

**Minutes of the Senate Budget Policies Committee**  
**Friday, February 19, 2021**  
**2:00-4:00 p.m. via Zoom**

Members in Attendance: Tyler Bickford (Chair), Panos Chrysanthis, Yolanda Covington Ward, Immaculada Hernandez, Gary Hollibaugh, Mackey Friedman, John Mendeloff, Ben King (SGB), Alex Sunderman (GPSG), Adriana Maguiña-Ugarte, Brian Smith, Jennifer Lee (Secretary), Emily Murphy, Frank Wilson, Mike Giuliano (Huron Consulting), Andrew Laws (Huron Consulting), Amanda Brodish, Richard Henderson, Thurman Wingrove, Stephen Wisniewski, Irene Frieze, Chris Bonneau, Lorraine Denman, Susan Jones

Absent: John Mendeloff, Wesley Rohrer, Juan Taboas, Jennifer Jones, John Baker, Beverly Gaddy, Melanie Scott, Phil Wion, Dave DeJong

**Call to Order at 2:01p.m.**

**1. January Minutes: Approved**

**2. Matters Arising: Announcement (TB):** Faculty Assembly and Senate Council unanimously approved SPBC Salary Target Resolution (Appendix A) with strong endorsement of both the chancellor, who acknowledged the urgency of the matter, and provost.

**3. Andrew Laws and Mike Giuliano, Huron Consulting Group: Proposed Revisions to Pitt's Budget Model (Presentation Available on Box)**

TW: Introduction: Huron Consulting Group is working with Pitt to revamp the budget model—to make it incentive based and transparent, and to allow for short and long term planning.

AL: “ReStart”: Pitt Budget Model. This a model not looking at \$, but driven by the anticipated strategic plan. Successful execution of the plan requires resources both in individual units and centrally. “Revenue sharing to accelerate responsive sharing.” A steering committee chaired by Provost Cudd and Senior Vice Chancellor Sastry is meeting regularly and working with Huron.

Project Plan Update: 6-month process to re-evaluate the process in four phases.

JM: Asks for examples of problems this is supposed to fix

AL: Slides—Current State Themes (in answer to JM’s question about problems):

1. Leveraging Strengths: Not getting enough money to where it needs to be
2. Promoting Collaboration: Not enough of this, and it is deeply desired

TB: Confused about why this a priority when there are already many collaborations happening, between departments for example.

AL: Revenue is allocated by way of faculty home department, which is incentive against collaboration. In this model, finding an appropriate split so that in a collaboration, both departments get \$. In research, if a faculty member gets a grant, the indirect cost recoveries drive the allocations they receive from the institution, again working against a collaborative model. The goal is to make the terms clearer in collaborative situations. For example: Indiana University has had this model for the last five years: a budget model that, faculty say, doesn't get in the way of collaboration.

MF: Colleagues working in institutions with an RCM (responsibility center management) model talk about tension when applying for a multi PI grant because the signatory PI gets all the indirect costs back, while collaborators get nothing. Incentive in RCM models to reward whoever initiates the project, since the goal is to get those costs back to the initiating department.

AL: Replies by saying that's a familiar complaint. When decentralized models began only at top 25 institutions (twenty years ago), you didn't have to incentivize research. In the last 10-15 years, as more institutions move to this model, incentivizing is what makes research happen.

MF: Are there best practices in this model to incentivize collaboration?

AL: Allocate all FNA dollars; have a central system that tracks collaborative grants and understands the distribution of work; clear metrics to allocate costs. 50-60% (of institutions) take a percentage of state appropriations and allocate it to research; some take a portion of tuition; some one-off incentives; some (Ohio University) has a policy that says multiple PIs on a grant get lab space for free.

AL: (Returning to Slides)

3. Increasing Transparency
4. Enabling Flexibility and Multi-Year Planning
5. Enhancing Incentives

MF: Where is the incentive conversation happening?

AL: For two years, deans get comfortable before moving down to departments. Don't "devolve the model down to departments."

AL: (Continuing with Slides)

The conversations happening at Pitt are common across institutions.

#### Industry Shift in Budget Focus

Traditional Budgeting & Incentive-Based Budgeting.

### General Resource Allocation Trends

The move from centralized to decentralized models in many institutions, with some exceptions. Even Vanderbilt and the University of South Carolina, who moved away from decentralized budgeting after the great recession, have now returned.

### Common Budgeting Alternatives

(Four Models) from Incremental to Incentive-Based.

