FY 2012/2013 Budget Working Group
Recommendation to the President (July 20, 2010)

Representatives from the Faculty Senate, Student Government Association, Graduate Student Council, University Staff Council, Academic Department Heads Council, Deans Council, Vice Presidents, and Budget advisors met for seven hours on Tuesday, July 20th. As planned, this group discussed the budget reduction plans submitted by every college and the divisions of the university, and worked to make recommendations for the President to consider in proceeding with our plans for budgets to be in place for the academic years beginning in September 2011 and September 2012. The recommendations and the primary rationale for each are stated here.

1. Proceed with the implementation of the reduction plans as submitted by each unit in the following manner.
   a. The working group would like further clarifications of the reductions proposed in specific areas to understand if appropriate mitigating actions are available.
      Completion date July 27, 2010
   b. All colleges and units will draft an implementation plan for the proposed reduction which must include the specific actions to be taken, the timing of these actions and the rationale for the timing, the impact of the action when it is taken (for example the change of workloads on others or the effects on the students), and any steps planned to mitigate the impact of the action.
      Completion date August 9, 2010

Rationale for proceeding with the reduction plans submitted:
The $60M in reductions is composed of $39M in state allocated funds for the maximum reduction required in the LBB planning directive and another $21M in funds generated from other revenues to the university, excluding restricted funds such as gifts, grants and contracts. Due to the distribution of different funds by sources across the university, approximately $34 M of the state allocated resources are from academic affairs (over $30M in state allocations, and approximately $3M from state allocations distributed to the colleges from other offices). This means that if we only plan on the maximum reduction from the state, the vast majority of these reductions would still have to come from the colleges. Only $1.68M of the other funds, non-state allocated funds, considered in the reallocation were from the colleges, with the remainder coming from the other units in the university. Therefore, the working group determined that elimination of the $21M of non-state allocated funds would not significantly relieve the burden on the colleges.

While the group did consider an approach to assume less than the maximum reduction of $39M from state funds, the group concluded that the best recommendation would be to proceed with the planned reductions immediately and rapidly work to plan for the reallocation of the non-state allocated funds in the plans.

2. Proceed in reallocation of planned reductions that are in non-state allocated funds, after reductions possibly required in 1a, so that these reallocations are finalized by the time units submit budgets for FY 2012.
   a. Analyze the fund sources and where the reallocations are possible given the sources
Rationale for proceeding with the reallocation of non-state allocated funds in the proposed budget reductions:
The group concluded that it is in the best interest of the university to focus on how and when the identified non-state funds will be distributed so that personnel (not positions) may have an opportunity to engage in any new opportunities these funds may allow. This can reduce, but not eliminate, some of the impacts on our highest priority activities. **The group specifically recommends that no merit raise program be a part of this reallocation planning for two reasons: 1) although some employees are supported on non state allocated funds, it is not in the best interest of the university to use these funds for merit raises campus-wide, and 2) we do not believe this to be the highest priority strategic need for these funds.**

3.  Set the processes for determining the reallocation of whatever amounts of state funds in these plans are not reduced for the next biennium.  

Rationale for proceeding with planning for the reallocation of some of the state allocated funds in the reduction plans:
The group remains optimistic that the economic situation will improve so that the state is not put in the position of taking the maximum reduction from the university. Therefore, we need to be ready to strategically invest in the highest university priorities. While the group did not believe it was their function for this day to set those priorities, the recommendation they did want to make is that a pay plan of some sort to aid employees, especially our lowest paid employees, in dealing with the out of pocket cost increases in health care benefits should receive attention in these plans. Consideration of a merit raise program for faculty and staff in general would be part of this consideration if it emerges as a high priority

4. **Determine the procedures for reallocation process that should occur at least every fall of odd numbered years and would include a budgeting process that considered any tuition or fee adjustments for the next two academic years and set the budgets for two year cycles.**

Rationale for reallocation process at least once per biennium:  
It is in the strategic best interest of the university to have a culture that is continuously working to ensure that resources are allocated effectively.