

Senate Committee on Budget, Planning, and Development:
Report on the FY2012 Budget

Submitted to the Faculty Senate on May 24, 2011

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EXECUTIVE SUMMARY

This report represents the analysis of the Drexel University FY 2012 budget by the Senate Committee on Budget, Planning, and Development. The Committee has been charged with evaluating the FY 2012 budget by the Charter of Faculty Governance to develop a report for the faculty Senate and to be transmitted to the Drexel Board of Trustees. This analysis is based on the Committee's study of a) the FY 2012 budget development process; b) actual FY 2012 budget content that has been shared with the Committee; and c) the congruence between the Drexel budget development processes and actual budget implementation as observed in the recent past.

In preparing this report, we have been mindful that the inauguration of John Fry as the President of Drexel provides an opportunity to strengthen the collegial relationship between the Drexel faculty and the Drexel administration. We recognize, our responsibility to ensure that this report on the FY 2012 budget reflects the perspective of the faculty regarding both positive and negative aspects of the budget development process and implementation particularly as the University is in the process of developing a new strategic plan. Our analysis can thus represent the problematic aspects of Drexel's budgetary heritage with a view to their improvement in the strategic planning process.

This report is divided into five Sections. A brief description of the material discussed in each is presented here.

- **The Culture of Budget Development and Implementation at Drexel.** The Committee recognizes the annual budget reflects the input from and coordination with a large number of units within the university. However, we have concerns that the 'culture' within which budgetary activities and decisions occur has not consistently reflected thoughtful adherence to the University mission regarding delivery of academic excellence and achievement of a global university. Rather, a significant amount of revenue is directed to fund large-scale capital projects and too often, budget-related decisions have appeared to reflect accommodations to emergencies or unexpected contingencies.
- **Trends in Student Enrollment.** This section raises concerns about the effect on the University of continually increasing the size of the freshman class. As a result of an ever-larger freshman class, we believe that the University is at a tipping point. There are a number of indications we are in danger of not being able to continue to provide a quality education to our students. The foremost topic in this section is the quality of space used for educational purposes at Drexel. The President noted the problems with the Drexel campus in his inaugural address: the point we are making in this section is that in the context of our severe problems with the quality of existing space, it seems imprudent to keep expanding the number of students and programs.

Other topics discussed in this section include: the danger of losing the cutting edge in technology, as well as the severe impact of increasing enrollment on advising, retention and the delivery of essential quality programs through aspects of our operating budget.
- **Enrollment and Allocation of Tuition Revenue.** The FY 2012 budget shows a 28% increase in freshman class size over the class that entered in AY 2009. At the same time an even larger and more concerning drop has occurred in the allocation of tuition revenue to the academic units. This decrease does not support our goal of academic excellence. The decrease also illustrates the problem of attempting to impose legacy budgets in the face of a growing enrollment. As Drexel adds more students, any addition needs to be part of a planning process in advance of the enrollment increases, not an after-the fact adjustment of legacy budgets that bypasses the constituencies who have a contribution to make to planning the right size of the University.
- **The University Academic Strategic Plan.** Last year, in its report on the FY 2011 budget, the Committee urged that the University link the academic strategic plan and the campus master plan to develop space as it is needed for the University's educational mission. We are pleased to see that the two documents are being developed under the aegis of a single director, Janet Fleetwood, Vice Provost for Strategic Development & Initiatives, and we ask that coordinated planning for academic space continue in the context of developing a new pair of plans for excellence at Drexel in the years to come.

- **Conclusions and Recommendations.** Based on its ongoing study of the details of the FY2012 budgeting process, the Committee finds that the current ad hoc environment of budgeting and the resulting effects on academic programs pose a threat to the sustainability of the University, primarily by not providing the support necessary for academic excellence. To ensure and maintain the academic excellence and sustainability of the University, we recommend that:
 - a full bottom-up analysis of the budget of the University be undertaken. The aims of this analysis would be to provide all stakeholders with an understanding of the University's existing challenges and to recommend any necessary gross-scale changes in the funding allocations made to University programs.
 - the strategic planning process be used to develop an overall long-term position on the size of the incoming freshman class and a plan for how to support it.
 - academic space needs be emphasized as an important part of the strategic planning process and linked to planning in the Provost's Office, Enrollment Management, Financial Aid, and Facilities.

