



## **Financial Update with Excerpts from:**

**FY23 Annual Financial Report**

**FY24 Financial Performance Update**

**FY25 Budget Development**



Faculty Senate  
February 29, 2024

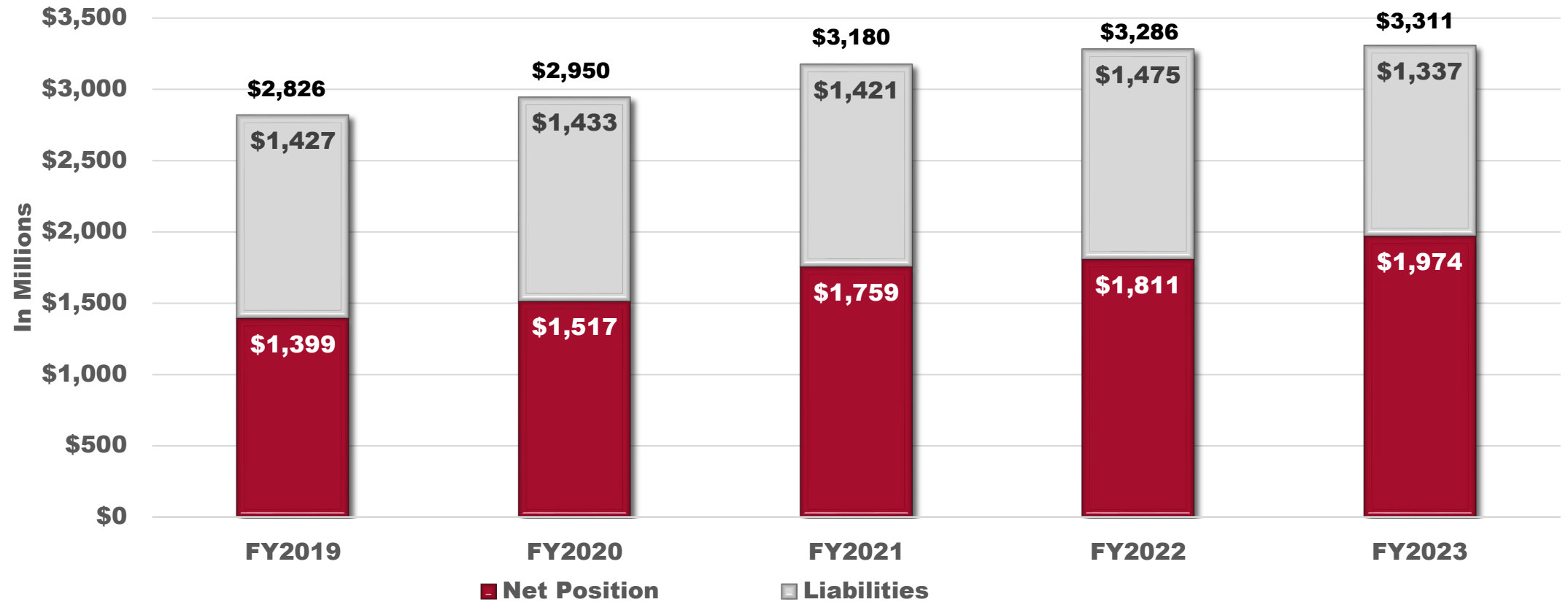
# FY23 Financial Statement Summary

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[https://s3.wp.wsu.edu/uploads/sites/3077/2023/05/FY22  
WSU-Financial-Statements\\_Final-s.pdf](https://s3.wp.wsu.edu/uploads/sites/3077/2023/05/FY22_WSU-Financial-Statements_Final-s.pdf)



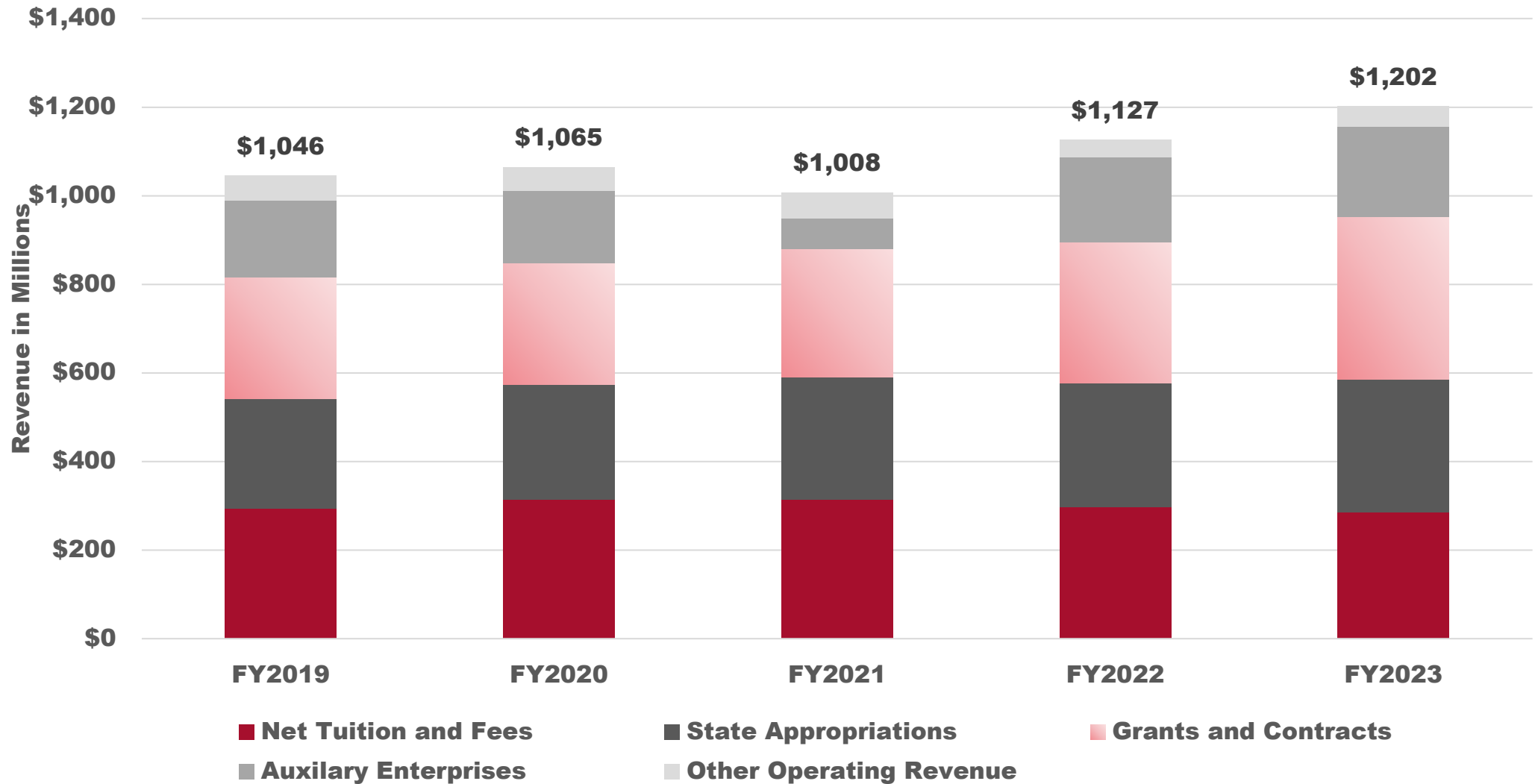
# FY23 Results – Statement of Net Position



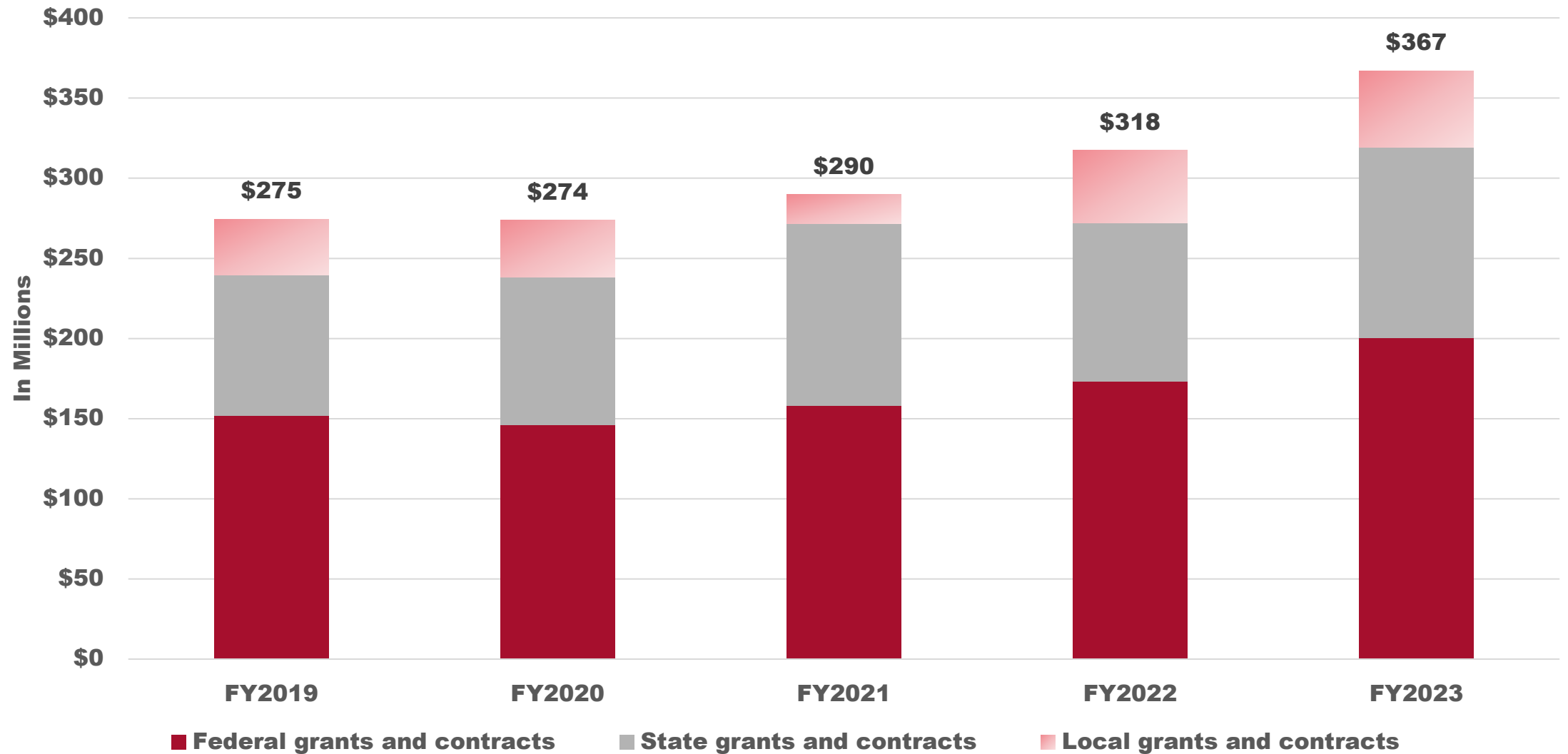
Annual Change						
	2019	2020	2021	2022	2023	5- Year Change
<b>Assets</b>	4%	4%	8%	3%	1%	17%
<b>Liabilities</b>	1%	0%	-1%	4%	-9%	-6%
<b>Net Position</b>	7%	8%	14%	3%	9%	41%



