

March 29, 2018

University Response to Budget-Related Matters

The University deeply regrets the pain caused by recent budget decisions. We understand how difficult this has been for the impacted student-athletes and employees, but the situation dictates that hard decisions must be made. The budget challenges facing Eastern Michigan University (EMU) are shared by many of our peers; we are not alone in this situation. As outlined in more detail below, these challenges must be addressed – and the previously-announced actions preserved – to ensure that EMU has the resources to continue investing in its future: high-demand academic programs, student support services, and exceptional facilities.

The following information outlines specific responses to the points presented to the President on March 27, 2018.

Demand #1: “Immediately halt the implementation of cuts to staff and the swimming and diving, wrestling, softball, and tennis programs pending a full review and a decision-making process involving campus stakeholders.”

University Response: EMU recently eliminated 60 staff and administrative positions – the vast majority of which were vacant – and four sports programs to (1) ensure a sustainable budget and (2) re-allocate University resources to continue investing in high-demand academic programs, student support services, and exceptional facilities. No instructional positions were eliminated.

The University’s budget is driven by several factors.

- **Declining State support:** State financial support to public universities across the nation declined significantly over the last ten years, particularly in Michigan. As Prof. Rob Carpenter noted during his [recent presentation](#) at the town hall meeting hosted by the faculty unions, EMU receives nearly [\\$10 million less per year](#) from the State of Michigan today than we received in 2003.
- **Population shifts:** High school [enrollment has declined](#) significantly in Michigan and is projected to continue declining over the next ten years. This has resulted in a decline in student credit hours (SCH) at universities across Michigan. SCHs are the primary source of revenue for EMU, particularly with the decline in State support. Action must therefore be taken.

- **Enrollment shifts:** The decline in high school enrollment has also caused a significant [decline in community college enrollment](#), which is a key source of transfer students for EMU. Indeed, over 60% of students who graduate from EMU have attended a community college.

As a result of these challenges, EMU has operated with a [budget deficit](#) in each of the last seven years. This problem is not new; the efforts to address it are not new. The University has taken numerous steps to reduce spending and invest in new initiatives to position EMU for the future, including eliminating well over 100 positions since January 2016; nearly 10% of all administrative and staff positions were eliminated during that time. But, as Prof. Carpenter noted in his [presentation](#) at the town hall meeting, more must be done. **That fact reinforces the need to take action now.**

Public universities across Michigan and the nation are facing [similar trends](#) with State funding and enrollment. Many have been forced to make similarly difficult decisions. During this process, special care was taken to protect EMU's core academic mission. As noted above, these actions were painful but necessary to ensure that resources are available to continue investing in high-demand academic programs, student support services, and exceptional facilities.

The impacted unions were notified in advance of the recent budget actions. Going forward, as additional budget plans are developed, University administrators will continue to seek applicable input through the proper venues.

For these reasons, the decision to eliminate the administrative and staff positions will not be reversed.

The decision to eliminate four sports programs was extremely difficult. The student-athletes who participate in these sports are outstanding scholars and athletes who have given countless hours to positively represent EMU. No University President or Athletic Director wants to inform hard-working student athletes and coaches that their program was eliminated. Decisions like this are not taken lightly by our University and are done with a heavy heart. This decision was timed to ensure that the impacted students have time to make plans about their futures should they wish to explore sports participation at another university. All impacted student-athletes will continue to receive their athletic scholarships for as long as they remain students at EMU and retain their institutional eligibility.

The University considered many factors when making this decision. Included in those factors are program cost, athletic facilities (current and future needs), and a comparison of sports sponsored by Mid-American Conference (MAC) schools.

EMU previously offered 21 sports – more than any of our peer institutions in the MAC, each of which offers 16-19 sports. Needless to say, such a disparity is expensive. The decision to eliminate four sports will align EMU with our MAC peers.

In each of the four impacted sports programs, expenses exceed revenues (even when including tuition, room, and board paid by student-athletes, as well as donations). We regret that some student-athletes and family members have been given contrary information from external parties via social media; such information is false. An [MLive article this week notes the costs of the affected sports](#).

