

**UFHAC Minutes**  
**June 10, 2019**  
**Lighty 405**  
**3 – 4:30 pm**

Attendance: Greg Rose, Stacy Pearson, Chip Hunter, Jim Peterson, Kelley Westhoff, Daryll DeWald, Todd Butler, Sue Gilchrist, Phil Weiler, Maria de Jesus Dixon, Michael Craven, Quinton Berkompas, Kris Olson

Pre Meeting Documents:

- Budget Vision and Process Timeline
- Moody's Investors Service – WSU Credit Profile

1. Budget Vision and Process Timeline:

Stacy reminded the committee we are nearing the end of our second year of our fiscal recovery to spend within our operating budget and are ahead of target. We will do some formal reporting and update when faculty and staff are back in August regarding where we ended the year with our run rate targets. Last year we beat the target significantly, and this year we will also beat the target. Our anticipation is that we will have about 3.5 million left to hit that breakeven point and hope to be in the black next year.

As we look to setting up a new budget model, we are in the process of working with the Provost Office (including discussions with our new Provost, Mitzi Montoya). There is a current discussion regarding revising the EBB model to allow hiring of tenure track faculty. It needs to be determined if the across the board model will work for everybody, how it addresses start up costs, teaching loads, tenured faculty, etc. More analysis will need to be completed.

We are planning to go live on our new HR Finance System 13 months. Right now in the modernization process, there are 250+ processes that are being streamlined/revised to work in the new system.

Stacy discussed the strategic plan and the process leadership is currently working through with the consultant, Jean Frankel. The budget needs to support the strategic plan, and further, the comprehensive campaign plan has to be a part of that, as does the campus master plan. This may be a *summer of realignment*. The Drive to 25 came after we had a 5-year plan in place. There are several major projects we are working on, including the system-wide strategic plan. The budget model will need to be aligned with this strategic plan. As we roll out our strategic plan, we have a mapping process to tie the metrics of what we are doing and what we would like to do with the strategic plan. We are hearing from Government Relations that we need to be more strategic in how we plan for and prepare our state ask. One recommendation is that we plan for budget hearings this fall that identifies how each unit would realign their budget around the strategic plan.

With regards to the Board of Regents passing the tuition increase at the June BOR meeting, there is no strategic initiative money targeted for the funds, it is targeted toward faculty and professional staff salary increases as well as covering the maintenance and operating budget of some of the new buildings that didn't have the money to fund M & O. A list of unfunded expenditures has been drafted which are not tied to a permanent budget, and we will work our way through those at the same time we are trying to identify where this new strategic money will come from. The budget hearings process should also review these unfunded commitments and how and if they should be funded.

The committee asked Stacy what particular specific role she sees this committee serving for her in the future. How can the committee be most useful to her in the process moving forward?

The UFHAC was established to help guide us through fiscal recovery and rebuilding university reserves. We reviewed budgetary practices and talked about budget models so that we could consider how they might work at WSU, given our current challenges, and how we might adapt these models guide us to the our own strategic budget model. We are at a point where we should propose a series of recommendations related to our original charge and propose a path forward both for UHFAC and any additional task groups to work on the highest priorities. We need the priority order of these proposed recommendations, including timing of implementation as it relates to priorities and ability to execute. For example, if they are best implemented prior to the go live of the modernization project, or post implementation. This is due both to a resource issue as well as having to appropriate and timely information needed to proceed. In the course of these discussions, the committee has provided a lot of good feedback and has helped with the transparency by asking questions from the perspectives of the academic and administrative areas that you have represented. A lot of the presentation of information to the campus community has reflected some of the input this committee has provided.

## 2. June 2019 Moody's Report:

Stacy shared that we are refunding some of our trust land bonds. This money/savings goes back into the State's capital budget to be reallocated for future WSU projects. As part of this, we always get a ratings report from the bond rating agencies. This Moody's report is an independent view from the perspective of the US financial market's view of how we are doing on our fiscal recovery and overall financial well-being. We distribute the report so you can read the summary, credit strengths, credit challenges, and the factors that could lead to an upgrade or a downgrade. This report reflects the positive progress that we have made on our fiscal recovery.

## 3. Next Steps:

UHFAC should develop and propose recommendations to the President and Cabinet on the following:

- Guiding principles for a budget process (we have discussed these and now we can determine what should be included in the recommendation).
- How the budget process can be developed to support the WSU wide strategic plan, including the top priorities and next five years.
- How should we vet current unfunded commitments and how should they fit into the budget process?
- What process should be used to review and analyze new initiatives? What process and parameters should be established for the campus to submit these new or revised initiatives?
  - Should include fiscal impacts, cost/revenue generation, incentives for collaboration, five-year timeline.
- Since we are starting a new biennium (FY20-21), the timeline for the initial process can include working with Governmental Relations on the supplemental ask from the State. They can provide guidance on governmental and legislative priorities that we could align with.
- Determine where we are on our new strategic plan and how we can incorporate that progress into the initial phase of our budget model.