

Budget Planning

Reductions and Payback
Spring 2017

AGENDA

- » How we got here
- » About the operating budget
- » Balancing this year's budget: payback
- » Planning for next year's budget: permanent reductions
- » The plan

HOW WE GOT HERE

- » No state budget since FY15
- » \$13 million in one-time and permanent cuts in FY16
- » \$21 million in permanent cuts in FY17
- » Enrollment decline
- » Two stopgaps applied to balance FY16 budget
- » No appropriations to apply to FY17 to date
- » Must plan for FY18 without clear state budget picture

\$21 MILLION FY17 STATE BUDGET REDUCTION

% of unit budget reduced

- » Academic Affairs, 9.2%
- » School of Law, 10.0%
- » Admin. and Finance, 10.0%
- » Chancellor's Office, 10.2%
- » Student Affairs, 10.6%
- » Research, 11.6%
- » Athletics, 12.6%
- » Economic Development, 12.9%
- » Development/Alumni, 13.1%
- » Campus-wide, 15.9%

University-wide impact

- » 155 vacant positions
- » ~17 layoffs or non-renewal of contracts
- » Reduction in graduate assistantships
- » Reductions in funds for library materials, research centers, deferred maintenance, general operations

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ABOUT THE OPERATING BUDGET

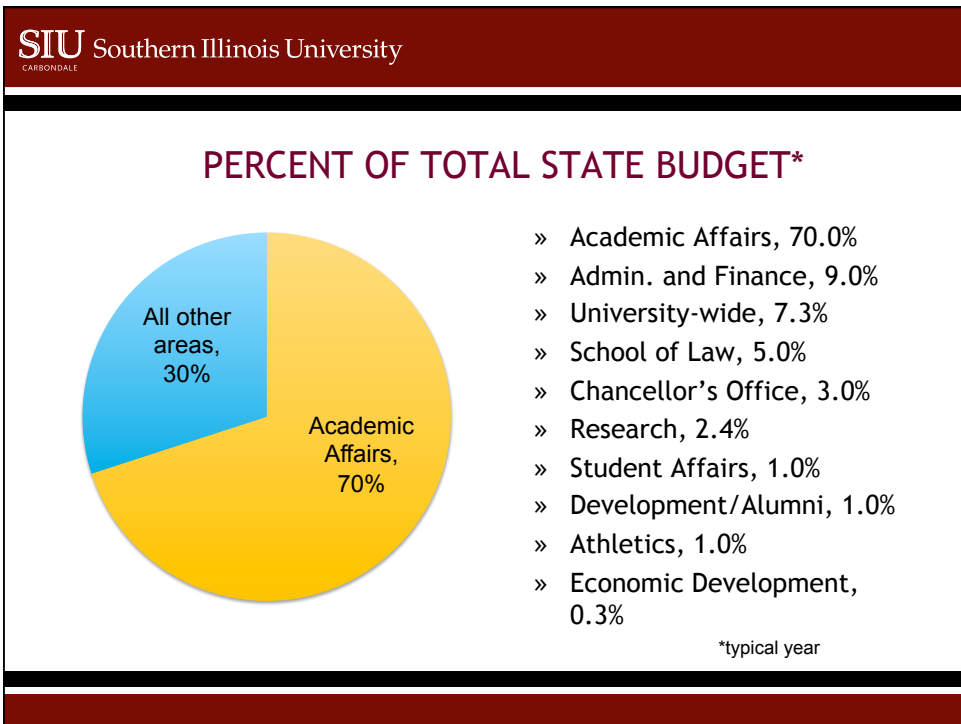
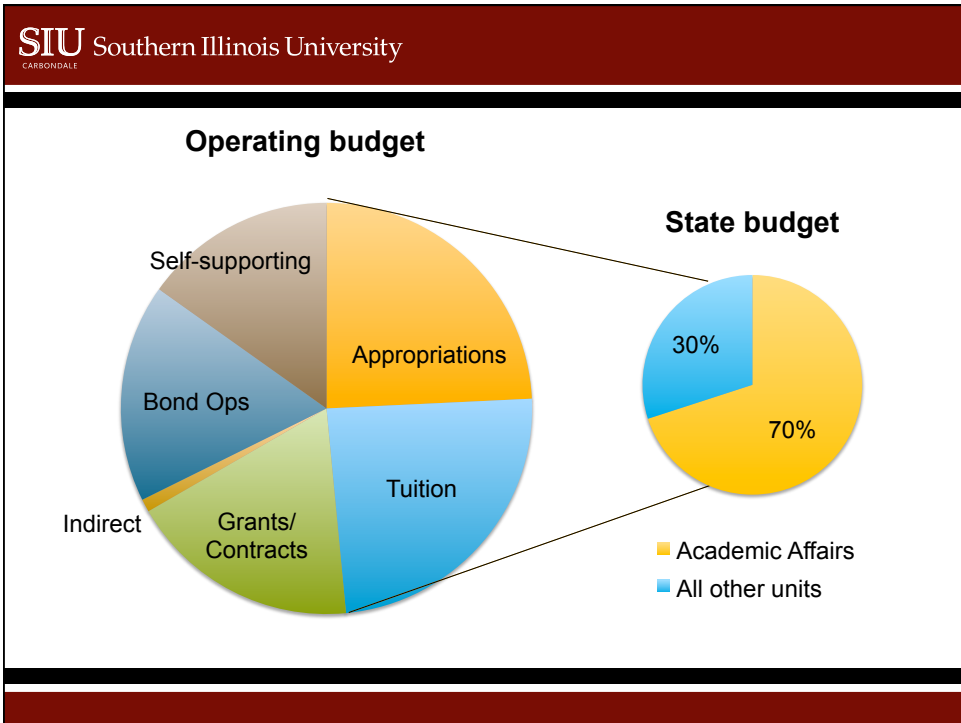
- » Tuition revenue (income funds)
- » State appropriations
- » Grants and contracts (restricted by contractual agreements)
- » Revenue bond operations (restricted for areas supported primarily through student fees)
- » Self-supporting activities (areas that are fully or partially self-supporting)

