UPDATE FROM AUSTIN (O’Brien)

- The House recently voted on HB1 Modified in which Special Items were cut 27% rather than the original 25% cut. This bill increases the amount that we would be cut for the biennium from about $7.8 million to about $8.3 million.
- The Senate Finance Committee (SFC) adopted an SB1 Substitute. With SB1 we were slated to lose about $5.8 million for the biennium, but the substitute has us slated to lose about $5.5 million due to some very slight adjustments. The SFC proposal will now go to the full floor of the Senate if Senator Ogden is able to get enough votes to do so.
- Based upon our own projections, for planning purposes we are still going to stay with an enrollment growth of 3%, which is the most conservative approach we can take. The System Budget Office is going to allow us two things in the development of our budget for the next fiscal year:
  1. We will be able to utilize reserves.
  2. As opposed to past practices, we will be allowed to project a “conservative” increase in enrollment.

UPCOMING BUDGET HEARINGS (O’Brien)

- Budget hearings are scheduled for each division on May 9-11. These hearings will be open to the entire university community.

UPDATE FROM SUBCOMMITTEE TO REVIEW CRITERIA FOR DETERMINING TERMINATION OR REDUCTION OF PROGRAMS AND DISCUSSION (Barnes)

- This subcommittee utilized the book Prioritizing Academic Programs and Services: Reallocating Resources to Achieve Strategic Balance as the beginning parameters and created two documents. The first is the Evaluation Description/Guide narrative and the second is the instrument to be used for the measurements or evaluation of those particular criteria within a unit. This instrument will be utilized as a self-assessment tool, so the units will rank themselves and provide supporting material/documentation as necessary. The instrument is designed to compare and evaluate similar units.
  1. Discussion of the criterion utilized in the instrument:
     1. Centrality to the mission. The University Planning Steering Committee created a working mission statement that is composed of five different elements. A unit must meet each one of the elements to receive full points in this section.
     2. Demand for program/services. We had some suggestions that we took into consideration for the items listed under #2, but I believe the instrument is designed to help units think in these particular broad categories.
     3. Cost Efficiency. We would ask the units to check which ones they would fit, and they will likely not check all of them. In the narrative, we discuss a relative cost to provide those services benchmarked against peer institutions. Some units have some state and national benchmarking that could certainly be included in their supporting
documentation. In this particular item, there is information suggested in the book to indicate space needs or other types of needs related to a specific program. So the committee suggested that you indicate those and provide supporting documentation.

4. Impact to other programs. This is perhaps one of those mitigating factors. If you don’t have revenue or enrollment, what is the impact you have on other parts of the university? We discuss that relationship in the narrative. If you are limited in growth of enrollment or in opportunities for revenue, this section allows you to show your impact to the university as a whole.

5. Opportunity analysis. This criterion perhaps focuses on the future. What is the potential for growth or efficiencies? It may be that a unit doesn’t provide direct revenue, but provides a tremendous service of value to the university. Again, how essential is the program to the institution and what is the relationship of the program to the success of other programs?

- Supporting Information:

1. Quality. We had quality as an original criterion but have since moved it to supporting documentation section. We think that quality is important to include, but it is very subjective and it will be quantified differently from unit to unit. It may be very easy to measure if you have national accreditation standards. Units that do not have such standards might find it more difficult to measure quality. We discuss in the narrative some of these potential examples.

2. Impact of Reduction/Termination. If there is a program that does identify opportunity for restructuring which would result in some cost savings, this item would be those savings quantified and then of course the impact that restructuring may have to services and the impact to the broader university community.

3. Other efficiencies/cost savings measures/opportunities. This section would be an opportunity to address things that heretofore haven’t been addressed. The unit manager may have an idea about how other programs relating to their unit can be more efficient. This would be an opportunity to provide that information.

4. Compliance/regulations/mandates. There are a number of units around the university that do things because there are regulations, compliance or mandates that have to be followed. This would be an opportunity to educate the larger university community on some of those compliance and regulation issues that may not be evident but do have cost impact to the university.

5. Additional information. The last item provides the unit freedom to submit any other documentation or information they feel is appropriate.

- Byrd stated his objection to the instrument and brought forth the following issues and opinions:
  - The economic engine that generates funds for the university must be kept healthy. We need to fund any area that makes more money than is spent on it. Any area that is earning revenue ought to be given the opportunity to increase their revenue or to get in the black if they are not there already.
  - The instrument does not contain validity (measuring what we intend for it to measure).
  - The instrument was created using face validity, which is a concern.
  - The mechanics of using the instrument are problematic.
    - Social desirability bias: You must not allow individuals using the instruments to fake desirable scores.
Demand characteristics: You must not allow individuals using the instrument to provide answers they believe the reviewers want to hear.

- The committee chosen to review programs will come in with their own bias and are in turn trying to remove bias.
- The argument the instrument will not be used to compare academic programs to non-academic programs is not a valid argument. It is reciprocal; every dollar that goes to one program does not go to another. This instrument is therefore being used to compare all programs despite the appearance that it's only comparing like programs.
- The instrument lacks sensitivity.

- Byrd proposed replacing the instrument with one he believes would have more demonstrable validity, reliability, sensitivity, and practicality. The following list of criteria was proposed to obtain validity:
  - Does this program generate direct revenue? Yes or no.
  - If so, what is the generated versus the cost ratio?
  - Is this program mission-central, using the working definition? Yes or no.

**UPDATE FROM SUBCOMMITTEE TO REVIEW CRITERIA FOR DETERMINING TERMINATION OF FACULTY POSITIONS AND DISCUSSION (Hallmark)**

- This subcommittee focused on a prioritization of faculty – how faculty will be identified if the decision is made that a program will have a reduction in faculty. The subcommittee created a list of criterion that is first listed in a priority order and then listed in process order. Discussion of the process order:

  1. The university must be consistent with the pervasive considerations listed at the top of the document as termination decisions are made.
  2. Expansion and contraction of academic programs must be considered. Those programs that are contracting should be the first consideration in terms of eliminating faculty positions. Those that have been stable would perhaps be evaluated for efficiency – maybe we can maintain such stability and yet do so with fewer faculty positions. Those that are growing may be examined as we seek to invest more.
  3. Tenure track faculty should be considered for termination before tenured faculty and temporary before tenure track.
  4. Certain programs and positions must be protected given the political reality or certain mandates. There also may be faculty positions or programs that are funded by external funds. This particular proposal essentially exempts them from consideration.
  5. Once we got to this point in the process, faculty members would be chosen for termination based upon a three year average of their Annual Performance Evaluation.

**DISCUSSION**

- Vela asked if student evaluations are considered in the Annual Performance Evaluation of faculty. Hallmark responded that student evaluations are given a very heavy weight in Annual Performance Evaluations.
- Kelley questioned the type of data that would be collected as a result of the instrument. O'Brien explained that, when possible, data from Institutional Research will be utilized rather than data collected from individual units.
- Rennier asked if the committee would consider the term “reduction in force” rather than “termination.” O'Brien explained that the university must follow the policies of the Texas A&M
University System, which utilizes “reduction in force” to refer to staff and “termination” to refer to faculty.

- **NEXT STEPS (O’Brien)**
  - Utilizing all of the recommendations made by the subcommittees and the comments of committee members, O’Brien will create a final document that will be brought back to the full committee.
  - A program review committee will be formed and announced so that program reviews can begin in the fall.
  - A review of processes also needs to be conducted. The university community will be educated on effective process review.

- **FUTURE MEETINGS**
  - May 23; 1:00-3:00 p.m.