

UNIVERSITY OF WYOMING

Office of Academic Affairs

Dept. 3302, 1000 E. University Ave.
Laramie, WY 82071 USA
voice: 307 766 4286 fax: 307 766 2606

Myron B. Allen
Provost and Vice President
312 Old Main
allen@uwyo.edu

To: UW Vice Presidents, Academic Deans and Directors, Athletic Director, Staff Senate President, ASUW President, Faculty Senate Chair
From: Myron Allen
Subject: Budget Planning
Date: 12 February 2009, *REVISED 13 February 2009, as shown in italics*
Copies: President Buchanan, UW Associate Vice Presidents

In a memorandum dated January 20, 2009, President Buchanan directed the university community to examine UW's budgets, with the goal of resolving them into priority levels to guide future university-level decisions. The task is especially topical in light of the world-wide economy: although Wyoming enjoys a cushion against the harshest effects of the current recession, we cannot be sure that the cushion will shield the university against the need for difficult decisions within the next few months or years. In addition, unlike most state agencies, UW enjoys tremendous budgetary authority to move resources within its budgets, to adapt to new needs and priorities. While discussions about internal reallocation are inevitably stressful, the institution has a responsibility to undertake them. This responsibility is never clearer than in times like the present, when the institution's aspirations appear likely to outstrip the Legislature's continued ability to fund them through budget increases alone.

This memo outlines the ground rules, process, format, and timeline for conducting the budget planning examination called for in the President's January 20 memo. Also appended is a budget primer that may help inform the conversations.

Ground rules

Consistent with President Buchanan's memo, two ground rules will govern the discussion. First, the emphasis must be on preserving and advancing UW's academic quality and stature. The institution's prospects are bright, having been amplified by a recent history of remarkable strides attributable to favorable state budgets and our collective willingness to focus on areas of distinction. Unfocused, dissipative measures, such as across-the-board budget cuts, are administratively convenient but antithetical to the strategies that build excellent universities. Priority setting — while difficult and inherently subjective — is essential.

Second, any budgetary measures, whether they involve increases, decreases, or reallocations, must be consistent with UW's mission statement, vision, and strategic plan.* Embedded in the vision is "our mission to explore, create, and share knowledge, in areas that are meaningful to our constituencies and at a level of accomplishment that garners international recognition." We must use our plans as guideposts.

Of primary interest is UW's Section 1 budget — the portion funded mainly by Legislature-authorized General Fund appropriations and tuition. However, it is reasonable to examine other portions of the budget, including those sustained by self-generated revenues.

* These texts appear in the draft of *Creation of the Future: University Plan 3, 2009-2014*, viewable at http://www.uwyo.edu/AcadAffairs/Univ_plan/up3_draft.pdf.

Process

The process outlined below reflects my belief that priority setting and adherence to plans require the sharing of perspectives within and among constituencies. I am asking each of the following constituency groups to develop a white paper, addressed to the Office of Academic Affairs, discussing UW's budgets and the broadly defined priorities that should guide decisions about their use.

Constituency Group	Leader
ASUW	President Kelsey Day
Division of Administration	Vice President Phill Harris
Division of Government, Community, and Legal Affairs	Vice President Rick Miller
Division of Information Technology	Vice President Robert Aylward
Division of Intercollegiate Athletics	Director Tom Burman
Division of Institutional Advancement	Vice President Ben Blalock
Division of Research and Economic Development	Vice President Bill Gern
Division of Student Affairs	Vice President Sara Axelson
Staff Senate	President Jauque Schuman
Faculty Senate	Professor Hannelore Mundt
Deans' and Directors' Council	Dean Kay Persichitte

Each constituent group will develop a white paper, no longer than 10 pages. The group's leader will submit an electronic draft to the Office of Academic Affairs by March 13. After review and feedback from the Office of Academic Affairs, the constituency groups will develop and submit final versions.

I owe President Buchanan a report, informed by the findings in these white papers. *In light of the Governor's February 12 memo to all state agencies, the deadline for that report is now April 30.* I expect the report to be comparable to the white papers in length and to be available for review by the university community.

Format for the white papers

Each white paper should consist of four sections:

Section one. The first section should briefly define each tier in a three-tier framework for thinking about UW's expenditures:

- Core elements of UW's mission
- High-priority activities that support the core
- Enhancements

This framework furnishes a lens through which to answer two questions, which are the topics for the second and third sections of the white paper. It is also a vehicle for establishing broad principles upon which to make budget-related decisions.

