State budget lapse

The following e-mail message was sent Oct. 19, 2011, to UW-Eau Claire faculty and staff.

To: UW-Eau Claire Faculty and Staff Members

As many of you have read or heard, the University of Wisconsin System was notified over the past few days of how the state intends to apply to the System a “lapse” built into the 2011-13 state budget bill. As pointed out by the UW System Statement of October 18, 2011, the University comprises about 7 percent of state general purpose revenue expenditures but is assigned 38 percent of this budget lapse reduction.

For UW-Eau Claire, which generally receives about 5.2 percent of the UW System state allocation, this will amount to a little over $3.3 million over the biennium, complicated by the front-loading of this reduction in the first year of over $2.3 million, the budget year we are currently one-third of the way through.

This reduction is essentially a return to the state general fund of budget authority that was already given to the universities. In other words, out of the funding already assigned to UW-Eau Claire, we must create savings (or not spend) the amounts required in this lapse reduction. Also, these savings can only be created from among those expenses that are charged to state general purpose revenue — that portion of our budget made up of state allocations. (Other portions of our budget derive from student tuition payments; program-generated revenue as in housing, dining, and Centers; utilities; capital budget and debt service on buildings; student segregated fees that pay for everything from student activities and health services to athletics; and assorted income from interest, grant overhead, contracts, etc.) So the range of activities that we can consider for reduced spending is constricted considerably and certainly will not conform to everyone’s idea of what might be prioritized.

It will take some time to determine which of those accounts might yield such savings and what encumbrances or commitments we already have against those accounts — considering that we are in the middle of the academic year.

Once we have this information available, we will use the budget construction process to identify possible savings. I will also consult with shared governance leadership before submitting our plan to meet this reduction to the UW System Administration.

I will also work both with my UW colleagues and directly with our legislators to gain an understanding of the disproportional effects of this reduction and, if a lapse is even
necessary, a more equitable distribution across what ought to be our state’s priorities to create a more prosperous future.

It is not my intent to implement counterproductive or reactive measures. We have for some time now practiced a “hold and review” on nearly every position vacancy that occurs. In addition, we met the base budget cut for this biennium largely through the maintenance of vacancies that had already occurred. Other “freezes” do little to save significant funds and have a detrimental effect on performance, productivity, employee morale and, most importantly, our students.

It is noteworthy that this mandated reduction is slightly larger than the offset to the initial base budget cut that the 5.5 percent tuition increase provided. Fundamentally, this wipes out that offset.

While this latest budget reduction notice from the state was unexpected in its severity, I cannot say that it is an unexpected direction. I have pointed to this trend since I first came to UW-Eau Claire. We must focus on the core essentials of our strategic plan to maintain the quality of a UW-Eau Claire degree.

We will post ongoing information on our State Budget Update website, accessible from the University home page.

Brian Levin-Stankevich
Chancellor