

GRAMBLING STATE UNIVERSITY

GRAMBLING, LA

A Constituent Member of the University of Louisiana System

Proposed Budget Reduction Plan

For

Fiscal Year 2010-11 and 2011-12

Presented to:
The Board of Supervisors
University of Louisiana System
on behalf of
The Grambling State University Community



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President

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GRAMBLING STATE UNIVERSITY
GRAMBLING, LA

PROPOSED BUDGET REDUCTION PLAN
FISCAL YEAR 2010-11 AND 2011-12

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Executive Summary

The recent downturn in the U.S. economy has presented institutions of higher education with unprecedented financial challenges. In Louisiana, the economic challenges are severe as universities across the state face major reductions in state revenue and anticipate the loss of federal stimulus funds in the next fiscal year (beginning July 1, 2011).

Over the past 18 months, Grambling State University has absorbed over \$12 million in state budget reductions with minimal direct impact on academic programs or university personnel. However, with nearly 80% of state funds (state appropriations and tuition) supporting personnel salaries and benefits, the university has no alternative but to implement initiatives which have a direct impact on personnel and academic programs.

Budget reductions at this level require a new paradigm for how Grambling State University will operate in the future. To meet these extreme circumstances, the university must improve its ability to operate effectively and efficiently while strategically aligning the institution to deliver exceptional educational services to students.

This proposal was developed to serve as a supplement to the Grambling State University Operating Budget and includes specific details of the university's plan to drastically reduce the operating budget during the next two years.

The assumptions used in developing this proposal include: conservative estimates of projected state appropriations; a projected mid-year reduction in state funding; an additional 5% increase in tuition for fiscal year 2011-12 in accordance with the LA GRAD Act; and an increase in unfunded mandates in fiscal year 2010-11. These budget reduction estimates were formulated in accordance with the university's mission, priorities and core values.

This proposed budget reduction plan includes department reductions totaling over \$3.5 million for academic and administrative units, the implementation of furloughs, departmental realignments, and reductions in athletic support totaling over \$1.4 million. Other cost containment strategies and initiatives which were introduced in previous years (i.e. restrictions on travel, reduction in supply spending, restrictions on overtime and restrictions on extra services) will remain in effect during the next two fiscal years.

The conclusion of this plan briefly summarizes some of the steps the university is taking to ensure fiscal solvency and stability including: ways to reduce spending, the identification of new funding streams, establishing an inclusive planning process, organizational restructuring, using external consultants, and hiring competent staff.

These proposed actions will be reviewed and updated on an on-going basis by designated personnel. Revisions to this plan will be re-evaluated based upon changes in revenue, student enrollment or other factors which affect our bottom line.

Projected Revenue and Expenditures Fiscal Years 2010-11 & 2011-12

	FY 2010-11	FY2011-12
Projected Appropriations		
State General Funds	18,228,779	16,228,779
Statutory Dedicated Funds	1,071,439	1,071,439
ARRA Funds	6,498,929	-
Self-Generated Funds	26,749,984	26,749,984
Subtotal	52,549,131	44,050,202
Projected Revenue Adjustments		
Less Projected Mid-Year Cut	(2,000,000)	-
Add 5% Increase (Does not include GRAD Act)	-	1,325,000
With GRAD Act for FY2011-12	-	1,400,000
FY201-11 Projected Adjusted Revenue	50,549,131	46,775,202
Projected Expenditures	\$52,549,131	\$50,549,131
Budget Reductions		
Primary Initiatives:		
Energy Conservation	(350,000)	-
Student Wage Realignment	(100,000)	-
University Contracts Re-evaluation	(350,000)	-
Athletics (Reduction in Support from Operating Budget)	(200,000)	(1,000,000)
Laboratory School Restructuring	(400,000)	-
Reduction in Overtime	(200,000)	-
Reorganization of Department Heads/Director Positions	(200,000)	(200,000)
Early Retirement	(200,000)	-
Furloughs	(484,349)	-
Subtotal	-\$2,484,349	-\$1,200,000
Secondary Initiatives:		
<u>Department Realignments:*</u>		
Institutional Advancement	(10,000)	(38,000)
Student Affairs	(10,000)	(38,000)
Athletics (Funding Reduction)	(50,000)	(190,000)
Office of the President	(40,000)	-
Enrollment Management	(120,000)	(287,929)
Finance	(200,000)	(760,000)
Academic Affairs	(540,000)	(1,260,000)
Subtotal	-\$970,000	-\$2,573,929
Total Budget Reductions	-\$3,454,349	-\$3,773,929
Unfunded Mandates**	1,454,349	-
Ending Expenditures Budget after Reductions	\$50,549,131	\$46,775,202
Net Total	-	-

*A detailed description of the methodology used for Department Realignments is on page 4 of this proposal.

