

**Western Washington University State Operating Budget
Budget Recommendation, Fiscal Year 2023
Sources and Uses**

	FY23
Recurring Revenues (Incremental)	\$10,816,709
Tuition Revenues from Enrollment Changes	\$185,643
Tuition Revenues from Rate Changes	\$1,858,686
State Appropriations	\$8,589,000
Administrative Services Assessment	\$183,380
New Recurring Expenditures (Incremental)	\$10,694,986
<i>New Recurring Expenditures, WWU Prior Commitments</i>	
CBE EID	\$69,203
ITS Staffing	\$250,000
PROV IGE	\$70,000
VPUE First-Year Expansion	\$14,298
WCE Program Assistant	\$59,292
Risk and Compliance Analyst	\$78,000
Centralized Marketing/Webtech	\$196,961
Internal Auditor's Office	\$103,000
Board of Trustees Staff Support	\$100,000
Replenish Institutional Benefits Fund	\$200,000
Permanent Allocation for Western on the Peninsulas (Tuition-funded portion)	\$500,000
Pro-Staff OT for Admissions/Fin Aid Units	\$50,000
<i>New Recurring Expenditures, 2022 Strategic Budgeting Proposals</i>	
Social Justice and Equity Committee	\$37,000
Woodring Center for Education, Equity and Diversity	\$24,000
Assistant Athletics Trainer	\$76,725
WebTech	\$140,103
<i>New Expenditures tied to State Appropriations</i>	
Compensation Increases	\$5,971,404
Student Retention and Success	\$1,260,000
Cybersecurity Training Expansion	\$200,000
Addressing Nursing Workforce Needs	\$794,000
WWU Legal Services	\$144,000
Tuition Cap Backfill	\$0
Central Services	(\$48,000)
Changes to Benefits	\$381,000
Other Legislative Items	\$24,000
Recurring Budget Adjustments	(\$3,276,103)
Academic Affairs- Aligning Base Budget with Expenditures	\$2,500,000
Divisional Budget Reduction	(\$5,776,103)
Ending Gap in Recurring Revenues and Expenditures	(\$4,553,022)
Nonrecurring Revenues	\$10,530,291
Federal Stimulus Reserves	\$8,841,997

One-time Revenues from Property Sale	\$1,688,294
New One-Time Expenditures	\$5,977,269
<i>WWU Policy Decisions</i>	
Software Licenses: MS Premier, Zoom	\$143,280
Woodring Center for Education, Equity and Diversity	\$6,000
University Master Plan	\$920,000
Assistant Athletics Trainer	\$4,016
Building Multicultural Student Services	\$374,142
Disability Access Center Accommodations Counselor and Panopto Software	\$139,129
Seed Funding for Critical Disability Studies Institute	\$75,000
Mental Health First Aid Training	\$50,050
Institutional Funding Match for Academic Affairs Gap Closure	\$1,000,000
COVID Response	\$1,000,000
<i>New Expenditures tied to State Appropriations</i>	
Nursing Program	\$100,000
WFSE 1X Payment (State funded)	\$329,000
PSE 1X Payment (State funded)	\$281,000
WFSE/PSE 1X Payment (University share)	\$634,652
Tuition from Nursing Program	\$280,000
Cyber Range	\$569,000
Hazing Prevention and ADU Review	\$72,000
Annual Net Income/Deficit	\$0

Sources (Revenues)

Tuition Revenues

Tuition revenues are a result of enrollments and of the tuition rate. The impact of the coronavirus on enrollments is an ongoing challenge that will likely take years to fully surmount; approximately \$9 million in tuition revenue on a recurring basis. While there are several positive indicators on enrollment at this time, reduced numbers of returning students will not be offset by growth in first year students.

Our budget recommendation includes a 2.4% tuition rate increase for resident undergraduate students based on the allowable increase for in-state undergraduate students set by the state. For all other student types (resident graduate students, non-resident undergraduate and graduate students, and differential tuition programs), the recommendation is a 3.5% increase, balancing fixed cost increases (cost of living adjustments, inflation on goods and services) with affordability. Because the state passes budgets for public institutions of higher education with an expectation of split funding between state appropriations and tuition revenues, these rate increases are an important piece of the budget picture.

State Appropriations

The state passed a strong FY23 operating budget that included important investments across state government, including in the state's higher education system. Those investments are detailed in the uses section under State and Contractually Determined Items, below.

This funding included resources to support a 3.25% general wage increase for employees, and shifted the funding model to provide a greater share of the cost than in the past.

Administrative Services Assessment (ASA)

In FY21, ASA revenues declined sharply as a result of revenue losses in auxiliary and self-supporting areas due to COVID-19. The FY23 biennial budget includes increases in ASA revenues each year as Western returns to a primarily in-person experience and those operations recover.

