

Business and Financial Affairs

# Financial Health Presentation

Joyce Lopes, Vice President

Faye Gallant, Assistant Vice President for Strategy, Management and Budget

Anna Hurst, Director, Budget and Financial Planning

Michael Ulrich, Controller / Director, Financial Services

February 20, 2024

Finance, Audit and Enterprise Risk Management Committee Meeting

# Outline

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- Why Financial Health?
- Measurements of Financial Health
- Notable Metrics for WWU, FY23
- WWU Budget and Actuals, FY23
- Outlook for Macro Operating Environment & Higher Education Sector





# Why Financial Health?

- Keeps a finger on the pulse of the financial picture
- Understanding of major factors impacting Western's financial sustainability
- Annual check-up as preventative care

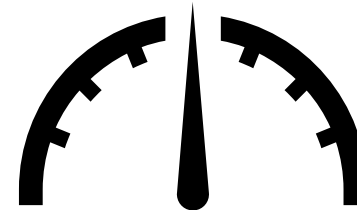
## How is Financial Health Measured?

There are common metrics gathered across organizations, typically in the following categories:

- Admissions/Enrollment
- Retention/Completion
- Financial
- Workforce

In addition to our own strategic plan, WWU works in partnership with various organizations to assess performance alongside other institutions:

- National Association of College and University Business Officers (NACUBO)
- Integrated Postsecondary Data System (IPEDS)
- Education Research & Data Center (ERDC)
- Moody's



# NACUBO Sustainability Assessment

Key:

Stable	Struggling 1	Struggling 2	In Crisis
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### Admissions/Enrollment

Undergraduate Fall FTE	Graduate Fall FTE	% housing capacity filled	% change in net tuition revenue per student	% change in institutional aid per student FTE	% change in state support per student FTE	% change in total first-year applications	% change in yield
A) Increasing or relatively stable (<2% decrease in past two years)	A) Increasing or relatively stable (<2% decrease in past two years)	A) ≥ 80%	A) Increasing or relatively stable (<2% decrease in past two years)	A) Decreasing or relatively stable (<2% increase in past two years)	A) Increasing or relatively stable (<2% decrease in past two years)	A) Increasing or relatively stable (<2% decrease in past two years)	A) Increasing or relatively stable (<2% decrease in past two years)
B) Decreased by 2-5% in past two years	B) Decreased by 2-5% in past two years	B) 75-79%	B) Decreased by 2-5% in past two years	B) Increased by 2-5% in past two years	B) Decreased by 2-5% in past two years	B) Decreased by 2-5% in past two years	B) Decreased by 2-5% in past two years
C) Decreased by 5-10% in past two years	C) Decreased by 5-10% in past two years	C) 70-74%	C) Decreased by 5-10% in past two years	C) Increased by 5-10% in past two years	C) Decreased by 5-10% in past two years	C) Decreased by 5-10% in past two years	C) Decreased by 5-10% in past two years
D) Decreased by >10% in past two years	D) Decreased by >10% in past two years	D) <70%	D) Decreased by >10% in past two years	D) Increased by >10% in past two years	D) Decreased by >10% in past two years	D) Decreased by >10% in past two years	D) Decreased by >10% in past two years

### Retention/Completion

Second-year retention rate	Third-year retention rate	4-year completion rate	6-year completion rate	Undergraduate program array metric*	Graduate program array metric*
A) ≥ 80%	A) ≥ 75%	A) ≥ 50%	A) ≥ 60%	A) > 10	A) > 8
B) 70-79%	B) 70-74%	B) 45-50%	B) 55-59%	B) 8-10	B) 6-8
C) 60-69%	C) 65-69%	C) 40-44%	C) 50-54%	C) 4-7	C) 3-5
D) <60%	D) <65%	D) <40%	D) <50%	D) <3	D) <2

\*Average annual completers for programs producing lowest 10% of graduates when ranked by the annual number of completers

### Workforce

Student/faculty ratio trend	Student/non-faculty ratio trend	Student/non-faculty (staff) ratio trend	Workforce condition	Assessment of talent gap	Assessment of campus climate
A) Increasing or relatively stable (<1.0 decrease in past five years)	A) Increasing or relatively stable (<1.0 decrease in past five years)	A) Increasing or relatively stable (<1.0 decrease in past five years)	A) Healthy mix of new and seasoned employees	A) No talent gaps, paths for upward mobility and talent to fill positions	A) Campus climate is seen as universally positive and has been for multiple years
B) Decreased by 1.0-1.5 in past five years	B) Decreased by 1.0-1.5 in past five years	B) Decreased by 1.0-1.5 in past five years	B) Uneven mix of new and seasoned employee	B) Some talent gaps, some paths for upward mobility and some talent to fill positions	B) Campus climate is generally positive but that are pockets of dissatisfaction
C) Decreased by 1.6-2.0 in past five years	C) Decreased by 1.6-2.0 in past five years	C) Decreased by 1.6-2.0 in past five years	C) Mostly new employees or employees close to retirement	C) Significant talent gaps, few paths for upward mobility and little talent to fill positions	C) Campus climate is considered not positive by more than half of campus community
D) Decreased by >2.0 in past five years	D) Decreased by >2.0 in past five years	D) Decreased by >2.0 in past five years	D) Overwhelmingly new employees or employees close to retirement	D) Severe talent gaps, no paths for upward mobility and no talent to fill positions	D) Campus climate is universally seen as not positive

