QUESTIONS AND COMMENTS
from the University Community about the Budget Development Process

1) How can the Procurement Team assist the BAC?
As you further your efforts in developing both FY 2010 Budget as well as multi-year Budgets, let me know how the Materials Management Division can assist. The Procurement team can assist in evaluating how outside vendor spending factors into these budgets and how alternatives (make versus buy, consolidating suppliers etc) can help reduce them. We ready to assist in any way.—Paul D. Ashley

Response:
Making our available dollars go further through best practices in procurement is one of many initiatives that Howard will have to aggressively pursue to achieve fiscal equilibrium, i.e., living within our means while investing to create Howard’s future. The BAC believes that in FY2010 the procurement initiatives that Materials Management already has underway will enable University departments to maintain or expand the purchasing power of their existing budgets for supplies and equipment. Some of the savings will accrue centrally for those purchase items that are managed centrally, such as utilities and employee benefits. Improved purchasing of other items (such as office supplies and travel) will benefit departments and other units as their budgets will go further since the prices they will be paying for goods and services will be lower.

To achieve our goals the University must use its budget resources as efficiently and effectively as possible, including getting maximum value for each dollar used for outside purchases. To accomplish this, the role of Materials Management will be critical. We expect that people from throughout the University will approach Materials Management with suggestions of areas in which they believe improved purchasing may be possible.

2.) Is there Staff representation on the BAC?
Would you please explain why there is no staff or HUSO representation on the budget advisory board?—Lynette Thompson and Teresa Bush

Response:
Ms. Roberta McLeod-Reeves, president of the Howard University Staff Organization (HUSO), serves on the Budget Advisory Committee. Ms. JoAnn Fax, a staff member from the Law School, also serves on the BAC.
3.) While additive requests are noted, are there recommendations related to program elimination or cost restraints?

I reviewed the budget requests in the presentations reviewed by the BAC. While I did see additive requests, I did not see any recommendations on program elimination or cost restraints. Are program eliminations being reviewed by the Budget Advisory Committee? Is faculty load under consideration to ensure class sizes in keeping with our financial circumstances and our peer institutions? What are our plans to make the hospital and Faculty Practice Plan self sufficient?—Margo Smith

Response:
The budgetary recommendations made by the Budget Advisory Committee (BAC) have to adhere to the same rules that the University itself has to live with— it cannot spend more money in one area without either increasing revenues or cutting expenditures in other areas. It is much easier to suggest what additional expenditures should be made than to identify those areas which should be reduced, since the University has so many competing (and in many cases unmet) needs. The BAC struggled with making these tradeoffs. However, the budget that the BAC recommends to the President will be balanced, just as was the draft budget that was the starting point for BAC review. In some cases BAC recommendations were able to be met by allocating funds already identified within a particular category to a specific BAC project. For example, BAC recommended updating and modernizing smart classrooms with the funds to be taken from line items that were already in the budget but not previously specifically designated for this purpose. In other cases, funds for a BAC recommendation would be funded by specifically identified reductions elsewhere. As you may know, the BAC was able to ask and inquire about any area of the University’s budget.

The Budget Process, and the Charter of the Budget Advisory Committee, both of which are published and available to the campus, outline the specific guidelines within which the BAC is to work. Reviewing individual academic programs and making academic program-specific recommendations falls outside the BAC Charter. However, the work of the Budget Advisory Committee is only one of several initiatives underway at Howard around planning and budgeting, and achieving financial equilibrium at the University. Financial equilibrium is defined as sustainable operations—living within our means— even as we increase investment in our facilities, fund sufficient student aid to compete successfully for the best students, and improve the quality of our programs and services.

Academic planning, including review of academic programs is a process that has been underway at Howard for several years, although not under the purview of the BAC. President Ribeau has said that he will shortly announce an open and transparent process which will engage the entire campus in discussion about academic renewal, including how to invest in our programs to ensure they are ones of strength and distinction.

With regard to other cost saving opportunities, an important initiative is now underway to develop a more streamlined and efficient University organization, critical to achieving our dual operating and financial goals. McKinsey & Company, a leading consulting firm, is working pro bono to assist University Officers and managers in planning, designing and evaluating the changes which will be necessary for each Division to maintain core operations while reducing its budget to sustainable levels. Using the organizational and process design experience and
resources of McKinsey, and coupling this with the University’s own creativity, determination and managerial judgment, FY 2010 will be a watershed in designing and implementing long-term structural reform which Howard needs to be financially sustainable and which is necessary to allow Howard to continue to deliver on its Mission in the years ahead.

You asked about the Faculty Practice Plan and Howard University Hospital. Both are showing significantly improved operating performance to date in FY2009; both are achieving higher revenues; and both are expecting to at least break even in FY2010. These developments are the fruits of significant efforts to restructure and improve processes in both organizations.

4.) How will the BAC address the need for enhanced IT services to support the University’s online service requirements?

