



THE STATE UNIVERSITY *of* NEW YORK
UNIVERSITY FACULTY SENATE
UNIVERSITY OPERATIONS COMMITTEE

SURVEY *of the* CAMPUS BUDGET PROCESS
FINAL REPORT
OCTOBER 2002

Prepared by:
Dr. Maureen Dolan, University Senator
Associate Professor of Mathematics
SUNY College at Old Westbury

THE STATE UNIVERSITY of New York



Faculty Senate
State University Plaza
Albany, New York
12246
1 800 547 1548
518 443 5326
fax - 443 5327

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FOREWARD

One of the many valuable insights I have gained from my experience with the University Faculty Senate is the importance of the campus budget. Too often, this is a subject that is not found to be interesting by many faculty. It should be. Decisions on where to spend available funds reflect the "real priorities" of a campus administration in a way that is clearer and more honest than any "State of the College" paper or "Mission Statement."

The active participation of faculty in the process will accomplish many things. It will provide the institution with accountability on the expenditure of limited funds. It will build trust and morale. Finally, it will ensure that budget decisions reflect the priorities of the academic mission of the institution.

This report, which was prepared by Maureen Dolan of the Operations Committee, should be read and reread by every constituent in the SUNY System. It provides a clear summary of budget processes that work. The participatory processes described, will, in my opinion, make campuses more efficient and accountable in their administration of the campus budget. I hope the report will move you to become an active participant in the process.

Joseph Hildreth
President-University Faculty Senate
October, 2002

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I. INTRODUCTION

Methodology and Timeline

Two years ago the Operations Committee initiated a project to examine the campus budget process throughout SUNY. The project intended was intended to study the degree of participation of faculty and other constituencies in the campus budget process, and the effectiveness of such participation. A six-page survey was distributed in January 2001 to all Campus Governance leaders (CGLs) and Chief Financial Officers (CFOs). This mailing was accompanied by a cover letter from [then] University Senate President Joseph Flynn.

Survey intended for CFOs was first directed to Campus Presidents. Completed surveys were requested to be returned by February 16, 2001. (A stamped, pre-addressed envelope was included in each mailing; completed surveys were returned to the Chair of the Operations Committee Budget Subcommittee).

A total of 66 surveys were mailed to the 29 State-operated and 5 Statutory campuses, with mailings to 34 Chief Financial officers and 32 Campus Governance Leaders. Of the thirty-four campus listings in University Faculty Senate 2000-2001 directory, 29 of the campuses received surveys for both their CGL and CFO. (The five Statutory campuses did not list a CGL, thus only CFOs on those campuses received the survey; three of the State-operated campuses listed two CGLs in the directory.)

A total of 35 completed surveys were returned to the Operations Committee Budget Subcommittee (Chair) by the end of April. Of these 35 completed surveys, 19 were received by the initial due-date in February. The Senate President emailed a follow-up letter to campuses in late March, using list-serves for CGLs and CFOs (the latter with the cooperation of Brian Stenson, Vice-Chancellor for Finance and Business.)

Although the survey was designed to be anonymous, about ten campuses *identified themselves* through attachment [to the survey] of cover letters, business cards and additional documents pertaining to their campus budget process. Several campuses faxed the completed survey, then mailed a hard copy. These self-identifying materials originated with Campus Presidents, Chief Financial Officers and Campus Governance Leaders.

No campuses are identified in this report. None of the additional materials forwarded by campuses are specifically addressed in this report, although these unsolicited materials did help inform the overall findings. The verbatim text of all responses to open-ended survey questions (#58-61) are included at the end of this report.

A preliminary report on survey findings was presented at the University Faculty Senate Plenary meeting in Cobleskill, April 2001. After extensive analysis of survey responses, a Draft Report on Statistical Information was then at the University Faculty Senate plenary meeting in Alfred, April 2002. The Final Report, to be presented at the University Faculty Senate Fall plenary in Purchase, will subsequently be distributed to Campus Presidents, Chief Financial Officers, Campus Governance Leaders, University Senators and other interested parties at campus and system levels.

Outcomes

This survey provides detailed information about the campus budget process at State-operated campuses, through solicitation and analysis of both objective and subjective data. Objective information on the campus budget process includes data on budget committee composition and procedures; type of data and level of detail in data available to campus committees; and type of activities and actions/recommendations undertaken by campus budget committees.

