

## SECTION VI

### ADMINISTRATIVE PROCESSES

The Self Study shows considerable effort analyzing and discussing this Criteria section. It seems clear that there is a significant number of faculty and other campus leaders who neither understand the organizational structure nor have a clear picture of the actions that they must take to accomplish their tasks. Often the comment is heard that one gets things done by whom one knows rather than getting them done within the system.

The Sector concept promotes additional layers of administration and, indeed, many believe that administrative duplication and "over administration" are widespread and generally out of touch with academic needs and values. Lines of responsibility among administrative officers are sometimes fuzzy and uncertain. Many of the individuals interviewed thought that the organizational structure was too centralized and resulted in far too many decisions being made much further up the structure than the decision merited. Still others believe that the organization promotes a "take no risk" attitude that chills academic initiative. (Suggestion 48) Accordingly, the Committee urges strongly that the University undertake a careful and thorough study of the administrative structure with an objective of streamlining decision making and getting work out of the system. This should be accomplished through the use of individuals outside the University who have the knowledge and experience to look critically at the campus and suggest alternatives. Appropriate individuals on the campus should be involved in the study.

## 6.1 Organization and Administration

The organization and administrative structure of the University of Kentucky generally enables the system and campus leadership, faculty, and staff to carry out institutional missions and functions as reflected in growth, development, and progress of the University of Kentucky in recent years in research funding, enrollments, private fundraising, and other ways. However, certain aspects of this administrative organization deserve assessment with specific emphasis on the following:

1. Questions are unanswered in terms of responsibility for institutional research to secure common, verified, and pertinent data for reporting, measurement, evaluation, and assessment for faculty, teaching, student performance, and other areas.

2. Questions are raised as to whether campus chancellors are chief executive officers or largely chief academic officers.

3. The existence of a systems Vice President for Research and Graduate Studies requires close campus and system coordination of research programs and graduate studies.

4. The presence of more than one non-academic personnel system creates a question about the degree of uniformity in the handling of personnel issues across the University of Kentucky. (Suggestion 49) The Committee suggests the President of the University of Kentucky seriously consider selection of a talented person or firm to review the organizational structure of the system and campus administration to focus on clearer definition of system and campus functions, more effective management responsibility for institutional effectiveness functions, and possible achievement of some economies and efficiencies in other areas, like human resources management.

### **6.1.1 Descriptive Titles and Terms**

The name of the institution, titles of administrative heads, designations of administrative and academic divisions, and terms to describe academic offerings, and the name of degrees awarded are adequate, descriptive, and appropriate.

### **6.1.2 Governing Board**

The University of Kentucky is governed by a Board of Trustees created by state law. Duties and responsibilities are defined by law and are set forth in official University of Kentucky documents. Terms of appointed members are staggered to assure continuity. State law and official documents provide for numbers of members, rotation of members, frequency of meetings, Board officers, and committee structure. Board members can be removed for cause under state law.

State laws creating the Board of Trustees and the by-laws of the Board of Trustees clearly state the Board of Trustees will set broad institutional policies, will select the chief executive officer, will seek adequate fiscal resources, will be informed of institutional finances, and will set broad institutional purposes, mission, and goals. The Board of Trustees and the University administration appear to have adequate protection from undue outside pressure.

The Governing Regulations of the University of Kentucky make a clear distinction between the policy making role of the Board of Trustees and the administrative responsibilities of the administration.

### **6.1.3 Advisory Committees**

Lay advisory committees, like the University of Kentucky Development Council, the Alumni Association Board, and others, are generally active and have defined functions.

### **6.1.4 Official Policies**

The University of Kentucky publishes a variety of official documents that set forth duties and responsibilities of administrative officers, patterns of institutional organization, faculty governance, statements on tenure and employment security, due process statements, and institutional policies affecting faculty, staff, and other personnel.

### **6.1.5 Administrative Organization**

The administrative organization of the University of Kentucky generally reflects the purpose and philosophy of the institution with the exception of points raised in the first segment of this Criteria section. The functional units of the University of Kentucky can perform their tasks and responsibilities. The University of Kentucky community has ample access to organizational charts and job descriptions for the system and campus administrations.

Administrative officers of the system organization and the Medical Center campus and Lexington campus of the University of Kentucky have the credentials, experience, and competence to carry out their assignments.

Responsibility and authority for all educational offerings and functions of the University of Kentucky are generally clearly identified, but there is uncertainty among some

University groups about some aspects of responsibility and authority for research, some phases of institutional research, and some aspects of institutional evaluation of certain officers and functions to include instruction and student advising. Some believe the uncertainty results from a lack of communication. (Suggestion 50) The Committee suggests that system and campus officials of the University undertake a program of explaining fully the organization and major responsibilities within it. This ought involve the deans, departmental chairs, and faculty leadership.

