To: Robin G. Bellinger  
Richard O. Buckius  
Morgan J. Burke  
Alphonso V. Diaz  
Rabindra M. Mukerjea  
Alysa C. Rollock  
Timothy J. Sanders  
Timothy D. Sands  
Teri Lucie Thompson  

Fr: France A. Córdova, President  

Date: June 22, 2010  

Re: Budgeting Contingency Planning for FY 2011-12 and FY 2012-13  

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 fiscal years 2009-10 and 2010-11. 

While our current efforts have identified some specific solutions 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, I am requesting that all units look within their current operating budgets and develop plans to cover a projected four percent recurring general fund budget reduction (2 percent per year) across fiscal years 2011-12 and 2012-13. While I am applying this reduction equally to all units, you have the latitude to implement it differentially across specific departments at your discretion.
Our challenge is to meet these significant budget shortfalls while maintaining our reputation for high-quality teaching and research, and remaining competitive for the best faculty and students. To accomplish this, your budget reduction plans should:

- Continue to meet the instructional mission
- Continue to invest to achieve your strategic goals and objectives
- Improve operating efficiencies and effectiveness

In addition to budget reductions, all units should anticipate sharing up to half a percent of the cost of a flexible salary increase policy for fiscal years 2011-12 and 2012-13. 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 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.

As part of this process, I am requesting that you document the intended reductions and provide a description of the impact on operations. This information will be used to identify and communicate the overall impact of planned budget reductions. Instructions will be provided by the Office of Budget and Fiscal Planning and will be coordinated with your business office.

You will be responsible for the development of recurring budget reduction and salary reallocation plans by December 1, 2010, for possible implementation beginning with the fiscal year 2011-12 budget. Please direct questions to Al Diaz, Jim Almond, and Melissa Johnson.

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

Sincerely,

France A. Córdova