

# Proposed 2010-11 Budget

## [After Adjustments for Supplemental Reductions]

Prepared for Campus Consideration by

The Deans, Vice Presidents, and President

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### Background

We have prepared a "[Budget at a Glance](#)" summary for those who would like a quick overview. That document describes the "what's" of the budget proposal. For those who would like to better understand (and challenge) the "why's," please read on.

Preparation of the 2010-11 annual operating budget for Western Washington University began, actually, in the fall of 2008. During academic year 2008-09, we, together and trying out a new process, prepared a biennial operating budget that contained budget reductions that were the largest the university has had to make in many decades. [That budget](#) was finalized in June of 2009. It contained a \$9,500,000 reduction in the annual operating budget for 2010-11.

Then, the revenue picture for the state worsened. Beginning in January of 2010, the legislature considered a "supplemental" 2010-11 budget that, after months of deliberation and for Western, contained an additional base budget reduction of \$3,073,000 and further one-time reduction of \$1,172,000. This represents a further 5.3% reduction in the state support for Western and comes on top of the 28.8% reduction in state support that was a part of the original biennial budget.

We had been [advised by the Governor's office](#) as early as the summer of 2009 to plan for at least a 2% additional reduction and, as summer turned into fall, the seriousness of the state's fiscal situation became increasingly evident. [Planning units](#) began by preparing and posting [strategic analyses](#), looking internally and externally and in response to a [strategic analysis](#) that had been prepared for the university as a whole. The guidelines, criteria, and processes for these deliberations are [available on line](#).

Those considerations led to many [possible budget reductions and additions](#). The possibilities were shared with the campus in overview, with underlying strategies articulated, and in detail, item by item. Those possibilities were presented in a day-and-a-half of budget presentations with leaders of governance groups at the table and fully participating. The budget presentations began with each planning unit, one right after the other, describing the bottom-up and open procedures used to develop the possibilities. The presentations then allowed for clarifications to be obtained and for consequences

– particularly those that spanned planning units – to be explored. Those hearings were audiocast live and are [available in archives](#).

Budget possibilities need to become a budget proposal. That was our responsibility: deans, vice presidents, president. We met on three days to develop the proposal being presented through this report.

The greatest opportunities to shape budget outcomes occur early in the process when options, strategic analyses, priorities, and possibilities are being sorted out at departmental levels. When it comes to the 2010-11 budget, we are nearing the end of a nearly two-year, bottom up process. We consider our responsibilities to you in preparing the budget proposal to be as follows:

1. To not second guess the work done within planning units. We should not substitute our thinking for the work done by planning units.
2. To adhere to the stated decision-making process and, in particular, the fundamental priorities contained in the initial planning guidelines: protect core mission; within areas of similar centrality to mission, protect quality; as the foregoing may allow, protect occupied positions.
3. To stick to the “[Institutional Strategic Overview](#)” and previously provided for campus review, critique, and improvement. We should, again, not substitute our thinking for the open, public understandings of strategies and priorities.
4. To provide a 2010-11 budget proposal that also adheres to the divisional strategies and priorities posted as a part of the [web presentation of 2010-11 possibilities](#).
5. In shaping the 2010-11 budget proposal, to be guided by discussion offered during the budget presentations and as heard from the campus in discussion forums and through other communications.

We are working toward budgetary decision-making that is bottom up, transparent, and strategic. Those efforts must and will be regularly and critically examined so that they may be continually improved. Now, though, we see our responsibilities and the purposes of the report that follows moving into a different realm of decision making. After so much consideration by so many – the preparation of the 2010-11 budget began 18 months ago – we think it unlikely that there will be any further significant changes to the budget. Certainly, possible improvements are always welcome. But, now accountability assumes primacy. *The campus must hold us accountable by asking: does the budget we propose follow from the preceding five obligations and commitments?*

### **Do Not Second Guess the Hard Work Done in Planning Units**

No alterations were made to the specifics of proposals brought forward by planning units. No proposals for cuts were added for any planning unit. Where proposals from a planning unit were brought forward in priority order, we did not depart from those priorities in the proposals now being shared with you. As planning unit leaders presented their fundamental strategies and priorities – in the web presentation of possibilities, in the audiocast presentation of budget possibilities, in their discussions with us as the possibilities became proposals – we accepted their positions.

