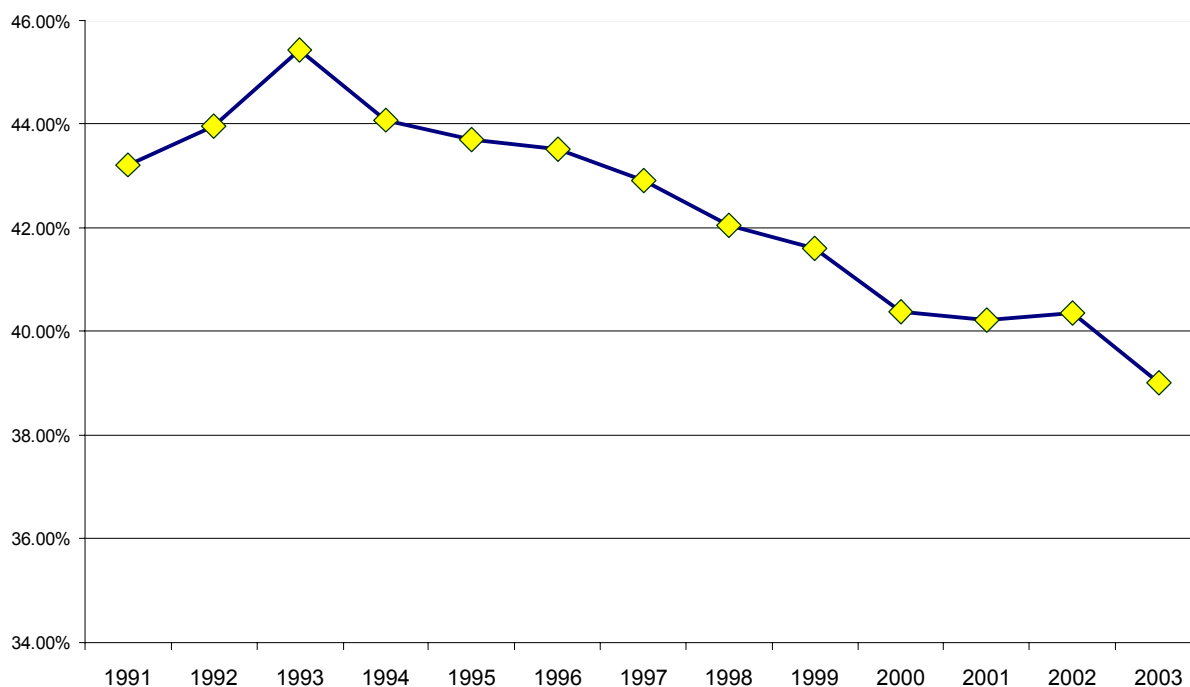


FISCAL YEAR 2003 GENERAL FUND BUDGET Response from the Academic Senate, July 2002

At its meeting of July 30, 2002, the Policy Committee of the Academic Senate expressed its concern about the funding for academic units proposed in the Administration's fiscal year (FY) 2003 budget. Because of this concern, it requested the Senate President to forward a 2000 report, updated to include the budget figures for FYs 2001, 2002, and 2003 (estimated), to President Reid and the Budget and Finance Committee of the Board of Governors about the decline in the percentage of the General Fund Budget going to academic units this year and over the past decade. The 2000 report had been prepared initially by the Academic Senate Budget Committee after examining the record of the last several years with respect to the allocation of funds by the annual General Fund Budget of the University.

**Change in Percentage of Budget for Academic Units,
Wayne State University, Fiscal Years 1991 to 2003**



The Senate Budget Committee found that the funds allocated to the Schools and Colleges by these budgets have been diminishing as a percentage of University expenditures. Its findings are summarized in the chart above. As can be seen from that chart, the amount allocated to Schools and Colleges has fallen from a high of over 45% in FY 1994 to an estimated 39% in FY 2003. The percentage increased slightly, from 40.22% to 40.37% in FY 2002.

The Academic Senate Budget Committee also examined the consequences of this allocation for our academic programs. It focused on the number of full-time faculty members available to teach students and do research. A comparison of full-time faculty members per student was made between Wayne State University and three groups of universities. The first group is made up of five comparable research universities drawn from the urban 13 universities. The second group is the comparable research universities used by the Working Group on Formula Funding, which made recommendations for the improvement of the budget process at the University. The third group included only the University of Michigan at Ann Arbor and Michigan State University.¹

Wayne State has fewer full-time faculty members per student to teach and to do the research that maintains our research ranking than do other comparable universities. The only way that this deficit can be diminished is by the allocation of more funds for full-time faculty positions. The table below indicates the number of additional faculty members needed to match those of our comparable institutions.