## **6.2 Institutional Advancement**

The University of Kentucky has a long established and successful program of institutional advancement that includes separate offices and officials responsible for private fundraising, alumni relations, and public relations under the direction of the Vice President for University Relations. These senior officials and their staff members and volunteer leaders interact with the President, Vice Presidents, Chancellors, deans, and other academic and administrative officials to devise advancement efforts that reflect the purpose of the University of Kentucky. Private dollars are secured for scholarships, professorships, fellowships, research, libraries, athletics, and other approved and priority programs.

During the 1991 calendar the University of Kentucky received \$29,500,000 in private gifts, had about 25,000 of its 125,000 alumni as dues paying members of the Alumni Association, and carried out an organized program of public relations. The University of Kentucky is in the midst of a major campaign for private support for a new library and for holdings for it. Over \$17,000,000 has already been committed.

### **6.2.1 Alumni Affairs**

The University of Kentucky Alumni Association has over 25,000 dues paying members. It is overseen by a volunteer Alumni Association Board that is staffed by the Director of Alumni Affairs. The primary purpose of the Alumni Association is to promote the entirety of the University of Kentucky through alumni meetings, alumni receptions, speakers, and publications. Attention is given to academic and athletics efforts of the University.

The Alumni Association has excellent mailing information on all University of Kentucky alumni. A current survey of alumni is underway to seek their ideas, recommendations, and opinions on the University of Kentucky.

Several colleges of the University of Kentucky also have formal alumni organizations. Generally, these groups and the Alumni Association cooperate, but efforts are now afoot to bring about greater understanding, cooperation, and coordination. (Suggestion 51) The Committee suggests the institutional advancement officials and senior University of Kentucky officials promote and encourage these efforts for the long-term benefit of the University. Coordinated activities are more productive, share common themes, and increase participation and support.

### **6.2.2 Publications**

Publications of the University of Kentucky are generally attractive, endorse University goals, and effectively and truthfully represent the University. Principles of good editorial

practice are followed. Publications reflect the University of Kentucky as it should be presented.

### **6.2.3 Fundraising**

A review of the goals of the University of Kentucky for private fundraising and of the results of fundraising show all private dollars are raised for University purposes and to promote the adopted purpose statement and priorities for the University. The fundraising programs are included in the campus and systems priority planning processes. Accord is reached on fundraising objectives and purposes by the President, the Chancellors, the Vice President for University Relations, and the other Vice Presidents. Goals and priorities for private gifts result from coordinated discussion and planning from throughout the University of Kentucky.

The University of Kentucky has policies and procedures on private fundraising. These are in print, are available, and are distributed.

The University of Kentucky and its senior leadership, institutional advancement staff, and volunteer leaders deserve applause for significant progress in recent years in securing of important private gifts to enhance the academic enterprise.

## **6.3 Financial Resources**

### **6.3.1 Financial Resources**

The University of Kentucky has experienced a significant reduction in state support over the past two years. Indeed, the data clearly indicate a long term trend for funding a smaller portion of the University's request each legislative session. While the budget shortfalls of the past two years are painful and harmful to the quality of the academic programs, the longer term problems present an even greater concern.

Special care must be taken to guard against erecting artificial walls between units and sectors. When one or more units achieve a resource base more than adequate for current programs and prudent reserves, reallocation of those remaining resources to areas of the greatest potential should be done. This is especially true in the Medical Center where external reimbursement patterns shift often. Some units may succeed handsomely while others of equal academic importance suffer.

### **6.3.2 Organization for the Administration of Financial Resources**

The Vice President for Administration is the Chief Financial Officer and reporting to the Vice President are those officers generally regarded as necessary for the proper control of the financial resources of the institution. Regular reports are made to the President and the Trustees.

Although various financial functions fall outside the lines of responsibility of the Chief Financial Officer, sufficient oversight appears to exist. Nevertheless, special care should be taken to communicate clearly to the user community where responsibilities lie and clear working channels should be maintained.

### **6.3.3 Budget Planning**

Budget planning for the University is accomplished through each of the sectors with assistance and direction from the Office of the Vice President for Management and Budget. A consolidated budget which includes all the components of the University and affiliated corporations is submitted to the Governor and General Assembly.

The Strategic Plan forms the basis for budget planning and contains the collective decisions of the unit heads.

