

MEMORANDUM

TO: WSU President, Vice Presidents, Chancellors and Deans  
FROM: Stacy Pearson, CFO and Vice President for Finance & Administration  
DATE: May 20, 2021  
SUBJECT: FY2022 Budget Planning Process



As the spring 2021 semester has come to an end, several decisions have been made that will impact WSU's FY2022 operating budget. This includes the passage of the 2021-23 biennial budget by the Washington legislature and the Board of Regents approval of a 2.5% tuition rate increase for next academic year.

While an improving State economy appears to have left WSU's state appropriations intact, our enrollments were down this current academic year and are currently trending down for next fall. Therefore, we must plan for a decline in tuition and other core fund revenues, even after the planned tuition rate increase. Current projections are for a decline of \$14 million to \$26 million in net tuition revenues. The good news is that the State did not impose the reduction in state funding that they had announced last year; the less good news is that we will still need to plan for a lower budget for FY2022.

For this year's budget process, we will continue to adhere to the core budget principles that were set forth last year:

1. Prioritize core and mission critical activities to support high quality academic delivery and student success functions.
2. Work to sustain as many WSU jobs as possible.
3. Maintain a focus on revenue generation, including accelerating revenue enhancement opportunities in fiscally responsible ways.

The following assumptions will be used to begin our FY2022 planning process.

- Last year the Office of Financial Management directed state agencies to identify budget savings equal to 10 percent of WSU's core operating budget and recommended that we plan to maintain this 10 percent reduction for the next biennium. However, since this reduction is not included in the 2021-23 biennial budget, the reduction targets for FY2022 will be reduced to 7.5 percent; a reduction

that still protects against declines in tuition and other core revenues. Areas will be asked to provide information about how the restoration of 2.5 percent funding will be used to further the OneWSU strategic plan; improve student enrollment and retention; support equity, access and inclusion; and generate new revenues.

- The State has rescinded the hiring and purchasing freeze implemented last spring and WSU will also rescind this freeze effective July 1, 2021, though hiring must be done in accordance with the approved budget.
- For initial planning, areas should again assume no use of carryforward in FY2022. There will be further discussions and decisions on the use of carryforward after we analyze the results from budget hearings to be held in August, and have a better projection of fall enrollments.
- Areas will be given opportunity to report on the challenges encountered during the pandemic and provide an accounting of costs incurred and/or lost revenues directly related to COVID-19. This information will allow us to gain a system-wide understanding of the impacts of COVID-19 outside of the costs that are being accounted for centrally (testing, vaccines, PPE, remote learning support, etc.). It will also inform leadership as we continue to consider the best strategic use of federal relief funding.

Budget hearings are scheduled for August 3<sup>rd</sup> – 5<sup>th</sup>. Similar to last year, area leaders will have approximately 10 minutes to present a summary of the information above. After the conclusion of the hearings the Executive Committee will review and recommend FY2022 allocations for final approval. Once this process is completed, early in the fall, we plan to continue the all-funds budgeting practice implemented in FY2020. Areas will be asked to prepare 3-year budgets for FY2022, FY2023, and FY2024 to help prepare for the future and the next biennial budget request process.

During June and July areas will also be working to develop FY2022 budgets to be loaded to the new Workday system. The Budget Office will provide templates and instructions for all these activities by the end of May. As information is available it will be emailed directly to area finance leaders and posted on [the Budget Office webpage](#). Questions may also be emailed directly to [wsubudget.office@wsu](mailto:wsubudget.office@wsu).