

Budget-Cutting at Mid-American University

A Case in Administrative Decision Making

This case involves decision making as well as budgeting and personnel considerations—and, by extension, policymaking—within a public institution, so bring to it all you know of organizational theory.

Do this thoughtfully and responsibly, as if you were, yourself, the university dean in question—he, after all, had the good sense to delegate it to a committee and it to you. Like him, you have a clear and supportable view of the mission of your university as the state's primary institution of higher learning. Like him, too, you will have to live with your decision and the department chairs and faculty members involved. Keep in mind as well that you are making policy by implicitly setting precedent for future budgetary and personnel decisions.

Review the instructions and carefully assess the data presented in Table 1, establish and review your alternatives, consider the criteria and constraints involved, make your budget-cutting/personnel decisions, and, most important, provide all the necessary rationales that make your decisions equitable and defensible to all parties concerned. It is here that you might formulate the university's mission, which also makes these decisions comprehensible to the all-important state legislature and to the public at large.

A Kick in the Seat of Higher Learning: Budget Cutting at Mid-American University

Mid-American University, the flagship institution of a widely respected state university system, is faced with problems that are all too familiar to beleaguered education administrators. The university is suffering from the one-two punch of postbaby-boom-enrollment decline (reducing tuition-based revenues) and pressures faced by every state agency in the face of a shrinking base of state government revenues. Indeed, the state is experiencing an unprecedented revenue shortfall (even after raising taxes for the third straight year).

Higher education is a prime target for cuts. The rationale is straightforward: there are fewer students than in the past, the university system has been lavishly supported in past years even as other state services were being cut back, and political sentiment indicates that cuts in higher education would be met with less opposition than cuts in other major programmatic areas (many of which have already been cut to the bone). The governor and the leadership of the state legislature's budget and higher education committees had little difficulty striking a deal whereby the appropriations for every institution in the state university system would be cut by 10 percent. The chancellors of the respective campuses would decide how to deliver the cut.

The chancellor of Mid-American University (MU), Lamar Knebbish, followed the course of least resistance and passed along the problem to the academic deans (of the Colleges of Engineering, Business Administration, Arts and Sciences, and Education). Each dean was instructed to deliver a cutback plan to Chancellor Knebbish. The plans would detail cuts in 10 percent of the faculty positions in each of the respective colleges (operating budgets and support personnel budgets were not subject to cuts since it was generally believed that they were already thin). In the absence of a miracle (e.g., an unexpected influx of new students, a great upsurge in the economy, the discovery of oil on the MU intramural fields), the plans would be implemented during the next fiscal year.

INSTRUCTIONS

You are part of a committee formed by the dean of the College of Arts and Sciences. The charge of the committee is to come up with a plan for cutting back 10 percent of the faculty positions in the college. Tenured faculty cannot be dismissed, however, unless their entire academic department is abolished. Examine the data given in the accompanying documents and tables to be better informed in your decisions. Your task is to detail the cuts and articulate your reasons for proceeding as you did. Expect that you will have to defend your decisions not only to the dean but also to your faculty colleagues (including perhaps some of those who will soon be ex-colleagues). You are not, however, concerned with making cuts targeted for individuals but with cuts in departments' faculty lines. The departments will decide who gets axed. Finally, specify information you would like to have (if any) that is not given in the data and documents and tables.

DOCUMENT A: OVERVIEW OF THE COLLEGE OF ARTS AND SCIENCES

The College of Arts and Sciences is the oldest and largest of the four colleges of Mid-American University. Almost half of Mid-American's undergraduate students have elected majors in one of the Arts and Sciences academic departments, and 43 percent of MU's graduate students are pursuing degrees (usually doctoral degrees rather than master's degrees) in the college. Nevertheless, Arts and Sciences has suffered the greatest attrition during the past five years of any of the colleges. Students are increasingly turning to fields such as business or engineering, which seem to offer more promising job prospects.

There are three major divisions in the College of Arts and Sciences: the Division of Physical and Life Sciences, the Division of Social Sciences, and the Division of Humanities. Most observers agree that the strongest departments (in terms of academic quality) are in the Division of Humanities—but it is these departments that are suffering the greatest declines in enrollment. The Division of Social Sciences includes some highly reputable departments and others generally assessed as mediocre. The Division of Physical and Life Sciences has actually been enjoying a modest upswing in enrollments—clearly bucking the college trend—but includes no highly respected programs and has been unable to attract prominent professors and researchers.

Each year the Undergraduate Student Association gathers teaching evaluations from students. The evaluations are generated for nearly every class taught at MU. Although there are substantial differences in teaching effectiveness, the differences are much more pronounced at the individual level than at the departmental level. There is a modest tendency for professors in the Department of History, English, and Psychology to receive somewhat higher ratings in aggregate.

The Division of Physical and Life Sciences has been the leader in bringing in resources through government and private grants and contracts. Social Sciences has had some success in generating external funds, but Humanities has had little success or, for that matter, little interest in bringing in big money for research.

