FY23 Financial Statement Summary

FY23 Results – Statement of Net Position

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Net Position</th>
<th>5-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>$1,399</td>
<td>$1,427</td>
<td>$2,826</td>
<td>17%</td>
</tr>
<tr>
<td>FY2020</td>
<td>$1,517</td>
<td>$1,433</td>
<td>$2,950</td>
<td>-6%</td>
</tr>
<tr>
<td>FY2021</td>
<td>$1,759</td>
<td>$1,421</td>
<td>$3,180</td>
<td>41%</td>
</tr>
<tr>
<td>FY2022</td>
<td>$1,811</td>
<td>$1,475</td>
<td>$3,286</td>
<td></td>
</tr>
<tr>
<td>FY2023</td>
<td>$1,974</td>
<td>$1,337</td>
<td>$3,311</td>
<td></td>
</tr>
</tbody>
</table>

Annual Change

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>5-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>4%</td>
<td>4%</td>
<td>8%</td>
<td>3%</td>
<td>1%</td>
<td>17%</td>
</tr>
<tr>
<td>Liabilities</td>
<td>1%</td>
<td>0%</td>
<td>-1%</td>
<td>4%</td>
<td>-9%</td>
<td>-6%</td>
</tr>
<tr>
<td>Net Position</td>
<td>7%</td>
<td>8%</td>
<td>14%</td>
<td>3%</td>
<td>9%</td>
<td>41%</td>
</tr>
</tbody>
</table>
### FY23 Results – Operating Revenue + State Appropriations

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>$1,046</td>
</tr>
<tr>
<td>FY2020</td>
<td>$1,065</td>
</tr>
<tr>
<td>FY2021</td>
<td>$1,008</td>
</tr>
<tr>
<td>FY2022</td>
<td>$1,127</td>
</tr>
<tr>
<td>FY2023</td>
<td>$1,202</td>
</tr>
</tbody>
</table>

**Legend:**
- **Red**: Net Tuition and Fees
- **Dark Gray**: State Appropriations
- **Light Gray**: Auxiliary Enterprises
- **Pink**: Grants and Contracts
- **Light Pink**: Other Operating Revenue

![Revenue Chart](chart.png)
FY23 Results – Grants and Contracts

In Millions

- **Federal grants and contracts**
- **State grants and contracts**
- **Local grants and contracts**

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal Grants</th>
<th>State Grants</th>
<th>Local Grants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>$275</td>
<td></td>
<td></td>
<td>$275</td>
</tr>
<tr>
<td>FY2020</td>
<td>$274</td>
<td></td>
<td></td>
<td>$274</td>
</tr>
<tr>
<td>FY2021</td>
<td>$290</td>
<td></td>
<td></td>
<td>$290</td>
</tr>
<tr>
<td>FY2022</td>
<td>$318</td>
<td></td>
<td></td>
<td>$318</td>
</tr>
<tr>
<td>FY2023</td>
<td></td>
<td></td>
<td></td>
<td>$367</td>
</tr>
</tbody>
</table>
FY23 Results – Operating Expenses
FY23 Results – Expenses by Functional Class – Financial Statements

<table>
<thead>
<tr>
<th>Functional Class</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>Restated FY2022</th>
<th>FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$1,133</td>
<td>$1,157</td>
<td>$1,132</td>
<td>$1,164</td>
<td>$1,290</td>
</tr>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operation and maint of plant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WASHINGTON STATE UNIVERSITY

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.

FY23 Financial Takeaways

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>WSU</th>
<th>Moody's Aa2 Median</th>
<th>Moody's Aa3 Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>0.9%</td>
<td>3.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>FY2020</td>
<td>1.7%</td>
<td>5.6%</td>
<td>5.4%</td>
</tr>
<tr>
<td>FY2021</td>
<td>0.4%</td>
<td>6.2%</td>
<td>5.4%</td>
</tr>
<tr>
<td>FY2022</td>
<td>-0.2%</td>
<td>6.7%</td>
<td></td>
</tr>
<tr>
<td>FY2023</td>
<td>2.4%</td>
<td>-0.2%</td>
<td></td>
</tr>
</tbody>
</table>

WSU: Washington State University
Moody's Aa2 Median
Moody's Aa3 Median

Stronger
Weaker
Key Trends and Highlights – Operating Performance
Total Tuition Discount (Moody’s)
Key Trends and Highlights – Debt Affordability
Debt Burden Ratio (Moody's)

<table>
<thead>
<tr>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.91%</td>
<td>4.81%</td>
<td>4.75%</td>
<td>5.20%</td>
<td>4.54%</td>
</tr>
<tr>
<td>4.40%</td>
<td>4.60%</td>
<td>4.75%</td>
<td>4.40%</td>
<td>4.43%</td>
</tr>
</tbody>
</table>
| 4.30%  | 4.40%  | 4.40%  | 4.40%  | 4.40%  

WSU and Moody's Aa2 Median and Moody's Aa3 Median trends from FY2019 to FY2023.

