PROPOSED RESOLUTION
ON BUDGETARY PRIORITIES FOR FY11

Whereas the Faculty Senate has previously passed resolutions calling for:

- Controlling indirect costs to colleges (the tax on colleges) and limiting costs to a fixed percentage of net revenues and
- Limiting the University's debt service to make revenues available for both academic operations and indirect costs; and

Whereas the Faculty Senate Budget and Priorities committee, the Faculty Senate Cabinet and the Faculty Senate have reviewed current drafts of the proposed budget and have held discussions on budgeting and priorities including discussions with the Sr. V.P. of Administration and Finance and the V.P. of Finance (See notes attached);

Therefore, be it resolved that with regard to the budgetary priorities and plans for FY11, the Faculty Senate recommends that in order to protect the primary mission of the University which is teaching and research, the university must:

- reduce the stress on academic units and non academic units that directly support our primary mission by:
    - giving priority to college academic needs
    - reducing the pressure to increase class size
    - reducing the pressure to use contingent faculty
    - hiring new faculty to replace faculty as they leave the University
    - maintaining the economic integrity and improving the competitiveness of faculty compensation
    - maintaining the integrity of the libraries (a non revenue generating academic unit)

- reduce the incremental costs to the FY11 budget by:
    - maintaining the reduction in the internal structural deficit at the minimum \$10M instead of increasing the reduction of the internal structural deficit to \$14M
    - maintaining the current financing for marketing and lobbying efforts instead of increasing the institutional marketing by \$535,000
    - developing a business plan for the GE/research institute

NOTES FOR BUDGET AND PRIORITIES
(Background information for B&P Resolution, April 8, 2010)
Daniel Langmeyer

1. Current transfers from general funds.

- According to the 2009 annual financial report, $16,944,000 was transferred from general funds to auxiliaries with over $11 M of those monies going to athletics.
- The amount of transfers has been increasing substantially over the years.
- Until 2000 the amount remained relatively flat at about $7.7M or less.

2. Changes in % of resources going to academics over the years.

- In 1995 and 2000 42% of general funds went to instruction. In 2009 35% of general funds went to instruction.
- In 1995 7.2% of general funds went to institutional support (administration) in 2008 10% of general funds went to institutional support and 8.8% in 2009.

3. PBB. Accounts for resources and expenditures for undesignated funds excluding regional campuses. Budgeting for uptown colleges.

- There is no uptown college that is losing money on their own operations (attributable revenue minus direct expenditures).
- Total profits from operations is $218M
- Colleges are at a (loss) only when you consider the cost of running the rest of the university (and I am certainly not suggesting that we do not need "indirect" costs).
- Resources are generated from academic units. All thresholds are met through generating operating surpluses that are used to finance other segments of the university.
- $82M is attributable to "unassigned" expenses, expenses not attributable to an individual college or other expense (note says funds transfers and contingencies). This is a huge amount and a huge increase from last year.

4. At the College Budget Level. 40% cut in budgets from 2005 through 2012.

- Between 2005 and 2008 College budgets have been reduced by about 10%.
- This year thresholds (cuts to budget but able to be made up by increased revenue) have been increased by 9.5% (started at 8% but the Provost imposed an additional 1.5% withholding).

- Expected cuts or increases in thresholds are expected to be about 10% for the next 2 financial years.
- The total hit on the college budgets will be 40% below where they were in 2005.
- Only a portion of the increases to college budgets due to increasing student count or gifts or overhead from research goes back to colleges.

5. Structural Deficits

- Over the period of a few years the University accumulated a rather large "structural deficit", internal funds overspending, that must be reduced by order of outside auditors so as to maintain our financial reputation (bond rating). Where these deficits come from is complex but at the college level some colleges and units balanced their funds (paid their debt) and are no longer part of the problem of the structural deficit. But others have not yet paid off their debts. One view of fairness would be that those who have outstanding deficits should be the ones responsible for paying it back because others have already done so. (moral hazard).

Given all of this, we must pay very close attention to what we are continuing or beginning, where we are investing our resources with an eye to the impact it has on our current ability to do our primary task which (in case there is a doubt) teaching and research.