

# Report to the Chancellor

## UW Colleges and UW-Extension Expanded Budget Planning Committee

### Background and Charge

In January, 2009, Chancellor David Wilson appointed a joint Budget Planning Committee for UW Colleges and UW-Extension (see Attachment 1). With the expectation of significant state budget cuts to the UW System, it was the Chancellor's goal to establish an *inclusive, collaborative, and consultative* process through which budgetary decisions would be made both across, and within, institutions.

The charge to the Committee was as follows:

*To develop an inclusive, collaborative, and consultative process to deal with eventual state base budget actions. The group should utilize a two-phased approach:*

- *Phase I: Discuss and recommend possible cross-institutional strategies which could be used to reshape the budget, beyond efficiencies gained through integration.*
- *Phase II: Discuss and recommend institution-specific processes to be followed, to deal with any remaining institution-based budget actions.*

### Timeline and Process

The committee met four times between January 13<sup>th</sup> and February 18<sup>th</sup>. At the first meeting, the committee determined that expanded representation was needed, and it requested that governance representatives and a dean/director from each institution participate. The committee worked expeditiously because of the tight sequence of budgetary events occurring in mid-February, beginning with the Governor's budget address on February 17<sup>th</sup>. Despite very complex schedules, committee members made themselves available and placed high priority on this task. The committee worked collaboratively and all members had equal and substantial input into the discussion and recommendations. It should be noted that where absences occurred because of scheduling conflicts, those members were consulted off-line for their input.

### Approach

As reflected in its charge, the committee focused on developing two sets of recommendations:

- Phase I: Cross-institutional strategies which could be used to reshape the budget
- Phase II: Institution-specific processes which should be followed in determining budget actions

In discussing both phases, the committee continually balanced the need for both short-term tactics and long-term strategy. When faced with poor budget news, our impulse is to react. While some actions will need to be taken immediately, those decisions must align strategically with the budget planning principles, the goals of the institutions, and the desired outcomes.

### **Executive Authority**

The committee recognizes that the chancellor, as leader of UW Colleges and UW-Extension, is the primary authority to determine when, and to what extent, the budget planning procedures described in this document are activated. It should be assumed that the Chancellor will have ultimate strategic decision-making authority, including:

- Determination of whether to use a base (recurring) or lapse (non-recurring) approach to reductions
- Identification of specific dollar amounts to be assigned to central administration, each institution, divisions, and/or campuses
- Determination of any common budget strategies to be implemented across the institutions and/or divisions/campus/units within an institution
- Final approval of any strategies used throughout the institutions

## **Recommendations**

- 1. UW Colleges and UW-Extension should adopt the set of Budget Planning Principles, as they prepare to meet the challenges presented by the state's 2009-2011 biennial budget. (See Attachment 2)***

While the institutions, campuses and divisions are very different, there are overarching principles that can guide our work across the two institutions. The principles recommended by the committee respect the institutions' core values, and our need to be collaborative and strategic in our decisions. These principles will serve as a continual source of reflection as specific short-term and long-term budget decisions are made.

- 2. UW Colleges and UW-Extension should adopt the Budget Strategies Toolkit, which contains strategies the institutions divisions, campuses, and operating units may use, jointly or individually, to reshape their budgets. (See Attachment 3)***

The Toolkit contains a number of cost-reducing and revenue generating alternatives, but should not be considered an exclusive list of options available. There are many other ideas that have been generated through various group discussions which are more specific to an institution, division/campus, or unit.

The toolkit should not be applied in a one-size-fits-all approach. The benefits of implementing any specific strategy could vary widely from one institution/division/campus to another. This Toolkit should remain an active list of strategies that apply to both institutions, and should be appended as appropriate. Further discussion is encouraged as units may consider common implementation strategies.

Additional recommendations regarding the Budget Strategies Toolkit:

- 2a. Multi-year protection practices, such as rolling horizon appointments, should be carefully reviewed.***

The struggling economy and the state's budget problems may continue for a period of years. The institutions will require a high level of budget flexibility in order to respond to changing conditions and the needs of the future. The use of long-term employment commitments should be reviewed to ensure that the institutions maintain an optimal balance between employee fairness and the need for budget flexibility.

**2b. Reducing meeting travel cost through use of distance meeting technologies should be done carefully.**

Meeting travel provides important benefits and should not solely be viewed as cost to be reduced. Personal contact at meetings provides a critical cohesion within our geographically dispersed institutions, and is vital to building professional relationships and networks among employees and stakeholders.

