Minutes of FAP Meeting #9 AY2021-22
November 8, 2021
4:00 PM – 5:00 PM
Meeting Held in Faculty Governance SL225 and by ZOOM

Members in Attendance: Joseph Fehribach (FAP Chair), Joseph Sarkis (FBC Co-Chair), David Spanagel (RPC Representative), Tanja Dominko (FAP Secretary), Kris Sullivan (Associate Vice President for Academic Affairs), Mike Horan (Executive Vice President/CFO)
Guest: Olga Klochkova, Director of Financial Planning and Analysis

Agenda

1. Call to Order
Chair Fehribach called the meeting to order at 4:01 PM.

2. Overview of Academic Budgets (Appendix 1)
The presentation was made to address the request for description of declining departmental budgets from FY20 to FY22, one of the priority items identified in Minutes #6. AVP Sullivan and **CFO Horan** shared a presentation that described Financial Structure of Academic Affairs. Academic Affairs division has the largest operating budget within WPI and approximately 48% of about $250M operating expenditures are associated with Academic Affairs, according to the **Director Klochkova**. In addition to the four Schools (Arts & Sciences with 7 departments, Engineering with 8 departments, Business with one department, and Global with one department and Project centers), academic affairs budgets include the Provost's office, Research, Undergraduate studies, Graduate studies, Gordon library, Registrar's office and Innovation and Entrepreneurship "departments". Within schools ("departments") there are a number of cost centers, each one overseeing an operating and one or more designated budgets.

Operating budgets are funded each year through the budget development process. Unspent operating funds at the end of the fiscal year are "swept", meaning that the remaining balance is removed, it does not roll over into the next year's budget. Unlike operating budget balances, designated fund balances roll over from year to year.These funds include Indirect Cost Return (ICR), Professional development balances, gifts, etc. Some departments also utilize capital budgets for purchase of equipment over $5,000 and/or for construction projects—for example, space renovations, remodeling associated with startups. Most cost centers only incur expenses, but several are also budgeting for department-specific revenue—such as graduate studies, Schooll of Business, and summer programs. The operating budget is managed over 70 cost centers and over 35 Project Centers across academic affairs "departments".

Drilling down, AVP Sullivan explained that operating budgets contain ledger categories for Revenues and Transfers (5000-lines—these are numerical ledger designations in the budget), Compensation and Benefits (6000-lines) and Operating expenses (7000-lines). By far the largest proportion of expenditures of departmental budgets (97.8%) belongs to Compensation and Benefits, leaving 2.2% of the budget for *Other* operating expenses. As such, changes to personnel have the largest effect on the expenditures. Deans control small Operating budgets, budgets for Adjunct faculty, Personnel funds and designated funds (gifts).

During the past two years, the Academic Affairs operating budget was restructured to accommodate merger of the Corporate and Professional Education with the Graduate School, and the addition of the Registrar's office and the Innovation and Entrepreneurship department. Within Academic Affairs, additional changes in budget allocations were also driven by: (1) moving business graduate admissions to appear under the Graduate School, (2) creating two new departments (Aerospace and Robotics); and (3) reallocation of funds to support an additional 20 TA positions for a total of 165 TA positions.

Overall, academic department budgets in A&S and Engineering this year increased by 7% (compared to FY20) after additional supplementary funds were approved (previously reported at $948,000, now revised to $1.5M total for 2021-2022). This was largely due to increases in Compensation and Benefits lines (6000-line). Further analysis showed that 7000-lines were at 21% below pre-COVID levels. These outcomes reflected priorities expressed by department heads and Deans.

CFO Horan stated that these supplemental funds will be a permanent addition to the overall academic budget but may be reallocated depending on the needs and priorities associated with the class of 2025. Most cuts made following WPI Forward recommendations will remain permanent. The committee members questioned this assertion, as the overall WPI operating budget continues to grow due primarily to increased tuition revenues (due to larger incoming classes).

The committee also discussed the effective rates of salary increase (3% was placed for this purpose in salary pool for October 2021 to Oct 2022 increases) after 15 months of no increase. As discussed previously in FAP meetings, additional clarity should be provided regarding distribution of these funds, as they include funds marked for equity adjustments, and tenure and promotion increases, leaving the overall pool of original 3% considerably smaller. CFO Horan stated that the effective rate of salary increase was 1.7% in this cycle. Regarding the committee's question of bonuses and incentive payments for select Executive officers and administrators, AVP Sullivan explained that these are not included in the 3% salary pool.

3. Adjournment
The meeting was adjourned at 5:15 PM.

Respectfully submitted,
Tanja Dominko
FAP Secretary