

WESTERN WASHINGTON UNIVERSITY

# PREPARING THE 2011-13 OPERATING BUDGET AND UNIT LEVEL STRATEGIC PLANS

---

STRATEGIC BUDGETING DIRECTIONS,  
CRITERIA, AND GUIDELINES FOR  
PREPARING PLANNING UNIT PROPOSALS

JANUARY 13, 2011

PREPARED FOR PLANNING  
UNIT LEADERS

# PREPARING THE 2011-13 OPERATING BUDGET AND UNIT- LEVEL STRATEGIC PLAN

## STRATEGIC BUDGETING DIRECTIONS, CRITERIA, AND GUIDELINES

---

### HOW TO USE THIS DOCUMENT

---

Earlier, and following our established strategic budgeting processes, we prepared a budget *proposal* for the coming (2011-13) biennium. Come July 1, 2011, we will have to have an actual *operating* budget for Western. This document provides directions, guidelines, and criteria for developing the operating budget.

It all begins, bottom up, with planning units. So, this document is written primarily for planning unit leaders as they fulfill their leadership responsibilities for openly and collegially developing operating budget proposals. The document also describes just how those efforts then become a part of the subsequent planning and budgeting processes. But, getting it right at the beginning is the most critical of all the steps; the pieces that then follow – right up to the president’s final recommendations and the Trustee’s actions -- involve less and less ability to meaningfully shape the budget.

A word of caution, particularly for those who consider themselves old hands at this: It’s a new budget process. There are changes in practice. There are important nuances developed throughout this document. Please do take the time to become familiar with them. And, where you find lack of clarity or are unsure about something, do ask! Deans should ask the Provost. Vice presidents, governance leaders, and the UPRC chair should ask the president.

And, if you think something in here is wrongheaded, do also bring that to the attention of the same folks. This document is our current best thinking, bringing together the thoughts of all the aforementioned, including UPRC and governance leaders. But, where it can be improved – even while in operation – we should not be reluctant to improve it.

---

### HOW TO BEGIN

---

In a word, “strategically.”

It begins at the planning unit level. It begins with the university’s strategic plan. You, we all, simplified it this fall – down to one page. It is sufficiently central to the planning and budgeting processes that it appears as a part of these guidelines and can be found [here](#).

As possibilities – both possible initiatives and possible reductions – are considered, they should be evaluated against the strategic goals in that plan. And, against the core values that are, also, as integral a part of the university’s strategic direction.

Do also think broadly about the opportunities, even in tough times, to initiate. Universities as dynamic as Western never stop experimenting, improving, trying new approaches. Our old

budgeting processes, focused solely on diminishing state dollars, failed to capture the many undertakings by which highly talented and creative colleagues continue to respond to challenges, yes, but to opportunities as well.

In particular, use the forms to include improvements and efficiencies that do not require state dollars. We are regularly blasted by those who do not know the true story with the assertion that we are inefficient. The data are clear and we regularly cite it: public four-year higher education in Washington leads the nation in standard measures of efficiency and effectiveness. But, it is also true that, in our traditional approaches to budgeting, we do a poor job of capturing and recording these efforts (because they do not involve seeking additional resources). The new budget and planning tables do provide the means to identify all the ways planning units are innovating to pursue initiatives.

We also encourage taking a longer-term view. Yes, the next biennium is going to be tough. But, Western has been here for well over a hundred years and will be here a hundred years from now. Even as budgets lurch from year to year, you always are thinking several biennia into the future – after all, that’s what we do: prepare students, communities for the future. Our strategic budgeting process encourages and seeks to capture that longer term thinking.

It is in these three notions: be strategic, think broadly about what we do and are capable of doing, think well ahead – that this is, actually, much more a planning process than a budgeting process.