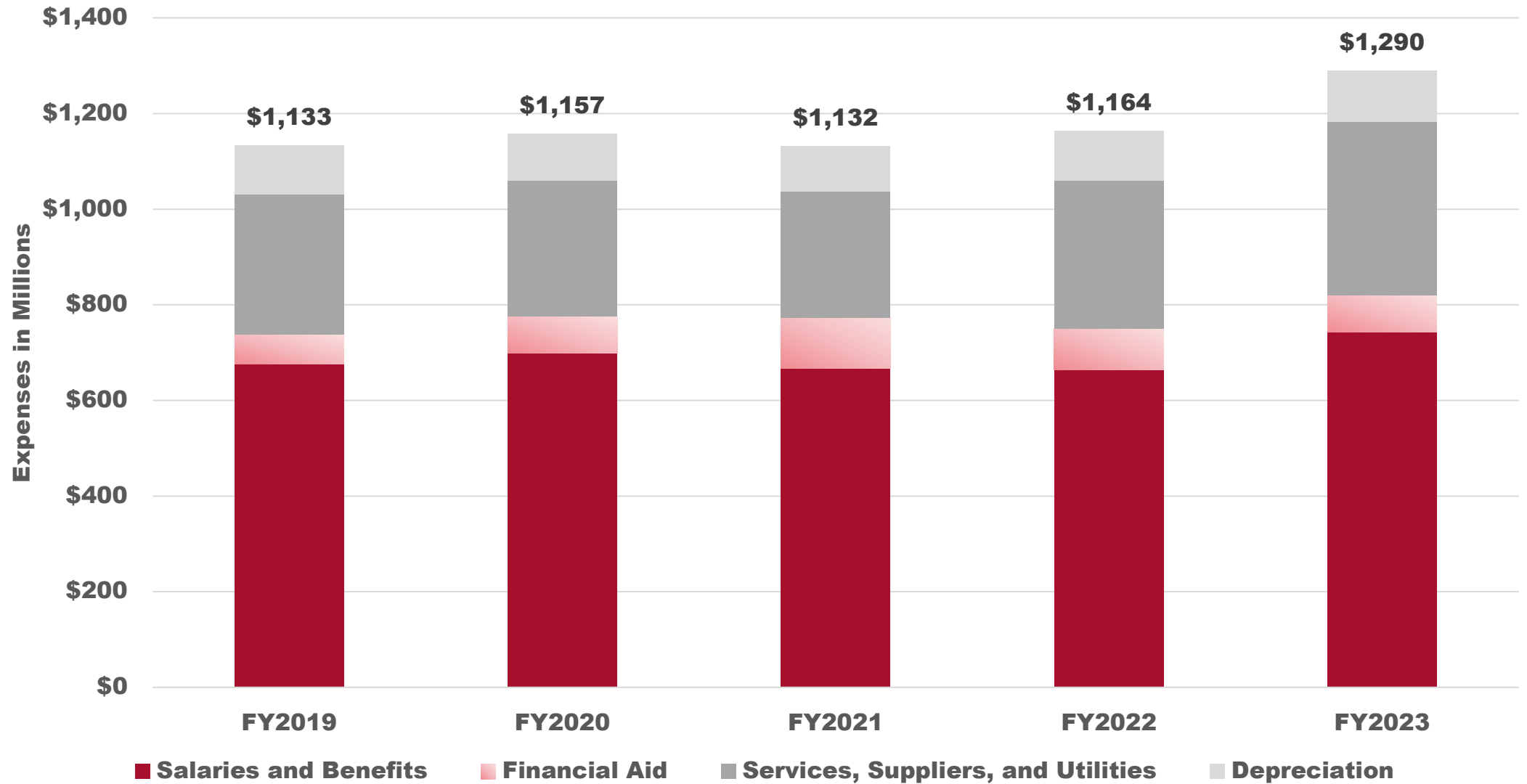
# FY23 Results – Operating Revenue + State Appropriations



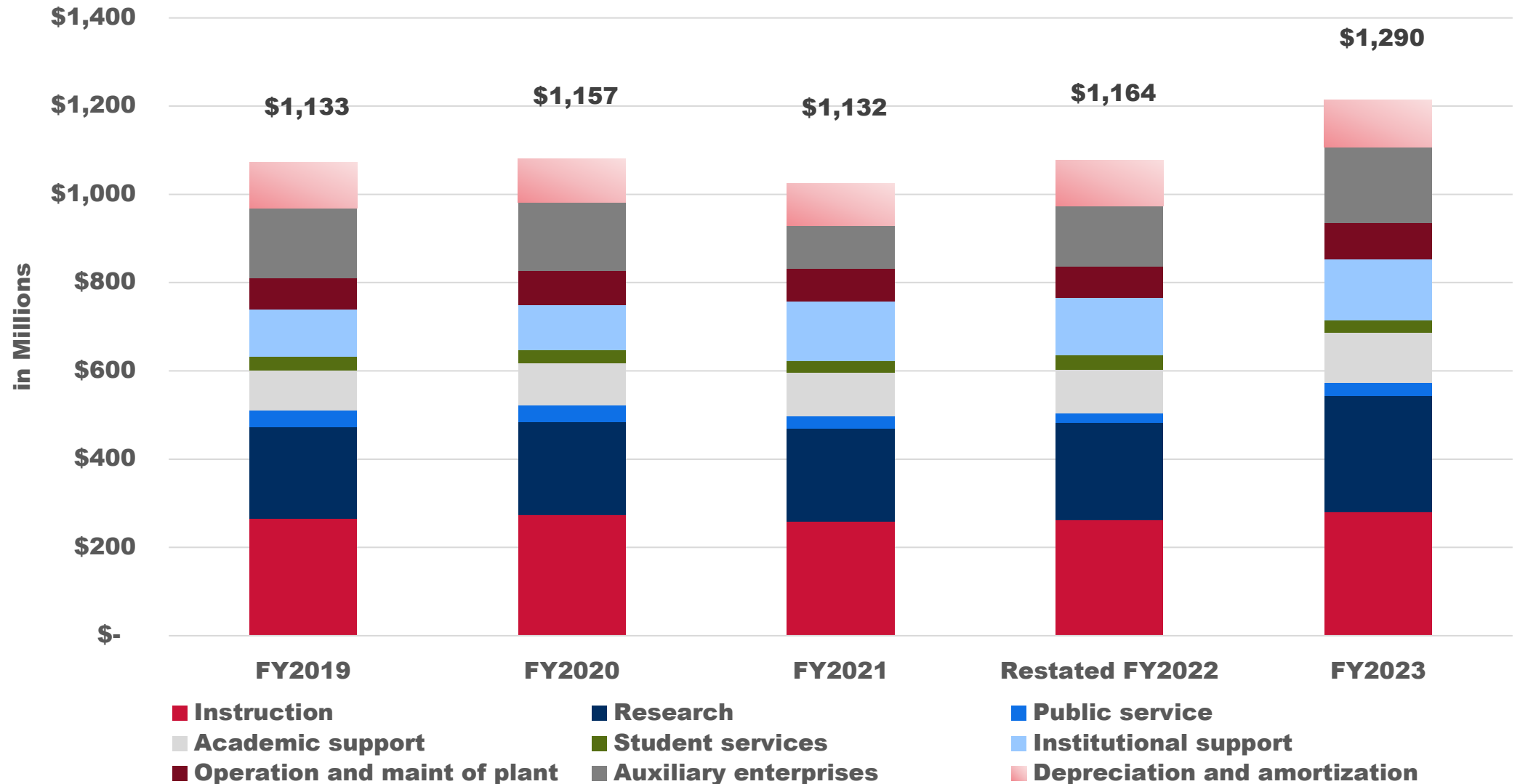
# FY23 Results – Grants and Contracts



# FY23 Results – Operating Expenses



# FY23 Results – Expenses by Functional Class – Financial Statements





# FY23 Financial Takeaways

## Strengths:

- Operating revenues increased by more than 6%.
- State funding support remained strong with 7% growth.

