

**UNIVERSITY OF MICHIGAN-FLINT  
CHANCELLOR'S ADDRESS TO THE CAMPUS COMMUNITY  
ON THE UNIVERSITY BUDGET  
KIVA ROOM, UNIVERSITY CENTER  
DECEMBER 17, 2003**

**Juan E. Mestas, Chancellor**

When we scheduled today's meeting, I thought that the state government would have determined by now how much will be cut from the university budget. That is not the case, but they appear to be getting close. At any rate, it seems safe to assume that the state allocation for UM-Flint will be cut by 5%; that is, by \$1.1 million.

Before I tell you how we plan to subtract \$1.1 million from our operational budget, let me thank the members of the Budget Priority/Chancellor's Advisory Committee (BP/CAC), who are sitting here, by my side, along with the Provost and the vice chancellors, making with their presence a powerful statement of unity.

As you know, BP/CAC is the elected faculty committee that advises me on budget and policy matters. This year, the faculty decided to invite two members of the Staff Council and two members of the Student Government Council to join the group, in order to get a broader perspective on the impact of budget cuts. The expanded committee worked closely with me and with the vice chancellors, primarily with Provost McLaughlin and Vice Chancellor Barthelmes, in devising the plan that I will present to you in a few minutes.

Let me introduce the individuals who are sharing the stage with me:

Donna Fry-Welch, Chair, BP/CAC  
Steve Meyers, BP/CAC member  
Mark Perry, BP/CAC member  
Paul Streby, BP/CAC member  
Paula Pollander, Chair, Staff Council  
Eric Burns, President, Student Government Council  
Eric Lerche, Vice President, Student Government Council  
Renate McLaughlin, Provost  
David Barthelmes, Vice Chancellor, Administration  
Virginia Allen, Vice Chancellor, Student Services and Enrollment Management  
George Wendt, Vice Chancellor, Institutional Advancement

I am most grateful for their advice and their support.

Many individuals and offices worked long hours to provide the information and the analysis that we needed to make our decisions, but I want to single out two: Jerry Glasco and Paula Hohn, director and financial analyst, respectively, of the office of Financial Services and Budget. I don't know what we would have done without them.

At the very beginning of this process, we established the following guiding principles:

- Avoid a midyear increase in tuition and fees.
- Protect academic activities, inside and outside the classroom, that support the students' progress toward graduation.
- Protect the safety and health of the campus community.
- Avoid across-the-board salary cuts.
- Avoid lay-offs or keep them to a minimum.

I am pleased to tell you that we have adhered to these guiding principles. There will be no midyear increase in tuition and fees. We will not cut any academic activities that support the students' progress toward graduation. We will not cut any functions that would affect the safety and health of the campus community. There will be no across-the-board cuts. And, while we could not avoid lay-offs entirely, we were able to limit their number to two.

The budget-reduction plan consists of two parts: savings and cuts.

These are the savings:

- As a result of deregulation and leveraged purchases, we project a savings of **\$250,000** in utilities.
- As a one-time emergency measure, we will cap faculty stipends for the spring and summer sessions at \$5,000 for lecturers and assistant professors, \$5,500 for associate professors, and \$6,000 for full professors. These stipends are not part of the salaries of faculty members. Spring and summer instruction is not a guaranteed part of a faculty member's compensation, except for the few who are hired on a 12-month basis, and these will not be affected by the caps. I realize that for some individuals will be impacted negatively by this measure if they opt to teach during the spring or summer, but the alternative would have been across-the-board salary cuts and/or many more lay-offs. We project that this temporary measure will result in savings of **\$200,000**. The spring/summer enrollment incentives that were provided to the units last year will be in place again this year, adjusted to reflect the stipend caps.
- The restrictions on travel that we established at the beginning of the year have been working. Travel expenditures are down by 28%, a savings of \$56,000. That is a very good development, but we are convinced that expenditures in travel and hosting can be reduced further by establishing tighter controls. With that purpose in mind, we will take the following actions:
  - The approval process for travel and hosting will be standardized and a universal request form will be developed. All travel and hosting must be pre-approved *in writing* by an executive officer, who could delegate that authority one level down. Specific instructions will be distributed to the units at a later date.
  - We will reduce significantly the number of purchase cards (PCards) distributed to employees. The head of every unit will receive a list of its employees who have PCards assigned to their names and will be asked to review that list in accordance with specified

criteria. In principle, unit heads; staff who do purchasing; and a few individuals who, by the nature of their jobs, do frequent travel and hosting will be allowed to keep their PCards. All other cards will be rescinded. We project that these controls will result in savings of **\$50,000**.