We think this an important principle perhaps not fully understood. Suppose we got heavy handed. To do so would undermine incentives to be fully and actively engaged early on in the bottom-up budgeting. Imagine, as did happen, a rather upset email indicating that proposals from colleagues in a department were ill-considered, that there was an alternative that would save the same money with less damage. That position might be correct. But, it is not simply too late, it is miss-directed: it is the departmental colleagues who must be persuaded for they have the relevant expertise. And, imagine we intervened: what would that do to incentives to get thoughtfully and fully engaged early?

### **Protect Core Mission, Quality, and People**

With the cumulative reductions affecting 2010-11, there is no way that core mission could be fully protected. That, of course, is where most of the operating budget rightly is and, with large cuts, one does have to look to where the dollars are. Yet, the priority we gave to protecting core mission in the proposal being brought forward can be seen in the following aspects:

1. Net reduction to Academic Affairs (when cuts and additional allocations are both considered) is one half of one percent.
2. Within Academic Affairs, almost all of those reductions are within the Office of Academic Affairs; that is, not within colleges. [Significant reallocations](#) – some temporary, some ongoing – within academic affairs will be made to support instruction and student recruiting and retention.
3. When budget reductions are considered together with budget additions that we also propose, actual budget expenditures for 2010-11 will be *increased* in several colleges. This is because of the major additions being proposed to address bottlenecks and time to degree.
4. The foregoing efforts to protect core mission were made possible by:
  - a. Making more serious budget reductions elsewhere: the largest percentage cut was in the “President and Institutional Accounts” planning unit where the full 4% reduction was taken.
  - b. Drawing heavily upon the reductions and revenue sources contained in the [“sources not from planning units”](#) possibilities.

In protecting quality, that was the driving consideration under “institutional strategy” and is summarized in the next section. When it comes to protecting occupied positions, the proposals themselves made substantial efforts in that direction: in a university of about 2,200 employees, 10 occupied positions were possibilities for layoffs or reductions in FTE. In what we propose, 7 of those 10 positions would be affected.

One piece of advice we heard from a number of colleagues was that, when it comes to keeping positions open and such, areas ought to be treated similarly. That is, if positions in college X are not being filled, then positions elsewhere in the university – typically, “the administration” -- should also not be filled, at least in some rough proportion. Excellent advice. But, we need to make sure apples are not being compared with oranges for the structure of budget obligations varies greatly among planning units.

When it comes to our state budget, 81% of it goes to pay people. But, the percentage of state dollars that are in salary and benefits varies greatly by planning unit. For example, in the “President and Institutional Accounts” planning unit, 14% of state budget funding goes to pay people; the percentage is highest for the planning units that are colleges and varies from 96% to 99%. So, large cuts in some areas may have smaller effects on positions kept open than would be the case for cuts in other units but that, even if much smaller, could affect more positions. The details can be found [here](#).

### **Adhere to Institutional Strategy**

Core mission and quality are top priorities. What actual strategies should be followed for protecting them? In budgeting and planning, we have no more important responsibility to you than to be clear and explicit in this area. The most common – and, perhaps, often valid – concern we have heard in the past about budgeting takes some form like: we do not understand why the decisions were made. Here, we seek to get at that critical “why” question. When it comes to where reductions are made. And, where funds are proposed for being added back.

It does begin with protecting quality. And, following the adopted strategies for doing so. Some strategic possibilities frequently suggested were aggressively considered previously and the resulting analyses were shared with the campus earlier: for example, [possible administrative bloat](#), [vertical cuts](#) (or program eliminations), and [major reorganizations](#).

There is no way, with the reductions that have and must yet be made, that quality can be protected to a degree that we would find satisfactory. Even marginally satisfactory. Just the opposite and the strategy we are following does sacrifice quality, in the short run, seeking to protect quality in the long run.

[As earlier presented to campus](#), that strategy had the following elements:

Our strategic choices, at the highest 30,000-foot level, then, are rather simple.