### Financial Metrics

Total operating margin ratio	E&G operating margin ratio	Auxiliary operating margin ratio	Primary reserve ratio	Viability ratio	Cash on hand annual snap date	% change in revenue from state support	Deferred maintenance	% space utilization	Facilities condition	Impact of affiliated entities
A) 2% or higher based on an institutional "sweet spot" target (3-yr moving average)	A) 2% or higher based on an institutional "sweet spot" target (3-yr moving average)	A) 2% or higher based on an institutional "sweet spot" target (3-yr moving average)	A) 40% or higher based on an institutional "sweet spot" target (3-yr moving average)	A) 1.25 or higher based on an institutional "sweet spot" target	A) ≥ 180 days cash on hand	A) Increasing or relatively stable (<2% decrease in past three years)	A) Sufficient funds are available for deferred maintenance and funds are set aside annually	A) Space utilization is appropriate for the enrollment size/operations of the campus	A) Facilities are in good condition and there is a plan in place for maintaining this state	A) Affiliated entities are helpful and have a positive financial impact
B) Between 0-2% (3-yr moving average)	B) Between 0-2% (3-yr moving average)	B) Between 0-2% (3-yr moving average)	B) Between 30% and 40% (3-yr moving average)	B) 1.0-1.24	B) ≥ 90 and <180 days cash on hand	B) Decreased by 2-5% in past three years	B) Sufficient funds are available for current deferred maintenance needs but new funds are not being added	B) There is too much/ho little space for enrollment size/operations, but plans are in place to address the challenge	B) Facilities are currently in good condition but there are capital projects needed that are not part of a master plan	B) Affiliated entities are helpful and have a neutral financial impact
C) Negative (3-yr moving average)	C) Negative (3-yr moving average)	C) Negative (3-yr moving average)	C) Between 20% and 30% (3-yr moving average)	C) 0.75-1.0	C) ≥ 30 and <90 days cash on hand	C) Decreased by 5-10% in past three years	C) Deferred maintenance funds are being diverted for other needs	C) There is too much/ho little space for enrollment size/operations and this is having a negative financial impact	C) Facilities are not in good condition and there are capital projects needed that are not part of a master plan	C) Affiliated entities are not helpful and have a neutral financial impact
D) Consistently negative year over year	D) Consistently negative year over year	D) Consistently negative year over year	D) Less than 20% (3-yr moving average)	D) <0.75	D) < 30 days cash on hand	D) Decreased by >10% in past three years	D) Deferred maintenance funds have been depleted	D) There is too much/ho little space for enrollment size/operations and this is creating an unrecoverable financial impact	D) Facilities are in poor condition and there is not a master plan to address needs	D) Affiliated entities are not helpful and have a negative financial impact

- Developed by NACUBO in partnership with leaders in Higher Education
- Practical assessments of current fiscal health and student success indicators
- Create a common, informed understanding of current state
- Data-informed conversations; reveal reality vs. perception

Rubric detail included on following slides!

# NACUBO Pathways Key

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Assessment rubric for NACUBO  
Pathways to Sustainability  
Assessment

# Financial Sustainability Assessment Rubric: Key

Stable	Struggling 1	Struggling 2	In Crisis
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## Admissions/Enrollment

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# NACUBO Path To Sustainability Rubric



Selected Indicators				
Enrollment	Retention/Completion	Financial		
Undergrad Fall FTE	Freshman Retention Rate	Total Operating Margin	Viability Ratio	Deferred Maintenance
A) Increasing or relatively stable (<2% decrease in past two years)	B) 70-79%	B) Between 0-2% (3-yr moving average)	D) <0.75	B/C) Sufficient funds are not available for current and upcoming deferred maintenance needs
Graduate Fall FTE	6-Year Graduation Rate	Primary Reserve Ratio	Cash on Hand Annual Snap Date	Facilities Condition
C) Decreased by 5-10% in past two years	A) $\geq 60\%$	D) Less than 20% (3-yr moving average)	B) $\geq 90$ and <180 days cash on hand	B) Facilities are currently in good condition but there are capital projects needed that are not part of a master plan

# Admissions/Enrollment (State-funded):

## Undergrad Fall FTE

### WWU SCORE

A) Increasing or relatively stable (<2% decrease in past two years)

## Graduate Fall FTE

### WWU SCORE

C) Decreased by 5-10% in past two years

## Yield Rate

### WWU SCORE

D) Decreased by >10% in past two years

### The Data:

While Fall 2020, Fall 2021, and Fall 2022 saw Undergraduate Enrollment decreases associated with the pandemic, FTE increased in Fall 2023 for the first time since Fall 2018. Total enrollment is still down compared to pre-pandemic levels, however.

