

University of Wyoming
Budget Planning
Division of Administration
March 13, 2009
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Section I

The Division of Administration believes that the core elements of UW's mission must include educating students by providing them with academic and co-curricular opportunities and preparing them to be productive citizens in a global economy. Inherent within this responsibility is an obligation for the institution to provide basic research to expand knowledge and outreach and service activities to extend educational opportunities to the citizens of Wyoming and the nation. Categorizing these core elements within the context of the University's operating budget is difficult because of the program structure utilized to separate major University functions. While an argument can be made that all core elements are contained within the functions of Instruction, Research, Public Service and Academic Support, such crude measurement overlooks the possibility that some activities within these major functional areas may be enhancements to the core mission. A similar argument can be made with respect to other functional programs in the Section I budget. For instance, can teaching, research and service be provided in a vacuum devoid of physical plant infrastructure or key administrative processes? While many of these activities are clearly high-priority activities supporting the core elements, there are essential functions that must operate in tandem with the core educational elements for the institution to remain viable.

The land grant underpinning of the institution may guide some discussion about the core mission. The mission of these institutions, as set forth in the 1862 Morrill Act, is "to teach agriculture, military tactics, the mechanic arts, and home economics, not to the exclusion of classical studies, so that members of the working classes might obtain a practical college education." The complexities of modern society require a broader "practical" education than envisioned in 1862 and therefore additional core educational elements should be considered essential to UW's modern educational program.

Section II

In terms of the Section I budget, the Division of Administration considers the following programs and activities to be core elements of UW's mission:

- College of Agriculture
- College of Arts and Sciences
- College of Business
- College of Education
- College of Engineering
- College of Health Sciences (excluding Pharmacy)
- Graduate School
- Outreach School (some elements but not all)
- University Libraries
- Research and Extension
- Cooperative Extension Service

Each of these programs and activities deliver undergraduate and graduate education or service components consistent with the fundamental mission of a land grant institution. This should not dictate, however, that every activity of the core mission should, or must, be continued if the University faces

major budget reductions. Numerous program offerings, including new academic majors, have been added to the portfolio over the years and a serious review of these activities should be part of an extensive academic review guided by the office of Academic Affairs. The University libraries must continually acquire material to remain relevant to the education and research functions of the University but rapid expansion of the acquisition budget may be delayed in tough economic times.

High priority activities that support the core elements of UW's mission include:

- Academic and Research Administrative Functions
- Admissions
- Registrar
- Office of General Counsel
- Office of Diversity and EEO
- Financial Aid (including scholarships)
- Academic and Administrative Computing and Telecommunications
- Physical Plant Operations
- Non-Academic Administrative Functions
- Campus Safety and Security (including Environmental Health and Safety)
- Central Administrative Functions
 - Accounting/Accounts Payable
 - Payroll
 - Procurement
 - Student Financial Operations
 - Human Resources
 - Budget
 - Institutional Analysis
 - Internal Audit (Independent Function of the Board of Trustees)

Delivery of the core educational mission requires a specified level of support services. As with the core elements discussed above, it is likely that not every activity within the broader set of support elements needs to operate at their present levels. Admitting students, recording their academic progress and providing some level of scholarship support drives the ability to attract and retain students. Reductions to the level of scholarship support could be viewed as one mechanism to diminish the demand for academic resources if the institution desires to have a smaller academic program and fewer students.

The remaining high priority support elements provide the services that keep the institution running. Educating students requires buildings, processes and administrative coordination. Eliminating any of these functions without providing an alternate means to deliver the services, could have dire consequences.

Some enhancements to UW's core mission have been identified including:

- College of Law
- Pharmacy School
- Intercollegiate Athletics
- Wyoming Technology Business Center
- AHC/Art Museum programs and activities
- Co-curricular Support Programs (e.g. Rodeo, Minority Affairs, etc.)
- Transportation and Parking Services
- Postal Services

- Campus ID System

Both Law and Pharmacy are professional degree programs that could be considered enhancements to the basic mission of the University. While Intercollegiate Athletics does provide educational opportunities for the student athlete and recruits students that would not normally attend UW, this activity should be considered as an enhancement to the basic mission. The other programs and activities represent a sample of similar activities that exist throughout the Section I budget. Each provides a service to the campus but has been viewed by the Division of Administration as enhancements rather than high priority or core elements of the institution.

