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Understanding the WSU Budget

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Congressional & Legislative Staff Tour
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Your Questions are welcome …..

- ❑Current Fiscal Year 2027 Budget
- ❑State Appropriations
- ❑Enrollment & Tuition
- ❑Research
- ❑WSU Consolidated Endowment

FY27 Financial Outlook - Budget Development Challenges and Strategic Opportunities

- **Cost > Resources**
  - Cost and scope of activities and functions exceed the revenue they generate
- **Fiscal Pressures**
  - State appropriations reductions
  - State underfunding of core costs
  - Evolving federal funding landscape
  - Declining interest earnings
  - Inflationary operational costs
  - WSU Athletics budget

- **Create a strategic advantage** by effectively addressing fiscal pressures
  - Embrace change to stay ahead of the shifting higher education landscape
  - Prioritize activities, costs, and revenue generation to WSU's strategic pillars
  - Allocate resources in alignment with prioritization
  - Continue sound financial management processes adopted for FY26

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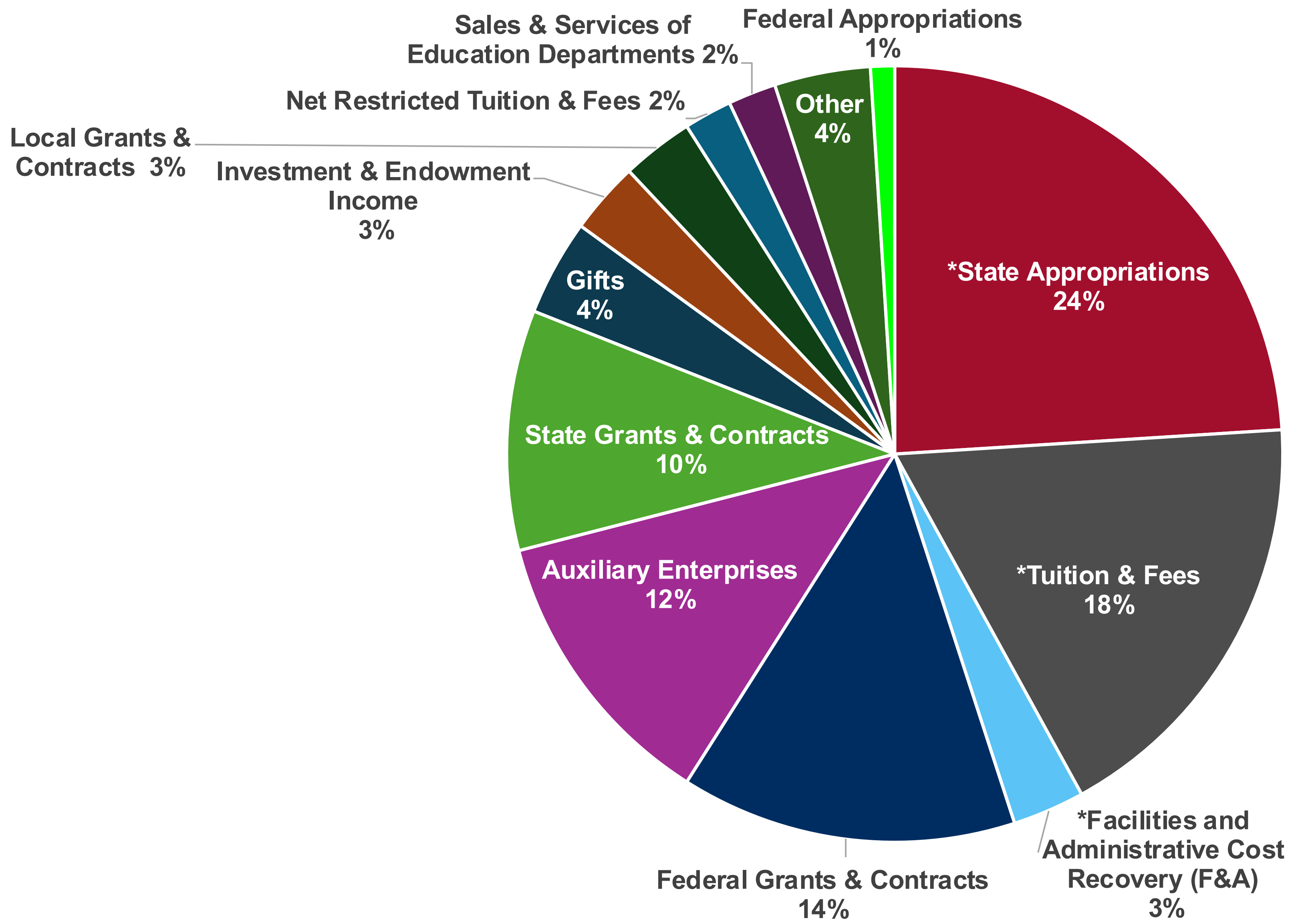
FY27 WSU Estimated All Funds Budget