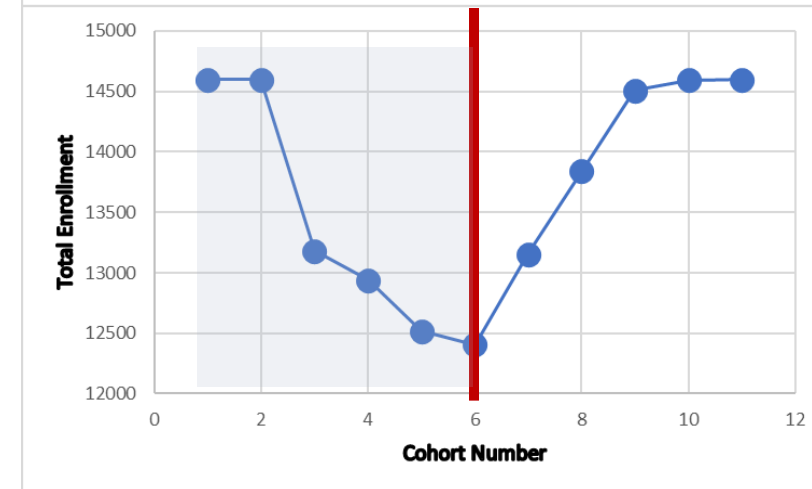
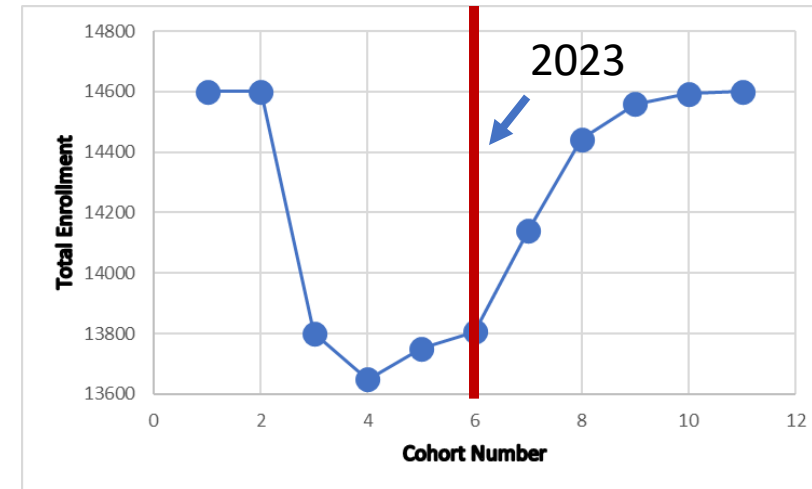
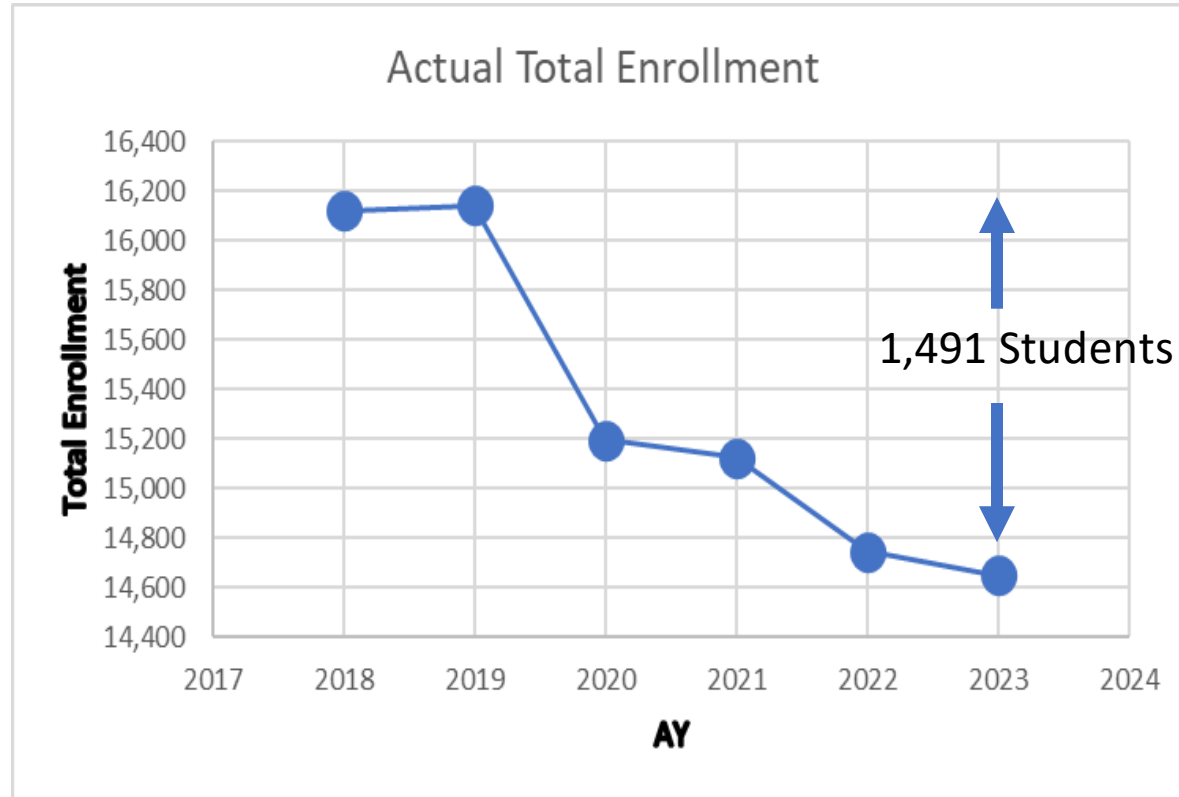
### The Data:

While Fall 2020 and Fall 2021 saw Graduate Enrollment increase by 12.26% and 13.71% respectively, enrollment decreased in Fall 2022 and Fall 2023.

### The Data:

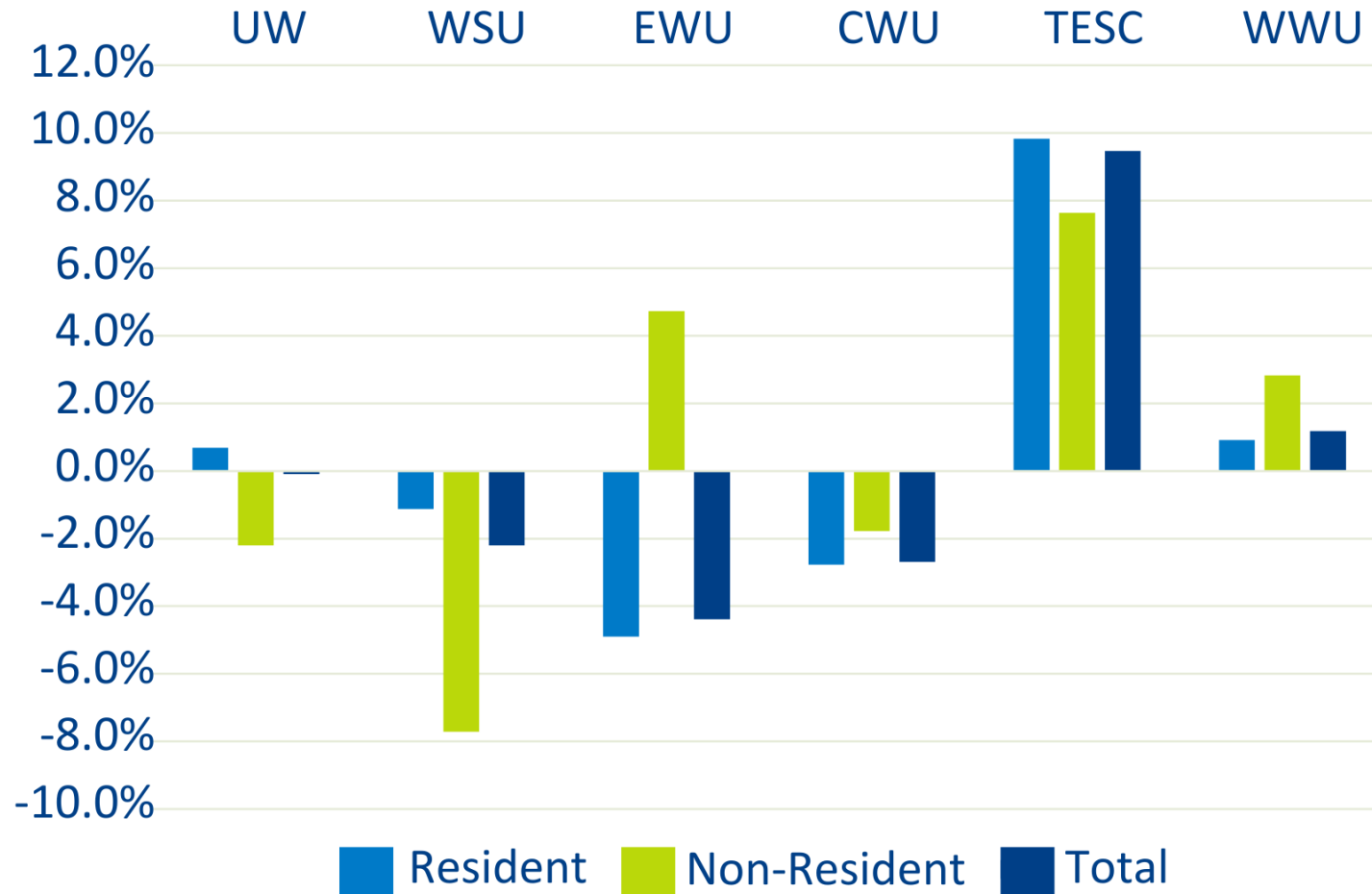
Yield rate is the percent of admitted students who enroll. The number of students applying to WWU increased significantly in Fall 2023 from 11.9k to 14.3k due to use of common app, resulting in lower yield rate (enrolled / admitted).

