

## University Senate Charge S-0604 (Shared Governance) Response (4/12/07)

**Charge:** *In preparation for the upcoming Middle States reaccreditation process, examine the current state of shared governance at Rutgers, using the introduction of All-Funds budgeting, the ongoing restructuring of undergraduate education in New Brunswick, and the response to the large cuts in state funding as test cases. In each case, were all the appropriate stakeholders actively engaged in the process? Was appropriate input obtained from faculty, staff, administrators, students and other stakeholders before critical decisions were made? Did the various faculty and student governance organizations play effective roles? What weaknesses in shared governance were revealed in these cases? Based on this assessment, make recommendations for strengthening shared governance at Rutgers. Respond to Senate Executive Committee by February 21, 2007.*

### I. Overview

Institutions of higher learning have many stakeholders—students, staff, faculty, administrators, and alumni—who should have an opportunity to participate in shared governance. This report assesses the effectiveness of shared governance at Rutgers, considering three case studies as well as benchmarks with other comparable institutions. It should be noted that given the scope of this charge and timeframe for responding, much that is stated herein is anecdotal. The guiding question for the committee in looking at the case studies was “Was the principle of shared governance applied and if so, was it applied fairly and effectively?”

Shared governance within the university is in transition. Developments over the past four to five years reveal certain trends regarding governance at Rutgers. Shared governance is understood as dispersing decision-making authority within the organization so stakeholders are provided essential information in a timely manner so that issues may be discussed thoughtfully and thoroughly by elected or appointed representatives and, in certain cases, by rank-and-file constituencies. Shared governance requires, and functions best in, an environment of transparency. It entails timely dissemination of pertinent information, broad consultation, and a certain degree of devolution of decision-making authority to responsible officials closest to the local units impacted by the decision. It enables the administration to avail itself of the expertise of given individual members of the university community by including specialists in its deliberative bodies. Anticipating the Committee’s findings below, we perceive the Rutgers administration to be serious about the principles of shared governance. Putting those principles into practice, in an imperfect world where levels of support are often not stable and budgetary information is not always timely, however, is an ongoing challenge.

The Committee believes that, in general, the following criteria are necessary in order for shared governance to flourish:

- A formal relationship exists between consultative bodies and the central administration regarding decision making
- There are clear systems for consultation, feedback, explanation, and evaluation
- Governance is transparent and includes shared decision-making and accountability to the greatest extent practicable
- All stakeholders impacted by a decision are involved in discussions of pertinent issues; if appropriate, they participate in decision making, and in all cases they are informed of and given explanations for the outcome of processes
- Consultative bodies (e.g., University Senate, standing university committees, faculty councils, student governments) are used whenever possible in the formation of task forces, committees, and other bodies that make decisions about university programs, services, and activities

- Consultation and involvement occurs at the initiation of an idea/project, rather than during the process or after its completion, and updated information flows to stakeholders with regularity
- Unilateral decision making by institutional leaders on issues that impact stakeholders is eschewed in all but the most critical junctures
- Crises are routinely anticipated and avoided, but in the case of an unavoidable crisis (e.g. last year's budget cuts), the appropriate level of shared governance is considered, recognizing that given circumstances and time may constrain truly broad consultation. Regardless, broad explanation of decisions taken ensues
- The vehicles and processes for shared governance are responsive and respectful of the various cultures that exist at Rutgers (administrative, academic, student), with these processes meeting the unique needs of each group.

As do many of the institutions with which we compare ourselves, Rutgers has a webpage dedicated to shared governance (<http://ruweb.rutgers.edu/aboutru/shared.shtml>). It contains a brief text that chiefly addresses shared governance between the administration and the University Senate, on the one hand, and between the administration and the two campus faculty councils, on the other. No reference is made to Rutgers's unique system of governing boards, whose importance is currently appreciated in connection with prospective mergers within higher education in New Jersey. Comparable institutions, especially the University System of Maryland (see Appendix A), have much more elaborate and inclusive statements of commitment to the principles of shared governance. It is difficult to ascertain where best practice in all instances really is to be found (none of the university senate chairs at the institutions we contacted replied to our queries), but on paper, at least, Rutgers' statement looks relatively tepid and bland. Symbolically, a more comprehensive statement of the university's commitment to the principles of shared governance would surely look better and perhaps work better.