Subjective information includes perceived degree of fairness and effectiveness of campus budget process; equity and effectiveness in the allocation of resources; effectiveness of input of faculty, staff and students through all stages of the campus budget process; and in the open-ended questions, identification of areas that need improvement, including possible recommendations for change. A profile of the "typical" campus budget process in SUNY emerges from both the objective and subjective data. Also, a model for best practices in SUNY is derived from the statistical analyses, in conjunction with responses to the open-ended questions at the end of survey (which elicited varying degrees of verbal response).

It is anticipated that information from this report will be incorporated into the next edition of the Budget Handbook to be produced by the Operations Committee, in cooperation with the SUNY Office of Finance and Business. Of particular interest to the Committee and to the University Faculty Senate are best practices in budgeting and operations.

Notes:

Throughout this report, "CGL" and "CFO" refer, respectively, to **Campus Governance Leaders** and **Chief Financial Officers**, and to the survey responses they submitted. Statistical results are given for the aggregate survey response (35 individual responses from 25 campuses), as well as for responses disaggregated by faculty (17 CGLs) and administration (18 CFOs).

Due to the small population of campuses represented in each campus sector - with campus responses varying in number from 2 to 11 per sector (averaging 5 for those sectors which responded), no attempt has been made in this report to analyze survey responses disaggregated by sector.

Within the survey and throughout this report, the "effectiveness" of the campus budget process refers to the degree to which the process "serves to facilitate achievement of institutional goals". Throughout this report, "the committee" or "the budget committee" refers to the campus committee which is "most prominent in making recommendations regarding the budget and the allocation of resources" - regardless of what the committee might actually be called on the various campuses.

For those questions in which an "average" response is indicated, average refers to the mean or expected value, that is, observed responses x_i are weighted by the frequency of the response $f(x_i)$. Statistical analysis also includes the standard deviation (represented by σ) for responses to survey questions #44-57.

II. BACKGROUND INFORMATION

Through the response of key administrative and faculty representatives (i.e., CFOs and CGLs), this survey examines the *perceptions* of major campus constituencies regarding campus effectiveness in budget preparation, resource allocation and linkage of budgeting to planning. The Operations Committee did not intend this survey to examine performance indicators for the actual effectiveness with which campuses allocate their resources.

In the case of the campus budget process, why does perception matter? It is known that perceived quality and perceived satisfaction (involving a process or a product, for example) can be powerful performance indicators. Perceptions of quality help drive consumer sales as well as college selections and the location of one's residence. Consider a well-established measure of automobile quality - the metric developed by J.D. Power and AssociatesTM. Each year this firm produces a ranking derived from a national survey of consumers' satisfaction with their automobile's initial quality, service and reliability. This ranking relies on self-reporting by consumers and their perceptions of quality, rather than on analysis of actual service records or empirical data on initial defects or mechanical reliability. Still, this annual ranking is recognized by the industry and has measurable impact on marketing strategies and consumer behavior. Since perception significantly influences the decision making process of individuals and organizations, it is a topic of robust study throughout management and decision science (as well as in the physical, behavioral and social sciences).

An interesting outcome from the survey - as it relates to perceived satisfaction - concerns the issue of *expectation*. As detailed in Section VI. on statistical analysis of survey responses, it can be seen that faculty and administration - as represented through the responses of campus governance leaders and chief financial officers - have significantly different expectations when it comes to the role of faculty in the campus budgeting process. Additionally, faculty and administration may have different views on what constitutes an appropriate level of resources to allocate to administrative functions. The degree of satisfaction or dissatisfaction with the campus budget process can be viewed as a function of these differing expectations.

In his work on the *theory of expectations*, David Bell describes disappointment as a natural reaction to an outcome that does not measure up to one's expectations.¹ The higher one's expectations, the greater is the disappointment with a lower reward or a dissatisfactory outcome. (Elation, in varying degrees, occurs when an outcome exceeds one's expectations.) In the case of the campus budget process, faculty in SUNY - as elsewhere - expect an active and participatory role in the campus budget process. Administration may have alternate expectations regarding the level of activity and degree of participation by faculty. Vastly different expectations are seen to exist on about 40% of the state-operated campuses.

¹ Bell, David E., "Disappointment in Decision Making", *Operations Research*, Vol. 33, No. 1, January/February 1985, pp. 1-26