Introduction

In accordance with the mandate in Section 10.7 of the Charter of Faculty Governance of Drexel University,¹ the Senate Committee on Budget, Planning, and Development (hereafter “the Committee”) has prepared this report after systematic and extensive study of the budgeting process at Drexel.

In preparation for this report, we have been advised of some aspects of the FY 2012 budget but were not able to examine the whole budget. We were given the figures for tuition revenue, the college budgets, as well as the strategic funding provided to the Provost in the FY 2012 budget.

This report is divided into the following sections:

- The Culture of Budgeting at Drexel.
- Trends in Student Enrollment
- Enrollment and Allocation of Tuition Revenue.
- The University Strategic Plan.
- Conclusions and Recommendations.

Each section of the report contains analysis with suggestions and recommendations; the section at the end represents general and procedural conclusions with a focus on suggestions for more effective budgeting and for improving the Faculty Senate’s budget review.

The Culture of Budgeting at Drexel

Overview

Strategic initiatives and innovative programs are important to the growth of excellence at Drexel. However, we believe that the major drivers of the growth of excellence lie in thousands of small details in the everyday conduct of the educational enterprise. We believe that the current culture of ad-hoc budgeting at Drexel has resulted in the consistent and systematic shortchanging of these details in recent years, endangering the academic excellence which is our aspiration.

Specifically, the budgeting culture at Drexel results in a budget which is hard to understand not just by the faculty, but by every constituency of the University, because major budgeting decisions have been made in an atmosphere of last-minute accommodation to emergencies and contingencies. The main reason for this atmosphere appears to be that budgeting is done without any cushion, as a significant amount of revenue is directed to fund large scale capital projects. The result is that the money that remains is shifted around and reassigned from anywhere possible to meet both the day-to-day needs and to provide support which in some cases seems insufficient for the efforts throughout the University to maintain and develop academic excellence. We understand that the budget process has in some ways become more “bottom-up” in the last several years. The newly adopted system seems straightforward. The departments propose budgets based on reliable estimates of student populations from both the Registrar and Enrollment Management. The Deans review these budgets, especially administrative expenses, based on guidelines from the Provost. In reviewing budgets, the Deans consider issues of educational quality such as class size and the use of adjuncts as well as funding for initiatives aimed at improving the quality of a Drexel education. They then submit these budgets to the Provost. However, Drexel’s commitment to some very large capital expenses has resulted in decisions that have nothing to do with “bottom up” thinking: they are “top down” all the way. Drexel is operating in a budgeting pattern that requires continued admissions growth, as present tuition income is routinely inadequate to meet expenses. As part of this pattern, according to a document presented to the Board of Trustees on February 22, 2011 about \$25M a year of operating cash would be allocated to building expenses. These funds have a variety of sources,

¹ “The [Senate Budget, Planning, and Development] Committee shall be responsible for presenting an analysis of the budget via the Steering Committee to the Senate for its review and recommendations. The Senate’s analysis, review and recommendations will then be forwarded in writing to the President for transmission to the Board of Trustees before its consideration of the budget.”

but a significant portion comes from unallocated undergraduate tuition. There appears to be a budgeting expectation that the University will continue to leave part of tuition unallocated so that such transfers can continue. We fear that such an expectation is driven by the needs of the building program rather than beginning with a careful assessment of the pressing needs of the operating budget, those "small details in the everyday conduct of the educational enterprise" that we opened by mentioning.

Also to be considered is the impact of the long-planned and recently announced bond offering on the expectation that tuition income be funneled into building projects. Will the bond offering free up tuition money for use for our pressing day-to-day needs and for the pursuit of academic excellence? Or will the current tuition dollars continue to be used for capital expenses?