Section two. The second section should answer the question: Which major elements of UW's current overall operations belong to each of these three tiers? Answers to this question should include brief rationales, with reference to UW's mission statement and planning documents where possible.

Section three. The third section should answer the question: Which major elements of the constituency group's bailiwick belong to each of these three tiers? Again, answers should include brief rationales.

Section four. The last section of the white paper — no longer than one page — is an opportunity to propose other approaches to create budget flexibility and relieve persistent budget pressures.

Measures of this type may not easily fit into the three-tier priority-setting framework. Examples include but need not be limited to:

- Concrete methods for organizing some operations or functions more efficiently
- Pruning the curriculum to minimize unnecessary overlap in courses.
- Capping salary increases at the highest salary levels.
- Requiring fundraising through philanthropy to operate on a self-sustaining budget.
- Delivering fewer sections of multi-section courses frequently staffed by temporary instructors.
- Limiting faculty hiring into ranks above assistant professor.
- Establishing a fixed institution-wide budget for faculty start-up packages.
- Eliminating University Studies requirements that faculty members appear reluctant to teach.
- Establishing a target national percentile to guide increases in UW's tuition rates.

Most measures in this category will have a few proponents and many detractors, so it is important to include brief rationales and to prioritize the measures proposed.

Timeline

Dates	Task
February	Discussions within constituent groups, coordinated by group leaders
13 March	Draft white papers to the Office of Academic Affairs
3 April	Feedback from Academic Affairs to constituent groups
15 April	Revised recommendations by constituent groups to Academic Affairs
30 April	Provost's recommendations to the President

APPENDIX
UNIVERSITY OF WYOMING BUDGET PRIMER

This appendix provides a brief overview of UW's budgets, originally developed for members of the Board of Trustees. The overview is organized as follows:

1. ASSETS:

Overall asset categories

Section 1: specific funds

Section 2: specific funds

2. EXPENDITURES:

Expenditure categories

Programs supported by expenditures

Workbooks containing details of the Section 1 budget are viewable at the Academic Affairs website. Hard copies of the complete UW operating budget are available at the Coe Library circulation desk.[†] Three pie charts at the end of this appendix give analyses of the Section 1 budget by source, expenditure category, and program.

[†] "Operating budget for the fiscal year ending June 30, 2009," [LD6253.U56](#)

1. ASSETS

ASSET CATEGORY	DESCRIPTION
SECTION 1	<p>UW's general operating budget, supported by:</p> <ul style="list-style-type: none"> • Legislative appropriations from the state's general fund (often referred to as the "067 agency account" after the section of the biennial appropriation bill in which the budget appears), • Federal formula funds for the College of Agriculture • UW Income Fund (mostly tuition) • Certain other revenues (land income, federal mineral royalties) • Unrestricted income from the UW Foundation <p>It is common to refer to the Legislature-funded portion of the Section 1 budget as the "block grant", since UW has the authority to move money around within this account without seeking line-by-line approval.</p>
SECTION 2	<p>Self-sustaining budgets, including:</p> <ul style="list-style-type: none"> • Sponsored research grants and contracts, • Revenue from auxiliary operations (e.g., residence halls, student union, duplicating, concessions) • Student fees.
SPECIAL APPROPRIATIONS	<p>Operating budgets for specific activities authorized by the Legislature outside of the Section 1 and Section 2 budgets. Included in this category are the UW-administered portion of the Western Interstate Commission for Higher Education ("069 agency account"), Enhanced Oil Recovery Commission ("070 agency account"), and UW - Medical Education ("167 agency account"). UW may not transfer funds among these accounts or between these accounts and the Section 1 budget. In addition, these accounts have constraints that do not apply to the block grant, such as caps on the number of employees.</p>
CAPITAL CONSTRUCTION	<p>Budgets for direct construction, architectural and engineering fees, equipment and furnishings, contingencies and associated costs. Funds for financing such projects may come from:</p> <ul style="list-style-type: none"> • State general funds • Bonds issued against predictable sources of revenue, such as student use fees and federal mineral royalties. • Gifts and state matching funds • A combination of these sources.