$1.36 Billion



*Available for allocation in the Core Funds budget

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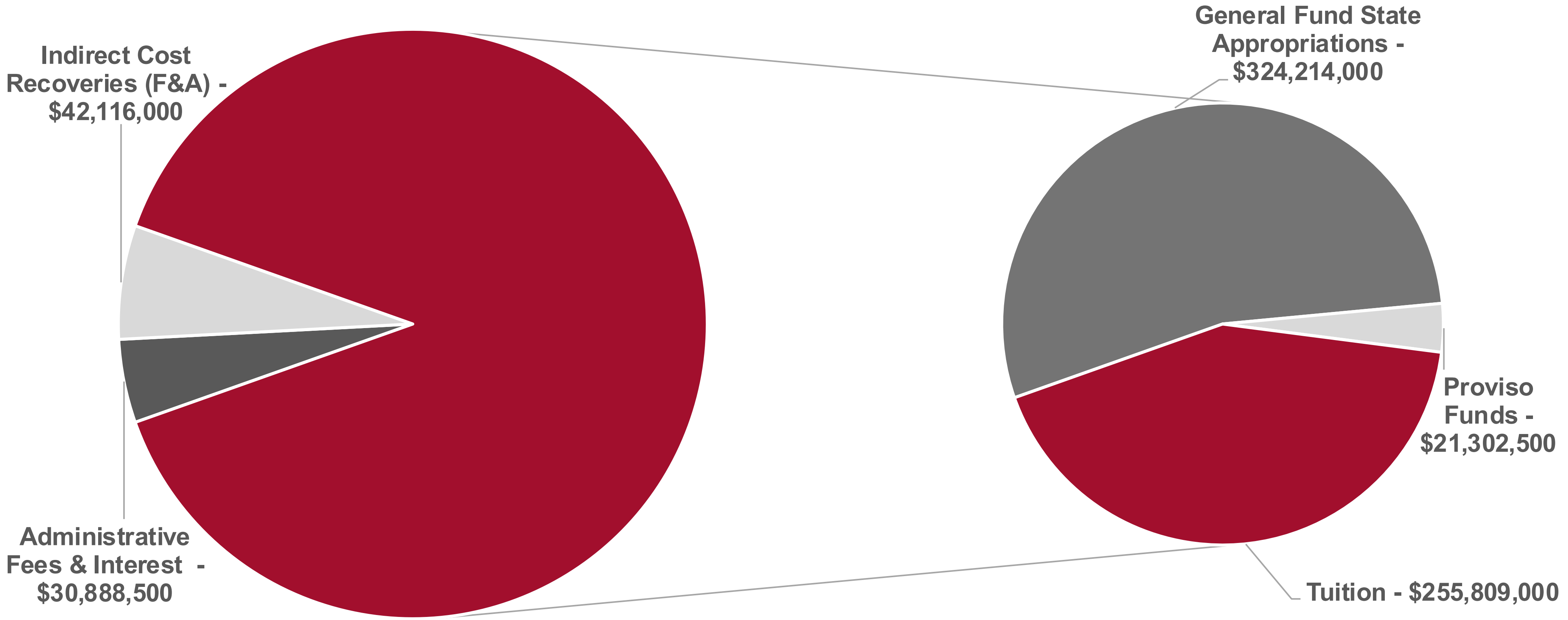
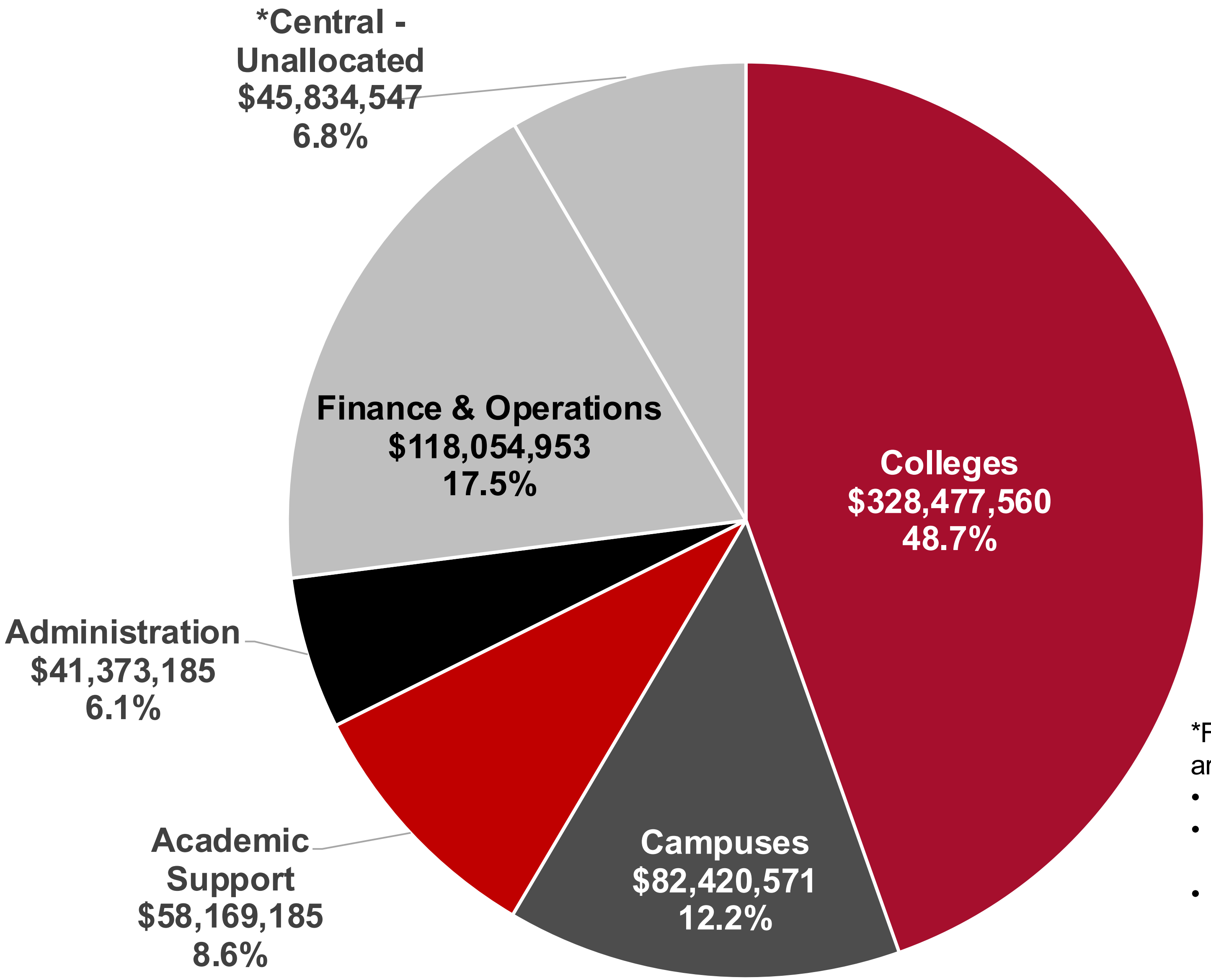
Core Funds Budget - $674,330,000



Core Funds Budget $674,330,000



*Finance & Operations budget includes funds that are held for future allocation to units, including:

