

# DARTMOUTH

## Ad Hoc Council on Institutional Priorities ANNUAL REPORT FOR AY 2022-2023

### Membership:

<u>School, Department, Office represented:</u>	<u>Membership:</u>	<u>Name:</u>
Guarini	Guarini Faculty	Charles Barlowe
Geisel	Geisel Faculty member	Mary Jo Turk
Tuck	Tuck Faculty	Joseph Gerakos
Thayer	Thayer Faculty	John Zhang
A&S	COP (Sciences faculty)	Mary Lou Guerinot
A&S	COP (Social Sciences faculty)	Jim Feyrer*
A&S	COP (Arts & Humanities faculty)	Colleen Boggs
A&S	COP (Interdisciplinary Programs faculty)	Rebecca Biron
Provost	Provost	Dave Kotz
Executive Vice President	Executive Vice President	Rick Mills
Finance & Administration	EVP/CFO (or Representative)	Scott Frew

\*Denotes Council Chair

### Charge and Membership assigned to the ad hoc council:

Functions: To formulate, articulate, and promote the Faculty's academic priorities in relation to the allocation of resources, the objectives on which resource allocation is based, and those commitments or expenditures that have significant budgetary effects. To participate in budgetary discussions concerning the Faculty and the institution as a whole. This general charge includes the following:

- (1) At the beginning of each academic year, to discuss the Faculty's priorities in order to establish or revise them over the course of the year. To consult on administrative priorities and the institution's resource planning, by reviewing existing and preliminary budget allocations over multiple fiscal years.
- (2) At the beginning of each academic year, to meet with the President and Provost to discuss the Faculty's priorities and institutional priorities.
- (3) To support recommendations about academic priorities through access to detailed budget data relevant to all categories of the Central budget, including historical data and FTE numbers (the latter in lieu of explicit compensation data).
- (4) To consult with appropriate College officers, and to make specific recommendations to the President and Provost, in light of the Faculty's priorities.
- (5) To report annually to the General Faculty and to consult with faculty of individual schools as needed (e.g., at faculty meetings or convened forums).

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## **Number of meetings during the past academic year:**

The full council met 12 times over the past academic year. There were an additional 8 meetings with just the faculty members. The faculty members also met twice with Deans of A&S, Tuck, Thayer, Geisel, and Guarini. In addition a subset of the committee (Jim, Mary Jo, and Joseph) met with Scott Frew, Mary Ella Zietz and Jake Kransteuber to discuss shared services. This led to a second meeting that included the CFO's of A&S, Tuck, Thayer, Geisel, and Guarini. See the attached appendix for an outline of meeting agendas for the year.

## **Activities for the past academic year, and how they address the charge of the council:**

Over the summer the current and outgoing chair worked with the Provost and the full Council to create the final charge of the Council. This charge made its way through the necessary faculty committees over the course of the year and CIPr has now been made permanent.

This was the first year where CIPr has been integrated fully into the budget process. Attached is a timeline for budget discussions CIPr compiled before the academic year. CIPr was given access to key budget documents early enough to allow us to provide input to the decision making process in a timely fashion (for reference a timeline for data is attached). The CFO has been very responsive in providing us the information we need.

Meetings from September to December were largely devoted to discussing the FY24 budget. Our first meeting began with budget assumptions. This was followed by a joint meeting with the Executive Budget Committee. One topic of these meetings was the return to a mandatory reallocation of 1.5% of the budgets of each unit. CIPr suggested that tenure track faculty lines be made exempt from these reallocations, and this ended up being policy.

In October we began discussing new budget requests. This conversation continued in the next two meetings. CIPr was given access to the new requests in late November and we were able to discuss the requests with the full group at our December meeting. The faculty members submitted a memo to the Provost, EVP, and CFO in early January outlining our concerns about the budget process (see attached). This memo was also forwarded to the President elect in anticipation of our meeting with her.