Number of full-time faculty positions by which WSU falls short of peer institutions	
Avg. Urban 13 Carnegie 1	217
Avg. Budget Working Group	213
Avg. UM & MSU	300

Based on these figures and others that were considered, the Academic Senate Budget Committee asked the Senate Policy Committee in 2000 to recommend that the allocation to the schools and colleges be increased each year for the next five years by one percentage point of the General Fund Budget, so that over that period of time the level of allocation that existed in 1992-93 might be regained. The Policy Committee sent this recommendation to President Reid, who forwarded it to the President's Budget Review Committee with instructions that the committee keep this recommendation in mind in the course of its deliberations.

The results of the deliberations of the Budget Review Committee and the subsequent administrative decisions for FYs 2001 to 2003 are before the Budget and Finance Committee today in the form of the FY2003 General Fund Budget. Needless to say, the Senate's recommendations are not incorporated in that document. In fact by our calculations, the

¹*Comparison Group 1: Urban 13 Carnegie 1 Institutions.* N = 5. University of Illinois at Chicago, University of Cincinnati, Temple University, University of Pittsburgh, Virginia Commonwealth University. *Comparison Group 2: Universities used by the Working Group on Formula Funding.* N = 11. University of California at Los Angeles, University of Southern California, University of Connecticut, University of Illinois at Chicago, University of Illinois at Urbana-Champaign, University of Illinois at Springfield, State University of New York at Albany, Case Western University, Temple University, University of Pittsburgh, Virginia Commonwealth University. *Comparison Group 3: Michigan research universities:* Michigan State University and University of Michigan at Ann Arbor. Data source for all staffing comparisons: IPEDS (Integrated Postsecondary Educational Data System) compiled by the National Center for Education Statistics of the United States Department of Education. Baseline year, FY 1996-97.]

amount allocated to the schools and colleges has fallen further to 39% in the new budget. In respect to the percentage of the budget going for academic units, we are not going forward in this budget, but backward.

The Senate fully realizes the difficulties and limitations that are involved in the budget decisions. In July of 2000, when the FY 2001 budget was under consideration, the State appropriation for the University was not good in relation to other Michigan Universities. The increase in that year (5%), however, was higher than in some other recent years. This year, there is a zero increase from Lansing for all Michigan universities, despite significant increases in operating costs for Michigan universities. Even with tuition rate increases this year and over the past several years, the University remains more dependent on State funding than any other public university in the State. The continuing concern of the Academic Senate is that the percentage of the General Fund Budget allocated to academic units is going down in good times and in bad times, with no clear commitment of the University to move toward a more appropriate balance between the funds allocated to administrative units and to the Schools and Colleges. This is particularly troubling when all of the revenue increases this year are coming from the academic side — increases in tuition and research grants.

What is to be done? One thing is to increase revenues. We must make greater efforts in Lansing to articulate our case for State support. It is troubling that the Legislature and the Governor's office are not responding to our message about the unique needs of our University. We also need to achieve success with our fund-raising campaigns, through the efforts of the President and his staff at the University level and through the Deans and their staffs at the college level.

In addition, we need to work better ourselves. We need to make internal savings by improving our efficiency and effectiveness on both the academic and the administrative sides. We recognize and appreciate the efforts that have been made by the President to address these issues through such things as the PriceWaterhouseCoopers's study and his announced changes to implement its recommendations. We also appreciate the opportunity we were given to work with the Administration to replace the University's formula-funding budget model with one that, in principle if not in practice, allows for informed budget decisions based on demonstrated performance and demonstrated needs. On both the academic and the administrative sides we need to look at how efficiencies and/or reorganization might save us money that can be dedicated to the needed expansion of full-time faculty positions.

Why must we make difficult decisions with respect to reorganization and greater efficiency? Because we need to reorder our goals, and we need funds available to pursue them. Without more faculty members, we cannot meet our obligations to teach better, to provide more effective services for our students, and to expand our research base. We need to be able to assure students that they are getting their money's worth when tuition rates are increased. Unless hard choices are made, we are not likely to fulfill our goals.

The Senate recognizes that substantial changes in the budget allocations in the University must be made incrementally. That is why we recommended a gradual one-percent-per-year change in the portion of the budget allocated to the Schools and Colleges. We are disappointed that this year's budget and the budgets introduced in the prior two years have not accommodated our goal. We remain committed, however, to working with the Administration and the Board of Governors as we confront our problems and search for solutions.