## II. Case Studies

As to our assessment of the extent to which principles of shared governance were respected and put into action in the three test cases (restructuring undergraduate education in New Brunswick, dealing with the deep budget cuts for FY 2006, and introducing All Funds Budgeting), that judgment depends largely upon who makes the assessment, when, and using what measuring instruments. To gain a broad perspective on the matter, we contacted leaders in the central administration, as well as provosts, some deans, presidents of the Newark and New Brunswick faculty councils and of the Camden Faculty of Arts and Sciences Senate, as well as USG committee members from the staff, students, alumni, and faculty. In this exploratory process, the lack of a faculty council to speak for the entire Camden campus stood out as an anomaly and a glaring lack.

The information that follows is admittedly anecdotal. Information was garnered through web searches, informal and formal conversations across all three campuses, and review of published documents. Given the time frame within which to report, the committee did not have ample time to methodically assess the governance process in these cases.

### A. Undergraduate Restructuring

#### 1. Overview:

The effort to transform undergraduate education at Rutgers-New Brunswick began in 2004, when President McCormick and Executive Vice President Furmanski appointed the Task Force on Undergraduate Education, headed by Barry Qualls, and charged the group with examining all aspects of the undergraduate experience at Rutgers-New Brunswick. A year later, a major report was issued: *Transforming Undergraduate Education: Report of the Task Force on Undergraduate Education at*

*Rutgers–New Brunswick/Piscataway*. The report included a comprehensive series of recommendations covering all aspects of the undergraduate experience, including student recruitment and admissions, core educational requirements, facilities, student life, and the academic structure of the university. On March 10, 2006, the Board of Governors approved President McCormick’s recommendations, based largely on the Task Force’s report.

## **2. Process:**

Communication and community engagement: There was continuous open communication to the university community regarding the transformation. From the beginning, the President, Executive Vice President, and Task Force Co-chairs communicated regularly through email to the community. Web pages were developed (<http://urwebsrv.rutgers.edu/ugtaskforce/> and [http://urwebsrv.rutgers.edu/transform\\_ru/implement.shtml](http://urwebsrv.rutgers.edu/transform_ru/implement.shtml)) to share information about the process.

Throughout 2004 and 2005, there was intensive involvement of the general campus community. The first meeting of the Transforming Undergraduate Education Taskforce (TUE) was held as an open meeting. At the September 2005 Annual Address, President McCormick focused heavily on the undergraduate restructuring process. During that fall, open forums were held on all New Brunswick campuses to allow for feedback and commentary.

## **3. Involvement of key constituent groups:**

- The Senate Budget & Finance Committee was asked to submit a report on the financial implications of the restructuring process.
- Five TUE committees that included various staff, faculty, and administrators were initially charged with the planning processes. Fifteen committees were developed to manage the implementation process. These committees had over 150 students, faculty, and staff involved.
- Student Affairs, Undergraduate Education, School of Arts and Sciences also have various committees related to implementation issues in their units.

## **4. Committee’s opinion:**

The policy development and planning stages of the restructuring of undergraduate education on the New Brunswick/Piscataway campus manifests exemplary practice where timely dissemination of information, open discussion, and accountable decision-making are concerned. The Task Force embodied substantial diversity of representation for various quarters of the university community. The University Senate devoted much of its time for the entire AY 2005-2006 to discussing the many contested aspects of the question. Discussions as to implementation of the restructuring are still ongoing. This phase appears to be proceeding toward its target date of the entering class of September 2007. The USG committee will invite the leaders of the implementation process to future meetings in order to be updated. This extent of shared governance is taken as the yardstick by which we assessed the other two test cases.

## **B. FY 07 Budget Cuts**

### **1. Overview:**

Where absorbing the university’s deep budget cuts is concerned, all agree that because of the very late timing of the announcement of the budget (July 2006) and the unprecedented magnitude and allocation of the cuts, the extent to which governance could be shared was limited. Prior to the cuts, a Budget Advisory Group, chaired by Executive Vice President Furmanski, was assembled in which the prospective cuts were discussed in terms of general principles. President McCormick communicated regularly with the university community about the cuts and created a webpage of information for community members (<http://www.rutgers.edu/FY2007budget/>).