### **6.3.4 Budget Control**

Each sector head is charged with the control of the budget for the area. The Controller maintains account expenditure data, but the responsibility for budget control, under University policy, lies within each sector. (Suggestion 52) The Committee suggests when budget revisions are necessary, the University should follow a reduction plan that emphasizes the highest academic priorities. Those priorities should be understood throughout the University and the actual reductions communicated broadly.

### **6.3.5 The Relations of an Institution to External Budgetary Control**

While the University is obliged to submit the budget request to the state coordinating agency, the agency has authority to recommend to the General Assembly and the Governor, but it does not have the power to require. It appears that the University has sufficient control of the budget process.

### **6.3.6 Accounting, Reporting, and Auditing**

Responsibility for accounting, reporting, and auditing lies in the Office of the Vice President for Administration. Directly charged with those areas is the Office of the Controller/Treasurer. During the past several years, the Controllers Office has had a number of personnel reductions. While the University has a good record of financial stewardship, that stewardship should not be undermined through budgets cuts and personnel reductions applied uniformly. Rather, a carefully thoughtout plan for maintaining the critical strengths while de-emphasizing less important roles should be immediately developed. (Suggestion 53) The Committee suggests that the University administration give immediate consideration to enhancing essential personnel in the Controller's Office.

The University has implemented a computerized financial accounting system that conforms to generally accepted accounting principles. Consolidated financial statements are audited and presented annually to the President and Board of Trustees for review and adoption. The statements include certifications from the University's independent auditor, currently Coopers and Lybrand.

Affiliated corporations, ten in total, are separate corporations, but their financial activities are included in the consolidated statements referred to above.

The accounting system not only provides data for statement preparation but it also contains management information on-line which describes current account status and discloses other financial management information.

### **6.3.7 Purchasing and Inventory Control**

Purchasing and inventory control are centralized within the Office of the Vice President for Administration. A Director of Procurement and Construction provides detailed management of the function.

### **6.3.8 Refund Policy**

The refund policy is described in various publications available to students, and the policy conforms generally to those found at other institutions of similar size and scope.

### **6.3.9 Cashiering**

The Controller is responsible for the cash management of the University. A comprehensive manual describing the policies and procedures that each individual must follow who handles cash has been prepared. Daily deposits are required and accounts are swept regularly for investment in the consolidated investment pool.

### **6.3.10 Investment Management**

The Controller/Treasurer has direct responsibility for investment policies and activities. Daily cash is invested in short term instruments with emphasis on liquidity and low risk.

The University of Kentucky Endowment is managed externally through three managers. Guidelines have been developed for asset allocation, and regular reviews by the Board of Trustees are made.

While the returns have been good, the University could profit from further diversification of its endowment to increase performance, reduce risk, and preserve funding power. (Suggestion 54) The Committee suggests that responsible University officials explore greater diversification of its endowment with the endowment managers.

### **6.3.11 Risk Management and Insurance**

The University maintains under the Vice President for Administration an Office of Employee Benefits and Risk Management. Primary insurance coverage is provided under the Kentucky Fire and Tornado Fund.

## **6.4 Physical Resources**

### **6.4.1 Space management**

Each Chancellor and Vice President are assigned space commensurate with need and availability. Considerably greater effort should be given to utilization. Since space costs tend to increase at rates unrelated to other campus resources, the University might benefit from a plan that would make space allocation a part of priority budget setting with each officer given a budget for space operations and management. (Suggestion 55) The Committee suggests that the University examine development of an operating plan that would place space into the priority budget process and that would give Chancellors and appropriate Vice Presidents operating budgets for space operation and maintenance.

#### **6.4.2 Buildings, Grounds, and Equipment Maintenance**

The Lexington Campus has University-wide responsibility for grounds. While efforts have been made to keep buildings in good repair, it is clear many buildings are in need of significant work. A deferred maintenance backlog of more than \$200 million has been documented. That number grows annually by several million more. (Suggestion 56) The Committee suggests that a comprehensive plan for reducing the maintenance backlog should be developed and a financing plan put in place. While funds are not plentiful and additional funding unlikely, the University should not continue to mortgage the future through an undermining of the plant.

#### **6.4.3 Safety and Security**

The Self-Study provides clear detail on the organization and administration of safety and security programs and adequate descriptions of the offices responsible for administering them.

A single police department, reporting to the Vice President for University Relations, with responsibility throughout the Lexington sectors provides security services. The officers appear to be well trained, and the department reflects an understanding of its role in a University. Indeed, the administration of the University might seek other opportunities for achieving greater service efficiencies through consolidating separate service offices to provide Lexington Sector and Medical Sector needs.