**Unfunded mandates are included for 2010-11 and are anticipated at the same level for 2011-12.

Methodology for Budget Reduction

The following approach was undertaken to guide budget reduction efforts across all university programs and departments.

- **Primary initiatives:** *(Broad category of budget reductions initiatives shared university-wide)*
 - All university expenditures were reviewed to identify potential cost-savings
 - Recommendations were made and prioritized based on overall fit with university priorities, mission and core values

- **Secondary initiatives (Department Realignment):** *(Specific department reductions)*
 - University departments and divisions were divided into functional units
 - Functional units were allocated a percentage of the remaining budget reduction based on the unit's total percent of the operating budget (This approach was preferred over the total percent of personnel costs to lessen the impact on academic programs, which would have resulted in a 69% reduction)
 - Functional units utilized university priorities to develop preliminary recommendations for budget reductions
 - To ensure faculty and staff were involved in decision-making processes:
 - Vice Presidents, deans and staff serve on the President's Executive Council and the Budget and Priorities Committee
 - Vice Presidents received input and feedback from dean's, faculty and staff
 - Recommendations were developed based on feedback

The following table is a summary of the fiscal year 2010-11 and 2011-12 (combined) budget reductions for all functional units.

Functional Unit	Reduction Targets
Office of the President	\$ 40,000
Institutional Advancement	\$ 48,000
Student Affairs	\$ 48,000
Enrollment Management	\$ 407,929
Finance	\$ 960,000
Athletics	\$ 1,440,000
Academic Affairs	\$ 1,800,000
Total	\$4,743,929

Communication

Several community meetings were held over the past eight months to ensure that the faculty, staff and students were involved and knowledgeable about the process. The university also capitalized on numerous opportunities to inform constituents about the budget climate (e.g. newsletters, Grambling University National Alumni Association convention, community luncheons, and banquets). The university has integrated university and public communication into the implementation plan on page 10 of document.

Proposed Budget Reductions for Fiscal Year 2010-11

The following budget reductions recommendations were developed based on the projected revenue and expenditures for fiscal year 2010-11 presented on page 3 of this proposal. The following table highlights the budget reduction target amounts for 2010-11.

Budget Reduction Initiatives	Target Amount
1 Energy Conservation	\$350,000
2 Student Wage Realignment	\$100,000
3 University Contracts Re-evaluation	\$350,000
4 Athletics (Reduction in Support from Operating Budget)	\$200,000
5 Laboratory School Restructuring	\$400,000
6 Reduction in Overtime	\$200,000
7 Reorganization of Department Heads/Directors Positions	\$200,000
8 Early Retirement	\$200,000
9 Department Realignment	\$970,000
10 Furloughs	\$484,349
Total Budget Reduction Target	\$3,454,349

Narrative for Budget-Reduction Recommendations (Fiscal Year 2010-11)

1. Energy Conservation

The Energy Conservation Plan was developed from best practice models implemented at other higher education institutions. The implementation of this proposal is expected to reduce energy costs by 15-20% during the first few years of implementation with a period of leveling, thereafter. A conservative estimation (15%) was taken for the identification of a target amount for reduction. The Division of Finance and Administration serve as the lead entity in reporting on the progress of this initiative to the president on an on-going basis. Key elements of the plan include:

- Implementing a 4 day week during summer sessions
- Implementing a 4½ day work week during the spring and fall semesters
- Temperature control initiatives in selected campus buildings/facilities
- HVAC modernization (i.e. digital thermostat controls, upgrades for aging systems)
- Installation of automatic motion sensors in campus buildings/facilities
- Awareness/education initiative

Personnel/Student Impact: This action has no impact on university personnel or students.