Growth and Legacy Budgets

The previously described continuing growth of undergraduate admissions places stress on many parts of the University. Legacy budgeting bases each year's allocation on the budget numbers of the previous year, with only occasional adjustments. This system pressurizes the budgeting process. Last year, enrollment projections, especially those available at the time that budgets are drawn up, proved to be highly problematic as the University received acceptances from more freshmen than expected. This "freshman bump" strained Drexel's resources and threatened academic excellence at the University, but it was not viewed as a strategic mistake. We encourage the administration to work towards better recruitment and projection techniques as a way of supporting a pattern of budgeting that does not rely solely on enlarging the freshman class as its basis. Increases in student numbers are particularly unfortunate considering that an already serious shortage of classroom and laboratory space will become even more severe in September with the demolition of Matheson Hall. The tenure on campus of the incoming cohort will coincide with the most severe part of the room shortage, but we have not been able to consider an admissions policy which might hold constant or cut back the number of incoming freshmen.

Hard-to-Grasp Budgeting of Other Sources of Income.

College and departmental budgets are set at funding levels below the reasonable cost of providing the necessary education and services. The gaps in the budgeting process are obscured because colleges, and to a lesser extent departments, have sources of income beyond the funds allocated by the Provost. These are return of research overhead, return of tuition through Drexel e-Learning (DeL), and in some cases special gifts or an independent endowment. An insufficient budget from the Provost (or Dean) thus may be seen as a hidden tax on these alternate sources of income, but these "taxes" are levied in undocumented and varying amounts and with no justification of their impact on the development of a quality education at Drexel. One problem with the documentation of these "levies" is the ease with which funds are shifted from one budget category to another. The result is budgetary categories that are hard to grasp, for planners at all levels, from the bottom up.

Let us consider the sources of income in turn:

1) Research overhead is used to plug financial gaps in many programs, as it is channeled to operating expenses, to support TA stipends and tuition remission, and to other non-research-related expenditures. Overhead is returned to the colleges, the department, and the principal investigators presumably to promote additional funded research, but we know of no audit to determine whether this goal is being met. We should note that the possibility of generating research overhead return varies widely among departments. The current budgeting practice seems to be to require departments which receive larger amounts of research overhead to use those funds to support administrative expenses which in other departments would be covered by the allocation of tuition revenue. We have been told of departments where research overhead is being used to pay for copy machine paper. It is hard for us to understand how this promotes research and the development of excellence. We would also note that in some departments, faculty receiving research overhead funds, will not receive departmental support for conference attendance while, faculty without support from overhead funds may receive support for such travel from departmental funds. This policy seems to tax research overhead rather than developing a policy supporting the development of all faculty through travel funds while incentivizing faculty research by providing proportionally more research overhead to support faculty who bring in more research

grants, as is done in some places. It seems clear that we will be entering a period in which research funding will be getting much more difficult to obtain; we also expect that research expenditures will come under much closer scrutiny. Drexel's way of shifting around its own use of overhead funds may make adjustment to the new world reality much more difficult and painful.

2) The disbursement of DeL funds is also done in a way that advances the pattern of ad hoc budgeting at Drexel. It is widely thought that they are to be used to advance creativity and innovation in teaching, but there is no actual policy to this effect. This Committee has not been provided with any accounting of the use of DeL funds and thus there is no accounting of the use of these funds to the Board of Trustees by us, or perhaps, by anyone. Several Deans have told us that DeL funds cover the costs of online instruction, including but not limited to faculty salaries, even when the online instructor is a tenured/tenure track faculty member who is included in the budget provided by the Provost. The corresponding portion of the personnel budget is instead used to defray other underfunded needs. This is another way in which the academic budget becomes less comprehensible, and money designated for salaries is spent in other ways.

