

CFR Budget Reduction Proposal (FY 2010)



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COLLEGE OF FOREST RESOURCES
UNIVERSITY OF WASHINGTON**

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Overall Budget Context

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- The Governor's proposed budget for FY 2010 includes a 13% reduction in UW state general funds.
- Her budget assumed a \$5.7 B shortfall in tax revenues when submitted in December 2008. The shortfall is now estimated at over \$8.3 B.
- Legislature has not set our FY 2010 budget and may not do so until May-June, 2009.
- CFR initiated its budget review process in December 2008 in order to be prepared well in advance of start of FY 2010.

Overall Budget Context

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- The UW absorbed a 4.2% permanent budget reduction during the current year (FY 2009) from the state general fund. (\$16.8 M reduction on a base of \$401 M)
- To date, our College has returned \$47,050 of permanent funds in FY 2009. This represents 0.75% of our permanent state budget and counts as a portion of our budget reduction for this year. We used about 0.5 FTE of an unfilled faculty position for this reduction.
- Do not know the exact size of the remaining portion of our FY 2009 budget reduction, but we estimate that this additional budget reduction may be an additional \$60,000.
- All FY 2009 reductions are permanent and carry forward into FY 2010.

Overall Budget Context

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- Many uncertainties at the University-level:
 - Declaration of a financial emergency (Probably no)
 - Faculty/staff furloughs (Probably no)
 - Salary reduction (No)
 - Cyclic reduction for staff appointments in summer (yes if voluntary and permanent)
 - Voluntary and permanent reductions in FTE are possible for staff and faculty.

CFR Budget Reduction Principles

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- Budget decisions are based on the College's strategic priorities that emanate from its mission, vision and goals.
- Permanent state budgets will be used to maintain the College's: 1) instructional, 2) research, and 3) service programs - in that order.
- All permanent state budgets will bear some share of any budget reduction, recognizing the possibility of targeted reductions.
- With advice from faculty, staff and students, our budget reduction decisions will follow an open, fair, and objective process communicated to the College community in a timely manner.

Additional Considerations

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- Think strategically, with a 5-10 year outlook and our College mission, vision and goals in mind.
- Maintain flexibility and take advantage of the least disruptive opportunities.
- Currently filled tenured and tenure-track faculty positions will not be subject to budget reductions.
- Ensure process transparency.
- Act with the expectation that there could be another equally large cut required in FY 2011 as the economic downturn may persist.
- Consider the advisability of eliminating functions now, given the dire outlook and need for substantial reductions.

Budget Types

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- Budget reductions discussed today exclude the following budget types:
 - Research grant and contracts including RCR
 - Self-sustaining
 - Gift
 - Revenue and cost center
 - Temporary
- Budget reductions discussed today include all permanent state and local budgets (GOF and DOF). Our GOF and DOF accounts originate from tuition and state general funds.

Things to Keep in Mind

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- We have a long history of state budget cuts stretching back over 20 years – about 16% reduction since '93.
- As CFR gets leaner, we must become more efficient at delivering high quality education, research and outreach– realizing that some work will not get done and some will be passed onto our faculty.
- We will seek efficiencies in our administrative structure by merging support staffs where appropriate. This will be pursued whether or not we join the CoEnv.
- We will retain as many state dollars as possible from our FY 2009 state budgets to carry forward into FY 2010.

Things to Keep in Mind

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- Permanent budget reductions discussed today reflect CFR's budgeted accounts and not necessarily actual expenditures supported by these accounts.
- If budget reductions necessitate staff layoffs (professional or classified), UW HR procedures require a 60 day advance notice – May 1, 2009.
- For classified staff, union rules, bumping rights, etc. require additional time for review. Thus, we need to contact HR 4-6 weeks prior to May 1 to allow sufficient time to properly complete the process.

Things to Keep in Mind

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- In the discussion which follows, we have estimated probable reductions in state-funded staff FTE (Full Time Equivalent) as a result of budget reductions.
- Staff FTE reductions may be implemented two ways:
 - Lay off an employee, or
 - Split the FTE reduction among 2 or more employees
- In the case of classified staff, any reduction in FTE appointment is viewed as a lay off by HR and requires further review.

Parameters for CFR Budget Reduction

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- The FY 2010 budget proposal discussed today assumes a **12%** reduction in our College's permanent state budget.
- We do not possess any special forecasting powers about the final budget cut we will take. Thus, our assumptions may be in error.
- If our assumed budget reductions turn out to be too low, we will seek further cuts; and if our budget reductions turn out to be too high, we will return the overage to each affected budget.

Parameters for CFR Budget Reduction

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- **50%** of the College's permanent state budget of \$6.389M is in filled tenured and tenure-track faculty positions which we will not reduce.
- Consequently, the magnitude of the reduction to state budgets which are not protected is on average double the nominal 12% reduction.
- A 12% College budget reduction results in a total cut of **\$766,830** for FY 2010 and is effective July 1, 2009.

Committee Advice on Budget

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- CFR Budget Analysis Committee
- Elected Faculty Council
- Both Committees provided advice to the dean on how CFR might best absorb budget reductions of 8, 10 or 12% for FY 2010. They also chose to explore a 25% budget reduction.
- The CFR BAC was composed of faculty, two staff members and a student. The EFC is composed of faculty.
- We relied on these recommendations in deriving our budget reduction proposal.

