

University Budget Update

Presented February 24-25, 2009

State Funding Reductions

- State tax revenue shortfall of approximately \$1 billion
- Reduction to funding for state's institutions of higher learning = \$158 million
- Portion of state funding reduction allocated to APSU = \$6.9 million

Proposed THEC Funding Reductions

University	Reduction	Percent Reduction
<i>APSU</i>	\$6,926,200	20.4%
East Tennessee	\$11,629,200	19.5%
MTSU	\$19,310,600	20.3%
Tennessee State	\$8,787,400	22.2%
Tennessee Tech	\$8,610,800	18.5%
University of Memphis	\$19,886,300	17.0%
UT Chattanooga	\$8,041,300	18.5%
UT Knoxville	\$33,443,400	18.1%
UT Martin	\$5,950,500	19.0%

Additional Budget Realities for APSU

- Projected loss of interest income for 2009-2010 because of declining interest rates = \$1 million
- Expenses expected to increase = \$600,000
- Total budget reduction = \$6.9 million state funding reduction + \$1 million interest loss + \$600,000 increased expenses = \$8,500,000 TOTAL

Factors Affecting Size of Reduction

- Federal stimulus: as much as \$350 million to Tennessee over two years to offset state funding reductions for higher education
- Degree to which Gov. Bredesen may seek to see universities absorb budget cuts in spite of stimulus funding
- Possible increased tuition revenue

Budget Reduction Principles

- Because APSU is already more thinly staffed per student than TBR peers, seek to avoid layoffs and look carefully at strategies other than hiring freezes
- Limit reductions to our instructional budget that would lessen the portion of our budget allocated to this central function

APSU Expenses by Functional Area

Functional Area	APSU %	Peer (TBR) Avg.	Dollar Diff.
Instruction	47.09	47.60	-43,573
Research	0.57	2.92	-198,875
Public Service	0.22	1.58	-115,120
Academic Support	6.46	9.34	-244,143
Student Services	17.26	14.87	202,605
Institutional Support	11.94	10.13	153,098
Operations & Maintenance	10.68	9.05	138,008
Scholarships	5.77	4.51	106,812

Goal: Use Ratios to Keep Reductions Balanced and to Improve Allocations Where Needed

Possible Budget Reductions

Allocate Tuition Growth from Fall 2008	\$665,000
Reallocate Bookstore Profits	\$250,000
Temporarily Reduce Physical Plant Transfers	\$800,000
Frozen Faculty Lines	\$781,000
Frozen Staff Lines	\$438,000
Reduce Operating Expenses in Student Services, Institutional Support, and Maintenance and Operations by 20%	\$1,081,000
Miscellaneous Budget Reductions Based on Line by Line Review	\$283,000
Allocate Estimated Revenue from 5th Ft. Campbell Term	\$200,000
TOTAL	\$4,498,000

Other Budget Reduction Strategies

- Reduce utilities through energy conservation program
- Reduce adjunct/overload budget
 - through more efficient scheduling of course sections
 - through more strategic use of post-retirement faculty
- Reduce scope of custodial contract

The Future of Higher Education in Tennessee

- Tennessee's universities will almost certainly be called upon to produce more graduates, but will not receive additional funding to do so
- The legislature and higher education regulatory bodies will continue to create incentives through the funding formula to secure this goal

Fundamental Question for the Future of Austin Peay

- How can we continue to provide a quality education to our students with fewer resources?
- The only certainty: it will not be by continuing to do things precisely the way we do things today.

For Staff

- Adding new positions will become increasingly unfeasible
- Helping our students succeed is *our* business; their success is our success
 - No place for academic Darwinism
- Staff contributions to student success
 - Extraordinary service
 - Hassle-free transactions

For Faculty

- No need to rush to corporate models for cutting costs
- Our challenge is to pay close attention to promising strategies among our academic peers, who are wrestling with the same basic problems

**STRATEGIES ALREADY
COMMON
AMONG OUR PEERS**

Manage Class Enrollment

- Give chairs power and knowledge
 - Power to control class enrollments immediately
 - Knowledge of classroom possibilities
- Reduce unnecessary sections by managing enrollment caps
- Do a better job of matching classrooms with section enrollments

Make Intentional Use of a Greater Variety of Teaching Resources

- Current reality: regular faculty + unintentional adjuncts
- Better model: regular faculty + intentional instructors + intentional adjuncts
- Use graduate assistants intentionally to support instruction rather than for general office purposes

Take More Responsibility for Student Success

- Become more paternalistic about courses with high failure rates—identify and correct the problem
- Do a better job of encouraging and facilitating timely graduation
 - Discourage course repetition
 - Promote (real) full-time loads
 - Promote summer school

QUESTIONS?

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