This year, because of the need to deal with an emergency situation, the use of DeL funds has become a mainstay of the academic budget. The budget for FY 2012 was to be a current services budget with \$4M for strategic purposes (\$1M for strategic initiatives, \$3M for salary) in the academic budget. However, in the course of the budget planning process, it emerged that as a result of cuts by the Commonwealth of Pennsylvania to higher education, it was necessary to cut \$15M total from the budgets of the Drexel College of Medicine and Drexel University. The College of Medicine's share was \$6M, while the rest was to come from the University. The Provost was asked to cut \$6M from his budget and thus the Deans had 5 days to cut their budget requests to make that total. Each Dean was given a specific amount to cut. These cuts are on top of the \$6M cut in the Provost's budget in FY 2011 as a result of the "cost-cutting exercise" the University performed. As noted in the section below on "Trends in Student Enrollment," these cuts have occurred in the face of the largest freshman classes ever admitted to Drexel University.

Assessment

It is clear that the provision of DeL funds incentivizes the deans to focus on offering online courses. Our question is have these incentives been incorporated into a rational policy for the development of Drexel University? Some Deans, pressed by inadequate funding from the Provost, appear to be turning to more online offerings to obtain DeL revenue to supplement inadequate operating budgets. This is a significant shift in curricular planning for the university and we believe that its advantages and disadvantages should be openly discussed among the administration and the faculty, and online courses should be implemented according to a *sound University-wide educational plan*, not as a pattern of ad-hoc budgeting.

Recommendation

The Committee recommends that a full bottom-up analysis of the budget of the university be undertaken to first identify to all stakeholders the existing challenges to the system. It may be that priorities can and should be modified and shifts of funding be undertaken to better support the drive for excellence of the Drexel education to which we all ascribe. This seems particularly appropriate to be done in concert with the on-going development of the new university strategic plan (see discussion below). Continuing to grow the undergraduate population and to borrow from alternative funding sources that should be used as the seed for the development of tomorrow's excellence is not a sustainable long term policy. A determined rationality to the budgeting process of the university must be developed, and we pledge to help lead the university towards that goal.

Student Enrollment and the Allocation of Tuition Revenue

Overview

One of the top concerns of the BPD Committee is the economic sustainability of the University. There is much in the news today about a struggling economy and the need to "reform" education. When looking ahead we must consider rising tuition costs for our students, increased oversight from state and federal government entities, new federal regulations requiring state level permission for out-of-state online instruction and an

impending “revolt” by the public on rising tuition and asking for more accountability from the academy. We are concerned that without continued admissions growth, tuition income would be inadequate to meet expenses. We are impressed that Drexel has averted, for now, negative consequences from these macro issues, but we are concerned that these issues should have a major influence on the agenda of our strategic planning (enrollment, academic, and master plans).

The enrollment at Drexel University has increased dramatically during the last 15 years. We have gone from a University of just over 9,000 total students in 1995 to approaching total student enrollment of 22,500. This increase certainly has come in part from the merger with three health sciences colleges (medicine, nursing and health professions, and public health) and from the addition of a Law School and campuses in Sacramento and Burlington County. It has also come with significant growth in freshman and transfer students. This increase has helped Drexel to enrich the core work of our faculty and enrich the experience of our students. However, recent increases in class size represent a challenge that we believe endangers the mission of the University.

Student Enrollment

As shown in Table 1, below, the freshman class size grew by 18% in FY 2011; the Provost allocated additional funds and released \$1.5 M to the Colleges, 28% of the approximate net tuition revenue of \$5.4 M.

College	FT Freshmen by College			
	Fall 2009	Fall 2010	Change	% Growth
Media Arts & Design	375	449	74	20%
Arts & Sciences	496	619	123	25%
Business	441	517	76	17%
Engineering	672	751	79	12%
Professional Studies	55	58	3	5%
Information Science, & Technology	46	45	-1	-2%
Nursing and Health Professions	140	202	62	44%
Biomedical Engineering	109	117	8	7%
School of Education	16	20	4	25%
Total	2350	2778	428	18%

Table 1: 2009 Increase in Freshman Class Size, Drexel University

The budget for FY 2012 is based on the admission of even more students than the numbers shown in Table 1, raising the freshman class size to 3000 students, with an increase of over 200 students from the 2010-2011 academic year. As shown by table 2, this is an increase of 28% over 2009 freshmen levels.

