

Chancellor's state budget update

The following e-mail message was sent July 3, 2009, to all UW-Eau Claire employees.

TO: UW-Eau Claire Faculty and Staff

FROM: Chancellor Brian Levin-Stankevich

Colleagues,

The 2009-11 state budget has been passed by the legislature and was signed this week by Governor Doyle. The budget contains painful cuts but also some positive provisions. Overall, UW-Eau Claire's share of **operating budget reductions is \$14.4 million** for the biennium – including General Purpose Revenue (GPR), Fees and Program Revenue (PR). The GPR only reductions in the budget represent an 11 percent state funding decrease.

The capital budget **does include \$44.5 million for construction of a new academic building** to replace Brewer Hall/Campus School. While the new building is enumerated in this budget, funds for construction will not be made available until 2011-13, which means we will have the next two years to complete planning and design of the new building.

Here is a synopsis of the budget provisions important to the University of Wisconsin-Eau Claire:

Base budget reductions: A \$100 million cut to UW System over the biennium. The governor had proposed a \$65 million cut in the first year and an additional \$35 million in the second year. The Legislature's Joint Finance Committee moved \$15 million of the first year's cut into the second year, making the cut in both years about \$50 million. UW-Eau Claire's share of the reduction is \$2.5 million per year.

One percent across-the-board reduction: This reduction affects most of the UW System's non-federal appropriations. The reduction does not apply to federal, gift or tuition funds. UW-Eau Claire's share of the reduction is \$450,000 for GPR funds and \$365,000 for PR funds per year.

Two percent pay plan repeal: The June 2009 pay plan increases were rescinded for all unclassified and non-represented classified staff. While unions representing classified staff have not agreed to rescind this negotiated pay plan increase, the cut in each agency's appropriation will be equal to the amount that would be derived if all employees, including represented classified staff, were included. The budget reduction does not apply to federal, gift or tuition funds, although the pay plan rescission does apply to all funds. UW-Eau Claire's share of the reduction is \$1.0 million in GPR funds and \$181,000 in PR per year.

State employee furlough: Employee furloughs of 16 days during the biennium represent a cut exceeding \$30 million annually for the UW System. The reduction does not apply to federal, gift or tuition funds, but individuals paid by these funds must still take those furlough days. Employees on nine-month contracts will be furloughed 12 days during the biennium. UW-Eau Claire's share of the reduction is \$1.4 million in GPR and \$262,000 in PR per year.

Auxiliary reserves: The final budget transferred \$23.25 million in program revenue to Wisconsin Higher Education Grant-UW. The governor had proposed a \$25.0 million transfer. Also, language was inserted that specifies that no more than \$3.5 million can be transferred from the reserves of any institution. UW-Eau Claire's share of the lapse is \$2.1 million.

Collective bargaining rights for faculty and academic staff: The governor's recommendation was approved, giving faculty and academic staff the right to vote to bargain collectively over wages, hours, and conditions of employment.

Recruitment and retention of high-demand faculty: This fund contains \$5 million in GPR and PR in the first year and \$10 million in the second year. UW-Eau Claire's anticipated share of this fund is \$154,000.

Domestic partnership retirement and group insurance benefits: These were approved as originally proposed by the governor and will be effective Jan. 1, 2010.

Wisconsin GI Bill: Require veterans to use federal education benefits before using the state tuition and remission program.

Contract labor spending: A provision was inserted to require each agency to provide, as part of its biennial budget request, the following: the number of contracted positions funded using base resources; base-level funding provided to support contracted positions; the amount of funding requested for contracted positions; and the number of state-funded positions that would be required to perform the services under any new contract funding request. It includes a prohibition on contract hiring when hiring freezes or mandatory furloughs have been instituted. Also, it requires that agencies review their service contract practices for private personnel and report their findings on how they will achieve savings of 1 percent for the 2009-11 biennium. A report is due by Jan. 1, 2010 to the Joint Finance Committee.

Nonresident tuition for undocumented persons: Allow an exemption from nonresident tuition for certain persons who are Wisconsin high school graduates and have applied for U.S. citizenship.

Conflict of interest for UW System employees: Modify the law that would permit UW System employees with research companies to enter into contracts up to \$250,000 with any UW System institution upon approval of the Board of Regents rather than the Attorney General. The previous cap was \$75,000.

The overall reduction to UW-Eau Claire's operating budget would be partially offset by tuition/fee increases. The Board of Regents is scheduled to vote on 2009-10 tuition and fees at its meeting next week. I also anticipate that we will soon have final guidance on implementation of furloughs and will share that information with you as soon as it becomes available.

Chancellor Brian Levin-Stankevich, Ph.D.