

To: Department Heads and Other Budget Administrators
From: Budget Advisory Committee
Subject: Operating Budget Requests for 2005-06
Date: December 14, 2004

It is again time to formulate next year's budget requests. As in the past the process will focus on a general parameter outlined to you followed by your response with requests based upon need, actual history and the parameter set forth. Remember, the parameter is a guidelines that has been developed as a measure but is not binding upon you as you make the request. To the extent possible, you should work within the parameter, making appropriate adjustments to your requests based on information gleaned from the available spending history for the past several years and your best assessment of next year's needs.

This year, we are returning to a single parameter for the operating budget – bottom-line level with the current budget. Though we had hoped to implement at least a small overall operating increase, the stable bottom-line on the operating budget became necessary when we were advised that we should expect a 15% increase in major utilities, a situation over which we have little control.

As you know, in May 2002, the Board of Trustees asked the administration to reduce the growth of the expenditure budget by at least \$2.5 million over a four-year period. This request was made in an effort to allow the University to commit its resources to the primary mission of the University - providing an excellent education. In support of that goal, last spring, the University committed to reducing the faculty teaching load over the next several years. This commitment puts significant additional pressure on the University's operating budget, beyond the anticipated utility increase. A second objective is the continuing commitment to adequately fund the student financial aid budget to achieve a student population that meets a broad-based group of characteristics and achievement.

The budgets for the past three years have reflected some of these reductions. Overall, savings of \$1.8 million have been found, generally in four major categories: auxiliary enterprises, personnel savings, operational adjustments and finance fees. We appreciate the efforts made by you in assisting with this endeavor.

Naturally as the Budget Advisory Committee reviewed budget submissions over the past two years, attempts were made to meet the objective of the Board of Trustees' mandate with the least amount of impact on the normal operations of the University. As we move forward in addressing this needed reduction in the growth rate of the budget and providing the best educational experience possible to our students, we ask you to share ideas of ways that we might save money. In some cases, these adjustments may only have modest impact in the way we go about our business. In other cases, it may be an identification where doing less may be an acceptable and appropriate option (providing more information on-line and printing fewer documents). In any case, we need your engagement to complete this process successfully, and we hope that you will be forthcoming with it.

Some savings measures that have been implemented during the past year include development of a travel website that can be utilized for travel planning and reservations; creation of a position within the law school whereby all travel arrangements are researched for cost and timing issues through an on-line service, through an agency and through direct contact with providers. The option that best meets all needs is used. This is being tested for possible adaptation University-wide. Other purchasing arrangements are also being explored that we hope will lead to savings from planned levels. Many of these will not be mandated but will provide you as a budget manager the opportunity to develop processes and procedures that work within your department to manage costs.

We appreciate your work and sacrifices in meeting these objectives. Should you have any questions or need additional information, please do not hesitate to contact Steve McAllister at extension 8942 or by e-mail at smcallister@wlu.edu.