University Budget Committee
Agenda

Wednesday, July 30, 2014
9:00-10:00 am
HAR 223

1. State budget update

2. Hiring Freeze

3. Planning for the 2015-17 budget state request

4. Planning for the 2015-17 internal budget process
   (recap of priorities discussed in brainstorming session)

attachment #1

attachment #2

attachment #3

attachment #4
Attachment #1
June 13, 2014

TO: Agency Directors
    Presidents, Higher Education Institutions
    Boards and Commissions

FROM: David Schumacher
       Director

SUBJECT: 2015-17 OPERATING AND CAPITAL BUDGET INSTRUCTIONS

The state’s economy is slowly recovering from its deepest recession in 70 years. Meanwhile, state revenue collections are rebounding at a much slower pace than after previous recessions. As a result, demands on the state’s resources through inflation and mandatory caseload and other increases continue to outpace revenue growth. This structural fiscal gap is compounded by the fact that the state must continue phasing in legislative commitments to increase K-12 education funding by at least $5 billion over the next two biennia (McCleary v. State of Washington). In addition, the state faces cost pressures to address workforce compensation needs and to meet continuing and emerging policy issues.

The magnitude of the McCleary decision and other budget pressures necessitate a thorough review of budget reduction options along with options to increase state revenues to achieve sustainable spending levels and to articulate to citizens the results and outcomes of difficult budget choices. Further, the state must be prepared to adapt to potential changes in fiscal conditions, even after emerging from the fiscal crises of the great recession. The 2015-17 biennial budget provides the opportunity for the state to adjust to current fiscal and policy conditions, as well as to prepare for the future.

For the 2015-17 budget, OFM is asking agencies to re-base state program budgets to a level below the Maintenance Level budget request for programs not protected from reduction by either state constitutional provisions or by federal law. Agencies with protected programs and activities should continuously evaluate these services for improvements that can be achieved within current funding. In addition, OFM is asking all agencies to identify, describe and prioritize budget reductions equal to 15 percent of unprotected Near-General Fund Maintenance Level budgets. Decision packages describing these reductions are the first step in a two-step agency budget process.

OFM also is requiring prioritized budget reduction packages from central service provider agencies and from agencies whose dedicated revenue is derived from or subsidized by the General Fund. Budget reductions identified in the first step of the agency reduction process will result in a re-based Near GF-S budget, below the levels necessary to sustain currently authorized services and programs as they are currently delivered.
Agencies are then asked to submit budget requests for funding building off of this lower budget base. Decision packages requesting incremental funding above the new base budget level must be submitted in ranked priority order, including both proposals to restore identified reductions necessary to achieve the lower base budget, as well as any new funding requests for services or enhancements not currently provided. Detailed instructions are outlined in Appendix A-3 of the Budget Instructions.

As described earlier, we expect enormous pressure on General Fund resources for at least the next two biennia as the McCleary funding commitments are met. In addition to submitting budget reduction decision packages, agencies should severely limit requests for new or expanded programs or for new policy initiatives. Agencies also are encouraged to make fee-based programs self-supporting.

The 2015-17 Budget Instructions are available on OFM’s website at 2015-17 Budget Instructions.

Agency operating and capital budget requests are due to OFM beginning September 11. For your specific agency due date, see Appendix A-1 of the Budget Instructions.

Thank you for your assistance. We look forward to working with you and your staff on this challenging budget.

cc: Agency Budget Officers
Attachment #2
copy to campus community

MEMORANDUM

To: Rex Fuller, Provost & Vice President of Academic Affairs
   Mary Voves, Vice President for Business and Finance
   Stacey Morgan-Foster, Vice President of Student Affairs
   Michael Westfall, Vice President of Advancement
   Gary Pratt, Vice President and Chief Information Officer
   Bill Chaves, Athletic Director

From: Rodolfo Arévalo, PhD

President

Date: July 1, 2014

Re: 2015-17 State Budget Impact and Hiring Restrictions

We have received our 2015-17 Operating Budget instructions from Olympia. As part of our budget planning and monitoring activities, we continually keep abreast of economic indicators in the state of Washington and the nation. As you may know, the state and national economies are recovering very slowly from the recession. As part of this, state revenues are rebounding more slowly than the state of Washington had anticipated. The slow recovery along with increasing fiscal needs has created a fiscal budget gap for the state and will impact the state resources available for the 2015-17 biennium and potentially for the 2017-19 biennium.

It is important the university prepare for the prospect of less funding from the state of Washington.

For the 2015-17 biennium, the Office of Financial Management is requesting agencies to re-base state programs that are not protected by the state constitution or by federal law. Higher education institutions are among the many agencies that do not have protected status. OFM is requesting state agencies to plan for a 15% reduction from their current budgeted level.