## Challenges:

- Operating expenses outpaced the increase in operating revenues and state appropriations.
- State appropriations target specific new activities or purposes and much of the revenue growth is in designated funds that cannot be used for general university operations.
- State appropriations cover approximately 55% of core funds salary and benefit needs.
- Tuition revenue continues to decline with enrollment.

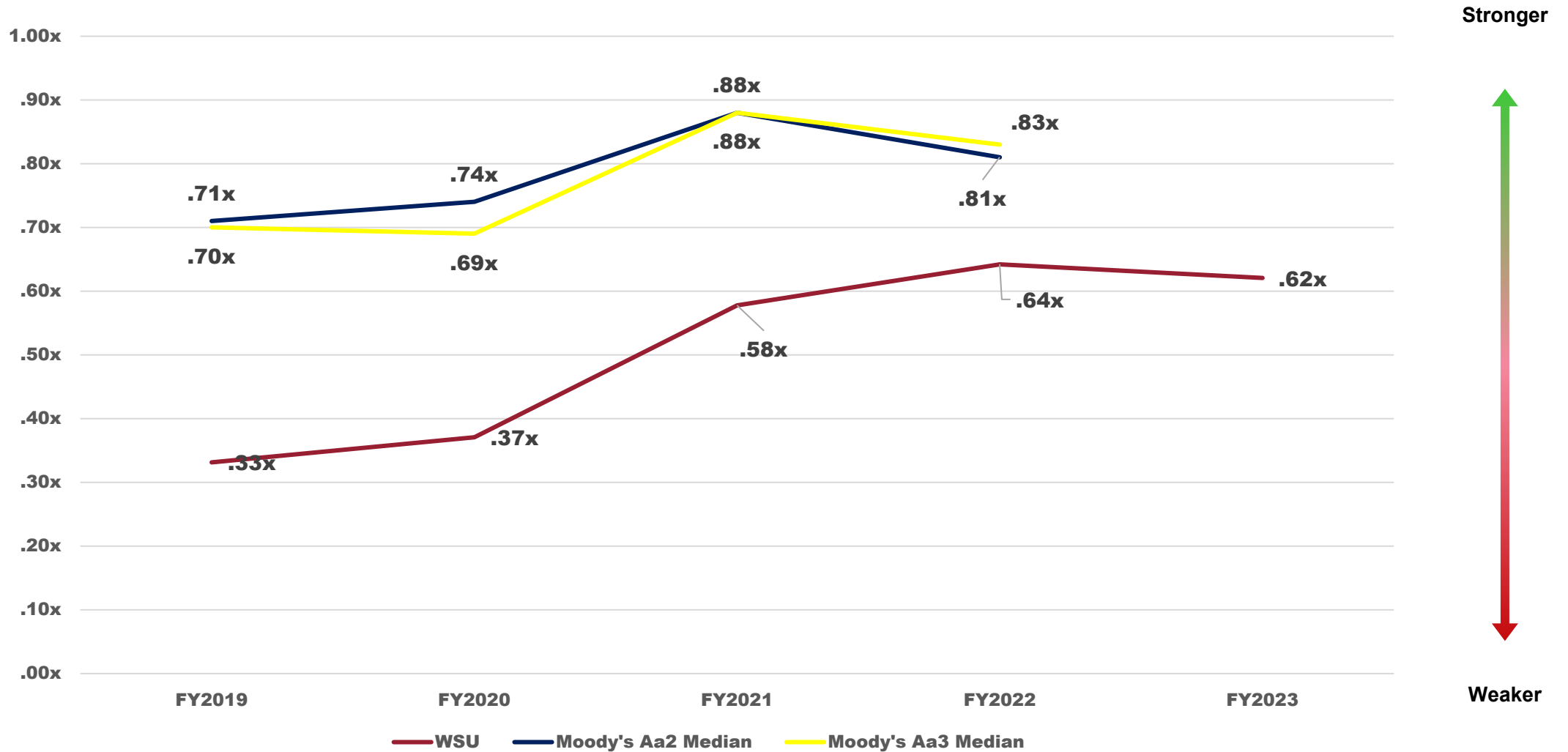
All combined, growing costs and declining undesignated revenue sources continue to create the budgetary pressures underlying budget reductions put in place for FY24 and expected for FY25.

The impact of changes in pension and OPEB significantly impacts financial performance.



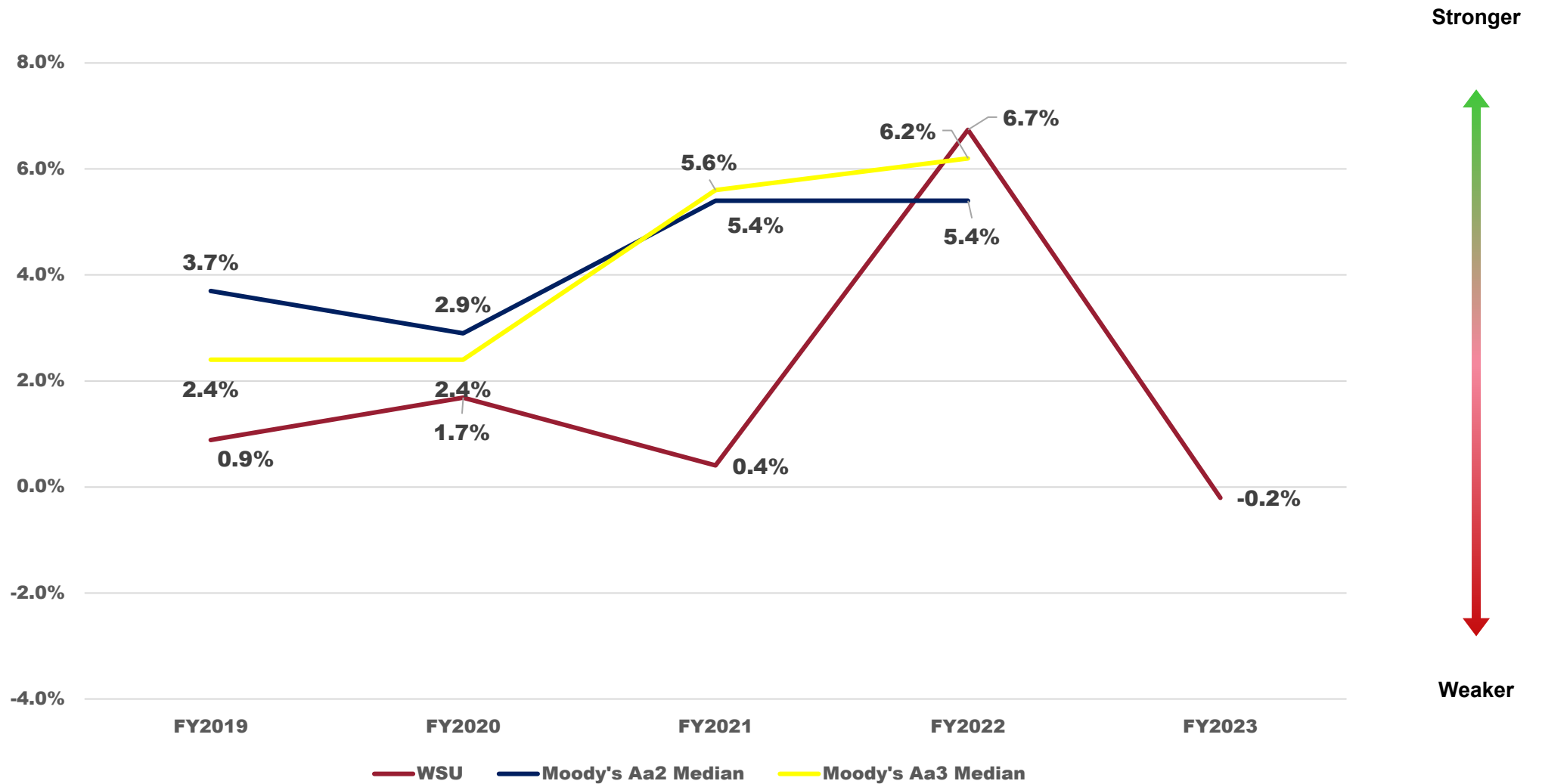
# Key Trends and Highlights – Reserves and Liquidity

