The University Budget and its Consequences

Prepared for:

BTW250 Section D2 Students

For awareness of all University Students

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Introduction

In January 2001, President George W. Bush announced the No Children Left Behind (NCLB) program that accentuated America’s determination to improve the elementary and secondary education system in the States and to bring them to a higher level. President Bush stressed that “these reforms express my deep belief in our public schools and their mission to build the mind and character of every child, from every background, in every part of America” (Overview: Executive Report). However, recent cuts in federal budget allocations for education have hampered the vision and mission of the President. The President proposed a $2.77 trillion cut in education budgets for 2007, eliminating 42 education programs (Erwin 2006). Under the new proposed budget, the Department of Education would receive $54.4 billion, a $3.1 billion decrease from 2006. Erwin believes that the decrease in the federal budget for education transferred the stress to the states and taxpayers in complying with the NCLB program. Dennis Jones, president of the National Center for Higher Education, predicted the trend of federal funding for higher education to continue decreasing, depriving the states of the necessary funding for colleges. Jones further iterated that by 2013, pressure to finance numerous tax-funded programs would cause financially weaker states to have inefficient budgets. Higher education funding would likely fall under the knife of the states’ budget cuts (Millman 2006). As a result, colleges are forced to increase tuition fees, reschedule facility maintenance and perform cuts on student services in order to compromise the lacking of state funds for higher education.

Background

Over the past five years, the federal government has declined allocating tax dollars to higher education funding, leaving most states to fund higher education themselves. Jones added
that most state legislatures avoid raising taxes to fund higher education because it hurts their chances for reelection. This trend is expected to persist as long as the U.S. continues to be the global economic leader because the federal government does not prioritize funding higher education (Millman 2006). As a result, individual states face difficulties in providing sufficient funds for colleges to operate efficiently.

“Measuring Up 2004: The State Report Card on Higher Education,” compiled by the National Center for Public Policy and Higher Education, claims that “over the past decade, Illinois has slipped in providing college opportunities to youth and in making college affordable.” The report stressed the decline of affordability for college education in Illinois as it was given a D-rating, a notable turnover in a decade. ‘Affordability’, in this case, is the measure of the ability of the students and families to afford for higher education in different types of colleges and universities with given income rates and financial supports in the state. Although Illinois was considered one of the best-funded states in terms of higher education in the Midwest, a rating of D clearly shows the decline of interest from the state and federal government for educational funding.

The report also highlighted the decrease of need-based financial support by the Illinois state government for students from low-level income families. As compared to federal government funding for financial aid, the Illinois state government allocations for the in-need based financial aid dropped from 89% to 78% over the past decade (Measuring Up 2004).

According to the Fiscal Year 2007 Higher Education Budget Recommendations, total Illinois state funding for higher education operations was 7.4% less in 2006 than in 1991, after taken inflation into account. State funding for higher education operations declined $311.4 million between 2002 and 2006. The report also highlighted that new state funding for higher
education capital projects declined sharply in 2005 and 2006 in comparison with prior years. The reduction of tax support for higher education did not occur in Illinois alone but in other Midwestern states as well. Reduction of state funding affected affordability, faculty salary competitiveness, and economic competitiveness.

In our case, in the 2005-06 fiscal year, the total operation budget for the University of Illinois was $3.192 billion. 21.9% of the budget was funded by the state government whereas 20.1% was obtained from federal grants and contracts. Tuition and fees from students contributed a major 15.2% towards the budget (Refer to Chart 1). From the total budget, approximately 25% was used to fund researches. Only 2.8% of the total budget was allocated for student services. Facility and building maintenance got a small proportion of 6.6% of the budget (Refer Chart 2).

**Ethnographic Research Summary (Surveys):**

Our student surveys offered us insight as to where students get their information about the university’s budget, how much they actually know about it, and what their general sentiment is regarding key campus issues involving the budget. The most common areas where students believe the university overspends include the following:

1. Athletic programs
2. Engineering Department
3. New buildings

The most common areas where students believe the university under-spend includes:

1. Upkeep of campus buildings
2. Faculty
3. Student Organizations

A majority of those surveyed believe that budget cuts do affect the quality of education at the university and cited several examples of this trend. Students cited deteriorating quality of faculty (specifically classes being taught by TA’s), higher student to teacher ratios, student services, crowded classes, fewer opportunities, tech support for classrooms, and cutting programs as examples of decreasing quality. Despite these complaints, students appear to be undecided as to whether or not the university is handling the budget crisis well. This could be, in large part, because most students rate their knowledge of the university’s budget as poor and receive most of their information from word of mouth or in *The Daily Illini*. The budget cuts at the federal level have had a trickle-down effect on state budgets and allocating funds for higher education. As a result, students and faculty are affected as the University tries to cope with the low level of funding from the states. Three key areas at the core of this compounding problem are: admissions and tuition, student services and building maintenance.