Federal Stimulus Funding (HEERF and GEER)

Since the start of the pandemic, Western has received stimulus funding for institutional support through the Higher Education Emergency Relief Fund (HEERF) program and the Governors' Emergency Education Relief (GEER) fund originally authorized by the CARES Act. After FY20, FY21 and FY22 use, we expect to use \$8.5 million in FY23 to support university operations, and the final \$3.0 million in FY24. These funds are currently stored in Western's operating budget reserves. Additionally, Western received and distributed direct student aid under the HEERF program, distinct from the institutional support funds. As those funds are provided directly to students, they do not appear in our operating budget.

New Revenues

The FY23 budget includes \$1.6 million in one-time revenues due to the sale of property, formerly associated with the Western Crossing project.

Budget Reductions

To address the combined deficit from the Academic Affairs gap and the impact of lower enrollments, as well as funding essential internal needs described below, this recommendation includes reductions in the three largest divisions: Business and Financial Affairs, Academic Affairs, and Enrollment and Student Services. In order to address these challenges collectively, we first recommend an increase to the AA budget of \$2.5 million in order to better align budget with current expenses, putting the AA deficit into the university total. Next, each of these divisions will take a 3.25% budget reduction based on FY22 recurring state operating budget. With the adjustments described above and the internal reallocations below (excepting compensation), this translates to a net reduction of 1.39% to the Academic Affairs budget, 2.7% net reduction to the Enrollment and Student Services budget, and 3.25% net reduction to the Business and Financial Affairs budget, before the addition associated with compensation increases.

Uses (Expenditures)

COVID-19 Response Activities

The FY23 budget recommendation includes a placeholder amount for COVID-19 response activities, based on tracking and projections through Western's Covid Response Team. Actual expenses will vary depending on operational models, state and federal guidance, and continued evolution of the response based on new information. Examples of these activities include increased cleaning, adjustments to classroom spaces, and preventative testing.

State and Contractually Determined Items

Compensation

Western's FY23 budget includes a 4.25% increase for faculty, pro-staff, and E5 employees based on the current faculty collective bargaining agreement. For classified staff, the bargaining agreement includes a 3.25% across the board increase and a lump sum payment.

Adjustments are also included to keep pace with minimum wage increases where applicable, to respond to changes to overtime eligibility in some exempt staff positions, and to incorporate changes to state benefit rate calculations.

Student Support

The resources include outreach and financial aid support, retention initiatives, mental health support, and initiatives to address learning disruption due to the pandemic. Funding must be used to supplement, not supplant, other funding sources for student support.

Nursing Workforce

Western received state funding to align tuition rates for WWU's existing Bachelor of Science in Nursing (an RN-to-BSN program) with other state-supported undergraduate degree programs at Western and to establish a new Master of Science in Nursing (MSN) degree program, with tracks focused on population health, nursing administration, and nursing education. The aim of this request is to improve affordability and expand access to WWU's current RN-to-BSN program by making it more affordable to prospective nursing students while simultaneously addressing an acute workforce need for more nursing educators and nursing professionals who are equipped to care for medically complex public health needs, particularly in underserved communities, as a means of achieving health equity Master's in Nursing.

Cyber Range Poulsbo

Upgrading hardware and software, and investing in additional technical and research support.

Legal Services

Reflected in both the Attorney General and WWU budgets, adding 1.8 FTE to support increased workloads. These positions will be employed by the Office of the Attorney General, not WWU.

Everett compensation increases

To fund the state's share of compensation increases for employees funded by a pass-through to Washington State University.

Hazing Prevention

To implement a new bill that applies to all state-funded institutions of higher education.

Accessory Dwelling Unit Review

To conduct a study requested by the legislature.

New Investments- WWU Policy Decisions

One-time funding

Multicultural Student Services: pending the outcome of Western's planned FY23-25 state operating budget request, the FY23 budget includes university funding to expand critical programming and support in Multicultural Student Services.

Mental Health First Aid Training: pending the outcome of Western's planned FY23-25 state operating budget request, the FY23 budget includes funding for a Mental Health First Aid training for employees.

Accommodations Counselor: pending the outcome of Western's planned FY23-25 state operating budget request, the FY23 budget includes funding for an additional accommodations counselor in the Disability Access Center.

Software licenses: pending the outcome of Western's planned FY23-25 state operating budget request, the FY23 budget includes funding for essential software licenses (Zoom, Microsoft Premier, and Panopto captioning software).

Comprehensive Master Plan (FY23 only): Funding to conduct a comprehensive university master plan in FY23.

Seed funding for Critical Disability Studies Institute: Funding to support current efforts to develop a Critical Disability Studies Institute while alternative funding is pursued.

Recurring funding

Social Justice and Equity Committee: a budget increase to fund the current level of activities conducted and supported by the Social Justice and Equity Committee.

Center for Education, Equity and Diversity: permanent funding for the CEED in Woodring College of Education, to continue its work.

Assistant Athletics Trainer: permanent funding for an Assistant Athletics Trainer to appropriately support student health and safety.