SECTION 1: SPECIFIC FUNDS, SOURCES OF MONEY, AND CONSTRAINTS ON THEIR USE

FUND	DESCRIPTION
UW INCOME FUND	Revenue deposited to this fund comes from three sources: (1) tuition and fees (by far the largest source); (2) sale of agricultural products; and (3) income from intercollegiate athletic events. These funds are unrestricted except that athletic income is utilized only for Intercollegiate Athletics.
FEDERAL MINERAL ROYALTIES FUND	The source of income for this fund is mineral royalties from production on federal lands in Wyoming. These restricted revenues are used for the payment of principal and interest on bonded debt, constructing and equipping new buildings, repair of existing buildings and purchase of improved or unimproved real estate. UW currently uses a portion of this fund in the Section I budget for "Maintenance, Operation and Repair of Plant."
SALES AND SERVICES FUND	The primary revenue sources for this fund are indirect costs recovery and interest income from the investment of funds held by the University. Other sources include library fines, parking fines, bad check charges, utility sales to fraternities and sororities, and sale of livestock and agricultural products produced as a result of instructional activities. This fund is unrestricted and may be used for any University purpose.
FEDERAL FUNDS - AGRICULTURAL RESEARCH	These funds are provided by Congressional appropriation under the McIntire-Stennis and Hatch Acts. They are restricted to uses supporting agricultural research.
FEDERAL FUNDS - AGRICULTURAL EXTENSION	These funds are provided by Congressional appropriation under the Smith-Lever Act, and are restricted to be used for agricultural extension programs.
AGRICULTURAL COLLEGE LAND INCOME FUND	This fund was created by the federal Morrill Act which provided for a land grant of 90,000 acres to the Territory of Wyoming. A permanent fund was created in conjunction with the act to receive all proceeds from the sale of such lands. The fund derives its income from interest on the permanent fund and from rental of lands. These revenues are restricted to use for teaching of agricultural and mechanical arts, including military tactics.
UNIVERSITY LAND INCOME FUND	The fund was created by Federal Land Grant of 72 sections, and proceeds from the sale of such lands are placed in a permanent fund. The fund derives its revenue from interest on the permanent fund and from rental of lands. These funds are unrestricted and may be used for any University purpose.

SECTION 2: SPECIFIC FUNDS, SOURCES OF MONEY, AND CONSTRAINTS ON THEIR USE

FUND	DESCRIPTION
AUXILIARY ENTERPRISES	Income from self-sustaining enterprises, such as the auto repair shop, motor pool, university golf course, TransPark, residence halls, dining services and other enterprises
GIFTS AND CONTRIBUTIONS	Non-federal support from corporations, foundations, and private contributors, in cases where there is no specific work for hire.
SPONSORED RESEARCH	Revenue primarily from Federal agencies, but also state, corporate, contracts and grants, as well as foundation funding supporting sponsored research and specific educational and service programs. Sponsored research generally involves work for hire.
ASUW	Revenue generated by student organizations (ASUW) and income received as gifts to support the student loan program.
DEBT SERVICE	Revenues, including federal mineral royalties, that are earmarked for interest and principal payments of the University's outstanding bonded indebtedness, and for other debt service charges such as sinking fund payments.
INTERCOLLEGIATE ATHLETICS	Revenues generated through gifts, grants and contracts, and auxiliary services used to support Athletic activities, as well as revenue from sport events.

2. SUMMARY OF EXPENDITURES

EXPENDITURE CATEGORIES DEFINED BY THE NATIONAL ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS (NACUBO)

CATEGORY	DESCRIPTION
PERSONAL SERVICES	All salary and wage compensation for university employees and students and employee benefit programs in which the university participates.
SUPPORT SERVICES	Expenses for services required by the university in the discharge of its functions or to fulfill legal obligations of the university. Types of expenditures include, but are not limited to, commodities purchased for consumption, such as office supplies, printing, stationery, and small tools, continuing costs for rental of real estate or equipment, irrigation assessments, insurance premiums, and maintenance service contracts rendered on a predictable basis.
TRAVEL	Travel expenses for university employees, students, guests or the Board of Trustees to attend business-related meetings, conferences, etc.
EQUIPMENT	Expenditures for non-consumable items acquired with a net cost of at least \$500 and a useful life of 2 years or more.
GRANTS AND AID PAYMENTS	Payments to local governments, private organizations, and individuals of grants and benefits of University aid distribution and distribution of federal aid and grant monies earmarked for specific purposes and programs, to be expended by university employees, students, or individuals.
NON-OPERATING EXPENDITURES	Fiscal transactions and expenditures, the costs of which are not ultimately borne by or chargeable to the university spending or distributing department or fund as a cost of administration of programs and purposes.
CONTRACTUAL SERVICES	Expenditures for services rendered to the university, and materials used therewith, under expressed contracts, usually special in nature and performed on a project or case basis.

