

INFORMATION ITEM #2

FY25 Budget Document
(Leslie Brunelli/Chris Jones)

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: Fiscal Year 2025 Budget Document

SUBMITTED BY: Leslie Brunelli, Executive Vice President, Finance & Administration/CFO

SUPPORTING
INFORMATION:

Washington State University is committed to providing transparent, consistent, and digestible financial information to the Board of Regents and to the system community. In support of this effort, a new budget document is available to articulate the annual financial plan for the 2025 fiscal year. This first version collects critical budget information at the highest institution level, but also provides budget parameters for core funds at the unit level across the University.

The budget development process for the 2025 fiscal year included creating a set of guiding principles to set expectations for differential application of cuts. These guiding principles were adapted from the work of the former Executive Budget Council, a 15-member body of faculty and staff responsible for oversight of the budget model revision work. The budget model work is now paused while the University strengthens financial reporting capabilities and enhances understanding of all funds across the institution; yet, more importantly, the budget model revision cannot be successful without strategic consideration of academic, research and service ambitions informed by financial reality.

Budget hearings were reintroduced and included input from the President, Provost, Executive Vice President for Health Sciences and Chief Financial Officer. Faculty Regent McDonald provided context from a faculty perspective. Our Senior Associate Vice President/Deputy CFO and Assistant Vice President for Budget and Planning staffed the meetings with current and historic financial data. These hearings allowed space for 44 unit meetings where Chancellors, Vice Presidents, and Deans explained the impact of budget cuts of 1%, 3% and 5% but also included an opportunity to request additional funds to meet unit goals. With another year of unit reductions required to bring the budget into balance, the development process included differential cuts rather than rely on across the board implementation.

This first Washington State University Budget Document includes a summary of the \$1.3 billion all-funds budget which includes the \$671M core funds budget. The primary core fund sources of revenue, including state appropriations, tuition and fees, and indirect cost recovery are highlighted with sections to explain changes from the prior year. The official schedule of tuition rates maintained by the Budget Office shows the annual changes as approved by the Board of Regents. Additional sections of the document provide budget information for the auxiliary enterprises and provide the valuation of the endowment and the distributions to WSU units. Core funds carried forward from the prior year by unit are included with comparison to both the prior year carryforward amount and the unit budget. Carryforward funds will be a topic of review throughout this year as we consider the impact to working capital from their use and manage units in deficit. The University does not have policies related to use and accumulation of these funds and we will develop cash-on-hand metrics as well as recommendations for limiting use to primarily one-time initiatives. Finally, the appendix includes resource information to provide additional financial context.

The budget document will evolve with input from faculty, staff and students across the WSU system. Our expectation is that the budget document for the 2026 fiscal year will serve as the basis for discussion and approval by the Board of Regents in spring 2025. This annual budget document is a companion piece to the annual financial statements and helps to align strategic plans with financial plans to ensure that outcomes are reasonable and achievable. The goal is that this information is a tool that represents the culmination of a comprehensive planning effort to support WSU as a public land-grant research university committed to the principles of practical education for all, scholarly inquiry that benefits society, and the sharing of expertise to positively impact the state and communities.

ATTACHMENT: Washington State University Fiscal Year 2025 Budget Document