



Louisiana State University System

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Office of the President

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July 27, 2009

**TO:** LSU System Chancellors and Equivalents

**SUBJECT:** 2009-2010 Operating Budget

The LSU Board of Supervisors is scheduled to consider the 2009-2010 operating budget at its August 27, 2009 meeting. Funding levels reflected in your planned operating budgets and the forms to be completed have been forwarded to your business officers. In addition, an August 3<sup>rd</sup> due date for the return of all budgets and related material has been established. This will give staff time to review the proposed budgets and the opportunity to prepare what's required for the board mail out on August 20, 2009.

**Chancellor Narratives**

Each chancellor is expected to prepare a narrative written on campus letterhead that provides a summary of their proposed 2009-2010 budgets. This narrative should address the following:

1. Steps taken to mitigate reductions to the core academic mission of the campus.
2. Disclose actions taken in the development of budgets to enhance future revenues from enrollment management activities, external grant funding, patient care, and other activities that positively impact other self-generated revenues.
3. Campuses proposing to furlough employees need to address the temporary nature of this action and furnish considerable detail on the process and expected timeframe in which furloughs would be replaced with permanent cuts or increased revenues.
4. Discuss how existing resources are being reallocated to achieve operational improvements or how priority items are being funded.

**Budget Reduction Plans**

If, in finalizing individual operating budgets and completing the required Board of Regents and LSU system budget forms, you determine that revisions are required to the most recent budget reduction plans submitted in July, please submit a revised budget reduction plan by the August 3<sup>rd</sup> deadline, which delineates and highlights any modifications to your July reduction plans.

**Auxiliary Enterprises**

As in the past, a detailed summary report on each of auxiliary enterprise should include:

1. Fund balances (estimated) as of June 30, 2009, and which show the planned uses and actual encumbrances stated separately.

Louisiana State University & Agricultural and Mechanical College

LSU at Alexandria • LSU at Eunice • University of New Orleans • LSU in Shreveport • Hebert Law Center • LSU Agricultural Center  
Pennington Biomedical Research Center • LSU Health Sciences Center - New Orleans • LSU Health Sciences Center - Shreveport • LSU Health Care Services Division

2. Debt service by each auxiliary component.
3. All variations between last year's report and actual uses of the balances.

A specific action plan designed to restore profitability should be submitted for each auxiliary that lost money during FY 08-09. If the auxiliary also lost money in FY 07-08, please provide an additional analysis explaining why last year's plan to restore profitability was insufficient.

#### **Appropriated Line Items**

If your campus received a separate "line item" appropriation in Act 10 of 2009 or is budgeting other significant new revenues, such as approved tuition increases, please complete the enclosed Planned Uses of New Funds form for each such item.

#### **System Charges to Campuses and Hospitals**

In view of the many reductions imposed for the new fiscal year, the LSU System will maintain its billing to the campuses and hospitals at the FY 2008-09 level.

### **LSU System 2009-2010 Salary Guidelines**

#### **Faculty**

The state has not appropriated funds for a pay increase for the faculty. While it is expected that a limited number of promotions in rank may be appropriate, general merit increases to faculty should not be provided. In the event salary adjustments become necessary during the year in response to documented outside offers, we will need full justification.

#### **Administrative and Professional Staff**

Specific funds for salary increases for administrative and professional employees also were not appropriated from the state. In preparing operating budgets, campuses and hospitals must strictly comply with approved Civil Service employee layoff avoidance plans for classified employees and with the parallel LSU system policies on the suspension of merit pay increases for administrative and professional unclassified employees. However, the System will review and consider action on a limited number of promotions, equity adjustments, and other salary adjustments, which campuses and hospitals justify in writing as essential. As a result of the budget reductions and position vacancies, it may be necessary to expand a small number of job assignments that could require modest salary readjustments. These changes need to be fully documented and defensible.

#### **Board Approval**

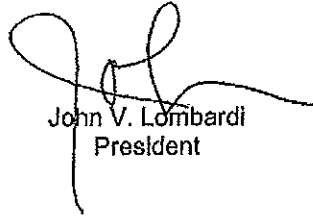
Board Bylaws (Art.VII, Sec. 8 D4) and Uniform Personnel Actions Policy should be consulted for all compensation actions that require Board approval (e.g. for employees whose compensation exceeds \$125,000), and, insofar as practicable, separated from those requiring only Presidential approval.

#### **Context**

Given the extraordinary circumstances under which LSU System institutions are operating, it is important to recognize that every budget action will receive intense scrutiny from our own Board and from many external constituencies. While the detail requested in this note will require

substantial effort by the institutions, the detail provided will serve us well in the ongoing conversation about higher education funding that is expected to go on for at least the next two fiscal years.

Many thanks, in advance, for your help with this process.



John V. Lombardi  
President

cc: System Officers  
Chief Business Officers