Freshman Class Size			% Increase over 2009	
2009	2010	2011	2010	2011
2350	2778	3000	18.213%	27.660%

Table 2: Increase in Freshman Class Size, Drexel University

This year, the budgeting for the "freshman bump" has been included in the regular budget (not in a subsequent modification as last year). The Provost's budget includes \$2.7M for the new students as well as maintaining the \$1.8M allocated in FY 2011 for the freshman bump of that year. There is also \$1.5M in the capital budget for classroom expansions and residential spaces for the new students. However, to accommodate the increased numbers of students, some will be housed at the dorms of the University of Pennsylvania and of the University of the Sciences.

Allocation of Tuition Revenue

Over the last several years we have expressed growing concern as the proportion of net tuition revenue allocated to college programs has dropped. In relation to our report of last year, we have updated our figures for past years to show the actual amount budgeted as shown in the Spring Board Packet for the end of the fiscal year as opposed to the rate shown in the original approved budget. This has raised the percentages by about 2%, but the downward trend remains the same. The FY 2012 budget shows an even larger and more concerning drop in the allocation of tuition revenue. In the face of growing enrollments, there has been a drop from 58% in FY 2011 to 52% in FY 2012.

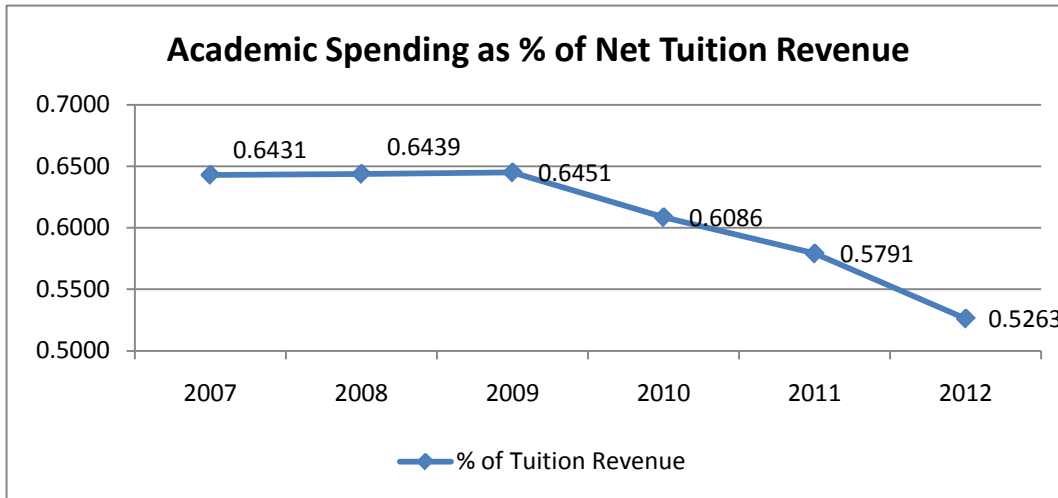


Figure 1: Allocation of Tuition Revenue, Drexel University

If the pattern of readjustment seen in past years holds, the FY 2012 percentage may eventually rise as high as 54%. But if such a readjustment were to occur, it would not change the continued decline.

And what does the decline in this figure mean? It means that, as the size of the student body rises, an ever greater proportion of tuition is being reallocated to fund the enterprise rather than the academics. This also illustrates the problem of attempting to impose legacy budgets in the face of a growing enrollment. As Drexel adds more students, the addition needs to be part of a planning process in advance of the enrollment increases, not an after-the-fact adjustment of legacy budgets that bypasses the constituencies who have a contribution to make to planning the right size of the University. This so-called legacy budgeting has been top down, in contrast with the stated aims of the University budgeting process. As a result, by failing to involve all the needed constituencies in planning for the size of the student body, such planning is *de facto*, and threatens a diminution of academic quality.

