

Faculty Senate

[Faculty Senate](#) » [Committees/Councils](#) » [Budgets & Fiscal Planning Committee](#) » [Annual Reports](#) » Annual Report 1999-00

Budgets & Fiscal Planning Committee

Annual Report 1999-00

TO: Faculty Senate Executive Committee
Gordon Matzke, President

FROM: Budgets and Fiscal Planning Committee
Victor Tremblay, Chair
Department of Economics

RE: Annual Report

The Faculty Senate Budgets and Fiscal Planning Committee for 1999-2000 consisted of Victor Tremblay (Chair), Richard Brumley, Mike Burke, Paul Farber, Duane Faulhaber (ex-officio), Flo Liebowitz, and Karen Steele. When Mike Burke was unable to attend meetings, he was represented by Bruce Sorte.

The main activity of the committee was to respond to the fiscal planning problems of the University. OSU's base budget increased by 11.2 million dollars in fiscal year 1999-2000. Yet, in fall of 1999, the committee was told that expected expenditures exceeded expected revenues unless academic programs took a 4 percent across the board cut in budget.

In response, the committee wrote a letter of opposition that was sent to the Executive Committee of the Faculty Senate and was forwarded to the Provost (dated October 19, 2000). The letter stated that such a cut was unacceptable for the following reasons. First, it is a "breach of contract" with the University community as it violates OSU's new Revenue Generation and Budget Allocation Principles that were developed in 1998-99. These principles state that the internal allocation model shall promote revenue growth to OSU and not revenue shifting among units. Second, it erodes confidence in the administration as it demonstrates a lack of adequate fiscal planning and concern for the quality of academic programs. Finally, it hampers student access to classes and damages the long-term reputation of the University. The committee received no formal response from the Provost regarding our letter. Ultimately, however, academic units were hit with a 2 instead of a 4 percent across the board cut.

Given this lack of communication between those in central administration and the Faculty

Senate Budgets and Fiscal Planning Committee, the committee is very concerned that OSU's internal budget allocation process has become non-participatory. This too violates the basic principles of OSU's new budget allocation model. The budget process at OSU should either be guided by these principles or a new set of budget guidelines needs to be developed and followed by the University community.

Other activities of the committee during the 1999-2000 academic year were:

1. Participated in the NCAA Certification: OSU's Intercollegiate Athletic programs are going through NCAA certification. Karen Steele chaired and Victor Tremblay and Duane Faulhaber served as members of the Fiscal Integrity Subcommittee of the certification committee. This subcommittee met on several occasions with Athletic Department representatives to review NCAA and University rules regarding issues of budget and fiscal planning. In general, the committee is impressed with the Athletic Department's current budget procedures that are designed to avoid budget deficits.

2. Participated on the OSU Issue Group on Faculty Compensation: President Risser asked the chair of the Faculty Senate Budget and Fiscal Planning Committee, Victor Tremblay, to serve on the Issue Group on Faculty Compensation. Its purpose was to address and make recommendations regarding low salaries at OSU. The group found that OSU salary increases were lowest among all major OUS institutions this year and that OSU faculty salaries are the lowest of all peer institutions (Colorado State, UC-Davis, North Carolina, Purdue, Iowa State, and Michigan State). For example, full professors at OSU will require an average salary increase of 18.5 percent to be on par with full professors at peer institutions. As a result, the Issue Group wrote a report to the Provost (dated May 23, 2000), requesting that the administration make faculty salaries a top priority and correct this salary gap within 6 years to ensure quality teaching and research programs at OSU.

3. Participated on the OSU Accreditation Committee: President Risser asked the chair of the Faculty Senate Budgets and Fiscal Planning Committee, Victor Tremblay, to serve as co-chair (with Mark McCambridge) of the Finance Subcommittee of the OSU Accreditation Steering Committee. The subcommittee is responsible for writing a report on the effectiveness of the budget and fiscal planning process at OSU, resource adequacy, and the integrity of institutional finance procedures. This report will be completed by September 2000, and will recommend that OSU develop and follow an internal budget allocation process, one that is understandable, consistent with the long-term goals of the institution, and involves participation of all of those who have responsibility for major categories of the University budget. The final accreditation review will be completed by spring of 2001.

For the first time in many years, the committee did not review a Category I proposal for new programs at OSU.

There is a growing sense on campus that OSU is overextended and unable to provide minimal financial support for current instructional and research programs. Perhaps this has slowed down the development and introduction of new programs on campus.

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