

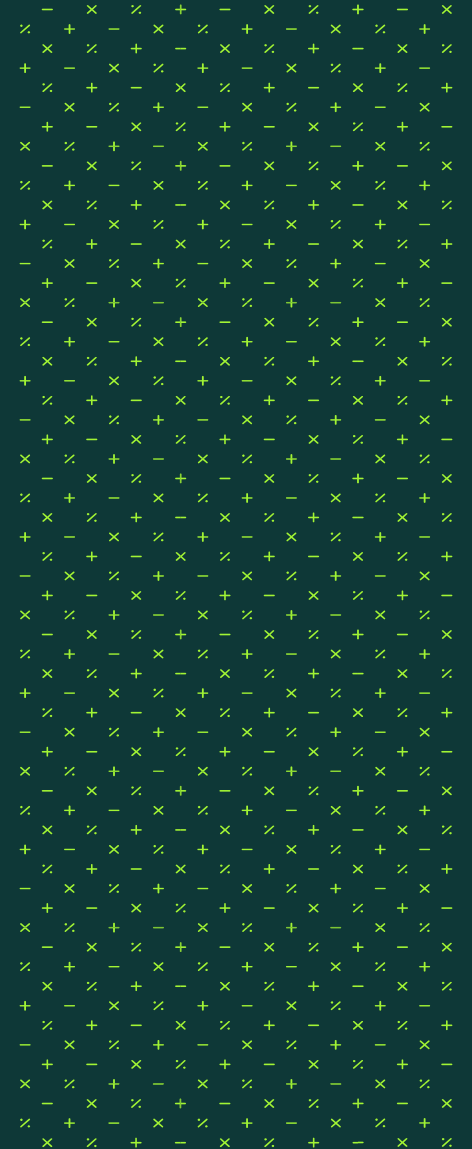


MOSSADAMS

# Eastern Washington University Steering Committee Meeting

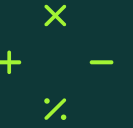
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**JUNE 7, 2024**





# Agenda



**01 COMMUNICATIONS UPDATE**

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**02 GUIDING PRINCIPLES REVIEW**

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**03 BUDGET MODEL DISCUSSION**

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# Communications Update

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# Guiding Principles Review

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# Steering Committee Guiding Principles

Guiding principles elements discussed:

- Concept of stewardship: individual responsibility to support the institution as a whole
- Responsiveness to expand and contract resources as needed
- Student-centered
- Connect to mission and strategic goals, including articulating tradeoffs
- Performance and metrics-focused
- Transparency and trust
- Long-term planning to serve generations to come



# Draft Guiding Principles

A new budget model should:

1. Ensure the institution will be able to **serve generations of students** to come by aligning financial decisions with **long-term planning**.
2. Allow the institution to be **responsive** to external factors and to expand and contract as necessary.
3. Promote good **stewardship** of institutional resources by maintaining focus on strategic goals and objectives. Stewardship is the responsibility for managing institutional resources wisely and ensuring the contributions of each part are recognized while prioritizing the well-being of the institution as a whole.
4. Articulate the institutional **trade-offs** of resource allocation decisions.
5. Prioritize **accountability** by centering **data-informed** decisions and **performance measurement** as key drivers of resource management.
6. Foster **trust** by distributing resources in a **predictable, consistent, and transparent** manner.



