

Bailey to propose increases, fees for 2004-2005

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Copy Editor

Citing "significant funding reductions by the state" and unavoidable cost increases, Western Michigan University President Judith Bailey will propose a university budget to the WMU board of trustees next week that contains several new fees and steep increases in graduate tuition rates, as well as major spending reductions.

Bailey's justification, outlined in a March 24 memorandum to faculty and staff, is significant because it marks the first major round of cuts to the Academic Affairs budget, which until now had been largely immune from deep cuts. According to Bailey, the non-teaching component of Academic Affairs will be targeted.

Current Revenue

In a presentation titled "The University Budget Outlook," prepared by Bailey and Robert Beam, WMU vice president for business and finance, the administration indicated that the university's general fund revenue derived from tuition (55.3 percent), state appropriations (41 percent) and "other" (3.7 percent).

However, the general fund constitutes only 55.2 percent of the university's total current funds. The rest includes auxiliary funds (29.8 percent), expendable restricted funds (8.6 percent), designated funds (6.3 percent) and insurance and fringe benefits (0.1 percent).

These figures have shifted over time. In 1979, according to the presentation, general fund revenue was comprised of state appropriations (70 percent), tuition (26 percent) and "other" (4 percent).

In her memo, Bailey said that "our best estimate today is that the university faces a \$13.7 million general fund budget shortfall for the 2004-05 fiscal year," attributing

the deficit to the dwindling state appropriations and unavoidable fees.

Budget Shortfall

The administration targeted \$13.7 million in budget reductions for the next academic year, according to the "Budget Outlook." This figure assumes a 2.3 percent reduction in enrollment (for a loss of \$3.2 million) and a reduction of \$2.4 million in state appropriations, offset by \$4.3 million in additional tuition revenue. Thus, overall revenue is predicted to decrease by \$1.3 million for the next year.

Coupled with \$12.4 million in expense changes, this leaves the university \$13.7 million in the hole, which must be addressed through reduced spending.

Among the expense changes: \$5.9 million for compensation, \$1.7 million for graduate tuition remission, \$2 million for academic programming and \$800,000 for insurance and bank service charges. The remaining \$2 million is divided among four other expense categories.

Budget Cuts

To balance the university budget, the administration employed four principles described in the "Budget Outlook" presentation — the biggest reductions would be assessed against non-instructional areas; compensation costs would be decreased by leaving some vacancies unfilled; essential investments would continue to be made; and infrastructure and staffing would be funded to meet basic needs.

According to administration figures, each of the functional divisions of the university, apportioned by WMU vice presidents, will experience base budget reductions. Over the last two combined academic years, the base budget has declined as follows: Office of the President, 21 percent; VP Academic Affairs,