DOCUMENT B: MEMORANDUM FROM DEAN TO DEPARTMENT CHAIRS

To: Department Chairs in Arts and Sciences

From: Dean I. M. Draconian

As you are no doubt aware, we have been asked by Chancellor Knebbish to come up with a plan to cut our faculty lines by 10 percent. Before we meet to hammer out a plan, I would like each of you to give me a brief response to the question "Why shouldn't my department be submitted to a cut of (at least) 10 percent of existing faculty positions?" This should not imply that each of you will necessarily be cut by 10 percent. You may be cut more; you may be cut less. At the extremes, it is possible that you won't be cut at all or (and I hesitate to even raise this spectre) that your entire department could go down the tubes.

I look forward to receiving your response within one week. Shortly thereafter we will meet and make our decisions.

DOCUMENT C: CHAIRS' RESPONSES (ABRIDGED) TO DEAN'S MEMO

V. J. Quark, Physics:

Need I point out that we have the largest enrollment in our division, the highest growth rate of any department in the college, and a smaller faculty than our two sister departments, Biology and Chemistry. We have also made substantial contributions to the fiscal health of MU by bringing in much more than our share of grants and contracts. . . . Moreover, consider the contributions of physics to our knowledge and mastery of the world and then consider the contribution of any (or all) of the social sciences. All the cuts should come from these charlatans in the Social Sciences Division.

Fred Beaker, Chemistry:

(no response to Dean's memo)

Jean Splicer, Biology:

As I'm sure you remember from your days as a professor in this department, we have always pulled our weight and received very little credit. We keep turning out good students and get them jobs and we will continue to do so if the department is not gutted (as it would be if I lost even one faculty member). . . . Quite frankly, our reputation is not all that I would hope it would be. That drop in the AUE ranks stung us a bit. But the new people we've hired here are beginning to make up for the dead wood in the tenured faculty. You can't possibly expect me to lose one of these good, energetic young faculty members when we have so many who have taken "early retirement."

Rock Kozel, Geology:

Look Drac, we've only got eight faculty. We just barely have a critical mass. If you cut us back we're dead. How are we going to compete if we can't even cover all the major specialty areas of geology?

Terrence Totem, Anthropology:

I think it is positively barbaric asking us to go through this kind of exercise. It is also stupid. How can we possibly make comparisons between, say, Physics and Anthropology? We might as well draw lots as to proceed as you suggest.

Niccolo Pluaralti, Political Science:

The state constitution requires that every kid who attends this hallowed institution has to pass through P.S. 101, American Government and Citi-

zenship. This means that we are hard pressed even during the best of times. Even if our majors are somewhat fewer than in the past, there has been little or no reduction in P.S. 101. If you cut us we will not be able to deliver that course with class sizes under 500.

Bull Marquet, Economics:

Enrollments are up, faculty quality ratings are up (see latest AUE rank), average class size is up, sponsored research is up. 'Nuff said.

Philo Mindbender, Psychology:

Our enrollments are up. Take it out of the hide of those departments losing students.

Clio R. Cane, History:

Our enrollments are down but we actually have an increase in nonmajors taking history courses. Our courses in history of rock and roll and history of cinema have been filled each term. I think this shows a commitment to innovation. Also, I don't think there's any disagreement that we have one of the most prominent faculties at MU. As soon as this current obsession with vocational training goes away we will be back to normal. You don't want to be thought of as the person who destroyed a nationally recognized history department, do you?

Gerund Claus, English:

Everyone takes freshman English. Thus our average class size is the highest in the division and the second highest in the college. When you consider this, together with our high quality (see recent AUE rank), we don't seem a reasonable candidate for cuts.

Contem Platenavel, Philosophy:

Sure our enrollments are down, but since when does the market determine the importance of academic enterprise? The Accountancy Department in the Business School has four times as many faculty as we. Does this mean that debits and credits are more important than the nature of justice, aesthetics, clarity of argument, and ethics? Anyway, our enrollments are down only because they were artificially inflated during the 1960s and early 1970s when it was "in" to be a philosopher. We have fewer students but they are better.

Virgil Aeneid, Classics:

We have the smallest but the best department in the entire university. Each of our five faculty members has a national reputation in his or her specialty. Many of your larger departments have not a single noteworthy scholar. We place our doctoral students in the very finest departments, and we expect to continue to function at this high level if you'll only leave us alone.

TABLE 1. Data for Arts and Sciences Departments of Mid-American University

	Tenured Faculty	Untenured Faculty	Undergrad. Majors	% Change (Five-Yr. Period)	Grad. Majors	% Change	Sponsored Research Dollars	Aver. Class Size*	AUE Rank [†]
Physics	5	7	99	+10	8	+5	\$1,400,000	28	35
Chemistry	10	3	84	+3	10	—	1,850,000	27	38
Biology	3	11	81	+6	14	+10	960,000	33	35
Geology	2	6	32	-8	3	-50	40,000	6	27
Anthropology	1	6	18	-17	1	—	40,000	5	85
Political Sci.	12	8	110	-4	18	+8	57,000	38	50
Economics	10	10	115	+9	21	+12	820,000	44	65
Psychology	8	6	65	+1	6	+33	250,000	23	40
Sociology	14	10	49	-20	5	-20	15,000	12	48
History	10	14	61	-37	10	+10	25,000	37	85
English	15	17	52	-41	9	-50	0	41	80
Philosophy	4	6	31	-61	2	-80	0	5	62
Classics	4	1	18	-14	9	—	0	14	90

*Includes majors and nonmajors.

[†]High score indicates high-quality rank.