2. Student Wage Realignment

The university will seek to maximize benefits from federal work-study programs by ensuring that all student wage requests are reviewed by the Office of Financial Aid to determine if selected students are eligible and participating in the federal program. The maximum amount of funds available for student wages and graduate assistantships is \$379,000, including \$242,000 in graduate assistantships already awarded. The Office of Financial Aid is responsible for reporting updates to the president on the student wage realignment on an on-going basis.

Personnel/Student Impact: This action has no impact on university personnel or students.

3. University Contracts Re-evaluation

The university will review all external contracts with external vendors to identify opportunities to reduce operating expenses. To recognize a cost savings in this category, a conservative estimate was made based on the revision of contracts with Fitzgerald and Unico. Additional savings are

anticipated from the re-evaluation and revision of additional contracts. The Division of Finance and Administration serves as the lead entity in identifying contract for re-evaluation and reporting on the progress of this initiative to the president.

Personnel/Student Impact: This action has no impact on university personnel or students.

4. Athletics (Reduction in Support from Operating Budget)

The university will reduce the amount of funds transferred to the athletic department. To absorb these cuts, the Department of Athletics has eliminated the golf program and men's tennis and will reduce athletic competition to NCAA minimums for each sport. The salary for the head golf coach will be paid from a NCAA grant which supports academic enhancement. The Department of Athletics has eliminated five (5) positions and has implemented major cost-saving initiatives (e.g. reducing team travel, reducing support staff travel, and mandating travel squads). In addition, the department has implemented numerous resource-generating activities (e.g. increasing the number of guaranteed games, increasing alumni engagement activities, and increasing coordination with Institutional Advancement). The Department of Athletics will report financial status of cost saving and revenue generating activities to the president on an on-going basis.

Personnel/Student Impact: This action affects six university athletic personnel and nine current student-athletes. Student-athletes on eliminated teams were offered an option of retaining their current scholarship for one year (seniors) or one semester (all other student-athletes).

5. Laboratory School Restructuring

The university will restructure the laboratory schools such that one principal will oversee the middle and high schools. Additional cost-savings strategies include: restricting bus routes to promote efficiency; eliminating across-the-board supplemental salaries for teachers; and increasing teacher support by various university academic departments. The Division of Academic Affairs will oversee the laboratory schools restructuring process and will report to the president on an on-going basis.

Personnel/Student Impact: This action affects 22 university personnel and has no student impact.

6. Reduction in Overtime

The university has reduced the amount of allowable overtime for employees. Vice Presidents are responsible for ensuring that efforts (e.g. revising work schedules) are taken to minimize the amount of overtime employees receive. The Office of Human Resources is monitoring and will report to the president on the amount of overtime used on an on-going basis. The maximum amount of overtime has been reduced to \$175,000.

Personnel/Student Impact: This action has minimal impact on university personnel and no student impact.

7. Reorganization of Department Heads/Director Positions

Selected department heads and directors will transition to a 9-month status during fiscal year 2010-11. A separate contract for summer employment will be offered based on funding availability and student enrollment. Summer contract options will differ based on rank and summer course load. Individuals affected by this reorganization will not be subjected to the furlough. The Office of Human Resources will oversee the administration of the reorganization and will provide the president with an update on an on-going basis.

Personnel/Student Impact: This action affects 25 university personnel and has no student impact.

8. Early Retirement

An early retirement compensation plan will be offered to university employees. The plan will include 40% of base salary plus the payment of up to 500 hours of general paid time off (annual plus sick leave). The plan will be submitted for approval to the UL System office prior to September 1, 2010. The Office of Human Resources will oversee the administration of the early retirement initiative and will report to the president on an on-going basis.

Personnel/Student Impact: The personnel impact is unknown at this time and there is no student impact.

9. Department Realignment

As the secondary budget reduction initiative, departments/functional units were allocated reductions as outlined on page 4 of this proposal. The Office of Human Resources is oversee the department realignment initiative and will report to the president on an on-going basis. The following table outlines the initiatives implemented by each functional unit.

