



PLEASE POST IN YOUR DEPARTMENT OR UNIT

February 2, 2009

Dear University Colleagues,

Over the course of the last several days we have been meeting with Vice Presidents, Deans, Department Heads, Directors, and faculty and staff leadership to outline a plan for addressing the additional one-time budget cuts for FY2009 that are coming out of the legislative session. As you are all aware, all state entities must deal with additional reductions in support caused by the dramatic downturn in revenues, with little time left in the current fiscal year to implement those reductions. With just five months left in the fiscal year, and because most of our funds for FY2009 are already committed to salaries and programmatic support, it is essential that we move quickly now that we know the magnitude of the additional holdback.

Before addressing the specifics of the plan, and outlining guidelines for its implementation, let me highlight several things that I would urge you to keep in mind as you review these materials:

- Additional cuts to be taken this year are on top of the 4% budget reduction (both one-time and on-going) that we have already taken as a result of actions approved in September during a special legislative session.
- The plan outlined below does not address the on-going cuts that will be imposed for FY2010. We will not know the magnitude of those reductions until later in the legislative session, and certainly not before the release of 4th quarter revenue numbers that will occur the second week of February.
- In developing the plan, we have tried to be particularly sensitive to the loss of jobs that are so devastating to individuals and their families. I should note that as we have visited with groups of faculty and staff, a common message has been that to the extent possible, our employees would prefer to find some way to share the pain of the reduction, rather than see large numbers of their colleagues lose their jobs.
- We have also tried to minimize the impacts on our enrolled students who need to finish the current semester's classes or complete their requirements so they can graduate on time.

Based on action taken late Friday by the Legislative Executive Appropriations Committee, the additional budget reduction for Utah State University for FY2009 will be approximately \$5,650,000.

We propose to address that reduction through the following actions, each of which is described in greater detail below where we outline guidelines for implementation:

- First, we will impose a mandatory five-day furlough across all employee groups. This action will generate approximately 60% of the amount required for the rescission.
- Second, the remaining amount will be distributed across campus units. By addressing as much of this as is possible from central sources, we anticipate that the impact on other units will be modest – approximately .65%.

While any additional cuts are difficult, we believe these actions will allow us to meet the FY2009 reduction without significant damage to our core programs and functions, or to our students.

Let me underscore that even with these actions, we will still have difficult challenges ahead. We are being assured that both the Governor and legislative leadership are working to find ways to reduce the on-going FY2010 reduction to a number below the 15% base reduction that has received such wide attention. We will be working hard over the next several weeks to support these efforts. Nevertheless, we cannot assume that we are through the worst of this difficulty until we see some evidence that the economy is making a positive turn. In the meantime, we will keep you informed of what is happening and we will engage you in helping us find ways to address this next set of challenges while still protecting, to the extent we can, the integrity and quality of our university. Later this week we will also make available a voluntary separation incentive plan that outlines a series of options that administrators will be able to discuss with interested employees. Thank you for your continuing support and encouragement as we move forward.

Sincerely,



Stan L. Albrecht
President

Utah State University Guidelines for Further Budget Cuts Fiscal Year 2009

Mandatory Furlough Program

1. The purpose of a mandatory furlough program at Utah State University (USU) is to reduce expenses and provide a means to address the rescission imposed by the Legislature, while minimizing additional permanent reductions in our workforce. A furlough places an employee into a temporary, non-paid, no-work status due to extraordinary budgetary circumstances.
2. This is a mandatory program that will involve full-time and part-time employees regardless of their source of funding (state funds and non-state funds). Student employees (undergraduates, graduates and postdoctoral scholars), however, will be exempt from all provisions of this mandatory furlough program.
3. As implied in Item #2, USU employees funded from extramural resources will participate in this mandatory furlough program. The savings from their furloughs will remain in the appropriate account and will be available to the principal investigator or supervisor for use under the terms of the contract, grant or other agreement with the extramural funding source.
4. Each USU employee will be furloughed for five work days during the week of March 9-13, 2009 (Spring Break). During that week, the university will be essentially closed except for a skeletal crew that is necessary to maintain the safety and operations of the campus.
5. In the extremely rare situations where employees will be assigned to work during the week of March 9-13, 2009, such plans must be pre-approved by the vice president or dean who administers that unit. A form and process for such approvals will be disseminated by February 15, 2009. Those employees working during this time will identify with their supervisor five alternative days on which they will be furloughed between now and June 30, 2009.
6. Employees will not be able to substitute accrued vacation hours, sick leave or compensatory time for furloughed days. Each full-time employee will be furloughed for five days and part-time employees for a prorated period of time.
7. While all employees will not receive salary for these five furloughed days, there will be no change to the documented base salary; thus protecting future retirement contributions made by the university.

8. The financial impact on employees of these five furloughed days will be spread across five monthly pay periods – i.e., March, April, May, June and July. Therefore, each month for the next five months, the paycheck of each employee will be reduced by the equivalent of one day's salary (prorated for part-time employees).
9. Questions regarding the details of implementing this mandatory furlough program, or questions related to the implementation of this program as it pertains to the terms of employment of a specific individual, should be directed to the Office of Human Resources for review and clarification.

Further Budget Cuts to Individual Units

1. Each vice president and dean will develop a plan for further cuts in the units that report to them. The exact target number for further budget cuts will be provided to each vice president and dean by the Vice President for Business and Finance. Plans will be due on Wednesday, February 11, 2009.
2. These plans will be reviewed by the existing six-member Budget Reduction Committee and, if necessary, a meeting will be held between the vice president or dean and the Budget Reduction Committee to discuss the recommended cuts.
3. The Budget Reduction Committee will deliver their recommendations to the President by February 25, 2009, so that actions can be taken and plans enacted as soon as possible.
4. While the target amount for each vice president and dean will be proportional to the size of their state-allocated budget (i.e., the percentage will be the same), they will be encouraged to not implement equal, across-the-board cuts to the units that report to them. Rather, vice presidents and deans will make strategic, targeted cuts that will protect the long-term future of their operations and maintain the core functions of the university.
5. We will continue to attempt to minimize the direct financial impact of these further cuts on students.