Section III

An argument can be made that some of the major functions and responsibilities within the Division of Administration should be viewed as core elements in parallel with the academic colleges and programs. Can classroom teaching or research exist without facilities to house the activity, utilities, or the ability to hire faculty and staff, or procure goods and services?

Setting aside the argument of whether essential support functions belong with the core educational programs, the Division of Administration does conduct a number of high priority activities that make it possible for the University to meet its teaching, research and service mission.

Priorities for the Division of Administration include:

- Campus Safety and Security (including Police, Risk Management, Environmental Health and Safety)
- Campus Facilities and Infrastructure
- Providing Central Administrative Services
 - Payroll
 - Accounting/Accounts Payable
 - Procurement
 - Human Resources
 - Budget
 - Student Financial Operations
 - Institutional Analysis
 - Internal Audit (Independent Function of the Board of Trustees)
 - Comptroller functions (treasury/investment, tax compliance, bond issuance and administration, oversight of external audit)

The programs listed above provide essential campus services supporting the infrastructure, deliver central services that keep the campus running, or directly support student enrollment. Learning can only take place if students, faculty and staff believe that they are operating in a safe environment. UWPD helps to facilitate this environment by providing a highly qualified police and security presence and response on the UW campus. Risk Management and Environmental Health and Safety also provide essential safety and security services in addition to addressing UW's insurance coverage and compliance with a host of local, state and federal regulations.

Physical Plant functions are essential to the core mission of the University. Utilities, operations and maintenance are all required to fulfill the University's core mission. While the University cannot operate without heat and electricity, Physical Plant strives to deliver these services in a manner that is cost

effective and enhances the mission through occupancy comfort and efficient infrastructure. The Facilities Planning Office provides another essential function for the campus with a major emphasis on management and implementation of the following University Plans: Capital Facilities Plan, Campus Master Plan, Historic Preservation Plan and addressing Campus Accessibility.

The core teaching, research and service functions of the institution require a certain level of administrative services that have been centralized to improve efficiency and reduce overall cost. Faculty and staff must be hired and paid; goods and services must be procured; appropriations and budgets must be established and accounted for; and students must be able to enroll and receive their financial aid. Each of the functions identified in this core set of central administrative services provide a unique service that could not be replicated at a college or division level without additional cost and effort.

Other Services and Functions within the Division of Administration:

The Division of Administration also provides an array of services and functions that enhance the campus experience. Many of these services are delivered through Auxiliary Operations that charge fees for their services and operate on a self-sustaining basis. These operations include:

- Copier Services
- Fleet Services (including TransPark)
- Trademark and Licensing Program
- UW Bookstore
- Vending Services
- WyoOne ID Office
- Postal and Bulk Mail Services
- Graphic Design Services

Eliminating or outsourcing these services wouldn't necessarily mean that the overall Section I budget for the University could be reduced. The majority of the functions provided by these units would still be required in order for the University to function. Vehicle utilization would not decrease as a result of eliminating the motor pool and this cost would either be absorbed through mileage payments for employees utilizing their own vehicles, or through costs to acquire rental vehicles in the private market. Similar cost shifting would occur with copier services and operations within the UW Bookstore.

In addition to the Auxiliary Service Operations the Administration Division also provides additional services supporting:

- Central Scheduling
- Real Estate Operations
- Central Business Analysis

Absorbing these functions within the Division could be possible, but operational efficiencies and coordination with UW's administrative data systems would suffer.

Section IV

The Division of Administration offers the following suggestions to help create budget flexibility and provide potential opportunities to reduce general fund costs.

- Eliminate positions that have been vacant for more than one year
- Reduce the appropriation for additional library acquisitions and GWLA membership
- Eliminate the ongoing appropriation for athletic competitiveness initiative
- Fund all development activity with Foundation revenues
- Mandate that all UW employees utilize an automatic payroll deposit system
- Create business service units and consolidate efforts of departments with respect to bookkeeping, payroll, procurement, etc.
- Reduce out-of-state travel by a minimum of 20%
- Eliminate the campus operator phone system, moving to a fully automated platform
- Reduce B2000 support services spending by 5% to 10%
- Institute a comprehensive early retirement program for faculty and staff
- Designate specific buildings and classroom spaces for evening and/or weekend classes and close other UW buildings to save on energy and utility costs

