

To: WCU Managers
From: Bob Scanlon, Managers Representative to UBC
Date: February 28, 2011
Re: Budget Prognosis

University Budget Committee (UBC) met Friday, February 25th, where Mark Mixner, VP-Admin & Fiscal as well as Linda Boucher, Manager-Budgets both presented.

Factors affecting our fiscal future

1. Less state funding in the future, perhaps a cut for next fiscal year of as much as 10% from the current year;
2. Greater reliance in the future on increasing revenues from
 - a. Tuition & fees
 - b. New Initiatives
 - c. Entrepreneurial efforts

Assumptions (most reasonable):

1. Loss of ARRA stimulus money to the university beginning in FY2012;
2. 10% permanent reduction in state allocation for FY2012, and perhaps no change beyond that;
3. Some future reduction in the Performance Funding formula (among PASSHE Universities) after FY2012, details to be determined by Board of Governors;
4. Benefits increase per notification from PASSHE & SERS;
5. No increase of salaries and wages for FY2012 with modest increases in FY2013 & 2014, acknowledging that all contracts are currently under negotiations and this could change;
6. Additional faculty to serve the anticipated increase in students;
7. Tuition increase of 3% each year, but tuition increases are voted by the Board of Governors in July each year;
8. Based on already approved WCU plan – modest increase of enrollments of a few hundred students, until we reach physical capacity;

Taking into account these assumptions, we anticipate a slight surplus this fiscal year (FY2011, ending June 30th), which will be consumed in FY2012, starting July 1st.

The anticipated shortfall by FY2014, which starts in 28 months, would be \$13.9 million of permanent money. We can attack this shortfall by cutting expenses, by increasing revenue or by a combination of both.

President Weisenstein is sending the message that **this administration desires to avoid layoffs in FY2012**. In the next 12 months we need to find \$3.4 million of the \$13.9 million shortfall. The following fiscal year we anticipate an additional shortage of another \$6.7 million as the PASSHE performance funding model changes. Finally, we add a permanent shortfall of \$3.8 million in FY2014, bringing the cumulative total to \$13.9 mil.

Increases in pay and benefits over the next 3 years could push-up what we need to find.

We cannot achieve all this by cost cutting alone. The administration would love to achieve this with NO personnel cutting at all, if possible.

We are all in this together. Let's think entrepreneurially. Let's think about bringing money into the university from outside that is not now coming into the university.

Improving employee productivity has two sides to the equation: cutting cost per outcome, or raising revenue per outcome. If our measured outcome is graduated students, then let's think. Let's find smarter ways to work. Let's find new streams of revenue.

Idea example: The administration already is pursuing distance learning as a tool for increasing the number of tuition dollars brought-in, without increasing square footage of buildings or other overhead.

Idea example: We have articulation agreements with community colleges, where we accept certain of their courses as equivalent to ours. Could we record our faculty lectures for our version of those courses and sell them to the community colleges, and not just those with whom we have articulation agreements?

Idea example: We have AFSME personnel who are very good at what they do. Perhaps they could offer work rule changes in the existing negotiations that would permit WCU to bid for outside work, employing our workforce. The university could bring-in revenues to the university in excess of the costs of the labor employed.

Idea example: Do we have under-utilized assets we could rent, such as the back fields on South campus to PennDOT as storage for seasonal materials, etc.

How can we work smarter?

We need to put-on our thinking caps. Send any idea. It may work. Or, perhaps in conjunction with someone else's idea, a whole venture reveals itself. Please send-in your ideas.

The url for submitting ideas is on the front page of the university web site.
<http://www.wcupa.edu/ideasonline/>

You can provide your idea through your immediate supervisor, also.

Please submit several ideas a week. We're all in this together. Let's all work together.