Web Accessibility and Compliance: permanent funding to University Relations and Marketing to increase accessibility of Western's websites and online materials.

Compass to Campus base swap: Replacing a portion of the Compass to Campus budget currently funded by interest earnings with state operating dollars; this provides a more stable funding model for the program and absorbs the risk and volatility of interest earnings in the institutional budget.

Converting to recurring funding from FY22 budget

These items include items funded as one-time in last year's budget process with plan to convert to recurring funding in FY23, and other prior commitments.

CBE Equity, Inclusion and Diversity: This investment funds a staff position, student advocates, and startup costs to open a Student Success Center that would benefit all CBE students but particularly underrepresented and first-generation students.

ITS Staffing: This item partially funds an internal request and supports project manager positions currently on project funds from Banner9 implementation, ensuring this necessary capacity is retained.

Institute for Global Engagement: This provides funding for a critical staff position in the Institute for Global Engagement that has not had recurring funding previously.

First-Year Expansion: This item funds \$14,298 per year for an increase in the number of first-year seminars Western offers to help improve retention.

WCE Program Assistant for Diversity, Recruitment and Retention: Included for a staff position to support recruitment and retention efforts in Woodring College of Education in support of students of color.

Risk and Compliance Analyst: Funds the remaining portion of the university Risk and Compliance Analyst and operational expenses.

Centralized Marketing for Undergraduate Programs/Webtech: Funding for positions in University Relations and Marketing in support of university recruitment efforts (\$196,961 per year), moving existing positions on to base funding.

Internal Audit: Funding for staff position in Internal Audit to support and advise the university.

Board of Trustees staff support: Dedicated secretary position to the Board of Trustees, which was formerly supported as a partial assignment.

Replenish Benefits Fund: The Benefits Fund was used to cover FY22 compensation increases above budget; this item replaces that funding.

Western on the Peninsulas tuition support: Shifting from an annual, ad-hoc allocation of tuition revenues to Western on the Peninsulas to a base budget approach for better planning and management.

**Western Washington University, Projection of State-Funded Operating Budget
Biennial Budget Recommendation, 2023-25 DRAFT**

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
<u>Beginning Institutional Reserves Balance</u>	\$21,176,887	\$21,176,887	\$21,176,886	\$20,926,491
<u>Estimated Revenues</u>	\$204,644,395	\$212,404,460	\$206,456,796	\$206,434,316
Tuition	\$91,622,958	\$93,667,287	\$96,677,290	\$99,189,375
State Appropriations	\$94,850,000	\$103,439,000	\$102,088,000	\$102,088,000
Administrative Services Assessment	\$4,584,502	\$4,767,882	\$4,958,597	\$5,156,941
One-Time Revenues & Adjustments	\$219,549	\$1,688,294	TBD	TBD
Stimulus	\$13,367,386	\$8,841,997	\$2,732,909	\$0
New Revenue Proposals				
<u>Budgeted Expenditures</u>	\$204,644,395	\$212,404,460	\$206,707,191	\$206,707,191
Recurring Base Budget (Including Recurring Additions/Reductions)	\$199,008,308	\$209,703,294	\$209,703,294	\$209,703,294
Budget Reductions or New Revenues (TBD) to Balance Recurring Budget	(\$700,000)	(\$3,276,103)	(\$3,276,103)	(\$3,276,103)
One-time Investments (Budgeted)	\$2,996,911	\$4,342,617	\$280,000	\$280,000
One-time Investments (Non-Budgeted, Mid-year Changes)	\$1,839,176	\$634,652	\$0	\$0
COVID Response	\$1,500,000	\$1,000,000	\$0	\$0
<u>Annual Net Income/(Deficit)</u>	\$0	(\$0)	(\$250,395)	(\$272,875)
Minus: One-time Reductions	\$0	\$0	\$0	\$0
Minus: One-time Revenues (Stimulus)	(\$13,586,935)	(\$10,530,291)	(\$2,732,909)	\$0
Plus: One-time Investments and COVID Response Expenditures	\$5,636,087	\$5,977,269	\$280,000	\$280,000
<u>Recurring Budget Gap</u>	(\$7,950,848)	(\$4,553,022)	(\$2,703,304)	\$7,125
<u>Projected Reserves</u>				
Ending Institutional Reserves Balance	\$21,176,887	\$21,176,886	\$20,926,491	\$20,653,616
Outstanding Institutional Commitments	(\$604,583)	(\$604,583)	(\$604,583)	(\$604,583)
Pending Institutional Funding Requests	(\$424,217)	(\$424,217)	(\$424,217)	(\$424,217)
<u>Ending Uncommitted Institutional Reserves Balance</u>	\$20,148,087	\$20,148,086	\$19,897,691	\$19,624,816
<u>Ending Uncommitted Institutional Reserves Balance as % of Budgeted Revenue</u>	10.5%	10.0%	9.8%	9.5%