

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

December 13, 2007

SUBJECT: Annual Operating Request to the State for the University of
Michigan-Dearborn Campus for FY2009

ACTION REQUESTED: Approval of the Annual Operating Request to the State for
the University of Michigan-Dearborn Campus for FY2009

BACKGROUND: See Attached Document

Recommended by:



Daniel Little, Chancellor
University of Michigan-Dearborn

December 2007

The University of Michigan-Dearborn
2008-09 Budget Request

Our mission is *to deliver the academic excellence of the University of Michigan in leadership and service to metropolitan Detroit.*

This vision has given us a challenging but exciting roadmap of our work for the next five years. To accomplish our goals of serving our region, we need to achieve four specific targets: we need to increase enrollment; we need to enhance student engagement in the classroom and in our communities; we need to enrich and broaden the academic strengths of our faculty and our curriculum; and we need to work together to bring these advantages to bear on the needs of southeastern Michigan.

Our campus has committed to increase enrollment to approximately 12,000 students over the next decade, helping to meet the goals set forth by the Cherry Commission. Total enrollment at the campus is now more than 8,600. The number of incoming new students in Fall 2007 exceeded 1,600, with more than 900 freshmen. Our academic quality remains in the top tier among Michigan public institutions with an average GPA of 3.5 and ACT of 24 for our entering Fall 2007 class. To provide the quality in academic programs that such students expect and deserve requires additional funding and reinvestment. We are increasing our level of sponsored research from \$3.4 million in FY 2006 to \$6.0 million in FY2007 and will continue to increase. We are near completion of a \$40 million capital campaign. Yet our level of state support is vital to keep the cost of college education affordable for our Michigan families and students.

UM-Dearborn makes a significant contribution to the region's human capital: more than 80 percent of our alumni live in Michigan and more than two-thirds of them

live in Wayne, Oakland and Macomb counties. In all the areas where our region needs strong and capable leaders, you will find UM-Dearborn alumni working as agents of economic and social progress in genuinely practical ways.

There are five specific areas where UM-Dearborn can apply its resources to make a difference on important regional issues. First, we can support competitive manufacturing with applied research, educational programs, and innovative technologies. Second, we can help address racial and ethnic discrimination by innovative programs both on campus and in the community. Third, we are a national example for research and teaching on how to tackle environmental challenges in an urban setting. Fourth, we can work with K-12 schools and early childhood programs to enrich their curricula and the skills of their teachers. And fifth, we can help regional leaders and elected officials in a variety of offices develop the complex skills they need to better serve their communities and southeastern Michigan more generally.

These are areas where there is significant challenge in southeastern Michigan, where the University of Michigan-Dearborn has real strengths, and where there is potential for long-term positive impact. By making progress on these goals, the University of Michigan-Dearborn can become a national example of a high-quality metropolitan university meeting important metropolitan needs.

To help us target our capabilities to aid southeastern Michigan, the University of Michigan-Dearborn needs significantly greater support from the state. Our state support has eroded over the past several years, and the delay of our \$2.2 million August payment created tremendous uncertainty in our ability to plan our programs. On a total budget of \$90.1 million, facing uncertainty about \$2.2 million and the significant delay had a

damaging impact upon our ability to be effective and strategic in trying to meet the needs of our students and the southeastern Michigan region. While we understand the enormous economic challenges facing Michigan at this time, we believe that investment in higher education in general and in the mission of the University of Michigan-Dearborn in particular can play a critical role in restructuring of the Michigan economy and reap large dividends for the state many times over in the years ahead.

The past five years have witnessed substantial reductions in the university's programs and support. UM-Dearborn's level of state support is still lower by 10 percent, or \$2.7 million, below what we received, even taking into account the 1 percent increase the campus received in the appropriation for 2008. These reductions have had real effects on our ability to deliver the educational programs that our students need. They also have impaired our ability to explore and launch new programs in fields like health care that our students, and the people of Michigan, need. We do not have sufficient faculty in areas like the sciences where we are growing and expect further growth. Our budget request for FY2009 aims to reverse this direction of change. By adding faculty lines, enhancing and supporting programs and research in science, mathematics and engineering, and by adding health programs, we will not only generate enrollment growth but provide the talent to lead Michigan's economic future.

Health care is the fastest growing field of employment in southeastern Michigan; experts predict over 10 percent continued growth in jobs in this sector in the next several years. Since most of our graduates stay in Michigan, we believe that adding health programs on our campus can help meet the needs both of our students and the increasing needs of the health care sector for quality employees.

Finally, we propose to add a significant infusion of support for need-based financial aid into the FY2009 budget. We believe that access to higher education is a crucial form of opportunity for struggling families in Michigan, and we seek to increase the ability of the campus to provide adequate financial aid packages for low- and middle-income students and families. These funds also will permit the campus to provide some financial assistance for returning students making the transition from manufacturing jobs to other careers.