## Spendable Cash & Investments to Operating Expenses (Moody's)



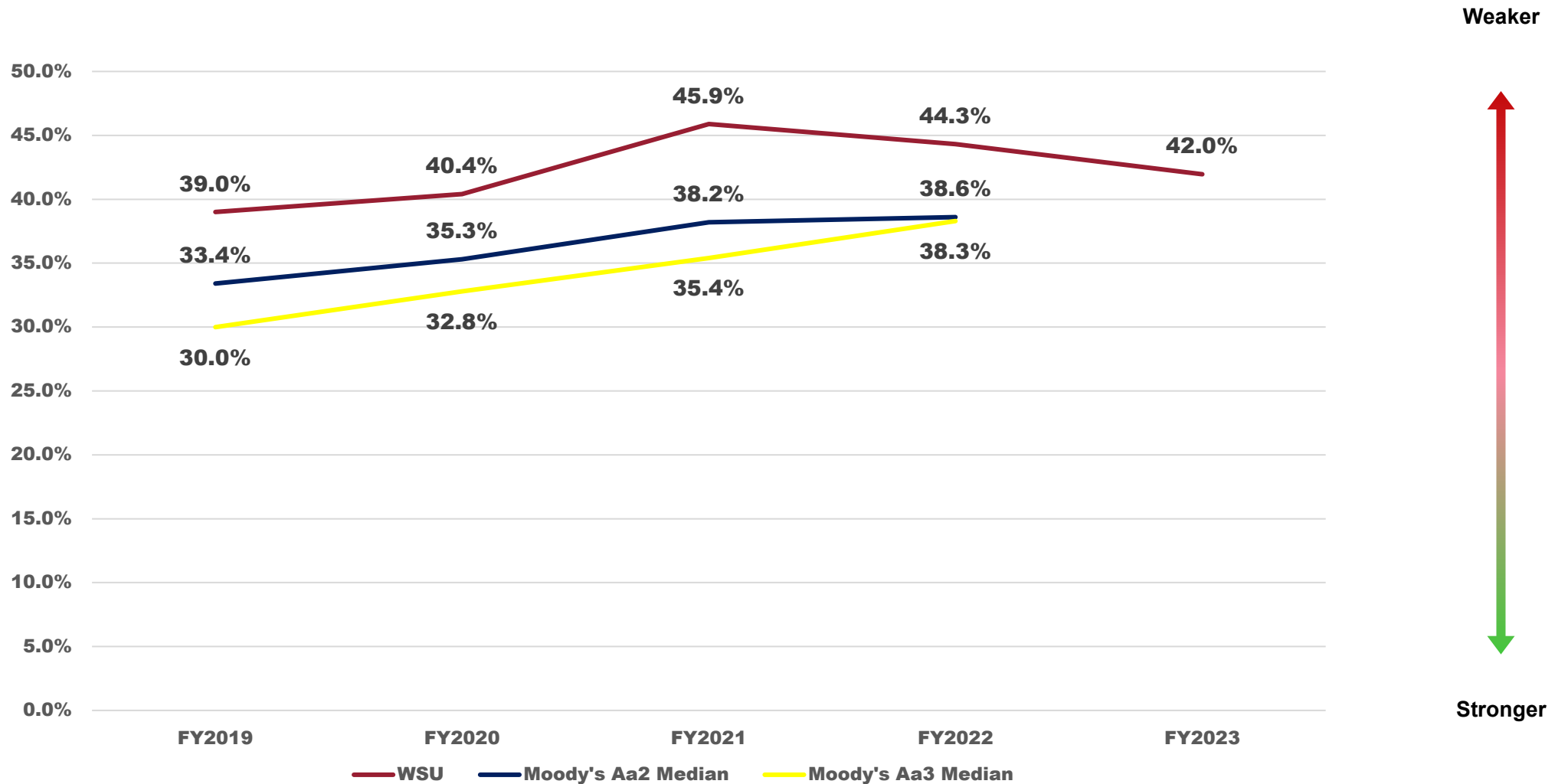
# Key Trends and Highlights – Operating Performance

## Operating Margin (Moody's)



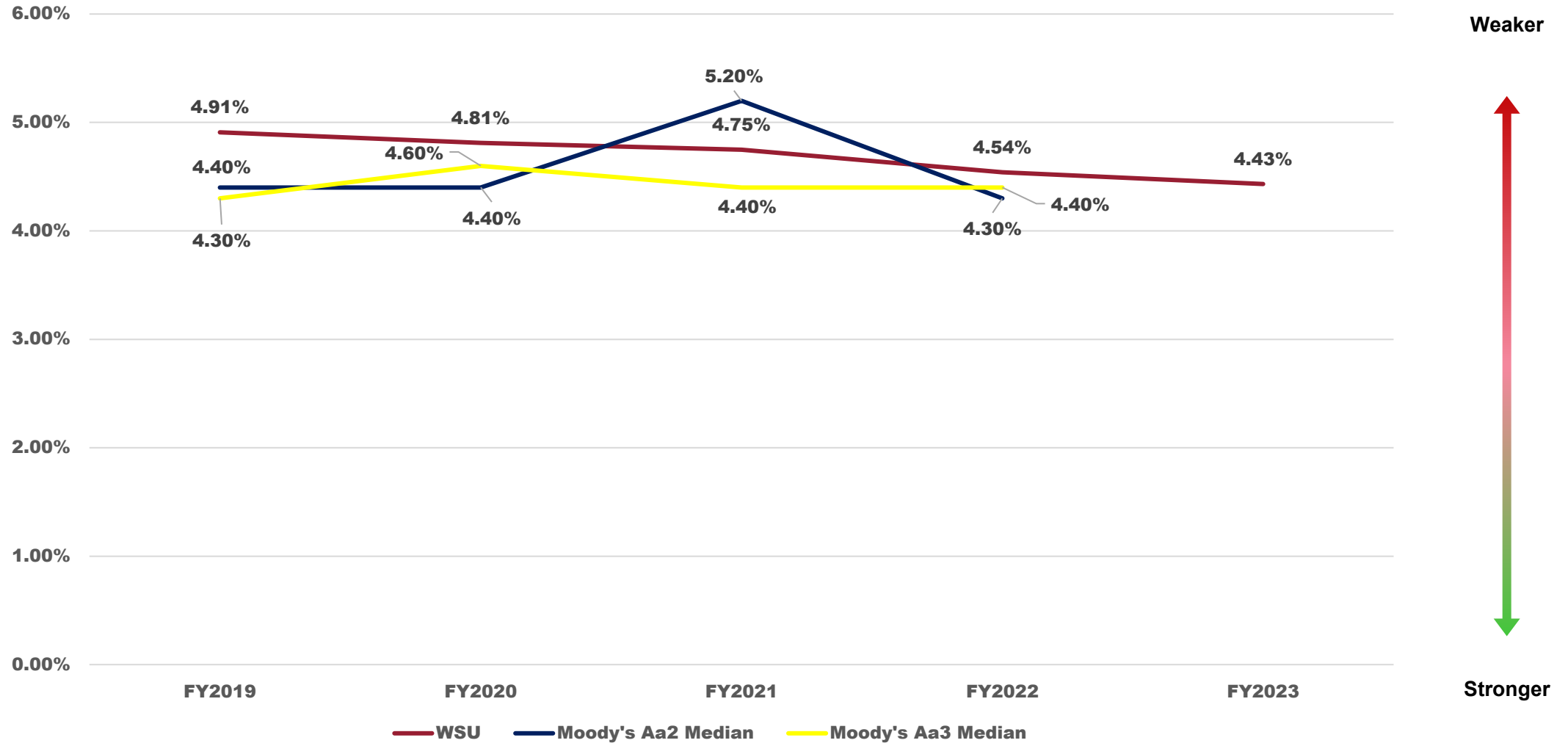
# Key Trends and Highlights – Operating Performance

## Total Tuition Discount (Moody's)



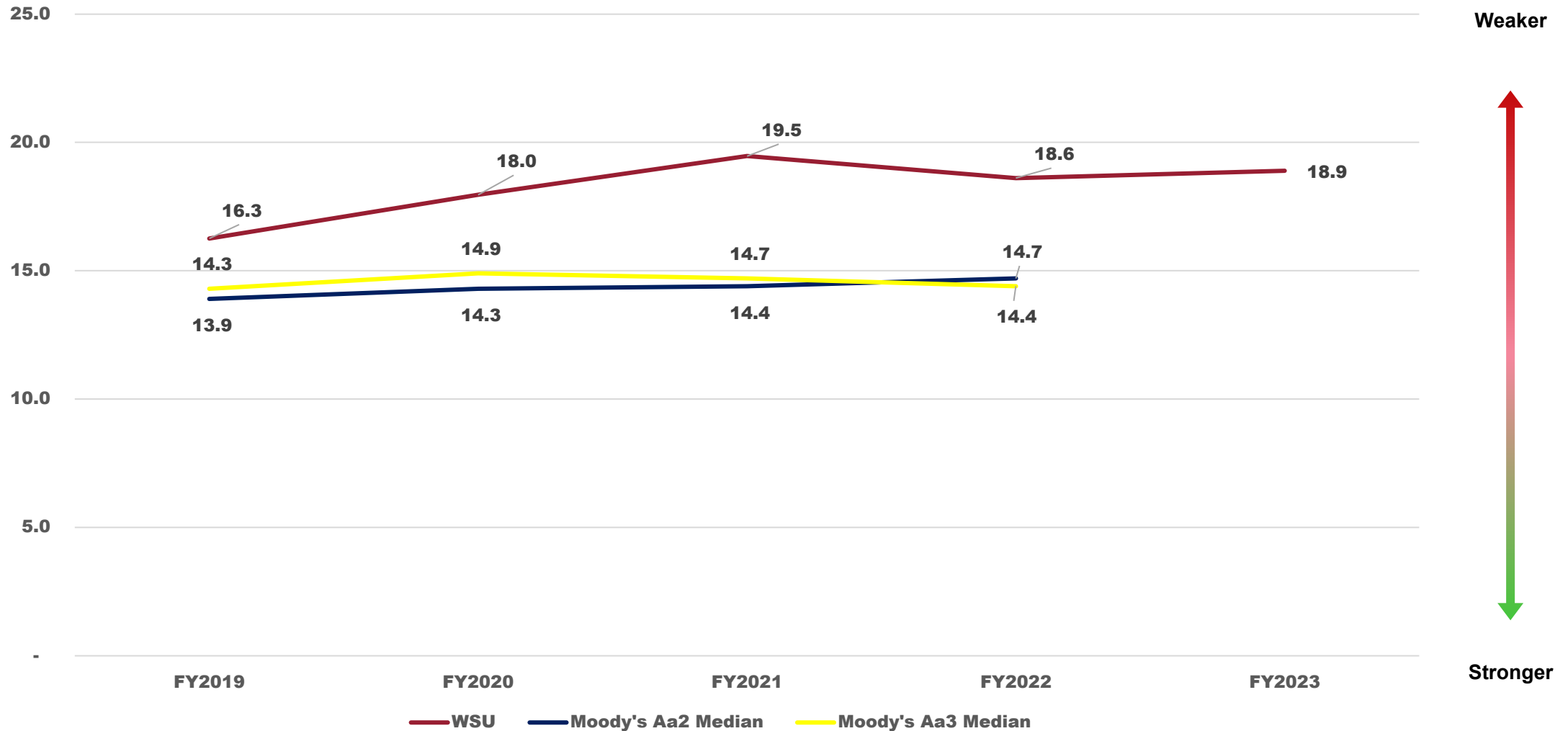
# Key Trends and Highlights – Debt Affordability