For men's swimming and diving, the conference only has two full MAC members, one of which is non-scholarship, and three affiliate members. Additionally, six MAC schools and ten universities throughout the State of Michigan have eliminated wrestling.

Faculty and student groups have, for years, called on the University to reduce spending on Athletics. When fully implemented, these actions will reduce expenses by \$2.4 million per year. An [MLive article this week details how EMU has reduced its athletic expenses](#).

Various groups have graciously initiated fundraising efforts to support the four sports programs. Although these efforts are well-intentioned, the financial targets set by these groups are, respectfully, far below the amounts that would be needed to maintain these sports programs in perpetuity.

For these reasons, the University will not reverse its decision to eliminate these four sports programs.

Demand #2: “Halt new building projects that would increase EMU’s debt load.”

University response: As outlined above, the University is re-aligning spending to reduce a budget deficit and invest in high-demand academic programs, student support services, and exceptional facilities. It is critical that EMU have top-flight facilities to compete with other comparable programs, attract students, and retain excellent faculty. It would be short-sighted to halt long-term investments in our facilities.

Several important projects are planned in the coming years:

- EMU is renovating and expanding [Sill Hall](#), the home of our College of Technology. These improvements will help expand our high-demand engineering programs. EMU has requested capital outlay funding from the State of Michigan to help fund this project (the same program that is funding the current renovation of Strong Hall), and EMU administrators recently testified before a legislative subcommittee to advocate for the project.
- At the urging of Student Government, EMU will renovate and expand the [Rec/IM](#) building. EMU intends to borrow funds to finance the construction. Debt payments will be supported by a dedicated student fee that was advocated by EMU Student Government.
- A new [sports medicine and training facility](#) will house the sports medicine, performance, and equipment operations areas impacting all intercollegiate sports. A target of 60 percent of the project cost will be funded through private donations.
- In partnership with St. Joseph Mercy Health System and Integrated Healthcare Associates, a [new health center](#) is being constructed on the northwest corner of campus. The state-of-the-art facility will offer expanded hours, more services, improved technology, and broader payment options.

Additional projects are planned for Quirk/Sponberg Theatre, the College of Business, and other campus facilities that require improvements.

These projects are all designed to attract and retain students and ensure that EMU has exceptional campus infrastructure. Indeed, EMU students and faculty have consistently called on the University to invest more – not less – in the University’s academic and student facilities. Any debt incurred for these projects will be supported in part by the \$55 million payment EMU will receive related to a partnership to manage its parking system. As outlined below, that partnership is proceeding.

For these reasons, these campus capital projects will proceed as planned as soon as the bonds related to the parking partnership are issued, which will occur in the next few months.

Demand #3: “Immediately enact a moratorium on the sale or license of University assets, including the proposed concession of University parking operations.”

University response: The decision to pursue a third-party partnership to finance and manage EMU’s parking system was [announced](#) to the campus six months in advance. The parking partnership will provide substantial financial and other benefits to students and employees, including investments in parking upgrades, new technology, lower cost increases to students and employees, and an upfront payment of \$55 million to the University. This payment will enable EMU to increase our financial reserves – which is necessary to meet Higher Learning Commission accrediting standards – as well as to support the financing of vital improvements outlined above, including enhancements to the Rec/IM, College of Business and the Quirk/Sponberg Theatre. The parking concession agreement has been signed.

Importantly, the parking partnership contract limits increases to parking rates to amounts that are substantially lower than the increases that have previously been initiated by EMU.

For these reasons, the decision to enter a partnership to enhance EMU’s parking system will not be reversed.

Demand #4: “Cut administrative bloat. EMU has 247 administrators making \$25,000,000 a year in [sic] in wages alone. EMU has 677 faculty members. That’s a ratio of one administrator for every 2.7 faculty members.”

