

# Faculty Senate and AAUP Joint Budget Committee Report

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# Purpose of Joint Budget Committee

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- Analyze extent of Covid-19's impact on UC's budget
- Identify possible strategies to preserve the academic and research missions
- Evaluate the shared sacrifice across all units



# Data

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- U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS)
- UC Annual Accounting Fund Statements
- Ohio Auditor Reports
- Internal UC documents
- Consultant report completed by Howard Bunsis for the AAUP
- Specially requested reports from various UC units.

# Acknowledgements

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- Bob Ambach
- Pat Kowalski
- Carol Metzger
- Liz Aumann
- Sarah Huber
- Dawn Wooten
- Ruth Ross
- Susana Luzuriaga Voight

# Changing Budget Assumptions

	FISCAL YEAR 2021			
	Baseline	May '20	June '20	07/08/20 - A2
<b>SUMMARY OF BUDGET REALLOCATION</b>	<b>FY 21</b>	<b>FY 21</b>	<b>FY 21</b>	<b>FY 21</b>
Total Revenue & Funding Sources	\$ 8,729,346	\$ (58,383,432)	\$ (35,407,704)	\$ (20,399,619)
Total Incremental Expenses	\$ (20,263,645)	\$ (17,469,342)	\$ (10,074,874)	\$ (10,074,874)
<i>FY Surplus/(Deficit) after Expenses and Transfers</i>	\$ (11,534,299)	\$ (75,852,774)	\$ (45,482,578)	\$ (30,474,493)
<b>Calculated Budget Reallocation Total</b>	<b>\$ 11,534,299</b>	<b>\$ 75,852,774</b>	<b>\$ 45,482,578</b>	<b>\$ 30,474,493</b>
<b>Reallocation Percent Variance</b>	<b>3.0%</b>	<b>20.0%</b>	<b>12.0%</b>	<b>8.0%</b>



# Reasons for Varying Assumptions

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- Amount of SSI Cuts
- Use of Reserve Funds
- Enrollment
- Changes to Incremental Expenses

# State Share of Instruction (SSI)

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<b>Final FY 19 SSI</b>	<b>Projected FY 20 SSI</b>	<b>Final FY 20 SSI with reduction</b>	<b>Projected FY 21 SSI</b>
\$212,730,073	\$214,835,062	\$206,664,853	\$213,822,798

# Tuition Revenue

Revenue and Funding Sources	Baseline	May 2020	June 2020	July 8 2020	Sept 2020
<b>Gross Tuition Rate Increase</b>	\$2,830,878	\$(21,314,887)	\$(18,367,961)	\$(29,367,961)	\$5,365,906
(Increase)/Decrease in Grad Scholarships	-	-	\$(825,139)	\$(825,139)	\$(825,139)
(Increase)/Decrease in Undergrad Scholarships	-	-	-	-	\$(2,500,000) approx
<b>Total Net Tuition</b>	\$2,830,878	\$(21,314,887)	\$(19,193,100)	\$(30,193,106)	<b>\$ 2,040,767</b> <b>approx</b>



# Cuts to Incremental Expenses

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- \$2.8 million
  - Unclassified staff suspended annual pay increase for unclassified staff
- \$2.3 million
  - Cut to athletic subsidy
- \$2.5 million
  - Cut to the UC Foundation
- \$250,000
  - Research faculty start-up funds

# Adjust the Reallocation to 3%

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<b>Revenue</b>	SSI	\$0
	Net Fall Tuition	\$2,040,767
	Net Spring Tuition	\$0
	Net Summer Tuition	\$0
	Structural Deficit Subsidy Return	\$9,793,481
	<b>Total Increase in Revenue</b>	<b>\$11,834,248</b>
<b>Expenses</b>	Incremental Expenses	(\$10,074,874)
	Covid-19 Expenses	(\$7,500,000)
	Reinstate Unclassified Raises	(\$1,800,000)
	Eliminate Administrative Voluntary Pay Cuts	(\$1,200,000)
	<b>Total Increase in Expenses</b>	<b>(\$20,574,874)</b>
<b>Reallocation</b>	FY21 Deficit	(\$8,740,626)
	<b>% Variance</b>	<b>2.25%</b>

- Enrollment and tuition revenue to be flat in the spring 21 and summer 21
- Flat SSI dollars
- \$7.5 million in Covid-19 related expenses
- Reinstatement of classified staff raises
- Elimination of voluntary administrator pay cuts