- Assume the cuts taken to date and those predicted for 2011-13 are part of a continuing spiral down. Make the cuts necessary, relentlessly driving us toward the mediocre level of quality that, over decades ahead, such state funding would only support.
- Under the same assumption and over some considerable time, strategically shrink the university to a size and toward a vision that can support premier quality at projected levels of state support. In so doing, we become a university with a very different mission and composition: e.g., half our size or smaller with, for example, a largely liberal arts orientation.
- Assume Washington will reinvest when the means and the persuasive opportunities are present. So we make cuts strategically but also seek revenues that maintain the capacity, across the next three years, necessary to allow Western to continue to be the premier university that it currently is widely acknowledged to be.

We chose the third approach. It follows that our focus must be on the immediate future, protecting capacity for brighter futures long term. That means, among other things:

- Seeking opportunities to increase revenue.
- For the immediate future and where contractual obligations permit, temporarily shifting responsibilities to less expensive personnel.
- Most immediately at risk to our reputation for premier programs is our ability to provide access to classes needed for timely graduation. For the immediate future, class access looms as the greatest threat to our ability to attract top-notch students.

The budget proposal for 2010-11 supports this strategy in several ways:

1. Several opportunities for increasing revenues were a part of the possibilities earlier proposed to campus. Recognizing there are no guarantees, we nevertheless included them all in the 2010-11 budget proposal as sources of revenue (e.g., out of state tuition, institutional grants).
2. The budget possibilities you earlier saw included the possibility of adding back \$150,000 to support additional teaching assistants who directly support instruction. We included that \$150,000 and actually increased it to \$250,000.
3. The budget possibilities you saw earlier included the potential of adding back \$350,000 to reduce course bottlenecks in students' time to degree. We would fund that \$350,000 and increased it to \$500,000.
4. Within all but a couple of planning units, vice presidents, provosts, and deans, will retain "sources" beyond those required to balance the 2010-11 budget to provide capacity to meet short-term needs while preparing today with a focus not on 2010-11 but on 2010-11, 2011-13, and beyond. Significant reallocation is being proposed at the institutional level and that is what you see in the spreadsheets we propose; reallocation, similarly and strategically redirected, would also occur within Academic Affairs as well as other vice presidential areas.

So, while some undoubtedly will think the institutional strategy to be flawed, we do not. And, our responsibility to you is to deliver a budget that is strategic, that does follow from institutional strategy, like it or not. That, we believe, we have been able to unequivocally achieve.

That having been said, there is much about the institutional strategy that we wish could be otherwise. With budgets shrinking, the only way to protect time to degree is to make greater use of adjunct instruction. Longer-term, that does not simply put quality "at risk," it permanently, demonstrably, and unacceptably sacrifices quality. While Western is blessed with many talented non tenure track faculty who are exceptional instructors, their responsibilities do not encompass the full range of responsibilities assumed by tenure track faculty and which are essential in the student-faculty engagement for which Western is deservedly well known. Were Western to irrevocably increase reliance on non tenure track faculty, we would, most certainly, no longer be premier.

But, if students cannot get the classes they need to graduate in a timely fashion – and that is now increasingly part of our reputation around the state – what happens? They do not complain to the legislature for these matters are far too important to their futures for them or their families to think legislators might do anything. We stop getting good students. And, we drop back into the ranks of "another regional." And, that puts the quality of our faculty at risk, tenure track or otherwise, long term.

The budget we bring forward actually allows us to reverse the current threat to our immediate well-being – the threat of becoming a university where it is hard to graduate not because our standards are high but, rather, because our courses are not available. Not only will we begin to address graduation "bottlenecks," we expect that current backlogs will be cleared. And, as that happens,

further strategic adjustments (and tenure appointments) become possible. (A caution: in the course of doing the requisite analyses, we ran into a problem that seems too often to be a WWU given: information systems have not been developed sufficiently to support well-informed decision-making. Improvements are underway.)

Very serious risks. Very real concerns. We had valuable discussions of these during the budget hearings, often prompted by Dr. Jeff Newcomer, sharing views and discussions that took place in the Faculty Senate's University Planning and Resources Council (UPRC). And, in a following section, you will see that the budget proposal we bring forward has been modified in some ways and in response to those discussions.