- By delaying hiring in at least one senior administrative position until the end of the academic year we project to save an additional **\$50,000**.

These saving measures add up to **\$550,000** . The remaining \$550,000 will come from direct cuts, as follows:

- Our public television station, WFUM (Michigan Television) is an important asset for our campus and for our neighboring community. Last year, the television station merged with the radio station, based on the Ann Arbor campus, forming a new operation called Michigan Public Media. Since then, Michigan Television has had a remarkable turnaround. It is in a stronger financial shape than ever before and programming quality is improving continuously. Michigan Public Media put a very strong business plan in place last year, which provided for a 10% annual reduction in the UM-Flint allocation to the television station as funds from independent sources grew. The television station has been so successful in fundraising and membership development that it is ahead of the plan, and we are able to reduce our campus support at a faster pace than originally projected. We will be reducing our allocation to Michigan Television by **\$400,000** this fiscal year, bringing our total contribution to less than \$300,000 and in-kind support. Since this reduction is substantially beyond the specifications of the business plan, President Coleman has agreed to provide bridge funding for a transitional time so the station can operate without disruption. We are very grateful to President Coleman and delighted with the accomplishments of our public television station.
- The remaining cuts will be implemented through administrative reorganizations in Student Services and Enrollment Management, Educational Opportunity Initiatives, and University Outreach. The General Fund budgets of these offices will be reduced by **\$85,000** , **\$40,000** , and **\$25,000** , respectively. The offices of Admissions and University Relations will not be cut at all.

All these numbers together add up to the \$1.1 million that we must cut from our budget.

If new resources become available, either through enrollment growth or through increased state allocations (it's the wishing season), we will consider the best ways to use them. There will be no automatic restorations to those units that have been cut. In some cases, it will be advisable to restore funds; but in others it might be better to allocate the funds in different ways.

Through sound, prudent management and the sacrifices of many people, we have managed to minimize the pain caused by the third budget cut from the state in a year and a half. Midyear cuts are particularly difficult to implement because half of the annual budget of the university has already been used.

Let us not lose perspective, though. Our faculty and staff did not receive salary increases this year. Many offices are not getting the support they need as a result of previous staff layoffs. (In this area, however, I am pleased that we have been able to hire back two of the employees who were laid off earlier this year.) Many services to the students and to the rest of the campus community have been curtailed. Necessary maintenance has been delayed indefinitely. And our reserves are practically depleted, leaving the university at risk in the case of emergency needs, still another budget cut from the state, or continuing decline in enrollment.

Let me say a word about enrollment. While we cannot control the fiscal decisions of the state, we can certainly influence our enrollment trends. The Enrollment Management Task Force will issue its report at the beginning of the winter semester, and I know that the report will include some excellent recommendations. I am delighted with the extraordinary response from the campus community to our call for recommendations to improve student recruitment and retention.

I am also delighted by the extraordinary response from the campus community—faculty, staff, and students—to the challenges of our budget situation. I have received numerous suggestions and expressions of support from many groups and individuals. By and large, the tone of the discussions has been dignified, and the recommendations have been made in a spirit of good citizenship. There have been occasional instances of miscommunication and misunderstanding, but they have been few and can be explained by the anxiety caused by a string of budget cuts. I can say without hesitation that, at every turn, we have tried to act in the best interest of the students.

We have been challenged, and we have lived up to the challenge. Our strength lies in our ability to come together, as a community—even as a family—using our collective talents responsibly, respectfully, and constructively for the common good. We can all be proud of ourselves and of each other.

On that note, let me wish you peace and joy in the holidays. The world begins anew in January.