Throughout the spring 2006 semester virtually everyone in the university was informed of the likely imposition of significant reductions, even as the community was exhorted to rally in Rutgers' support before the state legislature and governor. Deans, directors, and department chairs were required to model reduced budgets of varying grades of severity. When the cuts were finally known, decisions were made by the appropriate university administrators, but not always in consultation with employees to the extent employees would wish. One administrator summarized the process as that of "avoiding disaster, but not without being hurt."

## **2. Process:**

- President McCormick communicated to university community about status and magnitude of cuts
- A budget committee was convened that included various high-level administrators. This group discussed how cuts would be made (percentage of over and above-the-line monies). This information was disseminated to Vice Presidents/Provosts who then were instructed to make cuts according to the desired formula
- Vice Presidents/Provosts and their area heads used various models and approaches to making cuts.

## **3. Involvement of key constituent groups:**

- The Senate Budget & Finance Committee was involved in the process.
- President McCormick encouraged the university community, including students, to be active voices in Trenton advocating for budget restoration.

## **4. Committee's opinion:**

Given the circumstances (impact, time, and ability to operate), there was an appropriate level of involvement from area heads on modeling cuts and how they would be carried out. Faculty leaders on the Camden and Newark campuses stated that more after-the-fact communication between their provosts and the respective faculties would have been desirable.

## **C. All-Funds Budgeting**

### **1. Overview:**

The case of introducing All Funds Budgeting (AFB) is complex. Shortly after Executive Vice President Furmanski arrived at Rutgers (AY 2003-2004), an All Funds Budgeting Task Force was assembled in order to better link the university's institutional goals with its revenues. According to the committee's charge (see Appendix B), something referred to as AFB was the only process seriously considered. Although not all faculty understand what AFB is or how it works, it appears that administrators, provosts, deans, department chairs, and program directors take AFB to have shared governance, financial transparency, accountability, incentivized behavior, and multi-year planning at its base. None of the following is intended to be either a critique or an endorsement of AFB, but rather a review of the quality and extent to which the principles of shared governance guided its implementation.

### **2. Process:**

All Funds Budgeting was first rolled out in AY 2005-2006 and was applied exclusively to the university's instructional units. Units (campuses, schools, and colleges) were to receive 55% of the tuition monies they generated, with 45% going to the administration. The plan was, and still is, to extend AFB to all parts of the university, but the very deep budget cuts of AY 2006-2007 froze those efforts in place. Although there are numerous complaints about improper funding levels for specific programs, projects, or units (summer school, winter session, and remote campus operations were often mentioned), all officials contacted agreed that AFB is a good path for the university to pursue. It is a

potentially effective way for Rutgers to rationalize its resources, concentrating them where the greatest productivity at the highest levels of excellence is to be found. Clearly, though, AFB is still a work in progress.

### **3. Involvement of key constituent groups:**

- AFB Task Force (membership indicated in Appendix B) considered options for implementation and reported back to EVPAA within 3-4 months
- Currently the Senate Budget & Finance Committee is addressing the issue; however, the focus is on reviewing and evaluating process and policies
- There was no involvement of this committee during the exploration or implementation stages.

### **4. Committee's opinion:**

The process of adopting All Funds Budgeting was flawed in that the Executive Vice President determined to enter this process without previously consulting with the groups who would be affected. Although a task force was convoked to implement AFB, there was a lack of shared decision making as to exploring the basic problem of coordinating goals with revenues, as well as to the process that would be used. Moreover, the Task Force would ideally have had a more representative group of individuals chosen according to a generally understood and accepted system. At the present juncture, with the AFB paradigm applying only to instructional units, it would be beneficial to have broad discussion of the potential merits and drawbacks of the eventual application of AFB to administrative areas as well. In leading this discussion, the administration should consult with the entire university community.

## **III. Summary of Test Cases**

- A. Planning for the restructuring undergraduate education on New Brunswick campus: Exemplary
- B. Responding to severe budget cuts: Appropriate and understandable
- C. Devising and Instituting All Funds Budgeting: Deficient

## **IV. Benchmarks and Best Practices**

Rutgers appears to have a unique formal governance structure in which all members of the campus community, students, staff, faculty, administrators, and alumni, have an opportunity to use their voice in institutional governance issues. Rutgers' formally recognized bodies—the Board of Governors, Board of Trustees, University Senate, undergraduate and graduate student governments, faculty councils, and a potential staff governing body, serve as vehicles for addressing university issues and initiatives. Whenever possible, these established representative bodies—rather than ad-hoc groups—should be actively involved in university governance.

