April 8, 2008

TO: Faculty, Staff, and Other Academic Community Members

FROM: Joseph F. Sheley, Provost

RE: Budget Update

Any News?

The budget remains the major topic of conversation on campus. I have no definitive news to share regarding the scope of the state’s shortfall next year. Most estimates range between $12 billion and $20 billion and, if these are accurate, difficulties surely will follow. Recall that Academic Affairs will enter next year with approximately $3 million (3% of its budget) to be directed toward reduction of the campus’s extant structural deficit, independent of further challenges brought by the predicted state financial shortfall.

7% Scenarios

Via UBAC’s recommendation and the President’s request, we have been working through a 7% reduction scenario (i.e., $4 million in addition to the $3 million in the original structural deficit). The figure was chosen because it prompts serious prioritizing and planning both for the potential 7% but for any other reduction, larger or smaller. The various vice presidents have worked together to produce plans submitted to President Gonzalez, and he, in turn, has sought recommendations regarding them from UBAC. Each vice president has met at least once with UBAC to discuss division difficulties and strategies.

It is important to stress that these budget scenario discussions are not merely exercises. The state has sent no signals that it plans to give us a pass; we will almost certainly experience cuts beyond the originally planned 3%. We cannot afford to wait and see what happens. No news will be delivered until May (and perhaps until fall), and we must build our fall course schedules now. Course delivery is the major part of our budget.

How are the potential reductions being distributed?

To address the 7% reduction scenario, I have designated $2.14 million (30% of the 7%) to be cut from Academic Affairs’ general and unit budgets. I have asked the deans of our Colleges and the University Library to reduce their budgets by 5.5% ($5 million total), plus an additional amount to absorb the increased cost of sabbaticals -- now totaling about $1 million annually.

Nearly everyone agrees that the key goal of budget planning for the next two years is preservation of enrollment. Beyond that, it is critical that we maintain a reasonable level of instructional equipment and supplies. Basic OE, assigned time related to instruction, and funds for professional development obviously remain important too. Additionally, there is the element of time. We are planning as if our budgetary challenge will last but two years when, in fact, it could (is likely to) exceed two years in duration. Failure to shepherd our fairly meager resources beyond two years would put us at risk of falling off the proverbial cliff by the third year. Finally, we must address
the major goals of our Strategic Plan: improved retention and graduation rates and assessment of program learning outcomes.

First-Pass Scenarios

As it happens, enrollment maintenance did not trump all other considerations in the first-pass, 5.5% reduction scenarios from the colleges. This is not surprising, for these are hard decisions, and deans and chairs are correctly resisting simply axing everything else but classes. Thus, many chairs note, honestly, that while FTES may be preserved (students flowing from reduced sections to other sections) in paper scenario plans, enrollment goals will not in fact survive the level of course cuts now proposed in the first-pass scenarios -- in the sense of maintaining current student course-load profiles.

Rather than simply moving back into the cut scenarios, automatically reducing other variables (assigned time to new faculty members, for example), and restoring schedules, the deans and I have chosen more closely to monitor enrollment patterns in the upcoming registration and to adjust (restore sections) as necessary and appropriate as the enrollment data present themselves.

Seeking Balance

We must seek balance among that which we most value: enrollment (a decent course schedule), necessities (ability to do more than simply offer classes), and solvency beyond two years (no panic cuts in the third year). Thus, we need to push the schedule as far as we can in order to achieve cost reductions that, while protecting enrollment, will also protect other valued budget items while not spending every cent we have in the shortest run.

None of this is easy. It provokes considerable anxiety. We are not used to doing business this way, and we likely will make some mistakes -- hopefully correctable. I am grateful to the deans and chairs for working so hard at this.

I ask your patience, persistence, and help as we now make further passes at the budget. The budget picture will become clearer, for better or worse. UBAC soon will make recommendations to the President. The President has scheduled a budget briefing on April 24th at noon (Union Ballroom) to update everyone on where we are financially.

Whether the reductions we face are 3%, 5%, 7%, or higher, it is also time to begin looking at the future. It is highly unlikely that anyone is going to “save” us; funds will not likely be restored by the state to the degree that they have been taken away. What do we wish to do with the remaining funds? I would like to address that question through a series of campus conversations in May (rather than waiting until fall). Those conversations should focus on our mission and a 10-year (maybe a 20-year) vision that addresses issues like quality, comprehensiveness, innovation, and responsible financial planning. We have the intellectual capacity on our campus to accomplish much more than merely compensating for cuts. I believe we are well up to the challenge.

Thank you for your attention.