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To: Executive Council and Deans and Directors
From: Carol Frost
Re: Update on second quarterly non-academic staff vacancy management meeting
Date: January 16, 2013

UW's plan for an 8% budget reduction calls for a reduction of \$2.9M in annual non-academic staff Section I salaries. These budget reductions, if enacted, will take effect in FY14, which begins July 1, 2013. To prepare for possible reductions, President Buchanan established a staff vacancy management process starting July 1, 2012, by which staff vacancies that accrue are reviewed at the end of each quarter. By making these reductions over two years UW hopes to accomplish the savings by attrition and priority setting rather than reductions in force (layoffs).

If the Legislature requires budget reductions, the savings collected in FY13 through staff vacancy management may not be enough. In that case UW will continue to hold new vacancies open during FY14, until we meet the required budget reduction target. One-time salary and benefit dollars accumulated by leaving positions vacant in FY13 (before the reductions take force) will be used to help cover the staff payroll in FY14, while UW continues to hold positions open and work towards the total target — \$2.9M in the case of an 8% reduction.

We expect that during the two-year ramp-down period, the rate at which vacancies occur will decrease and the decisions will become increasingly difficult. For this reason, the vice presidents have agreed to begin aggressively, so that the targeted amount of savings can decrease with each successive quarter. The quarterly targets are as follows:

Quarter	Target
Q1 FY13 Oct '12	\$725K
Q2 FY13 Jan '13	\$400K
Q3 FY13 Apr '13	\$375K
Q4 FY13 Jul '13	\$350K
Q1 FY14 Oct '13	\$300K
Q2 FY14 Jan '14	\$275K
Q3 FY14 Apr '14	\$250K
Q4 FY14 Jul '14	\$225K
Total	\$2900K

Although there is no requirement that staff reductions be proportional to the budgets for Section I staff salaries across the divisions, the vice presidents are keeping in mind those proportions as they meet, to ensure that no division takes an undue burden of the staff budget reductions. The distribution of staff salaries and the savings that would be expected *if reductions were taken on a proportional basis, with no adjustments for other effects of the budget reduction plan*, are approximately as follows:

Division	% of Section I staff salaries	Share of \$2.9M savings, if proportional
Academic Affairs	34	\$995,970
Administration & Finance	27	\$795,942
Athletics	11	\$314,562
Legal, Govt. & Comm. Affairs	3	\$87,677
Information Technology	12	\$343,601
President's Office	1	\$16,076
Research & Econ. Development	2	\$68,256
Student Affairs	10	\$277,913

At the first quarterly meeting on October 3, 2012, 28 positions were eliminated. At the second quarterly meeting on January 10, 2013, the vice presidents cut an additional 14 staff positions. The FY 13 savings to date associated with these positions and available as reserves to accommodate a two-year ramp-down process are as follows:

Division	Quarter 1: October 3, 2012		Quarter 2: January 10, 2013	
	# of positions	Section I salary (FY 13)	# of positions	Section I salary (FY 13)
Academic Affairs	9	\$194,386	5	\$73,064
Administration & Finance	10	\$236,223	5	\$68,760
Athletics	3	\$64,813	0	\$0
Legal, Govt. & Comm. Affairs	0	\$0	0	\$0
Information Technology	1	\$66,000	1	\$49,092
President's Office	1	\$31,446	0	\$0
Research & Econ. Development	1	\$32,724	1	\$43,996
Student Affairs	3	\$90,793	2	\$39,650
Total	28	\$716,385	14	\$274,562

The table above shows that so far in FY13 UW has set aside \$990,947 to be used to cover staff salaries in FY14 as the savings process continues in the second year.

The amounts saved in FY13 and available as reserves for FY14 are not equal to the annual staff salaries because, in most cases, some of the funds on each line will have been used to pay the staff member's salary until their departure. The better gauge of progress toward the budget reduction target is the subsequent fiscal year's salary savings. For the two quarters of the process thus far, these total, ongoing annual savings amount to \$1,242,894, which exceeds the target of \$1,125,000.

Division	Quarter 1: October 2012		Quarter 2: January 10, 2013	
	# of positions	Section I salary (FY 14)	# of positions	Section I salary (FY 14)
Academic Affairs	9	\$200,014	5	\$134,818
Administration & Finance	10	\$247,704	5	\$151,116
Athletics	3	\$85,206	0	\$0
Legal, Govt. & Comm. Affairs	0	\$0	0	\$0
Information Technology	1	\$66,000	1	\$65,424*
President's Office	1	\$41,928	0	\$0
Research & Econ. Development	1	\$32,724	1	\$43,996
Student Affairs	3	\$92,796	2	\$81,168
Total	28	\$766,372	14	\$476,522

*Includes additional savings on position 761 beyond those collected in Q1.

The next quarterly meeting will be held in early April, 2013, when the vice presidents will aim to identify \$375,000 in non-academic staff salaries on positions that can be eliminated.

Impact on UW's mission

The data presented above reflect only the bloodless analysis of progress toward budget reduction targets and reserves created to manage the two-year ramp-down strategy. In reality, each of the 42 staff positions held vacant so far represents a significant diminution in UW's capacity to accomplish its mission. The individual units that have lost these positions may feel the impacts sooner than others, but before long every UW stakeholder will feel them. They will take the form of reduced effectiveness in instructional support, reduced student services, reduced capacity to maintain the physical plant, and reduced capacities of academic units to handle day-to-day needs of the teaching and research enterprises.

The reductions in staff described in this memo will leave UW with 100 fewer employees in non-academic positions the end of the process. However, these losses are only part of the cuts in UW personnel. A parallel process is underway for academic personnel. Last summer, the budget for academic employees was reduced by \$1 million, resulting in 12 fewer tenure-track and academic professional faculty members teaching our students and engaging in research, service, and outreach. A second \$1 million cut in the budget for academic personnel will be required to meet an 8% reduction in UW's general fund appropriation. If required, this will result in a reduction of an additional 12 faculty and an associated, significant loss of instructional and research capacity.

The fact that UW is able to set budget-reduction priorities does not imply that it can do so without impacts on the institution's essential functions. Each of UW's vice presidents has an acute and visceral understanding of the difference.