PURDUE UNIVERSITY

OFFICE OF THE PROVOST

To: J. Akridge, M. Brzezinski, J. Camp, D. Depew, M. Exum, L. Jamieson, C. Ladisch, V. Lechtenberg, G. Lynch, S. Monroe, J. Mullins, K. Murray, W. Reed, J. Roberts, M. Santos de Barona, M. Smith, C. Svensson, B. Sypher, C. Taylor, I. Weiser, D. Whittaker.

From: Timothy D. Sands, Provost

Date: July 6, 2010

Re: Budgeting Contingency Planning for FY 11-12 and FY 12-13

Over the course of the past several months, the Sustaining New Synergies (SNS) effort has been actively engaged in cost savings and revenue generation initiatives that address the $35.8 million Governor's Challenge and the $67.4 million projected recurring budget shortfall. These budgetary challenges are in addition to previous actions taken to cut $20.1 million from the West Lafayette operating appropriation in FY 09-10 and FY 10-11.

While our current efforts have identified some specific solutions that could be implemented centrally, including medical cost savings, energy conservation, and increased revenue opportunities, the realization of these targets will require your participation. We also recognize that projected State revenues will continue to be uncertain for current and future budget cycles.

To address these challenges, the President has requested that we join in a planning effort where all units will be asked to develop budget reduction plans for FY 11-12 and FY 12-13 that should net 2% recurring savings in each of the two years of the biennium. This target is based on an assumption that general fund revenues will remain at or near their current levels. To allow for strategic programmatic adjustments, I am asking that you construct a plan for your college/school/unit that will reduce the general fund budget by 3% for each of these two years. While I am applying this reduction equally to all units, you will have the flexibility to implement it differentially across your areas. The following information should be used to guide the development of your plans:

1) Reductions should be achieved as follows:
    a. At least 1.0% and up to 2.5% through programmatic changes;
    b. At least 0.5% and up to 2.0% from SNS or other cost saving initiatives;
    c. Total reductions will be 3.0% through programmatic changes and from SNS and other cost saving initiatives.

2) Units will have the opportunity to buy down the reduction by 0.5% by submitting a plan for reinvesting these funds (plans subject to approval by the Provost). The proposal must:
    a. Present a high priority college/school/unit initiative;
    b. Show a clear linkage to the university's strategic plan or aspirational "Future Purdue" profile;
    c. Discuss the anticipated impact and metrics for measuring success.

3) One half percent of the required 3% reduction will be used to support the Provost's "Future Purdue" initiative. These funds will be invested in the academic enterprise based on defined and strategic metrics with the goal of advancing the future Purdue profile. These investment decisions will be made as early as July 1, 2011.

Hovde Hall of Administration, Room 100 ▪ 610 Purdue Mall ▪ West Lafayette, IN 47907-2040
(765) 494-9709 ▪ Fax: (765) 496-2031

4) Reduction plans and buy-down proposals should be presented separately for each of the two years although it is anticipated that FY13 could be an extension of FY12. The buy-down proposal should be submitted as a separate proposal directly to the Office of the Provost.

5) Reductions must adhere to the following guidelines established by the President:
    a. Continue to meet the instructional mission;
    b. Continue to invest to achieve our strategic goals and objectives;
    c. Improve operating efficiencies and effectiveness.

In addition to the 3% budget reduction, the President has indicated that all units should anticipate sharing up to 0.5% of the cost of a flexible salary increase policy for FY 11-12 and FY 12-13. At this time, a modest salary policy is anticipated for each of these years, subject to funding availability. Details on the new salary policy will be provided in spring 2011 and spring 2012. In preparation for this, you will need to present a plan to contribute 0.5% to the salary policy for each of these two years. The source of funds for this contribution will be at your discretion, but must meet the President's guidelines as noted in point 5) above.

In the near term, the SNS Task Force will introduce savings strategies to assist with budget planning efforts, including strategic sourcing initiatives and the information technology plan. In addition, plans for shared services, and possibly a retirement incentive initiative that is currently under consideration could generate unit savings. It is important to use this opportunity to consider taking advantage of cross-college and university-wide shared services, possible elimination or consolidation of courses, programs, majors and units, and any opportunities to combine a reduction in size with improvements in program quality or student success. Note also that faculty positions that were held back for the FY 09-10 are no longer held by the Office of the Provost. It is now up to deans, department or school heads and unit leaders to exercise control in order to stay within the prescribed budgets.

As part of this process, it is requested that you document the proposed reductions, including a narrative description of each component of the reduction plan and its impact on the operation. This information will be used to identify and communicate the overall impact of planned budget reductions. Instructions will be issued by the Office of Budget and Fiscal Planning and will be coordinated with your business office. As noted above, buy-down proposals should be submitted directly to the Office of the Provost (attn: Connie Lapinskas).

You will be responsible for the development of your recurring budget reduction and salary reallocation plans by December 1, 2010, for possible implementation beginning with the FY 11-12 budget. Please direct any questions to me or to Connie Lapinskas.

I appreciate all your efforts over the last several months related to constrained hiring, deferred repair and rehabilitation, energy conservation, and IT development. Thank you for your continued efforts to meet this ongoing challenge.

cc: A. V. Diaz
C. L. Lapinskas