Suggested Budget Agenda of the Academic Senate

MJM Preliminary Draft, March 8, 2010

1. **Tuition Restraint**. In light of the hardships that many Michigan families are confronting due to the sharp recession, the University should show restraint in increasing tuition. That means that if state funding remains around constant or increases moderately (Governor's proposal), then the tuition increase should by under 3%. In no event should it exceed 5% (which would means significant budget cuts for the non-strategic parts of the University if state funding declined sharply). The University has been one of the leaders in the state in its percentage increases in tuition over the past decade (123% increase since 2000). That pattern of dealing with budget problems simply by raising tuition is not a good long-term strategy. In any event, it is a terrible strategy in the current recession.

2. **Top Global Allocation Priority**. The University budgets over the past decade have shown a decline in the priority given to the academic side of the University. The percentage of the budget going to the Schools and Colleges has declined moderately, once the budget numbers are adjusted to take account of accounting changes implemented by the Administration to disguise that decline. In addition, the percentage of the budget going to instruction (the Administration's preferred metric) has declined. To begin to realign budget priorities with the University's core missions, the FY 2011 budget should be structured as follows:

(a) **Percentage to Schools and Colleges**. The percentage of the budget going to the schools and colleges, using the accounting rules employed in setting the FY 2010 budget, should go up by a minimum of 2 percentage points over the percentage going to the schools and colleges in the FY 2010 Budget (35.4%, down from 36.3% in 2007).

(b) **Percentage to Instruction**. The percentage of the budget going for instruction, using the accounting rules used in reporting to HEIDI, should go up by a minimum of 2 percentage points over the percentage going to instruction in the FY 2010 Budget (41%, down from 54.2% in 2007).

3. **Reallocation of Resources**. A University always needs to be re-adjusting priorities, and that need is especially pressing during periods of budget constraint. The following two areas of need can be addressed at moderate cost.

(a) **Undergraduate education**. The sector of the University that has fared poorly in recent years has been the undergraduate programs that have had significant increases in enrollment and little increase in resources, resulting in a drop in the per/student resources devoted to these departments. Yet, these programs are key to the future financial success of the University. To address this growing problem, the FY 2011 should provide 10 enhancement positions for tenured/tenure-track faculty in departments that have experienced an enrollment increase over the past 3 years of 4 percent or more. The enhancement positions should be distributed among qualifying departments through a competitive system set up by the provost's office in consultation with the Academic Senate that includes the percentage of enrollment increase as a significant factor. (Estimated cost: $1 million).

(b) **Graduate Assistants**. The University has a relatively low percentage of graduate assistants relative to its peer institutions and a high percentage of part-time faculty. An increase in graduate assistants is cost effective, helpful in advancing both the research and teaching goals of the University, helpful in reducing the over-dependence of the University on part-time faculty, and helpful to the graduate assistants themselves. To improve the availability of graduate assistants, the FY 2011 budget should provide 15 enhancement positions for graduate assistants. The enhancement positions should be distributed through a competitive system set up by the provost's office in consultation with the Academic Senate that includes contribution to the research and teaching functions as significant factors. (Estimated cost: $590,000).