

# Memo

## Budget Committee, Academic Senate

To: Budget Committee

From: Michael J. McIntyre, Chair

Subject: Projected Undergraduate Enrollment Decline and its Implications

Date: December 2, 2012

### I. The Undergraduate Enrollment Problem

The University is facing the possibility of a major drop in undergraduate enrollment, due to three factors. First, the number of college-age individuals in Wayne and Oakland Counties will decline substantially in the next few years. Macomb County will have a modest increase in college-age individuals, but that increase is dwarfed by the declines in Oakland and Wayne. The challenge is even greater than the demographics would suggest because other Michigan public universities, facing a decline in their traditional feeder areas, are likely to compete much more aggressively for potential students in the tri-county area. These universities have two recruiting advantages over Wayne State: they have far better undergraduate facilities, most notably classroom facilities, than Wayne State, and they are not located in a city that many people in the Detroit suburbs are afraid even to visit.

Second, the Detroit public school system is in disarray, with the likelihood that the number of college-ready students coming out of the Detroit public schools will decline. Although the University is not as dependent on Detroit for students as it was in the past, Detroit remains (and should remain) an important source of undergraduate students for the University.

Third, the University has embarked on a serious program to address its terrible retention problem, with financial “encouragement” from the state and federal governments. That program would be doomed to failure if the University were to lower its already low admission standards in an attempt to maintain undergraduate enrollment. Indeed, the University, to its credit, has recognized that the success of its retention program requires significant changes in prior admission practices.

For the reasons indicated above, I believe the University is likely to suffer a serious drop in undergraduate enrollment and that the drop may reach a crisis level unless the University focuses its energies to address the issue. The Budget Committee has been aware of the demographic problem for many years and has urged the Administration to make the improvement of the undergraduate program a high priority. In particular, we have urged the administration to give a high priority to improving the undergraduate classroom facilities and to have more tenured/tenure-track faculty teaching core

undergraduate courses. We have had our successes. We succeeded, for example, in convincing the Board of Governors to authorize the hiring of two dozen tenure-track faculty who would make undergraduate education a priority. And we succeeded in getting the administration to make the renovation or replacement of State Hall — one of the main undergraduate classroom buildings, which resembles a high school from the 1950s — the University's second building priority, after the biomedical building. The expectation was that the State Hall project would become the top priority now that the biomedical building has been funded by the State of Michigan.

Now we see that the current administration, with no consultation with the academic side of the University and, in particular, with no consultation with the Academic Senate's Budget Committee (as required under Board of Governors Statute 2.26.04), has moved the renovation of State Hall from the top of the priority list to the bottom of that list. In its place are three building projects that are likely to have, at best, modest impact on increasing undergraduate enrollment, despite some unsupported claims to the contrary by the administration.

## **2. The Administration's Three New Projects**

One of the three administration proposals is for an Advanced Technology Education Center at Macomb Extension Center. The administration's explanation for this project is so abbreviated that it is not possible to evaluate it in any detail. Apparently, the goal is for Wayne State tenured/tenure-track faculty to engage in contract research work in conjunction with faculty at the Macomb Community College. The center would be housed in a former Farmer Jacks building of unspecified size. No estimate is made of the cost of the equipment that apparently will be needed if faculty members are to engage in research at the facility. The estimated cost of the project, not counting equipment, is \$12 million. Some of the cost is to come from the "extension center carryforward balances," which currently totals \$3.2 million. The nature of these "carryforward balances" is not explained, but presumably the money is General Fund money. The rest of the cost will come from debt. No estimate of the amount of the debt is offered, nor does the proposal indicate where the funds would come from to pay the debt service. The proposal asserts that this project, for unspecified reasons, would be instrumental in the "natural transition" of 22,000 students to a 4-year institution. In context, this 4-year institution apparently is Wayne State University. The claim, of course, is preposterous. This ersatz research facility is unlikely to have any impact at all on Wayne State enrollment.

Another proposed project is to renovate and expand the Student Center, at an estimated cost of \$23 million. The administration asserts that this project, when completed, will enhance student retention and recruitment by enhancing the University's "image and experience". It offers no support for these implausible claims. Proposals, some small, some large, for renovating the Student Center have been around for some time. The current building is serviceable but not terribly attractive. An inexpensive fix-up might be in order, with plans for a major renovation postponed until times are less austere. The administration offers no explanation for wanting to expand the facility. From casual observation, it seems that much of the current space is not utilized much of the time. The cost of the

project would be financed by debt and, if available, gifts. The debt service would be paid for by all students through an increase in the Student Activities Fee (formerly called the Omnibus Fee). A general increase in the Student Activities Fee will be treated (quite properly) as a tuition increase by the state. Given the explicit or implicit caps on tuition increases faced by the University, the payment of the debt service from the Student Activity Fee is really a charge on the General Fund. In any event, it seems odd to be asking the Board of Governors to approve a tuition increase in December.

The third proposal is for a Science and Engineering Laboratory Classroom Building. This is a proposal to be submitted for funding to the State of Michigan at some appropriate time. The state is not accepting grant requests for the current year. A brief explanation is provided in the 5-Year Capital Outlay Plan. The goal is to provide “approximately 30 laboratory space for general purpose classroom functions.” I have no idea what the quoted language is supposed to mean. The estimated cost is \$28 million. Past practice suggests that the state, if it chooses to provide funds for the project, would pay only part of the cost, leaving the rest to be picked up by the University. The 5-year plan does not indicate where the source of funds would be for any University contribution. The laboratory might be helpful to a small number of Wayne State undergraduate students, but it would not be helpful to most of them. In contrast, the renovation or replacement of State Hall would benefit the overwhelming majority of Wayne undergraduate students. The 5-year plan indicates that the laboratory became the University’s top priority as a result of an “update” of the Campus Master Plan. This “update” has not been reduced to writing and was formulated by members of the administration without any serious consultation with the academic side of the university. Only the deans and chairs of departments that would benefit directly from the laboratory were consulted. An informational slide show was presented to the Facilities Committee of the Academic Senate.

### **3. Keeping Options Open for New President**

The administration has made three proposals, presumably after giving due consideration to the pros and cons, as it sees them. Obviously, the administration and, ultimately, the Board of Governors get to make the decisions. The administration has failed to consult on these matters with the Academic Senate and should be required to do so before any action is taken by the Board of Governors. I see, however, an even more important reason for delay.

The Gilmour administration comes to a close this summer, and, with good luck and hard work, a new president will take over responsibility for setting the course of the University. It seems to me that the Board of Governors should be cautious in taking steps that would force the new president to implement and bear the burden of decisions made by the prior administration near the end of its term.

The new president will not be bound by the current administration’s endorsement of the Science and Engineering Laboratory Classroom Building project because he/she will be able to modify the “updated” Campus Master Plan and the 5-year capital outlay plan and, after appropriate consultation with the faculty, substitute a new project. The other two projects, however, do present a serious

problem for the new president. If the Board of Governors were to approve now the expenditure of design money for these projects, the new president would have to stop a moving train to change the priorities of the prior administration. Is that action fair to the incoming administration? Is it helpful in recruiting a new president to have much of the University's discretionary funds already committed by the prior administration? Just asking.