

Appendix A

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Report of the budget committee to the faculty senate

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On Monday, April 8, 2002, Drs Clark, Koch, and Stoddard met with Vice President Adams concerning the budget crisis in Tennessee. The discussion centered upon how the DOGS budget would affect APSU. The discussion took place after we had studied the budget summary, analysis and salary allocations in the library. Dr. Adams also provided us with copies of the analysis and summary. Dr. Adams was at all times as open in his remarks as possible. His position is, however, in finance and the interview reflected solely the financial position of the university. The policy issues that led to the actual decisions for cutting the budget were untouched.

This report has been divided into three sections, each authored by Dr.'s Clark, Koch, and Stoddard respectively to give as much diversity as possible.

Notes of Dr. Roger Clark

The APSU budget appears to be a rather lean from any perspective. We found no glaring areas where painless cuts could be made. Any cut from our present budget will have dire consequences that will take a generation to heal even if we are fully funded in the immediate years following or involve risk of more calamitous outcomes later.

The first area we questioned was use of the reserves. Currently APSU has \$1.03 million in the "rainy day" fund. This is for use if there should be an impoundment during the year. The administration has decided that this must be kept in reserve. According to the numbers on the administration's budget reduction worksheet it would take approximately \$250,000 to save the positions of all seven of the first year tenure track professors. This would leave over \$750,000 in reserve. In light of the fact that firing first year professors would have an extremely severe impact on any future recruitment and cause higher expenses in the long run (see the notes of Dr. Koch below) we question whether all of this rainy day fund must be kept in reserve.

The second area noted was the athletics department. APSU spends over \$2 million for its athletic department from general funds. A review of the salaries under athletics reveals there are over twenty-five coaches in this department, none with tenure or on tenure track. All serve at the sufferance of the administration. Dr. Adams advised us that this is the absolute minimum needed to keep our NCAA accreditation. It should also be noted that the THEC has stated in its "A Plan of Action for Tennessee Higher Education: A Revision of the 2000-05 Master Plan" that athletics should be self-supporting through student fees and ticket sales within four years. A rough approximation of this student athletic fee works out to students paying approximately \$300 per year to keep our athletic program as it is currently funded. In light of this and in light of our goal to educate students we should ask ourselves whether NCAA accreditation is worth the price. Specifically, as athletics has been shown to be of no priority under THEC should we at APSU fund athletics for another one or two years while we fire faculty because of lack of funding?

I hope to be at the faculty senate at the next meeting, unless I have an interview elsewhere.

Notes of Dr. Susan Koch

Housing: Even though it technically pays for itself, is there a possibility of turning the management of it over to an outside service? Similar to food service.

Reducing faculty reassigned time: What does this \$120,000 entail? Is

this mostly department heads? Is this reduction an attempt to have faculty teach more hours?

Athletics: A quick and very unscientific survey of my students indicate that only one would be willing to pay ANY fee to keep intercollegiate athletics (and he is an athlete on scholarship). APSU should focus on what we do best--instruction. I would be very interested in a survey asking students WHY they came to APSU and, I would guess, it is not for the football team. Maybe there is a way to begin to phase-out athletics. We need someone familiar with NCAA requirements to advise us.

Reserves: Other schools are taking some of the cuts out of their reserves. However, they have put in reserve more than the 2% that APSU has. A reserve is a great idea, but maybe some of it could be used.

Personnel cuts of first-year faculty: I would strongly suggest keeping ALL first-year faculty, even if we have to use reserves to do so!!

Reasons:

- 1) Recruiting tenure-track faculty is expensive and time-consuming. This amount has not been included in the budget. We should deduct the cost of recruiting the faculty in the future from the savings we have from terminating the 7 faculty. This cost includes advertising, travel for interviews, and the cost of faculty time on search committees. (This is assuming we WILL replace those 7 faculty!!) [We should try to get some numbers to make this more significant.]
- 2) The effect on APSU's reputation will be huge. The administration should think about what happens when the "word gets out" about taking a position at APSU. We have a hard enough time recruiting without that "black mark" against us also. Especially since we are recruiting for a school that pays lower salaries than most of our peers.
- 3) Has the effect of the new TBR mandated general education core been factored in? What about the effect of reducing degrees to 120 hours? What about the potential program reductions through the new "program review criteria"? What about the removal and/or reduction of remedial and developmental? Until these questions are addressed, ALL FIRST-YEAR FACULTY SHOULD BE KEPT. Any faculty reductions may be a regrettable, but necessary, result of any of these situations. And, it appears, most of these situations will be affecting APSU very quickly. I would propose that making any faculty changes at this date is premature and should be carefully analyzed using ALL information during the next academic year. Faculty should be kept, EVEN IF WE HAVE TO USE SOME OF THE RESERVE TO DO SO.

Dr. Pete Stoddard

Questions Relating to Budget Summary

- 1) Budget Item # 2-70200: Stadium: What is it ?
"Covers cost of maintenance on stadium" Adams
- 2) Budget Item # 2-30100: Elder Hostel (\$93,000): Can this be cut ?
"I have no idea about that. Stan Groppe is over that. It would be mostly funded with fees. I think it is included in Conferences and Seminars, but I'll have to ask." Adams
- 3) Housing: Long-term dumb question: Why not just get rid of it ?

