

Westfield State University Town Hall - Budget Planning April 5, 2022

Dr. Linda Thompson, President

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Support provided by:

Office of Strategic Finance and Institutional Planning

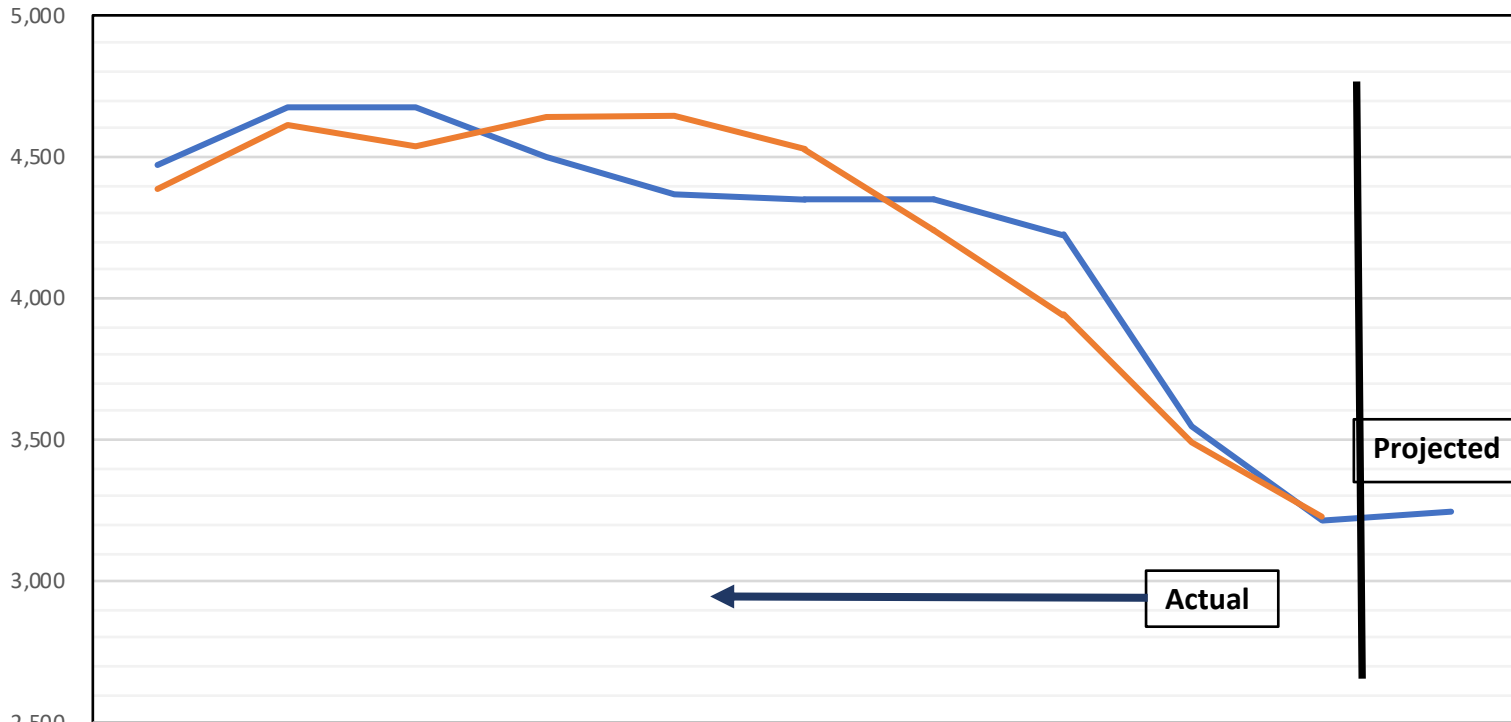
Agenda

- ▶ Goals
- ▶ Enrollment, Revenues/Expenses
- ▶ Budget Definitions, Transactions and Impact
- ▶ Glide Path Model
- ▶ Values and Priorities
- ▶ Savings
- ▶ Budget Process
- ▶ Opportunities
- ▶ Discussion Questions

