

## **April 30, 2009 – UW Colleges Budget Reduction Recommendations**

Dear Colleagues:

Since last fall, I have been consistently updating you on the 2009-11 budgets. In my last communication, I informed you that a UW Colleges Budget Planning Work Group (BPWG) was appointed to recommend how the institution should respond to required budget reductions. I have now received their final report. After studying the report in detail, and after discussing its recommendations with campus and institutional leaders, I am accepting many of the recommendations contained in the report, which I discuss below. You can read a full copy of the report on my website under Reports. [www.uwex.uwc.edu/chancellor/reports/](http://www.uwex.uwc.edu/chancellor/reports/) I encourage you to read it after reading this memo as it contains context and detail not included here.

### **Background**

The work group, which is listed on page 12 of the report, met over a four-week period. The guidance I gave them at their first meeting included the following:

- Everything should be on the table. The group should go into unfamiliar places when considering its recommendations.
- Look for long-term strategies that will place the institution in a better place than it is now.
- Consider how we can use UWC Online to capitalize on our growth opportunities. Serious dialogue may be needed with the faculty as we further develop UWC Online.
- Discuss the percentage of faculty/IAS; be sure we are following a sustainable staffing model.
- Consider the need to move out across the state and not just be confined to 13 campuses.
- Scrutinize central office operations, but the single institution structure must be maintained.
- Be careful about the need for confidentiality in deliberations. Some subject matter may affect personnel and be of a sensitive nature.

The work group engaged in a very thorough process that involved examining a significant amount of data, consulting with internal content experts when necessary, and discussing many options before forwarding the recommendations to me. The UW Colleges is an enrollment-sensitive institution, and so the working group avoided any recommendations that would potentially decrease

enrollments. The work group examined whether our business model can be modified to save even more resources. I attended one of their very lengthy meetings and can say with absolute certainty that the working group did not rush to judgment.

With the above points in mind, I am now sharing the work group's recommendations (in italic below) and the next steps in the process to which I and the CEO/deans have agreed.

### **Part I - Lapse Recommendations**

*The amount of the anticipated UW Colleges lapse is unprecedented, being equivalent to a one-year 3% General Purpose Revenue cut. Lapsing this amount exclusively from fund 103, even over a span of two years, would cause severe disruption to the institution's academic program. For this reason, program revenue balances were considered and played a significant role in the work group's recommendations.*

***UW Colleges should take the following actions to meet the anticipated lapse requirement of \$2.09 million in 2009-10***

- Fund transfers from other instructional and non-instructional programs should be used to cover the lapse in fund 103
  - Fund 136: \$945,000
  - Fund 132/189: \$405,000
- Temporary budget actions
  - Suspend Lab Modernization funds 09-10: \$242,600
  - Suspend ASI implementation 08-09: \$190,000
  - Suspend ASI implementation 09-10: \$125,000
  - Partially lapse library DINs 09-10: \$50,000
  - Partially lapse curricular redesign funds 09-10: \$29,400
  - Suspend department assessment meetings 09-10: \$28,000
- Unspecified lapse: \$75,000

I have accepted these recommendations, knowing that our work in some of these areas will be disrupted. Note: These are one-time give-backs and not permanent base budget reductions.

### **Part II – Base Recommendations**

The UW Colleges over the last several years has operated with a structural deficit, where 103-based tuition revenues are lagging. Recommendations in this area are as follows:

- 1. UW Colleges should reduce its 103 base expenditures by a total of \$1.6 million:***

- ***\$.3 million in response to the state 1% across-the-board GPR reduction***
- ***\$1.3 million to accommodate a permanently-reduced level of tuition revenue being generated by campuses.***

To work towards those goals, the work group made the following recommendations:

***2. UW Colleges should adopt specific changes to its operating and fiscal models no later than 2010-11.***

***2a. All tuition revenue responsibility should be decentralized to campuses.***

The UW Colleges currently has three integrated enrollment management pilot campuses (UW-Barron County, UW-Marshfield/Wood County, UW-Washington County) that are exploring decision-making in a more flexible, decentralized way and trying to operate in more entrepreneurial ways. Throughout the next academic year, we will be assessing their marketing, curricular, financial and business practices to determine if we can, in fact, adopt these practices institution-wide.

***2b. UW Colleges Online revenue should be shared with campuses according to a model which provides direct incentives for partnership and growth.***

In the coming year, UW Colleges and UW-Extension will be partnering to create a new entity in the UW System called UW Online. This entity will be housed in UW-Extension's Division of Continuing Education, Outreach and E-learning, and have UW Colleges Online as its foundation. The intent is that UW System online baccalaureate degrees would be housed within UW Online, and students will be directed to UW Colleges Online to take freshman and sophomore level courses. This should lead to an expansion of UW Colleges Online. UW Colleges Online net revenue will be distributed to the campuses based on a revenue sharing model that is designed to encourage collaboration and cooperation.

***3. UW Colleges should enact several initiatives to restructure and reorganize support services, in an effort to reduce cost while maintaining or growing tuition revenue.***

***3a. Several Business Services functions currently performed on campuses should be centralized in the institutional office for greater cost-efficiency.***

I have accepted this recommendation for further study, and have asked Steve Wildeck, Vice Chancellor for Financial and Administrative Services for the UW

Colleges and UW-Extension, to lead a task force to examine the feasibility of this recommendation and get back to me with more specifics by Aug. 1. Any delays mean a need to backfill with more cash.

***3b. UW Colleges libraries should be reorganized to deliver essential services to students and faculty at lower cost.***

I have accepted this recommendation for further study, and have asked Provost Greg Lampe to lead a task force to examine the feasibility of this recommendation and get back to me with more specifics by early fall. Any delays mean a need to backfill with more cash.

***4. Existing instructional capacity should be optimized to enhance revenue and reduce instructional cost.***

***4a. Excess enrollment capacity on all campuses should be reduced to a reasonable level.***

***4b. Increase instructional capacity by adding two-three students per section.***

I have accepted these recommendations. Campus deans are reviewing staffing data to determine the extent to which these can be implemented for fall classes.

***4c. Campus-specific adjustments should be made to instructional staffing, using benchmarking data.***

I have accepted this recommendation in theory, pending further discussion with affected campuses.

***5. Campus-specific adjustments should be made to Physical Plant staffing, using benchmarking data.***

I have accepted this recommendation.

In addition, we continue to examine Madison-based administrative office functions for cost efficiencies and will report the outcomes of our investigation to you shortly.

Please know that on April 29th, I personally communicated via Wisline with our colleagues in the areas that will be potentially affected.

Let me reiterate that we are in an unparalleled period of uncertainty, and it is difficult to predict what the future holds. If the economic downturn continues, it's possible that the institution will need more reductions in the future.

With that being said, please know that I value all your hard work and dedication on behalf of our many students, who need our programs and services more than ever.

Warm regards,

David Wilson, Chancellor