



WASHINGTON STATE UNIVERSITY
Finance and Administration

MEMORANDUM

TO: WSU President, Vice Presidents, Chancellors, and Deans

FROM: Stacy Pearson, Vice President Finance and Administration/CFO

DATE: January 11, 2023

RE: FY-2024 Budget Development

As WSU moves toward the adoption of a new budget model, one aspect of that transition will be an earlier timeline for budget development. With that in mind, it's time to start the planning process for FY-2024.

WSU will implement Adaptive Planning for the FY-2024 budget cycle. This tool will automate budget development and seamlessly integrate with Workday, adding efficiency to the FY-2024 planning process through the elimination of spreadsheets and manual processes that were necessary in the past. The final phase of the Adaptive implementation is underway and will conclude this spring.

We will continue to work toward implementation of a new RCM-hybrid budget model throughout FY-2024, however **FY-2024 core fund allocations will be determined in the same way as previous years, with plans to implement the new model in FY-2025.**

My recent memo regarding use of carryforward in the current fiscal year included messaging about the necessity to enact additional budget reductions in the coming year. Current projections are for tuition to decrease again next year and then stabilize beginning in FY-2025 as the large classes of AY 2018-19 and AY 2019-20 graduate. Therefore, budget reductions are necessary to compensate for lost tuition revenue as well as other unfunded commitments arising in FY-2023. These new commitments include system costs, relieving salary deficiencies that jeopardize nursing accreditation, and critical deferred maintenance.

Campuses, colleges, and administrative units should plan for a 6% reduction of the core fund base for FY-2024. However, the Tri-Cities and Vancouver campuses will absorb their campus tuition losses and take a 1% core fund reduction. More information about budget development steps will be released as the Adaptive implementation moves forward.

It will be necessary to manage personnel hiring and position vacancies in order to achieve reductions of this magnitude. Chancellors, VPs and area leaders are encouraged to actively manage vacancies to ensure that any positions that are filled can be funded from their own on-going budget after the 6 percent reduction is implemented. Central fund resources are already committed, and funding will not be available for new positions and expenditures.

Professional and self-sustaining programs should consider plans for AY 2023-24 tuition rates as part of this early planning timeline. Current revenue projections for next year assumes a 2.5% increase in tuition for undergraduate and graduate students, although the maximum rate increase allowed for resident undergraduates will not be announced by OFM until this spring. Tuition and fee rate change recommendations will be presented to the WSU Regents in March. **If you plan to propose a tuition or fee rate increase, you must complete the attached template and return it to the Budget Office by February 10, 2023.**

While there are factors that could improve the outlook for FY-2024 such as the outcome of the State budget process, final tuition rates, and actual enrollment, it is prudent to plan for the current scenario. The new Adaptive Planning tool will facilitate multiple budget versions if needed for FY-2024. Meanwhile, initial core fund budgets will be reduced as described and units should seek to balance budgets in all funds, right size operations to align with lower enrollment, and not assume new state funding at this time.