# What About Enrollments



# Enrollment Change from Fall 2022 to Fall 2023

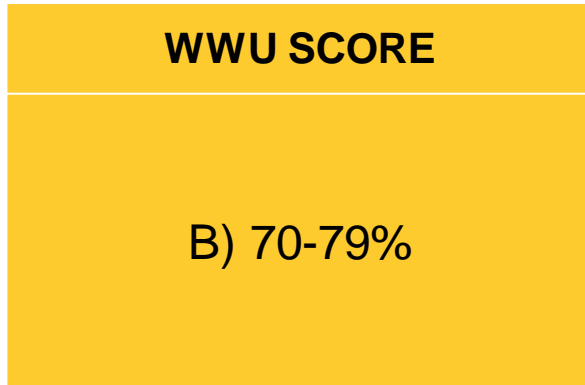
State-Funded, Undergraduate, Full-Time-Equivalent Students



Source: TECM 2024 Model State-Funded Undergraduate Enrollment.  
2023-24 data is preliminary and estimated for the year.

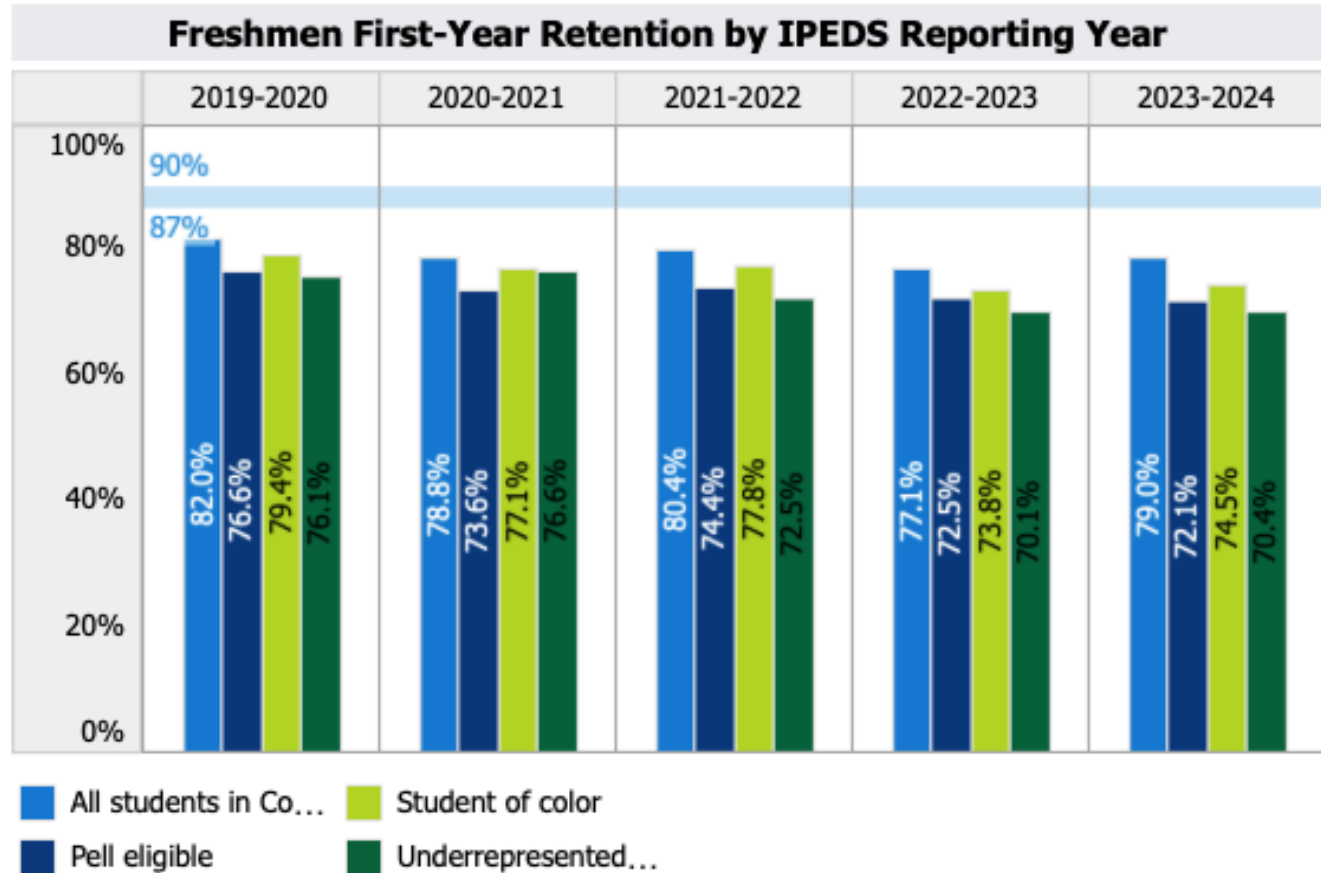
# Retention/Completion: Freshman Retention Rate

- WWU Strategic Plan also measures this metric, with a target of 87-90% for 2024-2025.



