



October 27, 2023

Re: Budget Update

Dear Colleagues:

We wanted to provide you with a budget update.

In an effort to provide clarity, close out the budget reduction exercise for this year, as well as to define a starting point for the next budget year, we offer the following important information:

### **Fiscal Year 2024 Budget Reduction Summary**

The FY24 budget reduction is complete. Reductions in the amount of approximately \$4.4 million include:

- Open Positions (\$1,675,643)
- PR Balances (\$1,242,343)
- Furloughs (\$737,570 as of 10/09/2023)
- S&E – (\$646,966)
- Committed and Carryover Contributions (\$111,463)

Many of you have asked if the GPR cuts are “permanent cuts.” The answer to the question is potentially. If we do not continue to grow enrollment, we will not be able to restore positions and/or S&E next year. *A benchmark to help us decide what is considered “growing enrollment” will be set during our strategic budget planning sessions with Huron Consulting.*

The process used to close the budget shortfall this year was not strategic, and it is not how we will manage our deficit going forward. It did, however, allow us to cover most of our forecasted shortfall for the current fiscal year and give us a limited amount of additional time now to plan for next year and beyond. Unfortunately, we face a potential \$5-6 million-dollar shortfall next year.

### **How Will We Address the Shortfall?**

Beginning the week of November 6, Huron will facilitate Strategic Budget Planning sessions with a variety of stakeholder workgroups on campus. Workgroups will include Faculty, Academic, University, and Limited staff from all functional areas. The workgroups will focus on analyzing areas for potential realignment to help create efficiencies, improve operational outcomes, and prepare for additional financial contraction.

### **Position Management**

As a part of the April 2023 pullback budget exercise, we swept positions that had been open for more than one year. We intended that to be a permanent sweep. Furthermore, during the contraction exercise some departments offered up positions as a way to help close the FY24 deficit. At this time, given our continued budget concerns, our plan is not to restore those positions. However, the Cabinet will consider filling a limited number of vacant positions this year based on their critical nature. Instructions on how to make requests has been shared with deans, department chairs, and unit managers.

### **Staff Reductions**

As shared, we face a significant budget short fall next year. While we are optimistic that we will continue to rebound, we do not anticipate that we will increase enrollment enough to fill the projected shortfall. Therefore, we must plan for staff reductions that will include layoffs, and a limited voluntary separation (retirement) option. Over the next few weeks, with the help of Huron, we will begin to identify positions identified for layoff and/or voluntary separation. We will work closely with Cabinet Leaders, Deans, and Directors, and consult as broadly as possible, to identify these positions. We will keep you informed as decisions are made.

### **Strategic Budget Development**

Universities of Wisconsin System leaders have directed all campuses to develop and implement fiscal recovery plans. The plans are designed to help us reorganize to meet the demands and challenges of higher education, as well as to make investments aimed at fiscal stability and enrollment growth. Huron and Deloitte Consulting will help us determine ways to maximize enrollment through strategic marketing, enrollment management, and increased investment in academic initiatives.

Some of you have questioned or raised concerns about the cost of hiring consultants to help us through this process. Please know that the Universities of Wisconsin Leadership has provided monetary resources to pay for this work.

Thank you for your dedication and patience as we navigate these difficult times. To stay up to date, please visit the Strategic Budget Planning [website](#).



Scott Menke  
Interim Chancellor