

NCURA Neighborhoods Online Chat  
**Strategies for Dealing with Budget Woes**

April 15, 2009

Moderator

Welcome to today's chat on **Dealing with Budget Woes**, sponsored by the Departmental Administration Neighborhood. Our featured guest experts joining us today to share their perspectives are *John Case*, University of Akron and *Susan Zipkin*, Brigham & Woman's Hospital.

In his role as the VP/CFO, John is responsible for all fiscal operations, financial planning and budgeting, treasury services, purchasing, student financial services, labor relations, human resources, purchasing, parking services, dining services, telecommunications and other auxiliary services. He oversees the annual operating budget of the University (approximately \$350M), the annual capital spending budget, and all other financial transactions of the university. John works with the president and his senior management staff on strategic planning, daily operational issues, facilities planning, and overall management of the university. He joined the university in December, 2005.

Prior to his position at Akron, John was the Executive Director of Finance for Academic Affairs at the Cleveland Clinic Foundation in Cleveland, Ohio. In this role he oversaw the financial operations of the Academic Affairs mission of the organization. This included the Cleveland Clinic Lerner College of Medicine of Case Western Reserve University, the Division of Education, the Division of Clinical Research, and the Lerner Research Institute. He managed the financial planning, accounting, budgeting and audit activities for Academic Affairs. He had oversight responsibilities for all sponsored research administration activities at the Clinic. His responsibilities included the assessment, evaluation, and continual enhancement of all Academic Affairs financial processes; reviewing and evaluating all financial functions and strategies for education and research and their interdependencies. In addition, he functioned in a problem-solving role to evaluate and assess change where needed and facilitated collaborative efforts among research, education, departments, and finance with input from the Chief Financial Officer, Chief Academic Officer, and other team members.

In 2002, John was the President of NCURA. He has also served the organization as Treasurer, Chair of the Financial Management Committee and the Professional Development Committee. He was a faculty member of NCURA's Fundamentals of Sponsored Project Administration workshop from 1998-2000 and Sponsored Project Administration, Level II workshop in 2003.

Susan Zipkin is the Director of Research Finance for the Radiology Dept at Brigham and Women's Hospital, which is part of Partners Healthcare. Partners Healthcare receives over 750 million in research dollars annually. Susan has worked in both central and departmental roles for the past 18 years. She currently manages a group of 4 research administrators who are responsible for over \$26 million in annual expenses including \$17 million in NIH funds. Susan is a graduate of NCURA's Leadership Development Institute and current serves as Region I Chair-elect.

Moderator

Welcome Susan and John, let's get started.

John Case

Great to be here! I look forward to a great interactive session

Susan Zipkin

Hello everyone!

Moderator

First question: With the current budget crisis and many institutions placing moratoriums on hiring new personnel and/or not replacing exiting personnel, what type of challenges has this placed on departmental administrators?

Susan Zipkin

I recently lost a DRA, and was very fortunate to have a candidate in mind. I was able to interview and hire within a

short period (less than 3 weeks). The week after I hired her, I found out that my institution had a temporary hiring freeze and removed all the positions from the website, and that there would be a review process to re-post any positions. Needless to say I was very happy that I was able to replace my administrator before this went into effect.

There are positions that are paid by the department that support research that I am being asked to find funding on grants for, as the department is being pressured to reduce FTE's. These are positions like physicists and IT folks that support multiple projects that we have always considered "infrastructure."

Centrally there is no hiring freeze for Research Management. It seems that we are still trying to fill the positions. The stimulus funds will make it necessary to hire more people. We are currently trying to fill 8 new positions to accommodate the stimulus funding.

John Case

UA has not placed a moratorium on hiring. In June 2006 we implemented a Strategic Position Review Process to ensure that each of the following actions - fulfillment of open positions, hiring of temporary employees, negotiation of a retire-rehire agreements, awarding of stipends and off-line increases, and performance of position audits - help fulfill the University's strategic priorities. The process was put into place as a result of increasingly lean budgets, and the resulting need to do more with less. These reviews continue to be rigorous and generate much discussion on university priorities.

Timely and accurate communications have always been important and the current economic conditions only increase their importance. The lines of communications with employees, internal colleagues, and colleagues from other institutions are critical to success, particularly in times of financial difficulties. Collaboration is paramount. People are very critical of actions taken during financial downturns – this includes spending on products and services and hiring. Perceptions become even more important.

Moderator

How has the recent economic downturn affected your budget?

