Task Force members attending were: Thomas Cooley, Ellen Axelrod, Leslie Brown, Dall Forsythe, Renauld Fournier, Marie Gayle, Joseph Giovanelli, and Gerald Rosenfeld.

The committee briefly discussed the University’s consideration of making the budget public knowledge. While President John Sexton is considering this move, Dean Thomas Cooley has tried to dissuade him; Dean Cooley argues that if President Sexton discloses the budget, he will also have to explain why it does not “make sense.” The committee discussed various levels of disclosure.

The budget proposal to the University was favorably received, and the University is open to receiving more proposals. The Financial Task Force addressed the issue of cost allocation, asking if it is best to administer a full step-down process or if there is a simpler solution. A full step-down analysis is thorough, but vulnerable to a torrent of “petty arguments.” The committee agreed that a “simple allocation rule” seems better in theory, but may not be a thorough enough system in practice.

It was agreed that activity-based allocation is philosophically sound, and certainly the best course of action. However, activity-based allocation calls for a “mechanism that captures change” – something sensitive enough to consider one institution’s rapid growth or severe downsizing in a short period of time, and how that growth or downsizing affects its use of a given resource. (A library was given as an example.) However, if an institution downsizes, its former cost may be unfairly re-allocated to the other institutions that (rightly) did not account for such an increase in their own budgets. This issue raises the question: Should an institution be able to unilaterally withdraw or downsize from a resource and bear no cost? The committee agreed that an institution should not be allowed to do so. The committee also agreed that such a situation provokes a valuable discussion about the size of a resource and whether its size and cost are appropriate given its revised amount of use and benefit to the University.

The discussion transitioned to cost-allocation of auxiliaries such as Faculty Housing and Residence halls. It was agreed that pricing in residence halls should remain as is; that is, there should be a single price for a unit, and that price must translate across all the residence halls. Pricing should not be determined by factors relating to the building itself, such as whether the building is owned or leased or what kind of market it was financed in. (Although it was also voiced that the University needs to revisit the cost of financing, and all the residence halls should not be considered as a single cost, or “lumped together”; indeed, based on these factors, some halls break even and some halls lose.) It was agreed that the University should not micro-allocate cost based on the how a hall was acquired or the habits of the students, but rather the losses in each hall should be distributed proportionally to each school based on the number of students who use the facility.
The committee then discussed the University’s consideration of its proposal regarding Faculty Housing. The committee voiced two possible reasons why the University is reluctant to accept: worry over the complaints of key constituencies (i.e. faculty), and the fundamental level on which the University does not want to relinquish control over this resource. The committee is open to shaping the proposal based on the University’s concerns, but it cannot wait forever, as the budget needs to be done. Given the current financial situation, the University may consider the proposal extremely appropriate or very poorly timed; it may find the proposal too radical given the current situation, or it may seize the opportunity to not “waste a good crisis.”

It was determined that the committee should meet in two weeks, during which time it will finish the budget proposal.