

Last week, many of the suggestions resulting from the town hall meetings were posted online. Implementation of these suggestions will result in efficiencies and savings to help stretch operating budgets.

As indicated in the earlier communication, several significant suggestions were discussed in the last Budget Reduction Task Force meeting. The two issues which will drive the mandatory reductions are modifications to the Washburn Transformational Experience program and savings from salaries and wages.

Two WTE options proposed by several individuals, as well as several academic departments, are to continue the WTE as currently designed or to make the WTE optional. Persuasive and passionate arguments can be made for both options. A frequent comment supporting retaining the current design is that the WTE enriches the educational experience for our students which, when marketed properly, will become a signature program attracting greater enrollment, particularly of high achieving students. Comments supporting changing the WTE include reducing the WTE scope, which could result in savings, and that some students view the WTE as an extra burden which serves to deter enrollment.

Several compromise proposals emerged, and are:

- Delay full implementation of the WTE graduation requirements and succinctly market the WTE.
- Continue the WTE requirement in academic programs which have historically required the essentials of the WTE, such as chemistry, biology, psychology, history, and recently, nursing.
- Require and complete the WTE for the Honors, Leadership and departmental honors recognitions.

Projected savings, depending on the options selected, range from \$300,000 to \$500,000.

The second and largest potential option for budget savings is reducing salary and wages. The three options thoroughly discussed are base salary reductions, furloughs and reductions to the TIAA retirement program.

Base salary reductions received the least support. Even if it was a temporary reduction of base salaries, the possibility the cut would not be restored weighs heavily. Associated with salary/wage reductions are issues about differential and decremental reductions based on performance, a difficult concept, and subsequent restoration on pay based on performance. A one percent salary/wage reduction would save approximately \$324,000.

Furloughs offer greater emphasis on the temporary nature of a salary and wage reduction. Furlough plans reduce pay based on the number of days off for each employee. Clearly this “buys time” in hopes of a financial recovery; however, it cannot go on forever. Furlough days would be taken so as not to dismiss classes and would be scheduled to extend a weekend so buildings can be closed. Furlough days would be proportionate to the term of appointment, i.e. a person on a nine-month contract would take 75 percent of that of a person on a 12-month contract. No more than one day would be required in any one month (two bi-weekly pay periods for classified staff). This option will save \$143,000 per furlough day.

The third option is a reduction to the University’s TIAA retirement contribution. This option preserves take home pay. Persons wishing to maintain a level retirement contribution could opt to contribute to a supplemental retirement annuity. The reduced retirement contribution would decrease eventual retirement income and more severely impact those who have longer to retirement because of the effect of compound earnings. Benefit reductions could become permanent. A one percent reduction would save approximately \$417,000.

Each of these options requires difficult decisions. The Task Force will provide its best advice. A draft budget proposal will be developed, influenced by this input, and presented to the Board of Regents Budget and Finance Committee for its recommendations in late May. A final budget will be submitted for Board approval in late June for implementation July 1.

Your continued discussion and feedback is encouraged.