

AGENDA ITEM TITLE: **President's written report on the status of the Fiscal Plan**, Nichols

- **Update/Response to the early retirement and separation incentive process**

CHECK THE APPROPRIATE BOX(ES):

- Work Session  
 Education Session  
 Information Item  
 Other                      Specify:

In addition to the materials provided for the July 13, 2016, Board of Trustees meeting report, UW President Laurie Nichols has provided the supplemental materials below.

**BACKGROUND AND POLICY CONTEXT OF ISSUE:**

Following the June 15, 2016 Board of Trustees meeting, UW President Laurie Nichols declared a financial crisis, given the reductions of nearly \$41 million in state funding, as well as reallocating funds to cover costs related to a new financial and reporting system, increased utility expenses, and other needs. In total, these reductions and reallocations will result in a sum of \$50 million. A financial crisis allows for reduction, reorganization, or elimination of academic and non-academic programs. UW President Nichols also rescinded Presidential Directive 6-1993-2 in order to allow the campus community to use only UW Regulation 6-41 as a guide during this process [see attachment A].

Per UW Regulation 6-41, UW President Nichols issued a written statement to the University community explaining why a financial crisis exists, shared the anticipated financial deficient, and held a campus wide meeting. In an effort to create a transparent budget reduction process, UW President Nichols created a budget planning website that contains budget planning documents and resources regarding the program review process ([http://www.uwyo.edu/president/budget\\_planning/](http://www.uwyo.edu/president/budget_planning/)). In accordance with UW Regulation 6-41, UW President Nichols formed a Financial Crisis Advisory Committee (FCAC) to assist with preparing a financial crisis plan to be presented to the Board of Trustees. UW President Nichols proposes to present a plan to the committee for review and comment on September 7. The committee will review the plan and gather input from the campus community and return their comments to UW President Nichols by October 6. UW President Nichols will share the final plan with the Board of Trustees on October 11. The Board will take action on the plan on October 19. The committee has been actively working to develop a plan—see a summary of their meetings listed below.

Tuesday, June 28, 2016

7:30-9:30 a.m., Old Main Boardroom

UW President Nichols convened the first meeting of the FCAC on Tuesday, June 28. The committee covered several topics [see attachment B], including the election of a committee chair. The committee unanimously selected Dr. Stephen Bieber as committee chair, given his depth of

experiences and understanding of UW. The committee also decided to meet twice a week on Tuesdays and Fridays for two hours, noting that the meetings would be open to the public. The committee discussed which regulations should be used to guide the budget reduction process. There was comment regarding which regulation should be used to guide program elimination. After discussion, there was consensus to modify regulations. The committee also discussed its role and the timeline for developing and vetting the financial crisis plan. From the discussion, the committee asked UW President Nichols to draft a charge letter to further clarify the committee's role and duty. The committee also acted to approve the creation of a task force to study tuition, program fees, and other fees, as new revenue streams could be considered as part of the financial crisis plan.

#### Friday, July 1, 2016

12:00-2:00 p.m., Coe Library 506

On Friday, July 1, the committee discussed a variety of topics including the committee's charge, the constraints and limitations of budget reductions, budget reduction principles, and the committee's data and information needs [see attachment C]. Chair of the FCAC Dr. Steve Bieber spoke at length about the ground rules for the committee, as well as emphasized that the development of a financial crisis plan would take many hours of work outside the regular committee meetings. He reminded the committee that the University was a living entity comprised of people and that though the committee would be discussing budget cuts, these monetary decisions would deeply affect many people at UW, in Laramie, and around the state.

UW President Nichols reviewed the charge letter shared with the committee and noted that the committee's efforts would be focused on developing a budget reduction plan for FY18, as FY17 had already begun. The committee also discussed how all programs, both academic and nonacademic, would be reviewed. Vice President for Academic Affairs David Jones noted that the committee would have programs reviewed by August 1 and that the committee would look at FTEs associated with programs and the savings that would result from eliminations and consolidations. It was noted that all vice presidents had also been asked to review their nonacademic units for reductions and efficiencies. The committee also reviewed a proposed list of peer institutions that could be used for strategic planning purposes, and discussed how this list compared to the list generated by the Legislative Services Office. There was additional discussion on budget constraints, such as remaining at a Division I level for athletics and supporting the fiscal system update.

