



May 8, 2012

TO: All UW Faculty and Staff

FROM: Thomas Buchanan
President

RE: Budget Reduction Planning

On April 20, 2012, Governor Mead directed that all state agencies prepare plans for budget reductions starting with fiscal year (FY) 2014 that equal 8% of the general funds (Section I) appropriated by the state in the 2012 budget session for FY2014. His directive refines an earlier request from the legislature for budget reduction plans of 4% or higher. UW must respond to the governor's request by May 22, 2012.

The amount of UW's budget reduction is \$15.7 million, which is 8% of the university's general fund appropriation for fiscal year 2014 of \$196 million. The general fund appropriation is the single largest source of UW's revenues, representing approximately 36% of the total university budget.

The university recognizes the prudence of the governor and legislature in asking for budget reduction plans given the declining price of natural gas and its negative effect on state revenues. We also know that budget reductions will unavoidably impact our ability to provide quality higher education in the state. Our goal is to accomplish the reductions in a way that preserves to the maximum extent possible our core educational mission and UW's academic quality and stature. Because the reductions, if implemented, will not take effect until July 1, 2013, we have some time to make thoughtful and deliberate decisions about how and where they will be made.

UW's plan for budget reductions will build upon the 2%, 5%, and 8% budget reduction scenarios submitted to the legislature in December 2011 and on additional input from the UW community in response to Provost Myron Allen's request of April 9, 2012¹. As far as possible, cuts will be made in non-personnel areas to minimize reductions in UW's workforce. However, given a reduction of this magnitude it appears inevitable that UW will need to make reductions in workforce. As many reductions as possible will be made by attrition. We will endeavor to retain positions most closely aligned with the university's core mission and our areas of distinction identified in UW's strategic plan.

Areas subject to budget reductions are likely to include 1) non-personnel support budgets, 2) UW-funded scholarships for undergraduate and graduate students, 3) administrative and non-academic personnel, and 4) academic personnel. Reductions in support budgets may include classroom technology and computer labs, including equipment needed for statewide delivery; instructional equipment and supplies; library

¹ For this memo and other information, see <http://www.uwyo.edu/acadaffairs/plans/budget/index.html>.

databases and materials; research computing infrastructure; departmental support budgets; student support services; and athletics funding. Taken together, these reductions suggest that students in Laramie and elsewhere in the state could encounter fewer course offerings in many fields, less contact with instructors, and increased time to graduation.

A number of faculty and staff have forwarded well-meaning suggestions on how we can address budget reductions without imposing a reduction in force.

Curtail campus construction. It is natural to question whether UW could redirect funds currently allocated to various campus construction projects to meet the governor's budget reduction request. Unfortunately, the answer is no: the construction dollars are one-time funds that are appropriated separately from UW's recurring general funds. In many cases, construction also involves one-time gifts for specific projects or revenue bonds funded through sources restricted to that purpose. For these reasons, curtailing current campus construction projects does not provide a mechanism for cutting our general fund budget.

Faculty and staff furloughs. Some of you have suggested that all UW employees might take furloughs as a way of cutting our personnel costs and avoiding reductions in workforce. Our budget reduction plan must accommodate a permanent, not temporary, reduction in our general fund budget. To effect a permanent reduction in budget, furloughs must be recurring. This amounts to a permanent reduction in salary for our employees.

Reduction in employer-paid employee benefits. We've also heard from UW personnel who have suggested that employees take a reduction in employer-paid benefits. Most of UW's employer-paid benefits are the same as those provided to all state employees, and we cannot reduce those independently of a statewide change. A reduction of those benefits that are within UW's purview would result in a relatively small cost-savings.

We are all aware that UW salaries for academic personnel, administrators, and staff are significantly below the average for our comparator institutions. We have worked hard to bring salaries closer to average but have yet to reach that goal. A cut in salary and benefits would represent a serious setback to those efforts. Our employees are our most important and most valued resource. A cut in salary and benefits sends exactly the opposite message and could result in departures of the employees we most want to retain.

None of this is good news, however many state universities across the country have faced far worse. Historically UW has benefitted from almost unparalleled, strong support from the State of Wyoming; now we are being asked to do our part to help the state survive what we all hope is a short period of weak natural gas prices. I know I can count on the UW community to join me in this effort.