Many institutions are looking for “the most centralized version of a decentralized model” possible. In Customized Incentive-Based Budgeting, there’s room to make changes to adapt to loss.

### Developing the Model

Pitt began with the charge to be less centralized than we currently are.

### Guiding Principles

TB: The actual formula is what matters. You’re proposing that there will be a single formula for all schools?

AL: Four Big Questions: 1. tuition split? 2. appropriations split? 3. what funds flow do you create for research? 4. what level of central taxation and how do you collect?

TB: These rates would apply to all schools in the same way? In sharing situations, there would be a single formula, for example between English and Engineering?

AL: Yes. Although there are places where there is one formula for undergraduate colleges, one for professional colleges. The committee could decide to have multiple formulas.

TB: Do you consider models where there can be bargaining between actors?

AL: Yes—generally consistent formulas but how they get applied and impact individual colleges can be quite different.

CB: What Tyler’s asking – the devil’s in the details. Looking forward to see how things change under this model versus current system. There will be friction because some will benefit and others lose. In principle, it looks great, but he doesn’t know what it looks like practically. There are concerns in Arts and Sciences that while we generate much revenue with service courses, we don’t have the ability to generate more because our enrollment is capped and faculty are occupied teaching these service courses.

SW: We’re going to give this a shot, but with room to tweak it.

AL: This is a six-month effort, with room to refine. Then a year to test. A 19-month process of revision.

AM: Already a decentralized model for staff—an initiative under Dave DeJong. Staff Council was under the impression the revamp would actually homogenize the system. Now, if we depend on revenues of a particular school, which is already happening some schools (i.e., professional schools) pay better.

AL: This is a management tool, not reflected in general ledger. Salary budget for staff will not be treated differently: it's how you come up with that number. Dave DeJong's effort with job classifications & families will not be impacted by this. This is not an effort to corporatize higher education. It should not affect salary levels of staff.

MF: How can you look at the current budget and apply a model and see who wins and who lose? That would give us an understanding of what this would actually look like. Are you running simulations, and can we see the effects on individual departments? (The question is) how are these discussions happening within the shared decision process the university holds dear? For example, in the Faculty Senate as well as school based BPCs? Is the data being presented to individual units, and what part are they playing in the decisions? Can a unit say this model isn't right for them?

AL: Only goes to schools and colleges—all in or all out (there are no opt outs by individual units). This isn't a done deal; if this doesn't work, it won't be implemented. Simulations will all be done in Oracle PCBS – we're not yet running these, but will soon – and we **will not** share the results. Not with deans or the steering committee. They don't do this at any institution because individual colleges will advocate for what serves them best.

CB (in chat) This is a transparency issue (see principle 3) (slide)

SW: Notes time.

AL: To address Chris Bonneau's comment in chat, says he feels adamantly that this is not an issue of transparency and doesn't believe you'll have a good outcome if people see output in simulation and then fight over it.

CB: It's a matter of trust. When proposals are being made to shifting funding that can affect the lives of faculty and students, we gain much good will and trust when we're as transparent as we can be. He understands there will be competing interests—that's what we have now. We're going to have that going forward.

AL: We will show these, but at week 28—that's when models become viewable—and no resources will be reallocated for another 13 months after this.

TB: This is supposed to be incentivizing strategic planning. Various simulations present choices between strategic priorities: it's about transparency but also planning. It's confusing to have the

Provost and Chancellor remove themselves from that process. Why would a leader of a major research institution not want to take responsibility and credit for his institution's future?

AL: Doesn't think leadership is disavowing this responsibility. This is very much a part of the conversation in steering committees. (The administration is) driving the direction of the university, and this is a tool for doing so. The decision needs to be made closer to the ground (by department, faculty), innovation comes from faculty and moves up. Not an abdication of responsibility but a way to facilitate this.

IH: It's to mitigate confrontation between faculty and administration. It's the opposite of shared governance and transparency.

AL: For the 19 months it's being figured out, it's frankly a model to inspire conflict and debate.

IH: Then we should do this from the start; process is important.

AL: The only thing we're not showing is the data about individual unit outcomes.

IH: We're researchers. The whole point is the output.

AL: We're not going to share profit and loss by college.

MF: You're talking to a room of data scientists. We make decisions based on simulations, yet we hear that we can't see these outcomes, when it's the units that will be affected through decentralization.

AL: That's why we've got two of you on our committee.

TB: I think we've exhausted this. I hope Steve and the Huron folks will hear that this doesn't sit right with the committee.

If we take the current attribution study, we see that in the Swanson School, which is research intensive, if a faculty member gets a grant with 54% indirects, they'll need to be topped off. Will that constrain them from bringing in additional funds? Will undergraduate tuition need to be raised?

