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**TO:** Marty Brown, Director, Office of Financial Management  
**FROM:** Bruce Shepard, President, Western Washington University  
**DATE:** June 2, 2010  
**SUBJECT:** ESSB 6503 Report to OFM

Your [memorandum](#) of May 27, 2010 has been received and the guidance therein is clear and appreciated. As explained in that memorandum, we are required to now submit a plan to achieve the one-time cost reductions provided in the omnibus appropriations act and commensurate with direction in Engrossed Substitute Senate Bill 6503 Section 3(1)(c). The following communication provides that plan. Your further advice, guidance, and counsel will most certainly be appreciated.

**Background:**

ESSB 6503 was approved by the legislature on April 10<sup>th</sup> and became law when the Governor signed it on April 27<sup>th</sup>. During the four to six weeks that have followed, we have engaged the campus in preliminary discussion of one-time cost reduction possibilities, working through governance groups and with the leadership of employee groups, including unions. We have also used an [online discussion forum](#) and built a [dynamic FAQ web page](#) and through such means have solicited preliminary comment from our campus community. Among the things we have heard:

- We should minimize disruption to the instructional mission of the university.
- The differential impacts of temporary layoffs are problematic, as there are many who would not be affected by the provisions of ESSB 6503.
- From the perspective of employee morale and ongoing institutional effectiveness, such differential impacts would be the most pernicious aspects of ESSB 6503 should we require temporary layoffs.
- Should there be temporary layoffs, there are complexities that arise from employees in the same office being on different funding sources and performing similar duties: not all in the same office would be off during a “furlough” day. So, to avoid partially staffed offices and where layoffs are chosen, the entire university should be closed, thereby requiring other employees to use leaves where legally permitted to do so.
- There are employees who would like the opportunity to voluntarily reduce the FTE associated with their appointments.
- Should there be temporary layoffs, those should be spread across the fiscal year to minimize the effects on family budgets – i.e., spread the *de facto* pay cuts among pay periods.

That was the preliminary feedback. At Western, we are firmly committed to engaged, open, fully informed, and transparent decision making. This is required by governance provisions as well as the principles for maintaining an effective organizational culture. We promised campus that we would provide them with options for further consideration once we had received specific guidance from OFM.

Such engagement is particularly critical if we are to remain as effective as possible in serving Washington during times of uncertainty, anxiety and stress – for publicly purposed enterprises, certainly but, more to the point, for the dedicated people who are those enterprises and who define their excellence and effectiveness. Our plan, you will find, continues to incorporate the fundamental leadership responsibility of listening and engaging.

We received the required guidance from OFM in the [memorandum](#) of May 27<sup>th</sup>, 2010. We have, within the four working days provided by OFM, been able to prepare options that are fully consistent with the specifications you provided to us for implementation of the legislation. Those specifics, along with the plan for implementation, follow.

### **The Plan:**

#### **Step 1: Preliminary Consultation (April 10 to May 27, 2010)**

As indicated in the preceding Background section, this step in our plan is complete. The findings are as specified above.

#### **Step 2: Form Options for Campus Consideration Once OFM Direction is Received (May 27 to June 2)**

As I have noted, we are obligated to share options with campus. These have been developed. They are based upon the results of preliminary consultation undertaken in Step 1. The details can be found in Table 1, attached.

That table presents a plan with four components. The fourth has two options: close the university (A) or use one-time savings associated with open faculty positions (B). Closing a university creates significant differential effects for employees (some have their pay cut, some take leave, some receive no pay cuts nor are required to use leave); that is harmful to campus morale and organizational effectiveness; and the organizational planning, additional administrative overhead, and costs associated with closing a university with complex categories of employees likely outweigh the savings. So, while there are serious consequences also associated with not immediately filling tenure track positions, I will be recommending to campus what, in Table 1, is referred to as “Option B.”

#### **Step 3: Receive and Consider Reactions (June 2 to June 8)**

On campus, we will be seeking reactions and guidance from leadership of employee groups. There will be an [online forum](#) available for people to seek clarifications and to provide insights. During this period, we would also welcome advice, questions, and clarifications from OFM.

