Budget reduction target: Academic Affairs’ base budget was reduced by $1.5 million in AY 2008/2009 and replaced with a one-time $1.5 million augmentation that allowed us to plan for this reduction to begin in 2009/10. Given the Governor’s proposed January budget, increased costs, and the uncertain fiscal situation in the state, we are planning for another budget reduction of $.5 million. Enrollment is predicted to be up around two percent. With FTES predicted at 7,164.5 this year that adds 143 additional FTES. At a student/faculty ratio of roughly 21.5, another 6.7 FTEF is necessary to meet increased demand. Some of the increase will be absorbed by existing space but it is difficult to tell how much. We will plan on 6 additional positions at a cost of roughly $400,000, at $2,146 per WTU. Given the budget reductions and the increased costs, we need to find around $2.4 million dollars. We currently have about $600,000 in salary savings from last year that we will put towards the reduction. So, we need to find $1.8 million.

Budget reduction categories:
1. Salary savings.
   a. According to our budget policy salary savings, which are the difference between the salaries of retiring or resigning faculty and their replacement costs, are collected at the division level for redistribution instead of remaining in the unit. The average difference is $113,907 - $83,559 = $30,348 per position.
2. Reducing the number of tenure-track hires. The average difference in salary between those faculty retiring or resigning and the average lecturer salary at $2,146 per WTU for 24 WTUs is $113,907 - $51,499 = $62,408 per position.
   a. Promotion costs are paid from salary savings = $136,000 per year.
   b. Over the past eight years, we have averaged about fifteen FTEF in retirements and resignations and about fifteen new tenure-track appointments each year.
3. Estimated savings:
   a. Reduce tenure-track hires to save at least 8 positions by hiring temporary faculty for a savings of $62,408 per position = $499,264 each year. If this level of savings cannot be achieved, other strategies need to compensate.
   b. Salary savings on an average of 7 replacement positions at $30,348 per position = $212,436 + $499,264 above, for a total savings of $711,700 per year.
   c. Minus promotion costs $711,700 - $136,000 = $575,700 per year.
4. Academic Affairs Audit. Academic Affairs will audit both academic and non-academic programs against suitable benchmarks to see where cost reduction is possible. The goal across the division is a one-time base budget reduction of $500,000.
The audit is a one-time savings to the base budget. Salary savings and reducing the number of tenure-track hires is additive each year. We should be able to achieve a $1.8 million reduction in two to three years, although this will depend on monitoring actual savings. The number of actual searches will depend on the number of retirements and will be adjusted accordingly. We will use one-time money and reserves to phase-in these approaches until we achieve a stable budget.