### **Responsive to Advice**

During the hours of discussion associated with the budget presentations and through communications in the forums and by other means, many ideas, concerns, and suggestions were heard. The budget we bring forward for your consideration is responsive in these ways:

1. There was much discussion of the increasing, short-term reliance on non-tenure track faculty. We bring forward a budget proposal with the following understandings as integral components:
  - a. In direct response to concerns shared by UPRC, the proposal to suspend tenure-track appointments for two years will be modified to allow for select appointments following explicit criteria to be developed.
  - b. In direct response to consequences articulated by UPRC concerned the effects of a pause in tenure-track hiring would have for scholarly vigor and departmental renewal, a portion of the funds retained by each college will be directed to increase support for continuing tenure-track faculty development.
  - c. As has been stated but must be reiterated, the president and all of us are firmly committed to re-opening tenure lines as the anticipated improvement in the state's fiscal situation comes to pass. (It is important to understand, of course, that, as always, there is no departmental entitlement to "return" of a particular position now held open. Rather, looking university wide and with the value of protecting core mission still driving us, it is need, strategic priorities established through our planning process, and, as important, opportunities to build upon and augment programs of outstanding quality that should – if we have the will and the wisdom -- determine reinvestment in tenure lines.)
2. In the area of University Advancement and from those with firsthand understanding of what comprehensive campaigns require, discussion during budget presentations focused on the longer-term need to increase funding for a campaign. While not within our immediate capacity to increase funding, we do recommend that the full cut proposed by University Advancement be made but then redirected as an initial allocation toward support for the campaign now underway. Because of the connection to the campaign, an undertaking that

waxes then wanes, these funds are being located in Institutional Accounts rather than as a part of the base budget for University Advancement.

3. In the area of University Relations, what we heard during the budget presentations was the question of why we should even be asking this very small area to consider taking cuts when it has recently been asked to absorb significant additional tasks (Waterfront, major expansion in initiatives related to Olympia, building a federal agenda from the ground up, improve effectiveness of branding, marketing). Based upon the discussion, the possible cuts proposed by this area are not part of our 2010-11 budget proposal.
4. Obligations to fund classified staff step and anniversary increases was a subject of much discussion. First, all must understand: these are unfunded mandates from Olympia. That is where the contracts were negotiated and that is where the authority lies to allow or suspend them. We have no say. There is no funding source from the state. We have followed a policy of keeping salary savings from staff turnover in vice presidential areas along with responsibility to cover the step increases. The logic is that salary savings from turnover should recapture previous step increases and, in a perfect world, balance. Without much turnover, though, the logic does not work. So, we budget for a new approach in which the university picks up half the step increase while the vice presidential area covers the other half (and still keeps salary savings from turnover in positions). The option to give back the salary savings and have the institution pick up 100% of step increases remains, as in the past, and likely will help smooth out these fluctuating budget impacts for the smallest vice presidential areas should they prefer this option.

## **Conclusion**

There, in some detail, is the logic behind the 2010-11 budget proposal now before you. In the actual numbers themselves, we believe, you will find the evidence that we have supported bottom-up budgeting; have sought to the degree possible to protect core mission, quality, and people; have followed the institutional strategy for protecting quality in the short and longer term; and have been responsive to discussion of the possibilities earlier proposed.

The numbers can be found, mostly, by starting with a summary by vice presidential area. In that spreadsheet, you find three columns. The first shows the original 4% target. The next shows the actual cut taken. A third shows additions from the "possible uses" table. The overview table includes hyperlinks to the tables showing detail by vice presidential area.

In the more detailed tables by vice presidential area, there are three columns for each possible source. The first indicates the possible savings. The next shows how much, if any, of that "source" we propose taking to balance the budget at the university level. The third column shows how much of that source, if any, is not being taken at the university level but is being retained by the vice president or dean for within-unit purposes and as explained in notes.

Feedback most certainly is welcome. The [online budget forum](#) is available to seek clarifications or to offer other observations. There will be an open budget forum on in Old Main Theatre on Tuesday, May 18<sup>th</sup>, from 3:00-4:00-pm.

After the forum, the president will then form a recommended 2010-11 operating budget and that recommendation will be considered and acted upon by our Trustees at their June meeting.

We all, the authors of this report, appreciate your patience with what has been a long process and your thoughtful engagement.

[GO TO BUDGET AT A GLANCE](#)

[GO TO DETAILED SPREADSHEETS](#)