CFR State Permanent Budgets (12/31/08)

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	Annual	% CFR Annual
Functional Item	Budgeted Amount	Budget
Faculty (filled) 32.67 fte	\$ 2,928,392	46%
Dean (filled) 2 fte	\$ 278,256	4%
Faculty (unfilled) 6 fte	\$ 580,653	9%
Auxiliary faculty 1 fte	\$ 103,657	2%
TA (Dean/Chair) 6.01 fte	\$ 96,960	2%
RA (centers) 3.5 fte	\$ 66,528	1%
Staff (centers) 20.86 fte	\$ 1,114,558	17%
Staff/hr (Dn/Chr) 17.29 fte	\$ 968,777	15%
Operations (Dean/Chair)	\$ 75,854	1%
Operations (centers)	\$ 175,730	3%
Total CFR budget	\$ 6,389,365	100%

CFR State Permanent Budgets

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<u>Functional Item</u>	<u>Budgeted Amount</u>	<u>12% Reduction</u>
Faculty (filled) 32.67 fte	\$ 2,928,392	\$ -
Dean (filled) 2 fte	\$ 278,256	\$ -
Faculty (unfilled) 6 fte	\$ 580,653	\$ 232,261 (40%)
Auxiliary faculty 1 fte	\$ 103,657	\$ 62,194 (60%)
TA (Dean/Chair) 6.01 fte	\$ 96,960	\$ 11,635 (12%)
RA (centers) 3.5 fte	\$ 66,528	\$ 7,983 (12%)
Staff (centers) 20.86 fte	\$ 1,114,558	\$ 200,620 (18%)
Staff/hr (Dn/Chr) 17.29 fte	\$ 968,777	\$ 174,380 (18%)
Operations (Dean/Chair)	\$ 75,854	\$ 23,666 (31%)
Operations (centers)	\$ 175,730	\$ 54,090 (31%)
Total CFR budget	\$ 6,389,365	\$ 766,830

CFR State Permanent Budgets

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<u>Centers</u>		<u>Current Annual</u>	<u>\$</u>
		<u>Budget</u>	<u>Reduction</u>
ONRC		\$ 513,014	\$ 86,636
UWBG		\$ 588,440	\$ 95,116
Water		\$ 39,058	\$ 39,058
Sustainable Forestry - PF		\$ 47,466	\$ 8,676
PFC		\$ 140,810	\$ 28,605
C4		\$ 28,028	\$ 4,602
Total Centers		\$ 1,356,816	\$ 262,693

CFR State Permanent Budgets

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<u>Dean/Chair</u>		<u>Current Annual</u>	<u>\$</u>
		<u>Budget</u>	<u>Reduction</u>
Staff/hourly		\$ 968,777	\$ 174,380
Operations		\$ 75,854	\$ 23,666
TAs		\$ 96,960	\$ 11,635
Aux faculty		\$ 103,657	\$ 62,194
Unfilled faculty		\$ 580,653	\$ 232,261
Total Dean/Chair		\$ 1,825,901	\$ 504,136

Impacts of 12% Budget Reduction

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- Estimated staff, TA, RA and unfilled faculty FTE impacts:
 - 2.5 FTE unfilled faculty
 - 0.6 FTE auxiliary faculty
 - 4 FTE center staff
 - 3 FTE dean/chair staff
 - 0.4 FTE center RA
 - 3 + FTE dean/chair TA
- Reduce operating budgets in centers and dean/chair offices by 31%

Comparison of Reductions

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<u>Centers</u>	<u>CFR BAC</u>	<u>EFC</u>	<u>Dean</u>
UWBG*	25%	15%	16%
CSF - PF*	5%	10%	18%
Water	100%	100%	100%
PFC	10%	10%	20%
ONRC	17%	17%	17%
CINTRAFOR			16%

Comparison of Reductions

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<u>Chair</u>		<u>CFR BAC</u>		<u>EFC</u>		<u>Dean</u>
Administrative staff		15%		15%		18%
Operations		10%		10%		31%
TAs		0%		0%		12%
Auxiliary faculty		25%		25%		60%

Comparison of Reductions

<u>Dean</u>		<u>CFR BAC</u>	21	<u>EFC</u>		<u>Dean</u>
TA and operations *		30%		20%		30%
Faculty administration*		50%		60%		72%
NWEF*		10%		40%		30%
Finance staff		15%		15%		18%
Student activities		10%		10%		12%
Operations		10%		10%		31%
CFR IT equipment*		40%		35%		36%
Administrative staff		15%		15%		18%
Student Services staff		5%		5%		18%
CFR IT staff*		25%		35%		18%
WPPF support		0%		0%		12%
Unfilled faculty positions		50%		50%		40%

Next Steps

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- Center directors report their proposed decisions (Mar 18)
- Dean/Chair finalize their decisions (Mar 18)
- Contact UW HR to initiate needed staff personnel actions (Mar 19)
- Announce final plan budget reduction to College (Mar 23)
- Formally notify staff of necessary personnel actions (May 1)

Next Steps

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- Modify (if appropriate) budget reduction plans when final state budget is announced (May-June ??)

Closing Comments

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- Greatly appreciate the work of the CFR Budget Analysis Committee and the Elected Faculty Council who provided guidance and advice in this difficult time.
- Responsibility for the proposed budget reduction plan rests solely with me.
- I fully comprehend that some of our staff will bear an immediate cost as a result of this plan.
- All of us in the CFR community will suffer in the longer term - our remaining staff, faculty and students.

Closing Comments

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- All of us will have fewer state resources with which to perform our duties. Some things we now take for granted will disappear – other duties will be shifted from our staff to our faculty.
- We will be a much leaner organization after July 1, 2009 but we must strive to retain our high standards of conduct, quality and performance.
- We must continue to grow our research portfolio and private gift support and continue to steward our alumni and friends so we are prepared to seize new opportunities when the current economic climate improves.

Questions/Comments?

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