53%. Despite some initial concern by some members of the Operations committee - that Chief Financial Officers might not be inclined to respond to such a detailed survey - the response rate of CFOs and CGLs was nearly identical (52.9% vs. 53.1%, respectively). Also, as compared to faculty respondents, Chief Financial Officers were equally candid, both in their response to survey questions and in their written comments.

➢   86% overall response rate of State-operated campuses

Completed surveys were received from a total of 25 campuses. None of the five Statutory campuses responded to this survey. The 25 campuses who responded to this survey represent 73.5% of all the campuses to whom survey was mailed. Of the 29 State-operated campuses in survey mailing, a total of 86.2% are represented through the response of either the CFO or CGL or both.

Campus sectors are classified in this survey report according to the categories that applied at the time of survey mailing, as per the 2000/2001 University Faculty Senate directory. Both the Colleges of Technology and Specialized Colleges had a 100% response rate. University Colleges had an 85% response rate, University Centers 75% and Health Science Centers a 67% response rate. The only State-operated campuses not represented in the survey response are two University Colleges, one University Center and one Health Science Center.

➢   10 campuses are represented through both CFO and CGL responses

Of the 25 distinct campuses represented in the survey response, 10 campuses are represented through the response of both their CFO and CGL. Although the proportion of campuses represented in this paired response is just 40%, it constitutes an interesting subset of overall campus responses, and provides an opportunity to examine the degree of correlation between CFO and CGL responses. Such comparative analysis provides insight into the differing expectations of faculty and administration regarding the campus budgeting process. Analysis of paired responses for the ten campuses in this subset appears in this report at the end of Section VI.

Of the 35 survey responses, the paired responses thus constitute a total of 20 responses - or 57% of all the individual responses received. The remaining 15 responses (from either a CFO or CGL) constitute 43% of all the individual responses received. These 15 responses provide information on 15 of the 25 of the campuses represented; 60% of all the campuses included in this survey report are thus represented through a single response.

Designed to be anonymous for purposes of reporting and dissemination, each pair of surveys mailed to campuses was tagged with a randomly assigned tracking code. This allowed the analysis of paired responses (CFO and CGL) received from the same campus, which would otherwise not have been possible.

RESPONSE RATE OF CAMPUS SECTORS

Sector[1]	No. of Campuses in Mailing	No. of Campuses Responding	Percentage of Sector Responding
University Center	4	3	75.0%
University College	13	11	84.6%
Specialized	4	4	100.0%
Statutory	5	0	0.0%
College of Technology	5	5	100.0%
Health Science Center[2]	3	2	66.7%

[1]: Sector Classification based on University Faculty Senate 2000 / 2001 Directory

[2]: Survey was not mailed separately to the two Health Science Centers affiliated with University Centers

Percentage of Sectors Responding to Survey