

WPI Committee on Administrative and Financial Policy (FAP) Annual Report 2015-2016

Committee Members: Professor David Spanagel (Chair Terms A-C), Professor Hossein Hakim (Fringe Benefits Committee Chair, FAP Representative on the Retirement Planning Committee, and Acting Chair of FAP while Professor Spanagel was advising projects in Santa Fe Term D*), Professor Tahar El-Korchi (Secretary), Executive Vice President/CFO Jeffrey Solomon, and Assistant Vice President for Academic Affairs Kristopher Sullivan.

*[Note: Professor Hakim resigned from FAP effective April 20, 2016.]

Special guests: Regular meeting invitees during the year included Professor Tanja Dominko (one of the Faculty appointees to the Trustees' Budget & Finance Committee), and Assistant Vice President for Budget and Finance Judi Trainor. In addition, FAP welcomed other members of the WPI community for input and consultation on various specific matters, including President Laurie Leshin, Provost Bruce Bursten (on two occasions), Professor Mark Richman (Secretary of the Faculty), Orion Stavre (Analyst for Marketing), and Yvonne Harris (Information Analyst for Finance).

Major Agenda Items

At the beginning of the academic year, FAP solicited input from the Faculty at large, met with the Provost, the President, and the Secretary of the Faculty, and laid out the following agenda of major items for the year. By December 2015, a brief description of each of these items was presented to the Faculty:

1. Provide "advice and consent" regarding a revised summer faculty compensation recommendation to be integrated in the coming year's budget plans.
2. Review, and make recommendations to COG about making possible changes to, FAP's official "charge," its size, and the configuration of its membership, given the new era and climate of shared governance in which we now find ourselves.
3. Assess the costs and benefits of existing academic programs and administrative positions and structures:
 - A. Look at the costs involved in operating the structure we now have [of "things" led by Deans], i.e. data to support assertions the Provost presented to the faculty at the October 2015 Faculty meeting.
 - B. Investigate how WPI is doing, relative to benchmark schools, on balancing its allocations to instructional resources, administrative staffing levels, compensation, facilities costs, etc. (including developing a clearer shared understanding of all these costs and rationales).
4. Review e-procurement; P-card, and gift card policies.
5. Review, understand, and communicate to the faculty about the management of WPI's endowment and other financial factors (such as debt levels) that affect WPI's long-term financial outlook.

Accomplishments, Partial Progress, and Other Outcomes

FAP met a total of 26 times in 2015-16. Taking each of the major agenda items in turn, here is what FAP achieved:

1. Summer faculty compensation – This was an agenda item carried forward from FAP’s efforts throughout the preceding academic year. By the end of October (the first 9 meetings of this year), FAP members developed a recommendation that received unanimous support on the committee:

That the faculty summer compensation policy be revised as follows:

- a) In place of the current fixed schedule of maximum compensation by job title (Full, Associate, Assistant, or Instructor) whose levels have not increased appreciably over the past decade, the compensation for teaching a summer course (i.e. a course “out of load”) shall equal 1/9 of the annual base salary of that faculty member.*
- b) Instructors of courses that attract fewer than 10 students by the end of the add drop period shall be compensated on a pro-rated basis (i.e. 1/90 of annual base salary per student enrolled).*
- c) Compensation for multi-section courses should be reviewed.*
- d) The total compensation provided to an instructor shall be capped at a level equal to the tuition revenue being generated by the course.*

The Provost reviewed FAP’s recommendation, consulted with the Dean of Undergraduate Studies and others, and decided to take a different solution approach to the issue that FAP had raised. The Provost expressed concern that the model proposed by FAP would reduce some faculty member’s compensation while increasing others. The Provost used FAP’s proposed compensation methodology to run several models with floors and ceilings of faculty compensation, all of which led to a certain percentage of faculty teaching in the summer to receive less. Ultimately, to assure that compensation for faculty teaching in the summer would increase, the Provost raised the existing fixed schedule of summer course compensation rates by job title 10% (obviously not a cost-neutral solution). The Provost did also pay heed to FAP’s recommendation “c.”

The Annual Planning and Budget Process (APBP) proceeded on the basis of the Provost’s proposal, which was accepted and included in the FY17 budget. FAP members expressed diverse reactions to this outcome: ranging from satisfaction that FAP had performed its role perfectly by raising an important issue and doing valuable research to help inform decision-making, to disappointment at the scope and nature of the discrepancies between what FAP had sought for WPI to restructure in its summer compensation policy versus what was implemented at the Provost’s request.