- Funding for state-funded compensation changes
- F&A funds allocated per Executive Policy 2 – only 50% are allocated in the initial budget
- Annual true up funding for net tuition and enrollment models

Core Funds Reductions: Cumulative Impact

	FY23 (2.5%)	FY24 (6%)	FY25 (variable)	FY26 (variable)	FY27 (variable)*
Total Permanent Budget Reductions	(9,036,000)	(20,145,000)	(5,510,694)	(17,132,682)	(11,675,697)

Cumulative permanent core fund budget reductions – ($63,500,073)

State Appropriations

- **Pre-2015**
  - State covered all maintenance level cost increases with new appropriations at the maintenance level.
  - Fully funded compensation increases.
  - Revenue from tuition increases were fully retained by the university to offset inflationary costs and support strategic initiatives.
- **Since 2015**
  - State assumes how much tuition revenue will be available in the coming biennium and books that revenue for compensation and other costs to reduce the state obligation.
  - This includes
    - Employee compensation and benefit changes
    - Minimum wage increases and other labor changes
    - Central services – OFM, Audit, Legal, DES, CTS, etc.
    - Self insurance premiums

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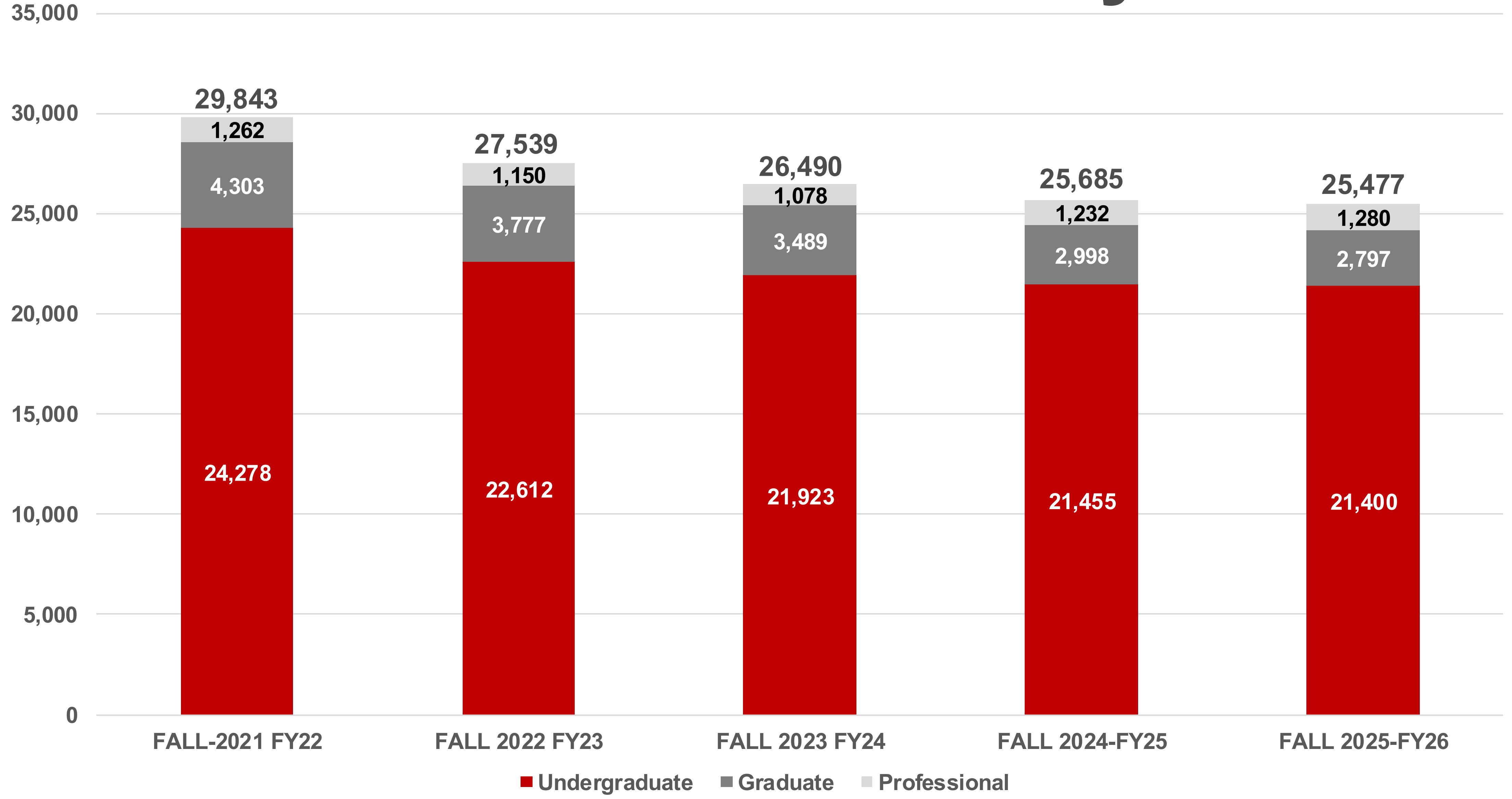
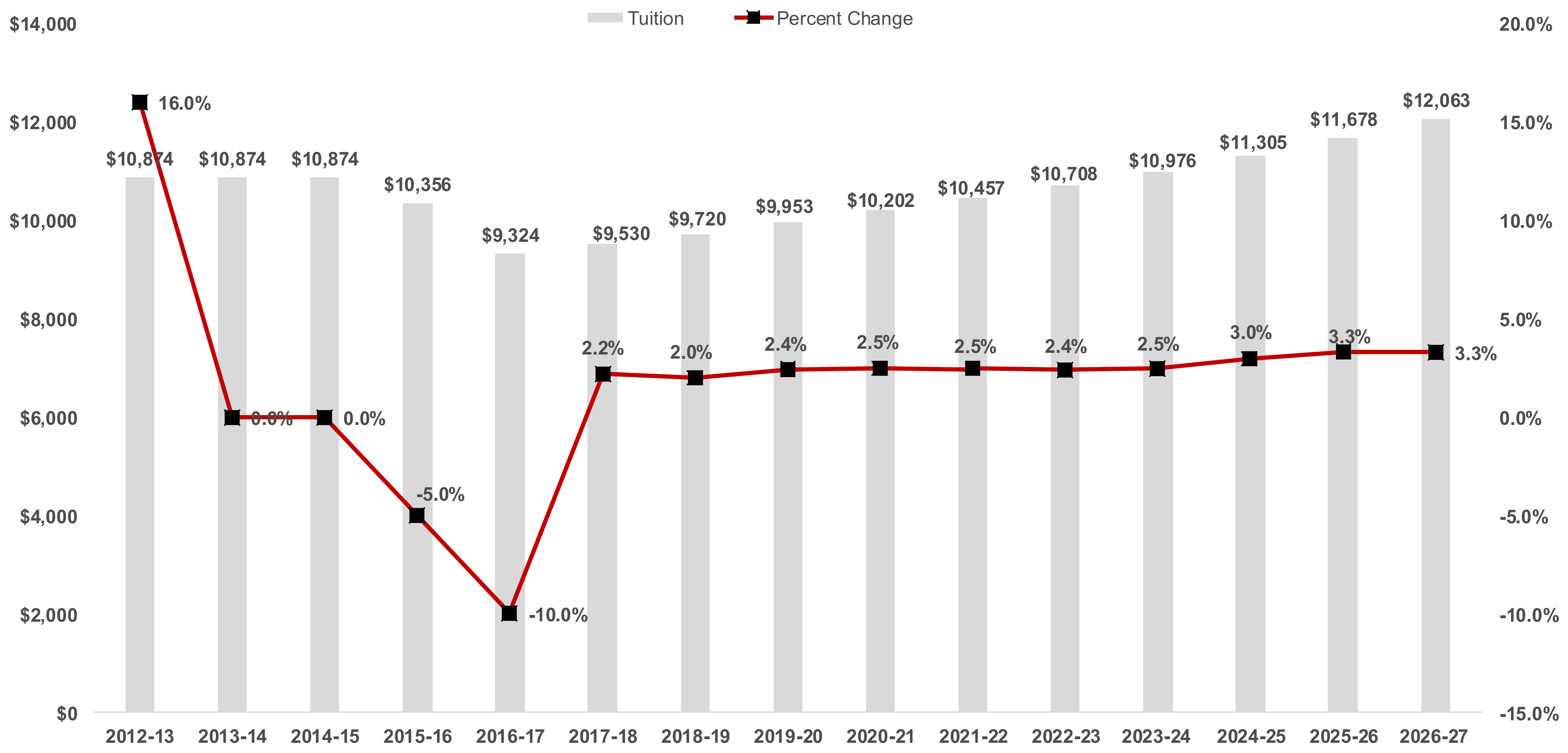
State Appropriations

