November 24, 2014

To: AS&E Executive Committee  
From: Fiorenzo Omenetto – Chair, Budget and Priorities Committee  
Re: B&P Review of Reorganization Proposals for AS&E Admissions from Provost

Over the past few months the Budgets and Priorities Committee has met 4 times on October 17, October 31, November 6, and November 20, 2014. During these meetings, the committee has heard reports on the present structure and expenditures of the AS&E budget. Key representatives of the administration joined the B&P committee meetings - namely Scott Sahagian (10/17, 10/31, 11/6, 11/20), Jonathan Dudley (10/31, 11/20), and Kevin Dunn (11/6).

An overview of the budget for AS&E has been also redacted.

As a consequence of these meetings, a series of questions were redacted, presented to Kevin Dunn on 11/6, and addressed to Provost Harris. The questions are included in the appendix of this document. The questions address different themes that pertain to the budgetary implications and the financial planning associated with the reorganization proposed.

Responses to these questions will be addressed by the Administration beyond the November 21st deadline since it is the Administration’s opinion that these budgetary issues need to be addressed thoughtfully.

It is the opinion of this committee that the Administration is working earnestly to define a Budgetary Plan for the reorganization, and that, to date, such plan has not been defined.

It is also the opinion of the committee that it is impossible to assess or predict the possible consequences on the operational budget of the schools without having more details on what the future Budgetary/Financial Plan or Budgetary Evaluation/Projection will be.
Budget and Priorities Meeting, November 6, 2014

Compiled and redacted questions

With the change in management structure, decisions on the use of funds that are currently generated primarily by AS&E undergraduate tuition and applied to AS&E operations from the “shared” budget (such as academic costs, student services, athletics, admissions, etc) will now be made in the Provost’s office rather than at the level of the academic Deans.

In the new structure:

1. What budget will the two Deans have control over? How does it compare to the budget over which they have control in the current administrative structure?

2. How do the proposed changes impact the discretion of the A&S and SOE deans to allocate funds?

3. In the new organizational structure, what formal roles, if any, will the new Deans have in contributing to decisions about the use of shared resources, managed at the Provost’s office level, for their respective Schools? Will they only have the chance of asking the Provost for additional or re-directed use of money for their Schools, or will they actually sit at the table where budget decisions that impact their Schools are made?

4. How will the new structure guarantee that these funds will continue to be applied to benefit the AS&E students, and not (partially) diverted to other Schools?

5. In the new organizational structure, what opportunities will the two Deans have to attract funds to their School over which they will have full control? Will there be about the same, more, or less opportunities with respect to the current administrative situation? In what way will there be more, less, or about the same opportunities for the two Deans to identify proactive approaches to generate funding for their School over which they will have full control?

6. Are there any identified financial inefficiencies of the current system and how is the new plan going to mitigate them? How is this new plan going to benefit the schools financially? Are there *specific* budgetary issues that have arisen in the recent past which motivate the proposed reorganization effort?

A large fraction of the budget for the two individual schools (A&S and E) comes from the 80/20 split on the funds remaining in the shared budget after all costs have been met. Under the new management structure, with all shared funds under higher administrative control, the two academic Deans will need these funds “up front”; that is, as a revenue stream in their budget from the beginning removing some of the “fluidity: and “adaptability” of the process.

7. What changes (if any) will be made to the budget structure to place additional funds from undergraduate tuition directly into the budget streams for the two schools, rather than splitting remaining funds at the end of the process?
8. How will the new organizational structure change the balance between the central administration and the School-level administration with respect to costs (maintenance, upgrades, expansions, new opportunities, etc.) associated with buildings, infrastructures, lab/classroom/administrative space, etc. within each School? What role, if any, will the Dean play in decisions that will involve funds managed at the central administration level that will directly impact the facilities and infrastructures in their respective schools?

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Elected student representatives attend the BnP committee meetings – they submitted the following questions

Questions from the student representatives attending the BnP committee.

How will the reorganization of the budget affect the balance of power between the provost and the dean of a&s, and will the process of petitioning for money by the deans become increasingly arduous as a result?

How will the power of the Deans be affected by the proposed reorganization?

With all control of resources allocation lying with the provost, will deans have any impact on the budgetary decisions being made?

If competing entities are vying for resources, who will mediate the decision?

What control over resource allocation will the dean of a&s have after the reorganization?

Will there be any check on the power of the provost to allocate resources were he or she to hypothetically feel it necessary to prioritize the budget to another campus?
High Level Budgetary Model for AS&E

Current situation based on FY2014 Profit & Loss Statement

Only major (>1M) revenues and expenses are captured.

The AS&E “shared budget” is currently managed jointly by the Deans of the two schools. The individual school budgets are managed (individually) by the two Deans.

MAIN QUESTIONS

QUESTION 1 - Institutional support of $51M goes out of the shared AS&E budget to central admin. How will this cost change and be managed?

QUESTION 2 - Academic support & student services (Tisch library, athletics, admissions, registrar, advising, etc) costs $36M annually. Many of these services under the new plan will report directly to the Provost rather than the academic Deans. How will this budget change and be managed? (See next page)

QUESTION 3 - The schools rely on the 80/20 split of shared surplus to balance their individual school budgets. How will the surplus change and how will the split be managed?
Question 3

AS&E
Shared Budget
(Both Deans)
Revenue: $258M
Expenses: $181M
Surplus: $77M

80% of shared budget surplus goes to balance A&S budget: $62M
19.5% of shared budget surplus goes to balance Eng budget: $15M

Question 1

Institutional Support
$51M

Question 2

Academic Support
Student Services
$31M

Question 3

A&S Direct Budget
(Dean of A&S)
Revenue: $43M
Expenses: $106M
Deficit: $63M

SoE
Direct Budget
(Dean of Eng)
Revenue: $31M
Expenses: $45M
Deficit: $14M

80.5% of shared budget surplus goes to balance A&S budget: $62M
19.5% of shared budget surplus goes to balance Eng budget: $15M

Revenue:

Grad Tuition $27M
Financial Aid ($19M)
Net Tuition $8M

Grants & Contracts $31M
Return on Investm $4M

Undergrad Tuition $241M
Financial Aid ($68M)
Net Tuition $173M

Grants&Contracts $14M
Return on Invest $20M
Aux Enter (residence fee, dining, parking) $51M

Grad Tuition $12M
Financial Aid ($7M)
Net Tuition $5M

Grants&Contracts $23M
Return on Invest $3M

Expenses:

Instruction $76M
Spons Prog. $23M
Acad/Stud Serv $3M
Clinical Act $3M
O&M of Plant $1M

Aux. Ent. $48M
O&M of Plant $27M
Instruction $16M
Spons Prog. $4M
Tuition Remiss $2M
Debt Service $2M

Instruction $24M
Spons Prog. $18M
Acad/Stud Serv $2M
O&M of Plant $1M
In support of answering question #2, “Academic support & student services (Tisch library, athletics, admissions, registrar, advising, etc) costs $36M annually. Many of these services under the new plan will report directly to the Provost rather than the academic Deans. How will this budget change and be managed?”

Consider the organization chart below. Currently the Academic Support and Student Services budget of $36M ($31M from the shared budget, $5M from the school budgets) is managed in this manner, with the entities reporting to the Dean of Arts and Sciences with a dotted line to the Dean of Engineering. Under the new plan, many of these entities will report directly to the Provost’s office. How will this part of the budget change and how will it be managed under the new plan?