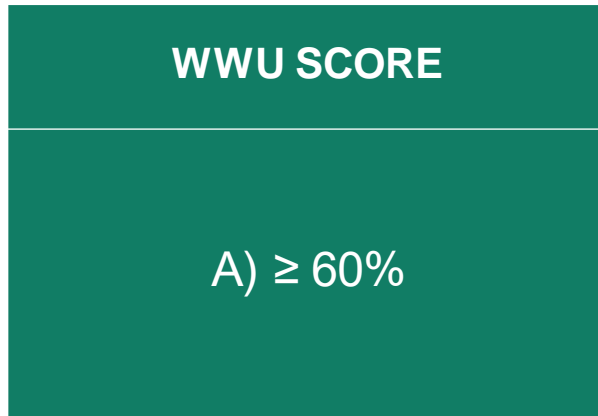
## The Data:

In 2023-2024, WWU's first-year retention for freshmen was 79%, just shy of the 80% target set by NACUBO to achieve a stable measurement. WWU's Strategic Plan has a higher target of 87-90% in 2024-2025.



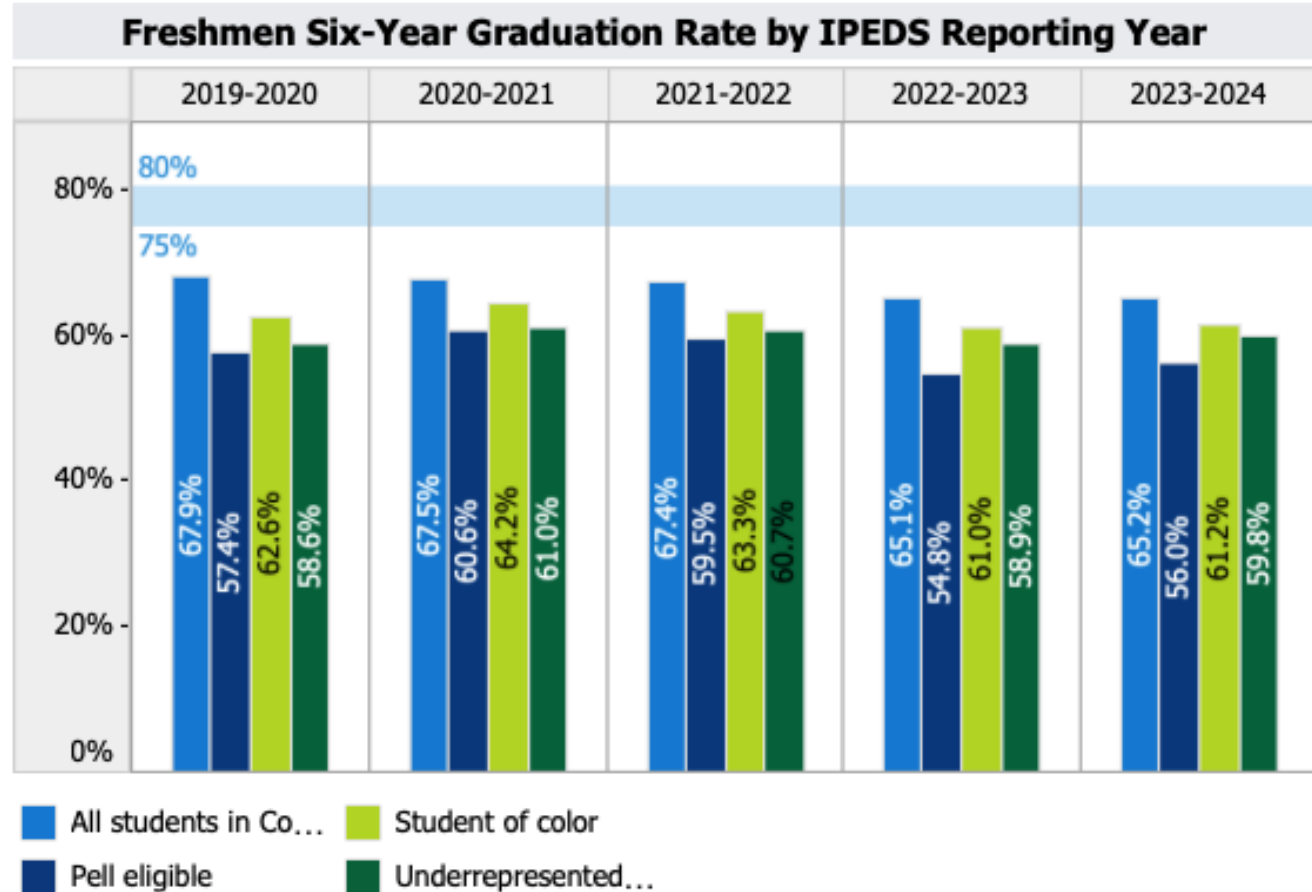
# Retention/Completion: 6-year Graduation Rate

- WWU Strategic Plan also measures this metric, with a target of 75-80% for 2024-2025.