Goals of Town Hall

- ▶ To provide context and background on our current fiscal situation
- ▶ Clarify terminology and multi-year strategy
- ▶ Provide a forum for discussion and feedback for campus

Westfield State University UG Day Enrollment - Budgeted vs Actual/Projected (Billed) FY13 - FY23

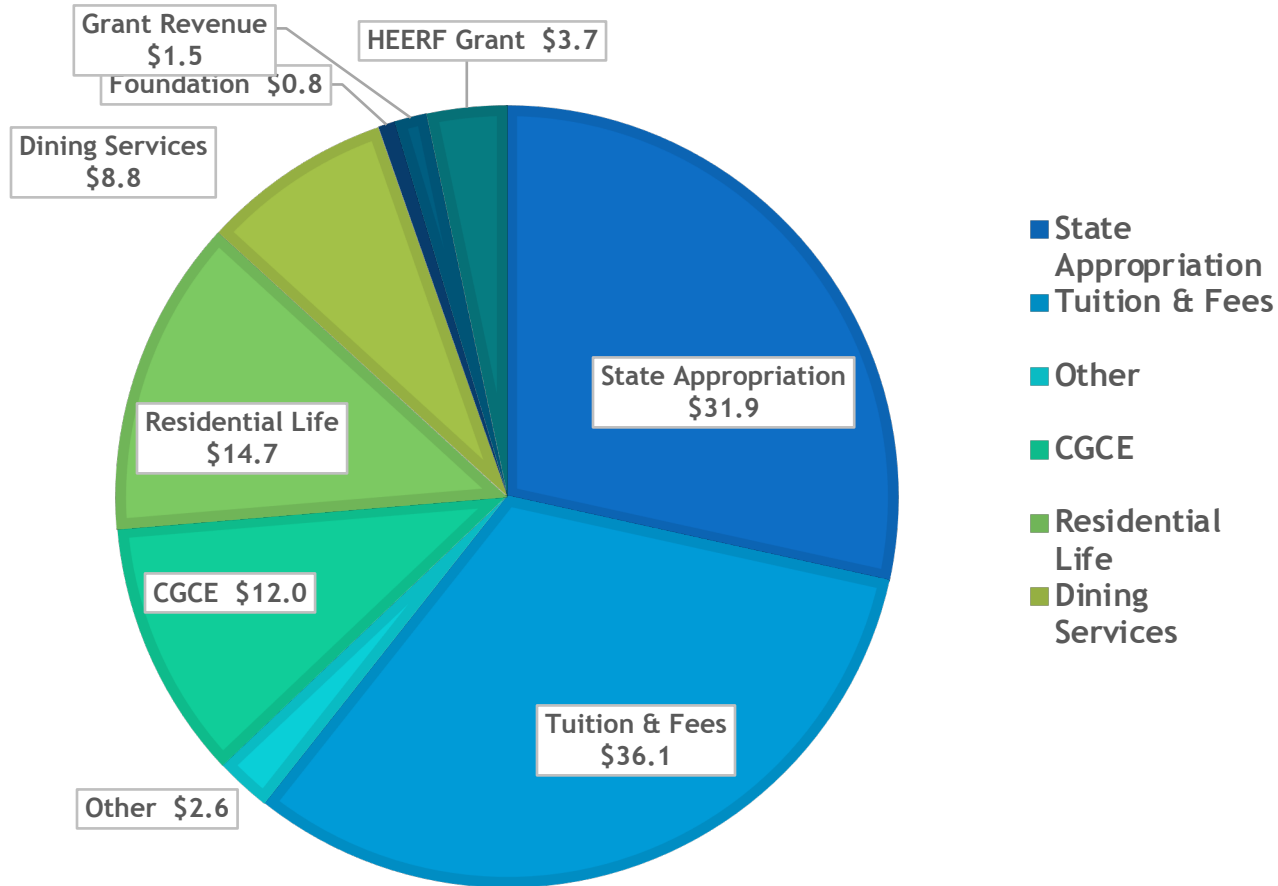


	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Budget	4,475	4,675	4,675	4,500	4,372	4,350	4,350	4,223	3,552	3,215	3,250
Actual	4,391	4,612	4,540	4,643	4,645	4,526	4,241	3,940	3,496	3,229	