- **The fund-split**
  - Is the assumed share of state appropriation versus new tuition for covering these costs.
  - In the 2023-2025 biennium, new state funds were projected to cover 66% of those costs, with tuition covering 34%.
  - In the 2025-2027 biennium, the ratio was reduced so that new state funds would cover 56%, leaving tuition to cover 44%.
- **The problem**
  - State assumes new tuition revenue covers mandatory costs – such as COLAs for represented and classified employees.
  - Compensation for faculty and administrative professionals are not mandatory and have been reduced.
  - WSU has not met state tuition revenue projections since FY20.

Enrollment History



Resident Undergrad Rates
Academic Years 2012/13 - 2025/27



WSU Resident Undergraduate Tuition Rate Changes

Academic Year	Maximum Rate Increase Allowed by RCW 28B.15.067	WSU Increase Approved by Board of Regents	Higher Education Price Index (HEPI)	Consumer Price Index
2017-18	2.2%	2.2%	3.0%	2.1%
2018-19	2.2%	2.0%	2.6%	2.4%
2019-20	2.4%	2.4%	3.0%	1.8%
2020-21	2.5%	2.5%	1.9%	1.2%
2021-22	2.8%	2.5%	2.7%	4.7%
2022-23	2.4%	2.4%	5.2%	8.0%
2023-24	3.0%	2.5%	4.0%	4.1%
2024-25	3.0%	3.0%	3.4%	2.9%
2025-26	3.3%	3.3%	3.6%	3.0%
2026-27	3.3%	3.3%	3.6%	3.8%

