

## UNIVERSITY of IOWA

What follows is an outline of how the University of Iowa proposes to adjust its current year budgets (FY 2009) to reflect \$7.5 million in appropriation reversions. Further interactions will take place with faculty, staff, and student governance groups and with the deans and other academic leadership on how this will articulate with current year operations and what further strategic planning needs to be done looking ahead to appropriation implications for the fy2010 budget.

Of the total \$7.5 million assigned to the University of Iowa, \$509,000 will be allocated to non General Education Fund units each of which are developing plans. These units report a number of anticipated changes ranging from hiring deferrals to redirection in expense for non-personnel items. The remainder of \$6,991,000 is approximately 1.2% of the General Education Fund and will be managed as shown below.

General Education Fund cuts recommended to reach \$6,991,000 reversion :

1. \$2,843,000 – from tuition revenue-supported building repairs that would have been contributed toward FEMA flood recovery match during fy2009. Note later this is linked to early action by the General Assembly and Governor to approve reallocation of Academic Building Revenue Bond proceeds to be used for FEMA flood recovery match.
2. \$2,148,000 – from various non-flood recovery capital project deferrals, cost shifts and capital project savings. This would alter completion and occupancy of the former theater space within the University Capitol Center, shift General Education Fund support earmarked for the College of Public Health project budget (will not change project scope or timing), and would result in deferral of at least one year of the Library archives facility project to be built on the Oakdale Campus.
3. \$2,000,000 – from allocating budget reductions to General Education Fund operating units, with exclusions. Exclusions would be student financial aid, library acquisitions, utility non-labor budget (fuel and debt service), and departments still substantially recovering or engaged in flood recovery. A list of reductions by major unit is attached. Individual units are obligated to meet this requirement. The provost office will approve all collegiate plans after reviewing them against overlying University budget objectives. It is clear thus far that personnel hiring delays will occur coupled with substantial deferrals of classroom and teaching lab equipment replacements and elongation of refresh cycles on computing technology. The provost office and each of the VP units at their discretion are encouraged to further reallocate to help cushion impacts on the most critical individual sub-units (departments).

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These spending adjustments would eliminate the need now for an enormously complicated furlough process; protect the equipment and building repair block allocations used for deferred maintenance, fire safety and faculty start-up; and would not impede the most urgent facility improvements such as the data center, the new clinical psychology space in Old Music, Chemistry completion, and the College of Public Health facility.

The University needs General Assembly and Governor action on the board-approved changes in the allowed use of existing Academic Building Revenue Bond authority and the creation of a financial liquidity capability for flood recovery approved by the board on January 9<sup>th</sup>. These actions enable the reversion of General Education funds previously earmarked for FEMA flood recovery match.

A flood recovery exclusion is incorporated into the allocation of \$2 million in General Education Fund reductions cited in #3 above. The exclusion is \$29.6 million (of the total \$590 million General Education Fund) and included music, art and art history, theater, the performing arts division, the museum of art, Hancher, amounts from General Education Fund attributable to Iowa Advanced Technology Lab, and a portion of the facilities management operation directly engaged in flood relief.

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The overarching principles employed in management of the \$7.5 million reversion include protecting a high quality student academic experience offered by the University and the continuance of flood recovery and protections against further flood damage. The protection of tenure/tenure track faculty positions supported through the General Education Fund is particularly critical, and the Provost Office will be working with deans to protect these positions, especially within the undergraduate colleges. Parallel with this the University must continue sustainability initiatives discussed with the Board in December. The most visible implication of this will be the hiring over the next year of a cluster of five new tenure/tenure track faculty with a focus on sustainability.

There will not be a central "hiring freeze," although units dependent upon state appropriations will be asked to look diligently at filling all positions based upon the immediate need for the position and the relative financial circumstances of the unit. Likewise, all other spending should be given additional attention by senior managers and University executives given the changes this year as well as the implied state budget difficulties over the next two fiscal years.

This proposal does not deal with the undefined financial issues the state and the University face in fy2010 and fy2011. The University will be looking more fundamentally and strategically at both operating and capital costs to be budgeted over the next couple of years.

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