## Debt Burden Ratio (Moody's)



# Key Trends and Highlights – Facilities & Infrastructure

## Age of Plant (Moody's)



# FY24 Financial Performance

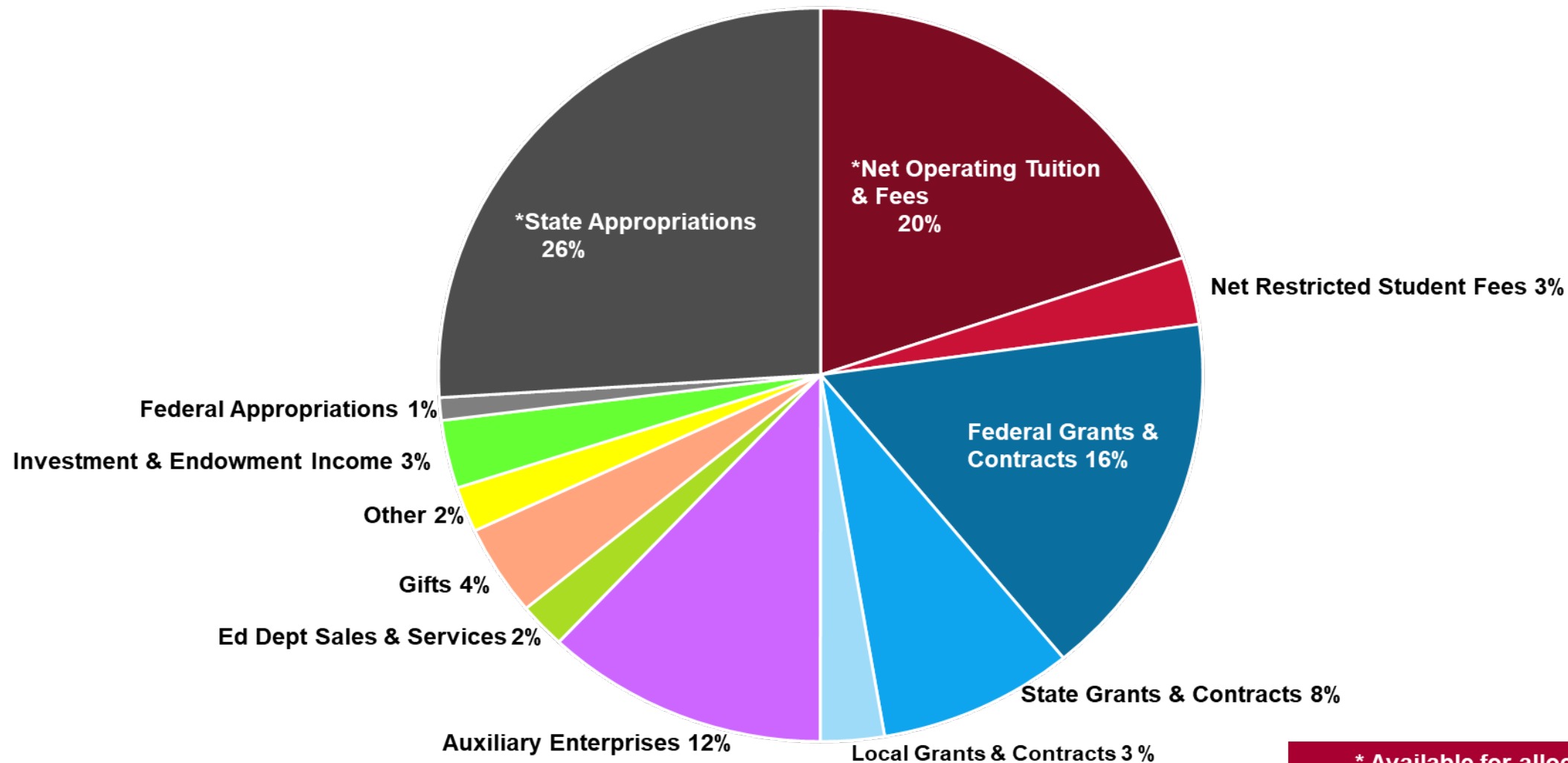
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- Review of budget-to-actual performance for core funds at the system level – through November 30, 2023
- Early identification of key financial trends that will impact the FY24 financial statements and FY25 budget development



# FY24 WSU Annual Operating Budget Sources

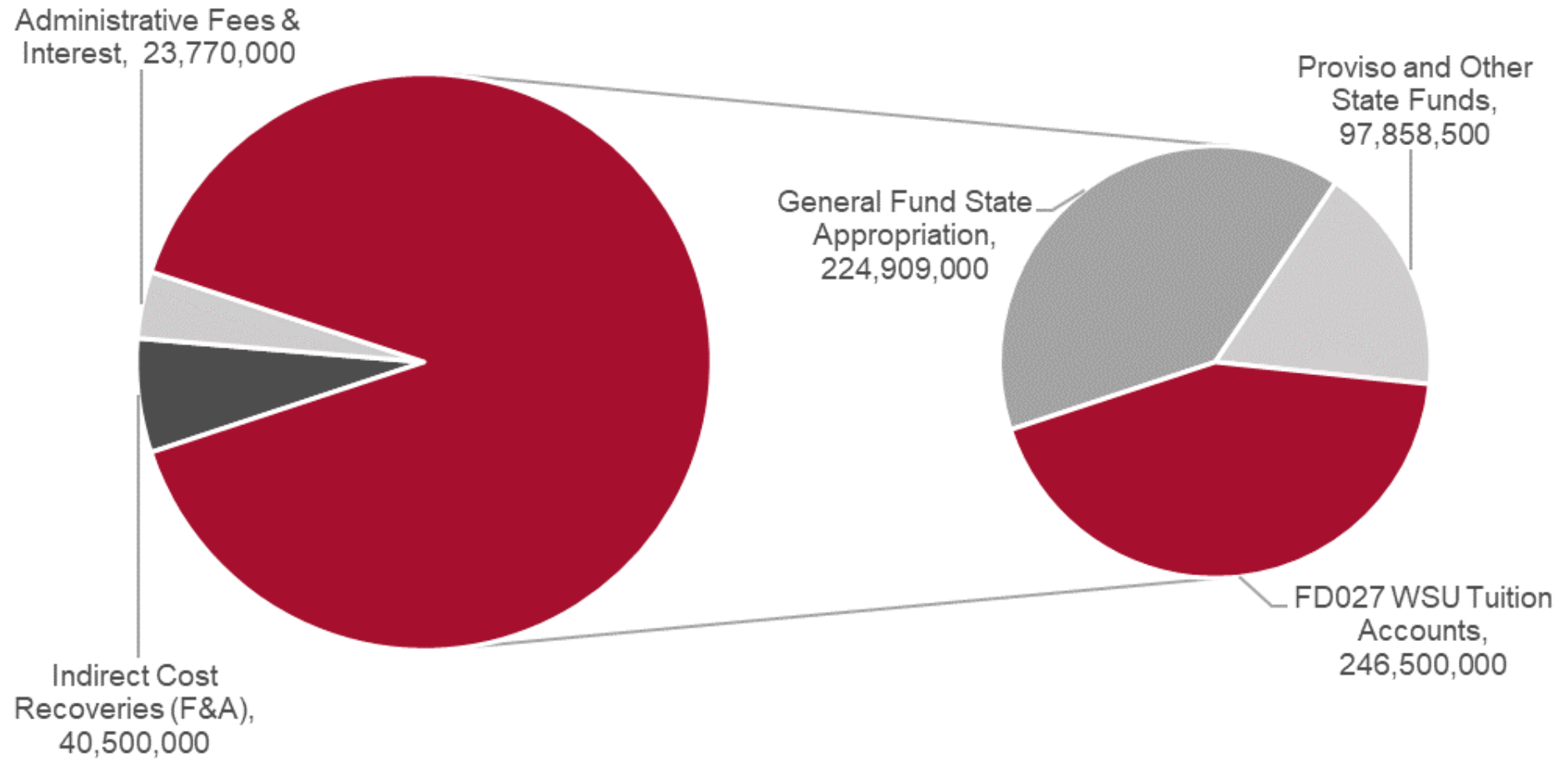
**All Funds – Estimated Total: \$1.2 Billion**