And, that captures the ways in which the budget process has changed. In the forms that planning units will use to record and then share, campus wide, the results of their deliberations, in the rationales that will be presented for each initiative, and in the evaluations, recommendations, and decisions that are then made and then justified, you will find these three additional features:

1. Proposed initiatives are presented, considered, and evaluated within the context of specific strategic goals.
2. Proposed initiatives are not limited to only those that depend upon new state support. Indeed, given that there is little likelihood of such support for the next biennium, the initiatives presented will be linked to the other ways we have to accomplish strategic ends.
3. Proposed initiatives may look ahead cross three biennia.

---

## OTHER COMPONENTS OF THE PROCESS

---

### BEING STRATEGIC AT THE PLANNING UNIT LEVEL

While guided by the university-level strategic goals, proposals from planning units must also serve the priorities and directions established by planning units.

Planning units have previously developed analyses of external opportunities and threats as well as internal strengths and challenges. Those certainly should be reviewed and revised as appropriate.

Most planning units have recently completed processes to set or review priorities, needs, and such. The efforts go under any number of labels so we do not prescribe exactly what must be done by planning units. But, where such efforts are in place, they should – once critically and collaboratively reaffirmed or readjusted -- add helpful meat to the “30,000 foot-level” strategic goals the university has, together, agreed upon. Where such efforts are not in place, seeing that they are would also be a good place to begin.

## BEING OPEN AND INCLUSIVE

Processes for reaching conclusions vary among the diverse planning units that comprise Western. What works in one area would not be suitable for another unit. So, again, centrally, we do not prescribe a particular process. *This we do require.* As the very first step, the planning unit leader, consulting as appropriate to the culture of the unit, develop a written description of the open and inclusive process by which the unit's operating budget proposals will be developed and finalized. That "plan for planning" is to be available to all members of the planning unit for a period of reflection, comment, and improvement, and then, when finalized, provided to the Office of Budget and Planning where it will become part of the 2011-13 operating budget planning processes and publicly posted as such.

Please note, as UPRC has recently discussed, that "scale" really matters. That is, if taken down to too fine a level in then going bottom up, very small units with all resources connected to personnel will have a challenge discussing options to reduce budgets. This becomes one of the matters to consider within planning units as they prepare their "plan for planning."

## BUT UNDERSTAND THERE MAY BE A NEED TO PROCEED CONFIDENTIALLY WHERE OUR PROCESSES SO REQUIRE

Where a planning unit or planning unit leader identifies, as a possibility, the consideration of a program elimination or major reduction, the appropriate vice president is to be notified who will then inform the president. Our policies require that this be done *before* further consideration can proceed. We must and will follow established university policy – including governance consultation (the specifics of which are being refined as this document is being written) – to determine if the consideration of the possibility can be done openly or if, initially, there must be confidential evaluation. The current policy and the rationale for confidential consideration of program eliminations can be found [here](#). There are also critical provisions in our collective bargaining contracts that might come into play; another important reason to consult early on where a program elimination or major reduction may become a possibility for consideration.

## THINKING OUTSIDE THE PLANNING UNIT BOX

Where, in your planning unit deliberations, you see opportunities to be more effective or efficient and realization requires changes elsewhere in the university – practices, policies, procedures – please do identify those. If you see efficiencies, whether or not they would involve your planning unit, certainly identify those as well.

Further, when it comes to proposed budget reductions, we have the principle that one planning unit may not meet its initial targets by passing the problem (cut) on to other units. More precisely, what we have said is that the net savings (overall savings minus costs to other units) may be claimed by the planning unit. It works both ways, though. If you see a change in your unit that would create savings that accrue elsewhere, take full credit for the savings. That has happened recently in several ways: e.g., a planning unit deciding to let a lease expire; the lease was being paid centrally; the planning unit got full "credit" for the central savings.

## SUPPLEMENTAL DIRECTION AND GUIDANCE

Vice presidents may, for their divisions, provide supplementary direction, guidance, and processes.

