Budget Planning for FY16

(email to University community from the Office of the President, December 5, 2014)

As you are aware, less than projected revenues the last three years have required that the university rework and reduce its operating budget for each of those years after the start of the fiscal year. Because of the timing, our responses to those challenges left little opportunity for us to be strategic in making necessary budget cuts. In preparing for the FY16 budget, we want to take a tactical approach, preparing for a number of possible scenarios and ensuring that focus remains on the institution’s top priorities.

Preliminary projections for the coming year (FY16) reveal a broad range of potential scenarios for continued reduction in revenues which will be impacted by factors such as actual spending during the current fiscal year (FY15), final distribution of funding (SSI) by the State, a planned reduction of utilization of university reserves for general operations, the size of the incoming class, the retention rate of current students, potential changes in the SSI, a planned reduction in state Access Challenge Funds, and a broad range of potential legislative actions. As we prepare to respond to these circumstances we also need to identify and implement immediate opportunities, including new academic programming, to enhance revenues so as to minimize the impact of lost revenues.

Given these circumstances, we will begin to plan for a variety of scenarios—a 10% reduction in revenue; a 5% reduction in revenue; and a 2% reduction in revenue—within all units of the university this month so that we can finalize a budget as these projections become more clear. Additionally we will identify potential enhancements that will bring new revenues to the University. These initial planning efforts will be guided by the following principles:

• Protect our core mission and its quality
• Minimize time to graduation for students
• Maximize student success
• Invest in student recruitment and retention
• Build instructional capacity
• Minimize impact upon current employees
• Ensure the financial viability of the institution
• Budget strategically; minimize across-the-board reductions
• Identify potential reductions in functions and not individuals

The recommendations developed through this process will serve as the foundation for development of the FY16 budget. This process will be challenging but it will force all of us
to rethink “how we do things” and the value of our efforts to serving the university’s mission and preserving the institution’s viability.

Beginning this week, all budget managers will be asked to work with their units to develop recommendations for potential budget reductions for each of the three scenarios for FY16 by the end of January. These recommendations will be reviewed by the Resources Committee which will recommend to the Vice Presidents and me how the units’ recommendation should be addressed in the FY16 budget.

If you would like to learn more about the rationale for the scenarios, I urge you to go to http://www.shawnee.edu/offices/president/budget-watch.aspx for the presentation I made to the Finance and Administration Committee of the Board of Trustees about the "knowns" and "unknowns" impacting planning for FY16 and our plans for developing the preliminary budget. As we have in the past, I invite you to submit questions to budgetwatch@shawnee.edu that we will answer on the Budget Watch page to help keep university community members informed about the process.

Thank you in advance for the thoughtful efforts you will make to develop recommended budget reductions. Please submit your questions to budgetwatch@shawnee.edu and monitor the Budget Watch site for answers and updates.