\* Available for allocation

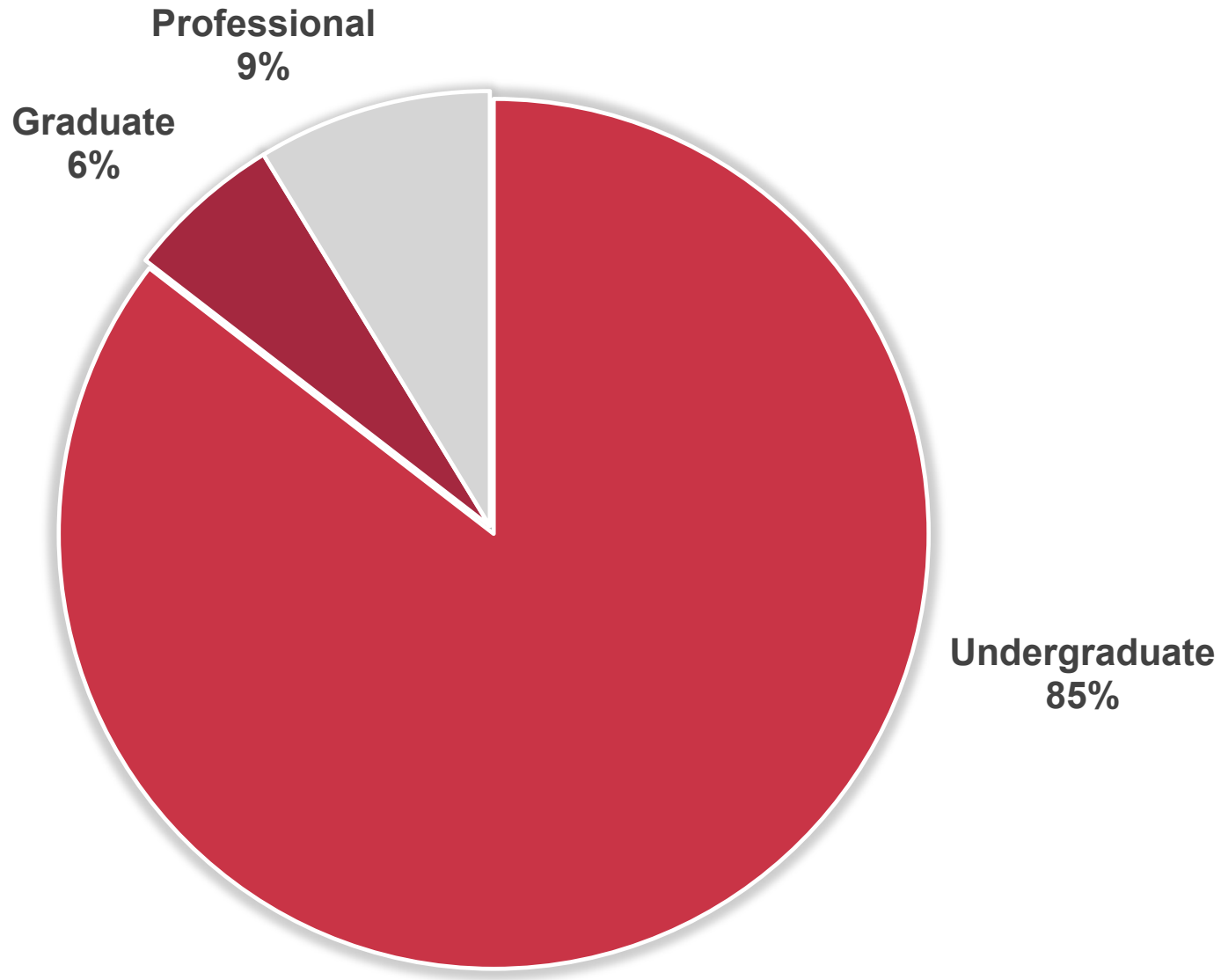


# FY24 Core Funds Budget

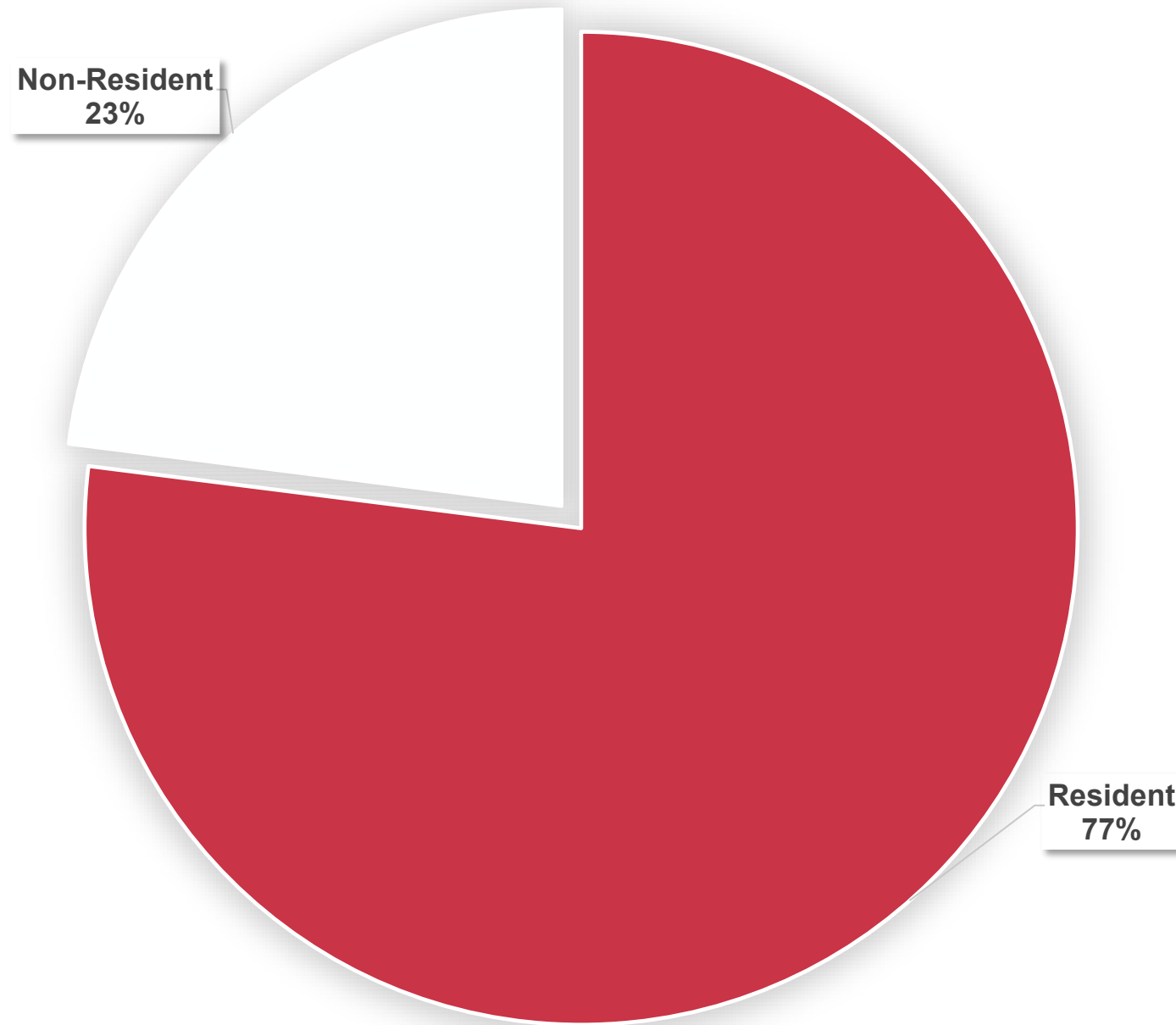




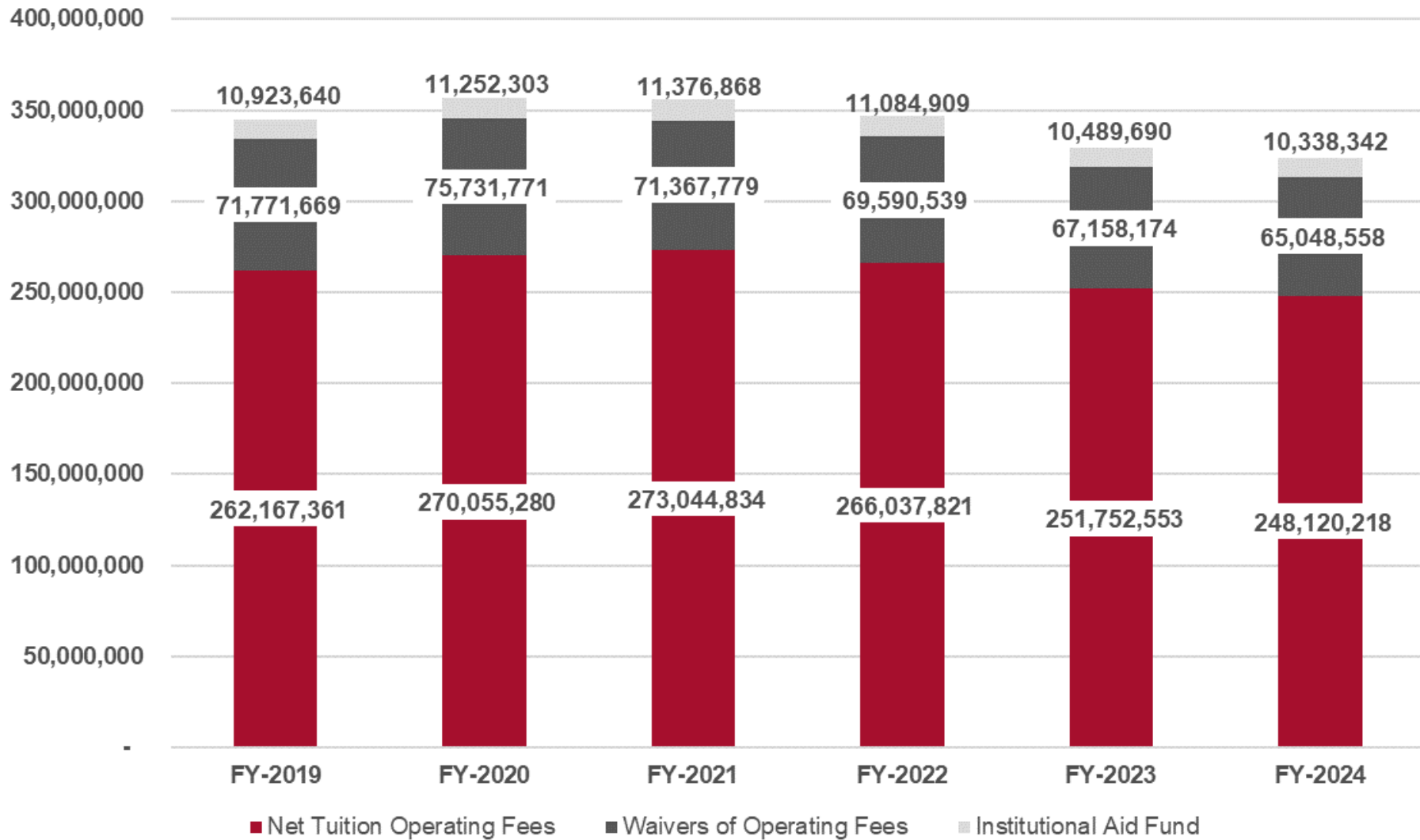
# Net Operating Tuition by Student Category



