

**Annual Report**  
**Committee on Financial and Administrative Policy**  
**Academic Year 2016-17**  
Submitted July 20, 2017

The Committee on Financial and Administrative Policy met 24 times during the 2016-2017 academic year. The issues addressed by the committee are grouped by category and described below.

Elections:

1. FAP elected Prof. Tahar El-Korchi as Chair and Prof. Tanja Dominko as Secretary for 2016-2017. FAP elected Prof. Fabienne Miller as Chair (ad interim) of the Fringe benefits Committee (FBC) until FBC's rules were changed to allow the COG-appointed faculty member on FAP to be eligible to serve in that role. After the rule-change was approved by the Faculty in October 2016, Prof. Miller served as the permanent Chair of FBC for the remainder of the academic year. FAP elected Prof. George Pins as its representative on the Retirement Planning Committee (RPC) for 2016-2017. FAP elected Prof. Miller to serve as Secretary during the last few weeks of D-term while Prof. Dominko served as the temporary Chair in Prof. El-Korchi's absence.
2. FAP elected Prof. Tanja Dominko as Chair and the newly elected FAP member, Prof. Nancy Burnham as Secretary for 2017-2018.

Governance and Policy Matters:

1. FAP met with (last year's 2015-2016 FAP Chair) Prof. Spanagel to discuss the importance of maintaining transparency in its work concerning financial and administrative issues.
2. FAP worked with COG to modify the language describing the FBC. The modification made the COG-appointed faculty member on FAP eligible to serve as Chair of the FBC. The modification was approved by the Faculty in October 2016.
3. FAP reviewed WPI's Phased Retirement Policy (PRP), which currently appears only on the Human Resources website. The committee agreed that the policy (as is) should be included in the Faculty Handbook. Prof. Richman (SOF) met with FAP and discussed elements of the policy that could be improved in the future.

General Matters:

1. FAP met with Ms. Donta-Venman in her role as the Director of Institutional Research to discuss the care that must go in to identifying our "peer" institutions when benchmarking WPI's performance against others', as well as the importance of separating these true peers from our "aspirational peers" when using benchmarking comparisons to assess our performance, and the confusion that arises when the set of peers differs each time a different element of our performance is assessed.

Budget and Endowment Matters:

1. FAP met with Ms. Judi Trainor (Associate VP for Finance), who reviewed the FY 2016 year-end operating budget. Ms. Trainor reported that FY 2016 ended with an \$11.7M operating surplus, and that \$23.9M was spent on capital projects. WPI relies on the surplus to supplement university reserves, which are used in part to fund Faculty start up and capital projects. FAP was concerned that the surplus may have, in part, been a consequence, of unfunded academic requests. Ms. Trainor also reported that with respect to our instructional spending, WPI compares well with a group of eight peer institutions and also with two aspirational peers.
2. Mr. Solomon summarized the budget information to be presented at the November Board of Trustees' meeting. This included the closing state of the FY 2017 budget and the planning parameters for the FY 2018 budget.
3. FAP developed an expanded format of the operating and capital budgets that would serve as a better tool for planning and analysis purposes. Spending priorities should be transparent from the budget presentation. Spending should be consistent with two main promises: that the TTT Faculty will deliver a significant majority of credits to our students; and that we will increase our research expenditures by 50 percent from 2015 to 2018. FAP discussed the ways in recent WPI budget surpluses have been reinvested and the extent to which those funds could be used to enhance the growth of the WPI faculty. Ms. Trainor presented several budget formats currently in use depending on whether the budget is used for presentation to the Trustees, for planning purposes, or for audited financial statements and Federal Form 990.
4. FAP received (in March) an update from Mr. Solomon summarizing the budget presentation made to the Board of Trustees on February 24<sup>th</sup>. After the first six months of the current fiscal year, a budget surplus of \$8.1M is projected. The capital budget of \$37.6M is on track (\$22M for the Foisie Innovation Studio; \$12.1M for deferred maintenance; and \$2.4M for faculty start-up packages). For next year, the budget assumptions are as follows: 3.5 percent tuition, room, and board increases; between 1120 and 1140 incoming freshmen; 19,600 graduate credits delivered; 4.7 percent endowment draw; 3 percent salary pool increase (raised from 2.5 percent, initially); and 16 TTT faculty searches.
5. FAP received an update (in January) on the process to evaluate proposals for the replacement of Banner, which is WPI's current Enterprise Resource Planning (ERP) and management system. The replacement is expected to take four years in three modules: human capital management; finance-related functions; and student-related information systems. The choice of a replacement was made in February 2017.
6. FAP received (in November) a preliminary overview from Prof. El-Korchi on the schedule of planned Annual Planning and Budget Process (APBP) that would begin in November 2016 and conclude in March 2017. FAP identified an ongoing need for a proposal that will identify the resources needed for the growth of the Faculty.
7. FAP received an update (in February) from Prof. El-Korchi on the APBP. He reported that Provost Bursten requested 17 new TTT positions for FY 2018-19. The committee discussed the need for a faculty-growth strategy that was consistent with our teaching, research, and hiring needs.

8. FAP received a request (in April) to work with the WPI administration to prepare a report for the WPI Faculty that describes the extent to which the WPI endowment portfolio is currently invested in companies whose major commodity is fossil fuel and/or whose main profits result from the production of products that increase the emission of greenhouse gases. Mr. Solomon informed FAP that the WPI Board of Trustees had established a policy that would not limit WPI's investment options based on non-financial considerations, but he agreed to work during the summer to determine the extent to which our endowment is invested in such industries. He will share his report with FAP in fall 2017.