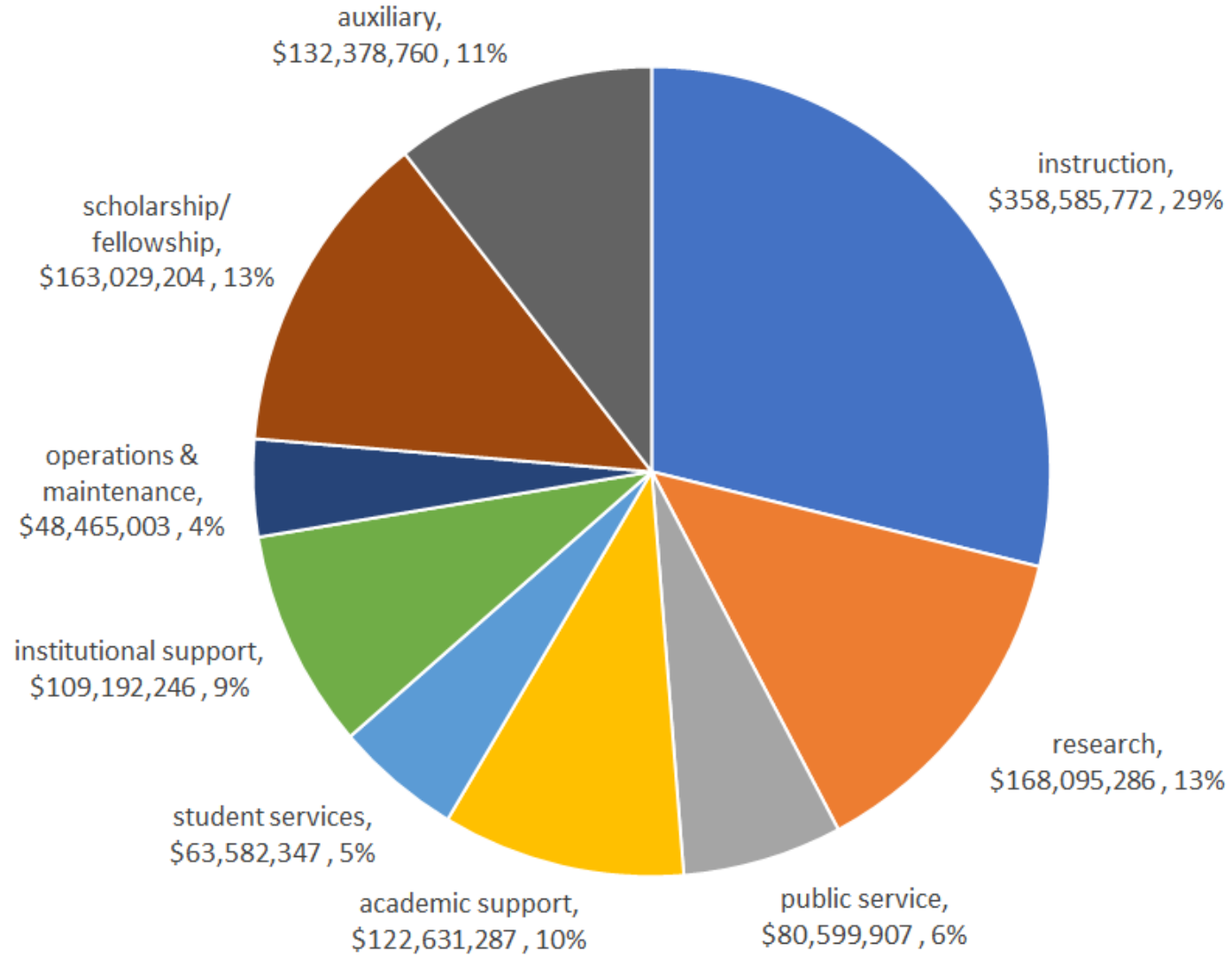
# Shared Sacrifice

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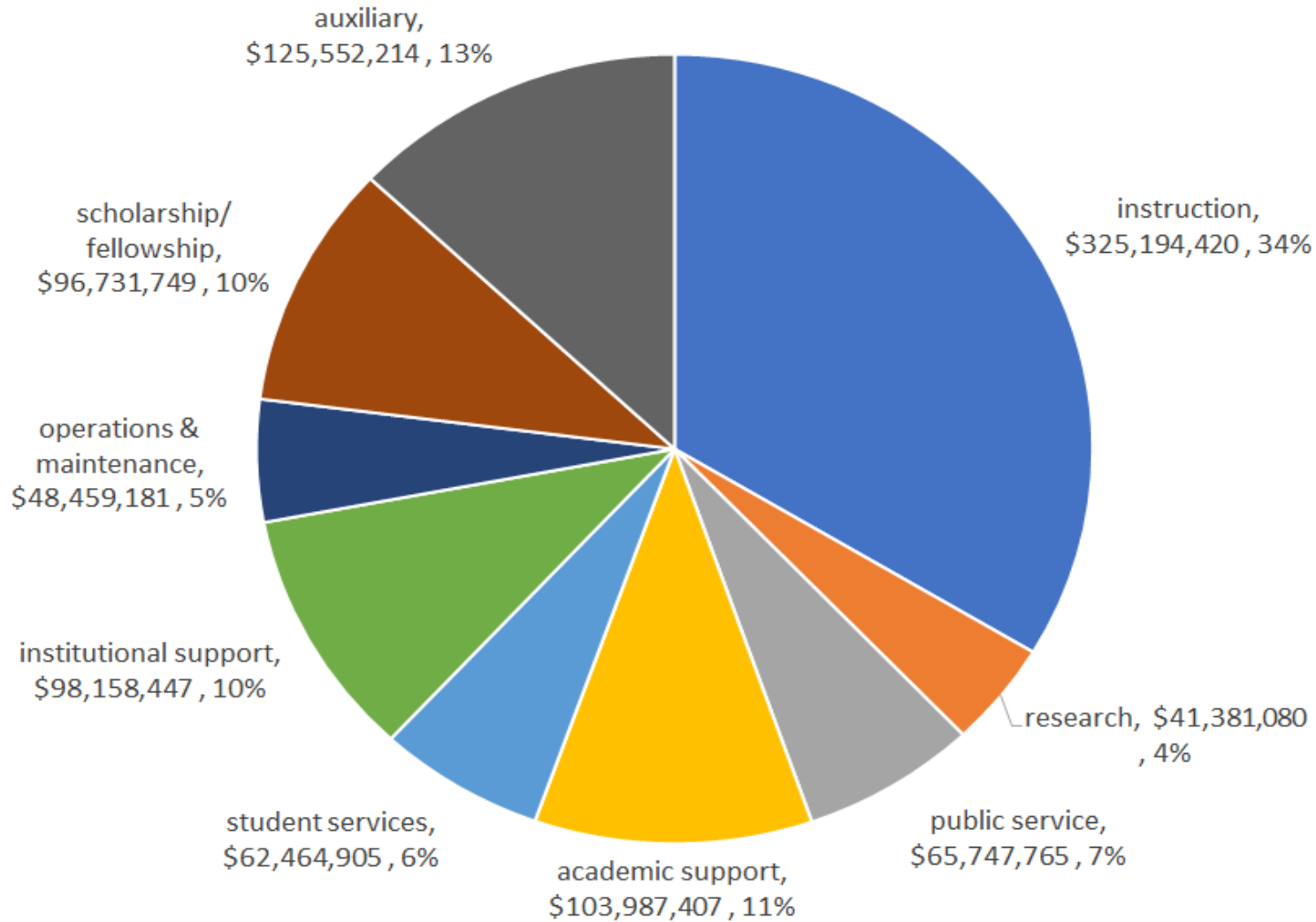
- 8% Cut to all VP Areas
- 20% Cut to Athletics Non-Debt Subsidy
- 20% Cut to Foundation Subsidy