— Budget — Actual

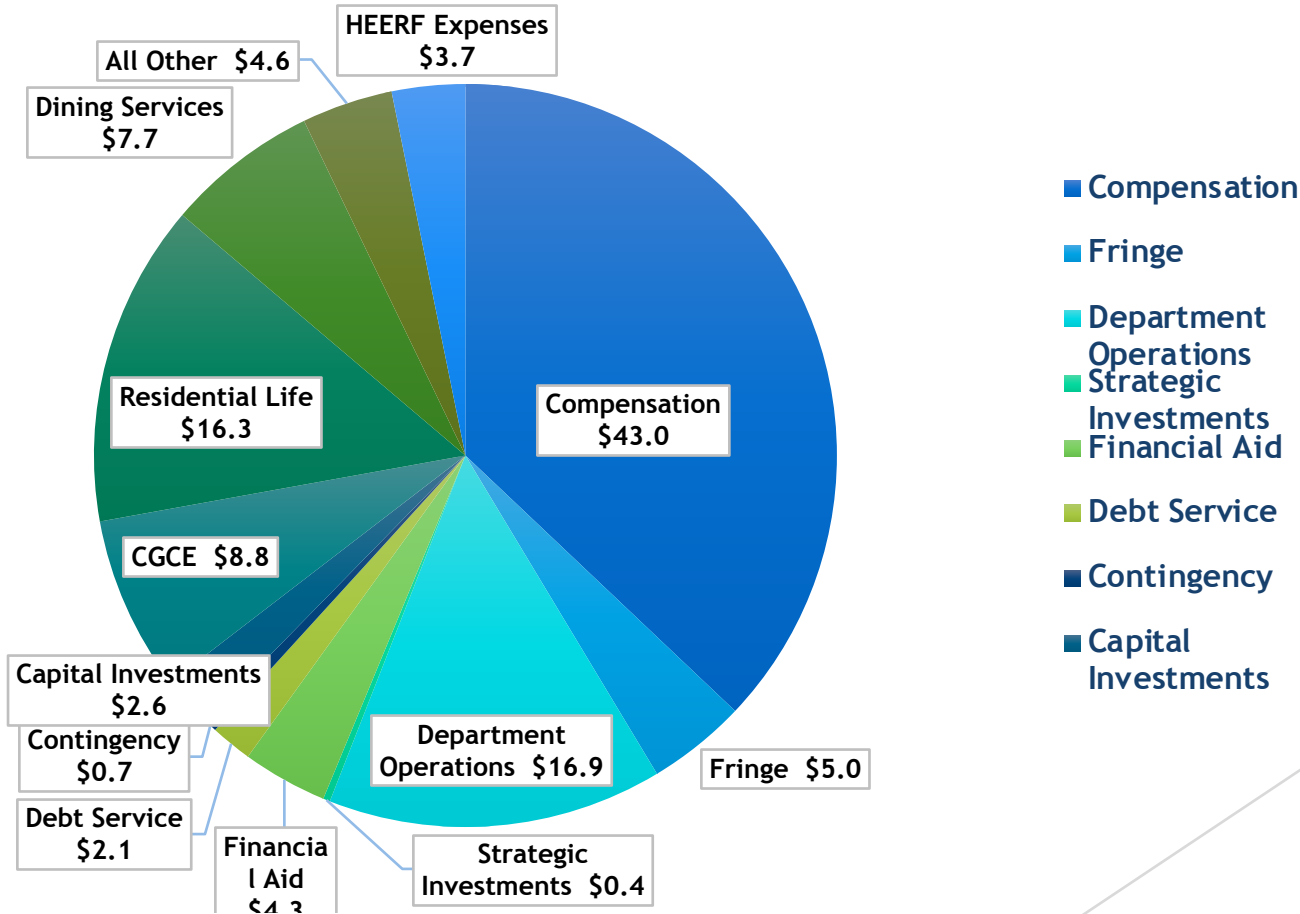
How is the University funded?

