

To: Executive Leadership Team, Deans and Budget Officers
From: Paula Congelio, Vice President and Chief Financial Officer
Date: January 23, 2023
Re: FY23 and FY 24 Budget Update and Spend Modifications Needed

As we begin a new year, West Virginia University has a wealth of opportunities to excel in academics, research, healthcare and economic development for the state. But there are also challenges that we face. Many other universities, as well as those in the private sector, are experiencing financial strains due to a variety of factors. To be successful in a challenging financial period, prioritization of our goals will be critical, as well as being mindful where we choose to spend. In this memo, I will highlight the financial challenge we are facing and ways we will work together so we can move forward to achieve the goals that are important to the University.

The Challenge

We have been discussing for several years a decline in the number of college-going students. We had a particularly challenging year in 2021 due to the pandemic. While our first-time freshman numbers have rebounded, our total enrollment is down. Part of that decline is due to greater success in graduating more students earlier than anticipated – which is an achievement to celebrate. But those graduating students means a lower total enrollment number and that equates to fewer resources for the University.

Our cost of business has increased significantly due to the increase in inflation and interest rates. Higher wages and the increased cost of goods and services have also led to budgetary pressures. Additionally, during COVID-19, we delayed the implementation of commitments of some investments that we promised. While we are working to meet that demand, it has increased budgetary pressures.

And last, the federal government and the State of West Virginia provided significant resources to the University during COVID-19. Fiscal Year 2023 is the first year the institution has not seen significant governmental subsidies. This leaves little margin for additional budget pressures.

Following the first six months of this fiscal year, we have reviewed our projections of revenues and expenses for Fiscal Year 2023. The factors outlined above have led to a revised projection that indicates we are facing a several-million-dollar deficit that we will need to address in FY 2023 and FY 2024. We are waiting for information from a few key areas that may relieve some of the pressures, but it will not address the total deficit. Once we have finalized those numbers, we will share them with you.

The Path Forward

Over the course of the next several months, we will need to prioritize the work most critical to the University's mission. Though no one wants to manage a deficit, it is manageable if we make some short-term adjustments as a University. Although our situation is serious and we need to reduce our expenditures for FY 2023 and FY 2024, we are well positioned to get through these challenges if we work together.

When considering an expense, prioritize spending on those items and programs that will most help us achieve our critical goals as a University and lead to a return on investment. For example, those items or programs that contribute to the recruitment and retention of students, as well as the quality of the student experience, would be considered a high priority. To focus our resources on those areas, other areas of spending will be reduced Systemwide effective immediately. Those areas are outlined below.

Personnel

- A hiring freeze for all positions, except in the most critical of circumstances, is effective immediately Systemwide. All necessary hiring requests will be reviewed and approved by vice presidents and/or deans.
- A hiring freeze for temporary employees, except in the most critical of circumstances, is effective immediately Systemwide. All necessary hiring requests will be reviewed and approved by vice presidents and/or deans.
- Positions that will be considered as critical hires include those that will contribute to enrollment growth, student retention and success, research grant productivity and campus safety.
- Overtime pay will be allowed in limited circumstances.
- If an offer has already been made and the candidate has accepted, the offer should not be retracted. If the interview process is already in motion, such as candidates have been interviewed or the candidates' visit to campus has already been arranged and paid for, the hiring process should continue. However, the decision to ultimately hire the candidate should be carefully scrutinized to determine whether the position is mission critical. If a position has been posted but interviews have not begun, it is requested that the position be held unless it is a critical hire. In either of these scenarios, approval to continue the hiring process must be made by the vice president and/or dean.
- Positions that are grant-funded or renewal of a grant-funded position are exempt.
- We will continually evaluate and share an update in late April regarding the continuation of the hiring freeze.

Purchases

- Effective immediately, spending for supplies, contracts and other items should be suspended unless there is a critical need.
- All purchases (except travel and hospitality) greater than \$5,000 must be approved by the vice presidents and/or deans of the colleges/schools. The vice president or dean may elect to delegate the approval authority to their respective business officer or strategic business advisor. As part of the decision to delegate, the college dean, unit vice

president or business officer should reach out to Mark Gavin (in the case of academic units) and Paula Congelio (in the case of non-academic units) for a discussion.

- If a purchase is approved, please follow these guidelines:
 - Mountaineer Marketplace catalogs should be used whenever possible to order goods. If items aren't available in a catalog, submit a non-catalog order form before the goods and services are provided.
 - The PCard should be used for specific types of small dollar orders of goods per the [Purchasing and Payment Guidelines](#).
 - Office supplies, furniture and computer supplies should be delayed. If they must be purchased, they should be purchased through Mountaineer Marketplace and not on the PCard. Small dollar supplies needed in case of emergency (example – laptop charger) are permitted on the PCard.
 - Confirming orders should not be happening unless in an emergency. A confirming order occurs when goods or services are delivered and invoiced without a purchase order having been issued and cannot be paid for with a PCard or submitted on the *Utilities, Leases, or Direct Pay forms in Mountaineer Marketplace*. Inappropriate use of confirming orders not only negates the effect of budgetary approval, but also removes the ability to properly track budget encumbrances and hinders the ability to forecast cash flow.
 - Confirming orders should be reserved for emergencies only or certain specific contract invoices. Confirming orders for goods and services that were not emergencies or on contract should not be paid with University funds, and the employee may be held responsible for the payment.

