TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Richard Van Den Hul, Vice President, Business and Financial Affairs
Linda Teater, Director, Budget Office

DATE: June 15, 2018

SUBJECT: Approval of 2018-2019 Annual State Operating Budget

PURPOSE: Action Item

Purpose of Submittal:
Based on the conference committee budget passed by the Legislature on March 8, 2018 and signed by the Governor on March 27, 2018, the Board is now asked to approve the 2018-2019 annual state operating budget for WWU.

In addition, the Board will be asked to approve 2018-2019 tuition rate increases at its June 15, 2018 meeting, providing revenue necessary to support the 2018-2019 annual state operating budget.

Proposed Motion:

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the 2018-2019 annual state operating budget of $178,628,788 consisting of State Appropriations in the amount of $84,256,000; WWU net tuition operating fee revenue of $89,644,032; and administrative services assessment revenue of $4,728,756; and

FURTHER MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the 2018-2019 intercollegiate athletics operating budget of $6,068,657 consisting of tuition and fees in the amount of $3,470,416 and self-sustaining and other revenues of $2,598,241; and

FURTHER MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, intends to continue to use tuition and fees as it has in the past to fund a portion of the Athletics budget in addition to revenue generated by the Athletics program.

Supporting Information:
See attached memo on the 2018-2019 Annual State Operating Budget.

Source of Funding:
State appropriations (general fund-state, education legacy trust funds, and capital projects account); net tuition operating fee revenue; and administrative services assessment revenue.

Attachment:
Memo of Supporting Information on the Fiscal 2018-19 Operating Budget
TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Richard Van Den Hul, Vice President, Business and Financial Affairs
Linda Teater, Director, Budget Office

DATE: June 15, 2018

SUBJECT: Supporting Information for Board Approval of the 2018-2019 Annual State Operating Budget

Schedule of Approvals Supporting the 2018-2019 Annual State Operating Budget

On June 15, 2018, the Board will be requested to approve tuition rates for all student categories for the 2019 academic year. At this same meeting, the Board will be asked to approve the 2018-2019 Annual State Operating Budget, which relies on the projected tuition operating fee revenues generated from these tuition rate proposals.

Introduction

In order to fund the basic instructional and academic support missions of the institution, we are proposing, for Board approval, a 2018-2019 budget for state funded operations which reflects revenue and expenditure estimates available for university operations from state appropriations, net tuition operating fees, and the administrative services assessment.

Proposed 2018-2019 Annual State Operating Budget

Western’s state operating expenditures have been historically supported by a combination of state appropriations, tuition operating fees, and the administrative services assessment. A summary of all revenue sources is included in the table below. Please note that tuition operating fee revenue is presented net of tuition waivers and Western’s student loan/grant fund contribution at 4.0%, as required by state law.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Proposed for Board Approval 2018-2019</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>$84,256,000</td>
<td>47%</td>
</tr>
<tr>
<td>Net Tuition Operating Fees</td>
<td>89,644,032</td>
<td>50%</td>
</tr>
<tr>
<td>Administrative Services Assessment</td>
<td>4,728,756</td>
<td>3%</td>
</tr>
<tr>
<td>State Operating Budget</td>
<td>$178,628,788</td>
<td>100%</td>
</tr>
</tbody>
</table>

2018-2019 Annual State Operating Budget by Funding Source
**Western's Student Loan/Grant Fund**

The State definition of tuition fees comprises two components: operating fees and building fees. Tuition operating fees collected are currently subject to a 4.0% minimum set-aside for the WWU student loan and grant fund. The building fees and student activities fee are assessed at 3.5%. For the 2018-2019 fiscal year, Western will allocate close to $4.0M for this form of financial aid.

**Western's Budget Process**

In 2017, through Western’s inclusive budget processes, the campus developed an operating budget for the current biennium. The Board of Trustees approved the first year of that two-year budget at a special meeting in July 2017. This spring, the budget process re-examined year two of that budget to see if there are adjustments, or “emergent issues,” that should be included in the fiscal 2018-19 operating budget for the Board to act upon.

Campus planning unit leaders submitted proposals for emergent issue requests for the fiscal 2018-19 operating budget in April 2018 after the legislative session ended. Proposals were discussed at the University Planning and Resources Council (UPRC) and audiocast to the campus with venues for feedback on the proposals.

**Budget Recommendation Detail**

First, the Legislative Session which ended in March provided the following new funding for Western:
- $1.3M for a new degree program in Marine, Coastal and Watershed Sciences,
- $700k for an Early Childhood Education program on the Peninsula,
- $169k representing inflation on the previous years’ tuition backfill,
- $39k for textbook stipends for veterans, and
- One-time funding to a) study the feasibility of creating a campus on the Peninsula and b) integrate approved Native American Curriculum into our teacher preparation programs.

Next, the Vice Presidents and Deans evaluated all the emergent budget requests, related UPRC and campus feedback, and recommended a budget which includes among other things: funding for critical a) information technology (IT) needs, b) faculty lines for improving student access to courses for graduation, c) increased enrollment activities to achieve institutional goals and meet crucial student services needs, d) roll out of “Western Engaged,” e) implementation of Enterprise Risk Management, and f) coordinated marketing and advertising for Western. Additionally, new funding is recommended to stabilize Western’s Honors Program, provide additional resources for Civil Rights Investigative staff, and provide a Laboratory Technician for the Carver Academic Facility Anatomy/Physiology Cadaver lab. The President has reviewed the requests and submits them for Board consideration.

Additional details for all these recommendations may be found at:

[https://budgetoffice.wwu.edu/files/FINAL%20Full%20FY19%20VP%20Dean%20Budget%20Recommendation.pdf](https://budgetoffice.wwu.edu/files/FINAL%20Full%20FY19%20VP%20Dean%20Budget%20Recommendation.pdf)
New requirements for Intercollegiate Athletics

Substitute Senate Bill 6493 passed by the Legislature and signed by the Governor on March 27, 2018 requires “…the board of trustees… must specifically approve in an open public meeting, the annual budget for its programs for intercollegiate athletic competition in advance of any expenditure for that fiscal year.” It further stipulates that the Board show how it will address the budget portion not covered by revenue generated by Athletics. As Western has done in the past, the budget includes S&A Fees approved by students and tuition approved through the budget process to fund Athletics. The recommendation is to continue to do so in the future.

For fiscal year 2018-2019, the amount of the intercollegiate budget is comprised as follows:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Proposed for Board Approval 2018-2019</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Tuition Allocation</td>
<td>1,355,956</td>
<td>22%</td>
</tr>
<tr>
<td>S&amp;A Fee Allocation</td>
<td>2,114,460</td>
<td>35%</td>
</tr>
<tr>
<td>Foundation Funds</td>
<td>396,763</td>
<td>7%</td>
</tr>
<tr>
<td>Estimated Tuition Waivers</td>
<td>1,408,089</td>
<td>23%</td>
</tr>
<tr>
<td>Endowments</td>
<td>187,902</td>
<td>3%</td>
</tr>
<tr>
<td>Other*</td>
<td>605,488</td>
<td>10%</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>$6,068,657</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Comprised of entry fees, licensing, royalties, ads, sponsorships, ticket sales, athletic health fee, merchandise revenue and camps.