Concerns

As a result, we believe that the University is at a tipping point. There are a number of indications we are in danger of not being able to continue to provide a quality education to our students:

- **Space.** The President has noted the problems with the Drexel campus in his inaugural address, stating, "While our moral foundation is firm, our physical foundation ... and academic infrastructure ... are not yet sound and secure. Who among us could walk around our campus, take full stock of all our spaces, resources, and supports for faculty and students, and then say "This is a campus befitting a world-class university"? ... But as we prepare to make transformative leaps, we must first create a campus that reflects and supports academic excellence." So we would like to help in the process the President has already launched by pointing out some of the space issues that seem especially to threaten the delivery of academic excellence. The point we are making here is that in the context of our severe problems with

the quality of existing space, it seems imprudent to keep expanding the number of students and programs. Specifics include:

- On the Center City campus, the College of Nursing and Health Professions and the School of Public Health have a well documented need for instructional space. Both Dean Gold (Public Health) and Dean Donnelly (CNHP) have prepared detailed reports to the Provost about this. Faculty and academic administrators spend a lot of time, rather than teaching, trying to solve space issues, such as classes put in a room too small and double booking classes because the Medical College is on a different academic schedule. All three Center City campus colleges share many general classrooms. The FY 2012 budget contains funds for six additional classrooms for the Center City campus, as explained below, and these will help meet current needs, but not further expansion.
- The impact of limited space has been one of the reasons that beginning chemistry courses are scheduled for labs which meet every other week rather than weekly. While students at our benchmark institutions offer their students weekly labs, our students are doing half of the laboratory experiments than they did in the past. It is impossible to argue that this is a move toward educational excellence. Even worse, this is a reasonably predictable consequence of adding students without increasing classroom and lab space.
- Faculty are concerned that they may be in violation of FERPA standards of confidentiality in their conferences with students in shared offices and partitioned offices.
- The School of Education now offers 80% of its courses on-line. However, there are many programs that cannot solve the space shortage in this way.

We would note that the administration has been working slowly to improve instructional space, as well as it can given current budgeting practices. In FY 2011, much of the effort in the Provost's office has been directed toward handling facilities issues related to the freshman "bump" which brought the University and unprecedented number of freshmen. This year's efforts to improve space used for academic purposes included:

- the completion of the Learning Terrace to provide study space lost by the Law School's need for exclusive use of the third floor of the Hagerty library from 8 am to 6 pm each day during the exam period (\$850,000)
- The modification of 3000 square feet on the 6th floor of Bossone, creating a research space for the freshmen engineering labs to accommodate increased enrollment in both Engineering and Biomedical Engineering.

We are also happy to hear the Provost's office reports plans to convene a group of faculty to discuss classrooms for the future and what they should look like and how they are to be configured. However, to date, renovations in Provost-controlled classrooms have been made with only a very limited budget and with incomplete consultation with the faculty who will use them.

The FY 2012 budget contains a number of initiatives for instructional space. These include:

- The renovation of space on the second floor of the New College Building to add (2) additional classrooms to accommodate Nursing, DUCOM, and SPH students (\$910,000)
- The leasing of additional space in 3 Parkway to create 4 new classrooms and study area for Nursing and SPH students (this comes from the Operations and Maintenance Budget)
- Creating 5 new classrooms in the Lower Level of One Drexel Plaza (\$850,000)
- The renovation of the only unrenovated instructional space in the Provost's care, 18 classrooms in New College Building. The renovations are to a "minimum standard" level which included painting, window treatments, installation of white boards, screens and projectors. Although these

renovations do improve the usefulness of these classrooms, the rooms nonetheless have serious deficiencies that compromise the effort of faculty to create a proper learning environment. As a result, these renovated classrooms represent only a partial solution to the need for up-to-date classrooms.

- The "cutting edge" in technology. In recent years' budgets, the decision has been made to keep computers longer before replacing them. This is essentially a downgrade of technology through fewer upgrades. Further, it is reasonably predictable that ageing machines will require more maintenance but neither the maintenance budget nor the maintenance staff has been increased. This is another example of how the present method of budget planning endangers educational quality. Cases in point include
 - Many programs and laboratories in the University lack adequate levels of professional technical support for computers and other analysis equipment used in both teaching and research. For example, Westphal College has a computer support group of 4 to maintain over 700 computers and other mission-critical equipment. In some programs, to prevent costly service calls, faculty have assumed roles as the first line of diagnosing technical problems and ordering and installing replacement parts. Understandably, because of their additional duties, this means that equipment can be unavailable to those who need it.