# Budget Model Options

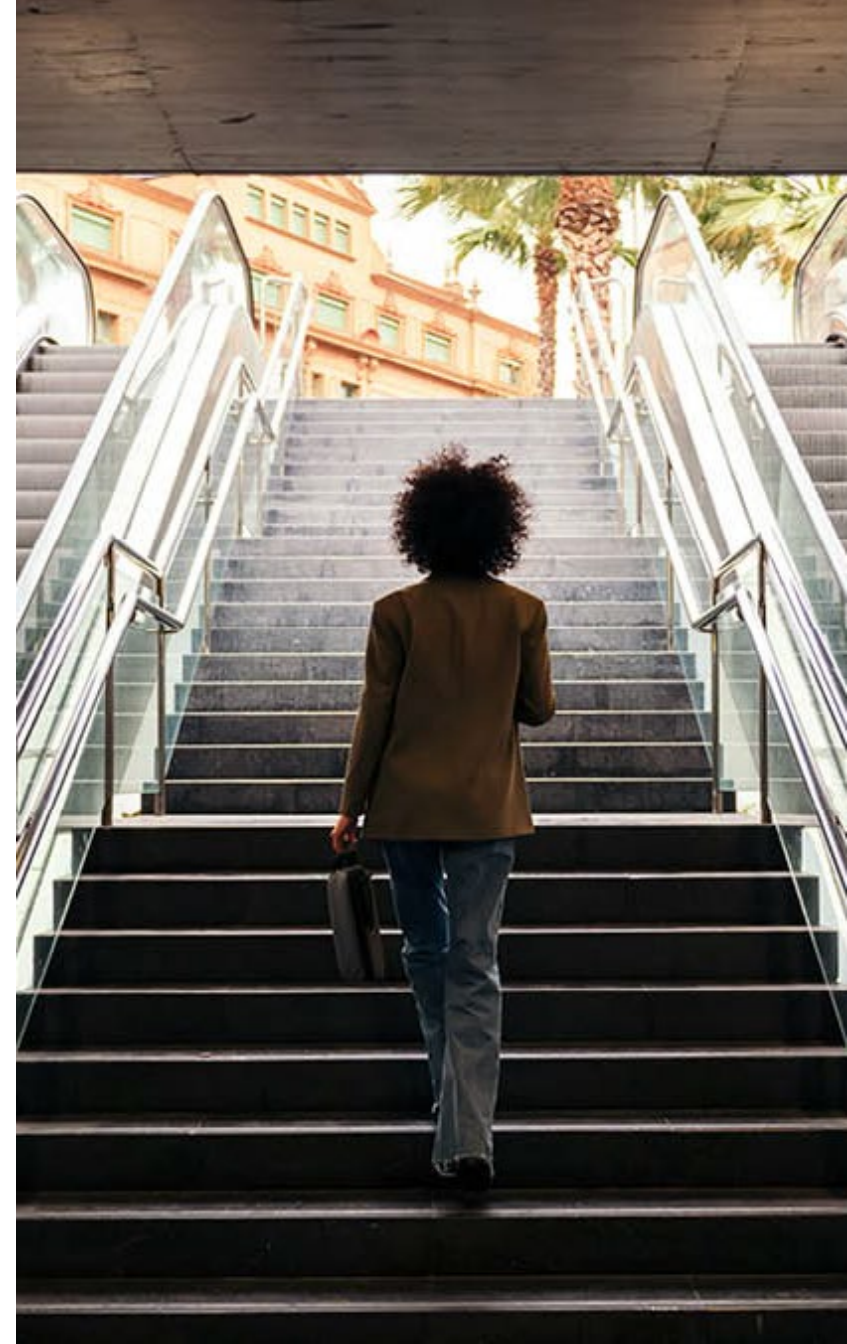
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# We Heard EWU Say...

