

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Joyce Lopes, Vice President for Business and Financial Affairs
Faye Gallant, Assistant Vice President for Strategy, Management and Budget

DATE: June 9, 2023

SUBJECT: Approval of 2023-2024 Annual State Operating Budget

PURPOSE: Action Item

Purpose of Submittal:

Based on the conference committee budget passed by the Legislature in the session ending April 23, 2023, and signed by the Governor on May 16, 2023, and Western's internal budget development process, the Board of Trustees is now asked to approve the 2023-2024 annual state operating budget for Western Washington University.

In addition, the Board of Trustees will be asked to approve 2023-2024 tuition rate increases at its June 9, 2022 meeting, providing revenue necessary to support the 2023-2024 annual state operating budget.

Proposed Motion:

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the 2023-2024 annual state operating expenditure budget of \$221,577,529, to be supported by projected revenues of \$219,367,811 and use of reserves of \$2,209,718.

FURTHER MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the 2023-2024 intercollegiate athletics operating budget of \$6,323,132 consisting of tuition and S&A fees in the amount of \$3,759,508 and waiver allocations, self-sustaining and other revenues of \$2,563,624, and with the intention to fund the operating deficit for intercollegiate athletics, as defined by Substitute Senate Bill 6493, by continued use of tuition and fee revenues as it has in the past.

Supporting Information:

Attachment A: *Supporting Information for the 2023-2024 Annual State Operating Budget*

WESTERN WASHINGTON UNIVERSITY
SUPPORTING INFORMATION
SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Joyce Lopes, Vice President for Business and Financial Affairs
Faye Gallant, Assistant Vice President for Strategy, Management and Budget

DATE: June 19,2023

SUBJECT: **Supporting Information for
Board Approval of the 2023-2024 Annual State Operating Budget**

Introduction

Beginning in last year's budget development cycle, Western Washington University adopted a strategic budgeting framework focused on aligning our budget with our strategic plan. This began with setting university budget priorities: graduate programs, inclusive student success, and core infrastructure, safety and compliance. Over 94 proposals were submitted across these priority areas. Several moved forward in our state funding request for the FY2023-2025 biennium, others were matched with alternative funding such as self-sustaining tuition and fundraising, and essential priorities that remained were identified for funding through internal reallocations. The results of the state budget process are incorporated into the FY2024 budget recommendation below.

This year, in addition to these strategic priorities, the FY2024 budget plan addresses historical gaps between programming, commitments and budget allocations, and the continued gap between growing costs and projected revenues.

On the following pages, we first present the detailed recommendation as line-item adjustments in the 2024 fiscal year, with descriptions of each item.

**Western Washington University State Operating Budget
Budget Recommendation, Fiscal Year 2024
Sources and Uses**

| | FY24 |
|--|----------------------|
| Beginning Uncommitted Institutional Reserves Balance | \$17,826,006 |
| Total Recurring Revenues | \$217,484,811 |
| Tuition Revenues | \$96,082,210 |
| State Appropriations (Recurring) | \$116,338,000 |
| Administrative Services Assessment | \$5,064,601 |
| Carryforward Level Expenditures (Base Budget) | \$206,344,191 |
| New Recurring Expenditures (Incremental) | \$21,351,797 |
| <i>New Recurring Expenditures, WWU Prior Commitments</i> | |
| Replenish Institutional Benefits Fund | \$300,000 |
| Operating Support for Office of Equity | \$110,000 |
| Approved Everett Program Budget | \$378,547 |
| Support for Mandatory Student Advising | \$126,000 |
| TA Stipends | \$100,000 |
| Permanent Funding for Undergraduate Recruitment (previously funded 1x) | \$250,000 |
| <i>New Recurring Expenditures, Spring 2023</i> | |
| Honors College Stabilization | \$400,000 |
| Base funding for prior university commitments in Academic Affairs | \$761,600 |
| Hazardous Waste Removal | \$50,000 |
| Software Licenses: MS Premier, Zoom, Panopto | \$193,280 |
| <i>New Expenditures tied to State Appropriations</i> | |
| Compensation and Benefits Increases | \$13,619,370 |
| Student Retention and Success | \$801,000 |
| Western on the Peninsulas Expansion | \$2,349,000 |
| Dual Language Educators | \$1,272,000 |
| Central Services (including Direct Legal Services) | \$457,000 |
| Postsecondary Student Needs | \$59,000 |
| Mental Health First Aid Training | \$50,000 |
| Small Business Development Center Technical Assistance Program | \$75,000 |
| Recurring Budget Adjustments | (\$6,302,122) |
| 3.0% Divisional Budget Reductions | (\$6,302,122) |
| Ending Gap in Recurring Revenues and Expenditures | (\$3,909,055) |
| One-Time State Appropriations | \$1,883,000 |

