

## **President's Statement on Revised Timeline for Preparing the 2011-13 Operating Budget.**

Intensive planning for our 2011-12 operating budget is ongoing. However, there is absolutely no clarity on what budget targets we should be planning toward. Major uncertainty remains concerning:

1. **The Cut in State Support.** The Governor's proposed budget would cut higher education by \$380M. That number has devastating impacts and many are working to seek a lower cut, \$180M. However, we were recently asked to address the implications of a cut at the \$500M level. At Western, the range between best (\$180M) and worst (\$500M) case would be, biennially and approximately, a cut between \$14M and \$40M.
2. **Tuition Revenue.** The Governor's proposal would raise tuition at Western by 11% each year (about \$600/year). There are bills to limit tuition increases to 7%. There are bills to allow institutions to set tuition – and, those bills have varying outside limits, timeframes, implementation dates, and purposes for which some of the increase would need to be dedicated. Depending upon what eventuates, the biennial tuition revenue for Western could range between \$14M and \$30M.
3. **Reduced Funding for Employee Salary and Benefits:** Proposals for reductions in funding for certain benefits and a possible 3% “quasi-furlough” have implications for us as state employees and for Western's budget. They are certain to represent additional *de facto* cuts that look, for WWU, to work out to about an additional \$8M if they come to pass, but the exact magnitude and the provisions pertaining to higher education remain unsettled.

So, best case cut would be about \$22M, fully offset by a tuition increase that (again best case) is in the range noted above.

Worst case is a cut of \$48M offset by a tuition increase of \$14M for a net cut of \$34M.

That is quite a range, from \$0 to \$34,000,000. While the \$0 number is unrealistic, we currently are in no position to offer even informed guesses as to what the final budget impact is going to be.

Our open budget processes are designed for normal budget times when:

1. We have a reasonable idea of that the budget is likely to be.
2. We are dealing with budget reductions in the range that allow for open and transparent, bottom up discussion.

These are not normal budget times. Reduction possibilities that fall at the “worst case” end of the spectrum would involve major program reductions and eliminations. Our processes require that such options be reviewed confidentially,

following established criteria and involving governance leadership. And, a final combination cannot be developed and opened for wide scrutiny and improvement until we know our budget, tuition revenue possibilities, and employee benefits situation.

*That will be after the legislature adjourns.* Legislative agreement on budget is always the last step prior to adjournment. That is currently scheduled to be April 27<sup>th</sup>.

Consequently, and after consultation with the Vice Presidents, the Deans, Chair of our Board of Trustees, and the Chair of UPRC, one-time and in recognition that this is not a normal budgeting situation, I am authorizing adjustment of the process and timeline for the finalizing our 2011-12 operating budget.

If we know our budget situation on April 27<sup>th</sup>, then:

May 2 <sup>nd</sup>	Full budget proposals are posted to the web
May 2 <sup>nd</sup> -16 <sup>th</sup>	Campus and UPRC consideration
May 17 <sup>th</sup> -19 <sup>th</sup>	President, Vice Presidents, Deans and UPRC Chair meet to finalize recommendations.
May 24 <sup>th</sup>	President's recommendations to Board of Trustees are finalized and posted on the web.
June 10 <sup>th</sup>	Board of Trustees adopts 2011-12 operating budget in open session.
July 1 <sup>st</sup>	Fiscal year begins

These are not the dates we would prefer to use. But, they do allow consideration while faculty and students are able to participate.

**The new timeline does require that planning intensely continue.** That is happening, including inclusion of governance leadership in those processes requiring confidential consideration of major program reductions or eliminations. Please also be aware that the April 27<sup>th</sup> date could change if the House, the Senate, and the Governor are unable to come to agreement.