

January 29, 2010

Dear colleagues,

Over the past several weeks, much work has gone into the development of a plan to respond to the state's decision to reduce our budget by \$10.47 million during the remainder of this biennium. I am sharing the draft plan with you to solicit your feedback on how it might be fine-tuned before being presented to the Board of Trustees on February 18.

From the beginning of this process, the overarching goal has been to protect our ability to meet our mission. The strategic plan, *The Pathway to Success*, has guided these efforts with our top priority continuing to be helping students succeed in meeting their educational goals.

I deeply appreciate the work conducted by the vice presidents and their staffs and the advice and counsel provided by Faculty Senate officers Steve Lamb, Virgil Sheets and SAMy Anderson, Support Staff Council Chair Roxanne Torrence, EAP Representative Louise Jackson and SGA President Michael Scott.

As indicated previously, the reductions are primarily in personnel-related expenses as these costs make up approximately 82 percent of our discretionary budget (the total budget minus utilities and student aid). Supplies and equipment (S&E) budgets have already been reduced significantly to address previous budget issues.

Main components of the plan include:

- Having a third-party vendor provide student health services.
- The elimination of the retail operations provided by the contract postal unit as of July 1, 2010. The University is currently working with the United States Postal Service to try to maintain the post office boxes.
- The flattening of the administrative organizational structure in several units.
- A reduction in our capability to provide communications and marketing services in-house.
- A reduction in the level of custodial services provided across campus.
- A reduction in clerical support within academic programs and administrative units.
- Limited reduction in S&E expenditures in Information Technology, Cunningham Memorial Library, and Facilities Management.
- Long-term considerations include the return of Erickson Hall to housing with anticipated savings to the University operating budget of approximately \$300,000 per year and the investigation of energy savings through targeted capital projects.

It is also important to note what the plan does **NOT** impact:

- The plan **does not** permanently reduce the number of tenure and tenure-track faculty lines.
- The plan **will not** impact students' ability to enroll in the courses they need and graduate on time.

- The plan *does not* respond to budget cuts by increasing tuition costs to students.

An estimated total of 108 positions (78 hourly, 30 salaried) have been identified for elimination. Of these, 18 are currently vacant. The breakdown of the positions slated to be eliminated is:

	Hourly	Salaried
Office of the President and Provost	8	5
(Includes units directly reporting to President and/or Provost including: Central Administrative Office, Legal Affairs, Internal Audit, Institutional Research, Affirmative Action, Diversity, External Relations, CPSCE, SASC, CBSEI, Career Center, Sponsored Programs, General Education, Honors Program, Registrar, International and Professional Studies, Artistic Curator)		
Total	8	5
Other units in Academic Affairs		
College of Arts and Sciences	9	1
College of Technology	--	2
College of Nursing, Health and Human Services	2	2
Bayh College of Education	3	1
Scott College of Business	1	2
Information Technology	2	5
Library	8	--
College of Graduate and Professional Studies	1	--
Total	26	13
Business Affairs and Finance		
Business Office	5	2
Facilities	24	1
Total	29	3
Student Affairs		
Hulman Center	--	1
Student Health Center	11	4
Total	11	5
Enrollment Management, Communications and Marketing		
Admissions	2	--
Financial Aid	1	--
Communications and Marketing	1	4
Total	4	4

Employees whose positions have been eliminated and who do not fall under the transitional retirement incentive plan, will receive a severance package which includes:

- Continuation of health benefits for six months paid fully by the University.
- A minimum of one-month notice and eight weeks severance pay, or twelve weeks severance pay if the position is eliminated without notice. An additional week of severance pay will be

provided for each year of service beyond eight years up to a total maximum severance of 16 weeks.

- Continuation of the staff/spouse/partner fee waiver to take courses at ISU for up to four semesters.
- Continuation of the fee waiver for dependents of impacted employees who are currently enrolled at ISU or are accepted for admission prior to the employees' departure date for up to ten semesters.

More details on the severance plan are available at: <http://www.indstate.edu/humres/sevguide.htm>.

