

Annual Report
Committee on Financial and Administrative Policy
Academic Year 2021-22
Approved by FAP, 31 August 2022

The Committee on Financial and Administrative Policy (FAP) met 29 times during the 2021-22 academic year, mostly via zoom.

The issues addressed by FAP are grouped by category and described below. Numbers in parentheses indicate the meeting(s) at which the topic constituted a significant portion of the meeting, should any reader wish to refer to the minutes for detailed information.

Elections and Appointments (#1, 2, 3, 4): In D term, 2021, Prof. Joseph Sarkis was elected to FAP by the Faculty to serve a three-year term replacing Prof. George Pins; in A term, 2021, Prof. Tanja Dominko was appointed by COG, replacing Prof. Michael Radzicki. FAP then elected Prof. Joseph Fehribach as Chair, Prof. Dominko as Secretary for Fall 2021, Prof. Sarkis as Fringe Benefits Committee (FBC) Co-Chair, and Prof. David Spanagel as Retirement Plan Committee (RPC) representative. In C term, 2022, Prof. Spanagel was elected Secretary for Spring 2022. Vice President and CFO Michael Horan served *ex officio*, and Associate Vice President Kristopher Sullivan was the Presidential Appointee.

Prof. Dirk Albrecht agreed to continue serving on FBC as a FAP appointee for a three-year term ending in 2024. Prof. Shamsnaz Bhada agreed to serve on FBC as a FAP appointee for a three-year term also ending in 2024.

Setting Priorities (#1, 6, 7): As in previous years, FAP opened a canvas discussion board for the faculty to submit discussion suggestions for FAP to consider. At the close of the submission period, FAP had received nine suggestions. With the addition of suggestions submitted directly to FAP members, the list of topics for us to consider included expansion of FAP membership, continuing review of covid expenses, review of departmental budget cuts and operating budget research earmarks, discussion of faculty hiring plans and salary benchmarking, monitoring of workday concerns, inquiry into executive and high-earner compensation, discussing faculty workload models and the impact of WPI Forward, and finally discussing a formal process for sharing academic policy proposals with FAP before they are discussed in APG. FAP was able to address most of these suggested issues over the course of the year, and our discussions are summarized here.

Faculty Salary Letters (#2): FAP discussed the up-coming issuance of faculty salary letters with salary increases to take effect on October 1st. In previous years, these letters had been issued by April 1st, then April 15th, then May 1st with salary increases taking effect on July 1st. The move to October 1st means that faculty (other than those who were promoted) have not received any salary increases for 27 months (from 1 July 2019 until 1 October 2021). The reason given for this change is to allow the institution to better project incoming revenue. For salary increases awarded in 2021, the base and merit salary pool was 2.5%, with an additional 0.5% for equity.

Academic/Departmental Budget Cuts vs Incoming Class Size (#1, 2, 3, 4, 5, 9): FAP heard from several sources concerns about cuts to operating budgets that might amount to 15%. Some of this was the impact of WPI forward and the need to decrease our per-student costs; the rest was driven by covid. FAP inquired about the financial impact of the larger-than-expected size of the incoming class (Class of 2025). As of September 2021, there were 1417 entering students in this class, 82 more than the projected size of 1335. Some students were housed at the Hampton Inn on Grove Street and at South Village (former Becker campus); the housing revenue from these students matched the costs to WPI of their rooms. Not counting food and housing, the net additional tuition revenue was \$2,165,539. Because of this additional revenue, academic operations initially received supplemental funding of \$950,000 and this supplement eventually reached \$1,500,000, 69% of the additional tuition. These supplemental funds to support the larger than expected class will continue in the overall academic budget for subsequent years; the allocations within academic operations may change year to year. The initial supplement was allocated in 2021-22 as follows:

Expense category	Cost
Adjuncts and overload payments	\$345,000
TA stipends (6)	\$143,208
TA tuition (6)	\$193,200
PLA and GLA	\$116,480
Consumables	\$100,000
Insight Advising and peer tutors	\$50,000
Total	\$947,888

Proposed Travel Policy (#5): In October, FAP learned that the proposed travel policy being considered by the Administrative Policies Group (APG) would first be implemented as a pilot program; however, by the end of 2021-22, plans for the program were on hold.

FAP Membership (#7, 12, 13, 16, 17): FAP considered possibilities for increasing the size of its elected membership to give the committee a bit more flexibility in staffing certain positions. Increasing membership by zero, one and two elected members and also placing certain restrictions on membership was discussed. In the end, FAP proposed a motion to increase by two elected

members to a total of five elected members with no restrictions on which faculty are eligible; COG concurred, and the Faculty voted at their February 17, 2022 meeting to approve this motion.

Faculty Salary Reports and Benchmarking (#8, 15, 24): FAP reviewed previous faculty salary reports (2014, 2017 and 2020) and the associated benchmarking. The Committee agreed to prepare a new report and seek new benchmarking from T&I. In March, 2022, FAP met with Lauren Turner, new Senior VP of Talent & Inclusion; SVP Turner indicated that her priority was benchmarking staff salaries (something not done in the past), but she was willing in principle to also use CUPA-HR data to benchmark faculty salaries (both traditional tenured and tenure track as well as non-tenure track) once completion of the staff salary benchmarking project is assured.