John Case

The State of Ohio's biennium budget for fiscal years 2010 and 2011 has not been passed and until it is, we will not know for certain the impact on UA's budget. We have anticipated a flat or reduced budget and have requested colleges and departments to support both scenarios through our annual budget process. That being said, we are not allowing increases in the majority of our administrative and operations fees. The downturn requires the university to be even more diligent about its priorities. In case you are wondering, we have a biennial budget process, 2 state budgets at a time.

Moderator

Susan, how about you?

Susan Zipkin

Departmentally we are currently working on our budget. I have not finished the negotiation yet, but I anticipate that I may get push back. We're planning (as a contingency) for 10% reduction in budget

Lisa Gentry

John, to clarify are you not allowing departments to increase administrative and operations fees?

John Case

Lisa - good question - we are holding admin and operating budgets steady and in some cases may be cutting these areas

LaJauna Ellis

With most of us being asked to "do more with less," the impact on morale is usually negative. What suggestions do you have for boosting morale and motivating staff under these conditions?

Susan Zipkin

LaJauna, we try to tell them that they are in a good place, and they are valued. Nowhere is safe right now, but it is good know you are in one of the best places around to work right now.

Lisa Gentry

John--Will you make across the board cuts or strategic cuts?

John Case

Lisa - they will be strategic cuts. We will not implement across the board cuts due to our intent of putting additional dollars in strategic areas.

Moderator

Do you have any cost saving measures to share that might be valuable to others?

John Case

UA participates in an initiative with other Northeast Ohio schools to collaborate on services such as Purchasing and Benefits, to reduce costs. UA is changing lighting in parking decks to be more efficient and sustainable. UA groups are meeting to discuss new – innovative and earth shattering - ways of thinking about and doing business, to be more flexible and cost efficient. UA may not provide merit salary increases for achievement during the 2008 calendar year.

Margarita Scheffel

Are you considering implementing pay freezes and/or benefit reductions? If yes, which ones?

John Case

To clarify - the 2008 achievement increases are the merit increases for July 1, 2009.

Moderator

I've heard some schools are furloughing...

LaJauna Ellis

How and how often are you communicating with staff regarding "budget woes?"

John Case

Margarita - see above - we are thinking about no salary increases - benefits will stay the same. Decision will be made soon.

Susan Zipkin

For cost savings, one initiative that I am aware of is Partners is currently looking into automating as much as possible including online expense reimbursement and direct deposit of all expense reimbursements.

Ronda Sullivan

Furloughs have been discussed here as well

Margarita Scheffel

We're considering using a contingency fee consultant to reduce procurement operating costs. Has anyone ever used one of these services before?

Lisa Gentry

Since the budget at The University of Arizona is tied to legislative decisions we often find ourselves in a holding pattern waiting for legislators to make decisions which makes it difficult to strategically plan for the future. Do you have any suggestions as to how to deal with being in limbo?

John Case

As a note - we are not thinking about furloughs - many in Ohio are though.

Lisa Gentry

Employees at University of Arizona will be furloughed up to 5 days in FY10.

John Case

Lisa - we have the same situation - waiting for the state to pass a budget. We go through the budget process and create various models based on what we hear from the legislative sessions. I hope this helps.

Moderator

What type of changes, if any are you making in the processes within your department (i.e combining processes, eliminating some processes)?

Susan Zipkin

Both centrally and departmentally we are developing SOP's and in the process breaking it down and looking at the process if it is a 5 step process, and step 3 takes 5 times as long as the others, determine why, and see if any of that can be eliminated or minimized. Training/retraining of existing staff on commonly used systems. I.e. Adobe, or excel to insure that everyone using these systems has the appropriate level of expertise on the commonly used systems.

John Case

Finance & Administration at UA may make recommendations to mandate select automation and/or changes in business processes to reduce expenses: Implement refunds via direct deposit or the campus card. (Cost savings via paper/postage costs and personnel time). Direct deposit of paychecks with online viewing of statements.

Also at UA cross training allows for resources to be used where there is a need for increased labor, reducing the need for part-time employees or additional student hours. Lastly, improved product ordering process: Use of online resources regarding product ordering both in house and with outside vendors. Use of the web-to-print initiative in Printing Services has reduced customer hours submitting their project requests and increased the turnaround time for finished products

Susan Zipkin

At Partners the Department of Medicine is currently set up as 22 independent research divisions (all folded under one department). With this de-centralized model, we're evaluating possibly combining the research administrative functions within some of these divisions, as there are some efficiencies of scale that could be achieved. However, this is a politically challenging proposal as each division likes its relative independence (operationally speaking) so we'd have to tread lightly in this area.

Moderator

What measures have you taken to accommodate recent budget issues (including at department level)?