Many of the meetings in the second half of the year were taken up with fact finding related to longer term priorities. We met with LaMar Bunts, the newly hired Chief Transformation Officer, to discuss potential new initiatives. We met with Josh Keniston to discuss the capital budget. We invited the chair of the Council on Work Life Issues to discuss their report on housing and child care issues in the Upper Valley. We met with Josh Kenniston a second time to discuss progress on Dorms, Housing, Transportation and Energy projects.

We made some limited progress on shared services. A subgroup of CIPr convened a meeting of the CFOs of the A&S and the professional schools to discuss our shared services model, the growth in shared services, and the potential for efficiencies by better coordinating between units.

CIPr has also been discussing the Arts and Sciences reorganization project throughout the year. This project will have significant implications for the budget process. Since the process is ongoing and has yet to put forward concrete proposals, CIPr has not had a significant opportunity to weigh in on the project. We expect this to change in the coming year.

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We had the opportunity to meet with the incoming president in late February. We had a productive conversation about the role of CIPr, the priorities of the College, and the potential for CIPr to be a resource for her over the coming year. We discussed CIPr having regular meetings with the President in the 23-24 academic year. These conversations are ongoing. At her request, CIPr sent her a set of memos from the first two years of the Council.

## **Key insights or recommendations:**

### **Budget Process**

Our January memo outlines our insights and recommendations for the budget and the budget process. The role of inflation in our current budget situation is difficult to overstate. Compensation has lagged behind inflation and this has exacerbated our existing staffing challenges. This is, in part, because our budget looks to future inflation forecasts for guidance and therefore our compensation structure has not fully dealt with the initial surge in inflation.

This has been against a backdrop of tuition increases that have also lagged behind inflation. These factors combined with weak endowment returns have led to a period of semi-austerity where we seem to be lacking in fiscal space to pursue new initiatives.

Our longer term concern is that the annual budget process leaves very little room for discussion of long run priorities and new initiatives. Units make requests on a yearly basis without a lot of guidance about constraints. Year to year budget swings end up having outsized impacts on the possibility of long run projects being funded.

Finally, we worry that the budget process makes it difficult to prioritize the core academic mission of the college, teaching and research. Shared services continue to grow faster than revenues. The majority of new budget requests this year were in shared services.

### **Shared Services**

CIPr has been trying to get a conversation started about how we can improve transparency and lower the costs of shared services but work in this area has been slow. Some progress has been made this year in convening the CFOs to discuss increased efficiencies and possible new models for improving and streamlining shared services. Since our initial meeting there have been some follow up meetings that have not included CIPr members.

As faculty members we have been grappling with an appropriate level of involvement in this process. We lack the time and the specific knowledge to engage in a deep dive into some of the issues raised. We have therefore been trying to play the role of facilitator and convener.

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## Other Issues

A significant amount of our time in the second half of the year was taken up with conversations about priorities related to housing and other infrastructure issues. COWLI has been focused on these issues and their report has provided a useful focal point for thinking about housing and childcare.

Our discussions with Josh Kenniston suggest that changes in zoning regulations have opened up new possibilities for constructing high-density housing in Hanover and several long dormant projects appear to be moving forward. Given the current housing situation in the Upper Valley and its impact on faculty and staff, CIPr is supportive of focusing additional resources and attention on increasing the housing stock near campus. We are hoping to see similar progress on childcare in the coming academic year.

### **Recommended topics of the council to consider in the coming year:**

The role of CIPr is “To formulate, articulate, and promote Dartmouth Faculty priorities in relation to the allocation of resources, the objectives on which resource allocation is based, and those commitments or expenditures that have significant budgetary effects.” This coming year is likely to be one where old priorities are being reexamined and new priorities are being formulated.

CIPr looks forward to engaging with the new President about the priorities of the College. In our February meeting with then President Elect Beilock we discussed having a formal role in this process. As this report is being written during President Beilock’s first week in office, there is a lot of uncertainty about exactly what this will look like.

This year also marks the end of Dartmouth’s “Call To Lead” campaign, which focused on priorities largely determined before the formal launch in 2018. CIPr came into being near the end of this fundraising cycle and was largely concerned with COVID related issues. Given the current budget climate, many institutional priorities will be embedded into future fundraising priorities. It would be appropriate for CIPr to engage with Advancement this coming year.