- We will continually evaluate and share an update in late April regarding the continuation of these purchasing measures.

Hospitality

- Employee-only hospitality events should cease immediately. An example would be an early morning meeting where breakfast and coffee are provided.
- Student-focused hospitality events are exempt.
- Hospitality events with outside parties should be limited and follow the approval process outlined below.
- All hospitality expenses, regardless of the dollar amount, must be approved by the vice president and/or dean of a college prior to the event unless funded by a WVU Foundation account. The vice president or dean may elect to delegate the approval authority to their respective business officer or strategic business advisor.
- All expenses must comply with the [University's Hospitality Policy](#). This policy prohibits using State funds for refreshments at meetings with no external visitors.
- We will continually evaluate and share an update in late April regarding the continuation of the hospitality measures.

Travel

- Non-grant funded travel should be limited to mission-critical travel only. Mission critical is defined as activities that cannot be delayed or eliminated without an adverse effect on WVU's land-grant mission and commitments in the areas of education, healthcare, research and economic development.
- For faculty, mission critical could include attending conferences where they have had academic papers accepted. This would be of particular importance to faculty who need to present their work for tenure and promotion purposes. There should be limits on the amount of travel allowed at the college and department levels.
- Before any travel, determine whether a virtual attendance option is available and if so, whether it will be more effective and efficient compared to in-person attendance.
- If non-grant travel has been determined mission critical, please provide an explanation as part of the MyExpenses approval process (virtual option unavailable, presenting at the conference, required for tenure/promotion etc.).
- If an employee is presenting at a conference, the travel would be allowed following vice president or dean approval. However, there should be limits on the amount of travel allowed at the college and department levels.
- If an employee has already paid for and arranged to attend an upcoming conference, the travel would be permitted if it is too late to receive a refund.
- Travel must be approved by the unit vice president or dean of the college/school prior to expending funds for it. The emailed approval and justification must be attached to the expense report in MyExpenses for the PCard and/or reimbursement expenses related to the trip.
- The unit vice president or dean of the college/school can delegate approval authorization to others in the college. As part of the decision to delegate, the college dean, unit vice president or business officer should reach out to Mark Gavin (in the case of academic units) and Paula Congelio (in the case of non-academic units) for a discussion.
- Travel on externally funded grants, sponsored projects and Foundation back-bill accounts should follow existing approval processes as detailed in the University's Travel Manual. Any travel expenses charged to sponsored awards should comply with the award terms and conditions and be allocable to the sponsored award.
- MyTravel is required for all air and rental car reservations, regardless of the funding source, unless the travel falls under the exceptions listed in the [University's Travel Manual](#).
- All travel expenses, including allowable mileage reimbursements and other travel costs for remote/hybrid employees, must comply with the [University's Travel Manual](#).
- We will continually evaluate and share an update in late April regarding the continuation of the traveling measures.

Other Spend

- Printing and binding: minimize printing on paper. Digital publications are strongly encouraged over mailing printed publications.
- Association dues and professional memberships: please review your association dues and professional memberships to ensure that they are truly needed. Cancel longstanding membership dues that are no longer used.
- Computer software: please review your software acquisition spend to ensure that it is truly needed. Cancel longstanding software expenditures that are no longer used and delay these expenditures, if possible.
- Employee training and development: critically assess the training needs of your employees and encourage virtual training over in-person that requires overnight travel.

As a reminder, all WVU-related purchases made, whether on PCard, Mountaineer Marketplace or otherwise and whether for the state, foundation or research corporation: (1) must be for a legitimate and justifiable business purpose, (2) must be in accordance with WVU's purchasing, PCard, hospitality and travel and expense guidelines and (3) are subject to audit.

Exceptions to the above must be approved in writing by WVU's vice president of finance and/or WVU's chief procurement officer, and where appropriate the WVU Office of the Provost. If you have any questions, please email them to budgetsupport@mail.wvu.edu.

Next Steps

We will be contacting the budget officers to assist with a projection of actual spend in the next six months. We will be sending a recap of expenditures July 1 through December 31 and asking the teams to forecast what actual spend will be for the remainder of FY 2023.

Again, we are asking to reduce hiring, travel, hospitality and purchases to those most critical to the University's mission. We will reevaluate in April and determine if the measures need to continue or if we have made significant progress.

While we know this is a challenge, I do want to stress that it is manageable if we work together to make these adjustments. If you have any questions, please feel free to contact me or send an email to budgetsupport@mail.wvu.edu. We will be monitoring this email and will reply as soon as possible. Thank you for your continued support.