It is never easy for an individual or an organization to go through this type of budget issue, and my heart goes out to those individuals who have been impacted. I hope the benefits we have been able to extend will help ease some of the burden of these decisions.

It is anticipated that the transitional retirement incentive plan will further lower the number of individuals impacted by the reduction plan. If the transitional retirement plan and the hiring freeze announced earlier create vacancies that need to be filled, lateral moves will be considered for impacted employees when feasible. The vice presidents and deans have worked to ensure that employees directly impacted by the budget reduction plan have been notified this week.

Faculty and staff leaders have spent a significant amount of time in further refining the transitional retirement incentive plan and in shaping a severance plan. Again, I appreciate the input from the Faculty Senate and administrative, support staff and student leaders.

Under the proposed transitional retirement incentive plan that I will take to the Board of Trustees for approval on Feb. 18, full-time, benefits-eligible faculty members, administrators and support staff members who have at least nine years of consecutive service at ISU and are 55 or older by their retirement date will receive:

- 125 percent of base salary if retirement date is between now and June 30, 2010.
- 115 percent of base salary if retirement date is on or before December 31, 2010.
- 100 percent of base salary if retirement date is on or before June 30, 2011.

Employees with 20 years or more of consecutive service who have been enrolled on ISU's health plan for a minimum of 20 years and are at least 60 years old will also be eligible for post-retirement health coverage subsidized by ISU. Accommodations are also being made to provide access to a health benefits "bridge" for employees who retire by June 30, 2011, at age 62 or older with at least 15 years of service who are not eligible for the ISU-subsidized health benefits plan.

Employees participating in the transitional retirement incentive plan must notify the University of the actual date of their retirement no later than April 2, 2010.

In addition to the transitional plan, I am recommending changes to the current retirement severance plan. Benefits-eligible employees who are not eligible or who choose not to participate in the

transitional retirement incentive plan will fall under this revised retirement severance plan, if approved by the trustees. The primary components of the proposed retirement severance plan are:

- The plan will be expanded to include support staff employees.
- Employees with 15 or more years of service as of 12/31/2010, who achieve 20 years of service by the date of retirement, and are 62 or older will receive a lump sum payment of 60 percent of base salary.
- Employees with less than 15 years of service as of 12/31/2010, who achieve 20 years of service by the date of retirement, and are 62 or older will receive 40 percent of base salary.
- New employees hired on or after March 1, 2010, will be eligible for a retirement severance payment equal to 25% of base salary at age 62 or older with a minimum of 20 years of service to ISU.
- Employees who were enrolled on the ISU health plan prior to Jan. 1, 2005, with continued enrollment for a minimum of 20 years, and who are age 62 or older will be eligible for post-retirement health coverage subsidized by ISU.

More details on these proposals are available at: www.indstate.edu/president/proposedplans.htm.

At this time, I have asked the Office of Human Resources to place a priority on assisting those employees whose positions are being eliminated. The HR staff will be conducting seminars on the proposed retirement plans in the near future.

Feedback on the budget reduction plan may be offered in several ways:

- Three open sessions will be conducted: Thursday, February 4, from 11 a.m. to noon; Wednesday, February 10, from 2 to 3 p.m.; and Tuesday, February 16, from noon to 1 p.m. All sessions will be in Dede II in the Hulman Memorial Student Union.
- By email sent to president@indstate.edu.
- Through your Faculty Senate, Support Staff Council and EAP representatives and/or the vice presidents.

All feedback needs to be received by the end of the business day on Tuesday, February 16.

This plan has been established to address the funding cuts imposed by the state and to provide flexibility for the future. The fiscal realities we are facing will require all of us to remain focused on the strategic directions of the institution with specific attention to helping our students succeed, something we all can and do impact. With this plan, the University will enter the coming fiscal year with a balanced budget. I remain confident that Indiana State will meet this challenge and will continue to do a great job in fulfilling its mission.

Sincerely,

Daniel J. Bradley
President