Budget Reduction Update

May 30, 2017

Agenda

» FY18 $19 million permanent reduction
» FY17 payback
» Next steps
PLANNING FOR FY18: PERMANENT REDUCTIONS

» $19 million permanent reduction
» Based on governor’s proposed funding for higher education
» Assumes a state budget and appropriation
» Accounts for enrollment decline

» State accounts only
» Not across-the-board
» Vice chancellors/chancellor have flexibility in how they apply some reductions
» Plans were due mid-May
» Mostly complete

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 (captured $12.5 million)
  - Pool will cover future vacation/sick leave payouts and salary increases associated with promotion and tenure
  - In addition to any other assigned cuts

» 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 had some flexibility and in some cases 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 had some flexibility to change amounts per category as long as total is met

» Local (non-state or restricted) budgets
  - In most cases, 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

---

Operating budget

- Self-supporting
- Appropriations
- Bond Ops
- Indirect
- Tuition
- Grants/Contracts

State budget

- 30% Academic Affairs
- 70% All other units
FY18 PERMANENT REDUCTIONS BY UNIT
% of state budget excluding vacant positions

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

IMPACT: EMPLOYEES AND POSITIONS

» 51 Civil Service layoffs affecting approximately 100 employees
» 2 NTT layoffs
» 2 non-renewals of term AP contracts to date, others to term
» 24 non-renewals of term NTT contracts to date
» Approx. 158 vacant positions due to salary sweep
» Additional positions may go unfilled due to anticipated retirements and resignations
» 200 or fewer student positions
» Minimal impact to GAs due to earlier reductions
IMPACT: OTHER

» Goal: Ensure class coverage, minimize impact on student services
» Specific impacts to be shared with units by vice chancellors
» General impacts
  - Reduced library, IT help desk hours
  - Reduced workday for some physical plant employees
  - Leaner operational budgets
  - Some consolidated classes

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
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

THE PLAN: FY17 PAYBACK

» Academic Affairs: $1,895,380
» Administration and Finance: $266,810
» Athletics: $17,233
» Campus-wide services: $249,385
» Chancellor’s office: $76,666
» Development and Alumni Relations: $33,765
» Economic development: $6,834
» School of Law: $162,780
» Research: $61,950
» Student affairs: $29,194
NEXT STEPS

» Program prioritization
» Organizational structure review and changes
» Other long-term strategies

TIMELINE

» May 30: Meet with constituency heads
» May 31: Share general overview with campus
» May 31: Notify civil service employees affected by layoffs
» June: Explore next steps
» July: Review steps with Board of Trustees, campus community
» Fall: Continue campus discussion
QUESTIONS?
THANK YOU!