Short-term Approach
2 Lapse Scenarios

• $174 Million total
• $300 Million total
• Likely to become a base cut

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$174 Million Lapse

• $2.45 Million to Stout
• 5.56% of overall 102 budget
$300 Million Lapse

• $4.4 Million to Stout
• 9.58% of overall 102 budget
Political realities

• Lapse plan to be reviewed by the Joint Finance Committee under so-called “passive review”
• Does not require a vote of the full Legislature
• JFC would have to vote if a member files an objection, which is possible among the four Democrats on the committee
• However, indications are there is little chance to reduce the size of the lapse for this biennium
Lapse Philosophy

• Some reductions taken at the university level
• Approximately 25% of lapse will be assessed to PR funds
• Remaining reductions distributed to individual units in an across the board manner
Reductions at the university level

Funding eliminated in 2011-12 for:

• Downtown Development Project
• Lab Renewal
• Relocation and Capital Projects
• University Priority: First year student work experience
Reductions at the university level

Other central actions taken:

• Hiring freeze
• Pay freeze for all state employees
• Purchasing freeze
• Computer and equipment replacements on hold
• Fewer dollars for travel, professional development
Reductions at the unit level

• Each unit was asked to submit a plan for how they will handle their reductions

• Plans will be received by 11/18/2011

• Caution: can’t take all of the lapse in services and supplies
Long-term Approach

• We anticipate some of the lapses will become base cuts
• Base cuts will require systemic change
Leadership Efforts

• Meetings with Senator Harsdorf – Vice chair of Agriculture, Forestry, and Higher Education Committee, member of Joint Finance Committee
Leadership Efforts

• Testified at hearing of State Senate Higher Education Committee

• Publicity – newspaper articles, editorials, presentations, interviews

• Met with editorial board of the Leader Telegram
Long-term approach

• Focus on the mission
• Maintain integrity of planning process
• Maintain FOCUS 2015 goals and enduring goals

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Long-term approach

FOCUS 2015 goals:

• Develop knowledge, respect & validation of differing values, cultures and beliefs
• Expand early and ongoing experiential learning opportunities
• Further expand integrated enrollment management
• Focus on Sustainability

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Long-term approach

• Continue to use resource principles
  – Identify budget priorities through participatory processes
  – Fund activities that are central to the mission, add value, or are required
  – Protect the integrity of the undergrad and grad mission
  – Protect the integrity of services supporting the central university mission
Long-term approach

• Continue to use resource principles
  – Maintain flexibility at all levels of the organization through the use of reserves
  – Reallocate resources and redesign functions to provide funding for high priority strategic initiatives
  – Ensure near-term allocation decisions complement longer term planning
  – Manage operations within allocated resources
  – Make informed budget decisions through data, analysis and projections

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Long-term approach

Increase revenue opportunities
• Expand Customized Instruction
• Increased involvement with fundraising
• Expand grants and contracts
• Expand special revenue generating programs (i.e. Saudi program)
Long-term approach

Increase revenue opportunities

• Need for a new fiscal model for higher education
Long-term approach

Cuts

• A forum will be scheduled for February to discuss the approach we will use to identify long-term directions

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Managing the changes

Our new flexibilities will help us manage
Question

- What are your ideas about new fiscal models?
- Where are there opportunities for new revenue streams?