Program areas requiring additional state support

Enhancing financial aid to increase access for students: \$1 million

Access to higher education is the most important factor in enhancing opportunities in a young person's life and career. Average lifetime earnings are 1.73 times higher for those who obtain a bachelors' degree. The cost of attendance, however, is a real barrier of access for students from low- and middle-income families. UM-Dearborn seeks to significantly increase the level of support it is able to provide for financial aid to students. Many of our students fall in this income range, and university resources for financial aid are still far too limited. We propose an increase of \$1 million in institutional funding for financial aid in the coming year's budget. This will be a major improvement in our ability to assure access to all students who wish to attend UM-Dearborn.

New faculty and costs of enhancing programs and research: \$1,600,000

In recent years, we have added physical capacity to our campus through the state's capital outlay process that will support growth in enrollment without incurring significant infrastructure costs, except for costs directly related to instruction. We are committed to robust enrollment growth over the next decade in response to regional needs and in response to the challenge presented by the Cherry Commission. For Michigan to prosper, we need to increase the number of college graduates in the state. The University of Michigan-Dearborn is poised to help accomplish that goal.

We need to increase our instructional capacity to meet demand by recruiting new faculty members in a variety of fields that are experiencing enrollment growth: for example, political science, criminal justice, biology, and several fields within the School of Management, including accounting and finance. Our goal is to do the best job possible of serving the educational needs of our students by attracting the most effective faculty and designing programs that best serve their educational and career goals. Our current projections call for enrollment growth of 3 percent per year over the next decade. Increases in faculty are needed to help us meet our students' expectations and requirements and will serve to preserve the close relationships between faculty and students that are a hallmark of the UM-Dearborn education. New faculty members will add to our capacity to provide a sound foundation in the liberal arts and professional disciplines in areas that will contribute to the metropolitan impact that the campus aspires to achieve: enhancing research capacity on issues of global competition and the restructuring of the economy; advancing understanding of racial and ethnic differences and challenges in the world; improving understanding of environmental science and its impact on policy; and meeting the needs of early-childhood and K-12 teachers for

stronger programs in science, mathematics and special education. The School of Management needs a permanent faculty director for a new initiative called iLabs (innovation Labs) that utilizes students to conduct research on a wide variety of community issues ranging from the economic impact of Detroit Metropolitan Wayne County Airport to Ford Motor Company worker buy-outs.

Currently, the University has programs in health policy studies but needs to meet the community demand for additional graduates in health professions. In the coming year the campus will be involved in intensive study of the needs of the region for a variety of health professions options that UM-Dearborn might consider. The start-up cost of these programs is significant, and funds will be needed both for faculty and equipment to launch new initiatives and degrees in health-profession programs. Partnerships will be sought with local hospitals for clinical practicums and experiences to reduce costs and increase the relevance of clinical training.

Expanding programs for early-childhood and K-12 teachers: \$300,000

While research continues to accumulate to show the importance of early-childhood education to long-term student achievement, UM-Dearborn is one of the leaders in preparing teachers for careers in early-childhood education in the state of Michigan. Faculty in our School of Education focus considerable attention on early-childhood education, both in preparing students for careers in the field, and in conducting ground-breaking research on developing capacities among young children. Our campus's Child Development Center (CDC) is a critical element of the University's early-childhood teacher preparation programs. In fact, UM-Dearborn's Child Development

Center is one of only 10 percent of American childcare facilities accredited by the National Association for the Education of Young Children. We have entered into a collaboration with Oakwood Healthcare System and their Program for Exceptional Families to work together to foster excellence in pediatric rehabilitation services and early-childhood education.

We are also deeply involved in enhancing the skills of teachers in the K-12 system, both in bachelor's degree programs and at the master's degree level. Professors in our School of Education have worked with faculty members in our Department of Natural Sciences to reform curricula and develop new teaching methods that have the potential to transform the way science is taught throughout K-12 schools. In addition, faculty members in our mathematics department have become national leaders, through focused work in the Detroit and Southfield public schools, in developing effective methods for teaching math in middle schools, where many students get off track, undermining their potential achievement in successive grades. Both of these areas, science and math, will be key to preparing Michigan's children to compete in a global economy.

With additional support from the state, we will be able to expand these programs and broaden their impact on schools and children across Michigan.

Building regional leadership capacity: \$100,000

The Institute for Local Government is an initiative launched at UM-Dearborn in 2003 to offer a variety of programs to help develop stronger civic leadership in the region. As the problems local governments are asked to solve become more complex,

those serving as elected officials need background and continuing education delivered in a non-partisan and timely manner. We believe that UM-Dearborn is uniquely suited to perform this task.

