

Colleagues,

By the close of business today (Feb. 15) we will submit our 5 percent reduction plan to the Legislative Budget Board (LBB). We are reviewing the numbers now, but we have posted a working version of the plan to our budget Web site. Some of these plans would be painful, but the UH community has offered many suggestions that we can implement to help avoid the worst of these.

<http://www.uh.edu/af/campredplans.htm>

The plans we are submitting are subject to review by the LBB, and we will probably not get subsequent direction for some time. As required by the LBB this list represents a reduction in our state appropriation and includes only those items funded directly by state appropriations. The FY 2010 reductions represent a partial year, and the majority of the savings would be realized in the full year FY 2011.

The priority order reflects our desire to implement institutional cost savings first. We are protecting our academic programs, and reductions in instructional faculty are not a part of our plan. Staff reductions would be the last step we would take, although we may immediately have to maintain a higher than normal position vacancy rate to accumulate savings. Even this will put a severe strain on our academic programs. This is, of course, all dependent on the severity of any state reductions. Texas Comptroller Susan Combs reports that January sales tax collections - which reflect sales made in the December holiday month - were down 14.2 percent over the same period last year.

The larger list of reductions proposed by the UH community includes actions to save funds outside of the state appropriation. We will recommend that UH implement some of these to try to mitigate the impact on our workforce due to a reduction in state funds. Savings from these actions could be used to backfill budget cuts made as a result of the reduced state appropriation. This expanded list from which the submission was developed will become the basis for the discussion and development of the UH FY 2011 budget.

We will begin implementation of the proposed efficiency items so money we save now can be applied against any future reduction in the current year and so we can begin plans that require a long lead time. UH would realize cost savings by implementing business and equipment efficiencies in several areas. These include single-source purchasing contracts, equipment consolidations (e.g., printers, fax machines), longer replacement cycles for computers, replacing paper processes with electronic processes, and paper recycling. As an example, we estimate that we can recycle 1,000 tons of copy paper, for which we would be paid about \$200,000. Last year we put in place a new contract for electricity that saved us \$1 million per year. The savings were reallocated in our budget plan. Many proposals to adopt practices that will reduce energy consumption came from the UH community. Making sure that our computers and monitors are powered down when not in use could save us an estimated \$250,000.

We will keep you informed of our budget plans and you can always find the latest information on our Web site. We also encourage you to actively participate in helping us all reduce costs in every way possible.

Carl P. Carlucci