Academic Council

Budget and Planning Update

02/25/2009
Budget Planning Strategies

**Principles Driving the Budget Process**

- Build high-quality academic, research, and outreach programs
- Preserve access across socio-economic levels
- Attract and retain highly talented faculty and staff
- Fund critical stewardship investments and initiatives
- Balance recurring expenses with recurring revenues
Budget Planning Strategies

• Academic strategies
• Management/financial strategies
• Human resource strategies
• Business system strategies
• Facilities, technology and other capital strategies

In each category, we are looking for opportunities to:

• Pursue innovation and quality
• Restructure for efficiency and effectiveness
• Maintain high priority services
• Reduce cost
• Improve productivity and service
• Generate additional revenue
## Our Challenge

<table>
<thead>
<tr>
<th>Illustrative Expenditures</th>
<th>Increment</th>
<th>Dollars</th>
<th>Positions</th>
<th>Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Salary Adjustments</td>
<td>Range</td>
<td>$17M</td>
<td>283</td>
<td>3.50%</td>
</tr>
<tr>
<td>(Range from apx 2% to 2.5%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care Increase</td>
<td>8.50%</td>
<td>$5.7M</td>
<td>95</td>
<td>1.20%</td>
</tr>
<tr>
<td>Energy/Utilities</td>
<td>10.80%</td>
<td>$4.2M</td>
<td>70</td>
<td>1%</td>
</tr>
<tr>
<td>Supplies and Operations</td>
<td>3.70%</td>
<td>$5.6M</td>
<td>94</td>
<td>1.20%</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>3.40%</td>
<td>$2.4M</td>
<td>40</td>
<td>0.50%</td>
</tr>
<tr>
<td>(Above tuition and fee rate)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td>$34.7M</td>
<td>582</td>
<td>7.4%</td>
</tr>
<tr>
<td><strong>Stewardship-Framework</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advancement/University Relations</td>
<td></td>
<td>$2.6M</td>
<td>42</td>
<td>0.50%</td>
</tr>
<tr>
<td>Computing (Year 3/5)</td>
<td></td>
<td>$2.5M</td>
<td>41</td>
<td>0.50%</td>
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<tr>
<td>Critical Space Needs</td>
<td></td>
<td>$2.2M</td>
<td>38</td>
<td>0.50%</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td>$7.3M</td>
<td>121</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Routine financial aid increases netted against tuition

**Total** $42M 703 8.9%
Our Challenge - Summary

State revenues expected to contract by approximately 10 percent over near term

**2009-10**

- $9M Proposed 3% reduction in general fund appropriation
- $35M-$42M Resources for inflation, stewardship, and critical investments
- $44M-$51M To be balanced through a combination of innovation, efficiencies, restructuring, programmatic reductions, and limited tuition increases

**2010-11**

- $14M-$21M Possibility of as much as a 7% reduction in appropriation
- $35M-$42M Resources for inflation, stewardship, and critical investments
- $49M-$63M To be balanced through a combination of innovation, efficiencies, restructuring, programmatic reductions, and limited tuition increases

**2011-12**

- $0M-$12M Anticipating stable support, could be reduced, contingent on state recovery
- $35M-$42M Resources for inflation, stewardship, and critical investments
- $35M-$53M To be balanced through a combination of innovation, efficiencies, restructuring, programmatic reductions, and limited tuition increases
## Budget Reduction Scenario

<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lapse to provide head-start/bridging</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Reduction</td>
<td></td>
<td>4%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>1% Program Efficiency</td>
<td></td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
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</table>

*1% reducible base = $4.86m

*Stimulus package and other one-time monies may delay our need for reductions, but does not eliminate them*
American Recovery and Reinvestment Act

- Operating appropriation - - - - - Potentially offsets 3% cut*

- Financial aid - - - - - Increase in Pell grants and work-study

- Federal granting agencies - - - - - Survey by agency

- Federal tuition tax credit - - - - - Modifies Hope credit, increases credit to $2,500 from $1,800, four-year eligibility
  (now refundable for families with no tax liability)

* Elements of stimulus legislation subject to interpretation. Additionally, state retains some discretion over final allocations
American Recovery and Reinvestment Act

Major granting agencies

- NIH- $10.4B in stimulus funds
  - $8.2B for scientific research
  - $1B facilities replacement and renewal

- NSF- $2.5B in stimulus funds
  - $1.5B for research
  - $1B spread across facilities and scholarships

- Both agencies to review highly ranked but unfunded grants that have already been submitted

- DOE- $10B
  - $1.6B climate, bio-fuels, physics
  - $400M “high-risk, high return”
  - $2.5B applied research (biomass, geothermal, IT)
  - $3.4B fossil energy
  - $2B advanced battery technology

- Health Effectiveness Research-$1.1B (administered through HHS)

- Department of Defense-$300M