

# WESTERN

## Washington University

2011-2013 Operating Budget 10 Percent Reduction

September 30, 2010

**DECISION PACKAGE TITLE: 10% GFS Reduction 2011-13**

**Recommendation Summary Text:**

In accordance with OFM Director Brown's August 17, 2010, memorandum, directing all state institutions to submit 10 percent GF-S reduction options for the 2011-13 carry-forward budget as submitted on September 13, 2011, Western's operating budget request is reduced in this submission by \$5.1M per year.

**Fiscal Detail:**

	<b>2011-12</b>	<b>2012-13</b>	<b>2011-13</b>
<b>RESOURCES</b>			
Fund 001, General Fund – State	(\$ 5,114,600)	(\$ 5,121,700)	(\$10,236,300)
<b>Resources Reduced</b>	<b>(\$5,114,600)</b>	<b>(\$5,121,700)</b>	<b>(\$10,236,300)</b>
<b>EXPENDITURE REDUCTIONS</b>			
010 – Instruction	(\$1,790,110)	(\$1,792,595)	(\$3,582,705)
020 - Research	(\$51,146)	(\$51,217)	(\$102,363)
040 - Primary Support	(\$460,314)	(\$460,953)	(\$921,267)
050 - Libraries	(\$306,876)	(\$307,302)	(\$614,178)
060 - Student Services	(\$306,876)	(\$307,302)	(\$614,178)
080 – Institutional Support	(\$1,687,818)	(\$1,690,161)	(\$3,377,979)
090 - Plant Operations & Maintenance	(\$511,460)	(\$512,170)	(\$1,023,630)
<b>Total Expenditure Reductions</b>	<b>(\$5,114,600)</b>	<b>(\$5,121,700)</b>	<b>(\$10,236,300)</b>

**Package Description:**

As the Governor indicated in her remarks in August, the state continues to experience the effects of a weaker than forecasted national economic recovery. Consequently, General Fund-State revenue collections are falling short of initial estimates, and state agencies are required by OFM and the Governor to prepare for additional reductions in 2011-13.

Western submitted its 2011-13 biennial operating budget request on September 13. Per instructions from OFM's Director Brown, this package includes a 10% GF-S reduction for the 2011-13 operating budget taken on the OFM-approved carry forward budget included in Western's original submission.

**This reduction scenario is estimated only and subject to change.** Due to the scheduling of Western's internal open and transparent decision-making process for developing its 2011-12

and 2012-13 Annual Operating Budgets for Board of Trustees approval, WWU cannot at this time identify specific reductions. Western's internal budget deliberations begin in February 2011 and end when the Board of Trustees approve the annual operating budgets for the new biennium in June 2011.

**Narrative Justification and Impact Statement:**

The program category reductions indicated above are temporary placeholders until Western has completed its internal budget process and develops a final list of reductions. Until these numbers are finalized, specific cut impacts are unknown.

However, it is possible to anticipate, based on 83% of Western's operating budget consisting of salaries and employee benefits, that approximately 71 FTE employee positions – vacant or filled – will need to be eliminated university-wide as a result of this new 10% reduction for 2011-13.

Of the \$5.1M, after employee positions are eliminated, roughly \$869k will remain to be cut and it is anticipated these cuts will occur in operating budgets (goods and services, travel, equipment, supplies, professional contracts, etc.), again, across the university.

Serving current students is the university's top priority, shared by those who are the university and who support the university. This is not only Western's top commitment; it is Washington's top priority for Western. People also speak with their feet. Western is in ever higher demand. Receiving 10,000 applications for 2,700 openings, that demand has been disproportionately in the areas of high tech and science-based preparation. Critical to Washington is to have the baccalaureate capacity necessary for better futures for our state. And these students of tomorrow will come disproportionately from families of limited means and so we must also address fiscal barriers to access.

Washington's mission critical function for Western is that students admitted to Western, currently and in the future, must be able to count on getting the high quality of education that Western is known for.

Our focus currently and in the future – as we face this new 10% reduction – will be:

- Further restricting admissions to Winter and Spring quarters; the magnitude of the restrictions depend upon careful analysis of Fall term student retention rates, class availability, and student mix.
- Reducing the award of new tuition waivers for winter and spring by \$250,000. Tuition waivers are a form of financial aid. Current students with such awards are not affected.
- Following campus procedures, 14 academic programs for which program admission is currently suspended because of low demand will be now proposed for elimination.\* Because of trends in demand, 12 others are being considered for suspension or elimination. All currently admitted or enrolled students will be served.

