

1 Western Washington University

2 Principles and Guidelines
3 Campus Supplemental Budget Reallocations

4 *Changing a Previously Adopted University Budget*

5 Prepared by University Planning and Budgeting

6 12-15-08 FINAL

7 **Introduction**

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9 *The following document provides an initial draft of principles and guidelines for making*
10 *changes to previously adopted university budgets, with attention at this juncture to the*
11 *2008-09 and 2009-11 budgets. We have sought advice and improvements from all*
12 *members of the campus community including governance organizations and their*
13 *appropriate standing committees. Additionally, review and discussion of the December*
14 *4, 2008, draft of this document was provided by Western’s Board of Trustees.*
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16 **Overall Principles for Strategic Resource Allocation Planning Processes**

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18 While our attention is focused upon the current and coming biennium, more general and
19 encompassing principles can be identified:
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- 21 1) Fulfilling WWU’s distinctive and core academic mission is our highest priority.
22 During each planning cycle, more specific yet congruent priorities should be
23 developed collectively and clearly communicated at the unit and university levels.
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- 25 2) Among choices equally central to the university's core mission, maintaining
26 programs of higher quality will be a priority.
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- 28 3) All members of the University Community – faculty, staff and students, should
29 have the opportunity to share ideas, proposals, issues, and concerns at the outset
30 of biennial and annual budgeting and planning and, as the process proceeds
31 “bottom up,” to effectively propose improvements and adjustments through
32 representative and governance bodies.
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- 34 4) Priorities and objectives specific to a particular planning process should be
35 developed by asking how our distinctive academic mission is best currently
36 realized based upon thoughtful analysis and shared reflection on external
37 opportunities and threats as well as critical examination of internal strengths and
38 vulnerabilities.
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- 40 5) Our decisions should be shaped by thoughtful consideration of data, analyses,
41 projections, and peer benchmarks.

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- 6) Decisions and processes will be fully compliant with state statute, university policies, shared governance responsibilities, both Faculty and Professional Staff Organization handbooks, and contractual obligations including all collectively bargained union agreements. The university shall continue to make good faith efforts to prevent an adverse impact on the university's Affirmative Action commitments during difficult budget times.
- 7) Proposed budget decisions – at the unit level, at the university level – should be clearly communicated and include explicit connection to the priorities and analyses with which the process began.
- 8) Even when state support is growing, we will consider possible budget reductions in selected areas. This can follow from our analysis of changing internal or external needs and opportunities. Budget reduction considerations will be guided by the following considerations:
 - a. As a university, our top priority is to continually contribute to the transformation of our world through the pursuit and transmission of knowledge. As Western Washington University, our top priority is to fulfill that role through the distinctive means we identify as “engaged excellence.” Protecting that excellence is our top priority when budget reductions are required.
 - b. We, the people at WWU, are our university. The strength of WWU rests critically upon our sense of community: our shared commitments and talents. Protecting that sense of community by protecting the people who are WWU is a high priority when budget reductions are required; however, it is important to remember that sensitive and careful analysis of all options, including program reduction or elimination, may be required.
 - c. We will continually consider opportunities to improve efficiency and effectiveness.
 - d. We must always examine opportunities to maintain or improve our effectiveness through partnerships, collaborations, entrepreneurial opportunities, and revenue increases.
 - e. Needs to reduce budgets may be short-term (temporary) or permanent. The decision processes and criteria for determining permanent reductions will be transparent and determined through broad consultation. We will be driven by our priorities and strategic assessments of the external and internal environment. We may temporarily use short-term adjustments to assure the time we need to allow for decisions about ongoing changes to be comprehensive (considering all possibilities for reductions and revenue

1 enhancements), strategic, well-thought-through, research-based, and subject to
2 widely transparent scrutiny and improvement.

