

Memo

Budget Committee of the Academic Senate Wayne State University

To: Policy Committee

From: Michael J. McIntyre, Chair, Budget Committee (2003/04)

Subject: Budget Percentage to Schools and Colleges

Date: September 13, 2004

After reviewing the proposed FY 2005 Budget at its meeting of July 15, 2004, the Budget Committee concluded that the share of the budget going to the schools and colleges had dropped again this year, notwithstanding all of the initiatives to enhance the academic side of the budget. The Budget Book indicates a small increase in the percentage of the budget going to the schools and colleges. That increase, however, is due to differences in the reporting methods in the current budget from prior years. For example, in FY 2004, scholarship funds for law and medical students were included in the budget of the Financial Aid Office but are included, respectively, in the budgets of the Law School and the School of Medicine for FY 2005. The 2005 Budget reflects a change made in the prior year that gave operational control over financial aid funds to the Law School and Medical School.

If the figures are adjusted to reflect that accounting change, then the percentage of the budget going to the schools and colleges would show a decline. One member prepared a spreadsheet showing that if several other adjustments were made, the decline would be even greater.

Several members argued that changes in accounting for the amounts going to the schools and colleges should not be changed, even if the changes had some justification, because of the need to maintain comparability with prior years. For example, it is plausible that scholarship money for a particular college should be included as an amount for the college. But it is not appropriate to not include it in their budget one year and then include it in the following year when measuring the change in the percentage of the budget going to the schools and colleges.

In addition, several members argued that the real concern of the Budget Committee has been in the decline in the number of tenured and tenure-track faculty in the University. Amounts that might be transferred to the schools and colleges during the fiscal year generally are not available for hiring new faculty. Several members noted that most of the new money for the University has come from enrollment increases, yet little money has been allocated in the budget to hire additional faculty to teach the larger student body.

After discussion, the following motion was made and seconded and passed without opposition:

That the committee expresses its concern about the decline in the percentage of the budget going to the schools and colleges and urges the Policy Committee to make that concern known to the Administration and the Board of Governors.

It appears clear that certain features of the University Budget are causing automatic increases in the amounts going to the administrative side of the budget. For example, the increase in university indebtedness results in the need to make additional interest payments. What is now needed is an analysis of the causes of the seemingly automatic allocation of funds for purposes other than faculty hiring so that the high-priority goal of rebuilding the faculty can be met.