| | |
|--|----------------------|
| One-Time Expenditures | \$183,663 |
| <i>WWU Policy Decisions</i> | |
| Previous Decision: Tuition from Nursing Program to OCE Gap | \$280,000 |
| Compass to Campus - Replacing Provost's Office Contribution | \$360,000 |
| Seed Funding for Critical Disability Studies Institute | \$95,000 |
| Instructional Bridge Funding | \$4,000,000 |
| <i>New Expenditures tied to State Appropriations</i> | |
| IT Infrastructure Replacement | \$1,500,000 |
| Student Civic Leaders Initiative | \$250,000 |
| Planning Program Stipends | \$100,000 |
| Academic Employee Bargaining | \$10,000 |
| Crime Victims & Witnesses | \$23,000 |
| <i>Temporary Reduction to Contingency Budget and Institutional Budget</i> | <i>(\$2,134,338)</i> |
| <i>Savings Associated with Implementation Timing for New State Funding</i> | <i>(\$4,300,000)</i> |
| Annual Net Income/Deficit (Use of Reserves) | (\$2,209,718) |
| Ending Uncommitted Institutional Reserves Balance | \$15,616,288 |

Sources (Revenues)

Tuition Revenues

Tuition revenues are a result of enrollments and of the tuition rate. The impact of COVID-19 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 3.0% 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 FY24-FY25 biennial 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 4.0% 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)

The FY24 biennial budget includes a slight increase in ASA revenues based on projections of self-sustaining operations.

Uses (Expenditures)

New Recurring Expenditures

New Recurring Expenditures, WWU Prior Decisions

Replenish Institutional Benefits Fund: Restore funding pool after past year distributions.

Operating Support for Office of Equity: Ongoing operating support for the newly formed Office of Equity.

Approved Everett Program Budget: Beginning in FY24, set a recurring budget for the Everett program tuition portion to better support financial planning and budgeting. Previously, this tuition revenue was handled through transfers.

Support for Mandatory Student Advising: Addressing staffing needs to provide mandatory student advising to a pilot cohort, with the goal of expanding the number of students advised in their first two years at WWU.

TA Stipends: Continuation of annual funding increases for TA stipends.

Permanent Funding for Undergraduate Recruitment (previously funded with one-time allocation): This item appropriately reflects an ongoing expenditure, which has previously been funded on a one-time basis.

New Recurring Expenditures, Spring 2023 Recommendations

Honors College Stabilization: Current cohort sizes in the Honors College have been funded on a one-time basis for several years. This item converts those one-time transfers into recurring budget, better representing the costs in the budget plan.

Base Funding for University Commitments in Academic Affairs: This item reflects university contract commitments that have been paid in the Academic Affairs division. Additional shifts of budget to cover university level commitments that occur in Academic Affairs are included in compensation and in one-time items, below.

Hazardous Waste Removal: Hazardous waste removal is a regular and ongoing cost for a university; this item reflects that cost in the budget plan.

Software Licenses: The FY24 budget includes recurring funding for essential software licenses (Zoom, Microsoft Premier, and Panopto captioning software).