It is common practice at Rutgers to consider other leading universities when exploring new initiatives. The USG Committee looked at other schools, both in our region and beyond, to see how formal governance structures operate on their campuses or throughout their systems. The following sample only indicates formal structures and does not fully take into account all decision-making processes at the institutions, which may at times circumvent or support these structures. Appendix A has additional information that is more complete. Our attempts at contacting campus leaders at these institutions to discuss how shared governance works in practice went unanswered.

**Pennsylvania State University:** At the flagship campus and the regional campuses there exists a faculty senate, undergraduate student governments, and graduate student governments,

as well as an alumni advisory council. No formal represented body for staff employees. The Board of Trustees has members selected by the Governor and alumni as well as appointed delegates from agriculture and business, and several emeriti. Neither students, staff, nor faculty are represented.

**SUNY System:** For the system, there is a Board of Trustees, which includes 15 governor-appointed members and the president of the student assembly, faculty senate and faculty councils. No formal body for staff or alumni representatives.

**Southern Illinois University (SIU):** SIU has an extensive formal governance system. The Board of Trustees has staff, faculty, and student representatives on the body. In addition, there are several constituent-based governing bodies including the faculty senate, graduate and professional student council, undergraduate student council, civil service employee council, and the administrative/professional staff council.

**University of Maryland:** The University of Maryland has a university senate that includes elected representatives of students, faculty, and staff. Alumni do not serve on the senate.

## V. Recommendations

In view of the foregoing research and analysis, the USG Committee recommends that:

### A. Structural

1. Rutgers revise its statement of commitment to shared governance, making it more comprehensive and commensurate with the true seriousness of its commitment;
2. a Camden Faculty Council be formed and brought into operation;

### B. Procedural

1. both structural recommendations be carried out through a process of shared governance;
2. once criteria for standards of shared governance are developed, they be widely disseminated across the university community, both through representative governing bodies and directly to the University's various constituencies;
3. the administration consider existing governance structures already in place when addressing issues before developing a new task force/committee; and in doing so, the University Senate committees be considered as the primary representative body to vet new ideas, address issues, and recommend decisions/actions;
4. when University task forces/committee must be developed, consultative bodies have an opportunity to suggest representatives to serve on the task force/committee;
5. campus provosts and the Executive Vice President provide detailed and timely follow-up explanations for faculty, staff, students, and alumni as to their decisions regarding all major budgeting decisions;
6. the University Senate, through this committee, continue to assess its own operations with regard to the representation of all community members through the Senate, in order to make it a more effective deliberative body for the university community;
7. given the relatively recent advent of Staff Senators, special attention be paid to considering staff representation in processes entailing shared governance.

## APPENDIX A

*Websites of information referenced in the report as well as other sites of interest.*

### Shared Governance

Rutgers Shared Governance:

<http://ruweb.rutgers.edu/aboutru/shared.shtml>

University Senate:

<http://senate.rutgers.edu/>

Statement by Higher Education Programs and Policy Council of AFT - Report on faculty and staff role in shared governance

[www.aft.org/pubs-reports/higher-ed/shared-governance.pdf](http://www.aft.org/pubs-reports/higher-ed/shared-governance.pdf)

AAUP Report on Shared Governance - faculty role in university shared governance

[www.aaup.org/publications/Academe/2002/02ja/02jasio.htm](http://www.aaup.org/publications/Academe/2002/02ja/02jasio.htm)

### Undergraduate Restructuring

Task Force on Undergraduate Education

<http://urwebsrv.rutgers.edu/ugtaskforce/>

Implementation of Task Forces Recommendations

[http://urwebsrv.rutgers.edu/transform\\_ru/implement.shtml](http://urwebsrv.rutgers.edu/transform_ru/implement.shtml)

### State Budget Cuts

FY 2007 Budget Cuts

<http://www.rutgers.edu/FY2007budget/>

### University Websites

University of California – Statement n shared governance

[www.universityofcalifornia.edu/aboutuc/governance.html](http://www.universityofcalifornia.edu/aboutuc/governance.html)

