

BUDGET PLANNING TASK FORCE UPDATE NOVEMBER 9, 2015

Background:

This is an update of the work of the Budget Planning Task Force. As will be explained further below, the BPTF was charged with managing the 15-17 budget cut.

The BPTF began pursuing its charge under the following principles:

- Protect our core mission and values: students, research, engagement, culture/climate, and brand/visibility/image.
- Operate strategically and consider our essential strengths: most critical programs, services, departments, and centers—and the talent to move us ahead and forward in this time.
- Look internally in ways that we have not considered before: consolidations, mergers, reductions in non-essential services, ways to serve students and other key audiences in more efficient ways, and new sources of revenue.
- Consider items that must be or can be put on hold for now—triaging for the needed hands-on priorities.
- Identify content and venues for communicating, sharing information and also identifying ways in which interested community members (internal and external to UWM) can promote our value and advocate on our behalf.
- Recognize that the campus operations and critical education and research activities must go on. While the proposed budget cut is massive and will be difficult, the larger enterprise goes on and requires even better decision-making and clear leadership.
- Move forward together, boldly, as a campus united around the same goals.

Provided below is a recap of the biennial budget cut received by UWM and a summary of the implementation of a one-time cut for FY 2016. In addition, also provided below is the BPTF's final recommendation for allocating \$14.5 million in base cut that resulted from the 15-17 biennial budget. This allocation is based on reduction plans provided by each of the units, which they have the ability to implement within their individual units for FY 2017.

While the cuts being allocated for FY 2017 should be treated as base and not one-time cuts, these cuts are not the only solution needed to address UWM's ongoing fiscal issues. A number of units began this biennium with negative operating budgets that contributed to an overall structural deficit for UWM, before the biennial cuts are applied. (See *UWM's Operating Deficit: An Explanation*.) The total gap between revenues and expenses, including the FY 2015-17 budget, is around \$30-35 million. On that basis, Chancellor Mone has commissioned the Chancellor's Campus Organization and Effectiveness Team (CCOET) to review the campus's overall organization and effectiveness to make recommendations for larger-scale changes. While the BPTF's work to assume \$14.5 million in base cut by FY 2017 is a step forward to closing the gap between revenues and expenses, CCOET still has a significant task ahead of it, with at least \$15-20 million remaining needed to create a sustainable future for the campus.

UWM's Budget Cut – By the Numbers:

Throughout the spring, changes in the budget bill occurring during the legislative process reduced the size of the cut; in addition, UW System designated one-time funding to help mitigate the impact of the cut in FY 16. The final budget cut for UWM for the biennium is as follows:

UWM's Share of \$150 Million Annual Base Reduction (13.6%):	\$20,430,000
Additional Annual Reduction for Unfunded Costs:	\$2,121,000
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Total Annual Cut without Restored \$25 million	\$22,551,000
UWM's Share of Restored \$25 million (18%)	(\$4,508,800)
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UWM's Total Annual Base Cut with Restored \$25 million	\$18,042,200
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UWM's Share of UW System \$20 million in One-Time Funds (29%)	\$5,825,100
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Amount Needed to Fund Cut in FY 2016	\$12,217,100
Amount Needed to Fund Cut in FY 2017	\$18,042,200
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Total UWM Cut Over FY 2015-17 Biennium	\$30,259,300

Note that the final budget bill provides that \$25 million in base funding is intended to be restored to UW System as of FY 18, which would result in an approximate ongoing cut of \$14.5 for UWM, subject to the next biennial budget process.

Task Force Recommended Allocation of the FY 2016 Cut:

The BPTF previously recommended that \$15.7 million in one-time funds be collected in FY 2016 from each of the main units on campus. **The BPTF allocated to administrative units significantly more than their overall share of the budget because they had more readily available one-time funding, in addition to short-term savings that could be redirected for this purpose.** Some of these additional funds carried over to FY 2017 as well. The one-time cuts for FY 2016 were collected as follows:

		% of Avail. Budget	% of Cut
General Education Administration Division	\$ 576,903	3.1%	3.7%
Student Affairs Division	4,000,000	19.5%	25.5%
Finance and Administrative Affairs Division	3,125,558	13.0%	19.9%
Unit-wide (Campus) Funds	<u>1,797,539</u>	0%	11.4%
Administrative Units	\$ 9,500,000	35.6%	60.5%
Academic Affairs (includes Schools & Colleges)	\$ 6,200,000	64.4%	39.5%
	\$ 15,700,000		
Amount needed for FY 2016	- \$ 12,217,100		
To Be Carried Forward for FY 2017	\$ 3,482,900		

In the BPTF Update dated July 30, 2015, Deans and Division Heads were asked to finalize the FY 2016 cut plans and communicate with faculty and staff about the specific impact of the cut in their units. **The BPTF has asked all Deans and Division Heads to report back to the BPTF the final FY 2016 plans no later than November 6, 2015. These plans will be aggregated by the BPTF and then will be considered public information.** The plans will include a listing of each position that is being held open indefinitely or eliminated as a result of the FY 2016 cut, without reference to the names of employees holding the position, but rather the position by title and:

- Position’s budgeted salary (previous);
- How the position is being vacated (e.g. voluntary departure, VSIP, non-renewal, lay-off);
- If there are current plans to replace a position at a lower salary, the new anticipated salary.