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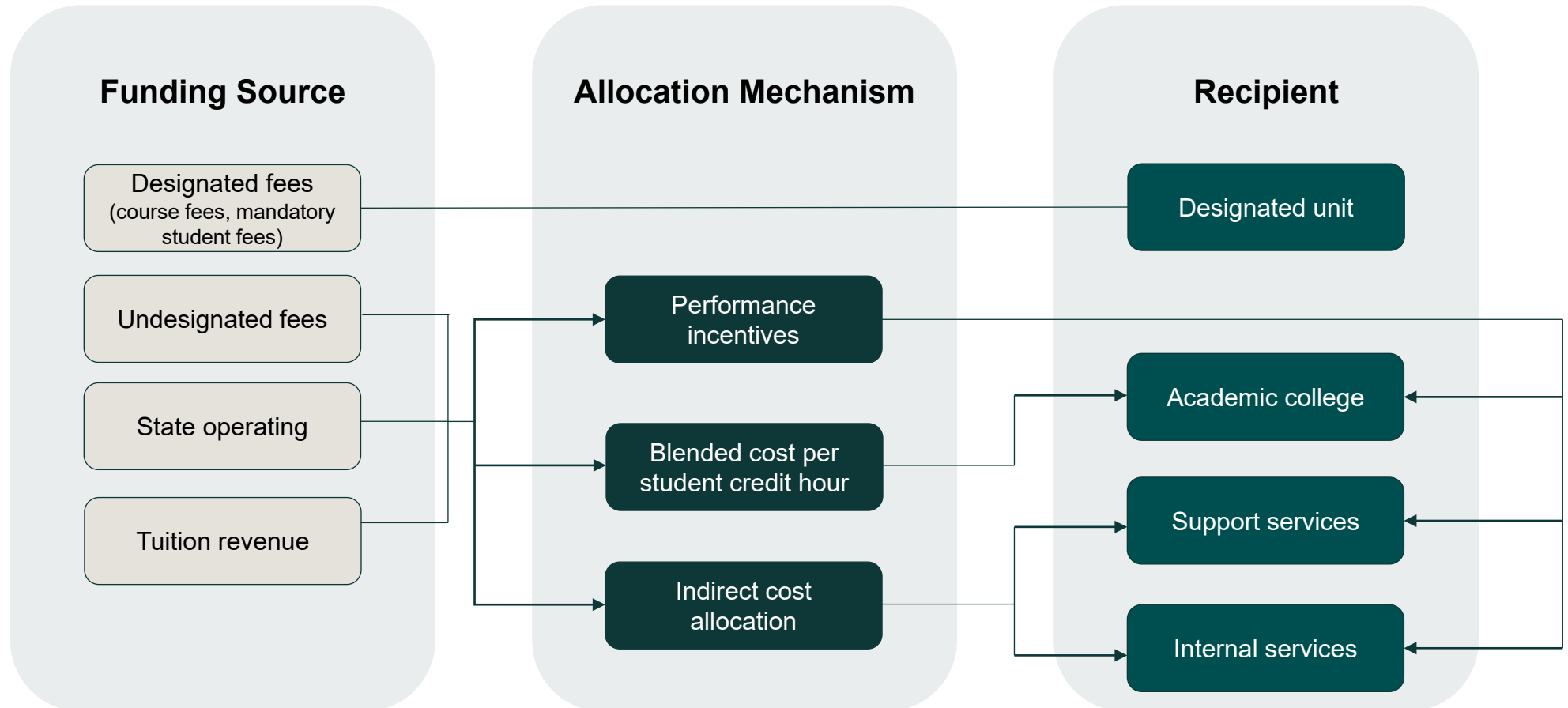
- Transparency is a must-have in a revised budget model
- Intentional and clear connection between strategic plan, goals, and budget allocations is important
- Clear and consistent budgeting processes across divisions and departments are crucial
- Innovation and efficiency should be incentivized





# Option 1

## Performance-Based/Activity-Based Hybrid



# Option 1

## Performance-Based/Activity-Based Hybrid

What it would look like:

- All Index 1 and Index 2 funds are combined
- Designated fees go directly to designated units
- Costs on a per-student credit hour or per-FTES basis for academic and support units are calculated (activity-based)
- Revenues are allocated based on calculated costs to right-size budgets alongside growth or decline (activity-based)

Options for consideration:

- Provide funding off the top for strategic initiatives that would be allocated by the president and cabinet (incentive-based)
- Provide bonuses/incentives based on unit performance in prior year (performance-based/incentive-based)
- Combine all indices and earmark dedicated dollars to produce a larger revenue pool



# Option 1

## Performance-Based/Activity-Based Hybrid

### BENEFITS

- Transparency in budgeting processes
- Contributes to a sense of ownership at unit level
- Ties budget resources to activities and performance
- Pools resources to fund institution activities

