Attachment D.2.b

Note from Secretary: This interim report from Budget Committee (received 4/28/20) is an addition to Attachment D.2 (BC report postponed from March), and provides background to discussion item C.

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To: Faculty Senate

From: Faculty Senate Budget Committee

Steven Boyce (co-chair), Mitch Cruzan (co-chair), Tina Anctil, Candace Avalos, Michael Bowman, Eric Geschke, Sam Gioia, Brenda Glascott, David Hansen, Arthur Hendricks, ChiaYin Hsu, Martin Lafrenz, Janice Lee, Derek Tretheway, Melody Valdini, Stephen Walton, Bradley Wipfli

RE: Interim Report Regarding the outcome of the IPEB process for FY21

As part of the Integrated Planning for Enrollment and Budget (IPEB) process, the Faculty Senate Budget Committee meets with deans of colleges and directors of schools and institutes within the Office of Academic Affairs to learn about their enrollment projections and budgeting for the upcoming academic year. Preliminary results of these meetings are as follows:

1. All units are facing what are effectively budget cuts for the upcoming academic year (2020-2021), which corresponds to Fiscal Year 2021 (FY21). That is, their FY21 budgets are less than the projected current service level (CSL) for FY21, which includes inflation and salary increases. The increases (compared to the FY20 budgets) that would be needed to maintain CSLs range across colleges from 3.5% to 6.1%. This includes an expected (up to 3.5%) COLA for faculty and staff, accounting for retroactive pay for the first half of 2020. Instead of increases of 3.5% to 6.1% that would maintain their CSLs, FY21 base budgets ranging from 1.5% reductions to 2.0% increases have been proposed.
2. Options for units include: (a) reducing costs, (b) increasing revenue, and (c) spending reserves.
    a. Ways that units are planning to reduce costs in the coming year include:
        i. Holding faculty and administrative lines vacant
        ii. Structural reorganization within units (merging operations, changing admin/staff mix)
        iii. Reducing course offerings
    b. Ways that units are planning to increase revenue in the coming year include developing new programs to attract students and improving retention. These require investment in marketing, recruitment, advising, and faculty.
    c. With a few exceptions, units are planning some reserve spending to meet their budgets. The total reserve spending within the Office of Academic Affairs is expected to be $8 million. Continued reserve spending is unsustainable.
3. Options for units to meet budgets through reduced spending are limited, as the severity of previous years' cuts have already had negative effects on units' abilities to deliver quality education experiences to students. For some units, continued cuts may jeopardize accreditation.
4. There is great uncertainty regarding how COVID-19 will impact enrollment within units in FY21, as well as how the CARES Act federal stimulus may impact reserve spending. It is important to keep in mind that stimulus funds are one-time funds, and cannot be used for recurring expenses.