

## Western Oregon University Alignment of Budgeting and Planning

### Introduction

The budgeting process at WOU is designed to enhance the university's ability to meet changing institutional needs, while supporting its historical mission. Budget decisions should be strongly linked to the University's *2017-2023 Strategic Plan*, which will be presented to the Board of Trustees at the January 25, 2017 meeting. Once approved, a crucial step in implementation of the plan is to align budget decisions with the goals and objectives of the strategic plan.

Once complete, the process will also support the NWCCU accreditation standards which expect the following:

2.F.3 The institution clearly defines and follows its policies, guidelines, and processes for financial planning and budget development that include appropriate opportunities for participation by its constituencies.

### Standard Three – Planning and Implementation

The institution engages in ongoing, participatory planning that provides direction for the institution and leads to the achievement of the intended outcomes of its programs and services, accomplishment of its core themes, and fulfillment of its mission. The resulting plans reflect the interdependent nature of the institution's operations, functions, and resources. The institution demonstrates that the plans are implemented and are evident in the relevant activities of its programs and services, the adequacy of its resource allocation, and the effective application of institutional capacity. In addition, the institution demonstrates that its planning and implementation processes are sufficiently flexible so that the institution is able to address unexpected circumstances that have the potential to impact the institution's ability to accomplish its core theme objectives and to fulfill its mission.

In the past, the budget process has been largely incremental<sup>1</sup> with some limited funding tied to special initiatives and enrollment. While this approach may have served the university well in times of increasing funding, it does not allow for sufficient flexibility in times of stable or declining enrollments and funding.

For the foreseeable future, Western will be facing increased competition for enrollment in the coming years and our recent enrollment patterns show declining enrollment. This trend, coupled with a performance-based budget process from HECC, places additional fiscal pressure on the university. In such an environment, the campus must develop a resource allocation process that enables it to support

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<sup>1</sup> Incremental budgeting takes existing base budget and makes minor adjustments to the budget from the previous year and does not examine the extent to which the budget is linked to the goals and/or strategic directions of the university.

its ongoing functions and activities **and** to reallocate resources to support expanded activities and new initiatives.

### **Budget Process**

In order to achieve greater budget and planning alignment, Western will adopt a budgeting process that will expect each budget unit<sup>2</sup> to review its existing budget for continuation and support of its ongoing activities and responsibilities, and to develop new initiatives that must be aligned with the *Strategic Plan*.

Additionally, each budget unit will also consider any needed internal reallocation that improves outcomes and/or performance. Depending on state-wide economic conditions and likely levels of state funding, each budget unit will be expected to develop scenarios based on increased funding or decreased funding. In years where the allocation from the state and/or enrollment/tuition forecasts are clear, only one scenario may be needed.

The principal advantages of this approach are:

- it allows for reallocation of funding and personnel to support key initiatives, both new and continuing,
- it curbs “mission creep” by re-evaluating past budgeting commitments and requires justification of spending in accord with the University *Strategic Plan*,
- it responds to changing circumstances, and
- it allows for a direct link between budgeting and the *Strategic Plan*.

