

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

Total State Appropriations



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 =	100%
	\$24,531,564	