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4 f. Where reductions are short-term (e.g., mid-biennium budget reductions), we
5 may rely upon one-time savings, temporary measures and more easily
6 reinstated reductions. Those adjustments will be clearly communicated but
7 may not involve as extensive a “bottom up” and participatory process as
8 would be necessary for permanent reductions.
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10 11 **The Budget Challenges for 2008-09 and 2009-11**

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13 1. Based on advice to date from the Governor, we currently face the need to reduce our
14 operating budget for the 2008-09 fiscal year by \$3,322,473, representing a 4.5%
15 reduction in state appropriations for the fiscal year (or 2.6% when taken against
16 tuition and state appropriations for the fiscal year). It is unknown at this time how
17 this reduction will extend into the coming 2009-11 budgets.
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19 2. The 2008-09 reduction is for the fiscal year we are currently in. Anticipating such a
20 reduction and guided by recommendations to freeze positions, travel, contracts, and
21 the like, we have been accumulating savings of one-time funds, beginning in early
22 August, setting expectations for savings in each vice presidential area. We will meet
23 the 2008-09 reduction by relying upon \$1 million in institutional reserves to cover
24 approximately one third of \$3.3 million reduction, and obtaining the remainder from
25 the one-time savings that are being accumulated within each vice presidential area.
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27 3. We are a long way from knowing what Western’s 2009-11 budget will actually be.
28 We have recently been advised by the Governor that our 2009-11 “carry forward”
29 state support budget could be reduced by up to 20%. A 20% reduction in that portion
30 of our budget that comes from state funds is equivalent to a 12% reduction in our
31 operating budget including state funds and tuition. For the biennium, this would be
32 approximately \$30,000,000 (\$15,000,000 per year) and could be in addition to the
33 \$3.3 million annual reduction identified in point #1 above.
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35 4. We have not received information on what tuition increases might be recommended
36 or permitted. Under current law, the maximum permissible tuition increase is 7% per
37 year for resident undergraduates or approximately \$100 per student per quarter. Were
38 these tuition increases implemented in the 2009-11 biennium, approximately \$8.6M
39 in additional tuition revenue would be generated, and the 12% reduction identified in
40 point #3 above would become a net reduction of approximately 8.7%.
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Guidance for the 2008-09 and 2009-11 Budgets

1. Reductions for 2008-09 may not necessarily reflect long-term institutional priorities, but rather, reflect utilization of available flexibility to meet short-term reduction mandates.
2. Our budget for 2009-11 has already been through our usual biennial budget request process including approval by our Trustees and submission to the Olympia. What we face is the unusual circumstance of needing to adjust that budget to new realities.
3. Reductions for 2009-11 are permanent and should follow the *Overall Principles for Strategic Resource Allocation Planning Processes* listed on page 1 of this document; the university-level SCOT analysis; and Planning Unit analyses of the unit's strengths, challenges, opportunities, and threats, including articulated unit-level priorities.
4. Within Vice Presidential areas, vice presidents are currently working with their constituent units, setting processes appropriate to their areas of responsibility and asking for consideration of alternative budget reduction targets for the 2009-11 biennium. Processes should allow for "bottom up" participation in transparent exploration of possibilities for budget savings, revenue increases, and different ways of meeting responsibilities – e.g., job responsibilities, organizational structures, opportunities to eliminate duplicative functions, degree requirements, minimum course sizes and course scheduling, etc.
5. While permanent reductions need to be identified for the 2009-11 biennium, it may not be possible to fully implement them at the beginning or even during that biennium. The university and planning units will use one-time funds to allow "staging" of the reductions; that is, to allow for the actual savings to begin accruing at different points in the biennium.
6. In general, reduction targets may *not* be met by passing the cuts on to other units – e.g., increasing charge backs to cover reductions, or dropping support for service courses critical to other units.
7. These "bottom up" efforts will be considered in budget hearings. Units may consider a blend of shorter-term and permanent reductions for 2009-10 if, to do so, helps get to more strategic permanent reductions for 2010-11. Reductions must be fully realized through permanent base-budget reductions effective with the beginning of the 2010-11 fiscal year.
8. Some academic initiatives and some administrative initiatives may need to pause until state revenue recovers.

- 1 9. The university does not intend to add new enrollments unless those enrollments
2 are fully funded by the state.
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- 4 10. Critically, thoughtfully, and with relevant information, review programs, services,
5 curricula, degree requirements, policies on class sizes, positions, job
6 responsibilities, and organizational structures to assure that core priorities are
7 protected, seeking savings at the still important but less central margins.
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- 9 11. Fully discuss proposed reductions with possibly affected units.