December 19, 2008

TO: Deans

FROM: Joseph A. Alutto, Executive Vice President and Provost

SUBJECT: Flexible Expenditure Constraints

The purpose of this memo is to outline the reporting requirements for the flexible expenditure constraint process we will be using as one set of tools to help units respond to the current budget uncertainty. The purpose of this process is to allow essential activities consistent with long range plans to proceed while preserving flexibility to deal with a deteriorating financial environment of uncertain depth and length. This policy is effective January 1, 2009 and is expected to stay in effect for approximately 6-7 months, until the FY 2010 budget is approved in July. The policy covers all funding sources, not just the General Fund.

The flexible expenditure requirements are intended to grant each of you a great deal of discretion in balancing mission-based needs with available resources. What is required of each administrative leader is a quarterly report that summarizes the impact of decisions. The first report is due to us no later than April 10th for the first quarter ending March 30. The second quarter report is due July 10th for the period ending June 30. The reporting units are listed in the attached document. The reports should be assumed to be public documents and at a minimum contain the following:

Personnel Expenses – please list funded positions that have been approved to be filled and positions that are to be held open. All positions within given levels (e.g., $50,000 - $100,000; $100,000 - $150,000; $150,000 - $200,000, etc.) may be aggregated into similar groups for reporting purposes. The goal will be to keep open positions equal to at least 5% of the aggregate non-restricted budgets (General Funds and Auxiliaries) in each area of responsibility. Decisions about replacing personnel, making incremental hires, etc., should be made within a context in which the overall savings are achieved.
December 19, 2008
page 2

Non-Personnel Expenses – we are also asking that you cut back on discretionary spending for non-personnel expenditures, particularly non-instructional equipment such as office furniture, non-faculty travel and business related entertainment. Between now and the end of the fiscal year, we would like to see you reduce your expenses in aggregate by 10% compared to a similar period last year.

All the numbers above refer to the unit in aggregate. Vice Presidents and Deans will continue to have the flexibility to vary goal amounts between units reporting to them depending on their individual needs. If you have any questions please contact Donna Hobart (Hobart.1@osu.edu).

The clear goal of this effort is to allow the University to continue making progress consistent with its plans and priorities, while providing the flexibility in decision making to meet the budget needs of the University.

c: Gordon Gee
Donna Hobart
Larry Lewellen
Mike Sherman
Bill Shkurti
Lee Walker
Flexible Expenditure Constraints

Responsibility for insuring that constraints are effective would be delegated to selected senior university officials in the following groupings or clusters:

Colleges – respective deans with oversight by Provost Alutto

Academic Affairs – includes Enrollment Services, CIO, Graduate School, Human Resources, Minority Affairs, Office of Research, Libraries – Joe Alutto

Medical Center – includes Health Systems, College of Medicine, Comprehensive Cancer Center, Office of the Senior Vice President – Steve Gabbe

Business and Finance – includes FOD, Business Operations, Treasurer, Controller, Public Safety, Chief Investment Officer – Bill Shkurti

Senior Vice President and Special Assistant to the President – includes Student Life, Athletics, Outreach, and Legal – Jeff Kaplan

Agriculture – includes College of FAES, OARDC ATI, Extension and VP Office – Bob Moser

President’s Support Group – includes Office of the President, Development, Communications, Government Relations, and Board Office – Kate Wolford

The proposed expenditure constraints take effect January 1, 2009 and stay in effect until the FY 2010 budget is approved. All the officials listed above would be required to report monthly on their progress to the Integrated Financial Planning Group.