

Preface: This charge document is a draft set of ideas that would be given to each group as they wrestle with the budget crisis. Please feel free to offer any constructive suggestions. Send them directly to Michael Jaeger mjaeger@eou.edu before 2-20-09

EOU BUDGET REDUCTIONS CHARGES TO EACH CONSTITUENCY

As each constituency within EOU grapples with the daunting task of analyzing our diminished resources and manipulates spreadsheets to determine where to remove function and cost, it is important to have a set of principles that should drive these discussions. Although the bulk of the work ahead is to adjust our spending to match anticipated resources, our process should not solely be directed at considering what to cut or remove from the operation, but should also consider new ideas for how to complete our functions, ways of consolidating and reducing the complexity of operations, and new opportunities that may improve recruitment and retention. The following guiding statements are given to help each constituency delimit deliberations and test potential solutions so as to forward the most efficacious strategies:

- 1) All ideas, suggestions, plans and schemes are considered in the grand sense of brainstorming. That said, there are fundamental principles that we must use to test our ideas to assure that we do not risk fiscal, moral, or institutional integrity. We must have a plan that solves our fiscal problem without delaying it to some future plan. We must have a plan that preserves as much of the mission of the University as possible. We must have a plan that preserves as much enrollment as possible. And finally, in this stark reality of global financial crisis, we must have a plan that preserves as many employees as possible. (See *Budget Principles*. A separate set of overarching guidelines to the management of the University.)
- 2) As we think about budget reductions we must think about what kinds of things we will not do in the future. Although there may be opportunity to still find efficiencies, we have already reduced our labor force to the point that we can no longer take reductions and expect to complete the work we had done in the past. As we go forward, each constituency will have to ask the question “What will we not do in the next biennium?” Or, alternately, “How could we transform some of what we do now into less cumbersome tasks?” It is important to focus on function and not person in this process.
- 3) If we have a division/unit/service that has a cost benefit to the University, then it should be considered less of a possibility for reduction. Cost centers that return more revenue than expenses should not be considered vulnerable as an ultimate impact may be even less total revenue and more required cuts to balance the loss. As all look at each function of the University, consider the fiscal impact of the loss of the activity or service. Will the loss of this activity lose students? How many? What is the impact on overall revenue? Although all losses at this point will be harmful, there are some more harmful than others.

4) Consider wider, temporary practices such as furloughs (vacation, no paydays). Consider FTE reductions over lay off, as a partial job may be a better way to survive the recession than no job at all. Also consider that on the recovery side of the recession it is easier to add on to an existing FTE rather than layoff and then add employees back to the system.

5) Consider program reductions, eliminations, or shared programs that will reduce the number of sections that have less than 10 students. Determine how creative scheduling, trading online for on campus, or using partner university course work may help save programs for the long term while transferring short term obligations to other methods. Consider that any program eliminations or furloughs will have to be “taught-out” and that students will need a route to complete their programs online or through another campus.

6) Resist the simple solution of adding more in revenues to make-up the shortfall. Whatever tuition increases we have, whatever enrollment gains, these will be tasked to offset the amounts that we have to reduce the biennium budget. We cannot solve this problem simply by saying we will get more revenue to cover the hole.

7) Resist the simple solution of just resting the problem at the door of the administration. It is likely that even if we had no administration that the cost savings would still be well short of what is needed to solve the problem.

8) Do not delay the major portion of cuts to the second year of the biennium. If we cut only 10% in 09-10 and we should have cut 15%, then we will need to make a 20% cut in 10-11. This added cut in 10-11 artificially reduces institutional capacity in 10-11.

9) Resist the consolidation method of reducing costs by simply having one person do two or more jobs. This is especially true with staff. Remember that if we are going to reduce positions or lay off individuals, we are also shelving things we cannot do or we are extending the time frame for tasks to be completed.

10) To put a context to the problem in terms of dollars may help characterize the challenge ahead. Consider the overall impact of the budget reductions scenarios as significant sums of money: 10% equals approximately \$1.738M, 15% equals \$2.60M, and 20% equals \$3.48M for each year of the biennium. We will not know the specific value of the cut until July, or perhaps later. During the 2008-9 fiscal year, we have been frugal with spending and have saved about \$1M in service and supplies budgets. We might continue this behavior into the biennium so that the additional new cuts would be more like: \$.738M for 10%, \$1.6M for 15%, and \$2.48M for 20%. Again, these are rough estimates for us to put the problem into a larger context. Something of general interest is the overall distribution of funding. The President’s Office uses 1.3% of the University budget, Finance and Administration is 17.99%, Academic Affairs is 74%, Student Affairs is 4.3%, and MDPA is 2.39%.

Instructions for completing the **TEMPLATE FOR FEEDBACK**.

Given the template below, fill-in the sections as given for each idea presented. Please keep one major idea for each template as these will be easier to categorize and separate for the task of assembling similar inputs.

TEMPLATE FOR FEEDBACK

A. PROPOSED REDUCTION, CONSOLIDATION, or EFFICIENCY

(describe)

B. COST SAVINGS

(describe)

C. IMPACT ON ENROLLMENT

(predict based on current enrollment or student participation)

D. IMPACT ON UNIVERSITY

(What will not get done if we eliminate this function)

E. TIME LINE ON REDUCTION

(When would it happen and how)