Among other programs, the Institute for Local Government has offered a series to help new school board members understand their new responsibilities. That program has attracted members from more than half of the 80-plus school districts in the metropolitan region. The Institute also has developed similar programs for new village and city council members and a program to help municipal leaders address the issue of hate crimes in their communities.

Over time, we expect the Institute for Local Government will have a very positive impact on the communities in our region, and it has drawn significant support from public officials and from private organizations. With \$100,000 in base funding, we will be able to sustain the program and build on it, keeping our promise to serve the leadership needs of our region.

Civic Engagement and Metropolitan Research: \$200,000

The community needs students to participate in projects that can make an impact upon the lives of those in need in southeastern Michigan. We have launched a civic engagement project to educate both faculty and students through active engagement in service-learning projects.

The civic engagement project needs adequate funds to broaden its role and increase faculty and student participation in activities that harness our energies on problems and community needs in southeastern Michigan.

Similarly, due to our unique location we have an opportunity to serve our region by developing a Metropolitan Research center that can perform research in a timely manner that can aid in developing solutions to challenges and problems in southeastern Michigan. The success of iLabs's research on regional issues has made us aware of a hunger for targeted, timely research on metropolitan southeastern Michigan issues. Through civic engagement and metropolitan research, we can focus the talents and skills of our faculty and students on issues and opportunities for service, learning and growth that will benefit both the participants and the people of our region and the rest of the state.

Research and information technology infrastructure: \$500,000

The University of Michigan-Dearborn enrolls an unusual proportion of its students in the natural sciences and engineering. We need to ensure that our students and faculty members have laboratory facilities and instrumentation that is sophisticated and technologically advanced if we are to prepare them for careers in the world that expects nothing less. The Institute for Advanced Vehicle Systems is an example of a cutting-edge research facility that requires new equipment and support. While we have added significant new buildings to our campus in recent years with the help of the state through the capital outlay process, we have struggled to equip those buildings properly. We need to invest more on an annual basis in technologies that support instruction and collaborative research. Many of our classrooms and computers need to be updated and equipped with modern digital equipment to properly train tomorrow's workforce. Michigan's economic prosperity will clearly depend on a technologically proficient

workforce, and enhancing support for modern scientific inquiry is an investment in the future.

Request:

Enhanced support for financial aid	\$1,000,000
New faculty and costs of enhancing programs and research in science, mathematics, and engineering and to develop health programs	1,600,000
Early childhood, K-12 programs	300,000
Building regional leadership capacity	100,000
Civic Engagement and Metropolitan Research	200,000
Research and instructional technology infrastructure	500,000
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Total	\$3,700,000

**University of Michigan – Dearborn
Cost Containment Measures – Annual Savings**

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
General Fund Budget Reallocation	\$1,017,000 ¹	\$952,000 ¹	--	--	--	--
Reduced Mailing Costs Due to Internet Communications	--	85,000	--	\$20,000	--	--
Restructuring Employees Health Care Premiums	--	75,000	--	--	--	--
Fieldhouse and Recreation – Staffing Efficiencies	--	--	--	45,000	--	--
Institutional Advancement – Staffing Reduction and Increased Use of Electronic Publishing	--	--	\$55,000	50,000	--	--
Scheduling Adjustments to Campus Transportation Service	--	--	20,000	11,000	--	--
Henry Ford Estate – Reduction of Operating Hours and Staffing	--	--	130,000	--	--	--
Henry Ford Estate – Replacement of Heating System	--	--	--	--	\$21,000	--
ACH Option for Payment of Tuition – Reduction in Bank Transaction Fees	--	--	40,000	--	--	--
Decommissioning of Campus Building (CASL Annex)	--	180,000	--	--	--	--
Steam Distribution System Improvements	--	--	95,000	--	--	--
Facilities Management – Strategic Supplier Program	--	--	--	--	10,000	--
Miscellaneous Energy Conservation Measures	--	30,000	22,000	72,000	--	\$20,000
Changes Related to Instructional Program Delivery:						
School of Management	--	--	85,000	\$45,000	--	--
College of Arts, Sciences, and Letters	--	--	153,000	--	--	--
School of Education	--	--	19,000	--	--	--
Insurance Savings – Lower Claims Experience (Worker's Comp.)	--	--	--	--	163,000	--
Reduced Bank Transaction Fees – Credit Card Payments	--	--	--	--	--	350,000
Total	<u>\$1,017,000</u>	<u>\$1,322,000</u>	<u>\$619,000</u>	<u>\$243,000</u>	<u>\$194,000</u>	<u>\$370,000</u>

¹ Through the campus budget reallocation process, many cost containment measures were implemented to achieve savings of \$1,969,000 over a two-year period. They include: travel budget reduction; negotiation of lower campus-wide phone costs; reduction by attrition of non-faculty positions, and use of digital photograph format for publications.