John Case

UA departments were required to submit flat and 10% reduced budget scenarios for FY 2010 through the annual budgeting process. UA may not provide merit salary increases the 2010 fiscal year. The Controller's Office at UA is implementing the PeopleSoft Grants suite to achieve efficiencies in grant management. UA hiring decisions are scrutinized to ensure alignment with priorities.

Susan Zipkin

Centrally there is a large effort to review SOP's and remove any unnecessary steps that will take more time and therefore more resources. i.e. -- for subs, use the FDP template, don't add extra terms and conditions that are not necessary. Overall review of everyone's workload to determine how busy people are and redistribute work when appropriate.

Moderator

What are folks doing regarding continuing large scale projects? New lab space, etc?

Susan Zipkin

We are now looking to get funding from NIH through the ARRA funds in the form of C06 and G20 and even RC2 grants. ...Many projects are on hold.

John Case

We at UA are looking at all plants funds, renovations, and capital improvements. We are strategically prioritizing them and emphasizing faculty labs, student classrooms and old building upgrades

Moderator

How are the budget cuts effecting departments the greatest-- i.e are these cuts coming within salary, expense, travel, etc?

John Case

What are others doing in terms of facilities, renovations and one-time expenses?

Susan Zipkin

No cuts YET here...One idea that was shot down here is to hire contract labor, so that folks are on one year contracts. This eliminates the need for layoffs if/when things do slow down. This also gets around the union issue as these are considered temporary workers.

John Case

Similar to many service organizations, 75%-80% of UA's budget is personnel. Therefore, any significant reductions will impact our people. The ultimate result is a reduction in timely service to our internal and external customers, including in the following areas for Finance & Administration: Bill payment; Production and distribution of paychecks; Responsiveness to data analysis and information requests

Moderator

In relation to John's question, what is the mood on your campus, is the ARRA bringing excitement or concern?

John Case

Finance & Administration at UA may eliminate position vacancies and entire encumbered personnel budget, which reduces "wobble room" in hiring and promoting.

Lisa Gentry

Arizona Research Labs has come to the point where cuts must be made to salaries as we've already cut our operations and travel budget in prior budget cuts. As far as facilities and renovations, those plans have been put on hold or ARRA funds are being requested.

Susan Zipkin

While the stimulus funding is certainly welcome, it has created a lot of work over the last month for our administrators, with a relatively small chance at success. ( I guesstimate Partners will get somewhere between 2-4% of all the challenge grants it applied for). For those lucky enough to receive such awards will have the additional reporting requirements to deal with--thus adding another element to their already over-taxed positions.

John Case

I think excitement is in the air - remember there are a lot of institutions looking for the same dollar - similar to research funds. We all want a big part of it.

Moderator

Following up on Lisa's comment--What restrictions are on travel for professional development at the department level?

John Case

Professional development funds are primarily handled at the departmental level at UA. However, like elsewhere,

people are seeking more cost efficient methods of professional development (e.g., local speakers, webcasts, etc.) and shying away from more "exotic" locations (e.g., California or Hawaii).

Susan Zipkin

We have not put any restrictions yet on professional development, Travel is being scrutinized to insure that it is maximized by utilizing regional conferences, and planning trips as cheap as possible.

John Case

One thing that is sure - PIs are still traveling to present papers and participate in conferences, some in other countries!

Moderator

What about others out there?

Susan Zipkin

The Radiologists are heading to Hawaii tomorrow!!

Lisa Gentry

I have asked my staff to look at lower cost options such as Regional meetings, in state meetings, web conferences, etc.

John Case

Lisa - great comment - it makes sense to. I do believe we need to keep up with professional development, it's important for our staff and institutional development. It's about networking also.

Moderator

With those being asked to do more in departments how are folks planning to handle the increased workload to submit proposal from the ARRA money?

John Case

Good question - we are beefing up some of our administrative research admin areas temporarily - we won't hire permanently though.

Susan Zipkin

Although this is probably not what anyone wants to hear, and it ties back to how we should counsel our staff during these trying economic times, but it is times like this that we need to suggest that this is the time to adapt the "arrive early/leave late" mentality as an approach to work. If layoffs are required, you want to make a strong impression on your boss that he/she should look elsewhere when considering downsizing! Our Central Office has developed a team to handle the ARRA grants. There is a manager and they are hiring 8 new FTE's.

John Case

One thing that is important, whether it's for the ARRA funds or just to get the workload done - we do expect people to do more work - it's just a reality.

Susan Zipkin

At the departmental level we are stretching and shifting workloads...and a lot of post award is on the backburner at this time...

Moderator

How will decreased post-award staff impact reporting?

John Case

This is an issue - especially with the new reporting requirements for ARRA - I think this will create problems.

Susan Zipkin

We will have to be ready to shift gears quickly once the funding comes in.. We may also have to hire temp help to catch up on some of the routine post award work.

