Our Approach to Budget Planning

We should approach the challenges of getting through tough times in the same way that we approach our scholarly work and our approach to the curriculum because . . .

– A curriculum is a response to the needs of our society. At its best, it offers a map to the future.

– A budget must be an instrument of policy and reflect what we value and what we seek to accomplish.
Key insight:
Think of building a budget as a form of discovery and apply a theory of change. Shift from cutting to investing.

- Build a compelling case.
- Create clarity of purpose.
- Work at a significant scale and in a scholarly mode.
- Develop a conducive campus environment.
- Create the capacity to continue the process over time and to learn from the experience.
Our Approach to Budget Planning

• Approach the budget as an investment portfolio.
• Guide investment with clear goals.
  – Support academic innovation, distinctiveness and excellence
  – Enrich the student experience
  – Expand our climate commitment efforts
Our Approach to Budget Planning
It isn’t just about money.

• Prepare for the “new normal.” We need new skills and so will our graduates.
• Balance our immediate need to survive with the long-term goal to thrive. (from Richard Knowlton)
• Balance economic viability with social responsibility and environmental stewardship.
Words from the Wise

- **Pay attention to what things cost.** Reduce your costs while protecting capacity and quality. Sometimes this will require redesign.

- **Keep your staff.** We need all the talent and energy we can get in times like this.

- **Don’t overreact.** Take time to listen. Test your assumptions before acting on them.

- **Invest now.** If you do, you’ll be ready to respond when the economic climate improves.
WSU Budget Principles
(Adopted December 2008)

- Winona State University will be guided by its mission statement and look at the good of the whole. Budget decisions will be based on a consistent set of data and communication will be transparent and inclusive. Winona State University will:
  1. Provide classes that allow students to complete their educational programs in a timely manner
  2. Maintain its commitment to our faculty and staff

As we strive to accomplish the above during these hard times, we will:
  - Maintain a physical environment that meets the health and safety needs of the University community
  - Provide services and activities that support student success
  - Remain committed to high quality affordable education
  - Work to increase the efficiency and effectiveness of our operations
  - Create and enhance revenue stream
  - Not exempt any unit of the university from making needed sacrifices
FIVE PART TEST FOR INVESTMENT

• Will this help us remain attractive to potential students?
• Will this contribute to the achievement of our current students?
• Will this protect and enhance the quality and integrity of our academic core?
• Will this permit us to generate additional revenue for investing in our future?
• If we should do this, have we found the best way to do so or should we look for other ways to accomplish this goal?
OUR MOST PRESSING CHALLENGE

• Identify at least $1.5 Million worth of corrections for FY 12 budget by July 1, 2010

• Identify additional $1 Million worth of corrections for FY 12 budget by December 2010
REDUCED STATE FUNDING IS THE “NEW NORMAL”

State Appropriation in Millions by FY

- FY09: $31 Million
- FY10: $27 Million
- FY11 (est): $26.5 Million
- FY12 (est): $24 Million
SO WE FACE A MULTI-YEAR BUDGET CHALLENGE

SO WE FACE A MULTI-YEAR BUDGET CHALLENGE

**FY 10-11 Biennium**

- $922K Unallotment
- $4M Base Deficit
- $500K Base Deficit (Est)
- $2.5M Base Deficit (estimated)

**FY 12-13 Biennium**

- $500K Base Deficit (Est)
- $2.5M Base Deficit (estimated)
OUR SOLUTION:

Revenue Generation
Selective Cost Reduction
Targeted Investment of Stimulus Funds
Increased Efficiencies

FY09
- $922K Unallotment

FY10
- $4M Base Deficit

FY11
- $4M Base Deficit
- $500K Base Deficit (est)

FY12-13
- $4M Base Deficit
- $500K Base Deficit (est)
- $2.5M Base Deficit (est)

Current Progress To Balanced Budget In FY 12-13

Our solution includes:
- Eliminate unfilled positions
- Reduce Administration
- Reduce R&B Budget
- Increased Enrollment
- Summer Session Restructure
- IFO MOA #1
- IFO MOA #2
- BESI
- 7% Operating Budget Reduction
- Tuition Increase
- Revenue Fund Cost Shifts
- Governor Salary Savings

Future solutions include:
- Program Scans and Reviews
- Tuition Increase
- Educational Lean Initiatives
- Operating Budget Reductions
- IFO MOA #3
The Way Forward

• Finish balancing FY11 budget by June 30, 2010

• Identify at least $1.5 Million worth of corrections for FY 12 budget by July 1, 2010

• Identify additional $1 Million worth of corrections for FY12 budget by December 2010
The Way Forward

Timeframe to identify $1.5 million correction for FY12

Today
15 Apr 2010

30 Jun 2010
Latest BESI Retirement
End of FY 10

1 Aug 2010
Earliest Contractual Notice Period for Retrenchment in FY 12

30 Apr 2010
Spring Term Ends

1 Jul 2010
FY 11 Begins

23 Aug 2010
Fall Term Begins
WSU Budget Forum

April 15, 2010

QUESTIONS