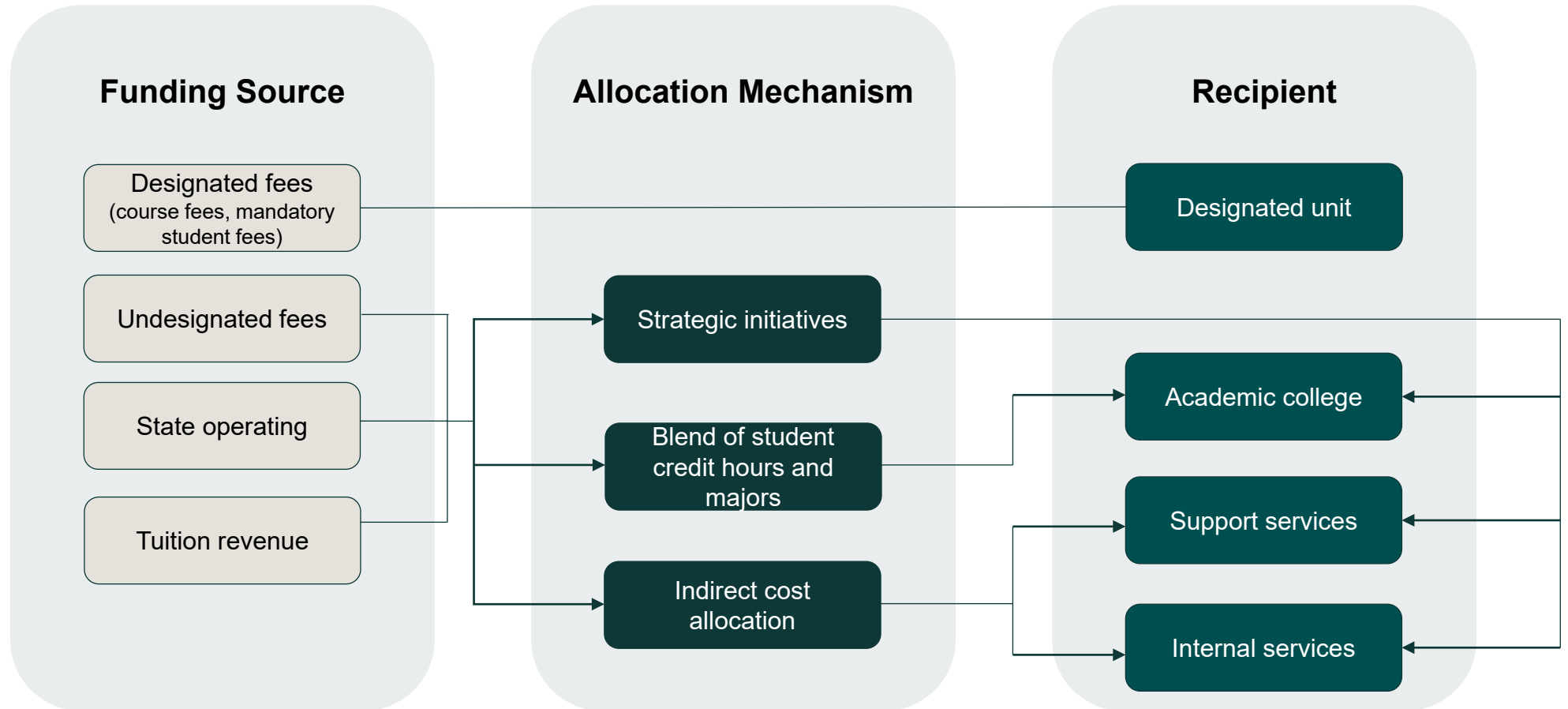
### RISKS

- Units with greater fixed costs may have budgets fall behind and require subsidies
- Relies on institutional data to be complete and accurate
- Requires development of performance measures for each unit in alignment with revised strategic plan
- Does not incentivize revenue production



# Option 2

## Incentive-Based



# Option 2

## Incentive-Based

### What it would look like:

- All Index 1 and Index 2 funds are combined
- Designated fees go directly to designated units
- Portion of revenues are taken off the top for strategic initiatives
- Portion of revenues are taken off the top to fund administration
- Colleges are funded based on a mix of student credit hours and declared majors

### Options for consideration:

- Combine all indices and earmark dedicated dollars
- Create incentives for enhanced performance (e.g., student retention, graduation, on-time graduation, etc.) (performance-based)



# Option 2

## Incentive-Based

### BENEFITS

- Transparency in budgeting processes
- Contributes to a sense of ownership at unit level
- Incentivizes revenue production
- Enables use of dollars to pursue strategic goals