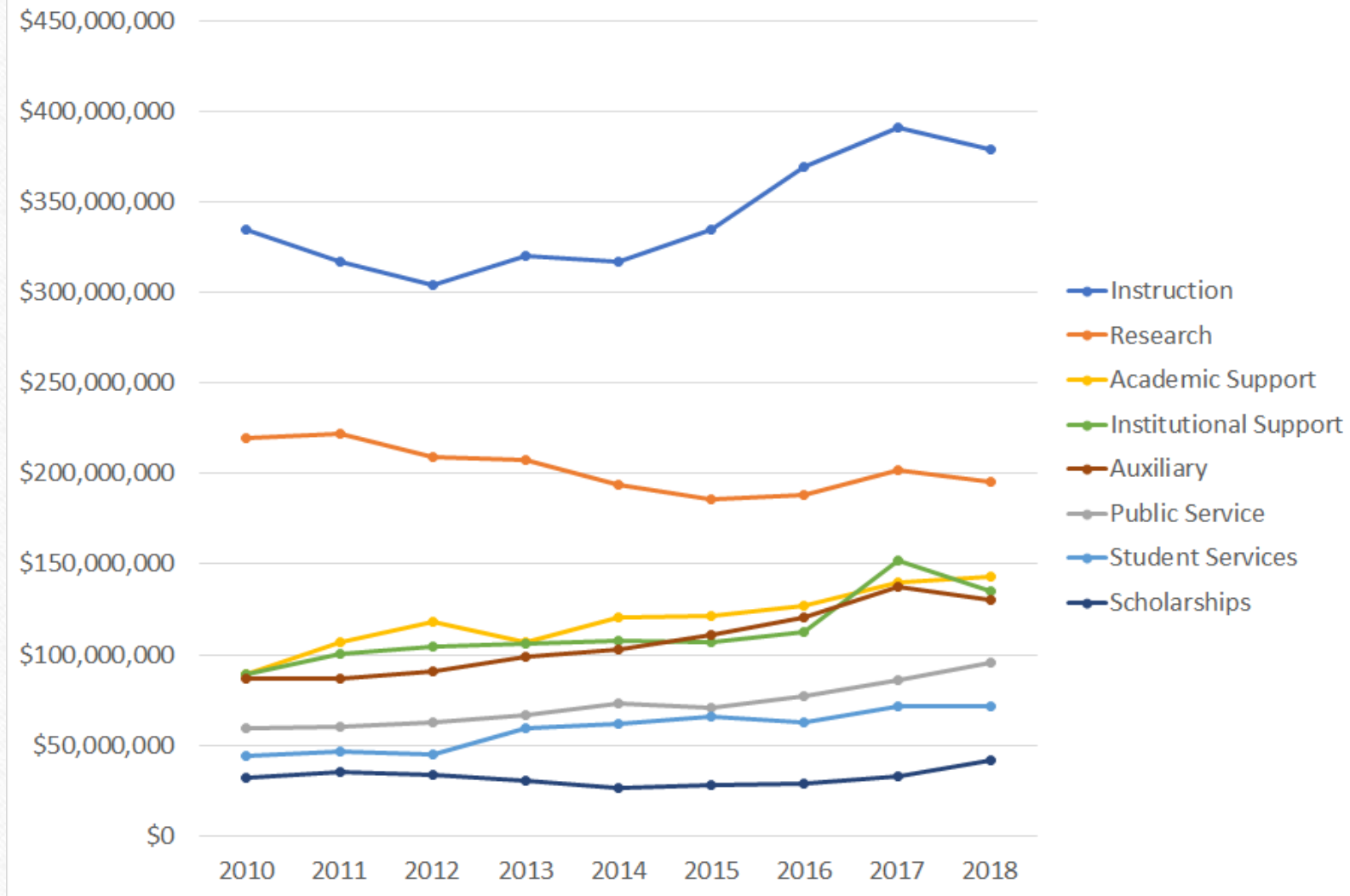
### UC Total Budget Expenditures for Year Ended June 30, 2019



### UC Budget Expenditures Excluding Restricted Funds for Year Ended June 30, 2019

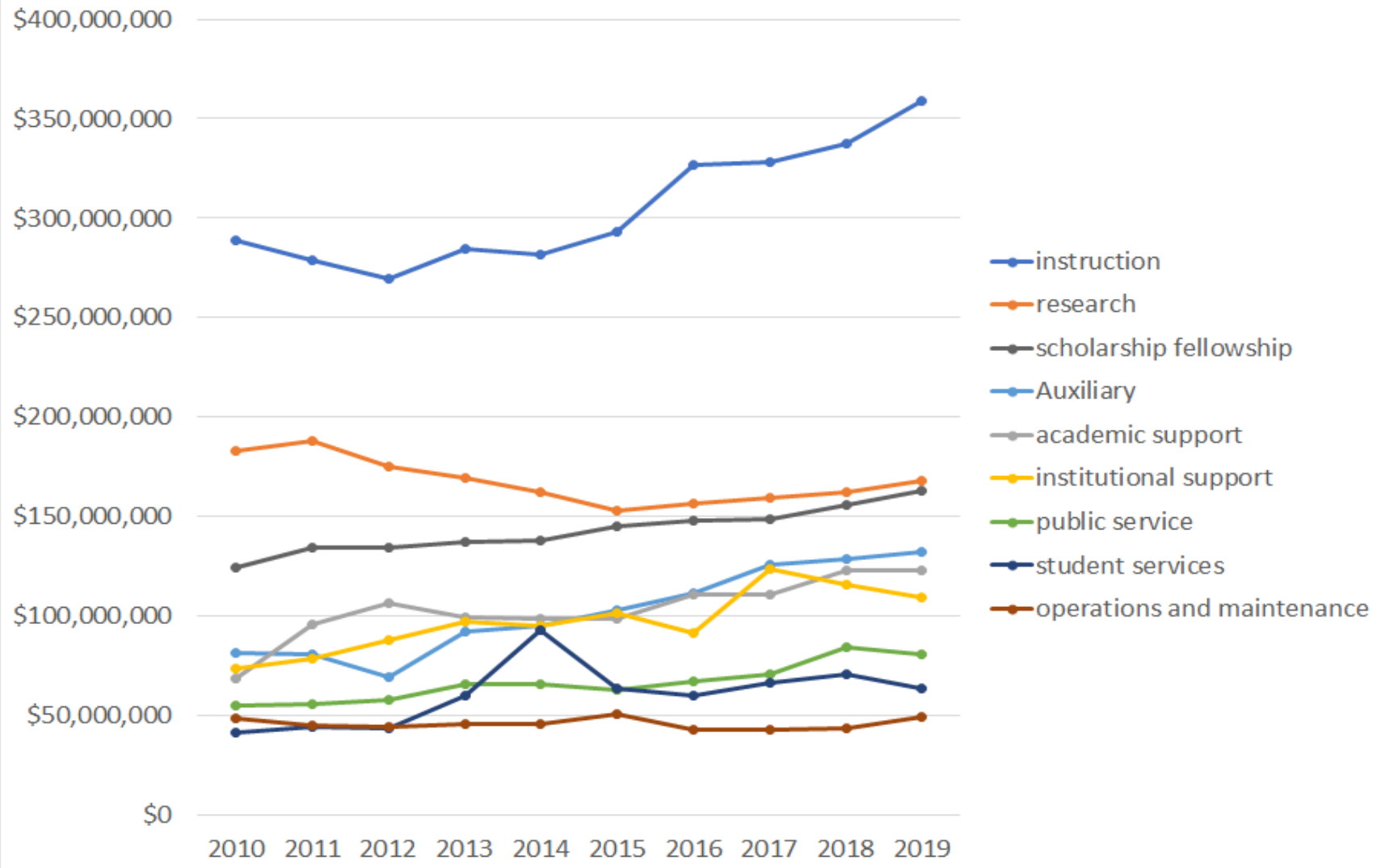


UC Total Expenditures by Functional Area, 2010-2018 (IPEDS)