Tuesday, July 5, 2016

12:00-2:00 p.m., Coe Library 506

On Tuesday, July 5, Vice President for Administration Bill Mai and Associate Vice President for Administration Janet Lowe presented an overview of the UW budget to the committee [see attachment D]. The committee had requested at a previous meeting to have an overview of the UW budget to increase the committee's understanding as they planned for reductions. Vice President Mai and Associate Vice President Lowe reviewed areas such as revenues and sources of funds, uses and expenditures of funds, Section I funds (general operating budget of the University), Section II funds (self-supporting and self-sustaining budget), and Section III funds (external research funding). It was noted that the committee would look for savings primary in Section I funding areas. It was noted that a principles and procedures document had been drafted and committee members were invited to attend an optional meeting to review the document.

Friday, July 8, 2016

12:00-2:00 p.m., Coe Library 506

The committee will meet on Friday, July 8. An agenda for their meeting is inserted below [see attachment E].

**UW REGULATION 6-41  
Financial Exigency**

**I. STATEMENT OF POLICY**

In the event the University of Wyoming is confronted by a deficiency in financial resources which is so serious as to require the reduction or elimination of programs or services and the discharge of University personnel including tenured faculty, the University shall respond fairly and rationally, and in a manner consistent with the continued attainment of the mission of the University.

This Regulation sets forth guidelines and procedures to promote decisiveness, fairness and consistency in Presidential leadership and to ensure adherence to established principles in the event of such an occurrence. To the extent possible, decisions will be made through regular University processes, with significant input from faculty, academic professionals, staff, administrators and students.

**II. DEFINITIONS**

As used in this Regulation:

- A. "Committee" means the Financial Crisis Advisory Committee.
- B. "Financial Crisis" means an imminent and substantial deficiency in available University financial resources which warrants reduction or elimination of University programs. The deficiency in available financial resources may result from reduced legislative appropriation, reduced state revenues which make appropriated funds unavailable, reduced income from other sources including University grants, gifts, and tuition and fees, or from unforeseen financial demands.
- C. "Financial Crisis Plan" means the plan developed by the President to meet a financial crisis, and approved by the Board of Trustees.
- D. "Financial Exigency" means a financial crisis so severe that preservation of the integrity of the University and prevention of substantial harm to the institution requires termination of the employment of tenured faculty. Termination of employment of tenured faculty in the event of financial exigency may result from program reductions or from program eliminations. Financial exigency may be determined only by the Board of Trustees, and the employment of tenured faculty members may be terminated only following the declaration by the Board of Trustees that a financial exigency exists.
- E. "President" means the President of the University of Wyoming.

- F. "Program" means a unit of the University which provides an organized and identifiable service or function, which may have an allocated budget, and which can be identified as a separate entity for planning purposes.
- G. "Tenured Faculty" means regular faculty with tenure as defined in the UW Regulation 5-1.

### **III. FINANCIAL CRISIS ADVISORY COMMITTEE**

- A. The Financial Crisis Advisory Committee shall consist of thirteen members:
  - 1. Vice President for Academic Affairs
  - 2. Vice President for Administration
  - 3. Two Deans, selected by the Executive Deans' Council
  - 4. Two voting faculty members from each of the following, selected by their membership:
    - a. Faculty Senate Executive Committee
    - b. Academic Planning Committee
    - c. Budget Planning Committee
    - d. Two members from Staff Senate, selected by its membership
    - e. President of the Associated Students of The University of Wyoming, or a member of the student body designated by the President of ASUW.
- B. The Committee shall elect a chair from its members.

### **IV. DETERMINATION OF FINANCIAL CRISIS**

Whenever the President determines that a financial crisis exists, the President shall:

- A. Declare the existence of a financial crisis;
- B. Convene the Financial Crisis Advisory Committee to advise the President;
- C. Issue a written statement to the University community explaining why a financial crisis has been determined to exist;
- D. Specify the anticipated financial deficiency expected during the current fiscal year and the University's financial prospects for the two succeeding fiscal years;

- E. Call a general University meeting at which the President shall explain why a financial crisis has been declared, and solicit questions and comments from members of the University community; and
- F. Prepare a Financial Crisis Plan to address the deficiency in University resources, and submit the Plan to the Trustees of the University for approval by the Trustees.

