

Dear Appalachian State University Faculty and Staff:

As mentioned by President Ross in his [August 21, 2013, letter](#) to the UNC community, The University of North Carolina Board of Governors approved the 2013-14 budget for the constituent institutions at its August 7 meeting. Appalachian's appropriated base budget for 2013-14 totals approximately \$127.7 million, a decrease of about \$200,000 from our 2012-13 appropriated budget.

Appalachian's budget includes Management Flexibility Reductions prescribed by the North Carolina General Assembly, required operational and instructional efficiencies, some enrollment increase funding and capital appropriations. Our Management Flexibility cut was actually lower than it could have been because the University met or exceeded peer averages on performance measures factored into the reduction methodology. These measures include freshman to sophomore retention, graduation rate, the UNC Finance Improvement and Transformation (FIT) initiative and spending per degree.

UNC constituent institutions, including Appalachian, are required to achieve budgetary savings via operational and instructional efficiencies. Operational efficiencies include shared services for residency determination, financial aid review and IT infrastructure, strategic purchasing, improved business practices and energy efficiency measures. Our share for the 2013-14 fiscal year is about \$525,000. Instructional efficiencies include the implementation of system-wide academic programming measures, such as implementing section size guidelines. Appalachian's share of those reductions is almost \$900,000. Instructional efficiencies also include savings from the consolidation of small or duplicative programs within the UNC System. Appalachian's portion of that reduction has yet to be determined.

There is some good news as this year's operating budget does include

an increase in enrollment funding of about \$4.5 million. This enrollment growth funding is targeted for faculty positions and operating dollars to academic departments and the library. We will also receive about \$2.7 million in revenue (net of allocations to financial aid) from this year's tuition increase. As approved by Appalachian's Board of Trustees and the Board of Governors, those funds are earmarked for specific purposes such as faculty retention, expanded course offerings, additional operating support for academic departments and the library and services to students such as a staff psychologist, financial aid counselor and career development counselor.

Appalachian will benefit from \$2 million in capital designated to begin planning a building for the College of Health Sciences. Funding for this project is a campus priority. I am pleased the Legislature supports our current and future contributions in the field of health sciences, and I look forward to working with members of the General Assembly to secure additional funding to finalize both planning and construction.

Campus leaders will soon be involved in determining and implementing the reductions that will impact the University. Throughout the process, we will communicate with the campus community about the reductions and their effects on our campus. Since 2008-09, Appalachian has experienced permanent budget reductions of over \$34 million, and we have already implemented many of the strategies mentioned. However, we will be required to identify additional reductions. As with previous budget reductions, I am dedicated to protecting both the instructional mission of our campus and jobs.

As these challenging times continue, I thank you for your ongoing support and continued commitment to Appalachian.

With Appalachian Pride,
Kenneth E. Peacock
Chancellor