#### Faculty Salary Study:

1. FAP agreed that for the upcoming faculty salary study (to be conducted by Sibson Consulting), our peer group (based on institutional characteristics that match ours) should be separated from a group of aspirational peers. The members of FAP participated in a conference call with representatives of Sibson Consulting to review the project work steps, timing, and deliverables for the faculty salary study.
2. FAP met with Ms. Jones-Johnson (VP for Talent Development and Chief Diversity Officer) to discuss the firm (Sibson Consulting) that will conduct WPI's faculty compensation benchmarking analysis. The committee agreed that, compared to 2013 when the last analysis was carried out, a smaller, better-balanced peer group should be used.
3. FAP received (in March) and did a preliminary review of the results of the WPI Faculty Salary Report prepared by Sibson Consulting. From 2013 to 2017, the salaries of TTT faculty members at WPI dropped from just under the 70<sup>th</sup> percentile among our peer group, to just above the 50<sup>th</sup> percentile. The committee forwarded questions to Ms. Jones-Johnson that she could forward to Sibson Consulting, and asked for additional data to better understand the results presented in the report.
4. FAP reviewed more thoroughly the results of the WPI Faculty Salary Report prepared by Sibson Consulting. Several FAP members expressed concern about the slippage of faculty salaries from the 70<sup>th</sup> percentile in 2013 to the 50<sup>th</sup> percentile in 2017, and asked if the trend was inadvertent or by institutional design. Due to some confusion caused by the manner in which the results were presented in the report, FAP agreed to wait until early fall 2017 to report the results to the Faculty. Several members were disappointed that Mr. Solomon could not summarize the conclusions from the report that Ms. Jones-Johnson would be presenting to the Board of Trustees at their May meeting.

#### Strategic Matters:

1. FAP discussed the importance of developing guidelines for competitive start-up packages that provide sufficient cash investment, account for the differences in disciplines, and take into consideration already available infrastructure, equipment, and other resources – including lab space - that may be shared. Offers to prospective faculty members could be made more attractive and less expensive if they were to emphasize the collaborative nature of research at WPI, the core equipment and resources available across campus, and other quality-of-life benefits of working at WPI.

2. FAP requested that Provost Bursten develop a financial analysis of WPI's institutional investment into academic Deans since the hiring of the inaugural Deans of Business, Arts and Sciences, and Engineering. The analysis should be carried out in parallel with a study requested of the Provost by COG to clarify the roles and the responsibilities of the Deans. Prof. El-Korchi met with Provost Bursten and the report is pending.
3. FAP examined our current indirect cost return reinvestment and agreed to study how it compares with our peer institutions.
4. FAP agreed to examine the cost of maintaining and servicing our research equipment and how to plan appropriately as our research infrastructure continues to grow.
5. FAP received (in March) a report from Mr. Sullivan on inventories conducted by the Academic Space Committee (ASC) and the Classroom Advisory Committee. Preliminary results indicate that 53 percent of space in academic buildings is dedicated to academic purposes, and that the impact of reconfiguring current space would be small, and that 78 offices in academic buildings are occupied by non-academic staff (primarily IT and CPE).

#### Fringe Benefit Matters:

1. FAP approved the FBC's recommendation to switch WPI's health insurance provider from Harvard Pilgrim to Tufts. Prof. Miller explained that the switch would provide significant savings with minimal disruption in service.
2. Prof. Miller updated FAP on discussions with the FBC concerning the WPI policy regulating the use of vacation time by staff members and the timing of paycheck withholdings for health insurance.
3. FAP received an update from Prof. Miller on FBC's efforts to revise the current staff vacation policy to modify the manner in which accrued vacation days are awarded. FBC will survey supervisors to assess the impact of the proposed changes.
4. FAP discussed the charge of the FBC, agreed that the FBC is the main vehicle through which the faculty and staff can suggest changes to benefits, and recommended inviting Ms. Jones-Johnson (VP for Talent Development and Chief Diversity Officer) to an early FAP meeting next year when FAP will discuss benefits of interest to the WPI community.
5. FAP was informed by Prof. Miller that FBC had received requests to review WPI's tuition assistance benefits and will be reviewing benchmarking information collected the last time such benefits were discussed by FBC.

#### Retirement Policy Matters:

1. FAP received an update (in December) from Mr. Solomon that the RPC continues to regularly monitor WPI retirement plans.
2. FAP received (in March) an update from Prof. Pins on the activities of the Retirement Planning Committee (RPC). The March meeting of the RPC addressed the TIAA Plan Fee reduction proposal, the investment performance in the TIAA and Fidelity platforms, and changes in the HR manual defining contributions and tax-deferred annuity plans.

Operational Matters:

1. FAP recommended that the 14-day window for P-card users to sign off on expenses before the card is suspended should be extended to a 30-day window.
2. FAP discussed faculty-concerns regarding P-card and eProcurement policies and the need to balance the flexibility required by faculty members and the need to assure administratively sound safeguarding of resources.

Respectfully submitted,

T. Dominko, Secretary

T. El-Korchi, Chair

F. Miller, COG Appt.

G. Pins

J. Solomon, CFO

K. Sullivan, Pres. Appt.