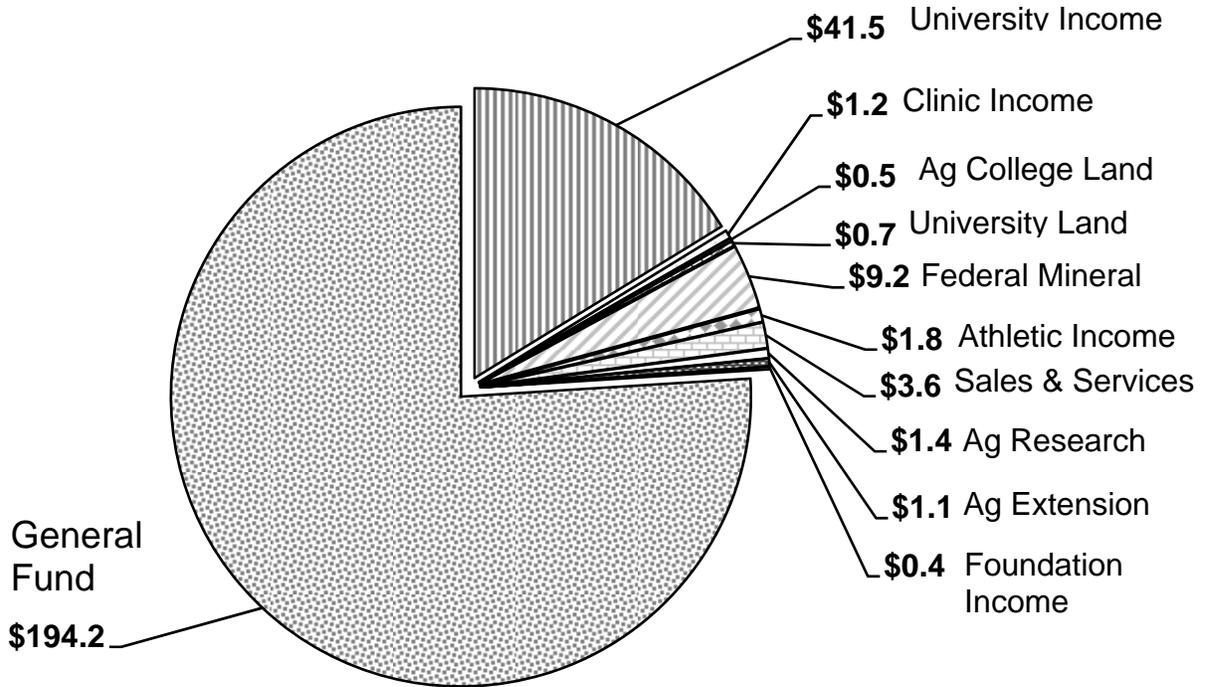
PROGRAMS SUPPORTED BY EXPENDITURES AS DEFINED BY NACUBO

Expenditures to support these programs may be made in any of the categories listed above.

PROGRAM	DESCRIPTION
INSTRUCTION	Expenditures for all activities directly related to instruction. Expenditures for credit and noncredit courses, for academic, vocational, and technical instruction, for remedial and tutorial instruction, and for regular, special and extension sessions are included in this program.
RESEARCH	This program includes all expenditures for activities specifically organized to produce research outcomes, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to these conditions, it includes expenditures for individual and/or project research as well as those of institutes and research centers.
PUBLIC SERVICE	Funds are expended for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this program are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.
ACADEMIC SUPPORT	Funds are expended primarily to provide support services for the institution's primary missions: instruction, research, and public service. It includes (1) operations for the retention, preservation, and display of educational materials, for example, libraries, museums, and galleries; (2) the provision of services that directly assist the academic functions of the institution; (3) audiovisual services and technology services, such as computing support; (4) academic administration (including academic deans but not department chairs) and personnel development to provide administration support and management direction to the three primary missions; and (5) separately budgeted support for course and curriculum development.
STUDENT SERVICES	Funds expended for the offices of admissions and the registrar and those activities whose primary purpose is to contribute to the student's emotional and physical well-being and to his or her intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenditures for student activities, cultural events, the student newspaper, intramural athletics, student organizations, intercollegiate athletics (if the program is operated as an integral part of the department of physical education and not as an essentially self-supporting activity), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health service (if not operated as an essentially self-supporting activity).
INSTITUTIONAL SUPPORT	Expenditures for: (1) central executive-level activities concerned with management and long-range planning of the entire institution, such as the governing board, planning and programming, and legal services; (2) fiscal operations, including the investment office; (3) administrative data processing; (4) space management; (5) employee personnel and records; (6) logistical activities that provide procurement, storerooms, safety, security, printing, and land transportation services to the institution; (7) support services to faculty and staff that are not operated as auxiliary enterprises; and (8) activities concerned with community and alumni relations, including development and fund raising.

