




MEMORANDUM

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

FROM: Leslie Brunelli, Executive Vice President for Finance & Administration/CFO 

Elizabeth Chilton, System Provost and Executive Vice President 

Daryll DeWald, WSU Spokane Chancellor and Executive Vice President 

DATE: February 6, 2024

RE: FY25 Budget Development

At our January Board of Regents meetings, Finance & Administration provided a review of the University's financial performance for the 2023 fiscal year and for the first five months of the 2024 year underway. While the FY23 financial statement audit was completed more efficiently and was successful in resolving prior findings, we see from those results the increasing pressure on the WSU financial business model through increased costs and reduced enrollment revenue.

As budget development for FY25 begins, we are assessing the impact of the academic student employee (ASE) bargaining contract, persistent enrollment declines, FAFSA delays, inflationary demands, compliance requirements and other variables on our core budget. Following years of across-the-board reductions, we are no longer able to make budget decisions without considering the strategic impact of further painful cuts. Our funding must be used to support the academic and research mission of the University and consider the long-term financial sustainability of the OneWSU System. Following the budget hearings this spring and once we have clarity on both the state supplemental budget (including potential ASE funding) and tuition forecasting, we will be able to provide definitive unit budgets for the next fiscal year. Until then, you've all been asked to project planning parameters for a 1%, 3%, and 5% budget reduction from current budget levels. All units are encouraged to plan conservatively by assuming a 5% budget reduction. We also encourage you to be conservative in accepting new graduate students with offers of funding, but we also want to ensure that we don't undermine our teaching capacity, since that will in turn affect enrollment.

We will schedule a series of budget hearings this spring. Later this month the Budget Office will provide a template for each unit that includes current core budget, core and non-core carryforward funds, impact of budget reductions, and an opportunity to request mission-critical new funding to meet contractual obligations and fulfill the University's mission. Additional information expected to be available includes unit employee FTE, non-core funds performance, and student credit hours. Final FY25 budget decisions will follow by late May.

Additionally, in response to questions regarding the carryforward use policy communicated in the November 15, 2023 memo, we would like to provide further clarification. The intent of the carryforward use policy is not to enforce a blanket restriction on the use of those funds or to impede the progress of planned activities and commitments, such as the funding of graduate students this summer or faculty startups. Rather, the policy is to address the use of carryforward funds as a temporary funding measure resulting in structural budget deficits. Requests for carryforward use enable greater visibility into unit budget decisions and provide critical knowledge as we begin planning for fiscal year 2025. The University's fund balances are our working capital and must be reviewed and monitored holistically across the fiscal year. If you are expecting to utilize carryforward funds this year, please be in touch with the Budget Office so that we can review the purpose and amount of dollars in use and consider commitments across all units and the impact of the University's liquidity.