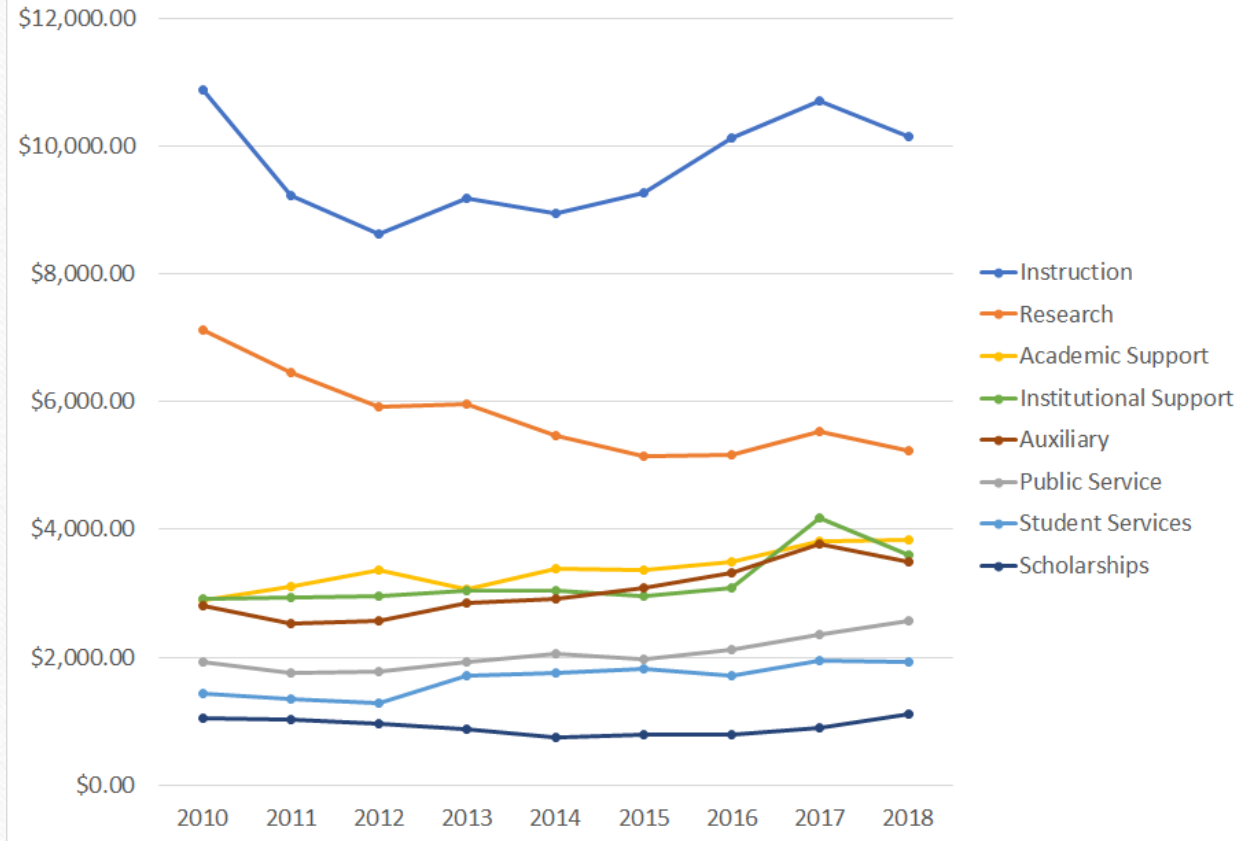




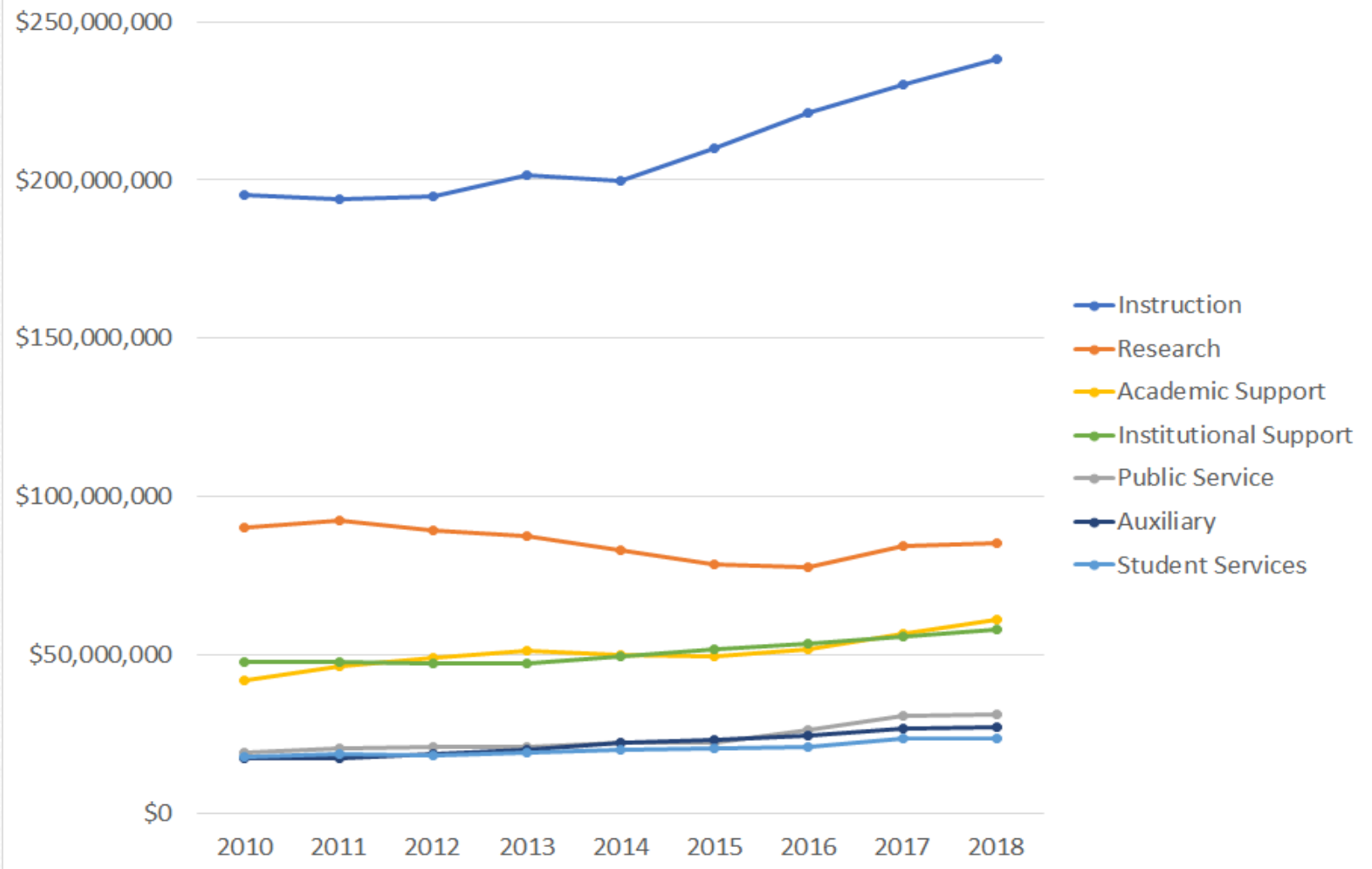
UC Total Expenditures on Functional Areas, 2010-2019



