BUDGET PRIORITIES FOR 2010 LEGISLATIVE SESSION

Executive Budget Implications

Reductions in State Support

- General Fund support for the University’s operating budget was reduced by $5.2M in 2010-11, and by $21.8M in 2011-12.
- General Fund support for the Cooperative Extension and Agriculture Research Station division was reduced by $1.1M in 2010-11, and by $4.5M in 2011-12.
- The Higher Education Equipment Trust Fund, used to replace instructional and research equipment, was reduced by $1.3M in each year of the biennium.
- The University’s Maintenance Reserve support from the state, used for maintenance and repair of the campus infrastructure, was reduced by $2.3M in each year of the biennium.
- As compared to July 1, 2007, the University’s total General Fund support will decline by $72M by 2011-12.

Nongeneral Fund Reversions from Auxiliary Enterprises

- New policy shift captures a portion of Auxiliary reserve balances. These balances are used to maintain cash flow for the University’s self-supporting auxiliary operations. These resources are critical for assurance to bond holders as well as the institution’s liquidity and debt rating and existing institutional plans. Student fees will have to increase to replace these resources.
- The state is also planning to collect the savings from reduced employer share of retirement benefits. For the University’s Auxiliaries, this employer share is paid out of operating revenue, not state support.

Employees

- No support for salary increases is provided in either year of the biennium.
- VRS and Optional Retirement Plan (ORP) participants will begin to provide 1% of their retirement benefit out of their pay in 2010-11, and 2% in 2011-12.
- Deferred compensation plan that provided a match of $20 per paycheck is suspended for a portion of 2009-10 and for 2010-12.
- One day furlough in 2009-10 will impact critical operations of the University (instruction, research, housing, dining, security, etc. which operate 24 hours a day) and comes at a high level of administrative cost to implement.

University Issues

- In light of the economic situation, the University must maintain maximum flexibility in its ability to manage reductions and cover critical needs including: utilities, contract escalations, unfunded mandates, operation & maintenance of new facilities, and prior commitments. We ask that no additional restrictions to our existing operational authority be established.
- Resources generated by self-supporting auxiliary enterprises (primarily student fees) need to be managed and retained by the institution.
- Continuation of the Equipment Trust Fund program and Maintenance Reserve programs are critical to our instructional and research programs as well as the campus infrastructure.
- The capital bond projects envisioned in the Executive Budget address critical needs. While we understand the state’s limited debt capacity, we hope a solution can be found to create some debt capacity for these projects and the Equipment Trust Fund and Maintenance Reserve programs.