#### **6.4.4 Facilities Master Plan**

In 1990, the firm of Hansen, Lind, Meyer was engaged to develop a plan for the physical development of the Lexington Sector and Medical Sectors. The plan was completed and presented to the Board of Trustees in March, 1991. Campus planning has become a part of the Strategic Plan, and the University has demonstrated a recognition of the importance of campus planning.

While the HLM plan is an appropriate first step, it should be viewed only as the beginning of a process for regular and thorough review of the campus needs and adjustments made where needed. Broad participation in the development and review by department chairs, deans, and major units heads should characterize the planning process and regular review and adoption of the plan should be done by the Trustees. (Suggestion 57) The Committee suggests that the University establish processes to review and update the facilities master plan on a periodic basis and insure widespread involvement in this review and update.

### **6.5 Externally Funded Grants and Contracts**

The University has experienced a substantial growth in contract and grant funding in the last few years. Encouragement given to the faculty, both new hires as well as current faculty, to seek external funding has been a real incentive. However, the faculty have some concerns about the allocation of overhead funds. There appears to have been a lack of communication on the part of the administration as to whom and for what these funds are being allocated. The relatively low and decreased percentage of funds returned to the departments and the lack of start up funds in the colleges and departments have become

an issue and an increasing problem. The faculty also expressed a desire to see colleges included more fully in the distribution of such funds. The current budget problems experienced by the University have brought forth faculty questions on the allocation process. Apprehension exists about the prospects of allowing the University to slip into reliance on indirect costs for expenses not related to research expenditures. (Recommendation 22) The Committee recommends that procedures for the allocation of indirect costs be examined to insure that the institution will not become dependent upon indirect costs allowances for regular operating expenses.

#### **6.6 Related Corporate Entities**

There are ten affiliated corporations of the University. The oldest of these are the Athletics Association and the Research Foundation. Generally, these have been established to meet the perceived purpose of channeling fundraising capacity into specific areas.

While there may have been sufficient reasons for the establishment of these entities in the past, questions may be raised about the justification of some of these corporations in current times. For example, what does the Athletic Association now contribute to the University of Kentucky as a separate corporation? (Suggestion 58) The Committee suggests that the University administration review the functions and need of the affiliated corporations to determine whether they ought be maintained.

## AD HOC REPORT ON HUMAN RESOURCES

Ms. Jane Jameson, Vice President for Human Resources for the University of South Carolina, was a member of the Reaffirmation Committee and was asked to review the human resources programs, organization, and activities of the University of Kentucky. Her observations, comments, suggestions, and proposals do not relate to Criteria for Accreditation. However, what she sets forth deserves serious consideration and reflects the views of the Visiting Committee. This special report is set forth below.

### Introduction

Recognizing the importance of staff employees to the accomplishment of institutional goals, the Steering Committee of the University of Kentucky's Self-Study determined that an assessment of issues concerning support staff was in order. Two charges given to the Committee on University Staff were to review:

1. the extent to which the University provides an adequate institutional and academic support staff for assistance in carrying out the institution's mission in teaching, research, and services; and
2. the stewardship of these human resources including the extent to which institutional policy and practice maximize effectiveness.

The Committee held two open forums for University staff and received a number of additional comments and suggestions for areas of inquiry. The Committee conducted a staff

survey, and the overall work of the Committee resulted in twenty-nine recommendations concerning professional and hourly staff.

### **Responses to Staff Surveys**

From responses to staff surveys, it is evident a number of staff believe there are significant problems with the human resources functions of the University of Kentucky. For example:

1. Approximately 59 percent of the survey respondents believe the process of transferring personnel within UK is unfair.
2. Approximately 60 percent believe the human resource system does not allow for upward and lateral job mobility.
3. Approximately 65 percent believe the basis for determining salary increases is unfair.
4. Approximately 75 percent believe the process for reclassifying positions is unfair.

It is not clear that the wording of questions in the staff survey permitted respondents to differentiate between problems of lack of advocacy by their department chairs and managers, and problems actually experienced through interaction with the various human resource offices. Nevertheless, survey results indicate serious frustration with a human resource system which is perceived as being overly legalistic and, therefore, not "user

friendly" for either staff employees or their department chairs. Numbers of comments were heard to the effect that staff are actually being abused by the current human resource system.

### **Organization of Human Resources Functions**

After having reviewed a number of additional reports and surveys and having interviewed twenty-three individuals, the inescapable conclusion is that the current organizational structure of the human resource function throughout the University of Kentucky does not lend itself to the development of a true human resources system.