Functional Unit	Initiative(s)
President	1 position eliminated
Institutional Advancement	1 position eliminated
Enrollment Management	29 personnel (% of salaries) reallocated to athletic budget & 4 positions eliminated
Academic Affairs	10 positions eliminated
Student Affairs	2 personnel (% of salaries) reallocated to auxiliary budget
Finance	4 positions eliminated
Athletics	5 positions eliminated

Personnel/Student Impact: This action will affect 25 university personnel, require the reallocation of percentages of salaries for 31 personnel and has no student impact.

Note: Positions identified as eliminated are unfilled positions that are eliminated from the 2010-11 budget.

10. Furloughs

The university will implement a mandatory furlough for all staff and non-tenured faculty members. Personnel exempt from furloughs include tenured faculty, contract employees, those fully funded (100%) restricted grant positions, employees on H-1B or other visas as designated by federal law and those whose salary has otherwise been reduced. The university is inviting tenured faculty and other exempt personnel to voluntarily participate in the furlough. The Office of Human Resources will oversee the implementation of the furlough and will report to the president on an on-going basis. The implementation of mandatory furloughs will occur as follows:

1 day	below-\$34,999
5 days	\$35,000-\$40,999
8 days	\$41,000-\$79,999
12 days	\$80,000 and above

Personnel/Student Impact: This action affects thirty-three percent (351 personnel) of all university personnel. Sixty-seven percent of employees are exempt as outlined above or due to their participation in the change from 12 to 9 month staff. This action has no student impact.

Proposed Budget Reductions for Fiscal Year 2011-12

The following budget reduction recommendations were developed based on the projected revenue and expenditure budget for fiscal year 2011-12 presented on page 3 of this proposal. The university will continue the implementation of budget reduction strategies implemented during 2010-11, this includes: energy conservation, student wage realignment, university contracts re-evaluation, laboratory school restructuring, early retirement, and furloughs. The following table highlights the budget reduction target amounts for 2011-12.

Budget Reduction Initiatives	Target Amount
1 Athletics (Reduction in Support from Operating Budget)	\$1,000,000
2 Realignment of Department Heads	\$200,000
3 Department Realignment	\$2,573,929
Total Budget Reduction Target	\$3,773,929

Narrative for Budget Reduction Recommendations (Fiscal Year 2011-12)

1. Athletics (Reduction in Support from Operating Budget)

The university will reduce the amount of funds transferred from the operating budget to the athletic department. To absorb these cuts, the Department of Athletics will continue to implement the cost-saving and revenue generating activities outlined on page 6 of this proposal.

Personnel/Student Impact:

This action has no impact on university personnel or students.

2. Reorganization of Department Heads/Director Positions

The university will continue the reorganization initiative for selected personnel as detailed on page 6 of this proposal.

Personnel/Student Impact:

This action affects 25 university personnel and has no student impact.

3. Department Realignment

The university will continue to implement department realignments. The following table outlines the initiatives implemented by each functional unit.

Functional Unit	Initiative(s)
Institutional Advancement	1 layoff
Enrollment Management	4 positions eliminated
Academic Affairs*	11 layoffs/11 positions eliminated
Student Affairs	3 layoffs
Finance	2 layoffs

Personnel/Student Impact: This action will affect 17 university personnel (9 faculty, 7 classified, 3 university personnel) and has no student impact.

Note: Positions identified as eliminated are unfilled positions that are eliminated from the 2011-12 budget.

*In addition to the personnel actions noted above, the Department of Academic Affairs will undergo additional realignments:

- Engineering Technology and Computer Science will merge
- Mathematics and Physics will merge
- English and Foreign Languages will merge
- The department head position in the Family and Consumer Sciences will be changed to coordinator

Note: Cost-savings realized by minimizing staff and moving to a single department head.

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GRAMBLING, LA**

**PROPOSED BUDGET REDUCTION PLAN
2010-11 AND 2011-12**

Implementation Plan

Notification of budget reduction s	January-June, 2010
Appointment of Budget Reduction Committee	
Open Community and Budget Update Discussions	January-June, 2010
Budget Reduction Committee Meetings	February-August, 2010
Presidential Review of Committee Recommendations	August 6, 2010
Presidential Executive Council Review of Budget Reduction Plan	August 10, 2010
Notification of Community Meeting	August 7, 2010
Open University Community Meeting	August 11, 2010
Feedback from Dr. Marie McDemmond	August 6-10, 2010
Preliminary Submission to Dr. Moffett	August
Final Submission to Dr. Moffett	August 16, 2010
Meeting with Finance Committee/Board of Supervisors (B.o.S)	August 18, 2010
Presentation to the Board of Supervisors (B.o.S Action)	August 26-27, 2010
Press Release	September
Budget Website	September
Budget Reduction Plan Distributed to Campus Community	September
Implementation	Continuous
Continued discussions: Short and Long-Range Planning	Continuous