# Undergraduate Net Operating Tuition

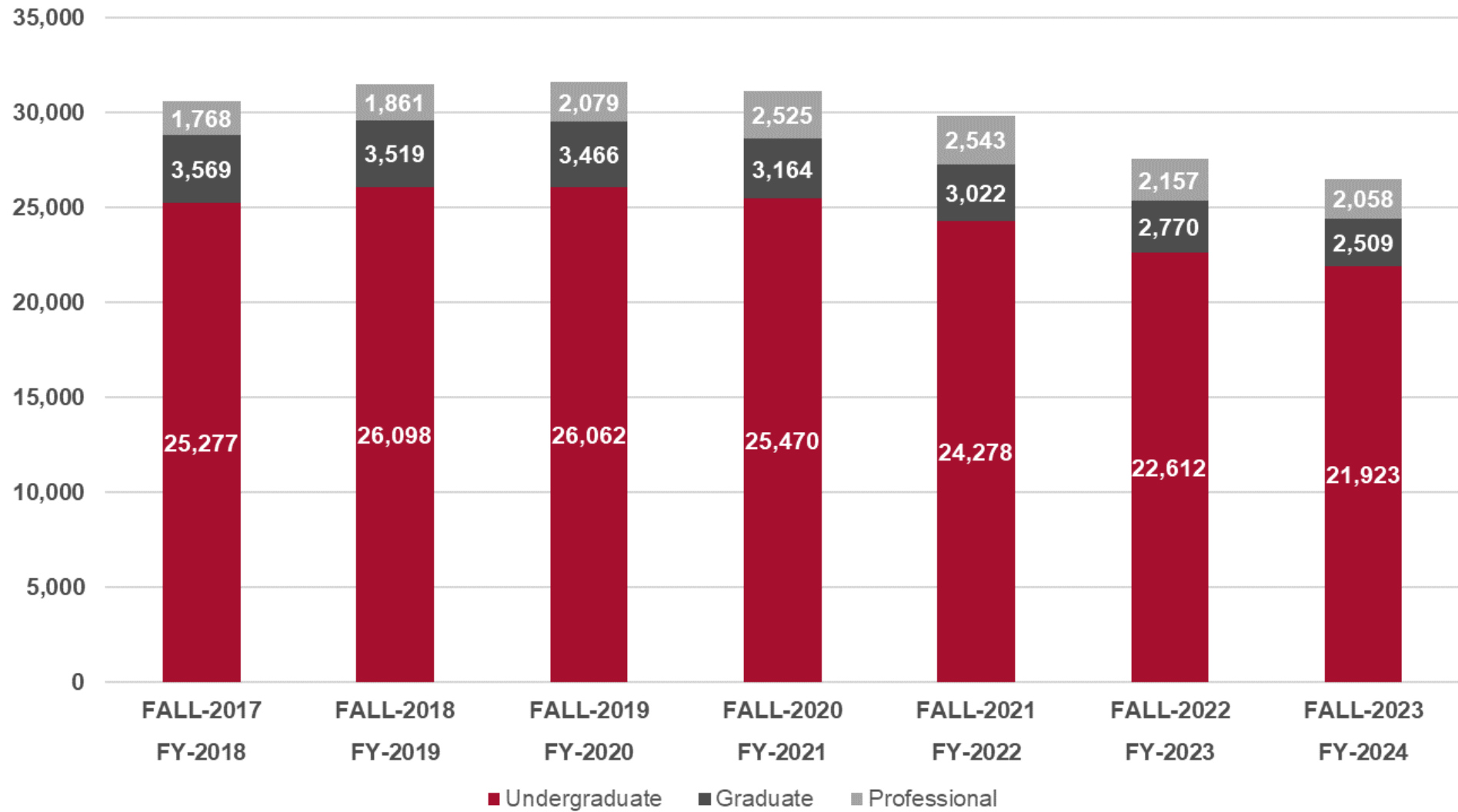


# Gross Tuition and Net Tuition



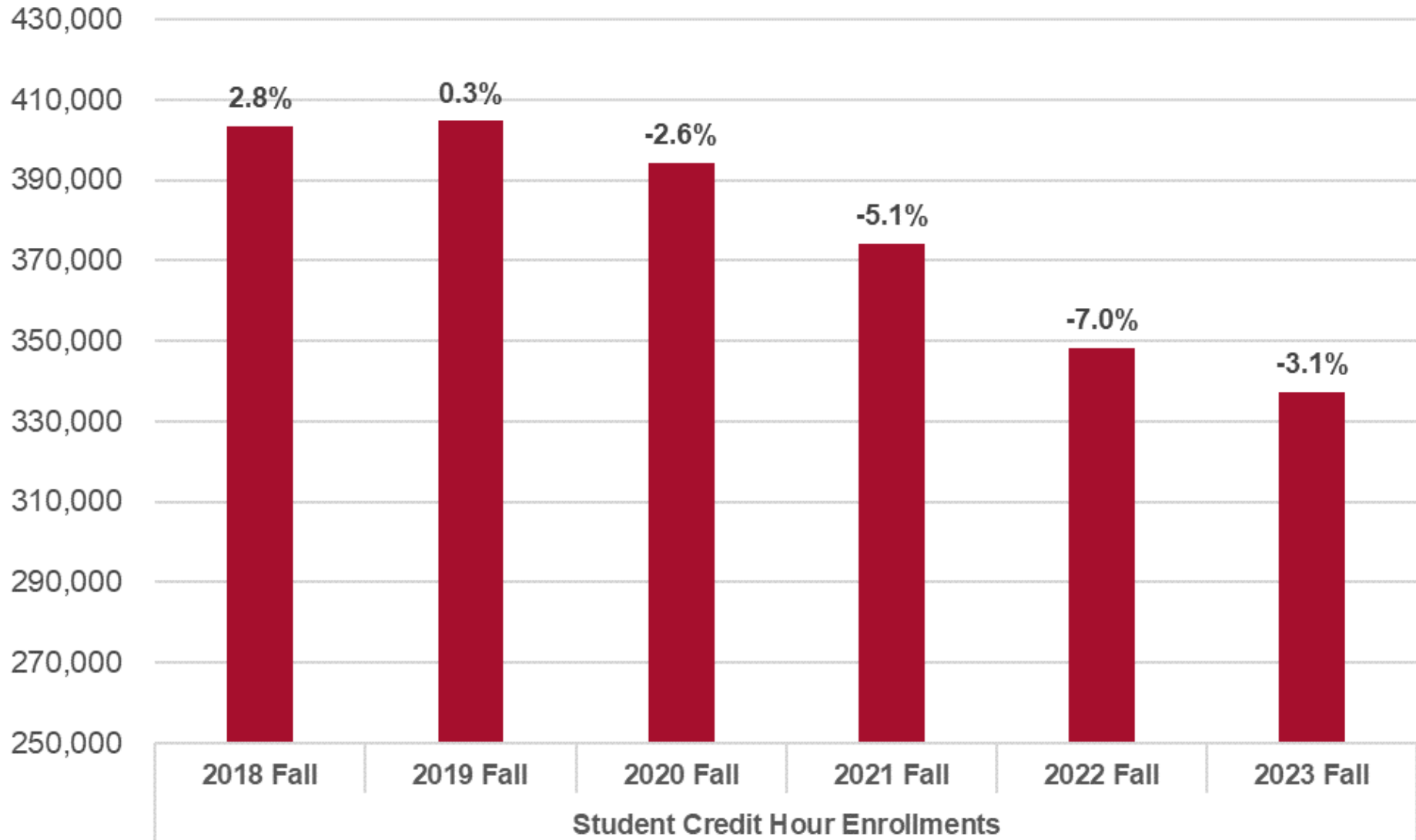


# Total Enrollment





# Fall Student Credit Hour Enrollments



Source: Institutional Research

# Credit Hour Enrollments by College/Academic Unit

College/Academic Unit	2019 Fall	2020 Fall	2021 Fall	2022 Fall	2023 Fall	One Year Change	Five Year Change
Arts & Sciences	187,265	178,436	166,012	156,358	153,323	-1.9%	-18.1%
Voiland College of Engineering & Architecture	45,763	44,734	43,497	39,993	38,458	-3.8%	-16.0%
Carson College of Business	39,412	43,610	42,046	38,790	38,169	-1.6%	-3.2%
CAHNRS	41,884	38,447	35,978	33,447	32,071	-4.1%	-23.4%
Education	20,524	19,340	19,584	18,600	18,159	-2.4%	-11.5%
Vet Medicine	18,745	18,022	18,013	16,851	16,550	-1.8%	-11.7%
Communications	18,402	19,047	17,709	16,144	15,099	-6.5%	-17.9%
Nursing	10,917	11,588	11,482	10,354	8,888	-14.2%	-18.6%
Medicine	5,468	6,554	6,748	6,829	6,674	-2.3%	22.1%
Pharmacy	11,093	10,234	8,587	6,475	5,304	-18.1%	-52.2%
Provost	2,591	1,886	2,207	2,242	2,531	12.9%	-2.3%
Honors College	2,031	1,865	1,826	1,773	1,713	-3.4%	-15.7%
Graduate School	564	508	623	438	504	15.1%	-10.6%
<b>Grand Total</b>	<b>404,659</b>	<b>394,271</b>	<b>374,312</b>	<b>348,294</b>	<b>337,443</b>	<b>-3.1%</b>	<b>-16.6%</b>

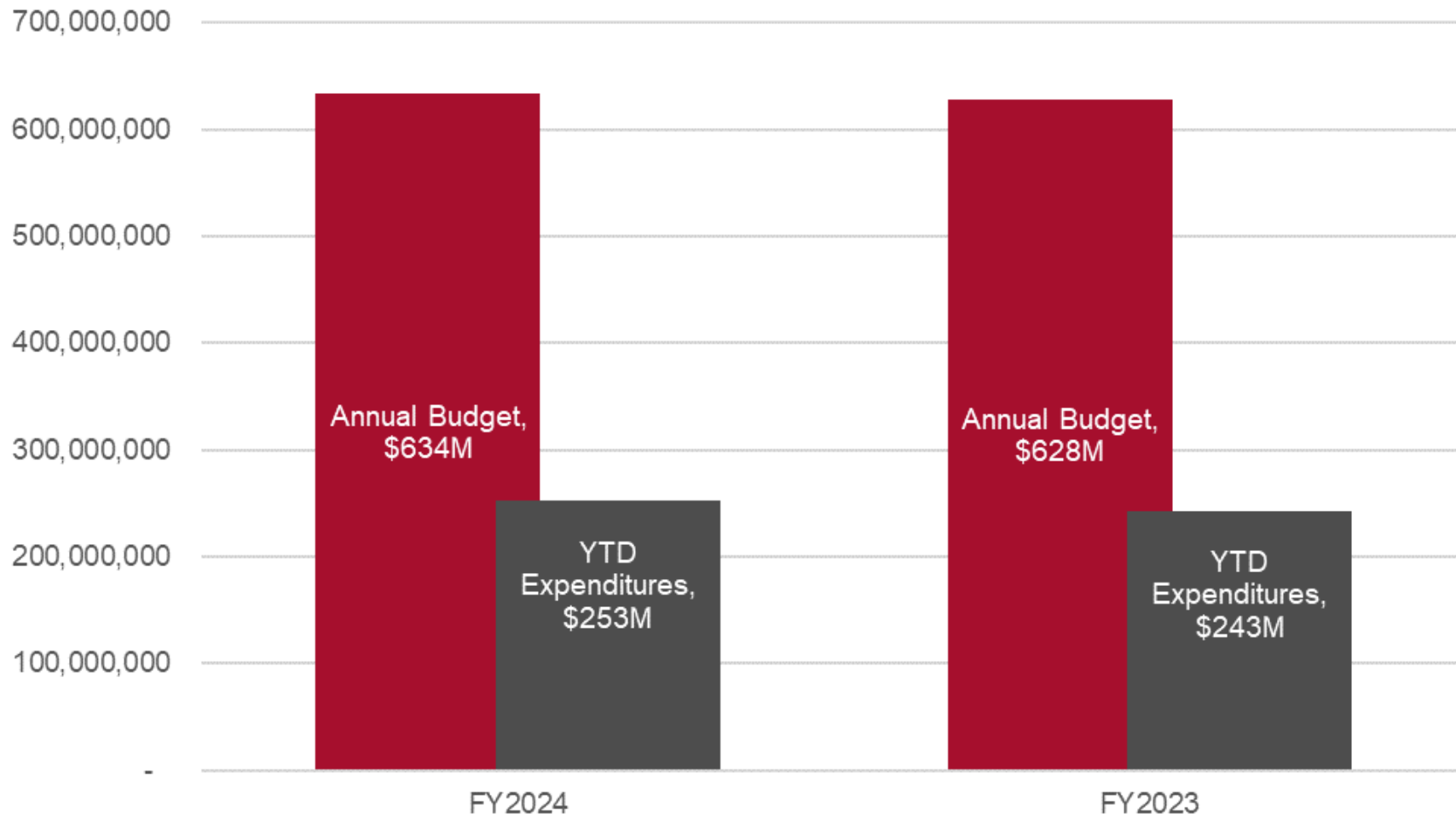


# Credit Hour Enrollments by Campus

Campus	2019 Fall	2020 Fall	2021 Fall	2022 Fall	2023 Fall	One Year Change	Five Year Change
Pullman	293,076	280,366	267,416	249,804	239,686	-4.1%	-18.2%
Vancouver	42,925	41,573	38,130	33,358	32,675	-2.0%	-23.9%
Global	20,505	25,212	25,637	26,775	28,607	6.8%	39.5%
Tri-Cities	20,162	19,094	17,517	16,569	17,133	3.4%	-15.0%
Spokane	24,355	24,271	22,301	19,038	16,658	-12.5%	-31.6%
Everett	3,636	3,755	3,311	2,750	2,684	-2.4%	-26.2%
<b>Grand Total</b>	<b>404,659</b>	<b>394,271</b>	<b>374,312</b>	<b>348,294</b>	<b>337,443</b>	<b>-3.1%</b>	<b>-16.6%</b>



# Core Funds Budget to Actuals: November Year-to-Date







# What's Next?

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- Refine core funds reporting metrics into a consistent and timely financial dashboard
- Develop all-funds financial reporting metrics
- Progress toward quarterly financial statements
- Consider position management tool and process
