What follows are some of the key points made in Rudy Fichtenbaum’s presentation on the university’s budget issues at our Fall 2016 chapter meeting.

1. The university does not have a revenue problem. After a brief spike in revenue immediately following the recession and attributable to the stimulus spending and students’ completing their degrees before the shift to a semester calendar, our revenues have been relatively steady and, putting aside the one spike, higher than they have ever been previously.
2. But, very clearly, the university has been overspending—has a “spending problem.” The following chart shows the university’s cash flow, its spending measured against its revenues, over the last fifteen years. It is important to note that for a public university to have negative cash flow is a relatively rare occurrence, but for a university to have successive years of negative cash flow is almost unheard of.
3. The overspending has not been on instruction. The following pie charts show that from 2002 to 2016, spending on instruction has declined from 39% to 37% of the total budget. That two-percent decrease may seem small, but it amounts to $52.3 million, or an average of $3.5 million per year, that has been shifted from instruction to other “priorities.” Worse, the second chart shows that the bulk of this shift in allocations away from instruction has actually occurred over the last six years. (And let me remind everyone that over the first three of those six years, BUFMs received no salary increases.)
Monies Shifted Away from Instruction