

Budget update to campus

The following email message was sent Nov. 15, 2011, to all UW-Eau Claire faculty and staff.

Dear UW-Eau Claire Colleagues,

As we plan for what could be the largest single state budget reduction in our history, I wanted to provide you with an update and with my assurances that I remain focused on our long-term financial and institutional health.

Given the reality of the budget reductions, some may say that our vision of becoming the premier undergraduate learning community in the Upper Midwest is no longer operable. I disagree. I am convinced that the surest way for us to preserve the excellence that is UW-Eau Claire is to reaffirm, not reject, our strategic vision and values. In preparing this message, I return in particular to two core values from our strategic plan: Sustainability and Innovation. We must match our vision with innovation and strategic decisions that will build on our strengths and sustain our excellence.

What we know about the budget reductions

Clearly, these are uncertain times during which rumors can take on a life of their own. I will, in the coming weeks, provide you with regular updates so you know where we stand and what steps we are planning to address this budget challenge.

On top of the cuts imposed by the biennial budget, UW-Eau Claire will in all likelihood be subject to a budget lapse of \$2.3 million this year (2011-12), which must be taken from the state-funded portion of our operating budget. The size and certainty of the budget lapse portion of our reductions will not be fully confirmed until the new year, but we must operate under the assumption that the \$2.3 million lapse will be a reality.

While there is still much we do not know about the budget lapse, we will continue working with our legislators and UW System to advocate for a more proportionate share of the lapse — remember that the Department of Administration has assigned 38 percent of the entire state budget lapse to the UW System even though we represent only 7 percent of the state budget.

These latest reductions mark the continuation of a decades-long decline in state support of higher education and a corresponding increased reliance on tuition. In 2001, for example, the state provided 64 percent of our operating budget while tuition paid by students and their families comprised 36 percent. In 2011, those percentages are essentially reversed. Tuition now provides 67 percent of our operating budget and the state 33 percent. When all fund sources are considered, including program revenue,

auxiliaries and financial aid, the state-funded portion of our overall budget drops to 17 percent.

I want to thank all of you who attended the recent budget open forums — listening to your questions and comments helped our administrative team gather information and gain perspective. If you were unable to attend, a link to the presentation is available on the [State Budget Update](#) page. You can access budget updates from the “Featured Items” box (below the weather) on the university homepage. I will continue to post the latest information to that site and also will provide frequent e-mail updates on where we stand and what steps we are planning.

What strategies will we employ to address the reductions?

While there is a temptation to cover as much as possible of the budget reductions from our reserves, doing so would quickly “empty the bank,” leaving us susceptible to unforeseen budget emergencies, weakening our ability to partially absorb future state budget reductions, and limiting our potential to invest resources in new opportunities.

However, given the reality that these reductions are occurring in the midst of the academic year, I have approved covering up to 50 percent of the budget lapse from central carryover funds on the condition that the vice chancellors develop plans for realizing the remaining necessary savings and revenue growth within their divisions. The vice chancellors will work in close consultation with deans, directors, chairs and staff members to identify those areas in which we can make reductions without jeopardizing academic quality. We will communicate specific decisions as they are made in the coming weeks.

We understand that people are concerned about their jobs. Since more than 85 percent of our budget consists of salaries and benefits, it will be necessary to reduce personnel expenses. To that end, we will continue to review every vacancy that occurs to determine if it should be filled — or if there are ways to rethink responsibilities. Not filling open positions and cutting overloads and release time will be the first options, but lay-offs cannot be ruled out.

Students will see a reduction in the number of class sections, but we are concentrating on providing courses essential to fulfilling general education and graduation requirements, majors and the most popular electives in all programs. We are not increasing current class size limits, but are making sure that all class sections are full.

I have been asked if we could use some of the construction funds to alleviate the lapse. Operating budgets and capital budgets are entirely separate and we cannot use construction dollars for salaries, supplies or utilities. Even if the university were to stop construction today on the much-needed Davies Center and Education Building, the operating budget would still need to be reduced by the full amount of the lapse.

Moving forward

The state base budget reduction and additional budget lapse present us with very real challenges. They also force us to closely examine not only what we do, but also how we do it. We must become more efficient, but we cannot simply “cut” our way to excellence. By being more entrepreneurial and through strategic growth, we can begin to make up for withdrawn state revenues. This means we need to focus as never before on recruiting, retaining and graduating students — traditional age students, transfer and non-traditional students. We can also create and expand revenue-positive programs, including select graduate programs. Winterim and Summer Session, for example, are being restructured to be revenue generating, allowing us to redirect state resources.

Innovation has long been the hallmark of UW-Eau Claire. We were the first campus in the UW System to develop meaningful undergraduate research opportunities; the first to implement campuswide differential tuition to enhance the educational experience of our students; and the only UW campus to incorporate service-learning as a graduation requirement. Now is the time to again call on that spirit of innovation.

We are intelligent people and together we can find smart solutions to the realities of significantly reduced state support. Thank you for your continued dedication to your profession, our students and our university.

Chancellor Brian Levin-Stankevich, Ph.D.