2012 Budget Forum

University of Wisconsin-Stout

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Overview

• History of how we have approached budget cuts in the past
• State budget outlook
• Budget issues we face
• Rethinking our approach moving forward
Budget Terminology

– Cut = Base reduction. Funding is removed permanently from the budget
– Lapse = One-time reduction. Funding is removed from the budget for a specified period of time (usually one year), and then funding is restored to previous levels when the lapse ends
History of Cuts/Lapses

• Since 1989-90:
  – $10 million in base reductions to UW-Stout
  – $12 million in one-time reductions to UW-Stout
  – Cuts or lapses to UW-Stout and/or UW System every year since 2000-01
How We Have Approached Budget Cuts

• Typically a portion of the lapse or cut is distributed in an across-the-board manner and a portion is taken centrally.
How We Have Approached Budget Cuts

Examples of lapse and cuts taken centrally:

• Change computer cost share program from 3-year program to 4-year program
• Hiring freeze
• Purchasing freeze
• One-time reduction of customized instruction revenues
• Deferral of laboratory upgrades
• Deferral of University Priorities
• Governor-mandated 128 cash reduction – now leaving some auxiliary accounts with projected negative balances
Budget Issues We Face

Highest priority budget needs:

• Salary Needs
• Professional Development Needs
• Scholarship Needs

We currently have no funding source for these needs
Budget Issues We Face

Salary issues:

• No raises for 4 years
• Increased health insurance and retirement contributions
• Gap continues to widen between UW comprehensives salaries and market comparisons
• Record number of employees leaving UW-Stout
• Difficult to recruit new faculty and staff due to receiving better offers elsewhere
Budget Issues We Face

Possible raise scenarios:

- Two 1 percent raises in a year for all employees would cost less than $900,000 annually
Budget Issues We Face

Professional Development

• Continued budget cuts have reduced the ability of departments to fund professional development

• No sustainable funding source for tuition reimbursement
Budget Issues We Face

Scholarships

• Currently award $1.8 million annually
• Gap of $900,000 between need and available funds
• Competitive disadvantage compared to UW-Eau Claire
  – Foundation funds provided by UW-Eau Claire exceed UW-Stout’s by $900,000 annually
Budget Issues We Face

Scholarships

• Students who receive scholarships have higher retention rates
• Scholarships are an important recruiting tool for new students – especially important with declining high school graduates
State Budget Outlook

- UW-Stout sustained an additional cut of $1.77 million lapse for 2011-12 through Joint Finance Committee action Feb. 15
- The 2012-13 state budget is an estimated $143 million in deficit
- UW-Stout’s tuition increase for 2012-13 is frozen at 5.5 percent with no chance of a differential tuition
Rethinking Our Approach

• Anticipate some of the lapses will become base cuts
• Anticipate continued declines in state support without adequate tuition increases
• How do we fund these high priority budget needs?
• Systemic change is needed
Possible Alternatives

• Reduce community development activities
• Reduce support for out-of-classroom duties
• Reduce support for non-academic student services or activities
• Outsource some services
• Collaborate with UW-EC and UW-RF to provide common services
Next Steps

• Discuss alternatives with the CAC and Senates
• Model various scenarios
• Set up message board for comments
• Possibly hold additional forums
Comments?