2. FAP’s charge and configuration – FAP worked throughout B term to discuss its own role in the changing context of faculty and administrative participation together in WPI’s emerging system of shared governance. By the end of December, FAP was ready to

share a draft of new language for the Faculty Handbook with both the President and the Committee on Governance. After some iterative refinements of this language, COG and FAP jointly presented the proposed changes to the Faculty in March 2016, and these changes were approved by a unanimous vote at the April 2016 Faculty Meeting.

The committee description now reads as follows:

The Committee on Financial and Administrative Policy (FAP) consists of six members in total: three elected Faculty members (serving staggered three-year terms), the Chief Financial Officer, one additional administrative representative members designated by the President, and one additional Faculty member appointed by COG (for a one-year term, renewable up to 3 continuous years, in order to diversify the skills or perspectives needed by the committee, given the prospective composition of the committee that year). FAP informs the Faculty on administrative and financial matters that affect the Institute. FAP ascertains the interests and views of the Faculty concerning such matters, deliberates with appropriate access to institutional data, and works with the Administration to make recommendations that serve the best interests of the Institute.

FAP members regard this updating of its charge and configuration to be a major achievement.

3. Understanding Costs (everything from the “Dean Thing,” to adding new research programs that entail the spiraling size of start-up packages) – FAP has periodically studied IPEDS data in order to benchmark the comparative expenditures that similar schools make in the broad areas of infrastructure costs, instructional costs, administrative costs, etc. In January 2016, FAP invited Orion Stavre to share some preliminary analysis he had begun along these lines with both the committee and the Provost. Meanwhile, the three faculty members involved in the APBP (Profs. Dominko, Richman, and Spanagel) gained increased access to and appreciation for the complex details of WPI’s operating budget. Finally, Prof. Hakim, CFO Solomon, and AVP Trainor also had some productive meetings to gain a better shared understanding of how top staff compensation numbers are calculated and reported on WPI’s Federal 990 tax forms each year.

While FAP did not fully address all the questions or resolve all the concerns embedded in this major agenda item, it was a candid and open forum for discussing such highly important and yet sensitive matters. The few things accomplished along these lines can be seen as valuable positive steps toward establishing a greater shared understanding with Faculty of how and why the administration manages WPI’s resources in the ways that it does, to serve our collective mission. FAP members remain interested and engaged in carrying that conversation forward.

4. New eProcurement Policy – FAP invited AVP Judi Trainor and Finance Information Analyst Yvonne Harris to a meeting in January 2016 to inform the committee about

changes in WPI's procurement practices and give FAP members an opportunity to identify and discuss any potential concerns they might have about the changes.

This was an easy one. Excellent new procedures are being integrated, which appear to be advantageous both to the Institute's bottom-line and to the efficiency and timeliness of its faculty and staff who make purchases of necessary equipment, materials, and services.

5. Endowment Study – Prof. Hakim and CFO Solomon each approached this agenda item independently, and engaged in some very productive preliminary discussions in C and D terms, up until the time that Prof. Hakim resigned from FAP. CFO Solomon shared some initial findings of the “benchmark” conversations that the Trustees’ Investment Committee has been pursuing this year regarding investment performance, portfolio risk and diversification, and best governance practices. That work is still underway, and FAP looks forward to receiving a more comprehensive report from CFO Solomon at its conclusion. FAP hopes to be able to share with the Faculty during the coming year what it has learned through these conversations about the endowment and WPI's investment performance record.

Miscellaneous

In addition to its major agenda items, FAP also acts upon any recommendations brought forward by the Fringe Benefits Committee (FBC), which was chaired this year by Prof. Hakim.

In December 2015, FAP voted to approve FBC's recommendation to eliminate the \$15 student activities fee being charged to staff members who enroll in graduate courses, and thereby maintain a consistent policy of not charging activities fees when staff members enroll in either graduate and undergraduate courses.

As of its most recent meeting, FAP had yet to appoint a new Faculty member to fill an upcoming vacancy for a 3-year term of service on FBC. The Chair sent out a request for interested candidates to contact him on May 25, 2016. FAP and COG will each make appointments of one tenure-track faculty member apiece, to serve on FBC from July 2016-June 2019.

Respectfully submitted,

David Spanagel, FAP Chair AY 2015-16
June 10, 2016