Conclusion and Next Steps

There is every reason to assume that state funding for higher education will continue to decline. Frankly, there is little hope that Grambling State University's share of state support, which is less today than it was ten years ago, will ever return to the amount received during 2009-10. We anticipate that we are entering a period where preparing budget reduction plans will become an annual exercise. This will continue to lead to an increasing numbers of lay-offs, program eliminations, furloughs, program restructurings, and other cost-saving strategies. It will also mean the cost for college attendance will continue to be shifted to students and parents, leading to further privatization of public higher education.

The university has had a history of "doing more with less." For example, within the past three years we have: 1) reduced the number of employees by 10.5% (91 personnel) between November 2008 and May 2010; and 2) deleted/consolidated 17 academic degree and certificate programs.

Although the proposed Budget Reduction Plan does not include a discussion of the ways Grambling State University will become much more aggressive in its efforts to identify new funding streams, several steps (Next Steps) should be mentioned.

- A. The university will enter the 2010-11 academic year with a new theme—"A NEW BEGINNING". We will build on the university's academic strengths and accomplishments; improve financial and operational management; improve organization efficiency; develop and implement marketing and public relations strategies to enhance its image; identify and develop additional ways to achieve fundraising and friend-raising initiatives; ensure employment opportunities for graduates; enhance graduate and undergraduate enrollment; and improve campus facilities and the appearance of the campus.
- B. The university has established new revenue priorities to include: increase external funding; promote grant writing efforts among faculty and staff; enhance university/corporate alliances; refine marketing and public relations to attract financial support; enhance and stabilize relations with alumni; explore reactivating the capital campaign; and restore trust in the ability of the university to manage our financial resources.
- C. The university has established a Division of Enrollment and Retention (led by a vice president) and is developing an aggressive enrollment-retention-graduation plan designed to grow our enrollment. In addition, we have re-established a Division of Institutional Advancement (led by a vice president) and are developing an aggressive fundraising plan. Finally, the university has established an inclusive strategic planning process (led by an associate vice president for planning and institutional effectiveness) to establish long and short range goals/priorities, connect university budgeting and planning, and to ensure that the

university's limited resources are spent to support the mission of the institution (see Appendix B).

- D. Steps have been taken to strengthen the Division of Finance and Administration in order to enhance fiscal oversight, optimize efficiencies and secure fiscal solvency and stability. To assist us in this area we have engaged the services of four consultants—one to conduct a comprehensive assessment of financial stability and financial resources; one to assist with university planning and effectiveness; one to assist with enhancing grant productivity; and one to assist with marketing and public relations. In addition, an audit/movable property review panel has been created and is led by the internal auditor.
- E. The university is enhancing communication and exchange between the president, vice presidents, deans, university planning, human resources, public relations, university police, athletics, library, facilities and internal audits through the participation of each group during weekly meetings of the President's Executive Council (PEC). Minutes are recorded and available to the campus via the web. All members of the PEC are expected to share these discussions during their own divisional, departmental meetings.

During the Grambling University Alumni National Association (GUNAA) national convention in July, Dr. Randy Moffett, UL System President and Dr. Frank G. Pogue, Grambling's President, informed alumni of financial and other challenges faced by their alma mater. Dr. Pogue specifically challenged the alumni chapters to come to the aid of the university by: helping to fund scholarships to recruit academically superior students; support a revived capitol campaign; sponsor or adopt a building or location on campus to repair or upgrade; sponsor a billboard in their city; help recruit students and to find jobs for graduates; and assist the university to connect with donors.

These brief comments were designed to underscore that Grambling State University is not just sitting still and limiting its response to financial shortfalls to simply developing budget reduction plans. We have established a host of initiatives to identify ways to support the historic mission of Grambling State University which is to provide an excellent education for generations to come.