**Effects on Admission**

The decline of state funding affects admission rates and standards for colleges. It is reasonable to expect that higher admission rates with increased tuition and fees will balance out the ever-increasing cost of education. However, over-enrolling students without increasing faculty and services devalues the quality of education received. Nevertheless, with limited budget allocations, maximizing income from student’s tuition while maintaining an acceptable quality of education is the goal of every higher education institution.

In California, the state budget crisis for education has forced California State University (CSU) to reduce enrollment growth by half with as many as 30000 students denied admission in
2004 and approximately 2300 faculty and staffs were expected to lose their jobs. CSU Chancellor, Charles B. Reed commented on the matter “to do with quality and access, CSU [we] must not exceed enrollment targets” (Tucker 2003). However, despite the reduction in admission in an effort to maintain a quality education offered, with current funding available, offering a high quality and effective education in the future was highly questionable.

In another similar example, also in California, the University of California was forced to turn away 7600 qualified students due to a new budget plan by Governor Arnold Schwarzenegger. Allocations for higher education were sharply reduced, forcing higher rejection rates and as a result, students had to turn to community colleges or leave the state for college education elsewhere. This ‘leaving the state for education’ trend, if continue, would “deprive[ing] the state of its [their] future professionals and financial contributors” (Crisis in Higher Education 2004).

The education crisis in Illinois is just as severe. The gravity of the crisis was evident, as Governor Rod Blagojevich had declared that universities in the state were in budget crisis due to overspending in administration and unaccountable entertainment fees (Becker 2003).

At the University of Illinois, admission numbers for fall 2006 have been capped to prevent over-enrollment that occurred in the previous year when 7584 freshmen were admitted for the intended 7200 enrollment slots. In order to cap the number of admitted students, more than 1121 students were placed in the waiting list in 2006, more than double of the typical size of 500-600 waiting list students in recent years (Kim 2006). The Director of Admission and Records Office (OAR), Stacey Kostell stated that the large waiting list was appropriate to ensure that the University did not lose prospective students by under-enrolling and that they did not repeat the past mistake of over-enrolling.
By capping the number of admitted students, the University had to increase tuition in order to cope with the decline in state funds. Although the University would receive a 1.48% increase in state funds if the current proposed Illinois budget were approved, the funding would still be below the 2003 funding levels. University President B. Joseph White commented that the University would continue to depend on the state for funds that would cover 15% of the total budget needed. To illustrate the uncertainty, he added, “Frankly, the University has no idea if the state will” continue to provide the expected funds (Martinez 2006).

However, the hike in tuition did not hampered applications to the University. Generally, prospective students agreed that the increase of $700 or approximately 10 percent for in-state students in the coming fall 2006 was necessary to balance out higher costs and maintain quality (Sokolik 2006).

**Effect on Out-of-State and International Students Admission**

The University also has looked at other alternatives for yielding more funds by expanding quotas for out-of-state and international students whose tuition is much higher than in-state tuition. In a separate presentation by Assistant Director of Admission and Records Office, Elizabeth Santiago commented that the limited budget contributed towards increasing out-of-state and international students recruitments but overall, the increase was dependent on other factors as well such as capability of the various departments to handle such increase. In recent years, the admissions office had made its website more accessible and user-friendly to international students in order to provide them with more information and contacts. However, she added that increasing admission of out-of-state and international students would still be
dependent on various factors. For example, different education departments still have a say in limiting the number of incoming students so that students are not over-enrolled.

As you can see, the budget crisis in recent years has somewhat affected admission rates, but the University is striving to provide its students with the highest quality of education. To illustrate that the University still preserves its tradition of admitting highly qualified students, Director of OAR, Stacey Kostell clarified that the admission criteria has not changed much in recent years (Newbart 2006). Standard criteria such as SAT/ACT scores, coursework, high-school rank, essays are still used as a measuring stick for evaluating all students. International students are also required to have adequate TOEFL scores.