John Case

One thing we need to think about, this is one time dollars so down the road we may have extra staff from the projects and this may increase full time staff - be *careful* about one-time dollars.

Moderator

John--How do you address the concerns of staff who are worried about job stability in times of budget crisis?

John Case

Great questions - communicate, communicate, communicate and appreciate, appreciate, appreciate!! UA maintains communications with employees primarily through special Email communications. Additionally, employees may submit cost savings and revenue generation ideas through email, anonymously if they choose. UA's Division of Finance and Administration has implemented The ACE Connection Program, which focuses on Accountability, Customer Service and Excellence. However, the program is also about maintaining and increasing employee morale, through positive weekly communications and an employee recognition program.

John Case

Any other ideas out there - we would love to hear from you!

LaJauna Ellis

Are you having regular staff meetings to communicate what's happening with the budget?

John Case

We do have regular staff meetings and utilize the web and email to keep people informed. I also meet with individual departments and answer questions, rumors and worries!

Susan Zipkin

Our regular Staff meetings are more closely tied to how we are handling the increased workload. The current economic climate doesn't exactly match the actual science going on For some departments research activity base increased from FY07-FY08. Partners Dept of Medicine for example is on pace to end FY09 at ~ 6% higher than FY08. So while the overall economic climate is gloomy, the research is still strong and expanding. However, this has placed an additional burden on all administrators within the department as they are required to do more work with the same amount of staff.

Moderator

John--as CFO, do you feel increased pressure to ensure employees keep their jobs and research can still progress/grow on campus?

John Case

Good question - it seems people are nervous there is anxiety on the campus - deans, VPs, chairs, etc. This is a very stressful year, especially the budget committee and CFO. Remember, this too shall pass and sometimes as I am reminded "It is what it is"!

Moderator

What are your biggest challenges on YOUR campus?

John Case

I would love to hear from others - I would say 1) jobs, 2) salaries, and 3) any reorganization and elimination of depts. this economy has changed the way we think - which I think is great for higher education.

Anh Le

What do you think about staff willing to take pay-cut in order to keep their jobs? Is that something to be/can be considered?

Susan Zipkin

I know as the Chair of the Region I spring meeting that we have found attendance less than recent years, and we have heard from many that their travel budgets have been frozen. Many are coming on their own dime this year –it's that important. It seems that universities are being hit harder than hospitals at this time.

John Case

There are also opportunities - remember "crisis creates opportunities" and I think we should take advantage of that thought!! It may be painful at times, but the long term affect could be wonderful.

John Case

Anh Le, we have seen that in corporate America not much in higher education. We are not thinking about it but it may come down to that based on the state budget...

Robyn Remotigue

Are you advising your folks who are submitting proposals to take advantage of Direct Charging Research Administration Specialists on ARRA Grants?

Susan Zipkin

This idea has come up more than once. As a hospital we are allowed to direct charge administrative salaries to grants as long as it can be justified. There is talk of increasing the amount of administrative charges due to the extra burden.

Moderator

What suggestions do you have for departments to maximize NCURA resources during this difficult time?

John Case

Take advantage of the NO-cost resources available through NCURA (e.g., online Neighborhoods, FREE online chats, list serves). Also consider low-cost options like, bringing traveling workshops to your campus/city by partnering with neighboring institutions, online tutorials from your desktop, webinars, NCURATV programs and continue networking with your colleagues and sharing best practices and process efficiencies.

Susan Zipkin

We are looking at opportunities that do not involve travel such as NCURATV, online programs (webinars/tutorials), online chats such as this, the Neighborhood list serves, Regional programs. Region I has RADG (Research Administrator Discussion Groups) meetings every 2 months or so in Boston, these are a great way to get professional development and networking in for a very small cost.

Moderator

Thanks to the Departmental Administration Neighborhood committee and especially to John Case and Susan Zipkin for sharing their time and experiences. We will post a transcript in the Neighborhoods within a week.

John Case

I want to thank everyone for participating today - this has been interesting and I hope valuable for you. If we can do one thing in this time its work together...remember to talk to colleagues about your issues it helps a lot! Thanks for your time!!

Susan Zipkin

Thanks to everyone for attending. Please feel free to contact us directly if you have any comments or questions.

Moderator

Thank you Susan and John! Also, NCURA will be posting the inaugural FREE podcast on *Preparing Your Institution for Stimulus Funding Part I*, stay tuned to the Neighborhood website. Our next chat will be *Training and Education*

*Programs*, with Julie Cole, Duke University and Tony Onofrietti, University of Utah, on May 20, from 2-3pm EDT  
Good Afternoon.