**2c. Revenue-generating capacity and incentives must be increased.**

The January, 2009, joint governance panel discussion on revenue revealed two significant findings. First, there is a wide variance in the degree to which similar units are using fee-for-service or cost-recovery models. Secondly, employee awareness and skill building is needed so that revenue opportunities are not overlooked. Additionally, revenue-producing units with growth potential should receive strong investment during tough economic times.

**3. UW Colleges and UW-Extension should individually adopt a Budget Reshaping Process to be used in development of the biennial budget, which respects the Budget Planning Principles and which utilizes the Budget Strategies Toolkit.**

*(See Attachments 4a/4b)*

The committee is recommending a specific process for each institution which respects their unique differences in structure, protocols, and policies. Emphasis was placed on developing a process for each which is inclusive and collaborative by nature, but which still allows for variations by division/campus, flexibility, and timely decisions.

These institution-specific budget reshaping processes represent the best thinking of the committee and incorporate the spirit of our principles. Like any new process, they will need the commitment, patience, continuous improvement, and ownership of their participants in order to be successful.

Additional recommendations regarding the institution-specific Budget Reshaping Processes:

**3a. Governance must be involved, as indicated, to maintain transparent and collaborative processes.**

Financial stress creates tension throughout the organization and takes an emotional toll on employees. Involvement of governance leaders in the budget process creates a transparent conduit for communication, reduces skepticism, adds value to solutions, and creates implementation efficiency by building trust.

**3b. Each institution's budget reshaping process contains distinct cross-institutional and cross-division/campus learning efforts. These steps must be implemented in order to gain fullest advantage from this process.**

During its deliberations, the Committee found surprising commonalities across the institutions, including the need to expand awareness *within* each institution. The committee felt this was a significant value-added step that should not be overlooked.

**Members of the original Budget Planning Committee**

- Greg Lampe – Interim Provost, UW Colleges
- Willie Larkin – Chief of Staff, Chancellor’s Office
- Christine Quinn – Provost, UW-Extension
- Sue Schymanski – Associate Vice Chancellor, Financial and Administrative Services, UW Colleges & UW-Extension
- Steve Wildeck – Vice Chancellor, Financial and Administrative Services, UW Colleges & UW-Extension (*Chair*)

At its first meeting, the original Budget Planning Committee determined that it needed expanded representation in order to fully meet the Chancellor’s charge. The following individuals were added to form the expanded committee.

- Rick Hein – Associate Professor of Biology, UW-Manitowoc, & Chair, UW Colleges Senate Budget Committee
- Rick Klemme – Dean and Director, Cooperative Extension
- Chris Kniep – Family Living Educator & Department Head, Winnebago County Cooperative Extension & Vice Chair, UW-Extension University Committee
- Michael Maguire – Associate Director of Corporate Development, Wisconsin Public Television, & Chair, UW-Extension Academic Staff Council
- Diane Pillard – Campus Executive Officer and Dean, UW-Rock County

**Budget Planning Principles**

- The institutions care deeply about, and will work to avoid negative impacts to, our faculty and staff.
- Decisions will be made which are in the best long-term interest of UW Colleges and UW-Extension.
- We should be inclusive, collaborative and consultative in our work and in our recommendations.
- The cross-institutional nature of our discussion is inherently valuable and should not be overlooked or underappreciated.
- Transparency and communication will occur throughout the budget planning process.
- Our work should focus on institutional missions; our decisions should minimize negative impacts to stakeholders, students, partners, and programs.
- We should balance short-term and long-term cost/benefit.
- This is not business as usual; we need to communicate value wherever possible.
- Ultimate decision-making authority rests with the Chancellor.

## UW Colleges & UW-Extension Budget Strategies Toolkit

*Note: The strategies below represent a partial list of approaches that the institutions, divisions, campuses, and units can utilize to deal with budget adjustments. Thoughtful discussions should occur around how they might be used to achieve short- and long-term goals.*

### Increased Efficiencies/Cost Savings:

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#### **Travel**

- Coordinate travel through web-based technology  
*Example: Create an electronic ridesharing board*
- Use distance meeting technology, whenever possible without negatively impacting relationships
- Structured sharing with others of information/resources gained at conferences

#### **Sustainability**

- Review UW Colleges Energy Management Policy for possible implementation with UW-Extension