Over the last year working groups have been discussing a possible reorganization of the Arts and Sciences Division. Depending on what shape this takes, a reorganization would have significant budgetary implications. In particular, the role of shared services and how they are funded will be crucial. This has important implications for the professional schools as well. CIPr will need to be engaged with this process over the coming year.

Shared services should continue to be an area of concern and attention. CIPr should be requesting forecasts of shared services growth as early in the budget process as possible. We should also convene a meeting of the Shared Services Advisory Group as early in the year as possible to assess any progress we made last year and to discuss ways of moving forward.

We had limited discussions of the uses of the COVID vaccine windfall this past year. An update should be an early agenda item.

Finally, CIPr should continue to follow up on our concerns about the yearly budget process as outlined in our January memo.

**Report Completion Date:** June 15, 2023

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## Attachments

### Proposed Schedule as of August 2022

1. At the beginning of each academic year, to meet as a council and establish a set of priorities to study over the course of the year.
2. Twice each academic year (in fall and winter): to meet with the deans of A&S, Tuck, Thayer, Geisel, Guarini, and the College to discuss needs of the individual schools.
3. The timeline for annual budgetary work will be as follows:
  1. Early October: study College budget assumptions
  2. Early November: review new budget requests or proposed reductions, and track the outcome of substantial reductions from the prior two years.
  3. Early December: provide recommendations to the Provost on prioritization of new funding, reductions, or restorations.
4. Report annually to the General Faculty; once in the fall to outline goals for the year, and once in the spring to report on progress. (this is contingent on there being a Spring General faculty meeting).

### Timeline of Information in AY22-23

- 9/14 Budget assumptions  
11/30 Full set of budget requests (pdf and Excel)  
12/9 Preliminary list of approvals  
1/5 Budget memo from CIPr

### Meetings in AY22-23

#### Full Meetings

#### 9/14 Budget Kickoff

1. Report from Scott Frew (slides)
2. Major budget assumptions

#### 9/28 Joint meeting with Executive Budget Committee

1. Report from Scott Frew (slides)

#### 10/24 (reschedule of 10/18)

1. Budget update from Scott Frew (slides)
2. Update on Renewal Funds
3. Budget request preview - are there items already built in we should know about?
4. Continue conversation on 1.5% reallocation
  1. Evidence it has been useful in the past?
  2. Tenure track faculty salaries in excluded group
5. Continue conversation on budget assumptions
6. Shared Services

#### 11/21

1. Scott Frew (slides)
2. Budget requests overview

#### 12/19

1. Budget requests
2. Discuss preliminary approvals

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12/5

1. Further Budget requests discussions
2. Budget process

1/23

1. Budget Update
2. LaMar Bunts on new initiatives

2/20

1. Capital Budget (Josh Kenniston)
2. Budget (FY23 and FY24)
3. Endowment
4. Budget Requests
5. Shared services / ITC
6. Sian meeting agenda

2/23 Meet with President Elect

1. Introductions
2. History and role of the Council on Institutional Priorities
3. Institutional Priorities
4. Challenges and Opportunities

Attached: Charge and recent budget memo

3/20

1. COWLI report and response (with Devin J. Balkcom), see attached.
2. Debrief on our meeting with the incoming President.
3. Other business.

4/17

1. Josh Kenniston on Energy/Dorms/Transport
2. Vaccine Patent plans
3. Other business

5/15

1. Final Budget update (actuals plus forecast)
2. The role of CIPr next year

## **Faculty Only Meetings**

10/3, 11/7, 12/2, 1/3, 2/6, 3/6, 4/3, 5/4

## **Other meetings**

8/17 Jim, Mary Jo and Dave Kotz to finalize CIPr Charge

9/19 Jim met with Steering Committee of the General Faculty about charge

10/26 Jim, Mary Jo, Joseph, Scott Frew, Mary Ella Zietz, and Jake Kransteuber about shared services.