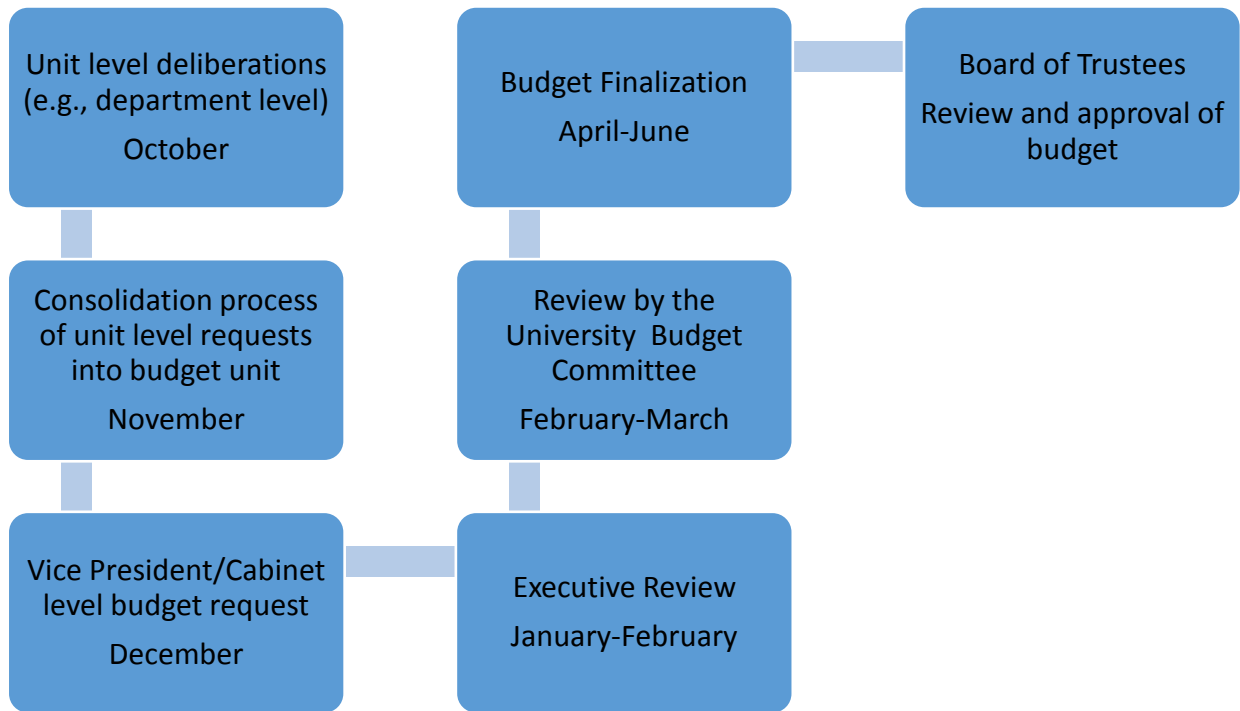
Further, this approach provides for campus and community input by:

- reviewing university *Strategic Plan* and key initiatives with campus community
- identifying funding priorities for policy based funding
- establishing and communicating timelines for budget process
- providing a consistent approach to making budget decisions
- establishing budget priorities that can be vetted by the campus prior to submission of budgets to the Board of Trustees for final review

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<sup>2</sup> Budget units include: Academic Affairs, Advancement/Foundation, Athletics, Business and Finance, General Counsel/BOT, and Student Affairs. The budget process in academic affairs will be developed to ensure that academic divisions play an active role in developing the budgets for each college.

## Overview and Expected timeline for the Budget Process



### University Budget Committee

The University Budget Committee (UBC) will be an advisory group consisting of representation from faculty, classified staff, unclassified exempt staff, students and administrators. This body is advisory to the President and all members shall be appointed by the President based on recommendations from appropriate constituencies. The UBC will make recommendations to the President prior to finalizing budget recommendations from the President to the Board of Trustees. Final funding recommendations are expected to have clear linkages to the University's *Strategic Plan*.

Following executive review, the University Budget Committee will review budget proposals and make recommendation to the President. The UBC will consider the university's proposal in relation to the university's overall financial condition. Factors such as enrollment, tuition, financial aid, changes in state and federal legislation and policy will be important matters affecting final deliberations of the UBC.

While committee members are drawn from various constituencies, they are expected to apply a university-wide perspective to the budget deliberations and recommendations. The committee will be chaired by the Vice President for Finance and Administration who will have no voting rights. The UBC

will have support from staff within Finance and Administration to complete its work. For example, Finance and Administration will maintain minutes and official records of final recommendations.

Voting members of the UBC will serve two year terms. Initial appointments will be made to either one-year or two-year positions to allow for experience and continuity.

- Four faculty members recommended by the Faculty Senate Executive Committee
- Three classified staff members recommended by the Staff Senate Executive Committee
- Two students recommended by ASWOU's Executive Committee
- Two unclassified exempt staff members recommended by the Administrative Services Council
- One representative from each of the Vice Presidential divisions recommended by the respective Vice President: Academic Affairs, Finance and Administration, General Counsel and Administration, and Student Affairs
- One representative from Intercollegiate Athletics
- One additional member appointed by the President

### **Summary**

This approach to budgeting is designed to enable the University to align its financial resources with its mission, vision and values. In doing so, budgets will be better able to meet changing institutional needs and be responsive to our historical mission as well as new opportunities. The success of the model will depend, to a great extent, on the degree to which the budgeting process allows for campus-wide dialog and participation and the degree to which decisions related to new resources and reallocation of existing resources are linked to the agreed upon strategic directions of the university.