

# **Iowa State University**

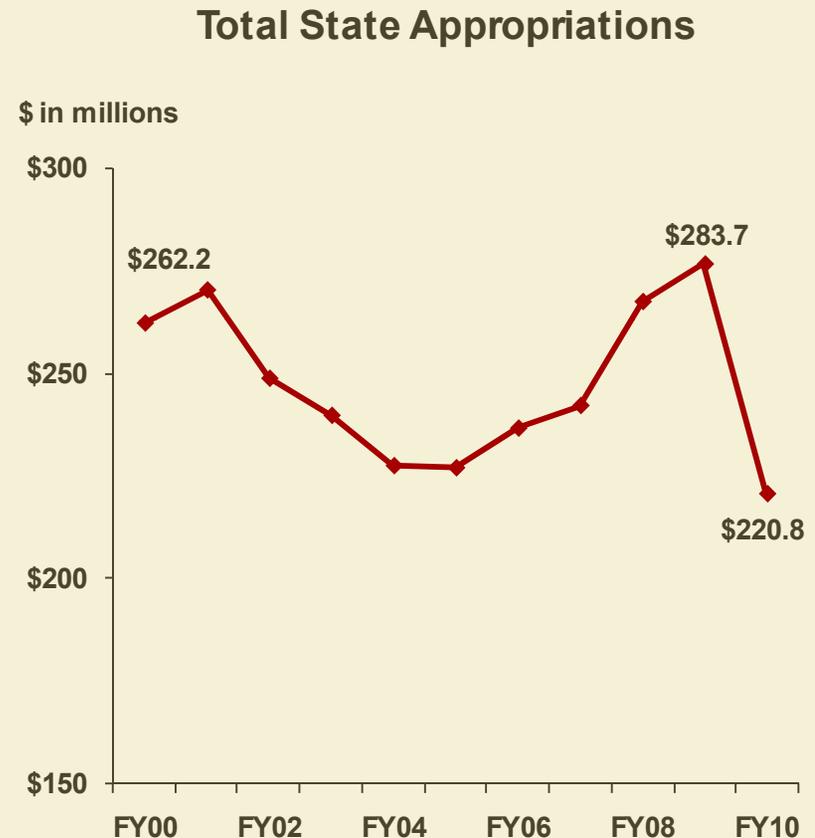
## **Presentation to the Board of Regents**

**Proposed Plan to Accommodate  
the 10% reduction in our FY10  
state appropriations  
(\$24,531,564)**

# 10% Cut - \$24.5 million

## Strategy:

- **FY10**
  - 1/3 of year already passed
  - Two weeks to plan
  - Mix of permanent cuts & one-time actions to get us through the year
- **FY11 budget planning**
  - Thoughtfully plan how best to incorporate the reductions & new tuition revenues into our budgets



# Iowa State's Incentive-Driven Budget Model

- **High-level budget responsibility given budget leaders**
  - Provost, Vice Presidents
  - Deans
- **Strong incentives for:**
  - Student recruitment, retention & enrollment
  - Increasing external support
  - Entrepreneurial initiatives, including new sources of revenue
  - Efficient use of resources
- **Will operate within this budget model for the 10% cut**

# **General Strategy for Handling the \$24.5 Million Reduction**

## **Using ISU's Budget Model:**

- **Protect student financial aid & admissions – no cuts**
- **Assign budget reduction targets to budget leaders**
  - President, VP's
  - College Deans, CIO
- **Credit savings generated via university-wide personnel actions to each unit's reduction target**
- **Revenues generated from the proposed tuition surcharge will flow directly to the academic colleges**
- **Units will internally manage the remainder of the cuts**

# Regents Directive

**Consider the following strategies to handle the 10% budget reduction:**

- Temporary salary reductions
- Temporary layoffs/furloughs
- Benefit revisions of a temporary or permanent nature
- A tuition surcharge for the spring semester of 2010.
- Postponing non-essential deferred maintenance and repairs.
- Refocusing efforts, including potential program eliminations
- Permanent layoffs
- Selling non-essential assets to generate one-time funds

# **University-Wide Actions to Assist Budget Units**

- **Student Surcharge**
  - \$100 for the 2010 Spring Semester
  - Generates \$2.4 million additional income
- **Temporary reduction in TIAA-CREF contributions**
  - From 10% of salary to 8%, effective November 1, 2009
  - Applies for remainder of FY10
  - Generates \$2.6 million in savings for FY10
- **Temporary layoffs/furloughs**
  - Graduated plan, based on salary
  - Approximately \$7.0 million in general fund savings
- **Partial closing of the university over the Dec. 24-Jan. 3 semester break**

# Temporary Layoff/Furlough Plan

- **Applies across the university to faculty & staff**
  - Includes on-going discussions with AFSCME
- **For full-time 12-month employees:**
  - 4 days: ≤ \$60,000 salary
  - 6 days: \$60,001 - \$120,000
  - 8 days: > \$120,000
  - 10 days: Senior Administrators – EVP&P, VP's, Deans, ...
  - 12 days: President
- **For employees working less than 12 months and/or less than full-time, the # of days will be adjusted accordingly**
- **Estimated \$7.0 million in savings**
- **Details to be refined & communicated as quickly as possible**

# Other Actions Within Budget Units

- **Personnel Savings -- \$3.3 million**
  - **Transfer salary & benefit costs to other funds**
  - **Delay filling or eliminate vacancies**
- **Operating Expense Savings -- \$4.1 million**
  - **Reduce equipment purchases**
  - **Reduce travel and professional development, and printing and communications expenditures**
- **Program reductions -- \$1.0 million**
  - **Reduce support for centers & institutes**
  - **Reduce custodial, grounds and EH&S services**
- **Utilize tuition revenue generated by higher than planned enrollments & other funds -- \$4.1 million**

# **Proposed Retirement Incentive Program (RIO2)**

- **Extend eligibility age to 57, with 10 years or more of service**
- **Five years of health benefits coverage**
- **Anticipated dates: must retire by July 30, 2010 & must decide by March 31, 2010**
- **Will yield limited university savings in FY10; most savings will occur in FY11**
- **A separate RIO2 for federal employees is under development**

# Summary

<b>Budget Action</b>	<b>Impact</b>	<b>% of the Cut</b>
Student Surcharge	\$2,400,000	10%
TIAA-CREF Reduction	\$2,600,000	11%
Temporary Layoffs/Furloughs	\$7,000,000	24%
Budget adjustments within RMM Budget Units	\$12,531,564	55%
	<b>Total =</b>	<b>100%</b>
	<b>\$24,531,564</b>	