

Report to Faculty Senate from Financial Affairs Committee, Dec. 9, 2008

1. We realize that it is very difficult to make these decisions/choices without knowing either the exact amount of money the state wants returned from the university or the amount saved by each type of reduction, cut, or elimination we might recommend. As we understand the situation:
 - a. Anticipated best case scenario for budget cuts is a total reduction of \$1.7 million for FY 2009 and FY 2010. This would be a total base cut of about 5%, split over the rest of this year and next year. The university may be able to absorb the budget cut for the rest of the year without furlough days, but the use of furlough days may be mandated by the Governor's office.
 - b. Anticipated worst case scenario for budget cuts is \$3.6 million, or approximately 10%, with possibly \$1.2 million cut from this year and \$2.4 million from next year. This will require significant changes in the way the university operates.
2. We also understand that many of these decisions may be made at the state level and beyond our control.
3. However, given the above, the Financial Affairs Committee's primary concern, priority, or principle is preservation of the jobs of the existing university personnel, or the prevention of job losses at the university.
4. A second priority is that any temporary cuts to any or part of the overall academic endeavor, whether personnel, salaries, travel, equity adjustments, be made whole again as soon as is financially possible before any other projects are pursued.
5. For anticipated budget cuts in this fiscal year:
 - a. We recommend that all discretionary funds be used before other cuts are requested. Cuts to "maintaining the physical environment" are considered for savings, such as lowering thermostats during the winter and raising them during the warmer months, delay on replacement of equipment, decreasing seasonal planting, etc. Based on current consumption, any available fund would be available at the end of the year. If we have a cold winter, the amount could decrease; if it is mild, it could increase.
 - b. Cutting travel budgets is problematic because it will only punish those who had planned to travel in the spring, and they may have already made those commitments. It also significantly interferes with professional development and research. If faculty travel funds are frozen, then all travel funds for everyone should be frozen except for mandated state meetings. Travel money does not consist of a large amount and approximately 1/3 is for admissions recruiting and intern supervision by the Seidel School. Those budgets were not touched in the last budget crisis because they are necessary for both groups to function effectively.

The travel money for faculty has never been fully restored to its previous level before the last budget crises.

- c. Furlough days: We hope this is the last option. However, if they become inevitable, we suggest:
 - i. A bottom threshold salary below which no furlough days are imposed.
 - ii. An upper level salary, ceiling, at which a higher penalty of furlough days are requested
 - iii. The furlough days are spread out across as many paychecks/months as is possible so as to decrease the impact on employee's ability to meet their financial obligations.
 - iv. We would need to decide if furlough days would impact student classes, and whether or not it impacts non-tenure track faculty and contingent staff.
 - v. This may be decided at the governor's level. The potential furlough day formula from the state is: up to \$30,000 would be two day, \$30,000-\$40,000 three days, \$40,000-\$50,000 four days, \$60,000 and above 5 days.

6. Budget cuts for next fiscal year:
 - a. A temporary hiring freeze, ending all searches, not filling vacant positions, and not replacing any personnel who leave this academic year would most directly impact next year's budget.
 - b. Reevaluate travel funds
 - c. Furloughs
 - d. All of the previous year's options
 - e. Merit pay
 - f. COLA