The recommendations listed above would likely create sufficient savings to achieve a five percent (5%) budget reduction. Reductions beyond this level would require a more aggressive budget reduction scenario. Actions to achieve a ten percent (10%) cut would likely require:

- Elimination of all vacant Section I positions and reallocation of recurring vacancies to meet the most critical teaching, research and outreach functions
- Elimination of one or more programs not considered to be central to the mission of the University
- Increasing tuition and fees to help offset general fund reductions
- Capping University enrollments to reduce ongoing instructional costs
- Eliminating the FY 2010 salary increase for faculty and staff

Reductions of this magnitude will likely have long term consequences within the institution and change the fundamental character of the University for an extended period of time.

Section V

Provost Myron Allen provided six suggestions to address in finalizing the white paper for the Division of Administration. The following responses address those suggestions.

1. Tuition differential increases in Pharmacy at the 50% increase; 100% increase; and 200% increase would yield additional revenue of approximately \$321,000; 642,000; and 1,248,000 assuming constant enrollment. The salaries for the School of Pharmacy are approximately \$2.2 million per year excluding employer paid benefits. Tuition differential increases in the College of Law at the 50% increase; 100% increase; and 200% increase would yield additional revenue of approximately \$409,000; 818,000; and \$1,636,000 assuming constant enrollment. The salaries for the College of Law are approximately \$2.9 million per year excluding employer paid benefits.
2. The Section I funds TransPark currently receives (\$397,000) matches federal funds on roughly a 50/50 basis. TransPark received a total of \$431,354 from FTA/WYDOT last year that required matching. If the \$450K from the FTA/WYDOT is lost it is likely that UW would be required to buy out existing commitments for buses secured from this source of funds in the amount of \$250,000. TransPark is currently projecting a \$600,000 deficit for FY10. If the Section I funding is removed this deficit will increase to approximately \$1.5 million. In other words, the impact of losing the Section I appropriation has a residual impact on the entire TransPark budget. Considering current ability to generate revenue at approximately \$650,000 per year, this means the additional need for revenue is a 230% increase. TransPark currently raise \$325K in revenues

from annual permit sales. In order to raise a total of \$1.5 million in revenues, this operation would need to: 1.) triple the cost of permits across the board, 2.) charge for bus passes (all users) and, 3.) assess a student fee of more \$50/ semester for transit.

3. State general fund support for fundraising activities is presently about \$2.8 million per year. Shifting these expenditures to foundation funding might be possible over an extended period of time, say three years. The Foundation currently generates slightly over \$2 million per year from the 1% assessment on endowment funds. Assuming continued growth in foundation assets it may be possible to fully fund all fundraising expenses from foundation revenues. It should be noted that the current assessment is not unobligated revenue that can be directed to a new purpose since there are existing expenditures against this revenue stream.
4. The current support budget for Section I is approximately \$37.7 million. Each one percent reduction in this category would yield \$377,000 in savings. The various categories of expenditures in the support budget cannot be viewed as equal. For example, the insurance premiums for the university are paid from the support budget category and the \$1.8 million presently budgeted is fully obligated. Similar unique expenditures are embedded in other support budgets across numerous campus units. An across-the-board reduction to supports budgets will have disparate impact on university operations. Any reduction to this expenditure category will require a more detailed analysis to determine the impact on overall university operations.
5. It is likely that many potential budget reductions at UW cannot be achieved immediately. While salary savings will accrue as position vacancies are not filled and operating costs can be reduced through consolidation or elimination of scheduled classes, these reductions will not be fully realized for some period of time. To bridge budget reductions while savings are achieved will require the university to identify expenditures that can be immediately reduced or utilization of internal funding sources that have not otherwise been obligated. Possible buffer funds could come from an immediate reduction to the Section I EPB account with salary savings throughout the year being redirected back to the EPB account to cover anticipated expenses. Another bridging mechanism may be freezing mid-year budget balances and utilizing these funds to offset FY 2010 budget reductions. Finally, there may be operating reserves in various units that could potentially be utilized as a buffer fund in transitioning Section I budget reductions.
6. Physical Plant operations currently utilize \$9.2 million of federal mineral royalties supporting and overall budget of \$22.2 million.