- Long-term planning for academic needs. Westphal provides another example of how present budgeting fails to meet educational needs. For the last several years Westphal has had a shortfall in adjunct funds and each spring the Provost has had to provide additional funds of about \$250,000 beyond what was budgeted. This year's budget again fails to close that gap – making it a budget that does not take into account realistic needs for spending.

- Retention. Concern has been raised about increasing enrollment having a negative effect on retention. As shown by Figure 1, the University has made some progress in retention in the recent past, but there has been some slippage in the last few years. We are concerned that there will be further slippage in these results, given these large enrollments. Improving the University's advising system has been a major concern and advisors are already feeling stressed by the increasing number of advisees.

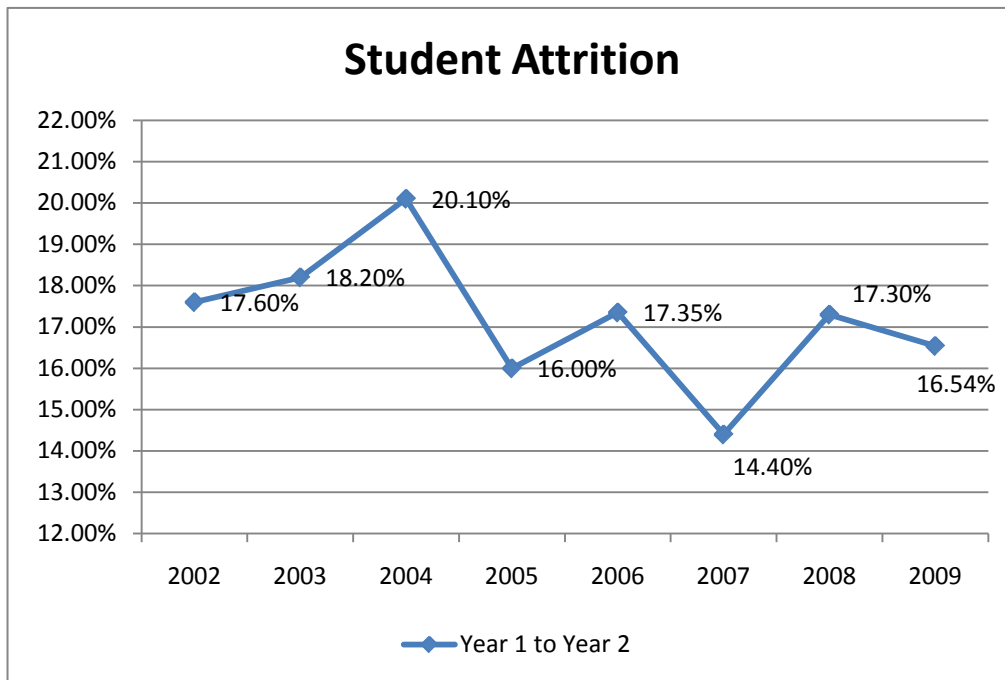


Figure 2: Freshman-to-Sophomore Attrition Rates at Drexel University

- Operating budgets. As the number of students increases, departments are asked to cut their operating budgets each year. When funds from DeL or Research Overhead are available, these funds are used for operating expenses instead of increasing the excellence of the University.

There are many problems which result from the legacy budgeting which Drexel has employed in recent years. One perennial one is the problem of funding teaching assistants. It has been noted that TAs are expensive, costing as much as \$50,000 per year when their benefits and tuition remission are included in the calculation. In some colleges TAs also participate in research in addition to their teaching duties. However, as a result of the lower cost of adjunct instructors, they are preferred by some administrators. It would be worthwhile to discuss in a structured fashion whether such instructors, who have no buy-in to the institution and do not contribute to the scholarly life of the University are really the best instructors to promote an atmosphere of research at the University.