Thank you for your openness and giving staff the opportunity to comment...I realize that budget cuts are being made throughout the University. My department is no stranger to these cuts. The one thing that ALL of us miss and find it impossible to do without is a webmaster. In the interest of budget “friendliness” and changing times (safer money transfers via the internet, and “greener” forms of correspondence, etc.) the internet is the present and future of development. Having one dedicated webmaster for the entire University is a set back that we cannot afford. Not to dismiss the duties of some but I can get by without others in “supportive roles”. What I cannot do is afford to miss out on the opportunity to engage HU alumni and convince them why we need their dollar. Mailings are expensive and I have made a concerted effort over the last year to steer my program away from so many mailings and reach out to alumni via the HU website. I have two online fundraising proposals that have been received with much support from my superiors but alas, my limited knowledge in web design puts me at a loss without a colleague to help me get them off the ground. My proposals have been simmering on the back burner for quite some time. There are similar stories throughout my department. If one expense can be allocated for the good of the University, my only suggestion would be to hire additional webmasters.

Many of us are rolling up our sleeves to make sure the work still gets done and the Howard name lives on. As much as we’d like to be operating at full capacity, we do what we can to fill in the gaps so that those of us with jobs can keep them. Again, thank you for the opportunity to comment. —Karima Wheat

Response:
The Budget Process was created by President Ribeau as part of his commitment to openness and transparency. Its goals include keeping the campus informed and engaged in the budget process, and ensuring that the perspectives of the University community are reflected in Howard’s planning and budgeting.

An explicit premise of the design of the Budget Process is the need to engage the entire campus in reexamination of how we expend resources and creatively identify optimal ways to expend our limited resources to help the University function better and achieve its Vision. Your suggestion about the critical role of the Internet and electronic communication for reasons of
both effectiveness with today’s constituencies and for cost reasons exemplifies this aspect of
the Budget Process.

Your comments on the importance of the development, management and maintenance of the
University’s website, including its role as the primary interface with the world, are noted and
appreciated. They reinforce recommendations made by several BAC members as to the
significance of this issue. Specifically one proposal for incremental funding provides additional
support for ISAS operations; the BAC has the opportunity to comment on the primacy of website
support as Howard improves its central IT organization, and will have the benefit of your
comment as it makes its recommendations.

5.) Will the details of various departments and administrative units be available in the future?
Should we expect closer scrutiny of Howard’s budget in the future?

1. While the process will not examine allocations at the divisional level or below, in the next
phase, will there be a line-by-line review of expenditures or an analysis of cost centers to
identify unnecessary overlaps and duplication?
2. Are there plans to apply the budget process to lower levels of the Howard community in
subsequent years so that there is diverse input and wider transparency in the
development of future budgets? That is, will an administrative unit’s detailed budget
be readily available to those who have a legitimate need to know?
3. Since the government is examining budgetary processes of government and private
entities that receive government funding, might we expect closer scrutiny of Howard’s
budget this year or next?

—Arthuree Wright

Response:
This is the first year of Howard’s new budget process and the campus-wide engagement with
the development of budget recommendations through the work of the Budget Advisory
Committee. It is important to note that one of the obligations of the Budget Advisory
Committee is to recommend to the President improvements in Howard’s budget process. It is
expected that next year’s process will both begin earlier and be improved based on the
experience of this year’s process. Several BAC members have suggested what you did: next
year, that Divisions (or perhaps the larger ones) develop and implement their own internal open
and transparent budget process that makes recommendations to the University-level process,
as well as brings Divisional knowledge and transparency to bear to maximize the use of
resources at the Division level.

The work of the Budget Advisory Committee is only one of several initiatives underway at
Howard around planning and budgeting. Analysis of current budget allocations, with a view
toward identifying opportunities to streamline the Howard organization, is currently underway.
McKinsey & Company, a leading consulting firm, is working pro bono with University Officers
and managers to identify improvements in organizational design and recommend areas where
process improvement could have the biggest payoff in terms of service quality and cost
reduction. This process will look at such factors as span of control and number of organizational
levels, with proposed (re)designs being examined for both functionality and cost. This process will address issues of overlap and duplication of services.

The BAC was created by President Ribeau as part of his commitment to openness and transparency. As the Committee develops its recommendations for improved budgeting at the University, it will do so with the goal of increasing the opportunities for the University community to stay informed and engaged in the budget process. As a public statement of priority and direction, it is clear that the University budget belongs to the campus as a whole. The more the campus knows about the budget the better individuals and their units can align their operations and plans to Howard’s common purposes and plans.

Institutions of higher education are seeing increased calls for accountably from our various stakeholders, including students, parents, and donors. Howard is certainly not exempt, given the fact that we receive a significant level of taxpayer dollars, nor should we be. The effectiveness with which we allocate our resources, and the demonstrated quality of the outcomes we produce with those resources, are critical. We can certainly expect continuous examination of our planning, our budgeting, our accountability and our outcomes, from our various accrediting bodies, from the federal agencies that award us research grants, and from the Department of Education as well.