## The Data:

WWU's rate for all students is 65.2% in 2023-2024. Though WWU's Strategic Plan has set a goal of 75-80% in 2024-2025, NACUBO considers anything >60% to be a strong metric for financial sustainability.





# Financial: Total Operating Margin & Viability Ratio

## Total Operating Margin

The operating margin gauges if WWU is operating within its means. This margin is calculated by taking annual revenues (not including capital revenues) less annual expenses divided by annual revenues.

### The Data:

- 0.42% 3-yr Moving Average – This indicates that WWU had a slight operating surplus average over the last 3 years.

### WWU SCORE

B) Between 0-2% (3-yr moving average)

## Viability Ratio

The Viability ratio measures the availability of expendable net assets to cover debt should WWU need to settle its obligations. This ratio is calculated by dividing expendable net assets by long term debt.

### The Data:

- -0.20 - Long-term debt and retirement liabilities are the most significant drivers leading to this lower score.

### WWU SCORE

D) <0.75

# Financial: Primary Reserve Ratio and Cash on Hand Annual Snap Date

## Primary Reserve Ratio

Designed to assess if resources are sufficient and flexible for the operating size of an institution. This ratio is calculated by dividing expendable net assets (reserves) by total expenses.

**The Data:**

- -0.05 3-yr moving average - We have utilized reserves in the past few years to offset revenue loss due to the pandemic. The reserve policy approved by the Board in December ensures we will focus on growing our net assets over the next 3 biennia.

WWU SCORE
D) Less than 20% (3-yr moving average)

## Cash on Hand Annual Snap Date

This metric focuses on cash on hand at June 30 as a means to establish trend data. This ratio is calculated by dividing unrestricted cash and investments by adjusted operating expenses.

**The Data:**

- 116.97 Days Cash on Hand – NACUBO recommends having cash on hand for six months, we are below that recommendation at about a four-month cash on hand balance.

WWU SCORE
B) $\geq 90$ and $<180$ days cash on hand

# Financial: Deferred Maintenance & Facilities Condition

## Deferred Maintenance

**The Data:**

- WWU relies on state capital funding for deferred facilities renewal needs. Note that while NACUBO refers to it as deferred maintenance, it is important to recognize this is for the modernization of our facilities. While state funding has been provided each year, it is not in keeping with our needs. We continue to advocate for additional funding to address the infrastructure needs.

WWU SCORE
B/C) Sufficient funds are not available for current and upcoming deferred maintenance needs