FY22 REVENUE BUDGET \$112.2M



How do we spend our funding? Where does it go and how is it allocated?

FY22 EXPENSE BUDGET \$115M



Definitions

- ▶ **Structural Deficit** - occurs when ongoing budgeted expenses exceed ongoing budgeted revenues.
- ▶ **Base budget funding vs One time funding** - base budget funds continue from year to year whereas one time funds are not recurring (e.g., capital projects)
- ▶ **Cost Avoidance vs Budget savings** - cost avoidance is a reduction in spending which may not affect the base budget. Budget savings are realized when there is a defined and measurable reduction to a base budget.
- ▶ **Deferred Maintenance** - total value of unfunded repairs or maintenance; WSU is estimated to be over \$120M.
- ▶ **Vacancy savings** - one time cost savings if budgeted positions are not filled.

Types of Budget Transactions

- ▶ **Vacancy Savings** - temporary budget savings which is tracked month to month while position remains unfilled.
- ▶ **Budget Reduction** - usually a permanent change to reduce base budget of the University.
- ▶ **Budget Reallocation (transfer)** - reducing one budget and increasing another budget, usually offsets each other, no negative budget impact.
- ▶ **Freezing positions** - delay in hiring; could be **temporary** or **permanent**; if temporary, similar to vacancy savings; if permanent, similar to a budget reduction.

Multi-Year Strategy to Balance Resources

3 Year Glide Path Approach-V2

	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Category	7/1/22-6/30/23	7/1/23-6/30/24	7/1/24-6/30/25
Budget Reductions	Moderate (50%)	Moderate	Low
Use of Reserves	Moderate(50%)	Low	None
Enrollment Growth	Low	Moderate	Moderate
Note:			
a. Updated from Nov 2021			

Campus Priorities/Values (from the Strategic Plan)

- ▶ Values - diversity, inclusivity, dignity, respect, community, excellence, integrity, engagement, collaboration and accessible education.
- ▶ Priorities
 - ▶ A. Student Experience - teaching, in and out of the classroom
 - ▶ B. Enrollment - recruitment and retention
 - ▶ C. Culture - support diversity, inclusion and equity
 - ▶ D. Resources - diversity resources