Task Force Recommended Allocation of the FY 2017 Cut:

Throughout the summer and early Fall, the Budget Planning Task Force continued its work by reviewing scenarios provided by each unit on campus as to how they would or could share in the cut, up to 10% of their unit budgets. All identified measures were categorized and evaluated by the Task Force based on impact to UWM’s mission, classifying them as resulting in “some impact,” “significant impact” or “severe impact.” Following that review, the BPTF used the scenarios to recommend the following cuts to the units, based on impact and not pro rata, as follows:

		% of Avail. Budget ¹	% of Cut
General Education Administration Division	\$ 605,000	3.1%	4.2%
Student Affairs Division	2,955,413	19.5%	20.4%
Finance and Administrative Affairs Division	2,092,099	13.0%	14.4%
Unit-wide (Campus) Funds	<u>59,300</u>	0%	0.4%
 Administrative Units	 \$ 5,694,712	 35.6%	 39.4%
 Academic Affairs (includes Schools & Colleges)	 <u>\$ 8,847,488</u> \$14,542,200	 64.4%	 60.8%
 (Carry Forward Funding from FY 2016)	 <u>+ 3,482,900</u>		
 Amount needed for FY 2017	 \$18,042,200		

A large portion (\$3.5 million) of the higher contributions of the administrative units in FY 2016 were carried forward to reduce the burden of the FY 2017 cut. In addition, while the administrative units continue to take a greater share of the cut than its share of the budgets, the BPTF found that those units did not have the ability, in FY 2017, to sustain the same burden for FY 16. In addition, the Unit-Wide account, which primarily funds campus-wide infrastructure and commitments, does not have any available base funding

¹The “available budget” excludes certain restricted funds such as Financial Aid, gifts and grants, and segregated fees.

that can be applied to the base cuts. However, an additional \$1 million in one-time funds is being provided by the Unit Wide to Academic Affairs for focused growth incentives; this funding will be distributed to Schools and Colleges by the Provost's office.

The Chancellor has now accepted these recommendations. The Chancellor and corresponding Vice Chancellors will notify units within their respective divisions as to departmental and school/college allocations of the cut.

Implementation and Reporting

As the reductions are now finalized per the above allocations of base cuts for FY 2017, **the BPTF is asking each Division to report back on the actual implementation of the cut, on or before December 23, 2015.** Specifically, we are asking that units list all actions being taken to reduce the base budget for FY 2017. **Please note that these documents also will be considered public, as they reflect final plans.** Therefore, anything that is included in the document should be communicated appropriately within the units (to all faculty and staff) before submitting this information to the BPTF.

Each unit's document should specifically include a listing of each position that is being held open indefinitely or eliminated as a result of the cut. Units should not reference the position using the names of employees holding the position, but instead should list the position by title and include the following information:

- Position's budgeted salary (previous);
- How the position is being vacated (e.g. voluntary departure, VSIP, non-renewal, lay-off);
- If there are current plans to replace a position at a lower salary, the new anticipated salary.

These final plans will be aggregated by the BPTF so that UWM can accurately describe to our stakeholders the overall impact of the cuts.

Layoffs / Non-Renewals

We are committed as a campus to working with governance groups to maintain communication about the impact of the cuts on employees. To the extent that any employee in any category will be terminated involuntarily through layoff or non-renewal as a result of the budget, these plans must be brought to the Provost, for Academic Affairs, or to the Vice Chancellor of any other respective unit. The Provost or Vice Chancellor should discuss the changes with the applicable governance bodies prior to proceeding with the plans and ensure that the applicable policies governing layoff and non-renewal are followed.

Position Control

The cost containment measures announced in February of 2015 remain in effect for FY 2016.

In addition, the BPTF has recommended to Chancellor Mone, that position control be strengthened. Because CCOET is also currently reviewing position control, Chancellor

Mone is holding off on instituting any new requirements until he has all the recommendations in hand.

Beyond this Biennial Cut

As stated above, while the cuts being allocated for FY 2017 should be treated as base and not one-time cuts, the fiscal situation remains fluid. Through its overlapping membership, the BPTF will be monitoring closely the work of CCOET and may reexamine the impact of any recommended changes on the current unit budgets, at the appropriate time.