“There are bonds on the dorms. They are issued by the Tennessee School Bond Authority.

If we default, then they can take it out of our General appropriations.” Adams

4) How does the budget relate to formula funding ?

“The formula model is to generate the appropriate distribution that is equitable. It is not a budget.” Adams

5) Release time:

“Department head release time is in each department budget as “ academic”. All of the Deans are listed under “ administrative” even if they teach a class.” Adams

Questions Relating to the Budget “Analysis”:

1) In “Financing Inter-collegiate Athletics: Revenue”,

“Category # 2: General Support Fund” over \$1.8 million, why ?

“ That’s what it takes to fund athletics. That’s what we take from the general operating fund. Athletics doesn’t pay for itself.” Adams...

“Loos would/should cut [athletics]. If we cut sports it would have to be Division I. That affects about 250 students (But I would have to check with Loos.) What about those students ? And would there be other students who come to APSU because it has sports who would then look else where ? And if we loose those students [250 in athletics] it would affect our FTE (because those students get into our fte). To cut athletics [say several teams] could do long term damage to our program. We can’t totally give up football and stay in the OVC . We are competing against Murray, Western, and Martin, if we had no athletics and they did, could we sell ourselves ?” Adams.

Comments about Future Strategy:

1) Why not use reserves ?

“We have \$1.03 million. To take out of that would just delay the process. Other institutions will take part of their cut out of reserves. We will not do that. We try to hold back 2% of the budget against an impoundment later in the year. To have nothing to fall back on, then where in the world would we go? This 2% rolls over every year so we don’t add to it.” Adams

2)Where do employee benefit costs show up ?

“ In the October budget it is marked as “Other Auxiliary”. That’s the employee benefits in a pool, and as you spend it , it is withdrawn from the pool and put into a separate account.”

“ \$2.8 million pulled from the pool during a budget year.” Adams 3) What budget strategy do you use ?

“We tried to do a zero-based budget last year but we didn’t try it this year. The president wants a budget allocation model based on FTE, but that is really difficult because, say chemistry might need more dollars (say for equipment) than say an English class with the same enrollment. There is no line item budget, but we can construct one through accounting receipts and budget transfers. And, right now everybody is at base budget.” Adams

3)What would be the place to cut ?

“Education and General(last page - p. 129) with a total of 53.3 million consists of state appropriation and student fees. The cut has to come out of that.” Adams

4) How will personnel cuts be made?

“ We spent 5 and a half hours today going through every single position. [We] Put names/ people to positions, and if the dog budget happens then this is what would happen to you.” { Was he implying that these would be the people who got layoffs ? He did not specify.

Also, he did not say there were any specific criteria. Howard Wynn keeps telling me, and Steve A. too, that under financial exigency - at least there would be criteria. }

“Current faculty lines are based on history- what requests were filled in the past. New faculty lines will be based on student credit hour production.

“ It is possible to keep the temporary faculty because they are in high demand areas and that also does not obligate the institution to a December notification. There are 17 full time temporaries this year.

“Everyone is under notice from THEC to do a review of program productivity. {Again, he did not say what the criteria would be }.

“The 24 who got letters was never a budget issue, it was a contract date issue. They are two separate issues.” Adams

Pete’s Recommendations:

- 1) The report should start with a list of recommendations for how financial cuts are to be considered, then follow with a summary statement, then the body of the report.
- 2) **KEY POINT:** This year they did not have a budget strategy (and thus no comprehensive planning.)
- 3) **KEY POINT:** For no justifiable reason they refuse to explore cuts or restructuring the Athletic program. The numbers don’t justify the expense. Especially if you use Adams argument of \$ 1.8 million for 250 students in the FTE. (I didn’t divide that because I am too scared to even conceive of the cost.)

Austin Peay State University
Budget Reductions
DOG Budget With No Fee Increase 3/22/2002

Centers of Excellence

Eliminate Centers of Excellence	<u>784,000</u>
(Reallocate university matching funds to cover tenured faculty transferring back to instructional departments)	

Educational and General Operating

Eliminate all E&G transfers to R&R	500,000
Reduce athletics	50,000
Reduce finance and administration	330,000
Reduce faculty reassigned time	120,000

Furlough admin/prof employees 1 day per month w/o pay		404,000
Eliminate 7 tenure track faculty		
(7 @ average of \$39,800)	278,600	
Benefits @ 18%	50,100	
Less: Cost of adjunct replacements	(84,000)	
Net Savings		244,700
Eliminate 7 temporary faculty		
(7 @ average of \$35,400)	247,800	
Benefits @ 18%	44,600	
Less: Cost of adjunct replacements	(84,000)	
Net Savings		208,400
Administrative reassignments/consolidations		455,000
Eliminate/freeze non-faculty positions		<u>481,300</u>
Total Reductions		<u><u>2,793,400</u></u>
Recommended fee increase of 15%		
Gross increase	2,494,200	
Less: cost of associated scholarships	(318,000)	
Net available with stable enrollment		<u><u>2,176,200</u></u>