

June 1, 2020

To: Breann Boggs
State of Washington Office of Financial Management

From: Faye Gallant, Executive Director
Budget and Financial Planning, Western Washington University

Subject: **IMMEDIATE ACTIONS TO CAPTURE OPERATING BUDGET SAVINGS**

In response to the May 13 memo from OFM Director Schumacher, Western Washington University submits the following discussions of actions taken to capture operating budget savings and our planning for budget reductions in FY2021.

On April 2, WWU announced a series of financial impact mitigation measures to capture operating budget savings in the face of fiscal uncertainty. Those included:

- **Temporary hiring suspension.**
- **Temporary suspension of any non-essential purchases and expenditures.** Vice President or Dean approval is required for all purchases over \$1,000.
- **Extension of the travel ban for all out-of-state travel.**

The temporary hiring suspension, non-essential purchases and out-of-state travel restrictions will be in effect until October 16, 2020, at which point we expect greater certainty on fall enrollments and the status of the state's ability to maintain our state budget allocation.

As an accredited institution of higher education, Western adheres to the principles of shared governance. Those principles are reflected in our approach to planning for budget reductions for fiscal year 2021. On May 19, we convened a planning process that includes coordination among operational areas as well as active consultation and engagement with faculty, staff, and student leadership. Among the planning scenarios are a 15 percent state operating budget reduction, as well as potential declines in student enrollment and auxiliary revenues due to the coronavirus. As our tuition revenues and state funding are closely matched, any reduction in tuition revenue on top of a 15 percent state budget reduction would compound the impact to our operating budget¹. Additionally, reductions in auxiliary revenue such as reduced housing and dining utilization mean a reduction to operating budget revenues through our Administrative Services Assessment, which recoups indirect costs associated with auxiliary and self-sustaining areas. In one likely scenario, that alone may account for an additional \$1.4 million loss. Finally, like all state agencies, WWU is

¹ National data suggests enrollments across higher education may drop by 20 percent; WWU is refining our own projections as registrations occur.

experiencing substantial cost increases associated with COVID-19 as detailed in our May 26 memo to OFM.

On June 12 we will be asking our Board of Trustees to approve a preliminary or continuation budget for FY21, as well as to discuss the planning approach. The final FY21 budget plan will be submitted to trustees for approval in October, when enrollments and state funding are more certain.

Because of our commitment to this process, to shared governance, and to our mission as an accredited public university, further discussion of FY21 reductions in this memo are for illustrative purposes only and do not represent any decisions made by Western's leadership.

The 15 percent reduction target from OFM is larger than the budget of several of our colleges. A reduction of that size could not be absorbed through hiring and purchasing restrictions alone, especially in light of the additional budget pressures described above. Western is considering several one-time mitigation strategies to lessen the impact to our mission in FY21, but those will not be enough to offset a cut of this magnitude, nor will they carry forward into future years.

I am concerned that a 15 percent reduction will have a permanent impact on the quality of education in Washington, equitable access to education for all Washingtonians, and our ability to meet the state's 70 percent attainment goal- a goal that is especially important as our state works to sustain and revitalize local economies in the wake of the pandemic. As an institution of higher education, Western's strength is in our people. Specifically, a 15 percent state reduction in combination with decreased enrollments would necessitate a significant reduction in force, with impacts to the quality of post-secondary education and to:

- Course sections and availability, reducing access to education and impacting a student's time to complete their degree²;
- Investments in student success, such as advising, tutoring, outreach, and retention;
- Compliance areas, increasing risk and exposure;
- Ability to generate non-state revenue through targeted investments in research and recruitment;
- Economic security for our employees, their families, and our local communities.

Finally, I will note that Western is limited in our availability to control both compensation and tuition policy without legislative action. I appreciate the opportunity to share our preparations for meeting the fiscal challenges resulting from COVID-19. Please let me know if you have any additional questions or clarifications.

Sincerely,
Faye Gallant

² Between average cost of attendance and lost wages, a one year impact to that timeline is a \$60,000 cost to the student (source: <https://collegescorecard.ed.gov/school/?237011-Western-Washington-University>).