Annual Report for 2006-08 of the Budget Committee of the Academic Senate

Michael J. McIntyre, Chair, 2006-08

Wow, what a year! Two years, really. I did not prepare an end-of-the-year report last year because the year never ended for the Budget Committee. Our business usually is concluded after the Board of Governors (BOG) meeting in July. But last July, the BOG declined to set the budget, due to the uncertainties about State funding. It met in September to set the budget, by which time the new academic year had begun. And even that budget was just prelude to further budget meetings ending up in January of 2008 with a revised budget that allocated the funds received in excess of the amounts estimated by the Administration when the FY 2008 budget was initially set.

In academic year 2006-07, the Budget Committee met ten times during the year, three during the summer recess. As in the past, the committee offered its views on Administration proposals going to the BOG. The detailed minutes of the committee are available on its web site at: http://www.law.wayne.edu/mcintyre/Budget. Included in our priorities for the year were the following:

- Consultation on FY 2008 budget and tuition policies;
- Reinstatement of prior payout rate for Endowment Funds;
- Re-examination of decline in percentage of budget available for faculty hiring;
- Consultation on capital spending projects;
- Monitoring of discretionary funds spent by the office of the Vice President for Research on faculty setups and faculty retention offers;
- Consultation and communication with department/college budget committees;
- Monitoring of progress and expenses of capital campaign;
- Updates on the proposed medical research building.

Some of these activities extended into Academic Year 2007-08.

Our work in academic 2007-08 began with the major confrontation over budget cuts mandated by the BOG on the recommendation of the Administration. It was the position of the Budget Committee that tuition revenues and investment income were being underestimated significantly and that most of the cuts to the schools and colleges were unnecessary. We also argued that the cuts were imposed disproportionately on the schools and colleges, despite Administration claims that the cuts were pro rata. I presented these positions at a series of meetings of the BOG’s Budget and Finance Committee that took place in the fall of 2007 and early 2008.

By January of 2008, it was clear that the Administration has underestimated investment income and tuition revenue. In addition, the State had fulfilled its promise to return funds sequestered in June of 2007. As a result, the University had a significant pool of funds to be allocated for various uses. The Budget Committee brought to the Policy Committee and then to the Academic Senate a proposal for the use of these funds. That proposal received the
unanimous endorsement of the Academic Senate. The Administration met with representatives of the Budget Committee and the Policy Committee to try to work out a budget plan. In the end, the BOG agreed to add over 20 new faculty positions and to spend significant funds on other priorities, including the repair of State Hall. We did not get all that we wanted, but we did have considerable success in promoting an agenda that gave significant emphasis to the academic side of the University.

For Academic Year 2007-08, the Budget Committee met thirteen times, including two meetings during the summer recess. The chair and some members of the committee also had many informal meetings with the Provost and the Budget Director. The BOG’s Budget and Finance Committee met for several working sessions in the fall, attending by the chair as the faculty representative on that committee. The detailed minutes of the committee meetings are available on the committee’s website. In addition, many reports on the budget issues prepared by the chair or by the committee are available there. Although the Budget Committee did not involve itself in the internal budget matters within the schools and colleges, it did work hard to minimize the budget cuts that the schools and colleges had to endure.

The Budget Committee did have some success in a number of areas, in addition to the matters already discussed above. In particular:

- The longstanding efforts of the committee to increase the payout rate of the endowment fund finally met with success. The rate is restored to 5%, although one half of one percent continues to be earmarked for funding the Advancement Office.
- The Administration agreed to modify the plan it had brought to the BOG for funding the Advancement Office in accordance with recommendations made by the Budget Committee.
- The committee continued its policy of outreach to the various unit budget committees by organizing a joint meeting with the chairs of those committees.
- A subcommittee headed by Professor Jim Woodyard conducted a survey on the impact of the budget cuts on the unit budgets. The results of the survey are available on the committee’s website.
- The committee was successful in blocking the Administration’s initial proposal for funding summer schools — a proposal that would have drawn funds out of the schools and colleges. It also consulted with the Administration on a revised plan, although members of the committee were not entirely satisfied with the plan that was adopted.
- The committee received a commitment from Vice President Davis to come to the committee in the early fall to discuss priorities for capital projects.

The past two years have been difficult ones for the Budget Committee, due to the decline in financial support from the State. Tuition rates have been going up to fill the gap, but the BOG has become increasingly concerned about the impact of tuition rate increases on the ability of students to afford a Wayne education. Given the financial problems of the State, no short-term relief appears to be in sight.