**V. FINANCIAL CRISIS PLAN**

The Financial Crisis Plan shall be prepared by the President in consultation with the Financial Crisis Advisory Committee. The President shall inform the Committee of the financial circumstances of the University, and of actions taken to effect economies. In the preparation of the Financial Crisis Plan, determinations as to reduction of University expenditures including personal services, support services, travel, equipment, non-operating expenditures, and contractual services, shall initially be proposed through established University regulations and procedures. The Committee may submit to the Board of Trustees its recommendations with regard to the Financial Crisis Plan.

**VI. FINANCIAL EXIGENCY**

If the financial crisis is so severe that the financial crisis plan will require the termination of positions held by tenured faculty members, the President shall, at the time of submission of the Financial Crisis Plan to the Board of Trustees, request that the Trustees declare a financial exigency. Before submitting a request that the Board of Trustees declare financial exigency, the President shall inform the Committee of the intention to do so, and the Committee may submit to the Board of Trustees its recommendation as to whether financial exigency should be declared.

**VII. ACTION BY TRUSTEES**

Based upon the Financial Crisis Plan submitted by the President, and upon other available information, the Trustees shall approve, modify and approve, or reject the Financial Crisis Plan. If the Financial Crisis Plan requests a finding of financial exigency, and the Trustees determine that the financial crisis is so severe that termination of tenured faculty is necessary, the Trustees shall declare financial exigency.

**VIII. COMMITMENT TO TENURED FACULTY**

Where a program is reduced due to financial exigency, the retention of tenured faculty in the program shall be given all due consideration over non-tenured faculty.

If the position in a program of a tenured faculty member is eliminated due to financial exigency, the University shall make reasonable efforts to transfer the faculty member to another open and funded position for which the tenured faculty member is qualified.

In the event that it is determined that the employment of a tenured faculty member must be terminated due to financial exigency:

- A. Written notice of termination, stating the cause, shall be given as soon as practicable, time periods for such notice in other regulations notwithstanding.
- B. When notice of termination of employment is received, the tenured faculty member may appeal the termination under UW Regulation 5-35.

When a position held by a tenured faculty member is terminated, if that position is restored or a new position with similar duties is created within a period of three years following its termination, the position shall first be offered to the tenured faculty member who formerly held the position, and who was terminated because of financial exigency.

**Source:**

University Regulation 41, Revision 2; adopted 7/17/2008 Board of Trustees meeting  
Revisions adopted 3/24/2016 Board of Trustees meeting



**Financial Crisis Advisory Committee (FCAC) Meeting**  
**Tuesday, June 28, 2016**  
**7:30-9:00 a.m.**  
**Old Main Boardroom**

**Agenda**

- I. Introductions
- II. Scope of budget reductions and purpose of committee
- III. Rescission of Presidential Directive 6-1993-2; Review UW Reg 6-41
- IV. Timeline for committee work
- V. Election of a chair
- VI. Discussion regarding alternate committee members
- VII. Discussion regarding representative from Student Affairs
- VIII. Staffing/Minutes
- IX. Special task force to develop recommendations on all tuition types (Section I and II), program fees, other fees, etc.
- X. Discussion on academic program review process
- XI. Future meeting schedule
- XII. Other business

*Additional Documents for Reference*

- Campus announcement with referenced documents
- President Nichols' Power Point Presentation from June 22 town hall meeting





**Financial Crisis Advisory Committee (FCAC) Meeting**  
**Friday, July 1, 2016**  
**12:00 - 2:00 p.m.**  
**Coe Library 506**

**Agenda**

*Meeting Goal: Understand the committee's task and develop an idea of how to accomplish the task*

- I. Ground rules
- II. Discussion of the committee's charge
- III. Constraints and limitations of budget reductions
- IV. Review budget reduction principals
- V. Impact of budget reduction principals on the committee's charge
- VI. Data needs
- VII. Discussion regarding possible subcommittees



**Financial Crisis Advisory Committee (FCAC) Meeting**  
**Tuesday, July 5, 2016**  
**12:00 - 2:00 p.m.**  
**Coe Library 506**

**Agenda**

- I. Budget Presentation by Bill Mai and Janet Lowe



**Financial Crisis Advisory Committee (FCAC) Meeting**  
**Friday, July 8, 2016**  
**12:00 - 2:00 p.m.**  
**Coe Library 506**

**Agenda**

- I. Student Affairs nonacademic program review process [presentation by Vice President for Student Affairs Sara Axelson.]
- II. Executive Session