

## Budget Reduction Planning Scenarios FAQ's:

### **What is the planning exercise?**

This information is being gathered for planning purposes as we continue to consider our approach to deal with the financial impacts of COVID 19 and its impact on our budget for the coming year.

### **What scenario are we modeling?**

All areas are required to provide information about what actions they would take to absorb an across-the board 10% reduction in FY2021 core fund base budgets (PBL) **without** the use of carryforward balances.

### **Didn't the state recently announce 15% reductions?**

Yes. PBL is a pool of funds, primarily state appropriation and tuition. A 15% reduction in appropriation is approximately equal to a 10% reduction in PBL. In addition, the Budget Office will review other measures for consideration to help meet the required reduction.

### **Is this a budget cut?**

No, this is a planning process in support of the State's directive to identify savings from fiscal year 2021 appropriations.

### **A 10% PBL reduction will require our area cut essential activities, do we still need to meet the target on the form?**

Yes, all Areas are required to submit a plan that meets its reduction target.

### **What are core funds?**

Core funds include State appropriations (001-xx), Facilities & Administrative cost recovery (148-02), and Administrative Fees & Interest (148-05)

### **How is the FY-2021 PBL estimated?**

The base for the reduction target is each area's PBL as of April 30, 2020, plus an estimated increase for the 3% classified staff mass salary increase effective July 1, 2020. Federal funds are not included in the PBL base.

### **How are the reduction targets calculated?**

The reduction targets are equal to 10% of estimated FY2021 PBL and are rounded to \$1000s.

### **We have been asked to provide actions in priority order. Who will decide the final priority of actions to be taken once all areas have submitted their forms and a reduction in PBL funding is implemented?**

The templates will first be reviewed by the Budget Office to ensure that the proposals are compliant with the instructions and they will reach out to areas to confirm and correct information. The President will appoint a leadership group to review these templates in June and to provide guidance for the next steps.

**What about reductions in other core fund incentive-based allocations like EBB?**

Enrollment levels could impact incentive-based allocations. Areas should be planning for the likelihood of such reductions in addition to the PBL reduction scenarios.

**What about other (non-core) funds?**

This planning exercise considers core fund PBL reductions only. Revenue projections and budgets for other funds such as auxiliaries, service centers and summer session will be considered at a later date.

**Is this process part of our FY2021 budget planning exercise, such as the one we began for FY20?**

Yes. When final reduction targets are known, areas will be asked to prepare FY-2021 budgets based on core fund allocation targets and estimated revenues in other funds.

**What is the format for the submission?**

Areas will receive an Excel template that includes a calculation of the PBL base and reduction target.

**What information must be provided on the template?**

A sample template can be viewed [here](#) and is attached.

The fields in the template include: 1) a description of each action to be taken toward meeting the area reduction target, 2) an estimate of the savings to be achieved from each action, 3) the FTE impacts of each action, 4) a brief description of the impacts on research, teaching, and service.

List up to 10 actions to be taken until you have achieved the target reduction amount.

**Does it matter in what order the actions are listed?**

Yes, list the actions in order of the priority they would be taken. (The first action should represent the first cut to be taken.)

**Can we modify the template to fit our needs or to provide additional information?**

No, please do not modify the format of the template so all area responses can be easily compiled.

**Are the reductions considered temporary or permanent?**

For planning purposes assume a combination of temporary and permanent reductions, bearing in mind that permanent reductions identified for FY2021 will help to meet future reduction targets in the next biennium.

**Can areas use carryforward to absorb some of the reduction?**

No, carryforward balances cannot be used to meet the reduction targets.

**Can we assume an across-the-board salary reduction to meet our target?**

No, do not include salary reductions on your template to meet your target. Refer to the President's [memo](#) and core principles for decision making for more on this topic. Any University-wide salary adjustments will be determined and communicated by University leadership and managed centrally for all WSU campuses, locations and areas.

**Can we propose FTE reductions or furloughs to achieve our budgetary goals?**

Yes, these options can be proposed but will have to be reviewed and approved by your HRS consultant prior to implementation.

**We anticipate receiving federal and/or state financial assistance for COVID 19 related activities; can we use these funds to supplant PBL and reduce our reduction target?**

WSU received institutional funding through the CARES act that will be consumed by lost revenues and expenditures already incurred due to the COVID-19 response. Additional sources of Federal and State aid may be available in the future, but those amounts are unknown at this time. For purposes of this planning exercise, do not assume any federal or state COVID-19 funds will be available to backfill the reduction.

**What are examples of some actions that are available to meet the target?**

First review the President's [core principles](#) to be used in making budgetary decisions.

On April 1st [WSU announced](#) salary freezes and urged areas to reduce discretionary spending. WSU also supports the Governor's recent [directive](#) prohibiting new non-essential personal service contracts and discretionary equipment purchases over \$5,000.

**Are there exceptions to the hiring and salary freezes?**

Yes, mission critical staff may be hired with documented justification and the approval of the interim provost and executive vice president and/or campus chancellor for academic area hires, and all non-academic area staff hiring must be approved by the appropriate vice president and/or chancellor.

Salary adjustments in response to mission critical retention of staff must be approved by appropriate VP/chancellor and HRS

**Are there exceptions to entering into new personal service contracts?**

Yes, per the State's directive the freeze does not apply to contracts, contract amendments or other agreements related to:

- The protection of life of public safety
- Revenue generating activity
- Those funded exclusively from private or federal funding sources

**Are there exceptions to the freeze on equipment purchases?**

Yes. Per the State's directive the freeze does not apply to equipment purchases

- With a cost less than \$5,000
- Necessary to protect life or public safety
- Funded by private or federal grants

**Can vacant positions be held open to help meet the targets?**

Yes, holding vacant positions open is one way to achieve savings.

**Can benefit savings be included to meet our target?**

Benefits are not included in the PBL base upon which Area targets are calculated, except for the Tri-Cities and Vancouver campuses that do not utilize the central benefit pool. Therefore, benefit savings should not be included in area savings totals except by those campuses. Central benefit savings will be considered in the aggregate after FTE impacts of area actions are known.

**Can costs be shifted from core funds to discretionary 17A funds?**

Yes, if such funds are available and expenses are appropriate, use gift funds.

**When will templates be available?**

Templates will be posted to area folders on the Budget Office SharePoint site on May 20th. Area fiscal staff have access to these folders.

**When is the deadline to complete the template?**

Areas have until COB June 5 to complete the template.

**What do we do when we have finished the template?**

Upload your completed template to the Budget Office SharePoint site and email [wsubudget.office@wsu.edu](mailto:wsubudget.office@wsu.edu) when you have done so.

**What if I have questions?**

Email your questions to [wsubudget.office@wsu.edu](mailto:wsubudget.office@wsu.edu). Budget office will also schedule live Q&A sessions on Zoom and send invitations to the AFO list.