**Effects on Student Services**

After assessing the background of the current budget situation at the University of Illinois, we felt it necessary to consult with students and faculty and determine the following: what they knew about the situation, where they receive their information, and what they think about the current crisis. To do this, we interviewed 75 students and interviewed three different faculty members. In our first interview, we spoke with Dan Bureau, Assistant Dean of Students and the primary Greek Affairs advisor. Bureau’s current responsibilities include consulting 99 Greek organizations on campus, a student body of about 6400 people. In addition, Bureau serves as the administrative liaison between the University and the Greek campus in general. When we asked Bureau what issues he had with the current budget, he specifically cited reductions in the size of his staff. According to Bureau, he has seen his staff size (initially 2 full-time employees, 2 graduate assistants, and a single secretary) change to a lone full-time employee, two graduate assistants, a secretary, and a _-time employee. Bureau believes that cutting the size of his staff
has led to the Greek community being underserved. Many Greek organizations seek Bureau’s assistance to launch major programs and initiatives. However, Bureau says that with increased time commitments to general advising, he simply does not have the time to assist the aforementioned organizations in organizing these initiatives. He spends most of his time dealing with basic management issues, but wishes he had more time to spend working on sweeping changes in the Greek system. Bureau is forced to prioritize his responsibilities. He ranked his responsibilities as follows:

1. Enforcement of policies
2. Reporting systems (specifically grade reports)
3. Advising

Bureau believes that under the current system, he is unable to serve the Greek community effectively. He cited the 2-week wait some students have to endure, simply to meet with him, as a primary example of this. In addition, students usually request meetings as late as 9 pm, Bureau must work 12+ hour days at times. Despite all these difficulties, Bureau does not hear many complaints from students. According to Bureau, the biggest concern raised by students is the priority given the Greek community, specifically concerning state funding. Bureau believes the University has placed a higher level of commitment to diversity than Greek Affairs, and even though the Greek community has over 6000 members.

We also interviewed a member of the ACES department faculty, Dr. Scott Irwin. Dr. Irwin is currently a professor in the ACES department and is actively involved in research and extension programs within the university. Like Bureau, Dr. Irwin sees effectively utilizing public funds as a huge issue surrounding the university’s budget planning. When asked if budget cuts would affect his work environment, Dr. Irwin stated, “Definitely. Replacing retired faculty has been a
major problem, and allotting time to start new initiatives and programs is nearly impossible due to constraints.” Dr. Irwin also said that his flexibility is constrained, citing the lack of new courses that have been introduced in the ACES department. The main complaint he hears from students is related to access to classes, though he believes those types of complaints are indirectly related to his responsibilities. Dr. Irwin sees future budget cuts as a huge challenge facing the ACES department because it will likely lead to more people getting fired and the aforementioned issues being intensified.

An overwhelming theme from our faculty interviews is that budget cuts hamper the ability of most departments to start new initiatives and overhaul educational programs. Basically, financial constraints are acting as a hindrance to making improvements and until the situation changes, most programs will see little change over the next few years.

Effects on Building Maintenance

According to the FY 2004 Budget Request, “Physical facilities are a critically important component of the academic support structure necessary to conduct instructional, research, and service activities in any institution of higher education.” However, the current budget crisis has put a severe damper on building maintenance. In order for students to maximize their learning experience here at the University, the building conditions must improve. In accordance with our student surveys, the most common response to where students feel the University is under spending is building upkeep. Students believe that instead of maintaining all the buildings on campus, the university is simply constructing new buildings. This will cause a greater number of buildings that will need work in the future, when the University should focus on bringing every existing building on campus to an adequate level of repair. The main issue here is how the
budget crisis is affecting the general maintenance and renovation projects. There are 14 projects totaling almost 185 million dollars that need major work on campus. Five of these projects are on top priority totaling 130 million dollars. However, the budget’s allowance for maintenance and renovation projects for the year is only about 15 million dollars. (FY 2004 Budget Request) The University is trying to raise that amount to over 30 million a year to help complete one or two main projects a year until the complete phase is complete. By then, there will likely be another phase of renovation projects to focus on. Lincoln Hall needs a total of 52 million dollars for a complete overhaul renovation project. It has not seen major upgrades since it was constructed almost 100 years ago, and repairs are long overdue. There are noticeable problems throughout the entire building, from large paint pieces peeling off the wall in the auditorium, to broken and unused fixtures in the bathrooms. Most other buildings on campus are between 50 and 100 years old as well. Many of these have never received complete overhauls either. Instead, they are patched up temporarily and lead to multiple reoccurring problems later on. The consequences of these building problems directly affect students and faculty on campus. Fixing these problems will create opportunities to upgrade buildings with modern technology while realigning the total building to modern standards. Many buildings on campus are not as technologically advance as others, even though computers have become infused in every aspect of today’s teaching and research. These buildings must adapt to new electrical standards to sustain these new changes. Also, several classrooms have sensitive temperature variance, no matter what the weather conditions are outside. These ventilation problems are an inconvenience that should be avoided. With a state funded public institution, affiliates of the university on campus are not looking for optimal conditions to learn but sufficient enough conditions that are at today’s common standards. This crisis over the past few years has slowed down building maintenance, and with
higher education the first cut in the budget, building maintenance problems will likely not be completely addressed in the near future. We need to create more awareness of this issue since building maintenance is just as important as the teachers that teach and students that learn in them.