UC Total Expenditures per Student FTE by Functional Area, 2010-2018 (IPEDS)

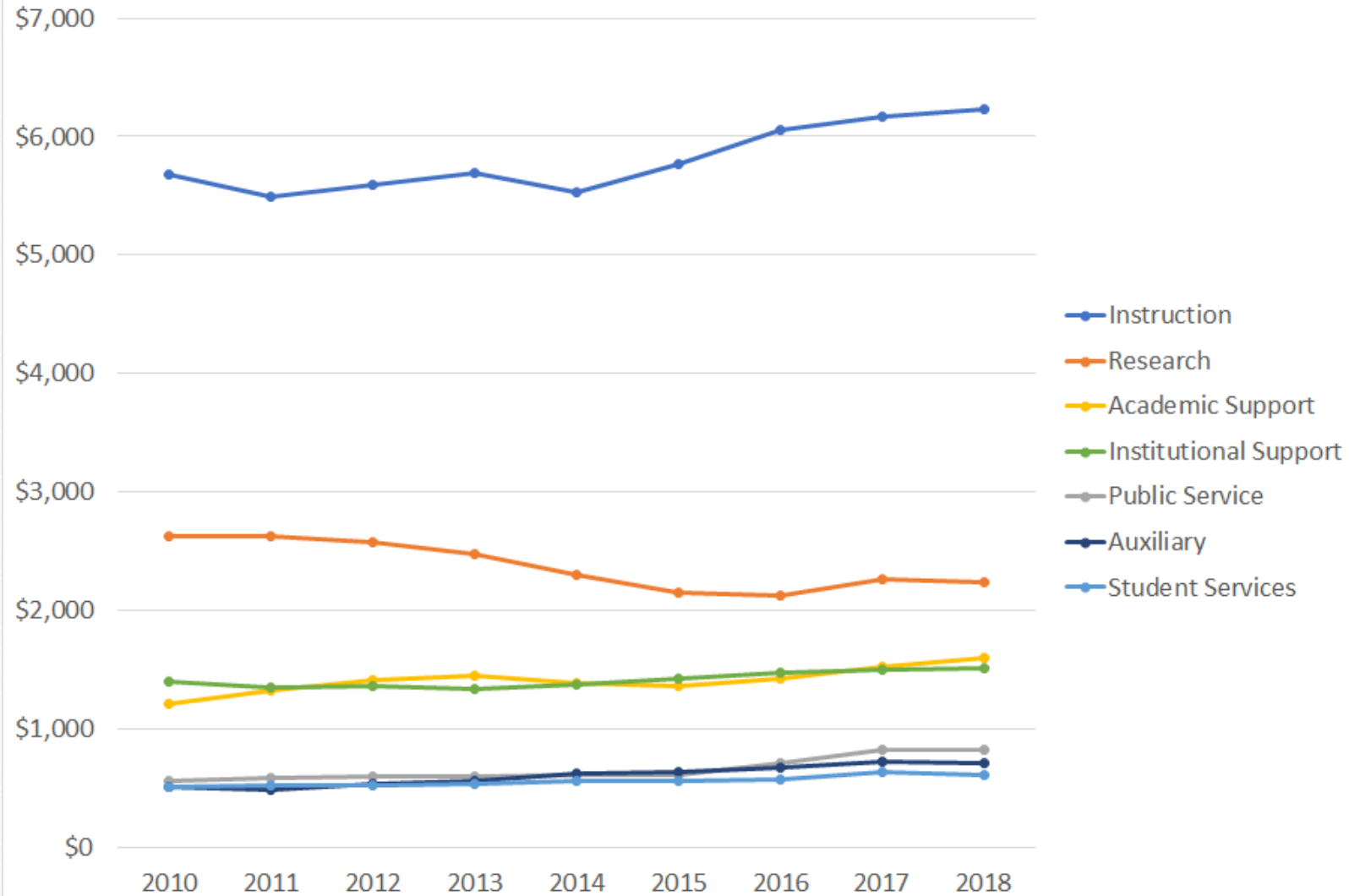


UC Salary Expenditures by Functional Area, 2010-18 (IPEDS)