Stronger Weaker
Key Trends and Highlights – Facilities & Infrastructure
Age of Plant (Moody’s)
FY24 Financial Performance

• 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

- *State Appropriations: 26%
- *Net Operating Tuition & Fees: 20%
- Federal Grants & Contracts: 16%
- Federal Appropriations: 1%
- Investment & Endowment Income: 3%
- Gifts: 4%
- Ed Dept Sales & Services: 2%
- Auxiliary Enterprises: 12%
- Local Grants & Contracts: 3%

* Available for allocation
Net Operating Tuition by Student Category

- Undergraduate: 85%
- Graduate: 6%
- Professional: 9%
Undergraduate Net Operating Tuition

- Resident: 77%
- Non-Resident: 23%
Gross Tuition and Net Tuition

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gross Tuition Operating Fees</th>
<th>Waivers of Operating Fees</th>
<th>Institutional Aid Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-2019</td>
<td>$262,167,361</td>
<td>$71,771,169</td>
<td>$10,923,640</td>
</tr>
<tr>
<td>FY-2020</td>
<td>$270,055,280</td>
<td>$75,731,771</td>
<td>$11,252,303</td>
</tr>
<tr>
<td>FY-2021</td>
<td>$273,044,834</td>
<td>$71,367,779</td>
<td>$11,376,868</td>
</tr>
<tr>
<td>FY-2022</td>
<td>$266,037,821</td>
<td>$69,590,539</td>
<td>$11,084,909</td>
</tr>
<tr>
<td>FY-2023</td>
<td>$251,752,553</td>
<td>$67,158,174</td>
<td>$10,489,690</td>
</tr>
<tr>
<td>FY-2024</td>
<td>$248,120,218</td>
<td>$65,048,558</td>
<td>$10,338,342</td>
</tr>
</tbody>
</table>
Total Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Fall-2017</th>
<th>Fall-2018</th>
<th>Fall-2019</th>
<th>Fall-2020</th>
<th>Fall-2021</th>
<th>Fall-2022</th>
<th>Fall-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-2018</td>
<td>25,277</td>
<td>26,098</td>
<td>26,062</td>
<td>25,470</td>
<td>24,278</td>
<td>22,612</td>
<td>21,923</td>
</tr>
<tr>
<td>FY-2019</td>
<td>1,768</td>
<td>3,569</td>
<td>3,466</td>
<td>3,164</td>
<td>3,022</td>
<td>2,770</td>
<td>2,509</td>
</tr>
<tr>
<td>FY-2020</td>
<td>1,861</td>
<td>3,519</td>
<td>3,466</td>
<td>3,164</td>
<td>3,022</td>
<td>2,770</td>
<td>2,509</td>
</tr>
<tr>
<td>FY-2021</td>
<td>2,079</td>
<td>3,466</td>
<td>3,164</td>
<td>3,022</td>
<td>2,770</td>
<td>2,509</td>
<td></td>
</tr>
<tr>
<td>FY-2022</td>
<td>2,525</td>
<td>3,164</td>
<td>3,022</td>
<td>2,770</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY-2023</td>
<td>2,543</td>
<td>3,022</td>
<td>2,770</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY-2024</td>
<td>2,157</td>
<td>2,770</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Institutional Research
Fall Student Credit Hour Enrollments

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Fall</td>
<td>2.8%</td>
</tr>
<tr>
<td>2019 Fall</td>
<td>0.3%</td>
</tr>
<tr>
<td>2020 Fall</td>
<td>-2.6%</td>
</tr>
<tr>
<td>2021 Fall</td>
<td>-5.1%</td>
</tr>
<tr>
<td>2022 Fall</td>
<td>-7.0%</td>
</tr>
<tr>
<td>2023 Fall</td>
<td>-3.1%</td>
</tr>
</tbody>
</table>

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

Source: OBIEE Census Enrollment Dashboard
## Credit Hour Enrollments by Campus

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

Source: OBIEE Census Enrollment Dashboard
Core Funds Budget to Actuals: November Year-to-Date

- **FY2024**
  - Annual Budget: $634M
  - YTD Expenditures: $253M

- **FY2023**
  - Annual Budget: $628M
  - YTD Expenditures: $243M
What’s Next?

- 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

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

The Bad -
Unit View

• Unit budgets are decreasing
• Pay is stagnant
• Costs are increasing
• Persistent enrollment decline
Financial Mixed Messages

The Ugly - Finance View

• Structural budget deficits are appearing
• Pockets of “wealth”
• Reporting requires improvement
• Monitoring in a decentralized environment
  o 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