Recommendations

Thus, we are asking that targets for freshman class size be implemented and enforced (not overrun) as part of a long-term planning process for the "right size" of the University considering its mission and its resources. Also, we feel that consideration needs to be given to the increased need for space when increasing the number of students enrolled at Drexel, and for better consultation with faculty when space is renovated.

Strategic Plan

Overview

This year Drexel, began the process of developing a new University Master Plan and an academic Strategic Plan. Last year, in its report on the FY 2011 budget, the Committee urged that the University link these two documents more closely, and develop space as it is needed for the University's educational mission. As a result, we were pleased to see that the two documents are being developed under the aegis of a single director, Janet Fleetwood, Vice Provost for Strategic Development & Initiatives. In addition, we noted that the Master Planning Questions circulated by Bob Francis in January 2011 contained a concept called precincts which associated Drexel's academic units with areas of the Academic District in the 2007 West Philadelphia Master Plan.

At the Committee's request, the Faculty Senate sponsored an open meeting with Goody Clancy representatives on February 7. At this well-attended meeting, a great range of helpful and supportive material was offered to Goody Clancy from the perspective of the University's faculty. It was not clear from this meeting or from the presentation called "Building the Campus" made by Goody Clancy to the faculty on February 23 that the idea was being implemented of linking the development of space on campus to the University's goals. We would once again like to urge, as it is early in the Master Plan and strategic plan development process, that this linkage be made.

Strategic Planning/Master Plan and Spatial Needs

Throughout the current report on the FY 2012 budget, the reader can see that the development of usable space for academic activities is needed for the excellence of the University; what we are for the most part talking about is not adding more high-profile state-of-the art new buildings. For example, where does a student wait for a class to begin? Where can a teacher go with students after class to discuss a project for a few minutes when there is another class starting in their classroom? How easy is it for a group of students to find space to work on a project? Are there outlets for their computers and a larger screen they can connect to?

Conclusions and Recommendations

We are talking about middle-of-the-road usable space and basic technology for the completion of the educational mission of the University: classrooms which are flexible enough for various kinds of teaching, labs in which basic skills can be taught, and spaces in which various kinds of studying, learning and academic-related socializing can occur. Yet space for these activities is often developed on an emergency basis, not

according to a long-term planning process. We feel this kind of space needs to be emphasized as an important part of the strategic planning process and linked to planning in the Provost's Office, Enrollment Management, Financial Aid, and Facilities.

In addition, we recommend that strategic planning take into account the culture of budgeting described in the first section of this report and develop an overall long-term position on the size of the incoming freshman class and how to plan for it.

Conclusions and Recommendations

The following points have shaped the committee's recommendations

- Large-scale building and renewal plans, substantial persistent operating deficits of certain academic units, and the elimination of State funding are the primary constraints that shape the university budget.
- The fraction of net tuition revenue dedicated to academic programs has decreased over the past several years, despite growing demand for resources needed to maintain and improve academic performance. The lack of adequate funding is in danger of compromising the quality of the academic mission of the University.
- Bottom-up input to budget planning is limited to only a small fraction of the budget. In addition, the declining percent of net tuition revenue allocated to academic programs indicates that this fraction is declining over time.
- Student enrollment has increased dramatically over the same period
- Despite the increasing student enrollments and higher tuition rates, two consecutive years of budget cuts have contributed to a reduction in the base resources required to maintain the long-term quality of our academic programs.

Based on its ongoing study of the details of the FY2012 budgeting process, the Committee finds that the current *ad hoc* environment of budgeting and the resulting effects on academic programs pose a threat to the sustainability of the University, primarily by not providing the support necessary for academic excellence. To ensure and maintain the academic excellence and sustainability of the University, we recommend that:

- a full bottom-up analysis of the budget of the University be undertaken. The aims of this analysis would be to provide all stakeholders with an understanding of the University's existing challenges and to recommend any necessary gross-scale changes in the funding allocations made to University programs.
- the strategic planning process be used to develop an overall long-term position on the size of the incoming freshman class and a plan for how to support it.
- academic space needs be emphasized as an important part of the strategic planning process and linked to planning in the Provost's Office, Enrollment Management, Financial Aid, and Facilities.