

UNIVERSITY OF WYOMING

Office of Academic Affairs

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To: Academic Deans, Directors, and Department Heads
From: Myron Allen
Subject: Budget Reserves from Central Position Management
Date: 15 June 2012
Copies: UW Executive Council, Faculty Senate Chair Michael Barker

This memo explains a measure that the Office of Academic Affairs will take in this year's central position management (CPM) process, to accommodate possible reductions in UW's legislative appropriation as early as FY 2014. Of the \$3.573 million in salary vacated by retiring and resigning faculty members and academic professionals during FY 2012, Academic Affairs will hold in reserve \$1 million. Only the remaining \$2.573 million will be available, at this point, to cover hiring and mandatory promotion raises during FY 2013.¹ Academic Affairs will allocate this remaining amount to specific positions through the usual CPM process, which involves ranked requests and rationales from UW's academic deans, following discussions within their units and with other deans and directors.

I plan to handle the the funds held in reserve as follows:

- If no budget reductions occur for FY 2013 or FY 2014, Academic Affairs will release all of the funds held in reserve, as soon as possible. To determine how to use these funds, we'll start by reviewing the priority lists that deans developed during this year's CPM process. Working with the academic deans, Academic Affairs will determine whether the highest-ranked positions that couldn't be filled earlier still represent UW's highest priorities.
- If budget reductions occur but are less severe than the eight percent target identified by Governor Mead this past spring, we will allocate as much of the reserved pool as the actual budget reductions will allow, again through a process that involves the deans and a review of earlier priorities.
- If significant budget reductions occur, UW will lose the reserved funds from its permanent budget. This loss will be one of many that the university will need to manage.

This use of the CPM pool raises several questions, which I hope to address in the answers below.

How does this year's approach differ from the usual CPM system? For each of the previous 12 years Academic Affairs has returned *all* of the captured salary pool in the form of allocations to salaries for academic positions. The positions differed — often in scholarly emphasis and sometimes in home department — from the vacated positions that produced each year's captured pool. Rationales and priorities established by college deans have played a strong role in the decisions about these allocations.

This year's approach differs in that the amount returned will be less than the amount captured. Still, one aspect of the process will remain intact: deans' rationales and priorities will continue to play a critical role in decisions about academic position allocations, both from the portion of the captured pool being returned immediately and from any reserved funds that are not used to address budget reductions.

¹Approximately \$1.4M out of the remaining amount was allocated before the June CPM meeting, to cover mandatory promotions, automatic returns associated with negative reappointment and tenure decisions initiated at the department level, and exigency-based requests from deans.

How many faculty and academic professional positions will UW not be able to fill as a result of the \$1 million reserve? If UW relinquishes all \$1 million as part of a budget reduction, we can anticipate filling 12-15 fewer academic positions — roughly a third of the number of positions allocated through CPM in a typical year. I've used a range instead of a single number because academic salaries vary significantly by discipline and rank.

If the budget reductions don't occur, it should be possible to allocate, in aggregate, approximately as many new positions as were vacated during FY 2012, by returning the reserved funds to the faculty position budget. Even in this case, some of the allocations will occur much later than usual in the fiscal year. In many cases this result will adversely affect the timing of the resulting searches.

Which positions won't be filled? The positions that we won't fund this year will be those that rank too low on the deans' priority lists to be funded with the remaining pool but that UW could have funded in the absence of anticipated budget reductions.

Will Academic Affairs withhold salary dollars from vacated academic positions in future years? If UW has to manage significant budget reductions, we will need to withhold academic position funding again in 2013 and, most likely, in 2014 as well, although the magnitudes of subsequent years' withholdings could change.

The reason is that a single \$1 million reduction doesn't make enough progress toward the \$15.665 million needed to meet an eight percent target. The budget reduction plan² that UW submitted to Governor Mead on May 22 calls for a \$6.449 million reduction in nonacademic and academic positions. To achieve this reduction while (1) minimizing the need for layoffs and (2) retaining some capacity to make decisions based on institutional needs and priorities, it is not in UW's interest to make reductions of this magnitude all at once. The CPM process provides an opportunity to spread the reductions in academic workforce over two or three fiscal years.

Will a similar process be instituted for staff vacancies? Yes, although there is currently not a comparable position management system in place for non-academic staff. UW's administration has imposed a vacancy squeeze as a result of the 2009 budget reductions. That system of prioritizing vacated staff positions is still in place, and it will be modified to mirror more closely the CPM process. Tighter oversight of UW's staff position management processes will ensure that the nonacademic position vacancies (1) receive careful review and (2) contribute to any budget reductions beyond those that can be accommodated through reductions in non-personnel support. As with academic positions, to minimize the need for layoffs and retain capacity to make decisions based on institutional needs, UW will have to implement a systematic and effective method for managing the dollars freed through staff vacancies.

²See http://www.uwyo.edu/acadaffairs/plans/budget/067_uw_8_percent_reduction_plan_2012.pdf.