

June 9, 2020

TO: Breann Boggs, Budget Assistant – Office of Financial Management

FROM: Alexandra Rosebrook, Director of Budget Services

SUBJECT: IMMEDIATE ACTIONS TO CAPTURE BUDGET SAVINGS

The Office of Financial Management (OFM) urged higher education institutions to join cabinet agencies in identify additional operating budget savings for fiscal year 2021. As a result of the anticipated reduction statewide revenue, Eastern was asked to plan a 15 percent reduction in state funding.

Eastern uses a collegial model of shared governance focusing on timely communication. The campus wide leadership partners have been working collectively to manage Eastern through the financial implications from the COVID-19 pandemic. These conversations include improved efficiencies throughout the institution. These actions will be completed over a period of a couple years ensuring the decisions are very strategic and intentional.

Eastern took actions during the Spring 2020 to capture immediate operating budget savings and assist with the 2021 operating budget planning process.

The proactive steps Eastern has taken to capture operating budget savings include:

- Implementing a hiring freeze in March 2020
- Limiting overtime and travel implemented in March 2020
- Elimination of all vacant positions that are non-essential implemented in May 2020
- Restructuring of student support department to gain efficiencies effective July 1, 2020
- Reduction in force throughout campus units

Eastern 2021 budget planning process continues to be updated with new information as it becomes available. The current budget planning scenarios include a 15 percent reduction in state funding. Eastern is expecting a significant decline in Fall 2020 enrollment, which results in significant reductions in tuition and fee and auxiliary revenue due to COVID-19. The Housing and Dining System is expected to experience much lower occupancy in fiscal year 2021. The health and safety of the Eastern community is so important, Eastern's executive leadership team chose to waive the live on campus requirements for the 2021 academic year. Due to the anticipated enrollment decline and reduction in state funding, all campus units are expected to experience operating budget reductions.

Current state laws and policies are limiting Eastern's flexibility in implementing reductions. Compensation is currently funded approximately half through state funding and half through

additional operating fee revenue. Eastern anticipates the currently negotiated increases will be implemented on July 1st, as negotiated, yet additional revenue will not be generated to adequately fund these increases. Eastern is highly dependent on state appropriations and tuition revenue to fund its core operating budget. The state tuition policy regulates the increases for tuition therefore limiting the ability to generate additional revenue to offset the anticipated revenue shortfall.

The magnitude of the reductions that Eastern is facing for 2021 and future years require all campus partners to work together. Eastern Washington University remains focused on its mission and actively works to fulfill its obligation to serve the educational needs of the region.