Effective July 15, 2014, the university will implement the following measures relating to management of positions:

- Hiring of permanent employees from state funding/tuition (index 1) will require Presidential approval before the hiring search begins. Positions critical to health and safety will primarily be considered for approval.
- Grant funded and temporary positions may be hired without Presidential approval, provided the hire does not extend the division beyond its 2015-17 biennial budget approved FTE levels.
- Enrolled students may be hired with all funding sources without Presidential approval.
- Positions currently posted or in the queue may continue in the process through the hiring action.
I appreciate how diligently the entire campus community has worked over the past six years to manage the financial impacts resulting from the recession.

I will update you regularly as we receive more information about our potential reductions. I am confident that all the great work you have done to date has prepared us for this next challenge.

If you have any questions, please contact the Office of the Vice President for Business and Finance at 509.359.4210.

Roxann Dempsey
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509.359.4210 • rdempsey@ewu.edu • www.ewu.edu
Attachment #3
MEMORANDUM

To:       Rex Fuller, Provost & Vice President of Academic Affairs  
          Mary Voves, Vice President for Business and Finance  
          Stacey Morgan-Foster, Vice President of Student Affairs  
          Michael Westfall, Vice President of Advancement  
          Gary Pratt, Chief Information Officer  
          Bill Chaves, Athletic Director

From:    Rodolfo Arévalo, PhD
          President

Date:    July 1, 2014

Re:      Internal State and Self-Support Budget Planning for 2015-17 (FY 2016 and FY 2017)

Eastern’s internal state and self support budget planning period for the 2015-17 biennium will be beginning soon. This past two biennia the leadership team and campus community spent considerable time planning for the next four years through the strategic planning process culminating in the adoption of Inspiring the Future, the strategic plan for 2012-2017. This resulted in the following university wide strategic goals and priorities through 2017:

1. Student Success
2. Institution of Innovation
3. Community Engagement and Impact
4. Visibility

Operating within these priorities, Eastern begins university-wide participation in the budget planning process in August 2014. As part of any thorough and comprehensive budget process, we must proceed in a strategic manner to allocate the university’s current and future resources to optimally position Eastern for the future and the success of our students.

The 2015-17 budget planning process and timeline continues to move toward full implementation of the biennial budget model, with the consolidation of the self-support budget planning and state budget planning. Budget hearings with the President are incorporated into the timeline for the 2015-17 state and self-support budgets.

The budget recommendations for each unit for the stable funding level, any new investment requests, and the self-support budgets must be submitted to the budget planning center no later than November 21, 2014.

1. Reduction levels in your state operating budget. The campus will begin the 2015-17 with a 8% permanent reduction target. This may change depending on the outcome of the legislative budget, tuition authority, and enrollment projections which are balanced with increased institutional costs. The budget office will provide the calculated 8%
reduction for each unit. These budget plans require each budget manager to reduce budgets by the targeted level, establish budget connections with the university strategic plan, and to establish priorities within the units. Each budget manager should determine whether reallocation within your area of responsibility is necessary to achieve the highest level of service to the university within the discrete funding levels.

2. **Stable funding level in your state operating budget.** This budget plan requires each executive level to establish budget connections with the university strategic plan, to establish priorities within the unit, to justify expenditures and to prepare an assessment plan for accountability. Each budget manager should determine whether reallocation within his/her area of responsibility is necessary to achieve the highest level of service to the university.

3. **Self-Support Budget Planning.** Units will plan budgets for each year of the 2015-17 biennium. Budget plans must be accompanied with clear goals and be inclusive of all position changes, new initiatives, and other budget needs (including but not limited to equipment replacement requests, technology implementations, and rate or fee increases) for the entire two-year period.

It is the goal of the university to engage all campus stakeholders in the budget process. Campus forums as well as opportunities for staff, faculty, students, and others to provide recommendations and suggestions will ensure budget recommendations are made in careful consideration of our diverse campus.

The following timeline will allow sufficient time for strategic budget planning prior to Board of Trustee approval of the 2015-17 budgets in June 2015.

**Summer/Fall 2014** – Units establish strategic goals in direct alignment with university priorities stated above. Unit budget planning for both state and self support funds completed and submitted to budget office. Accountability reports are completed and submitted.

**December 2014** – Budget Services review of budget plans and preparation of summary information as needed for the president.

**January 2015** – President’s review of both state support and self-support budget requests. Hearings held with division heads and deans to justify and support budget requests. Modifications of budget requests made as requested by the president.

**February 2015** – University Budget Committee (UBC) hearings and campus community hearings on proposed budget plans.

**March 2015** – Presidential decision on budgets made with consideration of UBC recommendations. President recommends 2015-17 budget to the Board of Trustees (BOT).