**Budget Effects on Faculty**

Faculty members have noticed the effects of the budget crisis throughout the University. They are aware of various budget cuts in their own departments and in other departments that they interact with on a daily basis. These budget cuts have an effect on the way they perform their job on campus. In reference to FY 2004 Budget Request, achieving competitive salaries for all employees remains a top priority for redirected funds. However, a professor in the Finance Department here on campus stated, “An issue associated with the budget crisis that affects him personally deals with raises and how they are not on par with other Universities. Minimal raises have caused several faculty members to leave this campus for competing universities. Their replacements, although qualified, are not as reputable and in some cases, the University has not hired any replacements.” This statement shows that the current budget crisis is having a severe effect on campus faculty. Our highly skilled and knowledgeable faculty is one of the main reasons our University is among the best public schools in the nation. If the budget crisis continues, we may lose more quality faculty members and begin to lose our status a high quality institution. In addition, faculty members have noticed changes in building conditions. Some of these changes are large and some are small but nonetheless affect faculty on campus. Another professor in the Agricultural and Consumer Economics department has seen budget cuts that are getting out of hand. He stated, “They used to take my trash out once a week, then every other
day, now once a week. Also, they are starting to do without trash liners in the garbage cans to save funds to be redirected elsewhere.” These may seem trivial to some, but they are simple everyday tasks that are noticeable. A professor mentioned that teaching in Lincoln Hall could be quite a distraction based on the poor building conditions there. It gives students a reason to direct their attention to places other then the professor and learning. In addition, many older rooms have dilapidated desks that need lapboards because the arms on the chairs have worn out, are broken, or are not large enough to write on comfortably.

On the news, in the papers, and through word of mouth, people hear about budget cuts, increases in tuition, and state-funding declining but we never seem to know the complete story to form an accurate opinion. According to FY 2004 Budget Request, state support has declined significantly over the past 35 years. In 1970, the University received over $12 in State tax support for $1 in tuition revenue collected from students. In 1984, that number dropped to $6 of State funding for a $1 of tuition to an all time low of under $2 of State funding per $1 student tuition in 2005. This has caused students and their families to take on the financial burden. Since there tuition increment was implemented each incremental year, a portion of that money goes to cover the declining state support. The rest of that money is spent throughout the University, but many students know where their increased tuition expense is going. In an article, “Board Raises Fees,” in The Daily Illini, Nick Klitzing states, “I think it’s a great idea to put signs up where changes have been made telling students that it’s their money that provided the change.” Tuition is rising at historical highs but it seems so are problems associated with the University. With new revenue coming into the school, most problems should be fixed but instead are compiling. According to our student surveys, 98% of students here on campus have a poor to adequate understanding of the budget and where their tuition increases are spent. This means only 2% of
students on campus know where their tuition is being spent. The problem is that the state keeps cutting funding towards higher education and the people associated with the University just accept the current state of affairs. This makes it easy for the state to cut funding again, knowing the public must understand and will take on all these additional expenses.

There is no way to fix all the problems associated with funding for higher education short-term or with one simple plan. Even with all this attention, there still may not be a proposal to solve every aspect of budgeting in Universities throughout the United States. This serious topic demands attention. The first step in attempting to correct this problem would be raising awareness to students, faculty, citizens, etc. By making the budget crisis more transparent, then society as a whole would recognize the seriousness of the issue and demand changes. Ignorance is not an excuse for allowing this crisis to worsen each year. Higher education is one of the most important and rising aspects of life these days. Society demands more, but with increase tuition costs nationwide, it is getting harder and harder to accomplish this. Educating the public will help force an emphasis on higher education. When the public sees how much funding has been cut, they will demand a change. Instead of paying the 9.2% total reduction and redirection of State funds from last year, people affiliated with the University will want to see an increase in State funds to help correct the problems we mentioned above. If we do not make this issue more clear, not only will tuition continue to rise at this University, so will the problems and issues on campus.
Appendix:

Chart 1: University of Illinois Budget Sources in 2005-06

Chart 2: University of Illinois 2005-06: How is the Money Spend?

1 Graphs obtained from University of Illinois: Chicago: Springfield: Urbana-Champaign: Pocket Facts 2006
References

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