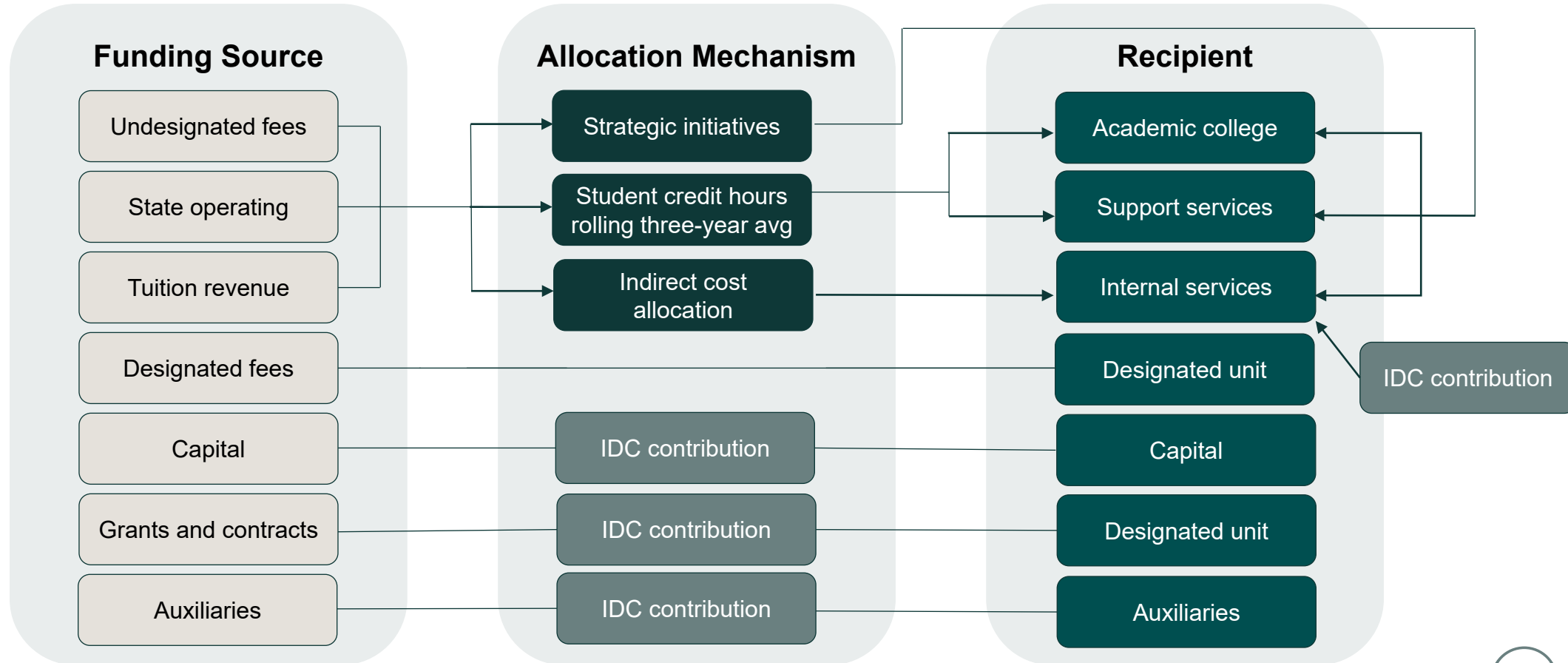
### RISKS

- Allocation to administration can be a point of contention
- Administration lacks incentives or performance measures to guide resourcing decisions
- Lack of focus on performance by academic units



# Option 3

## Performance-Based/Activity-Based/Incentive-Based Hybrid



# Option 3

## Performance-Based/Activity-Based/Incentive-Based Hybrid

What it would look like:

- All index funds are combined and earmarked funds are set aside
- Funding off the top for strategic initiatives would be allocated by the president and cabinet (incentive-based)
- Costs on a per-student or per-FTE basis for academic and support units using a three-year rolling average are calculated and revenues are allocated accordingly (activity-based)

Options for consideration:

- Provide bonuses/incentives based on unit performance in prior year (performance-based/incentive-based)





# Option 3

## Performance-Based/Activity-Based/Incentive-Based Hybrid

### BENEFITS

- Transparency in budgeting processes
- Contributes to a sense of ownership at unit level
- Incentivizes revenue production
- Enables use of dollars to pursue strategic goals

### RISKS

- Allocation to administration can be a point of contention
- Administration lacks incentives or performance measures to guide resourcing decisions
- Lack of focus on performance by academic units





# Discussion

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# Next Steps

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- Moss Adams to begin workshopping budget model using EWU data
- Collaboratively continue to iterate upon the budget model



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