University of Maryland

Senate statement on shared governance

[www.senate.umd.edu/cpsenexerpt.htm](http://www.senate.umd.edu/cpsenexerpt.htm)

Policy on shared governance

[www.umd.edu/regents/bylaws/sectionI/I600.htm](http://www.umd.edu/regents/bylaws/sectionI/I600.htm)

Pennsylvania State University – Board of Trustees

[www.psu.edu/trustees](http://www.psu.edu/trustees)

Southern Illinois University – Carbondale

Board of Trustee statute on constituency representation

[www.siu.edu/bot](http://www.siu.edu/bot)

Statement of faculty role in shared governance

[www.siu.edu/~ovcr/governance.html](http://www.siu.edu/~ovcr/governance.html)

State University of New York – Board of Trustees policies

[www.suny.edu/board\\_of\\_trustees/pdf/policies.pdf](http://www.suny.edu/board_of_trustees/pdf/policies.pdf)

## APPENDIX B

### Charge to All Funds Budgeting Task Force



83 Somerset Street • New Brunswick • New Jersey 08901-1281

October 28, 2003

Memorandum to: Members, All Funds Budgeting Task Force

George Stauffer, Chair	Joachim Kohn
Joseph Barone	Michael Klein
Doug Blair	Asela Laguna-Diaz
Michael DeLuca	Barbara Lee
Ziya Galili	David Mechanic
Haym Hirsh	Rayman Solomon
Edward Kirby	

From: Philip Furmanski *Philip Furmanski*  
Executive Vice President for Academic Affairs

Karen Kavanagh *Karen Kavanagh*  
Executive Vice President for Administrative Affairs

Re: All Funds Budgeting Task Force

Thank you for agreeing to serve on the All-Funds Budgeting Task Force. We are especially grateful to George Stauffer for agreeing to take on the responsibility of chairing the group.

All-Funds Budgeting is a new initiative for the university, representing the first time in recent history that academic budgeting will be fully integrated with academic administration. Your Task Force will make recommendations regarding the process by which to best achieve this goal and provide a set of guidelines and procedures by which budgets will be developed. Of course, actual allocation of funds or determination of percentage or dollar allocations to the units is not the responsibility of the Task Force. Rather, your task is to develop mechanisms that will help ensure that the funding that is available to us will be used in the most effective manner possible to achieve our academic goals, during difficult times as well as when better conditions prevail. Most importantly, you will consider the best process by which funds can be distributed more openly, based on clearer principles, consistent with our governance, the rules of accounting, and the requirements for audit. You will need to take account of the prerogatives of the various levels of administrative oversight and responsibility, provide flexibility appropriate to each level of authority, and recognize the limitations and restrictions associated with different funding sources. This is a complex and sensitive matter, central to our academic progress, and we look to you for thoughtful and carefully considered advice based on your own experience as well as what you believe will best

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serve the common good. This is likely to be an iterative undertaking, with the initial recommendations informed, sharpened, and modified by experience.

University funding, as you know, is provided through: State appropriations, tuition income, external grants and contracts, development, and other sources that are nearly all dictated, at least to some extent, by forces beyond our control. Our continued goal is to find ways to increase these resources, but it should not be anticipated that the outcome of your deliberations will be that units receive substantially larger budgets than they now have.

During the first meeting of the Task Force, we will be present to address any questions or concerns you have. Our intention is to get you off to quick start and to help you achieve our ultimate goal, a rational and effective process for developing the budgets for all our academic units based on strategic academic priorities. Below is a framework for what we hope to achieve through this task force, and a list some of the specific issues on which we are seeking your direct input and advice, so that the process you recommend is one that will be useful and fair in developing budgets for all of our academic units.

We seek your assistance on developing a process:

1. that is based on the academic needs, aspirations and strategic goals for the University;
2. that takes account of and makes most efficient use of all of the revenue sources available to academic units;
3. that is based on a set of principles and specific guidelines known to all;
4. that is appropriately equitable;
5. that is predictable and reduces uncertainty, moving us away from constant crisis management and repeated ad hoc resolution of core budget issues;
6. that provides units with acceptable flexibility and the ability to respond to legitimate targets of opportunity;
7. that provides reasonable incentives for units and individuals to continue to develop non-institutional sources of support for their initiatives;
8. that recognizes appropriate administrative oversight and governance responsibilities, including University administration, our Boards and the State.

