Overview of University Wide Budget Reduction Process  
March 2, 2009

The magnitude of our current budget crises suggests that we must make some cuts to just about every program as well as reduce, eliminate, or restructure some units. Quite simply, we must downsize. Through the following sections, we provide an overview of the current activities:

- Context
- Program Review Process
- Role of University Planning and Budget Committee
- Presidential Decision Plan
- Timeline

Context
Multiple processes are underway to help us to downsize. We believe that the solution to our budget deficit, currently estimated at $9.2M will come from a combination of the following measures.

- Increases in base revenue
  - Proposed changes to the MSUM tuition and fee structure, if approved by the Board of Trustees (BOT)
  - BOT approved changes to the tuition rate
  - Note that increases in student credit generation from summer session may provide some one-time support for additional needed sections in the Fall.

- Decreases in base expenditures
  - Frozen positions, cuts to operating funds, and increased cost controls
  - Union agreed compensation freezes
  - Early separations with incentives
  - Program closures and reductions with accompanying layoffs
  - Additional cuts and layoffs throughout the campus
  - Voluntary reductions of hours for an extended period of time
  - Potential periodic closures of all or part of the university

Program Review Process
Consistent with the Dickeson (1999) book, there are different processes for the instructional and non-instructional parts of the university. Each process has the following common elements:

- specific criteria for unit level reports

- provisions for some open meeting in which members of the unit can react to the reports and the rating of those reports by administrators

- inclusion of reactions in reports that go to the divisional level
- a divisional level committee including representatives from bargaining units

- prioritization at the divisional level, either by VP with reaction from divisional committee or by divisional committee, into five quintiles. Those quintiles must be equal in program cost.

The following table outlines the divisional level committees.

<table>
<thead>
<tr>
<th>Division</th>
<th>Responsible VP(s) or Dean</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs Budget Advisory Committee</td>
<td>Midgarden</td>
<td>All academic departments and units. First level roll up will be through colleges.</td>
</tr>
<tr>
<td>Library and Technology</td>
<td>Goodman</td>
<td>Library, Instructional Technology, Distance Learning, Continuing Studies, Instructional Media</td>
</tr>
<tr>
<td>Academic and Student Affairs Support and Others</td>
<td>Midgarden and Wiese</td>
<td>Records, ARO, Admissions, Financial Aid and Scholarships, Counseling and Career Services, International Programs, National Student Exchange, Orientation and Transitions, Data/Planning, Services to Students with Disabilities, Multicultural Student Affairs, General Area Administration, the Alumni Foundation, Athletics, and the President’s Office including Advancement, Publications, and Printing/td&gt;</td>
</tr>
<tr>
<td>Revenue Fund and Auxiliary Services</td>
<td>Wiese</td>
<td>Student Union and Activities, Housing and Residential Life, Bookstore, Hendrix Health Center, and the Wellness Center</td>
</tr>
<tr>
<td>Facilities and Administration</td>
<td>Kirk</td>
<td>Information Technology, Veterans Services, Physical Plant, Capital Planning and Construction, General Administrative Affairs, Business Office, including Accounting, Human Resources and Payroll, Security</td>
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Role of University Planning and Budget Committee (UPBC)
The UPBC will receive reports from all five divisions that prioritized programs into quintiles within the divisions. The task of UPBC is to sort through all of those reports and to recommend to the president which programs and services should be assigned to the bottom two quintiles and thus further considered for elimination or reduction.

Issues of quality, effectiveness, and cost will have been addressed at the divisional level. In their tasks, the UPBC is asked to give special consideration to the following:

- **Revenue generation** (Does the program produce adequate revenue for the resources allocated? What are the multi-year trends?)

- **Mission centrality** (Is this program central to the mission and vision of the university?)

- **Safety and security** (Would eliminating this program compromise the safety and security of the
• Contribution to the overall functioning and well being of the university (How does the unit support or otherwise contribute to the campus as a whole?)

Presidential Decision Plan
The President will review all materials and recommendations from the UPBC and the Divisional Committees, including the materials prepared at the unit level and reactions from subsequent levels. From this exercise and consultation with the VPs, the president will develop a prioritized list of potential program or service cuts, along with the savings that will be accomplished by each such cut.

At the same time, the president will work with the VPs to determine what additional cuts can be made throughout each division. She will also work with the MnSCU system to learn the actual magnitude of the required budget reduction from the state, noting that $4.2M of MSUM’s deficit is specific to the institution. Cuts will be planned in such a way as to combine program closures and reductions with other cuts as well as voluntary hour reductions and other cost cutting measures in such a way as to maximally preserve the future vitality of the university and its service to students.

With the assistance of the VPs, the budget officer, and the Chancellor’s Office staff, the president will take the following actions:

1. Determine final budget projections, which will not be available until very late Spring or early Summer and will depend on
   - Tuition revenue will be impacted by review by the Board of Trustees of the MSUM proposal to revise the tuition and fees structure, the Board’s consideration of overall tuition rates, and MSUM’s student credit hour projections.
   - Compensation projections will depend on settlements of various union contracts.
   - The state appropriation will depend on how the state’s revenue deficit and the federal stimulus interact and impact the MnSCU appropriation.

2. Develop a plan for accomplishing cuts by combining VP recommended cuts with program closures and reductions in such a way as to maximally preserve the future vitality of the university with a sustainable fiscal model.

Timeline

April 21-28: UPBC reviews all programs and prioritized lists from divisions. UPBC recommends to the President those programs to be placed in the lowest two quintiles, with the programs in the lowest quintile prioritized to the extent possible.

April 23, 28-May 5 President holds initial meet and confer meetings with bargaining units to explain those programs under consideration for closure or reduction. The president also lists layoffs resulting from the initial VP across the board reductions.

May 5-20 President holds subsequent meet and confer meetings with bargaining units regarding potential layoffs.

May 20 – June 30 President meets with the Chancellor with the prioritized list for layoffs and
program closures.

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<tr>
<td>June 15–July 10</td>
<td>President awaits final MSUM budget reduction numbers from MNSCU and issues layoff notices as necessary to reduce base budget accordingly.</td>
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