University response: The data cited in this demand are not accurate. EMU employs 240 individuals with the “administrative professional” (AP) classification, which includes 80+ individuals who work exclusively in academic units, including academic department heads (all of whom are tenured), federally-funded program managers who work in local high schools, and faculty on temporary academic-administrative assignment. Others in this classification provide direct student services in areas such as Residence Life, Student Life, Title IX, and Financial Aid – the critical student service areas highlighted in Demand #6.

In total, 70% of the 50 highest-paid administrators fall within the Academic & Student Affairs Division. The significant majority are tenured academic department heads and college deans. Any effort to significantly reduce the number of academic administrators would have to be related to an academic realignment effort going forward.

APs supervise over 1,500 full-time employees plus hundreds of part-time lecturers, graduate assistants, and student employees in any given semester.

Attacking “administrative bloat” is a tempting and common target, but it’s simply not supported by the facts: EMU consistently scores high in the State performance metrics that reward limiting administrative spending, reflecting that our administrative spending is in line with, or better than, our national peers. Salaries paid to EMU employees are available [online](#). EMU’s administrators are consistently paid at or below the market median.

That being said, EMU has cut administrative staff and constantly reviews administrative positions and expenses. The recent action eliminating 60 staff and administrative positions – the majority of which were vacant – included several AP positions. Prior to the most recent action, the University eliminated numerous administrative positions in the President’s Office, Athletics, Information Technology, and other areas. As noted in response to #1, above, the University has eliminated nearly 10% of all staff and administrative positions since January 2016.

Demand #5: “Leave the MAC and join the Horizon League or Great Lakes Intercollegiate Athletic Conference. This would lead to a substantial reduction in athletic spending, and eliminate EMU’s projected 2018 budget deficit. EMU could still have a football team.”

University response: Leaving the Mid-American Conference (MAC) would be extremely detrimental to the entire Athletic program and the University as a whole. EMU’s football program produces the vast majority of revenues generated by the Athletic Department because of our status as a Division I FBS school. Retaining a football team in a different division would dramatically reduce revenues with little cost savings. These factors are outlined in more detail below.

- EMU’s football program generates the vast majority of revenue generated by the Athletic program through, among other things, game guarantees, ESPN broadcast rights, MAC revenue sharing, licensing, and ticket sales. For example, this year the EMU Athletic Department received more than \$1 million for competing against the University of Kentucky. Opportunities such as this would disappear as a non-Division I FBS school.
- In addition to generating the majority of operating revenue for the Athletic Department, EMU’s football program generates more donor revenue than any

other sport.

- Changing conference affiliation would impact **every** sport at EMU. Our student-athletes and coaches chose EMU for the fact that they wanted to be part of a Division I FBS athletic department and compete against other premier athletic programs.
- In addition to losing substantial revenues tied to game guarantees, NCAA & conference payments, and sponsorships, leaving the MAC would require up-front payments in excess of \$10 million to, among other things, exit the MAC and cancel future football game guarantee contracts with other schools. The process to be invited to join a new conference – if invited to do so – would require additional up-front payments.

The University will therefore not withdraw from the Mid-American Conference.

Demand #6: “Implement a plan in collaboration with faculty, lecturers, and staff to boost retention at EMU. This plan will include substantive responses to anti-black racism and hiring staff to fill all vacant positions that provide critical services to students.”

University response: The University is eager to continue its engagement with students, faculty, staff, and alumni on a variety of issues.

EMU moved aggressively to respond to the Black Student 10-Point Plan presented by students. President Smith created a Commission on Diversity and Inclusion (CDI) in 2016. The CDI developed a comprehensive set of policy recommendations that it is updating based on campus feedback. The University has also invested additional resources into the nationally-recognized BrotherHOOD program and the newly-instituted SisterHOOD program, both of which are designed to increase retention for students of color. These and other efforts to increase retention will continue.

Demand #7: “Make public all internal budget documents used by the EMU Executive Council.”

University response: Budget information at EMU is widely available and shared regularly online and at public forums. An excellent and extensive example is the recent budget website <https://www.emich.edu/budget-information/> that includes a wide variety of documents and communications from University leadership, Business and Finance, and other areas. Additional budget information will be provided and we urge the campus community to continue to review these and other materials.