

# University Budget Update

Presented February 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

# Additional Budget Realities for APSU

- Projected loss of interest income for 2009-2010 = \$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

# HOW THE BUDGET REDUCTIONS WILL AFFECT STUDENTS

## *How Will Students Bear the Loss?*

- APSU will take steps to reduce its budget in ways that do not affect our service to students
- Nevertheless, students will bear a large portion of the loss in state funding
  - Through increased tuition, or
  - Through diminished educational quality

# What Kind of Loss Will Students Bear?

- Larger classes?
- Less personal attention?
- Less feedback on assignments and papers?
- Reduced services like tutoring?
- Greater tuition?

# BUDGET REDUCTION PRINCIPLES

# Budget Reduction Principles

- Because APSU is already more thinly staffed per student than TBR peers, seek to avoid layoffs and limit hiring freezes: it takes people to serve people
- Limit reductions to our instructional budget that would lessen the portion of our budget allocated to this central function

# BUDGET REDUCTION PLANS AND STRATEGIES

# Possible Budget Reductions

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

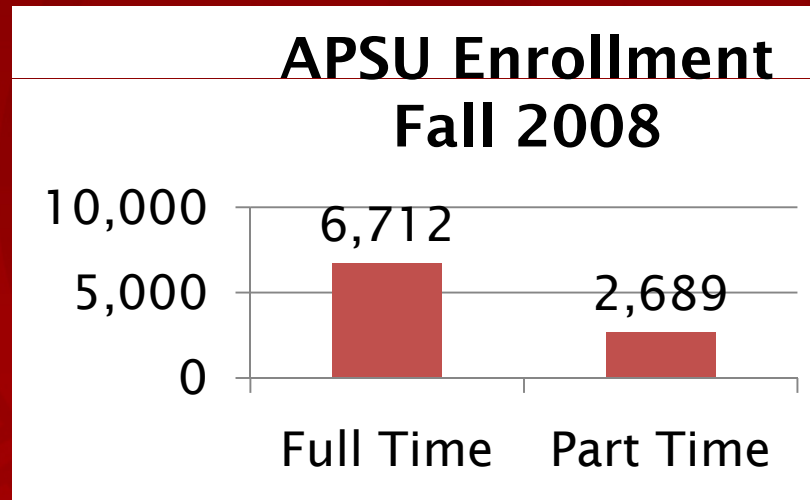
# Other Budget Reduction Strategies

- 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

# UNCAPPING TUITION: FULL-TIME AND PART-TIME STUDENTS

# Uncapping Tuition

- In fall 2008, 71% of APSU students were full time and 29% part time



- Students pay about \$230/credit hour up to 12 hours: they do not pay for hours over 12

# Concerns of Full-Time Students

- Uncapping will mean they pay more for their degrees
  - Currently pay \$2,760/semester
  - To take 15 hours with tuition uncapped, they will pay \$3,450, or \$690 more a semester
  - This will amount to a 20% increase in tuition
- Currently, the cost of a degree taking 15 hours/semester = \$22,104
- If tuition is uncapped, the cost of a degree will be \$27,630, an increase of \$5,526.

# Concerns of Part-Time Students

- A word about our part-time students
  - Significantly less access to financial aid, such as the lottery scholarship
- The cost of a degree for part-time students taking 12 hours or less/semester = \$27,630
  - Part-time students pay \$5,500 more for their degrees than full-time students (who pay \$22,104 if they take 15 hours every semester)
  - This \$5,500 essentially goes into the pockets of full-time students, whose degrees cost less precisely because part-time students subsidize them

# The “Look-See” Issue

- Because students don't pay for hours above 12, it is possible for them to enroll in additional hours with the intention of dropping some
- By the time “look-see” students drop, it is not usually possible for other students to add the course and fill the now empty seats
- Empty seats drive costs up for all students—cutting down on empty seats will help keep costs lower for all students

# QUESTIONS?

[WWW.APSU.EDU/BUDGET](http://WWW.APSU.EDU/BUDGET)



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