#### **Lean/efficient operations**

- Review hiring and other processes for cost savings  
*Examples: Participate in UWSA-sponsored Lean reviews; review administrative processes*
- Explore an operational review of institutional units  
*Example: Sharing best practices across divisions/campuses*
- Develop a process of external review of budgets and operations by other similar units/divisions/campuses

### HR Strategies

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- Voluntary reduction in appointments
  - a. flexible work schedules
  - b. reduced hours
- Retirement & rehiring of annuitants
- Full or partial lay-off
- Re-evaluate multiple year & rolling horizon appointments

### Increased revenue generation

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- Examine cost recovery and fee-for-service strategies
- Examine UWC/UWEX shared fund development strategies
- Build human capacity to develop revenue streams through training and investment
- Incent collaboration that will build capacity and revenue – within and across units/campuses/divisions/institutions

## UW-Extension Budget Reshaping Process

***GOAL: Positioning the institutions to respond to the needs of the future!***

Notes:

- *Budget principles developed by Budget Planning Committee apply to all of the following steps*
  - *Budget Strategies Toolkit will be provided, which describes options which can be implemented by the institution, divisions, and in some cases, units*
1. Chancellor receives budget allocation from UW System Administration.
  2. Chancellor convenes the (original) UWC/UWEX Budget Planning Committee to determine:
    - a. The amount of the allocation to be handled centrally
    - b. The amount to be allocated to each institution, along with any specific instructions
  3. Chancellor, Provost, Deans/Directors, VC, AVC, University Committee Rep., and Academic Staff Committee Rep meet to:
    - a. Discuss the budget challenge.
    - b. Review the institutional budget at a high level.
    - c. Discuss reshaping the budget to promote innovation and collaboration, and identify needed reductions.
    - d. Discuss strategic approaches by division, to be implemented in #4.
  4. Deans/Directors – Discuss implementation within their divisions.
    - a. Use guiding principles and toolkit as appropriate.
    - b. Engage governance as appropriate.
    - c. Engage other divisions as appropriate for dialogue and negotiation.
  5. Deans/Directors present and discuss their preliminary recommendations and rationale with the Chancellor and Budget Planning Committee. Information should include:
    - a. Approach used to make the decisions.
    - b. Impacts of decisions on the division.
    - c. Strategic alignment – how do the preliminary recommendations advance strategic goals and priorities of the division and UW-Extension?
  6. Budget Planning Committee reviews the recommendations from an institutional perspective and makes a recommendation to the Chancellor.
  7. Chancellor provides final approval.

# UW Colleges Budget Reshaping Process

**GOAL: Positioning the institutions to respond to the needs of the future!**

Notes:

- *Budget principles developed by Budget Planning Committee apply to all of the following steps.*
  - *Budget Strategies Toolkit will be provided, which describes options which can be implemented by the institution, divisions, and in some cases, units.*
1. Chancellor receives budget allocation from UW System Administration.
  2. Chancellor convenes the (original) UWC/UWEX Budget Planning Committee to determine:
    - a. The amount of the allocation to be handled centrally
    - b. The amount to be allocated to each institution, along with any specific instructions
  3. Chancellor, Provost, Dean/CEOs, VC, AVC, Senate Steering Chair, Senate Budget Committee Chair, and Academic Staff Lead Senator meet to:
    - a. Discuss the budget challenge, keeping in mind that we should be using strategic, long-term thinking that encompasses all campuses as one institution.
    - b. Review the institutional budget at a high level.
    - c. Discuss reshaping the budget to promote innovation, collaboration, revenue enhancement, and identify needed reductions.
    - d. Confirm the next steps.
      - i. Deliver vision and guidance to the UWC Budget Planning Workgroup (see #4).
      - ii. Develop knowledge-sharing process of resource investments across campuses (see #6).
  4. UWC Budget Planning Workgroup (Dean/CEO {2}, Provost, VC, Senate Budget Committee Rep. {1 faculty/1 academic staff}, Chair of Dept. Chairs, Budget Director {staff}) meet to:
    - a. Review the institutional budget in detail.
    - b. Identify specific strategies and budget actions.
    - c. Forward recommendations to chancellor.
  5. Chancellor provides final approval.
  6. Institution/Campuses/Units – Implement the plan, with the engagement of governance, as appropriate.
  7. Deans – begin process of reviewing other campus resource investments.
    - a. Process – engagement of campus governance reps and others
    - b. Impacts of campus decisions
    - c. Strategic alignment – how does the investment pattern of other campuses allow them to meet their goals and be stronger in the end?