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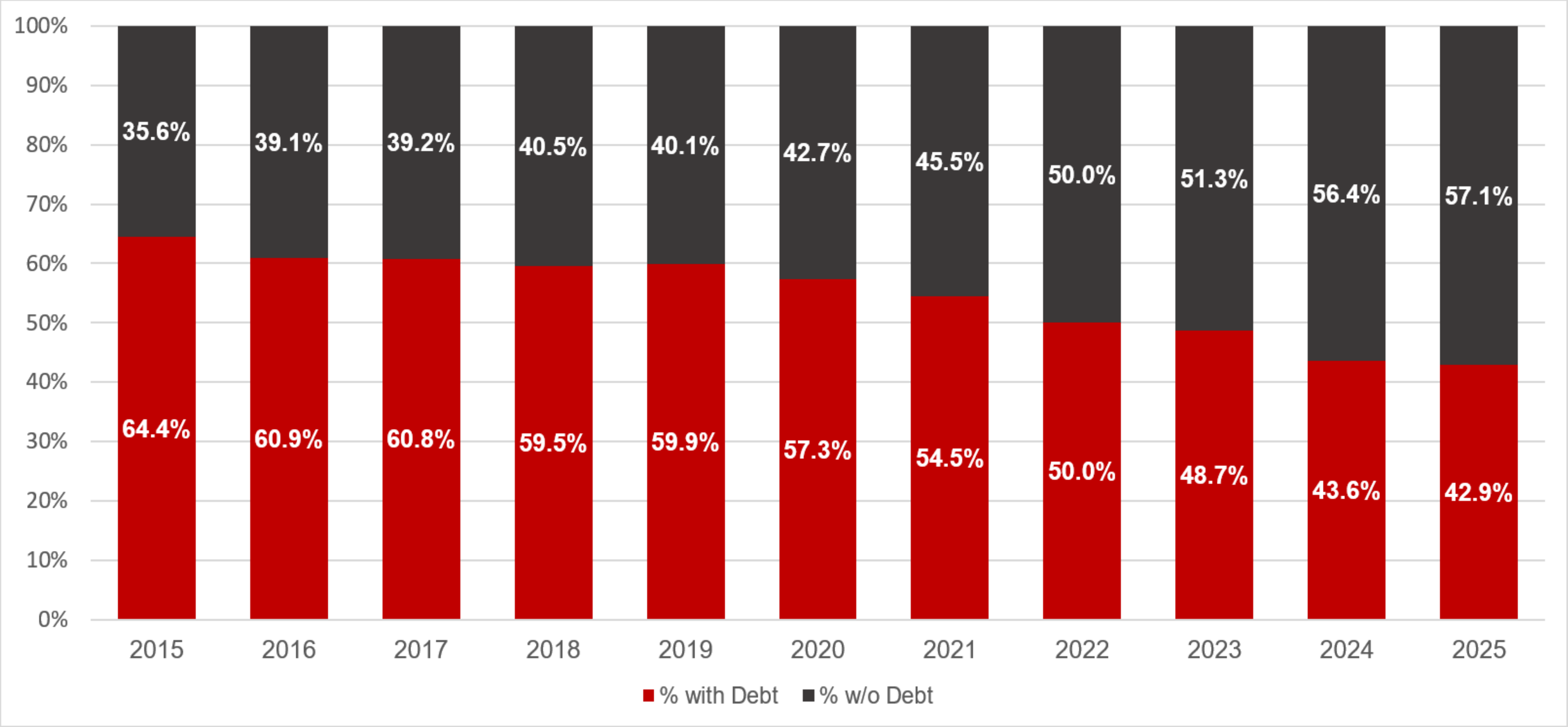
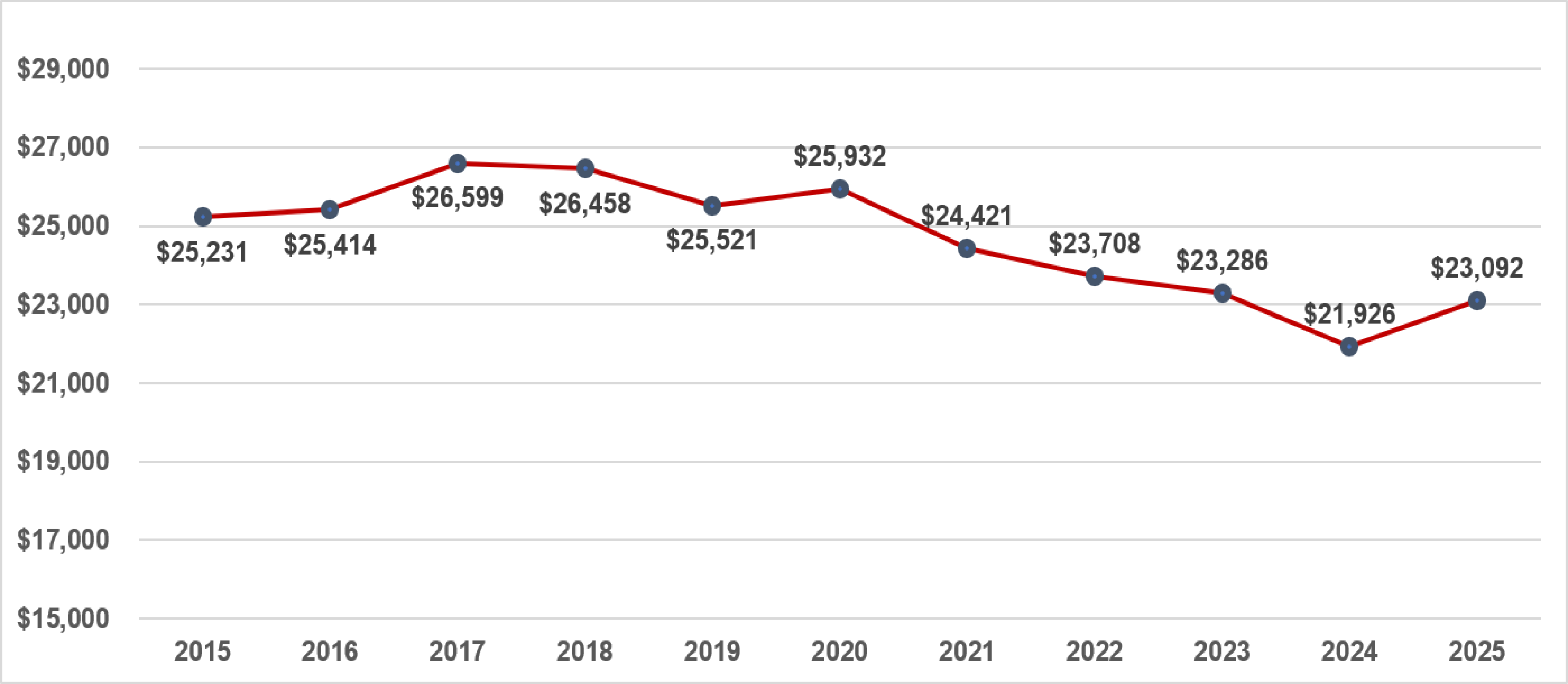
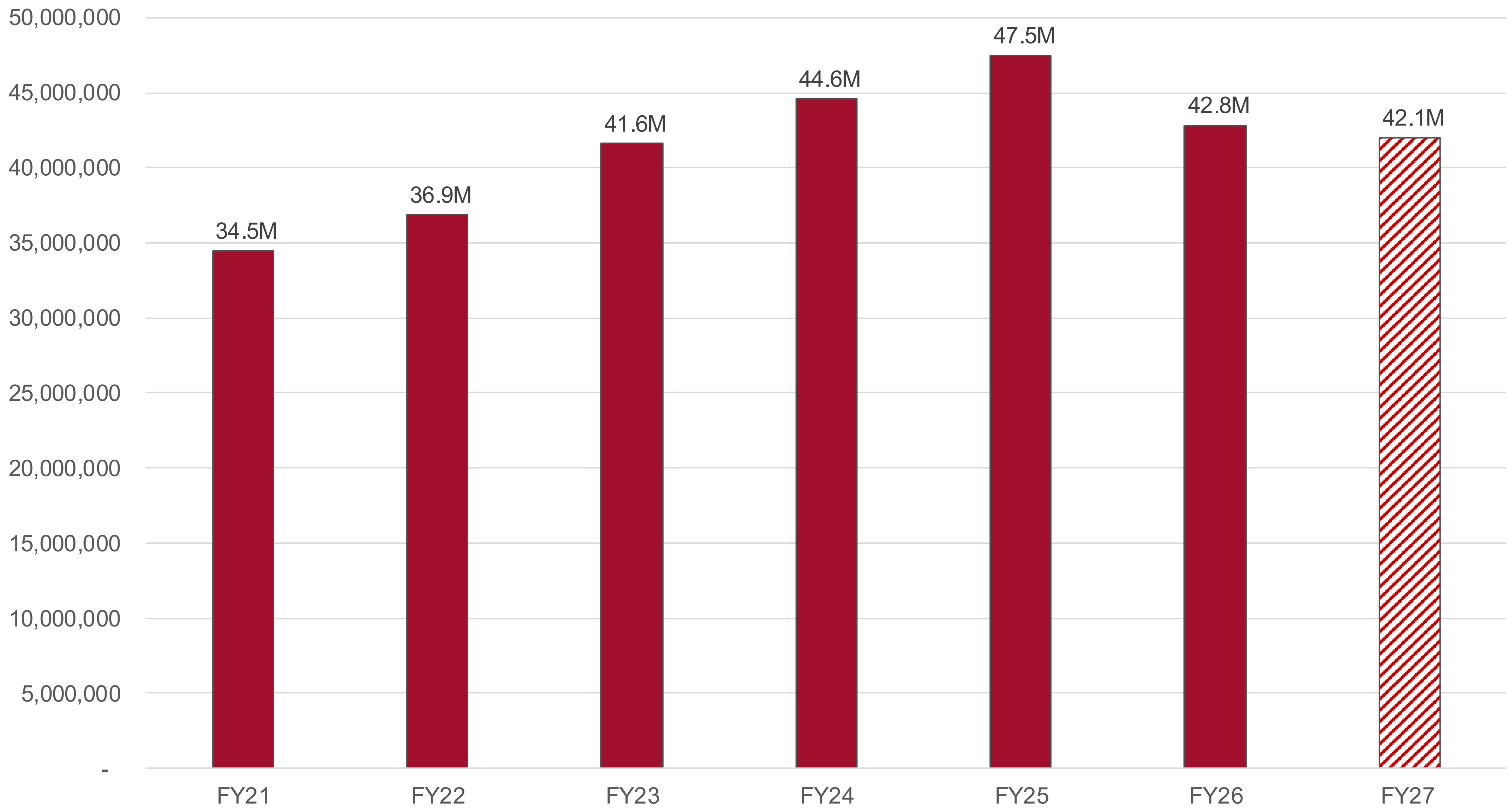
Trends in Resident Undergraduate Debt upon Completion (2015–2025)



