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:

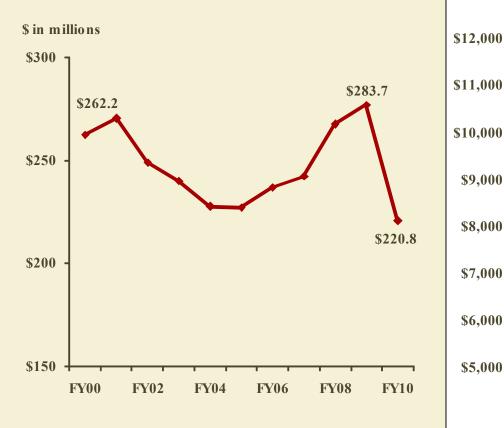
FY10

- 1/3 of year already passed
- Two weeks to plan
- Mix of permanent cuts & onetime actions to get us through the year

FY11 budget planning

 Thoughtfully plan how best to incorporate the reductions & new tuition revenues into our **budgets**

Total State Appropriations



\$9,000

\$8,000

\$7,000

\$6,000

\$5,000

IOWA STATE UNIVERSITY

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

Budget Action	Impact	% of the Cut
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%
Total =	\$24,531,564	100%