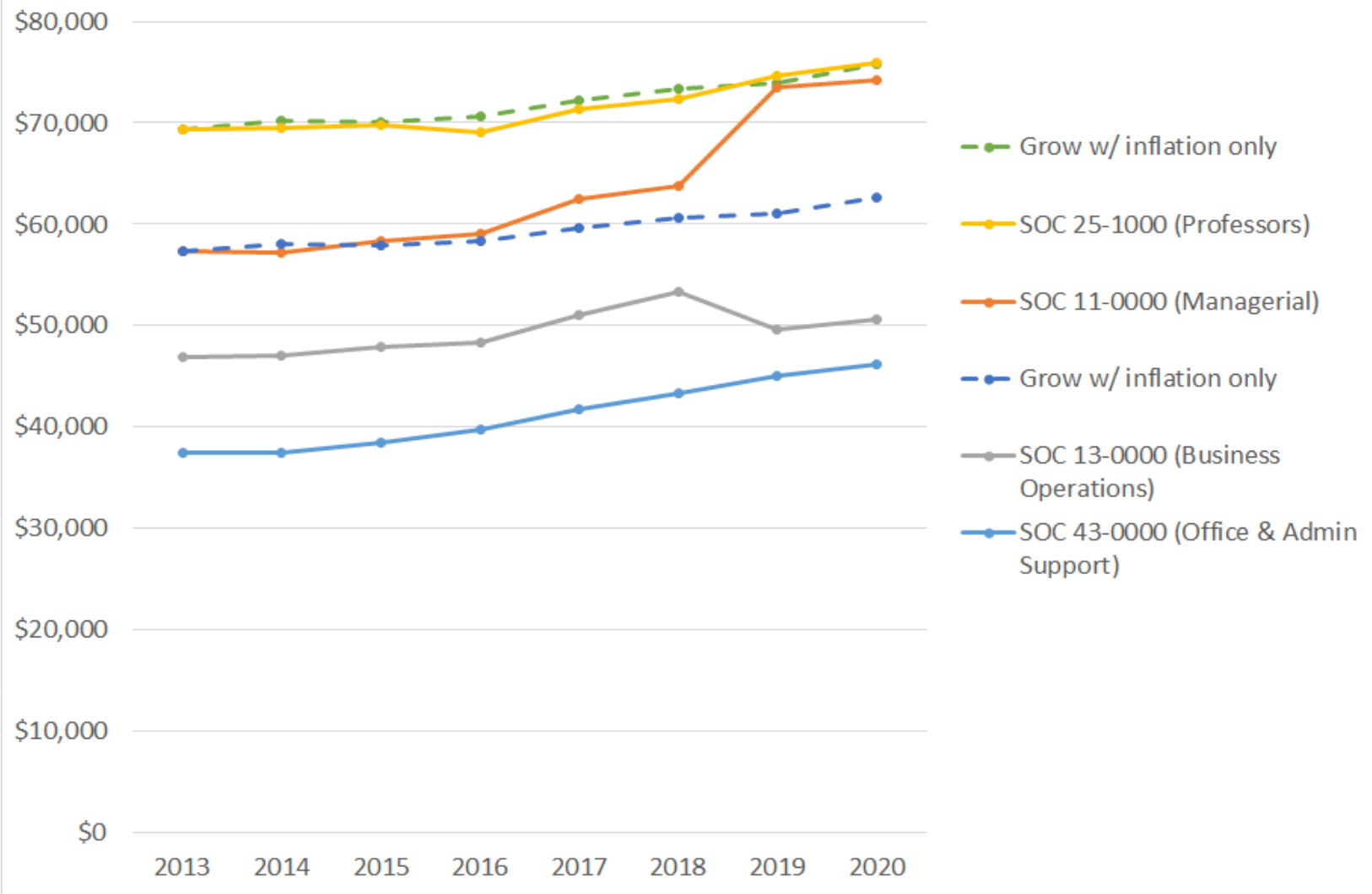




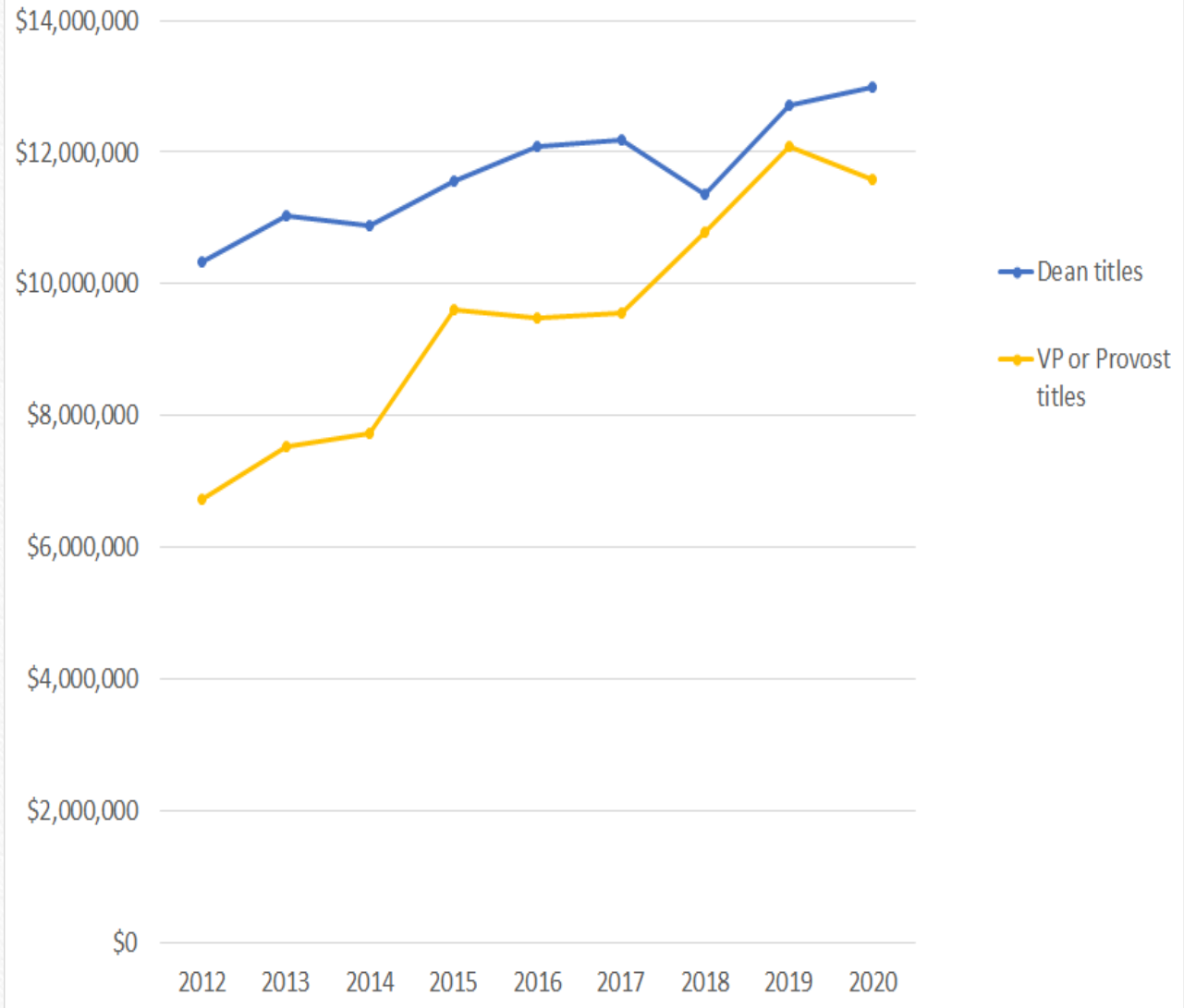
UC Salary Expenditures by Functional Area per FTE, 2010-18 (IPEDS)



