

MEMORANDUM

TO: President's Cabinet  
Deans

FROM: Kirk H. Schulz  
President

DATE: October 24, 2017


SUBJECT: Financial Recover Plan Update

As you know, the University has been spending more than it has been bringing in for the previous four fiscal years. The goal for FY2018 is to improve over the FY2017 \$30 M negative run-rate such that at the end of FY2018, our expenditures will exceed revenues by \$20 M or less. To accomplish this goal, each area has been assigned a share of the \$10 M run-rate improvement target, to be achieved in PBL funds. Athletics has a separate improvement target. Run-rates for all other funds in all areas must remain equal to or greater than FY 2017.

Thank you for the hard work you are doing to meet the targets for your units. While areas may meet the improvement targets through a combination of new revenues and reduced expenditures, most units will need to reduce costs. These decisions are both challenging and complex. As is often the case with this type of process, there is a significant number of rumors regarding the impact of reductions. To help quell these rumors, I am asking that you send a note to your units by November 1, outlining the specific steps you are taking to address the spending reductions. Please copy me, Dan, Stacy and Joan on these messages. While each of these notes will have a different tone, depending on your normal communication style, there are several important points to convey to your group:

- The dollars saved will remain in the area – there will be no transfers back to the central budget; and
- The specific steps you have planned for your area to meet your targets; and
- Advise faculty, staff and students of their resources for more information – specific places or persons who are aware of the steps you have planned.

As we have discussed, carefully controlling our hiring and salary increase practices will yield the swiftest results for expenditure reductions. Effective immediately please:

-  • Ensure that you hold any vacant positions open as long as possible; and

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- When considering a position for hire, ensure that the position is essential, where essential means:
  - Failure to hire would result in a high risk of program failure; or
  - The position responsibilities cannot be met by anyone else in the unit; or
  - No opportunities exist to access the expertise from other units across the university; or
  - It is required for the health/safety of students and employees; or
  - It is required for emergency management and response; or
  - It is required for student health and wellness; or
  - It is necessary to meet compliance requirements.

Other steps to include for expenditure reduction are:

- Reduce or defer travel and other operating expenses that are non-essential;
- Discontinue services that are not fully meeting constituent needs;
- Consolidate services and units to reduce duplication and cost and to gain efficiencies;
- Do not award salary increases that are outside of those granted by the University through planned salary increase programs;

While our focus for FY18 is to reduce our deficit spending by \$10 M in PBL funds and maintain or increase our reserve balances in all other fund types, WSU must align expenditures and allocations for the long term. We will need to stay focused on the financial recovery for several years, to ensure that our reserves recover to a healthy level. Please keep in mind that actions you take to reduce current year spending will likely need to continue into future years.

We will soon have reports available for you and your finance officer, to help you review and manage to your targets. These reports will also be the mechanism by which we will review the University-wide progress. As we assess our progress, we may need to adjust our plans and methods to achieve the goal. We will discuss any proposed changes prior to implementation.

Again, thank you for your efforts to enable us to meet our financial recovery targets. I sincerely appreciate your efforts to help us establish a better foundation for meeting our future goals.