To: Faculty Senate

From: Budget Committee
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RE: Interim Report Regarding the outcome of the IPEB process for FY22

As part of the Integrated Planning for Enrollment and Budget (IPEB) process, the Budget Committee for the Faculty Senate 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. Results of these meetings are as follows:

1. All units are facing what are effectively budget cuts for the upcoming academic year (2021-2022), which corresponds to Fiscal Year 2022 (FY22). The average budget reduction across units within OAA is 1.5%. All units' FY22 budgets are less than the projected current service level (CSL) for FY22, which includes inflation and salary increases.
2. Options for units include: (a) reducing costs, (b) increasing revenue, and (c) spending reserves.
    a. Ways that units are considering reducing costs in the coming year include:
        i. Holding faculty, staff, and administrative lines vacant. This approach has been used most prominently by CLAS, but its efficacy for reducing costs is diminishing as there have been fewer retirements than anticipated.
        ii. Structural reorganization within units (merging operations, changing admin/staff mix). This approach is most notable with the OIA/IELP merger. A constraint in the use of this strategy is that units already report thin staffing in comparison to national peers.
        iii. Reducing course offerings and program requirements. Several units (e.g., COTA, CUPA, CLAS) have reduced credit requirements for some programs. Constraints in the use of this strategy include maintaining program quality, avoiding extending time to graduation, and accreditation requirements.
        iv. Reduce course duplications across programs and departments (e.g., quantitative methods; qualitative methods; introductory courses and advanced courses). This would likely require a task force / working group to review curricula university-wide.

v. Units with reserve funds available that are not committed to recurring budget items are being asked to use those funds to fill their budgets less the 1.5% reduction from the 2020 budget. The university's goal is to have about half of the reserve spending for next year to come from general reserves and the other half to come from management reserves within units in OAA.

b. Ways that units are planning to increase or maintain revenue in the coming year include developing new programs to attract students, increasing recruiting efforts, and improving retention. These require investment in marketing, advising, and faculty. Of note, several units (e.g., CLAS, CUPA, and MCECS) are investing in targeted community college marketing and recruitment, for which there is increasing competition for transfer students.

c. Opportunities for spending from reserves to offset budget reductions are extremely limited; in some units (e.g., CLAS) there are no reserves, and in other units, reserve spending is used to pursue DEI goals (e.g., scholarships, mentoring programs, writing centers, and testing centers) which should not be reduced. The Library in particular is under severe budgetary strain to support both remote and in-person services in FY22.

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.
4. There is substantial uncertainty regarding enrollment within units for FY22, as well as how HEERF (Higher Education Emergency Relief) 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.