- Charge an internal group with monthly review of metrics, trends and impact of strategic financial decisions
- Communicate periodic financial performance to Chancellors, System Leadership Collaborative, Deans and Area Finance Officers
- Use financial metrics to forecast future state



# FY25 Budget Development



# Financial Mixed Messages

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## The Good - External View

- Improved overall financial position since 2019
- Stable debt ratings
- COVID impact mitigated by HEERF
- Clean and more timely financial audit for FY23



# Financial Mixed Messages

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## The Bad - Unit View

- Unit budgets are decreasing
- Pay is stagnant
- Costs are increasing
- Persistent enrollment decline



# Financial Mixed Messages

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## The Ugly - Finance View

- Structural budget deficits are appearing
- Pockets of “wealth”
- Reporting requires improvement
- Monitoring in a decentralized environment
  - Authority and accountability?
- No obvious link between financial sustainability and strategic planning



# FY25 Budget Development Timeline

- ❑ February 20 – Discussion with Deans
- ❑ February 29 – Discussion with Chancellors & Faculty Senate
- ❑ March 4 – Discussion with System Leadership Collaborative
- ❑ March TBD – State Budget funding expected; Tuition model complete
- ❑ February 21 – March 5 - Budget & Finance met with all unit AFOs
- ❑ February 23 – Unit budget development templates available
  - Due back to budget office by March 8
    - FY24 budget & projection for year end
    - Historical budgets – FY21, FY22 and FY23
    - Core & non-core funds carryforward
    - Budget impact of 1%, 3% & 5% reductions
    - FY25 new funding needs
    - Data available – credit hours, employee FTE, reduction history



# FY25 Budget Development Timeline

- ❑ March 18 - March 29 – Budget hearings
  - President, Provost, EVP of Health Sciences and CFO
    - Joined by Regent McDonald
- ❑ April 1 – April 26 – Budget decisions
- ❑ April 18 – Board of Regents - FY24 Financial Update through February
- ❑ April 30 – Internal communication of FY25 Budget
- ❑ May 1- May 24 – Budget document preparation
- ❑ June 6 – Board of Regents Retreat
  - FY25 Budget discussion & planning for FY26





Questions