While we would prefer a longer period for thoughtful consideration and feedback, the need to obtain approval by our Trustees does require that we conclude the process of consultation no later than June 8<sup>th</sup>.

It is possible that, through the process of consultation, changes and improvements will be identified, leading to modifications in what we currently report in Table 1.

**Step 4: Recommend an Option to the WWU Board of Trustees (June 11)**

Based upon feedback received in Step 3, one option will be chosen for recommendation to our Board of Trustees. The provisions of ESSB 6503 are a part of the 2010-11 operating budget for Western Washington University. Our Trustees will act on that operating budget, as they are constitutionally required to do, at their meeting on June 11, 2010.

Consistent with the provisions of ESSB 6503, the Trustees may, of course, alter some or all of what we recommend to them.

**Step 5: Submit Trustees' Approved Implementation of ESSB 6503 to OFM (June 11)**

As the provisions of ESSB 6503 pertain to the 2010-11 operating budget and as approval of that budget is the responsibility of our Board of Trustees, we must await their approval before having a final, detailed action plan to provide to OFM.

Concerns, cautions, and criticisms are not only welcomed, but needed. Please communicate directly with Ms. Paula Gilman, Executive Director of University Planning and Budgeting.

cc: Phil Sharpe, Chair, Board of Trustees

**Table 1**  
**Components of WWU's Plan for Implementing ESSB 6503**  
**Options for Campus Consideration**

Item	Description	One-Time Savings Toward Goal of One- Time Savings of \$1,172,000
<b>1</b>	<p><b>Savings from Previous Personnel Adjustments</b></p> <p>Faculty at Western voluntarily delayed implementation of previously contracted merit adjustments. During legislative consideration of ESSB 6503, this specific "give back" was used by legislators as an exceptional example of what the legislature intended to have recognized and credited in meeting the requirements of ESSB 6503. These savings were initially used to maintain access. Therefore, the actual dollars for 2010-11 must and will now be recovered from the base-budgeted institutional contingency reserve.</p>	\$436,000
<b>2</b>	<p><b>One Time Savings from Reductions in Institutional Accounts</b></p> <p>There are one-time savings from reductions in mailing and postage, utilities, property acquisition, and off-campus rent of facilities.</p>	\$496,000
<b>3</b>	<p><b>Selective Reductions in FTE</b></p> <p>The university will further discuss possibilities for voluntary reductions in FTE with employees where such reductions would result in genuine net savings and with acceptable consequences for university commitments. Estimated one-time savings is approximate.</p>	\$123,000
<b>Total</b>		<b>\$1,055,000</b>
<b>Additional Needed to Reach One-Time Savings of \$1,172,000</b>		<b>\$117,000</b>
<b>4</b>	<p><b>Additional Options: A or B</b></p>	
<b>A</b>	<p><b>Close University for 1 Day Between Terms</b></p> <p>Savings come from temporary layoffs of one day. Non-state-funded employees would be required to use leave. Employees subject to temporary layoff but earning less than amount specified in ESSB 6503 would be permitted to use leave as permitted by law. Impacts (e.g., the actual day between terms we would close) would, as necessary and where contractually required, be bargained with unions.</p>	\$117,000 or
<b>B</b>	<p><b>Keep Open Vacant Tenure-Track Faculty Positions</b></p> <p>As these positions are directly involved in instruction, they do not fall within the provisions of the hiring freeze. (Savings from positions subject to the hiring freeze may not be used to meet requirements of ESSB 6503.) As ESSB 6503 requires only one-time and not base reductions, we will use a portion of our budgeted contingency reserve to hire temporary faculty to reduce impacts upon students' time to degree. Tenure track positions are the intellectual engine by which universities provide students with cutting-edge preparation and by which we support the dynamism of the state's private and public sectors. We will be going two years (2009-2011) effectively foregoing this investment in continuing quality, strength, and effectiveness.</p>	\$117,000