AL: They may not make money. As an institution you need to make sure you make enough money to cover this stuff.

TB: If we lock in the silos, how do you support this research?

AL: If it doesn't matter if you lose money, there's no "lock in." If we're balanced now, we'll be balanced in the new model. The tax is used to top off losses. It's happening now and will happen then, though now the subsidies will be transparent. Yes, research costs money; the research portfolio loses money, but incremental research is included in the bottom line.

MF: We have asked for a break down for this.

AM: (chat) It does still worry me that outcome data can be so controversial, with language such as “winners” and “losers,”: that it will not be shown because it may perverse the data from then on. A not for profit educational institution that is looking to be fair to its employees (and to those who bring the grant funds, to those who spend it), maybe should not be promoting this inner competition.

CB: Notes that he and Gary Hollibaugh are on the steering committee and will relate concerns. Many of which, voiced today, have been voiced in steering committees.

MF: Background question: we’ve been told we’re not moving toward a strict RCM model, yet this seems to be happening quickly.

SW: We are not moving to a full RCM. The idea is to get some RCM qualities in the budget and see if it’s possible to extend the incentive-based approach to other units. We do have things we need to fix. A nagging problem at Pitt is centers, which are poorly defined within and across schools, for example, the LRDC and how indirects are distributed.

TW: The reason only two schools two work on a full RCM model is that it creates hostility between schools, silos. We’re not moving in that direction.

TB: Are we tweaking the formula for indirects and TIP, are we actually doing a whole new model?

#### **4. Questions about Pitt-Outlier and Guidelines for the Review of Academic Planning Proposals; Motion from the Chair to Form a Subcommittee to Study**

TB: Pitt is partnering with Outlier – this is moving forward at Johnstown; there is a Pitt in high school program, in which non-Pitt instructors teach Pitt courses in high school, and also OSHER. Pitt has policies which we are responsible to oversee: the planning and review of both creating and cancelling new academic programs. He wants to create a subcommittee to look at this and proposes himself as the chair with two additional committee members. Moves to form a subcommittee.

SW: Outlier isn’t an academic program. Before you go down that road, suggests Tyler reach out to the faculty senate in Johnstown and advises we be careful about main campus people coming in; respect Johnstown’s processes.

TB: What is an academic program is one of the questions. It’s not clear there are any other Pitt credit bearing courses that are outside of academic programs. These are precisely the questions the committee will look into.

CB: Looked into this briefly. It's fair to see if proper policies were followed; he's less concerned with outcome and would encourage focus on process.

TB: Yes. We're limited as a committee to figuring out whether or how the policy applies or was applied in this case. We should be in touch with the Senate Education Policies Committee, who has substantive rather than procedural oversight.

Motion: We will form a subcommittee chaired by Tyler Bickford and will appoint two more people to review the policy and report back to committee before the end of term.

Vote: Yes: 8; No: 0; Abstention: 1

TB: Appoints Ben King to the committee.

BK: Agrees to serve.

## **5. Form Subcommittees to Meet with PBC Members**

TB: Proposes we meet with one PBC in each of the following: Arts & Sciences (high satisfaction); Regional Campus (Johnstown); Engineering; Health and Rehabilitation Sciences.

We'll start with Arts and Sciences and Engineering. Tyler will reach out to PBC chairs to schedule a meeting with their committees. SPBC members—two per subcommittee—will commit to an hour meeting. Any volunteers? Panos Chrysanthis and John Mendeloff volunteer. Tyler will reach out to solicit an additional two committee members.

## **6. Three-Year Part Time Faculty Salaries Report – Amanda Brodish, Director of Data Analytics (Report Available on Box)**

AB: The goal is to audit what part time faculty are paid per course. The report is produced on three-year cycle. (Supplemental document screen shared—Appendix pdf: data is from fall 2019 (pre-COVID).)

Cohort (on report, pg. 4): All PT faculty (temporary and regular; terminated faculty, adjuncts). To begin, we bring everyone in. Data is from December 2019 and includes 8000 faculty. The list is then winnowed down from there:

1. Eliminate those no longer in payroll system Sept – December; this leaves 2000 faculty.
2. Eliminate those paid less than \$1000 (i.e., taught one class, an honorarium, etc.); many of these are paid \$0. School of Medicine faculty are excluded; as are faculty who have "research" in their title; also excluded, Distinguished, Mellon, and those on phased retirement.