Median Base Salaries by UC Employee Type, 2013-2020

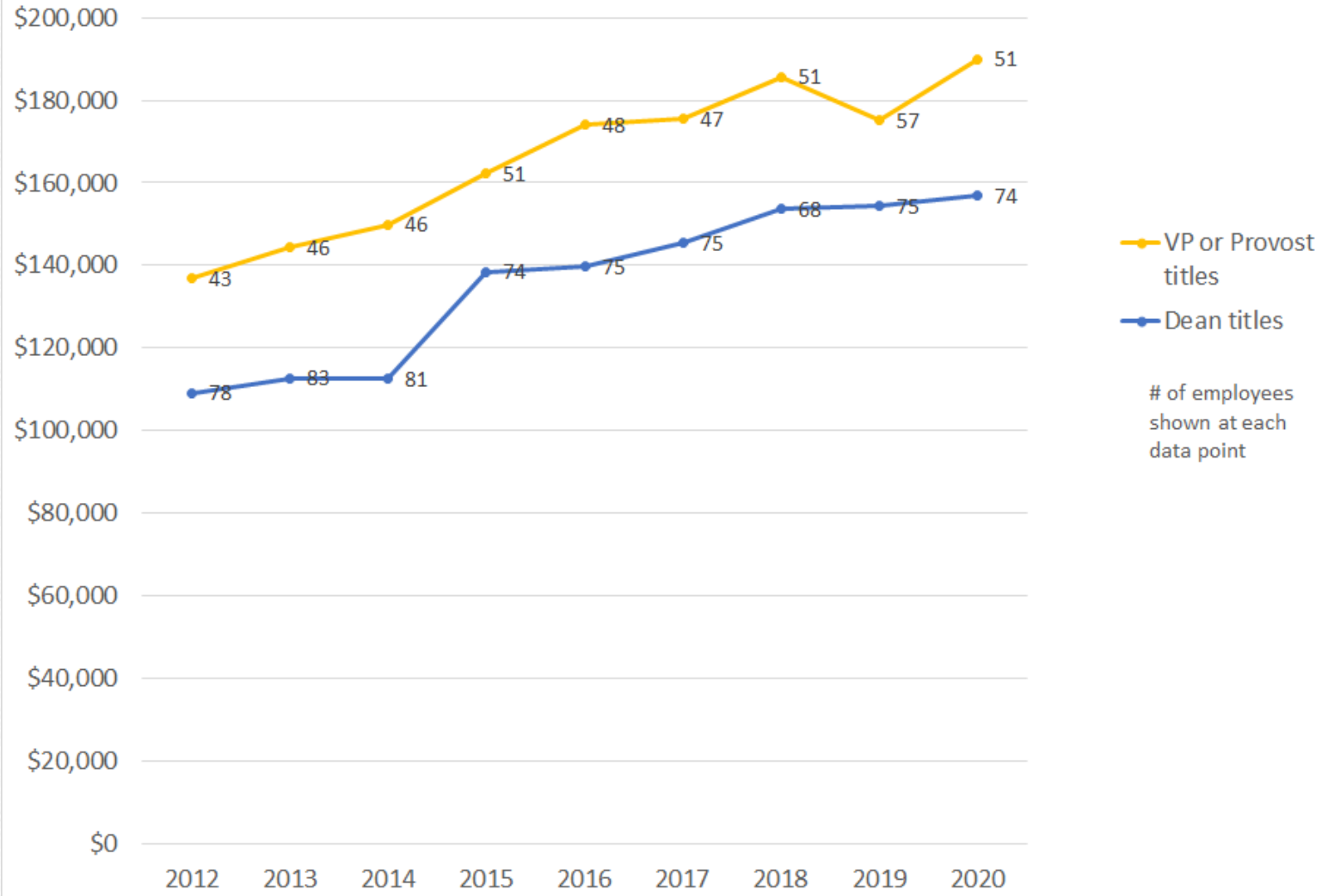


Sum of UC Administrators' Base Salaries, 2012-2020

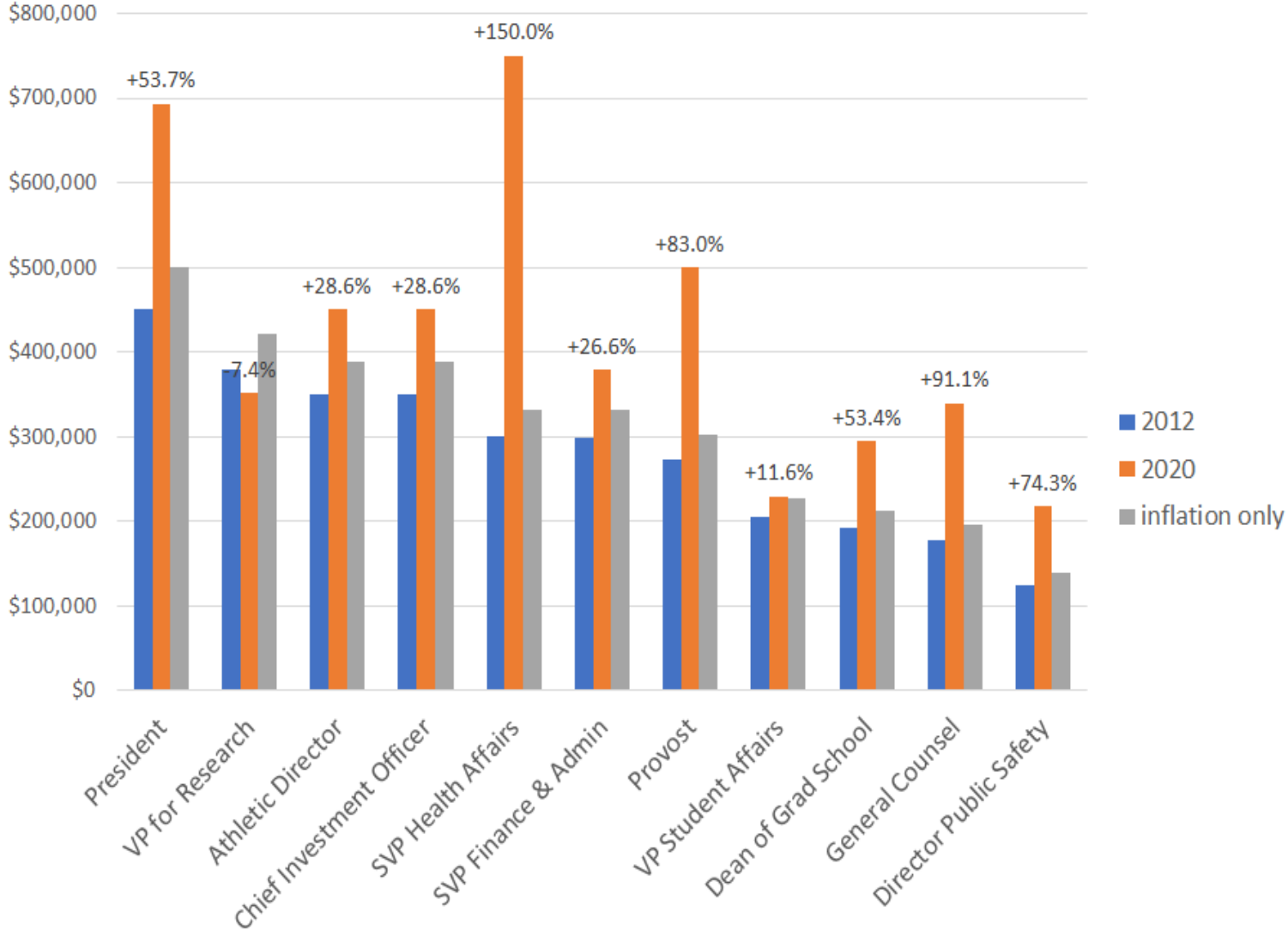




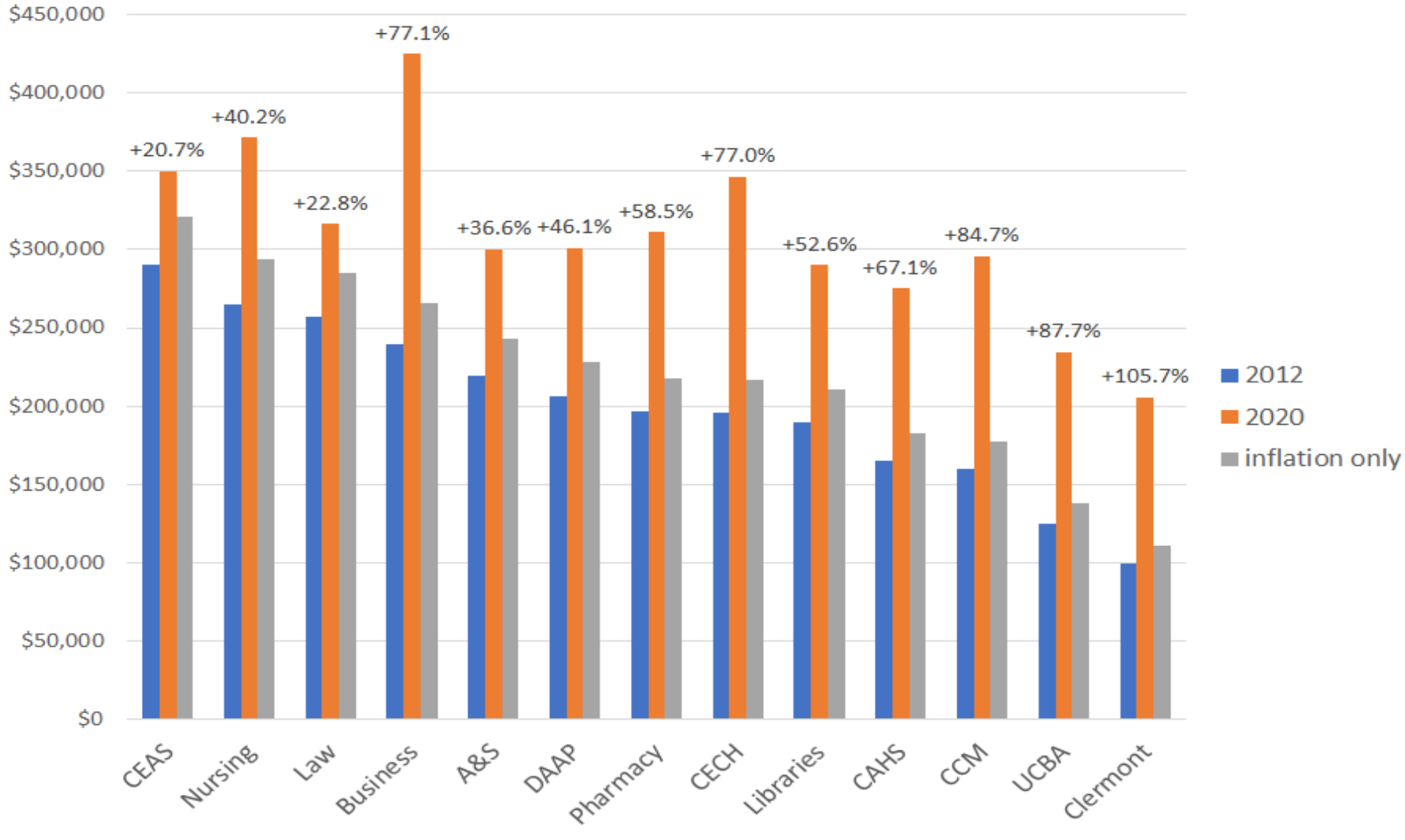
UC Administrators' Median Base Salaries, 2012-2020



Base Salaries of UC Central Administrators, 2012 vs. 2020



Base Salaries of UC College Deans, 2012 vs. 2020





# Problems with Current Budgeting Practices

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- College baselines need to be reset.
  - 3 colleges unable to find 8% in permanent cuts
  - Systemic, structural, and economic realities prevent growth
- Budgets are not immutable, and the insistence on permanent cuts forces colleges to make choices that impede their ability to grow out of the reallocation.

# Future Directions

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# Immediate Actions

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1. Change the current FY21 reallocation from 8% to 3% for the colleges.
2. Bring back laid off employees, reinstate and provide retroactive pay raises for staff and cancel furloughs.
3. Begin quarterly meetings between the Faculty Senate Budget and Priorities Committee and the Vice President of Finance to have in-depth budget discussions
4. Begin quarterly meetings between the AAUP Budget and Priorities Committee and the Vice President of Finance to have in-depth budget discussions,



# Long Term Actions

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- Budgets are not immutable. Reassess and reconsider the budget assumptions:
  - permanent cuts should not be used for temporary crises.
  - The budgetary baselines of the colleges should be reset to put them on a more equitable and stable footing.
- Look to sources of funds for cuts other than academics. Athletic spending and administrative salaries stand out as viable alternatives.
  - Recalibrate spending on salaries of “central administrators” relative to faculty and staff salaries.
    - The president’s total compensation should be no more than four (4) times the median full-time AAUP-represented faculty.
    - Long-term reductions in administration base salaries should be made to better align them with inflationary growth since
  - Provide further clarity and detail on how athletics is funded.

# Long Term Actions Continued

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- Incorporate predictive modeling that uses additional sources of data vetted by multiple stakeholders—including faculty, staff, and students---in the budgeting process for the academic side of the house.
- Increase adjunct salaries with continued raises in parity with AAUP-represented faculty raises.
- UC should develop a plan to restore the proportion of expenditures devoted to research to 2010 levels.