New Recurring Expenditures tied to State Appropriations

Compensation: Western's FY24 budget includes a placeholder for compensation increases, based on negotiated agreements with the classified unions, the professional staff compensation plan, and general wage increases. The compensation line item also includes benefit rate changes and funding for previously negotiated compensation items. All compensation increases will be in accordance with bargaining agreements (for faculty and classified staff) or the professional staff compensation plan.

Student Retention and Success: State funding is provided to reduce class sizes in remedial and introductory math courses to improve first-year student retention; to expand remedial English 101 courses to improve first-year student retention; for two disability accommodation counselors at the Disability Access Center; and to expand first-year seminars and early start programs to improve first-year student retention, including

developing an orientation for students receiving the Washington College Grant, focusing on first-generation and traditionally underrepresented students.

Western on the Peninsulas Expansion: State funding is provided to establish new 2+2 undergraduate degree programs in engineering, data science, and sociology at Western on the Peninsulas; to establish a Masters of Social Work program at Western on the Peninsulas; to convert the Human Services program at Western on the Peninsulas from self-sustaining to state-supported to reduce tuition rates for students in the program; and for additional student support and outreach services at Western on the Peninsulas.

Dual Language Educators: State funding is provided for the expansion of bilingual educators' education.

Central Services (Including Direct Legal Services): Funding is provided to cover a portion of Western's contribution to state-provided services.

Postsecondary Student Needs: Funding is provided to implement Second Substitute House Bill 1559 (Postsecondary student needs) and hire 0.75 FTE benefits navigator per campus.

Mental Health First Aid Training: Funding is provided for mental health first aid training for faculty.

Small Business Development Center Technical Assistance Program: Funding is provided for the Small Business Development Center (SBDC) to increase technical assistance to black, indigenous, and other people of color (BIPOC) small business owners in Whatcom County.

Recurring Budget Adjustments

To address the continued impact of lower enrollments, as well as funding essential internal needs described below, this recommendation includes reductions in all divisions and the institutional budget of 3.0%, before distribution of funding for compensation and benefits and programmatic investments.

New One-Time Expenditures

New One-Time Expenditures, WWU Policy Decisions

Nursing Program Tuition Allocation: This formalizes an agreement to apply a portion of tuition revenues associated with the nursing program to a historic deficit in that program.

Compass to Campus: Replacing Prior Allocation from Academic Affairs: The Compass to Campus program's funding has historically come from a combination of sources, including annual allocations from Academic Affairs. This item shifts the annual, one-time funding responsibility from Academic Affairs to the university level.

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

Instructional Bridge Funding: Funding is provided to support instructional costs within Academic Affairs that exceed the recurring budget and establish an annual spending authorization.

New One-Time Expenditures Tied to State Appropriations

IT Infrastructure Replacement: Funding is provided for the ongoing replacement of critical information technology (IT) infrastructure, including the campus wired and wireless network, campus data center servers and data storage equipment, emergency telephone equipment, and general university classroom audio/video technology.

Student Civic Leaders Initiative: One-time funding is provided to the Student Civic Leaders Initiative which provides opportunities for students to gain work experience focused on addressing critical issues facing communities and campuses.

Planning Program Stipends: One-time funding is provided for planning program student studios to assist cities and counties with planning projects.

Academic Employee Bargaining: State funding is provided for implementation of Substitute Senate Bill 5238 (Academic employee bargaining), which expands collective bargaining rights to certain student employees.

Crime Victims & Witnesses: State funding is provided to implement Second Substitute House Bill 1028 (Crime victims & witnesses).

Additional One-Time Reduction to Institutional Budget and Contingency Budget

As a short-term measure to reduce reliance on reserves in FY24, reduce the university's annual contingency budget and the institutional budget. In FY24, evaluate potential for longer-term savings from the institutional budget.

One-Time Savings Associated with Implementation Timelines

For new initiatives where planning, recruitment, and coordination must occur prior to expending funds, hold funding centrally for FY24 and capture savings.