What's left: 1100 faculty. From here, 300 faculty not associated with a particular course are eliminated; the bulk of these are in the School of Dental Medicine, Education, and Health and Rehabilitation Sciences.

TB: Asks about this.

AB: This reflects the roles of faculty who, for example, run internship programs and don't necessarily teach; or who provide clinical instruction but are not in charge of courses.

(Returns to slides)

We now have 800 faculty. We have instructors, who can be primary responsible for teaching course; secondary instructors (hard to know what this is); teaching assistants; special instructors. Only primary instructors are included in analysis. If faculty are also secondary instructors, they are excluded. Here, 57 who were not "primary instructors" were excluded.

PC: Recitations and labs are run by part time instructors in SCI, and students are registered in both. What about primary instructors of recitations and labs—teaching assistants will not show up in this.

AB: Faculty can be primary instructors on labs and recitations; she'll need to dig into this. Excluded are 14 faculty who were both Primary Instructor and something else (so it looks like they're getting paid more per credit than they actually are); also excluded, 16 faculty who have taught only 0 credit courses.

TB: notes that there are many more lab recitation instructors in A&S, for example, which suggests they're being included elsewhere.

AB: 10 were excluded because their salaries are anomalies.

FW: Are PT faculty who regularly teach only in spring included?

AB: No.

FW: Any sense of how many would be included?

AB: No, but we could come up with some general numbers.

FW: Temporary vs. Regular?

AB: Regular—people we plan to rehire in future; that's the theory but it varies by unit.

SW: Trying to clean this up.

FW: Interesting information—thanks Amanda Brodish.



AB: Four Buckets (p. 5 of Report): 1. A&S; 2. Other Provost Units; 3. Regionals; 4. Health Sciences.

Explains exclusion of adjunct faculty from part time faculty: adjuncts are faculty who have full time jobs elsewhere; for part-time faculty, their job is at the university.

**Meeting adjourned: 4p.m.**

Appendix A

## Senate Budget Policies Resolution on meeting salary targets for Lecturers, Instructors, and Assistant Professors

Whereas, The University of Pittsburgh's Salary Increase Policy ([ER 14, formerly 07-09-01](#)), which governs salaries for full-time faculty outside the School of Medicine, establishes specific targets for faculty salaries at the Pittsburgh campus, namely, "average faculty salaries at the Pittsburgh campus are at or above the median (for each rank) of AAU [Association of American Universities] universities," and in practice the target is set at the median of public AAU universities;

Whereas, The Salary Increase Policy requires the Senate Budget Policies Committee to monitor and report on its implementation annually to the University Senate;

Whereas, As part of that oversight role the SBPC annually receives a peer-group analysis of average faculty salaries at each rank in comparison to average salaries of faculty at the same rank at other AAU universities, based on data reported to the American Association of University Professors;

Whereas, Starting with the 2012-13 fiscal year those reports have included faculty with Lecturer and Instructor titles in addition to Assistant, Associate, and Full Professors;

Whereas, Since 2012-13 salaries for Lecturers have fallen short of the target, averaging 28th out of an average of 29 public AAU institutions

that report salaries for Lecturers each year;

Whereas, Since 2012-13 salaries for Instructors have fallen short of the target, averaging 18th out of an average of 20 public AAU institutions that report salaries for Instructors each year;

Whereas, Since 2012-13 salaries for Assistant Professors have fallen short of the target, averaging 27th of an average of 34 public AAU peers since 2012-13;

Whereas, When adjusted for regional cost of living, salaries for these faculty ranks remain below the median of the peer groups; and

Whereas, Since 2012-13 salaries for Full and Associate Professors have met or come close to the target, averaging 17th of 34 for Full Professors and 20th of 34 for Associate Professors;

Whereas, Starting in the 2021-22 academic year scheduled changes to faculty titles, replacing Lecturer titles with Teaching Professor titles, will create uncertainty about the appropriate benchmarking group for those faculty; therefore be it

*Resolved*, That the Provost and Chancellor are urged to take action as part of the 2021-22 budget to achieve measurable progress toward compliance with the goals in the Salary Increase Policy for affected ranks, and that the administration present a timeline and plan for achieving

---

full compliance with the salary targets to the Senate Budget Policies Committee by September 2021;

*Resolved*, That the Salary Increase Policy be interpreted so that faculty currently holding Lecturer titles who are converted to Teaching Professor titles will continue to have their salaries benchmarked to the Lecturer peer group, at least until they meet the target for that peer group; and

*Resolved*, That the Faculty Assembly be invited to join us in adopting the first two resolutions.