UEAAC Financial Tracker Report

Permanent Savings - FY22 YTD

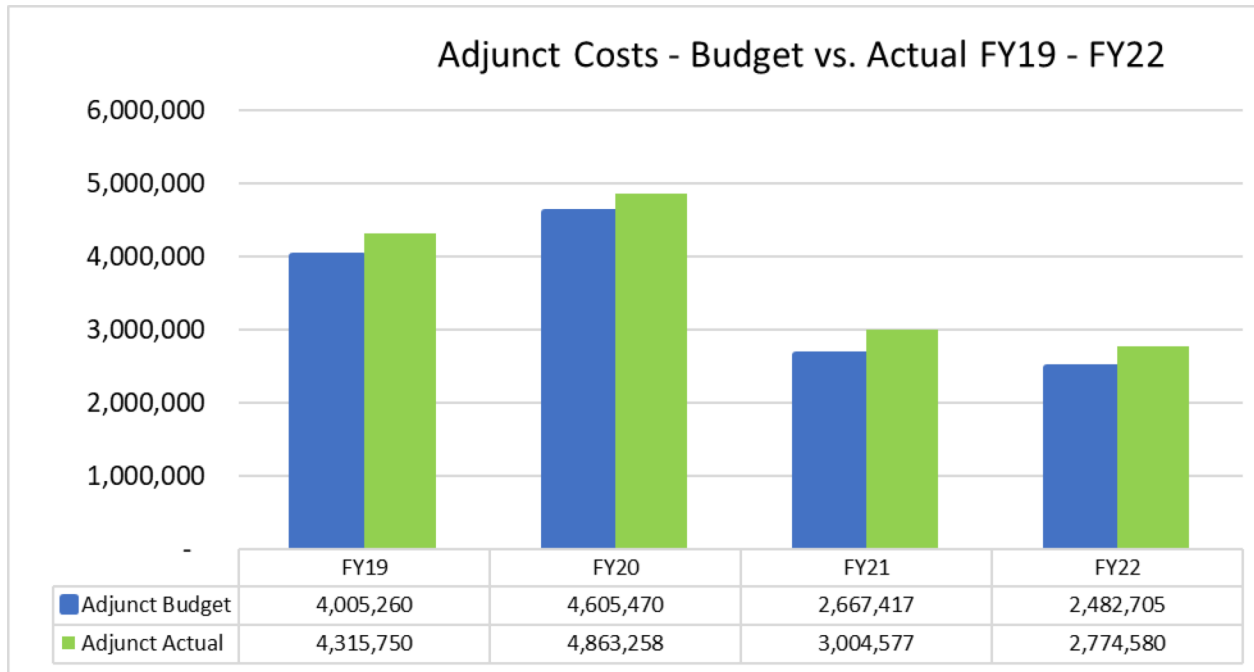
		Original UEAAC Report Data	UEAAC Outcome to-date	
TR	Description	UEAAC Target (Savings) /Cost	P.I.T (Savings)/Cost	Description of Savings/Costs
TR1	College Structure & Central Office Restructuring	\$ (967,925)	(686,372)	Planned Permanent Savings
TR2	CGCE Merge w Day	\$ (1,786,226)	(170,000)	\$300k in savings in adjunct cost, \$130k cost of office moves funded in Capital Plan
TR3	Curriculum Innovation & APR	\$ (3,507,405)	(200,000)	\$200k for APR savings on Adjunct Costs planned
TR4	Centralize IT	\$ 126,074	-	Neutral to budget, funded via Transfer
TR5	Creation of JEDI Office	\$ 19,648	69,715	Change of position to VP level
TR8	WSU Organizational Changes to allow for expansion and contraction	\$ (184,944)	(367,263)	Permanent savings achieved
TR17	Create Resource allocation and financial planning unit (SFIP)	\$ 34,804	-	Neutral to budget, funded via Transfer

** Full anticipated UEAAC Savings was \$6.9MM

** Doesn't reflect impact to budget, some savings/costs are net neutral by way of budget transfer.

** Savings and Costs are subject to change as savings are realized

Significant Prior Year Budget/Expense Reductions



Note: Adjunct budget is the adjusted budget excluding CGCE adjunct budget/expenses.

Budget Balancing Process

- ▶ Shared responsibility between students, campus, and trustees
- ▶ Evaluate financial shortfall regularly
- ▶ Reduction targets for each division based on shortfall
- ▶ Divisional strategy developed for provisional budget in June 2022
- ▶ Final plan implemented by October 2022 budget approval for Board of Trustees

Opportunities for Growth

- ▶ Support new ideas for innovation via President's Innovation Fund Program
- ▶ Focus on growth areas for high demand academic programs, certificates and micro-credentials
- ▶ Pedagogical opportunities; collaborations, new core, NECHE self-study conclusions
- ▶ Increase federal grants, state funding, private grants
- ▶ Expand partnerships with community colleges
- ▶ Enhance web effectiveness and content
- ▶ Re-evaluate financial aid model
- ▶ Expand summer program opportunities

Questions ?

- ▶ What are or should be the fiscal priorities for the campus?
- ▶ What strategies can be identified to reduce expenses to balance our budget?
- ▶ What opportunities exist, now and in the future, to grow revenues and or enrollment?

Thank You!

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