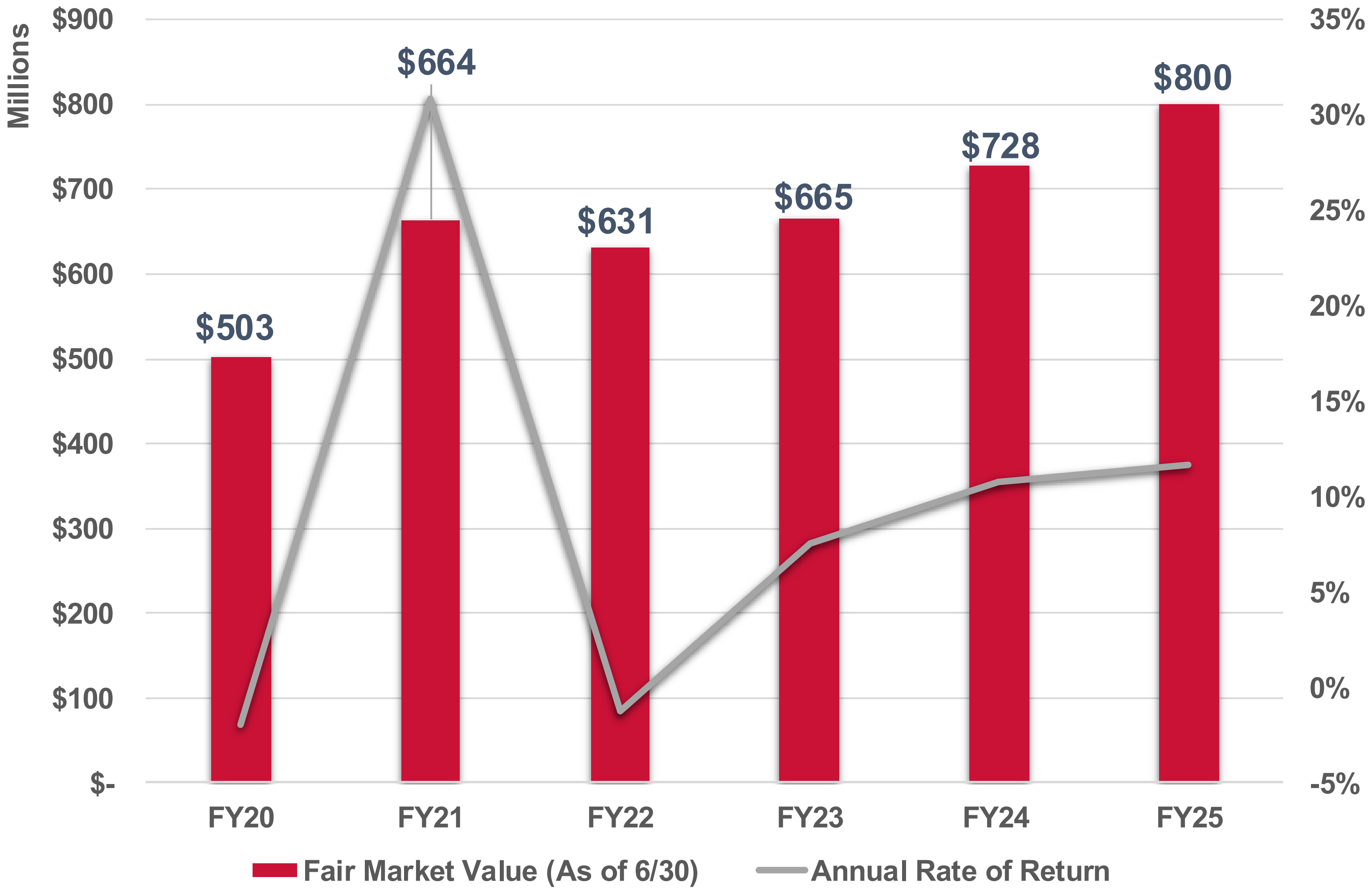
Average Resident Undergraduate Debt at Completion (2015-2025)