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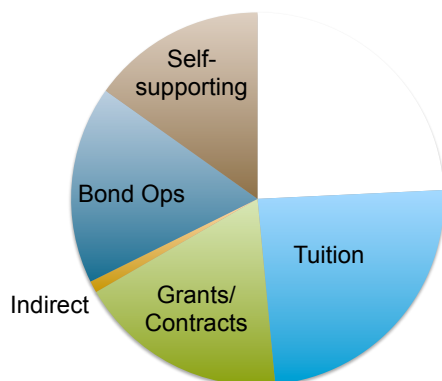
FY15 Operating Budget

Category	Percentage
Appropriations	24%
Tuition	24%
Grants/Contracts	18%
Bond Ops	17%
Self-supporting	16%
Indirect	1%

Appropriations + Tuition
State budget



BALANCING FY17: PAYBACK



- » Ongoing operations have relied on funds from elsewhere in the budget or the system
- » Must pay back those funds over time

PLANNING FOR FY18: PERMANENT REDUCTIONS

- » Based on governor's proposed funding for higher education (85% of FY15 funding level)
- » Assumes a state budget and appropriation
- » Accounts for enrollment decline
- » Plans due mid-May

BUDGET REDUCTIONS

FY17 PAYBACK:

\$8.3 million to \$11 million

- » “One-time”: paid back over 10 years
- » Based on total spending of state budgets in FY17 by unit
- » First-year based on March 31; future years on actual spend
- » Final number depends on April-June savings and FY17 stopgap
- » State or local funds can be used; approach can vary by year

FY18 BUDGET:

\$19 million

- » Permanent reductions
- » State accounts only
- » Not across-the-board
- » Vice chancellors/ chancellor have flexibility in how they apply some reductions

THE PLAN: FY18 PERMANENT REDUCTIONS

» Vacant positions	\$10,000,000
» Equipment, supplies, contractual services	\$ 1,500,000
» Campus work opportunities for students	\$ 1,000,000
» State-funded travel	\$ 535,000
» Plant and service operations	\$ 1,500,000
» Partially self-supporting units	\$ 1,200,000
» Academic administration	\$ 1,000,000
» Non-academic administration	\$ 750,000
» Information technology	\$ 500,000
» School of Law	\$ 465,000
» Library	\$ 400,000
» Development and alumni relations	\$ 166,000

THE PLAN: FY18 PERMANENT REDUCTIONS

- » Vacant positions/salary sweep
 - Effective July 1 and going forward
 - Units will be able to request positions from the salary pool created by sweep
 - Limited approvals based on critical need to ensure \$10 million in savings
 - Pool will cover future vacation/sick leave payouts and salary increases associated with promotion and tenure
 - In addition to any other assigned cuts

THE PLAN: FY18 PERMANENT REDUCTIONS

- » Ban on travel using state funds
 - Effective immediately
 - In addition to any other assigned cuts
- » Units assigned specific cuts (PSO, partially self-supporting units, IT, law and library services)
 - Not assigned cuts in student work opportunities or equipment, supplies and contractual services
 - Vice chancellors have some flexibility and may assign additional cuts to meet goals
 - Units targeted separately because of the opportunity to generate funds, relationship to mission or different funding model

THE PLAN: FY18 PERMANENT REDUCTIONS

- » Reductions in academic and non-academic administration, campus work opportunities for students, and equipment, supplies and contractual services
 - Assigned at the chancellor or vice chancellor level for units reporting to them
 - Chancellor and vice chancellors have some flexibility to change amounts per category as long as total is met
- » Local (non-state or restricted) budgets
 - May be used to cover reductions in state budgets as long as sufficient resources are available and they do not contribute to a new or existing deficit

THE PLAN: FY18 PERMANENT REDUCTIONS

% of state budget excluding vacant positions

- | | |
|------------------------------------|-----------------------------|
| » Academic Affairs, 4% | » Research, 14% |
| » School of Law, 5% | » Chancellor's office, 14% |
| » Development/Alumni Relations, 6% | » Athletics, 19% |
| » Student Affairs, 11% | » Economic Development, 20% |
| » Administration and Finance, 11% | |

FY18 PERMANENT REDUCTIONS BY UNIT

% of state budget excluding vacant positions

Unit	Total State Budget	Permanent Reductions	% of Unit State Budget
Academic affairs	\$116,718,962	\$4,254,907	4%
School of law	\$9,137,878	\$465,000	5%
Dev./Alumni	\$2,666,315	\$166,000	6%
Student Affairs	\$2,274,099	\$256,101	11%
Admin./Finance	\$17,618,980	\$1,990,951	11%
Research	\$4,711,579	\$679,234	14%
Chancellor	\$5,759,624	\$798,762	14%
Athletics	\$1,551,833	\$300,000	19%
Economic Dev.	\$500,511	\$100,102	20%

THE PLAN: FY17 PAYBACK

- » Campus units: \$4.3 million to \$7 million total, assigned by unit to vice chancellor
- » Unrestricted plant funds: \$2 million
- » Central allocation of Distance Education tuition: \$1 million
- » Central allocation of summer semester tuition: \$1 million

**QUESTIONS?
THANK YOU!**