With this set of principles in mind, these are some of the questions that we believe need to be addressed in order to achieve an all-funds budgeting process:

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1. What should be the steps, sequence and approximate time-frame for an all-funds budgeting process? What should be the form of this process? How would this apply to chartered schools versus the non-school based centers, institutes, and programs?
2. How should priorities be developed within budget units and between budget units, recognizing that choices will always need to be made among various proposals? How would the interests of various legitimate constituencies be recognized and included in this prioritization?
3. What kinds of flexibility should be included within broad budget categories?
4. How should the following categories of funds be allocated between central administration and units and what policies should be associated with their use by the units?
  - a. Indirect cost recovery (ICR)
  - b. Unit-derived summer session net income
  - c. Unit-derived continuing education net income
  - d. Carryovers and salary accruals
  - e. Student academic fees, such as computing fees
  - f. Unit-derived development income
  - g. Differential tuition income
5. How should grant matching and cost sharing requests be handled?
6. Should individual funding agreements have sunset provisions attached to them and what should they be?
7. What accountability measures should be incorporated to assure compliance with the adopted policies and principles and what should be the consequences of failure?
8. What incentives should be put into place to reward success?
9. What new tools or training will be required to assure effective budgeting and appropriate use of available funds?
10. How and in what sequence or time frame should the all funds process be implemented?

This list is not intended to be exhaustive and is intended only as a starting point to initiate your deliberations. Although we ask that the Task Force work efficiently and with deliberative discretion, please feel free to consult outside of the group if you collectively determine that it would be of value to your discussion.

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To support your discussions and provide you with any necessary information and guidance concerning applicable regulations, we have assigned the following individuals to staff the Task Force:

Steve DiPaolo, University Controller  
JoAnne Jackson, Senior Vice President & Treasurer  
Gene Vincenti, Executive Vice Provost For Administration  
Nancy Winterbauer, Vice President For University Budgeting

Our aim is to implement at least elements of the first all-funds approach for developing the fiscal 04/05 AY budget. In order to achieve this, we will need to have your recommendations by Friday, January 23, 2004. We recognize that this is an ambitious plan, but given the vitally important nature of the process, hope that you will provide us with at least general principles that can be incorporated as quickly as possible.

Attached is a chart indicating possible dates and times for the first meeting of the Committee. Please indicate your availability on these dates and then fax the form to Mrs. Susan English at 2-5532. We ask that you provide this information as quickly as possible so that we can schedule our first meeting very soon and begin this important discussion.

Again, we greatly appreciate your participation in this important effort.

Enclosures

c: Steve DiPaolo  
JoAnne Jackson  
Roberta Leslie  
Rita MacIndoe  
Linda Schulze  
Karen Stubaus  
Gene Vincenti  
Nancy Winterbauer

**Submitted by the USG Committee:**

Nolfi, Tricia, NB Staff, Co-Chair  
Tittler, Jonathan, FAS-C (F), Co-Chair - Executive Committee Liaison  
Alger, Jonathan, VP & General Counsel (A) – Administrative Liaison  
Apfel, Jeffrey, Sr. Vice President & Chief Financial Officer (A)  
Boyd, James, Livingston (S)  
Busia, Abena, FAS-NB (F)  
Bynes, Charlesetta, NB Staff  
Cole, David, Rutgers (S)  
Cooke, Ryan, Livingston (S)  
Cowen, Flora Buchbinder, Alumni Federation (Alumnus)  
DeLuca, Martin, UC-NB (S)  
Gillett, Peter, RBS:N/NB (F)  
Goodman, Robert, Cook Dean (A)  
Holzer, Marc, SPAA Dean (A)  
Hughes, James, EJBSPPP Dean (A)  
Klein, Michael, Engineering Dean (A)  
Livingston, James, FAS-NB (F)  
Pedersen, Henrik, Engineering (F)  
Rankin, Marlene, Nursing (F)  
Scott, Kathleen, Rutgers (F)  
Sofer, William, FAS-NB (F)  
Solomon, Rayman, Law-C Dean (A)  
Tevis, Kevin, Engineering (S)  
Wright, Daniel, CCAS (S)