Indirect Cost Recoveries History

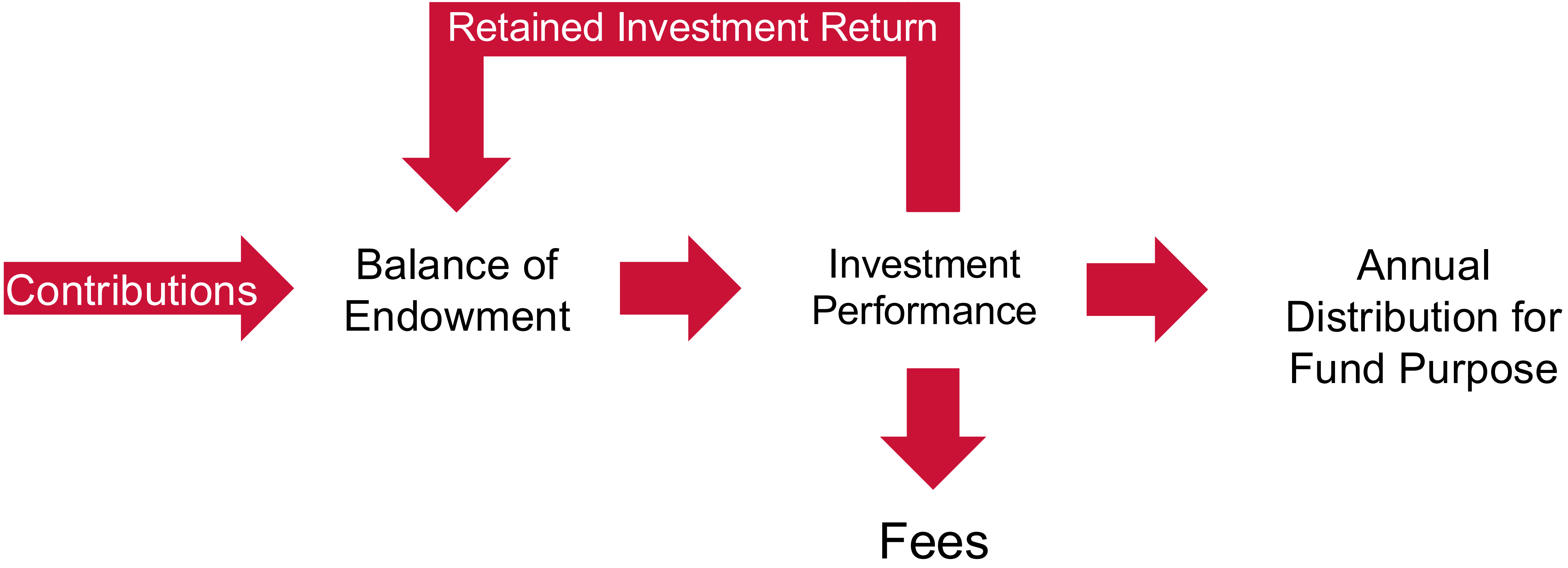


WSU Consolidated Endowment Performance

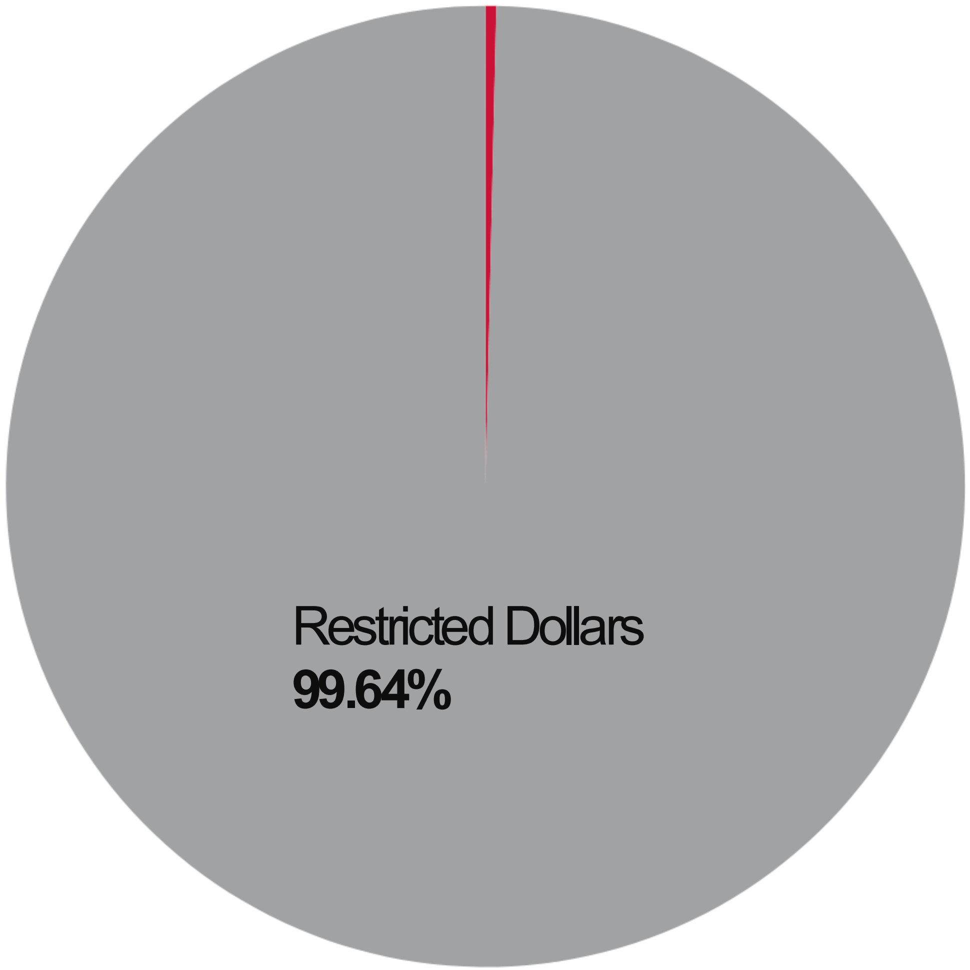


The market value of the WSU Consolidated Endowment surpassed $800 million with a nearly 12% annual rate of return in FY25.

How an Endowment Works

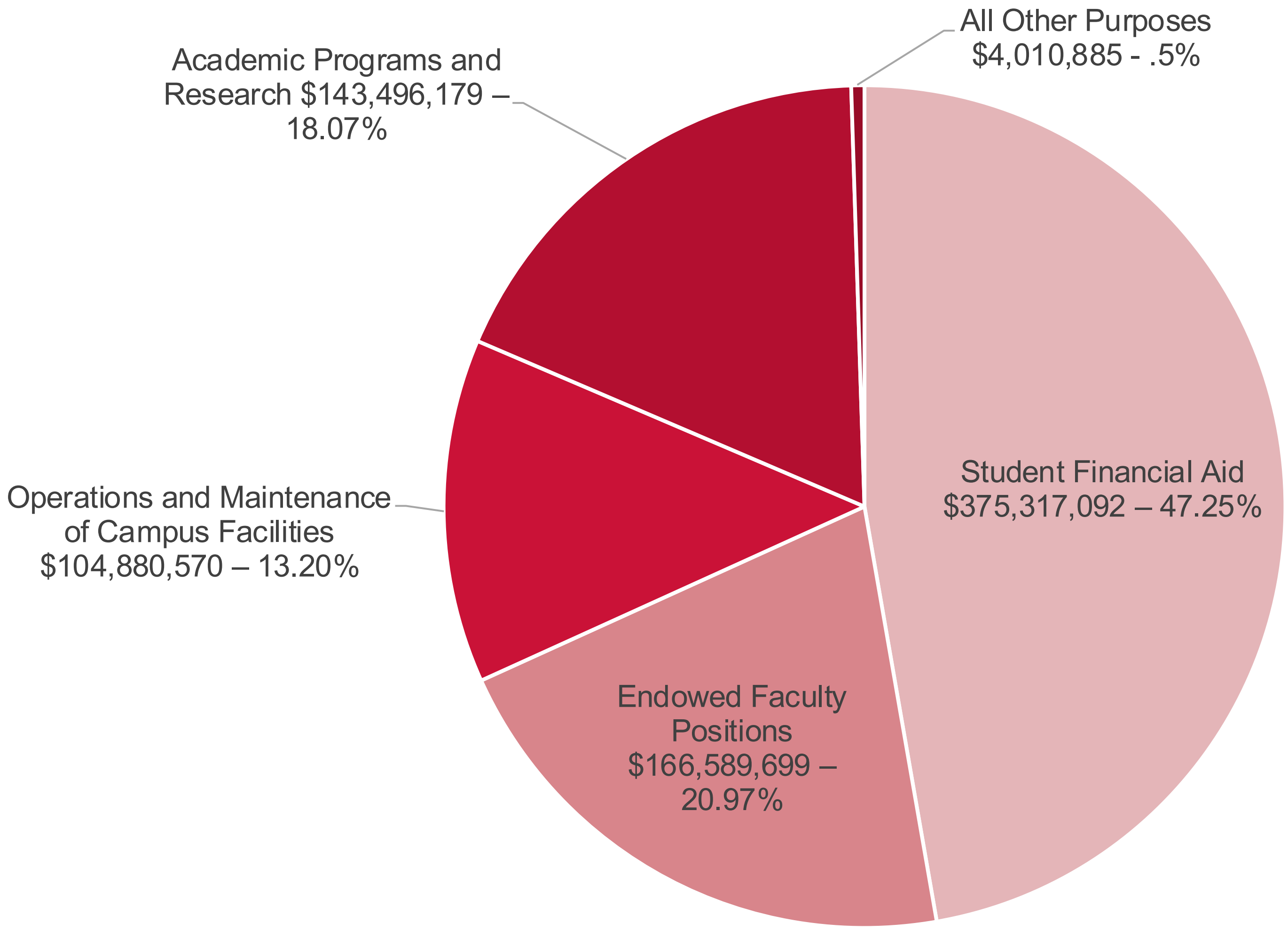


WSU Endowment - Restricted vs. Unrestricted



WSU Consolidated Endowment Market Value by Gift Use

6/30/25 = $794,294,425



Financial Mixed Messages

The Good - External View
- Improved overall financial position since 2019
- Stable debt ratings
- Timely, clean financial statement audit for FY25 and clean state accountability audit
- Board of Regents reviewed and approved FY26 and FY27 Budgets

The Bad – Campus and Unit View
- Unit budgets are decreasing while costs are increasing
- Pay is stagnant
- Large physical campuses with increasing deferred maintenance
- Persistent overall enrollment decline

The Ugly - Finance View
- Structural budget deficits in several operating units
- Managing working capital - no policy on carryforward and retained earnings
- Navigating a decentralized environment

The Opportunity – Clearly link financial sustainability and long-term strategic planning

Financial Transparency

- Financial performance reporting – every Board of Regent's meeting
  - https://public.onboardmeetings.com/Organization/C%2FBvqhoxx86sNS6IlWSpE01kIpDpniPZQfHNVYfpqMMA

- Financial Statements –Controller's Office website
  - https://genacct.wsu.edu/financial-statements/

- Budget Documents – Budget Office website
  - https://budget.wsu.edu/