RESOURCES POLICY AND ALLOCATIONS COUNCIL
TUESDAY, SEPTEMBER 10, 2009 -- 8-9 A.M.
1550 BEARDSHEAR
AGENDA

1) Provost Update: news of academic import
   a) admissions -- official census
   b) faculty status -- any major changes in retirements/departures?
   c) programs, initiatives, etc.

2) Budget Development for FY11:
   a) Development Timeline -- RPA role: full Timeline distributed previously. Priorities at this time?
   b) University priorities; see Timeline task description for 8/27
   c) Immediate issues: tuition proposal (?)
   d) Spring Schedule -- provost suggestion regarding twice-monthly meetings -- realistic appraisal given P&T Schedule during Feb and Mar; feedback time during April

3) Budget Development Issues:
   At our first meeting a number of key issues from tuition, to state funding reductions and unfunded mandates for salary increases were discussed. The following is a summary. Please confirm the accuracy of this understanding:
   a) Anticipated 5-10 % FY10 budget reversion (FY10 directed and general appropriation is $244M -- which is $32.5M less than FY09; 5% would be a $12M cut; between unspent stimulus funds and carry-over funds, we could cover this)
   b) Anticipated legislative budget cut of up to $50M for FY11 -- which would be relative to FY10 (the net result would be combined directed and general allocation of $194M -- or a drop of $82M over two years -- more than can be made up by tuition, indirects, etc)
   c) Salaries -- Merit contract calls for 4.74% increase for FY11; universities may face an unfunded mandate to provide raises -- approx. $3.5M per percentage point. Research units, Ames lab and Housing and Dining have growing budgets; general fund declining -- how to address?
   d) Tuition -- good news for FY10: we have tuition income from about 500 more students than the budget was based upon; future news: about 2% increase over FY10 expected for FY11 -- about $4.5M based upon FY10 of $226M. Bad news: tuition increase + research indirects increase do not equal the state reduction -- thus we are facing a real cut
   e) This year the stimulus funds + tuition increase erased most of the decline in state funding. Next year -- we are not anticipating a second round of stimulus money
   f) We are not expecting a financial exigency declaration -- thus faculty will remain; need to consider how to conserve $ elsewhere: staffing, administrative leadership, cost effective measures such as enforcing minimum class sizes, reconfiguring support areas such as centers, FP&M, IT,

4) Budget Development Suggestions:
In no particular order, the following is a starter list of items for budget review and reduction as we look to FY11:

a) Carry-forward funds: $19M. It was suggested that some of this is to be used to make up a reversion or FY11 cut. What are these funds? What priorities do they support? What academic programs do they support? Will the evaluation be done centrally or at the unit level? We encourage careful review, possibly with differential reservation, prior to using them to meet reduction targets.

b) Can we be more aggressive on a tuition increase above 2%? What are the market/political implications?

c) Athletics receives $2.9M in block funding as a single line item in the budget. What is included in this? Can it be reduced?

d) Currently our policy is to continue hiring. What favorable rationale can be applied for a hiring freeze?

e) We propose an aggressive review of centers: What are their various missions? What level of external funds do they bring in? What level of internal funding supports them? What is the net impact on mission?

f) Distance Education revenues seem to be off the books. What are the costs associated with distance ed, the revenues and net positive impacts? Is this a place to cut or invest? Need better understanding of how this works.

g) Improved energy and operations management of facilities: intensive review

h) Intensive review of all business and non-academic operations such as purchasing, police, facilities operations and design, etc.: would it be better and more cost effective to outsource these? What is the level/potential of cooperative service in these areas with UNI and SUI?

5) Strategic Budget Planning. Closures & mergers: of programs, departments, colleges; salary policy for FY11; closing university over holidays; outright salary reductions or required leave without pay (in essence -- a pay cut), shrinking our way to excellence -- have yet to address these overarching questions.

6) Other