**June 2015** – BOT approval of budgets for 2015-17.

As in the 2013-15 biennial budget process, a secure web based budget planning center will be available to aid in submitting the various budget plans noted above. The budget planning center will provide prior and current year financial information, current and future year budget detail, as well as a variety of reports to assist you in estimating the cost of benefits, enrollment growth assumptions and the fiscal growth factor. A representative from Budget Services will contact your office to provide password access and an overview of the budget planning center as well as answer any questions. The projected timeline for the system and assigned reduction targets is as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>August 1, 2014</td>
<td>Reduction targets provided to units</td>
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<tr>
<td>August 15, 2014</td>
<td>Budget planning portal is available</td>
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</tbody>
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Thank you for your thoughtful process in preparing your budget requests for the upcoming biennium.

Cc: Mary Voves  
    Rex Fuller  
    Mike Westfall  
    Gary Pratt  
    Stacey Morgan-Foster  
    Bill Chaves  
    Catherine Moss  
    Laurie Connelly  
    Toni Habegger  
    Alexandra Rosebrook  
    Roxann Dempsey  
    Lynn Harty  
    Annette Skaer  
    Linda Kieffer  
    Chandra Schumacher  
    Lenore Stark  
    Denise Campitelli  
    Elizabeth Baker  
    Don Ross
Attachment #4
UBC Work Session on Budget Process

Overall perspective

• Need to determine what is important vs. less important
• Think about current students rather than new initiatives
• Balance priorities
• Department budget fixed and have not changed in 20 years
• Clear instructions to promote uniformity between presentations
• Tie to strategic plan

Budget Process

• Knowledge about key revenue drivers
• Role of UBC so that work specifically fulfills committee charge
• Discuss level of detail to present at UBC to facilitate thoughtful recommendations
• UBC to provide written questions to presenters with timeline for response
• Presentation time allowed at UBC proportional based on overall portion of university budget (e.g. AA vs print shop)
• Survey was a good tool....recommend to do each biennium

Review of Budget Proposals

• Clarity for informed decisions
• Need to easily determine scope – 1m vs. 25k
• Marketing spin vs. justification
• Metrics with request to provide information
• Presenters more specific
• Categories (where do they fit)-serve current students, must have, elective, wish list

Other Thoughts

• Mindful of instructional mission when evaluating proposals (eg. PT do not get computers, classrooms not maintained)
• Alternatives...should these be presented as well?
• Serve students we have now
• New initiatives “pop up” out of cycle
• Policy impacts that require additional resources (e.g. Athletics)
• Instructional support-people, equipment, supplementary costs, tutoring
• Consider proportional resource allocation for undergraduate and graduate programs
• Even playing field for proposals
May 28\textsuperscript{th}, 2014

Brief Notes
University Budget Committee—Brief Notes  
Wednesday, May 28, 2014

Committee members present: Dave Bunting, Denise Campitelli, LeeAnn Case, Chandra Schumacher, Alan Coelho, Martine Duchatelet, Virginia Hinch, Gina Petrie, Don Ross, Annette Skaer, Stacey Warren

Committee members absent: Roberta Brooke, Samson Hatton

Staff Present: Mary Voves, Toni Habegger, Alexandra Rosebrook, Roxann Dempsey

The Eastern Washington University Budget Primer was distributed. This document provides the Overview of the University budget process and will be shared with Presidential candidates. This document was posted to the Business and Finance Website.

The FY2015 Supplemental Operating Budget presentation was distributed and discussed. This presentation was reviewed at the May BOT meeting as our budget needed to be modified due to the tuition authority not being granted. This change reduced our overall Tuition Operating Fees (fund 149) by a negative $3,201,000. The University had not allocated the funds as of yet so there will be no reduction in budgets but there will also be no money allocated new initiatives. The Legislature did appropriate $1,000,000 of new funds to support STEM related programs. The state forecast is approximately $2,000,000,000 more in revenue and $4,000,000,000 in expenditures. EWU will begin working on budget requests for submittal this summer and will share the drafts with the committee in July. Requests will include packages for items like TRIO, Summer Bridge, STEM and Salaries. We will schedule a meeting for July to discuss and receive feedback prior to submission. On the Capital side we will be requesting funding for the new Science Building. A 15-year Capital Project Review has been posted the Business and Finance Website. This document will be updated each year. Over the last several years we have been lucky as the Legislature has been generous for our capital budget. The maintenance level however has not been.

EWU will now have ownership of the Phase 1 Classroom Building and WSU will continue to maintain the facility. There will be a grand opening next week on June 2.

In mid-July the budget instructions for the 15-17 biennial process will begin. In September parameters for the internal process will be shared. Based on the request of the committee and the
presenter, we will allow more time for budget hearings for the next go around and will give the committee more time for analysis.

The UBC brainstorming session notes on the budget process was discussed.

There will be no June meeting but need to plan a July meeting after the budget instructions are released.

Meeting adjourned.