Strategy & Budget
Campus Conversation

September 20, 2016
VISION FOR WEST VIRGINIA UNIVERSITY
STRATEGIC PILLARS

1. EDUCATION
2. HEALTHCARE
3. PROSPERITY
1. INCREASE ENROLLMENT
   / Online Programming
   / Instate/PROMISE Scholars Recruitment
   / Regional Recruitment (Big 12 footprint)
   / International Recruitment
   / Transfers
   / Summer Camps
Priorities within EDUCATION

2. INCREASE RETENTION
   - Project 168
   - Student Success Collaborative
   - Advising
   - Student Services
   - Integrated College-based Recruitment/Retention Programs
   - Advanced Teaching Support (Teaching Learning Commons)

3. IMPROVE K-12 EDUCATION
   - Center for STEM Education (UTeach)
   - WV Public Education Collaborative
   - ACCESS
   - Extension (4-H camps, Energy Express, etc.)
   - College Camps
1. TRANSLATIONAL & CLINICAL CARE
   / WVU Medicine
   / Cardiac Care
   / Cancer Care
   / Critical Care
   / Neurosciences
   / Children’s & Women’s

2. ADDRESS STATE’S HEALTH NEEDS
   / Treatment for Addiction / Mental Health
   / Elder Health Care
   / Obesity

3. HEALTH AND WELLNESS
1. CREATE ONE WVU
   / Culture of Prosperity
   / Align Partnerships
   / Transformation Teams

2. R1 STATUS
   / Research Priorities
   / Faculty Research Productivity
   / Research Support
   / Institutes & Centers
   / Doctoral Productivity
3. TRANSFORM WEST VIRGINIA ECONOMY

- Leverage Internal Expertise with External Resources
- Partnerships with Federal Government Agencies, NGOs and Businesses
- Leverage Entrepreneurial Activities
- State and Community Partnerships
- Business Engagement
- Research-Based Solutions for State Challenges
Snapshot:
STRATEGIC PRIORITIES

EDUCATION / Recruitment / Retention / K-12 Education

HEALTHCARE / Translational & Clinical Care / Address State’s Health Needs / Health & Wellness

PROSPERITY / Create One WVU / R1 Status / Transform WV Economy
BUDGET OVERVIEW
Sources & Ownership of FY16

Sources of Funding

- Other Revenues: $954 m (6%)
- Auxiliaries: $152 m (13%)
- Grants/Contracts: $327 m (29%)
- State Appropriations: $188 m (16%)
- Tuition and Fees: $396 m (35%)
- Other Appropriations: $9.5 m (1%)

Ownership of Funding

- Grants/Contracts: $327.31 m (29%)
- Centrally Allocated Funds: $493 m (43%)
- Non-Centrally Allocated Funds: $318 m (28%)

Total Budget = $1 billion
BUDGET OVERVIEW

2016 Budgeted Use of Funds

- Salaries and Wages: $478 m (46%)
- Benefits: $149 m (14%)
- Supplies, Services and Other Expenses: $224 m (21%)
- Depreciation and Amortization: $92 m (8%)
- Utilities: $31.7 m (3%)
- Scholarships and Fellowships: $37.7 m (5%)
- Debt Service: $34 m (3%)
THE SITUATION

By the end of Fiscal Year 2017, we have to reduce our spending by $27 million. At the end of Fiscal Year 2020, we have to reduce our spending by an additional $18 million, for a total reduction of spending of $45 million, annually.
HOW DID WE GET HERE?

1. DECLINING STATE SUPPORT
   / Lost $30 million in base funding from the state

2. ENROLLMENT & PRICING PRESSURES
   / Competition, Pricing & Enrollment Challenges
   / Tuition Affordability
   / Increased Tuition Discounting/Scholarship

3. INCREASING OPERATING COSTS
   / State Obligations (i.e., PEIA, wvOASIS system)
   / Talent, Fringes, Supplies & Infrastructure
1. INVESTING IN PRIORITIES
   - Research
   - Programs
   - Talent
   - Enrollment
   - Infrastructure

2. MAINTAIN STRATEGIC FINANCIAL GOALS
   - Positive Adjusted Operating Margin & Preserve Cash Position
   - Maintain Bond Rating
   - Continue Strategic Investments for Future Growth

3. TRANSFORMATION TEAMS
   - 12 teams looking at how the University can reduce expenses and generate revenue
Impact of FY 2016 Budget Activities on Future Years
(as of June 30, 2016) Dollars in millions

Forward looking budget deficits

Original Plan
Estimated
HOW WE FIX THIS (THE 5-YEAR PLAN)
(as of July 1, 2017)

1. TUITION INCREASES
   / 5% for Resident & NonResident through FY21

2. STATE APPROPRIATIONS
   / 2% Reduction in FY18 - flat thereafter

3. SALARY INCREASE PROGRAM
   / $1.5 million retention pools in FYs 17, 19 and 21
   / 3% Raise Pools in FYs 18 and 20
HOW WE FIX THIS (THE 5-YEAR PLAN)
(as of July 1, 2017)

4. STUDENT AID
   / $7 million in FY17 and $5 million annual increase thereafter

5. STUDENT RETENTION
   / 1% improvement in FY17 with an additional 1% improvement in FY18

6. BUDGET TRANSFORMATION PROGRAM
   / Reduce spending at the end of 4 years
   / Budget Reductions + Expense Limits + Revenue Targets
   / FY17 is a planning year to reduce spending while making permanent reductions in FY18
BUDGET TRANSFORMATION PROGRAM: FY17

Reduction of Centrally Allocated Budgets

- Other Units: $8.5 m
- Colleges: $10 m

Curtail spending and return savings to meet target reduction.

Limits on Non-centrally Allocated Expense Budgets

- Colleges: $3.6 m
- Other Units: $7.5 m

Curtail spending and retain savings.

Revenue Targets for Non-Centrally Allocated Budgets

- Colleges: $85.8 m
- Other Units: $188.7 m

Collect revenues equal to budget.

Equals $29.6 million
Continued Reduction of Budgets

- Other Units: $8.5 m
- Colleges: $10 m

Limits on Non-centrally Allocated Expense Budgets

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Revenue Targets for Non-Centrally Allocated Budgets

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- Other Units: $188.7 m

Base budget reduction.

Expense budget limits and revenue targets reset annually based on activity revenues and cash continues to flow to fund owners.
Impact of Revised 5-year Planning Assumptions (as of July 1, 2016) Dollars in millions

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<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
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<td>Savings:</td>
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<td>Realized savings</td>
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If we can correct FY17, the University will be better positioned to move forward and make investments in priorities and prepare for growth.

And as state appropriations and enrollment turns around, we will be better positioned to prepare for future opportunities, while removing costs that do not directly contribute to our land-grant mission.
NEXT STEPS

1. STRATEGIES AND IMPLEMENTATION
POSSIBLE STRATEGIES

1. USING FOUNDATION DOLLARS
2. BUDGET REDUCTIONS
3. MANAGEMENT ORGANIZATION
4. ACADEMIC RESTRUCTURING
5. RECRUITMENT & RETENTION
6. REVENUE GENERATION
FINAL THOUGHTS.

Thanks for your participation.