Five-Year Operating Budget, Strategic Plan (#10, 14, 15): In November, 2021, CFO Horan presented to FAP a working draft of a five-year model based on the existing strategic plan. The key financial indicators to measure our progress relative to our competitors are unrestricted cash, endowment size, debt capacity, and operating cashflow. The key details of the plan are a target of 1350 first-year students in Fall 2022, moving the discount rate from 47% to 49% for Fall 2022, purchasing South Village housing from the former Becker College rather than building a new dorm, renovating Stratton, Olin and Washburn halls, moving the annual draw on the endowment from 4.7% to 4.6%

403B Contributions (#12, 13, 19, 25, 26, 27): FAP referred to FBC the discussion of concerns on the reduction of the WPI 403B contribution from 11% to 8% (due to covid) and then the move to 9.5% (due to WPI Forward). A number of faculty and staff members have expressed concerns about these changes. We heard from Associate VP LeBlanc regarding the process that led to the WPI Forward recommendation. In late March, FBC referred to FAP a draft resolution to restore the WPI 403B contribution to its pre-covid level of 11%. In April, FAP approved a revised version of this resolution. With the support of COG, FAP presented its resolution to the Faculty at the May Faculty Meeting. The Faculty approved the resolution at that meeting and it was communicated to the Board of Trustees.

2022-23 Budget & Finance and Class of 2026 Updates (#19, 20, 22, 23, 26): Starting in February 2022, FAP began to discuss reports on the development of the 2022-23 budget and progress on recruiting the new first-year class. On 14 February 2022, Executive VP/CFO Horan discussed with FAP the upcoming FY23 budget. The proposed budget included a 2.9% increase in tuition, a 2.5% increase in room and an increase in the discount rate, moving from 47% to 47.5% (early on, the expected move was to 49%). The merit and equity pool was not set in February; later in the spring, it was set at 4%. Campus housing investments in the Town Home apartments (100 rooms) and South Village (150 rooms) are expected to help with next year's revenue. The expected budget surplus for 2021-22 was estimated at about \$7 million, contingent the new FEMA covid reimbursement. The Class of 2026 enrollment size target is 1350 (+/- 25). We are on target to meet most of our diversity targets with the notable exception that the percentage of women in this class will decline. CFO Horan also report on the bidding process for the cogeneration plant and the plan for WPI to be carbon neutral by 2045.

Workday (#18): In February 2022, WPI Training Manager Veronica Brandstrader and WPI Information Technology CIO Patty Patria attended a FAP meetings to discuss Workday Student. FAP members gave mixed reviews of Workday Student, depending on their specific experiences. While some things seem to be working well, FAP noted that there were problems with Workday Student interfacing with e-Projects, and later it became apparent that the Workday waitlist cannot work at WPI as it is currently configured. IT and others in the WPI community continue to struggle with these problems.

Research Spending versus Teaching Spending (#20): This discussion was in response to a faculty comment on the FAP canvas site. It was noted that these values are difficult to determine since so much faculty activity is a mixture of research and teaching.

Retirement Planning Committee (RPC) (#16, 17): At its January 2022 meeting, our Fiducient investment advisors announced that they had negotiated a reduction in the administrative fees that TIAA-CREF and Fidelity charge, and recommended changes to which funds WPI offers in our retirement plan. RPC accepted some of these recommended substitutions but declined to make others that would have reduced the number of available options.

WPI Leadership Changes (#17): At the end of January 2022, FAP discussed the upcoming leadership change as both the President and the Chairman of the Board of Trustees stepped down to pursue other opportunities, and the implications for FAP of these changes. In particular, FAP inquired about the implications of these changes for the budgeting process.

High-Earner/Executive Compensation (#21, 22, 23, 25, 26, 28): FAP discussed and debated information on high-earner and executive compensation initially compiled by David Spanagel. Much of the information comes from WPI 990 forms filed with the IRS. Based on this data, it was clear that across the past ten to fifteen years, the overall salary pool increase has been a bit less than the oft-claimed value of 3%. This is consistent with the fact that the stated salary pool increase most years is 3%, though occasionally it is less. The issue of concern to FAP is that the highest-earning employees, typically members of the top level of administration, across the past 25 years have seen significantly higher percentage increases—averaging 7% or more per year. This discrepancy has led to an ever-widening gap between the pay of those earning the most and the rest of the faculty/staff/administration. Contributing to this problem are the bonuses that the senior administration are routinely eligible to receive. On the other hand, this problem is not unique to WPI. Similar percentage increases seem to be given at the other schools we benchmark against. This is not surprising since all of these institutions, WPI included, must compete in the same marketplace for our talent, both for faculty and administration. Although we were not able to obtain the overall average annual salary for just the faculty, FAP sought to document and better understand the tension between the need to offer everyone competitive salaries for their positions, and the need to control the gap between the highest paid and lowest paid employees.

Enrollment Discussion (#27): At the end of April, Vice President for Enrollment Management Andrew Palumbo and Associate Vice President for Graduate Studies Stacy Chiramonte came to FAP to discuss enrollment management. We expect 1350 students in the Class of 2026. Our undergraduate diversity goals are to have an entering class with 40% women, 14%

underrepresented students of color, 4% Black/African-American students and 12% Pell Grant-eligible students. We expect to deliver slightly less than 27,000 graduate course credit hours in the coming year.

Welcome (#29): At our final meeting of the year, FAP welcomed two new elected members, Prof. Crystal Brown (SPSS) and Prof. William Martin (Mathematical Sciences), who will be replacing Prof. Fehribach—his three-year term on FAP ends at the end of this year.

Respectfully submitted,

J. Fehribach, Chair, 2021-22 Academic Year (Elected Member);

T. Dominko, Secretary, Fall 2021 (COG Appointee);

D. Spanagel, Secretary, Spring 2022, RPC Representative 2021-22 (Elected Member);

J. Sarkis, FBC Chair, 2021-22 Academic Year (Elected Member);

M. Horan, VP-CFO, (*ex officio*);

K. Sullivan, AVP (Presidential Appointee).