Final FY 2021 Budget Reduction Target FAQ’s:

**What is required?**

All areas are required to provide information about what actions they will take to absorb the assigned reduction target in FY-2021 core fund budgets. Areas are allowed a one-time use of 5% of their PBL carryforward, based on ending June 30 balances, to offset the reduction.

**Is this a permanent PBL reduction?**

No, and FY-2021 initial PBL allocations will not be adjusted. Separate allocation JV’s will be processed by the Budget Office to reduce area allocations by the target amount. Areas should be mindful that the reductions will likely apply for the next three years, and planning should include the possibility of permanent reductions in the future.

**What are core funds?**

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

**How are the reduction targets calculated?**

The reduction targets are equal to 10% of final June 30, 2020 PBL and are rounded to $100s. Some area targets have been reduced based on Executive Committee recommendation and to achieve essential goals.

**How are the carryforward amounts calculated?**

Carryforward amounts are equal to the 2019-20 balance forward amounts that posted to object 19 in July 2020. The area template for the final FY-2021 budget reduction plan shows the 5% carryforward amounts on PBL funds that may be used to offset the area reduction target.

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

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

**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 reduction applies to core funds 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 FY-2021 budget planning exercise, such as the one we began for FY20?**

Yes. In a forthcoming exercise, areas will be asked to prepare FY-2021, FY-2022, and FY-2023 all-fund budgets. Budget development templates will be available later this month, and 3-year budgets will be due by September 30th.
What is the format for the submission of final plans to absorb the reduction?

Areas will receive an Excel template that includes a calculation of the PBL base, reduction target, and the amount of carryforward that may be used to offset the target.

What information must be provided on the template?

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 FY-2021 assume a combination of temporary and permanent reductions, bearing in mind that permanent reductions identified for FY-2021 will help to meet future reduction targets in the next biennium.

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

No, do not include across-the-board salary reductions or furloughs on your template to meet your target. Per the July 20th “Next Steps” memo, no system-wide furloughs will be implemented at this time. Furloughs may be considered in the future if deeper cuts in state funding are announced or if enrollment is significantly less than projected.

Can we propose actions like FTE reductions or the elimination of filled positions to achieve our budgetary goals?

Yes. FTE reductions, term reductions, phased retirements, and position eliminations are options that can be proposed but must be coordinated with HRS for compliance with state law and University policy. Areas may also choose not to fill positions and hold them in vacant status.

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 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, and the recommendations from Vice President for Finance and Administration, Stacy Pearson’s memo regarding next steps in implementing FY-2021 budget reductions.

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, per the President’s memo, mission critical staff may be hired with documented justification and the appropriate approvals.

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 and equipment purchases?

Yes. For information on WSU implementation of purchasing freezes see Purchasing Services website.

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 or other local funds?

Yes, if such funds are available and expenses are appropriate to shift to other fund types.

When will templates be available?

Templates will be posted to area folders on the Budget Office SharePoint site no later than August 7th. Area fiscal staff have access to these folders.

When is the deadline to complete the template?

Areas have until COB September 30 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 when you have done so.

What if I still have questions?

Email your questions to wsubudget.office@wsu.edu.