

BUDGET REDUCTION PLANNING INSTRUCTIONS

General Guidelines

- **Avoid one-time savings.** The emphasis is to take actions that would provide ongoing long-term reductions, rather than one-time savings. In the unusual case in which a one-time strategy is utilized for 2008-09, the plan must specifically describe how this will be converted into a base budget action.
- **Consider eliminating lower-priority activities or underperforming activities.** It is time to consider whether Virginia Tech can continue to provide all the services it now provides. Lower-priority activities should be examined to determine if they could be eliminated, rather than simply reduced by a certain percentage.
- **OK to include costs to achieve savings.** It is permissible to propose in the budget reduction plan individual strategies that include up-front costs to achieve long-term savings. However, your plan must show an overall net savings (including all their strategies) that meets the required reduction target for each year.
- **Savings must be realizable.** Strategies may even consider central cost items, if the unit is able to document the ability to create an overall savings.
- **Focus on overall savings.** Do not propose reduction strategies that would reduce university revenue. Thus, actions that reduce tuition revenue will not be accepted unless there are additional savings identified to offset the revenue reduction.
- **Don't close the Washington Monument.** Do not propose the elimination or curtailment of core service or programs in an effort to avoid any reductions. According to the Department of Planning and Budget, a federal agency once proposed closing the Washington Monument, in hopes that popular protest would prevent the imposition of budget reductions on the agency. Strategies that employ this tactic will not be acceptable.
- **Remember that personnel actions may generate costs.** One-time costs to generate long term savings must be planned for as part of the overall reduction plan.
- **Be as specific as possible.**
- **Cost out strategies separately.** Break your plan to produce savings down to specific strategies that can be costed out individually.
- **Incremental Revenues** will be considered, but proposals for new charges should be approved in advance before submission.
- **Cost Shifting.** In general, strategies that shift costs from one unit to another will not be allowed since these actions do not reduce overall costs. Specifically, without advance approval:
 - Academic programs should not shift costs between programs.
 - Administrative units and activities should not increase costs for other departments through internal rates assessed for various types of business and administrative services.

Instructions for preparing the budget reduction forms

The budget reduction forms are attached. The Budget Reduction Summary form (attachment 1) is in an Excel format. The Budget Reduction Detail form (attachment 2) is in a Word format. If you have trouble with the forms, contact Cortney Hagerman in the Budget Office at crclay@vt.edu or 1-3281. Cindy Spangler is available to answer questions about the budget process. The Office of Human Resources should be contacted about personnel questions.

Instructions for the Budget Reduction Summary Form (Attachment 1)

- **Insert Agency number (208 or 229) at the top of the form. For agency 229, please also identify if the plan is for AES or COOP.**
- **Insert the Vice Presidential/College name at the top of the form.**
- **Also at the top of the form, provide the name, telephone number, and email address of the person responsible for completing the form if any questions should arise.**
- **Please do not insert or delete any columns in the form.**
- **Enter savings amounts and position reductions as negative values.**
- **Column-by-column instructions for the summary form (Attachment 1)**
 - **Column A. Strategy Number:** Each reduction strategy should be included on a separate line and numbered sequentially. The linkage between the two forms (detail and summary) is the strategy number.
 - **Column B. Title:** In this column, provide a short title for each reduction strategy you propose. Please ensure consistency of the strategy title on both Attachment 1 and 2.
 - **Column C. Reduction Category:** In this column, please select from the drop-down menu one of the following choices that best describes this reduction strategy:
 - Administrative Cost Reduction
 - Academic Cost Reduction
 - Academic Program Consolidation
 - Academic Program Elimination
 - Improved business practice or efficiencies
 - Deferral of discretionary expenses
 - Reduce or eliminate current support services
 - Cost shift to other fund source
 - Other continuing budget reduction
 - Other one-time budget reduction

Please select the appropriate savings category from the drop-down boxes in the spreadsheet template.

- **Column D. Unit:** Enter Department or Center name for discrete actions that involve retirements, layoff, or other position eliminations.

- **Column E. Personnel Action:** For each reduction strategy involving a personnel action, please categorize the action by choosing from the drop-down box in the spreadsheet template.
 - ASO—Eliminate Position
 - ASO—Refill Position (0 FTE Impact)
 - Layoff—Eliminate Position
 - Layoff—Refill Position (0 FTE Impact)
 - Non reappointment—Eliminate position
 - Non reappointment—Refill Position (0 FTE Impact)
 - Normal Attrition—Eliminate Position
 - Normal Attrition—Refill Position (0 FTE Impact)
 - Move to non-E&G Funding & Eliminate E&G Position
 - Replace Full-Time with Part-Time
 - Reduce wage expenditures
 - Vacant—Eliminate Position

- **Columns F through L. Base (Savings)/Cost:** These columns relate to the amount of base savings that each strategy will yield. Fringe savings (column J) and total savings (column L) will calculate automatically when the relevant columns are populated.

Insert dollar amounts (rounded to the nearest whole dollar) for savings in the appropriate expenditure category columns. **Enter negative values for reductions.**

- **Columns M and N. One-time severance cost or savings and net savings:** Any one-time costs necessary to produce long-term savings should be entered into column M. Costs should be entered as a positive value. The net savings will be calculated in column N by deducting the one-time cost from the base savings in column L. Amounts should be rounded to the nearest whole dollar.

- **Columns O through S. Positions:** Enter a negative amount indicating the incremental number of positions being eliminated in the appropriate category, carrying each position to two decimal places. For example, one position would be shown as (1.00). (Note that if elimination of a position is associated with a layoff, the “Personnel Action” column should be populated accordingly). The column labeled “Total FTE” will automatically total the position changes in all columns.

Instructions for the Budget Reduction Detail Form (Attachment 2)

- **Insert Agency number (208 or 229) at the top of the form. For agency 229, please also include if this is AES or COOP.**
- **Insert the Vice Presidential/College name at the top of the form.**
- **Insert the Strategy Number which corresponds to each strategy on the Budget Reduction Summary form.**
- **Insert the Title which corresponds to each strategy on the Budget Reduction Summary form.**
- **Fully describe the planned reduction action.**
- **Fully describe the impact on the program.**
- **Additional boxes may be added to the bottom of the schedule as needed. A narrative should be provided for each strategy included on the Budget Reduction Summary form.**

Due Date of Form Submission

Please send your submission electronically (as an e-mail attachment) to Cortney Hagerman at crclay@vt.edu by November 2, 2007 with a copy to the Executive Vice President and Provost as may be appropriate.

The Office of Budget and Financial Planning and the Department of Human Resources are available to help you with your reduction plans and any personnel reduction costs.