There are three separate human resources offices, one for each of the three sectors: the Lexington Campus, the Medical Center, and the Community Colleges. Insights gained from interviews suggest there are perhaps seven configurations of offices having some responsibility for human resources. Those offices and their reporting order are:

1. Lexington Campus Human Resources - Reports to the Vice Chancellor for Administration for the Lexington Campus.

2. Central Administration Human Resources - The actual transactional work for the central administration is done by the Lexington Campus Human Resources staff. Although the formal reporting order is to the Lexington Chancellor, this office must also report in an informal sense to the four Vice Presidents and to the President. This configuration creates

a no-win situation for Lexington Human Resources Director who is often forced to navigate between conflicting priorities and assignments.

3. Medical Center Human Resources - Reports to the Executive Vice Chancellor for Administration in the Medical Center.

4. Community Colleges Human Resources - Reports to the Vice Chancellor for Academic Affairs in the Community College Sector.

5. Risk Management and Employee Benefits - Reports to the Associate Vice President for Administration in the central administration and has University-wide responsibility.

6. Administrator for Personnel Policy - Reports to the Associate Vice President for Administration and has University-wide responsibility for the interpretation of all Human Resources policies administered by the offices noted above. This administrator has no staff and no transactional responsibility for any activities.

7. Physical Plant Department - There is some sense that the Physical Plant Department has developed a shadow human resources operation and that institutional resources are allocated to this department for programs and positions which duplicate those of the Lexington Campus human resources operation.

This fragmented approach to human resources feeds the perception that there is little consistency or fairness in the treatment of staff from sector to sector and from department to department. Much of the criticism of human resources appears to result from the lack

of accountability by any one office for the total human resources function, exacerbated by the lack of authority anyone has to make substantive change. If one assumes that each of the 29 Self-Study recommendations concerning staff were to be implemented, it is not clear which human resources office would actually bear the recommended responsibility.

### **Leadership in the Human Resources System**

Of equal concern to the fragmentation of human resources functions is the perception that no one in any of the human resources areas is taking the initiative to provide leadership in the resolution of human resources issues. This may be due to an inability to view the ongoing problems with objectivity after having invested a number of years in the current human resources system, or it may be a learned response to the realities of what is rewarded and punished by others in the administration. There appears to be little tolerance for risk-taking within the institution. Consequently, no one appears willing to take a forward-thinking approach to human resources programs and activities.

### **Representation of Staff Concerns**

Recommendation 9-7 of the Staff Section of the Self-Study states: "The University should establish cabinet level responsibility for human resources in the President's Cabinet with a charge to build a human resource system which is responsive to the organization, sensitive to the needs of employees, and understandable to all."

Reaction to this recommendation was predictable. Those administrators already a part of the President's Cabinet believe it is too large as it is currently constituted. Further, they do not see human resources as belonging in the highest policy-making body of the institution. The administrator in the Cabinet who believes it is his responsibility to speak for the staff stated that appropriate human resources staff are invited to Cabinet meetings when human resources issues are discussed. However, in interviews with four individuals who have responsibility for human resources programs, and in response to a direct question about the frequency with which they had been invited to Cabinet meetings, all four stated that they had not been invited to brief the Cabinet about human resources issues or concerns. The only individual who appears to have been asked to brief the Cabinet is the chair of a volunteer committee.

Among those who support elevation of the human resources function to Cabinet-level status, the reasons given most often are their perceptions as follow:

1. No members of the Cabinet have more than a passing knowledge of current human resources requirements and acceptable human resources practices.
2. No member of the Cabinet is sufficiently in touch with the day to day concerns of the staff to portray adequately the issues in decisions of policy.
3. No member of the Cabinet serves as a champion for human resources offices in terms of resource allocation or administrative backing and support for tough decisions made by human resources staff.

4. The fragmentation of the human resources functions could be resolved by their consolidation within one office, provided the chief administrator of the office had sufficient authority to bring about change, and provided he or she would subsequently be held accountable for the effectiveness of the human resources operation and its support for the academic enterprise.

#### Summary Comments

Because there are no SACS criteria directly related to the adequacy of an institution's human resources programs and activities, it is not appropriate, even in an ad hoc report, to make a recommendation concerning this area of emerging importance to the University of Kentucky. (Suggestion 59) However, the Committee strongly encourages that all human resource functions currently assigned to the three sectors and separately to the central administration be consolidated into one office within the central administration of the University and established at a level of sufficient importance to influence and participate in human resources policy decisions, financial resource allocations, and strategic planning for the future improvement of the institution. Inherent in this suggestion is a recognition of the unique human resources needs of the Medical Center. These needs should continue to be met through appropriate on-site human resources service offices.