---

## TIMING AND THE STATE FUNDING ENVIRONMENT

---

As is always the case, “bottom up and transparent” requires that we start building our budget before we know what our budget is. The calendar dictates: fiscal year for which we must have an approved budget begins July 1; so, we must have a budget ready to recommend to Trustees at their (early) June meeting; legislature, though, may not finalize the budget until May. In order to do the planning and thinking at the planning unit level, efforts had to begin early. And, much of that has happened. Then, specifics have to be developed, critiqued, and finalized at the planning unit level. Then, there are the steps that must follow including web postings of proposals, audiocast presentations of proposals, and opportunities for governance and other interested collaborators to help improve the final result.

There are biennia when this is no problem. We have submitted a detailed budget request and it ends up being what the legislature, largely, approves. At such times, turning a budget request into an operating budget can be a largely mechanical or bookkeeping exercise. These are not such times.

Our budget request bears very little resemblance to what is likely to emerge from the legislature some months hence. But, what is likely to emerge this time?

There is great uncertainty. We have the Governor’s proposal but, in Washington, each legislative chamber follows a path independent from each other as well as from what the Governor has proposed. And, to come up with a budget number for Western, we have to estimate not only what the state fund appropriation might be but, as well, what will happen on the revenue side, particularly with tuition.

We do not want to estimate low because, then, and in very short order, you would have to go back to the drawing board to find more cuts. Estimate too high and we needlessly create great angst for the people and programs involved in areas that may or may not, in the end, be affected.

Our directions do set targets based upon our best estimates, at this time, of the range of possible cuts we will end up facing for 2011-13. Please be aware that there is more uncertainty, though, about where things will end up than those of us responsible for making the estimate have previously witnessed. As we have always said in the past – but so far have not had to cash in – today’s directions are subject to change if the fiscal situation changes in ways unanticipated.

---

## PREPARING THE UNIT LEVEL STRATEGIC PLAN AND OPERATING BUDGET

---

### THE UNIT STRATEGIC PLAN

[Tables 1-A \(2011-13 Biennium\)](#), [1-B \(2013-15 Biennium\)](#), and [1-C \(2015-17 Biennium\)](#) provide the means for succinctly summarizing, for the rest of campus, the major initiatives comprising the unit-level strategic plan.

In completing these tables, please also:

1. Include a brief introductory more fully developing the key initiatives in the tables with explanations of the logic behind them. Consider the audience to be colleagues across

campus, members of the UPRC, the president, Trustees, and others very much interested in the unit's intended directions but not a part of the unit.

2. Know we understand that anything in Table 1-B or Table 1-C is subject to unilateral change at the planning unit level. Plans are snapshots of our best thinking at a particular point in time and what makes good sense today may be superseded by different thinking or new opportunities tomorrow.
3. Realize that we expect no new state funds for Western in 2010-13. Any initiatives requiring such should be addressed through reallocation at the division (vice presidential) level. Or, made a part of the plans for a subsequent biennium.

One division – Academic Affairs – is comprised of multiple planning units. The work at the planning unit level will then be integrated and presented in a single set of tables for Academic Affairs. The process for going from multiple unit plans to an integrated division plan will be developed by the Provost and Vice President for Academic Affairs in consultation with the deans and the chair of the UPRC.

It may seem Pollyannaish to be thinking creatively biennia out given the current tough times. These times will change, though! And, as the times change, Western will be prepared. Initiatives cannot be quickly pulled together. At least not ones thought through well enough to be persuasive externally and that, internally, most closely align with institutional mission, direction, and values. So, planning units are strongly encouraged, even in these challenging times, to be planning for brighter futures.

Having completed the explicitly identified open and bottom up processes mentioned much earlier, the relevant vice president is responsible for deciding the particulars of the division's strategic plan as presented to campus.

#### THE 2011-13 OPERATING BUDGET.

Once again, we must look at ways to reduce budgets, achieve savings, and increase revenues as we develop the 2011-13 operating budget. Unfortunately, we have had far too much recent practice doing such, and the processes, forms, and procedures are in place.

