



Office of the President

Greg,

3/19/15

Hope this finds you well. I've been somewhat busy, now that the Board has named my successor & snow to our annual DC trip.


Enclosed is the final report. Please keep me up to date on your progress and you are welcome to call at any time to compare notes.

Hope to see you in Denver.

Best wishes

Ken

March 3, 2015

Dear President Weisenstein,


Thank you for the opportunity to visit your campus and discuss your current budget review process with you, the executive staff, faculty, and staff.

First, let me say that you have successfully led West Chester University (WCU) during some trying times. Everyone I talked with was pleased with your leadership. Enrollment increases, astute management of resources, and positive attitudes and work ethic allows WCU to be in good financial condition. However, as we discussed, there are several issues from the system funding allocation model that will continue to be financial challenge.

The two days on the WCU campus allowed me to identify many of the concerns we discussed and possible solutions to making the WCU budget process more inclusive, transparent and collegial.

The following are observations which I drew from my visit:

1. There were many concerns, both perceived and factual, about the Administrative Budget Committee (ABC) process.
 - a. Many didn't know the committee composition
 - b. There were no formal operational guidelines/procedures
 - c. No appointed leader
 - d. Slow to make decisions
 - e. Top-down approach
 - f. Unclear how budget decisions were related to WCU strategic plan
 - g. Within Academic Affairs Division, not a collegial process to get requests before the ABC
 - h. Academic Affairs was not getting their fair share due to only one vote by the Provost.
 - i. Lack of input/discussion from faculty, staff and students
 - j. Little communication about outcomes/decisions to campus community
 - k. Disorganized meetings due to lack of publicly-distributed minutes
 - l. Many small dollar-valued requests are made without discussions of reallocation within divisions.
 - m. The lack of timely budget decisions delayed the ability to fill vacant faculty and staff positions.

2. It is perceived that internal budget issues are not fully discussed on campus when changes occur. For example, the campus was informed when it appeared that funding would be reduced significantly (50%). However, it was not communicated to the campus when changes occurred so that the reduction was significantly less and increased enrollment made up for the reduction which resulted in a surplus at the end of the year.
3. Some faculty and staff didn't understand the difference between one-time maintenance and repair funding, ongoing base operations funding, and the Foundation's role. Compounding this lack of knowledge was the lack of understanding of the campus master plan issues and major project priorities.
4. Several perceived that managing their budgets was cumbersome due to the large number of cost center subaccounts that budget amounts are assigned and many restrictions to moving budget amounts.
5. Due to the current budget process, silos are being formed within the Academic Deans and between divisions. Since all are vying for scarce resources, many believed decisions/budget requests were made to ensure their requests were funded regardless of the overall university strategic goals and objectives.
6. The change from a plateau tuition structure to a per-credit-hour structure is now being studied. My observations when such a change occurred at other institutions were that the change will minimize the number of classes initially enrolled by students and subsequently dropped during the semester and will not reduce the overall average number of credit hours taken by students. Thus, there will be more class slots for students at the beginning of the semester.

Based on my observations, WCU administration, faculty and staff are ready to embrace a better, more collegial and fully transparent budget process. Consequently, I would recommend you consider the following:

Recommendation #1

Establish a budget review process that includes a very specific charge and reporting/communication process so that the budget review and recommendations are open, transparent and communicated by Budget Review Committee (BRC) members to their constituencies. The BRC structure should consider the following:

- A. One elected member for specific employee groups, e.g., academic colleges, administrative staff, students, etc. Request top two vote recipients for each group so that diversity and balance can be achieved.
- B. At least two (2) at-large members appointed by the President.
- C. Vice Presidents
- D. Budget Officer

The chairperson should be appointed by the President, however, based on the lack of confidence in the ABC process, it is suggested that the chairperson should not be a current ABC member.

Membership terms should be 2-3 years with staggered terms with only one possible reappointment.

The charge should also set operational parameters/guidelines, e.g., responsibilities of members, who can attend, who can speak, etc. Open session statutes should be considered in these parameters/guidelines.

Recommendation #2

Due to timing issues, ABC should review on a timely basis FY2016 revenues and expenses and provide recommendations to the President. However, the process should be open, and the recently-appointed BRC members should be invited to the ABC meetings to begin their education process of budget formation and financial issues.

Recommendation #3

The BRC should begin a comprehensive review of all revenues and expenses for all educational and general operational budgets (line by line). This line-by-line review should include responsible budget managers discussing their budgets and how they use them to the BRC. The operational level should be no lower than divisional levels so that the BRC can get an overall idea of the total budget structure but not too detailed, e.g., possible testimony by Deans, Vice Presidents, etc.

Recommendation #4

The line-by-line and education of the BRC members should include but not be limited to the following:

- A. Understanding balances on the sideline and the plan for their use.
- B. Understanding the system funding distribution and reallocation process.
- C. Difference between E&G, auxiliary, Foundation, departmental/maintenance budgets and their operations.
- D. Approval process for the final approved budget.

Recommendation #5

Prior to the FY2017 budget formulation, the BRC and the campus should discuss the system distribution/reallocation process, the strategic plan initiatives and possible future budget concerns. From those discussions, a five-year monetary target should be developed to identify the amount of needed increases in revenue and decreases in expenses. This will help the campus to understand why certain actions/initiatives are taken, e.g., expanding Philadelphia outreach and establishing a regional campus, adding new academic majors, etc.