

Budget Planning Process Response  
Government, Community, and Legal Affairs  
March 17, 2009

Section I. Three-tier framework

The three tier framework of core elements of the mission, high priority activities that support the core elements, and enhancements should be used with caution. To the extent there is agreement that a function, program, or unit is an enhancement, that function, program, or unit should necessarily be among the first things abandoned when the institution is faced with the need to reduce expenditures. To that extent, the term “enhancement” might be deemed a synonym for “unnecessary” or at least “non-essential”.

Since UW’s Section I budget is largely a block grant, UW has institutional freedom to prioritize its expenditures, as distinct from other state agencies. As such, there is an expectation among policymakers that UW will regularly evaluate its expenditures and reprioritize accordingly – even when there isn’t the need to consider expenditure reductions. This isn’t a quarrel over semantics. In making any expenditure decisions, UW should consider whether an expenditure is for an “enhancement”, i.e. non-essential or low priority. It is not clear that such occurs within or across divisions as new initiatives are pursued. Before UW pursues financial support from outside existing resources, UW should first determine whether there are “enhancements” the institution should forego and redirect resources to a higher priority.

Further, the three tier approach may also have the unintended consequence of exempting core elements and high priority support activities from evaluating and prioritizing their own expenditures in terms of effectiveness, efficiency, or consistency with the mission. That is, if a unit is part of the core mission, presumably none of their expenditures can be questioned. That conclusion must be avoided if UW is to retain its authority to be flexible in redirecting resources.

UW’s mission is much like that of other public land grant universities and its functional structure is not much different in basic terms. There are scores of academic and support units and programs at UW typical to such universities. There may be some units and programs which could be deemed “enhancements”, “non-essential”, or “low priority” as distinct from “core”. But, those are likely relatively few. More important is the notion that “enhancements” may be better described as the way UW applies its resources to accomplish its mission.

The principal point is that this institutional exercise should not be a one-time effort in response to the Governor’s request. UW should be institutionally structured and committed to review expenditures in the context of new priorities and identify reallocations of existing resources to implement those priorities.

The secondary point is that beyond a certain amount, there will not be consequence free reductions to the budget. UW must have the institutional will to make sound management decisions to improve effectiveness and efficiency and to prioritize. But at some level, reductions will necessarily change the core set of programs. However, the remaining programs should be of high quality.

## Section II. Major elements of the three-tier framework

The first two tiers are largely inseparable. No value is received for determining whether an academic department is more important than student financial aid, information technology, facilities maintenance, the counseling center or paying the utility bills. All of these are essential to UW's operations.

Others at UW are far more qualified to identify non essential or low priority programs than this division. The notion that enhancements or non-essential expenditures have much to do with the way UW applies its resources is reflected in Section IV.

## Section III. Where does this division fit?

The Division has four basic functions:

- Legal Office
- Diversity, including handling of civil rights complaints
- Government Relations
- Public Relations – [Communications and Marketing]

All four are typical functions of universities like UW. The extent to which resources are expended in each functional area can be debated, but UW will inevitably have these four functions performed by some entity on campus.

## Section IV. Recommendations to address funding issues

One difficulty is that not all funding available to UW's institutional budget is fungible. The specific components of UW's mission are and will continue to be driven at least in part by the sources of funding available to UW and the conditions attached thereto. Suggestions for addressing funding issues are as follows:

- a. Utilize revenue generated by the Foundation to fund fundraising staff and operations
- b. Utilize revenue generated by the Alumni Association to fund Alumni Association staff and operations
- c. Modify UW business operations requirements to conform with modern business practices many of which have been identified by the Division of Administration, e.g. consolidate accounting functions campuswide so that a smaller number of highly qualified personnel provide accounting services; require direct deposit of checks, etc. etc.
- d. Identify undersubscribed academic majors and courses and eliminate accordingly
- e. Identify academic programs, majors and courses that, even if not undersubscribed, are less important to UW's primary focus and eliminate them
- f. Reduce numbers of course offerings to satisfy academic requirements, e.g. fewer courses could be offered to satisfy an academic requirement

- g. To the extent there are reductions in academic expenditures, there should be reductions to other division budgets
- h. Apply the concepts in d., e. and f. above to non-academic units, i.e. identify programs that are funded primarily by UW Section I revenues and determine whether they can be consolidated, reduced, eliminated, or by shifting costs to user fees. In this context user fees excludes Section I funding from other units.
- i. Focus expenditures for professional development for employees to mission essential training. Reduce particularly travel to annual meetings of organizations and seminars of general interest. If valuable information is to be provided, send one rather than several employees.
- j. Reduce (manage) planning efforts for initiatives that are of low priority or have no reasonable prospect of moving forward. (Groups often spring up to work on projects for which the group intends to advocate for funding where it is clear at the outset that the proposal isn't a priority or even feasible. Time and effort could be better spent elsewhere.)
- k. Use caution in pursuing UP3 goals that require substantial additional financial resources from state general fund revenue
- l. Limit the use of time consuming search committees for hiring to faculty and senior/high responsibility positions. Too often numerous personnel devote hours to screening, selection, and campus visits for mid-level management positions and below.
- m. Use staff CPM as a springboard to evaluate and restructure units and their business practices
- n. Recover funds from all position lines that have been vacant for a substantial period of time; centrally manage a pool of funds for contract employees or contractors in lieu of benefitted personnel where a project is of limited duration
- o. Identify the extent to which UW Section I funding subsidizes directly or indirectly Section II operations and modify Section II charges accordingly
- p. Reduce the number and frequency, coordinate, and improve the quality of unit (as distinct from institutional) mailings and communications.
- q. Shift the direction of the University's distribution of indirect costs on research projects to promote more recovery of institutional costs instead of incentivizing research
- r. Separate the WTBC operating budget from UW's budget and let state policymakers determine whether it is a funding priority
- s. Increase the percentage of its total budget Intercollegiate Athletics must generate itself
- t. Managers' pay raises should be based in part on how well they prioritize the use of resources and implement strategies to save money
- u. After as many reductions or alternative sources of revenue have been identified and implemented, consider resident undergraduate tuition increases over time that are least initially targeted to address priority issues