Proposals for cuts, revenue increases, and savings must total a number set for each division. The proposals should be guided, to the extent possible, by the university's strategic plan and core criteria. The same basic priorities should be applied by planning units and will be followed throughout the process:

1. Protect core academic mission.
2. Among options of similar centrality to the core mission of the university, protect highest quality.
3. Within the higher order constraints imposed by the preceding two considerations, protect occupied positions.

While those are our long-standing overall criteria, we cannot be sanguine about this clear fact: as was demonstrated during the supplemental cut process for the fiscal year we are now in, it is simply impossible to fully protect core mission or to avoid damaging high quality programs.

Again, Academic Affairs will present the campus with an integrated approach, having started from proposals developed at the planning unit level, paralleling processes used to develop an integrated strategic plan from among the constituent unit plans.

Use the forms provided by the Office of University Planning and Budgets for recording proposed reductions, savings, and revenue increases. And note this nuance:

Organize proposals either in:

- a. Priority order from “take first” to “take last,” or
- b. Within tiers: at cut level X do the following; at Y, do something else (which may or may not include the preceding).

The reason for this additional wrinkle has to do, again, with the different situations of planning units. For some, “a” is the usual approach and works well. For others, a smaller cut might be handled one way while a larger cut would require a different approach.

Having completed the explicitly identified open and bottom up processes mentioned much earlier, the relevant vice president is responsible for deciding the particulars of the 2011-13 operating budget proposals that are to be presented to campus

---

#### HOW ARE THE DIVISION-LEVEL TARGETS SET?

---

As has already been noted, guess work and crystal ball gazing is unavoidable. We must begin developing a budget while we are a long way from knowing what the budget will end up being. And, as has been noted, that crystal ball is unusually murky this time around.

Still, a call has to be made. The president and the vice presidents have made their best estimate of what the final net cut to the university is most likely to be. To that, this time around, they have had to add known additional budget commitments that must be made. Then, two percentages were picked – a lower and a somewhat higher percentage – hoping that the final cut would fall in that range.

While the percentages are not secrets, we also don’t broadcast them. The way the political system works, we are a long ways from having a final budget and if we were to publish plans for “worst case” scenario right off the bat, that would very quickly become, down in Olympia, “best case” baseline while legislators worked to solve budget problems other than ours.

Once the percentages are guessed at, then the consequences are apportioned among divisions in proportion to share of the budget.

As uncomfortable as it may make you feel – presidents and vice presidents certainly feel that way – the word “guessed” was consciously chosen. We are guessing and doing so amidst far greater uncertainty than any of us have previously, over the course of long years, felt. So, do not be surprised if there are subsequent adjustments. Or, if we have to come back and make further adjustments in 2011-12 for the second (2012-13) year of the biennium.

Initial targets, as just explained, are initially applied across the board. This always leads to confusion, though, for final cuts should not be across the board. And, they never have been. Again, a matter for which we have had far too much experience but, if you question this, do check the facts.

Here’s the logical problem. Without knowing what a cut might be in tangible terms, there is no a priori basis setting initial targets differentially. Only after seeing possible consequences – all of us

seeing them – do we have bases for making choices that are guided by our planning principles, strategic goals, and core values. That is how our process has and will continue to work.

---

#### WHAT IS NEXT?

---

This document provides background for the most important steps in the process: those that occur initially and at the level of the planning units. The steps that then follow culminate, eventually, with consideration and action by the Western Board of Trustees. The intermediate opportunities for review, evaluation, and decision-making are identified in other documents available on the web site of the Office of University Planning and Budgeting.

A [timeline](#) can also be found at the same location. Please do understand that the timeline is based upon the assumption that legislative action will be completed on schedule. That may not happen – it did not happen last spring as the legislature took an extra month to complete action. And, as was the case last spring, we must be prepared to adjust the currently posted timeline based upon what transpires in Olympia.

And just as this year's process has been adjusted in light of a critical review of last year's efforts by those involved, upon completion of the 2011-13 operating budget, we will again invite all involved to identify lessons learned ways we can improve subsequent efforts.