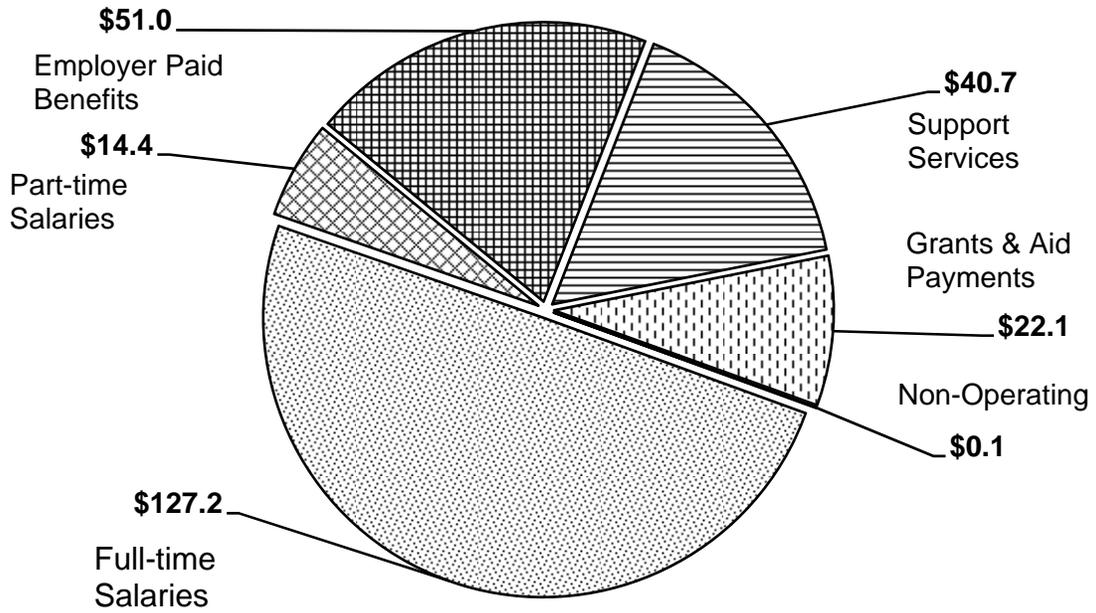
<p>OPERATION AND MAINTENANCE OF PLANT</p>	<p>Expenditures for the operation and maintenance of the physical plant. This program includes all expenditures from operations established to provide services and maintenance related to grounds and facilities. Also included are utilities, fire protection, property insurance, and similar items. It does not include expenditures made from the institutional plant fund accounts.</p>
<p>SCHOLARSHIPS AND FELLOWSHIPS</p>	<p>Expenditures for scholarships and fellowships in the form of grants to students, resulting either from selection by the institution or from an entitlement program. It also includes trainee stipends, prizes, and awards, except trainee stipends awarded to individuals who are not enrolled in formal course work, which are charged to instruction, research, or public service as appropriate.</p>
<p>INTER- COLLEGIATE ATHLETICS</p>	<p>Intercollegiate athletic accounts whose funding is supported by the University of Wyoming, including athletic scholarships but not including club sports, which fall under the student services program.</p>

**UNIVERSITY OF WYOMING
FY 2009 BUDGET, SECTION I FUNDING BY SOURCE
(067 and 167 Agency Accounts in Millions)**



Total Section I Funding: \$255,540,729

**UNIVERSITY OF WYOMING
FY 2009 BUDGET, SECTION I EXPENDITURE DISTRIBUTION
(Departments 067 and 167 in Millions)**



Total Section I Funding: \$255,540,729

**UNIVERSITY OF WYOMING
FY 2009 BUDGET, SECTION I FUNDING BY PROGRAM
(Departments 067 and 167 in Millions)**