12/5 Jim, Mary Jo, Joseph, Scott Frew, Mary Ella Zietz, Jake Kransteuber and CFOs about shared services

1. Introduction
2. Shared Services in the FY24 budget
3. Duplication of services across units
4. Long run changes to the shared services model

12/13 Deans meeting

1. Budget requests
2. Other business

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4/4 Deans meeting

1. A&S reorg
2. Shared Services
3. Other business

5/25 Chair at Executive Budget Committee to discuss role of CIPr.

January memo from CIPr on the Budget Process

## **Council on Institutional Priorities Faculty Recommendation to the Provost Regarding FY24 Budget Requests**

We appreciate the opportunity to comment on the proposed spending on new initiatives for FY24. Beyond making specific recommendations, we would like to share some thoughts on the process and the overall decision making environment.

It is difficult to evaluate annual spending priorities in the absence of a longer term strategic plan for the institution. What are the primary institutional goals for the next 5-10 years? What programs and units are targeted for investment and growth? Are we currently at our optimal size? What new initiatives do we want to undertake? Yearly budgets need to be evaluated against this backdrop.

- **Economic Conditions** - Economic conditions are highly uncertain for the upcoming fiscal year.
  - We are dealing with the impacts of past inflation and the prospect of future inflation.
  - The endowment has fallen significantly over the last 12 months.
  - Tuition is unlikely to increase at the rate of inflation.Against this backdrop we see the virtue in avoiding new spending as much as possible, recognizing that some spending is necessary for compliance reasons.
- **Academic Mission** - We continue to be concerned that requests aimed at the core mission of the College, teaching and research, have difficulty getting new funding. Shared services continue to grow more rapidly than revenues. Growth in shared services is projected to be 14.5% this year. While this is unusually high because of the bounceback from COVID decreases, we do not see a similar increase in core academic areas. Well over half of the approved budget requests (56%) are in shared services. This growth is not sustainable.
- **Long Term Planning** - Our planning process is too reactive and sensitive to short-term market and economic fluctuations. This hinders long term planning and inhibits innovation.
  - In theory, our budget model smooths shocks to the endowment. In practice we fluctuate between periods of over and under reaction. The change in mark-to-market endowment returns over the last year drastically reduced the potential for new initiatives to be approved.
  - Most new initiatives considered in the budget process will be ongoing, but are evaluated based on fluctuations in current year conditions.
  - We recommend that long-term planning be implemented by formulating a longer term strategic plan that is robust to year to year market movements.
- **Specific Recommendations for FY24**
  - The impact of inflation over the last two years is real and substantial. Compensation and tuition have increased at less than the rate of inflation for the previous two fiscal years.
  - Increases in tuition and compensation in the FY24 budget need to reflect underestimates of inflation in FY22 and FY23 in addition to anticipated inflation for the coming fiscal year.
  - We should consider funding longer term projects outside of the yearly budget cycle. In particular, capital projects related to Title IX compliance will impact the college for decades and should be funded with this in mind.
- **Process Recommendations**
  - **Communications** - Asking the deans to submit thoughtful and detailed budget requests is time consuming. Deans should be given information and guidance so that they can better match requests to likely available resources.
  - **Reallocation** - The 1.5% reallocation process which was reinstated this year is disruptive and time consuming. We should evaluate this annual exercise to ensure that it produces results commensurate with the time and effort.



We have been struck the past two years by the lack of fiscal space to pursue new initiatives. This is particularly acute this year but all indications are that resources for new initiatives will be scarce going forward. We are looking forward to hearing from the new head of the Business Innovation Unit later this term and hope that this provides some new avenues for advancing the priorities of the College. However we are mindful that any new opportunities need to be aligned with clear institutional goals.

Signed by:

Date: January 4, 2022

Charles Barlowe  
Rebecca Biron  
Colleen Boggs  
James Feyrer  
Joseph Gerakos  
Mary Lou Guerinot  
Mary Jo Turk  
John Zhang