- Reviewing all academic programs for costs per student using national benchmarks has been completed. Good news is that our programs come in at well below average national cost, looking program by program; bad news is that there are no particular programs to further analyze for possible savings.
- Reviewing academic programs to determine if further capacity limits are necessary to assure quality and timely progress for the students that are admitted to the programs. The focus is on the programs that, in the Western context, are more costly.
- Consolidating support services through partnerships with other entities. Several opportunities are being actively pursued and one has just been put in place: by combining print services in a partnership with Whatcom Community College, Western positions in this area have been reduced from 10.5 FTE to 5.5 FTE while maintaining, through the partnership, current service levels.
- Actively reviewing other academic, administrative, and student support services to achieve further savings through consolidation, partnerships, or centralization. These include but are not limited to the ways in which the university supports IT functions, fiscal support services, and the bringing together of related student support services.
- Forming a coalition of two-year and four-year institutions in our area so that ever more scarce resources can be more effectively pooled to serve shared needs. The institutions are Western, Everett Community College, Northwest Indian College, Whatcom Community College, Skagit Valley College, Bellingham Technical College, and Olympic College. Among many opportunities we are pursuing are initiatives now in progress that, through collaboration, will improve efficiencies, effectiveness and opportunities in the following areas: support for the veterans who enrich our campuses; international experiences; and meeting our communities' economic and development needs in the areas of marine trades, green business, ecosystem viability, and sustainability.
- Bringing units in leased space to campus. The campus will become significantly more crowded as units currently located in buildings that the university now leases are moved to campus.
- Critically examining all related business practices in the course of implementing university-level systems and approaches in order to identify further efficiencies.
- Keeping vacant top administrative positions: examples are the Director for International Education and the Director for Extended Education and Summer Programs.
- Renegotiating contracts for services with the goal of obtaining university savings or further efficiencies.

**a) *What specific performance outcomes does the agency expect?***

Additional reductions will have an impact on our students' ability to access the education that they and the state need, and their ability to complete their degrees in a timely way.

**b) *Performance measure detail***

Most of Western's accountability measures should be negatively impacted including the number of bachelor's degrees awarded; six-year graduation rates for first-time, full-time freshman students; three-year graduation rates for transfer students with an associate degree from a Washington community college; freshman retention rates; and the percentage of bachelor's degrees awarded to students not exceeding 125 percent of the number of credits required for the degree.

**c) *Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

Not applicable

**d) *Does this decision package provide essential support to one of the Governor's priorities?***

Not applicable.

**e) *Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.***

Not applicable

**f) *What are the other important connections or impacts related to this proposal?***

Continuing requirements that higher education administration be reduced appears born of a misunderstanding that our universities are wasteful and inefficient. Western and Washington's other universities have become the most cost efficient in the nation by keeping administrative costs low and transparency high. Washington leads the nation in degree completion, and in bachelor's degree production at one of the lowest total FTE student funding rates (tuition and GFS) in the nation.

**g) *What alternatives were explored by the agency, and why was this alternative chosen?***

Not applicable.

- h) What are the consequences of not funding this package? (Specifically, consequences to desired outcomes or stakeholders)**

Not applicable.

- i) What is the relationship, if any, to the state's capital budget?**

None.

- j) What changes would be required to existing statutes, rules, or contracts, in order to implement the change.**

None.

- j) Expenditure and revenue calculations and assumptions.**

Salary and benefits constitute 83% of WWU's Operating Budget; it is therefore estimated that 71 FTE positions would be eliminated if this cut is implemented.

- l) Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?**

Revenue: General Fund-State reduction is reflected.

Estimated Only - Subject to Change

**Recommendation Summary (CB Detail)**

**Agency: 380 Western Washington University**

10:38:10AM

**Version: WG 11-13 Op Ten Percent Reduction Pack**

10/12/2010

Dollars in Thousands

	<b>Annual Average FTEs</b>	<b>General Fund State</b>	<b>Other Funds</b>	<b>Total Funds</b>
<b>2009-11 Current Biennium Total</b>				
<b>Total Carry Forward Level</b>				
Percent Change from Current Biennium				
<b>Carry Forward plus Workload Changes</b>				
Percent Change from Current Biennium				
<b>Total Maintenance Level</b>				
Percent Change from Current Biennium				
PL ZZ 10% GFS Reduction 2011-13		(10,236)		(10,236)
<b>Subtotal - Performance Level Changes</b>	<b>0.0</b>	<b>(10,236)</b>		<b>(10,236)</b>
<b>2011-13 Total Proposed Budget</b>		<b>(10,236)</b>		<b>(10,236)</b>
Percent Change from Current Biennium				

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