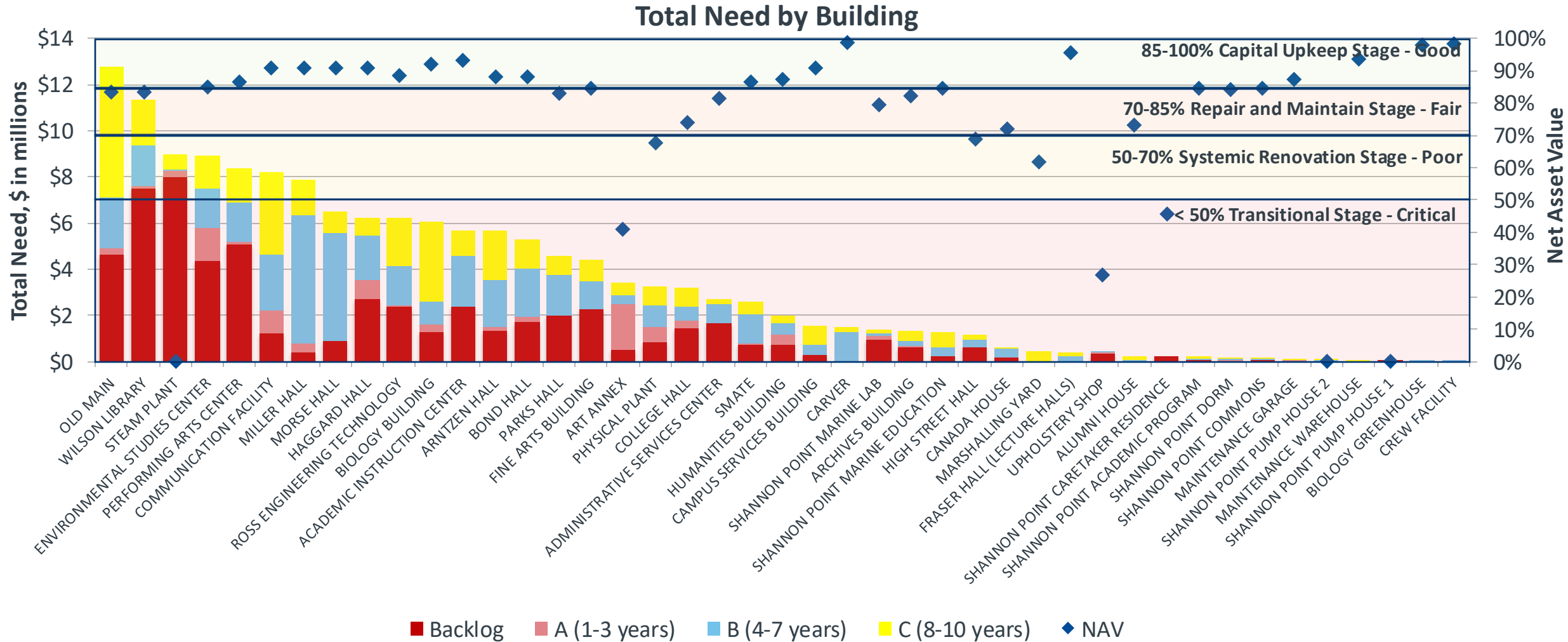
## Facilities Condition

**The Data:**

- WWU manages over 3 million square feet of facilities on the Bellingham century old, 215-acre campus. While we invest millions of dollars into classroom, lab, mechanical, and system upgrades each year, we need to continue to focus on the renovation of our older buildings on campus.

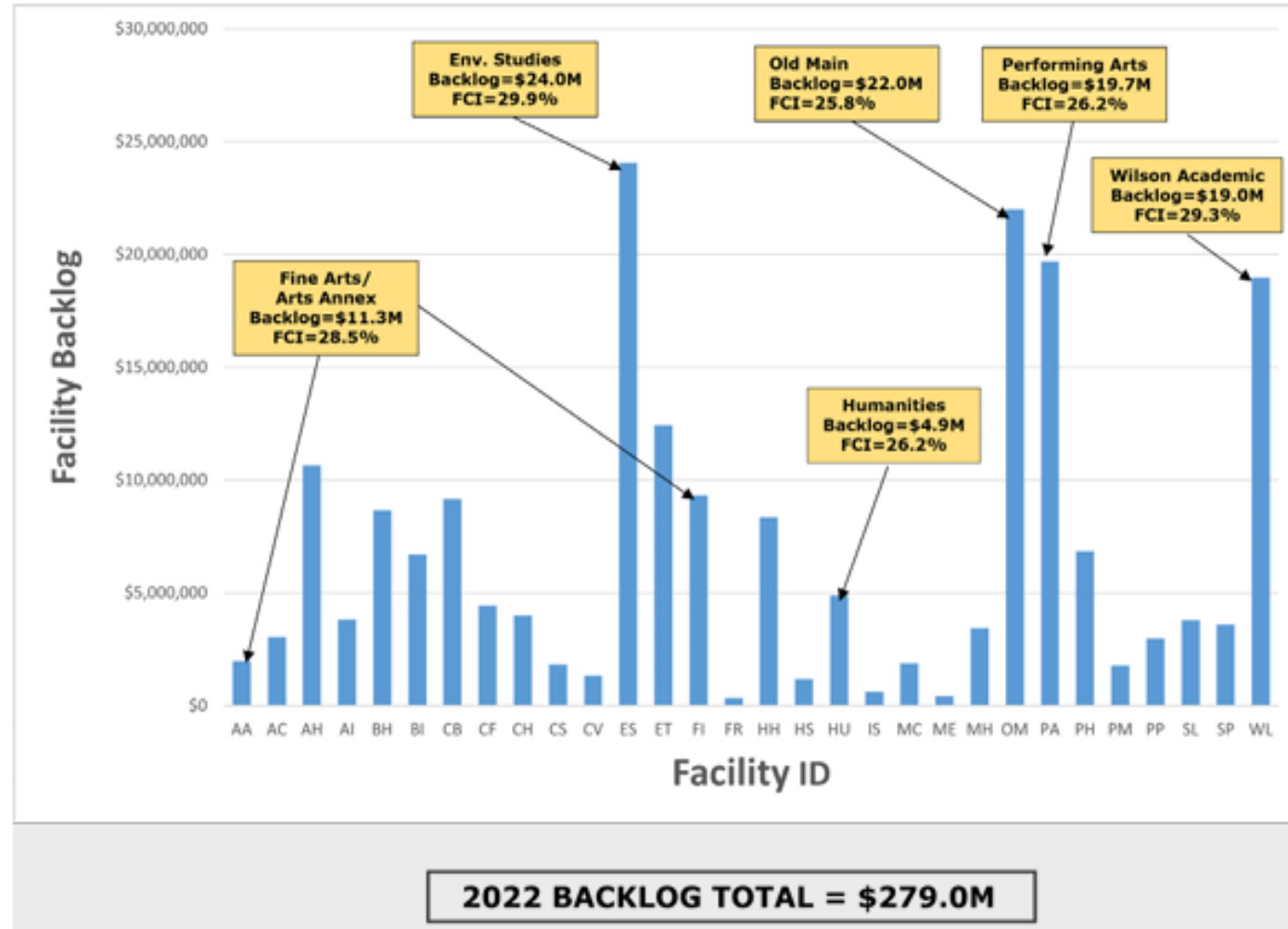
WWU SCORE
B) Facilities are currently in good condition but there are capital projects needed that are not part of a master plan

# Academic Building Needs Over 10 Years\*



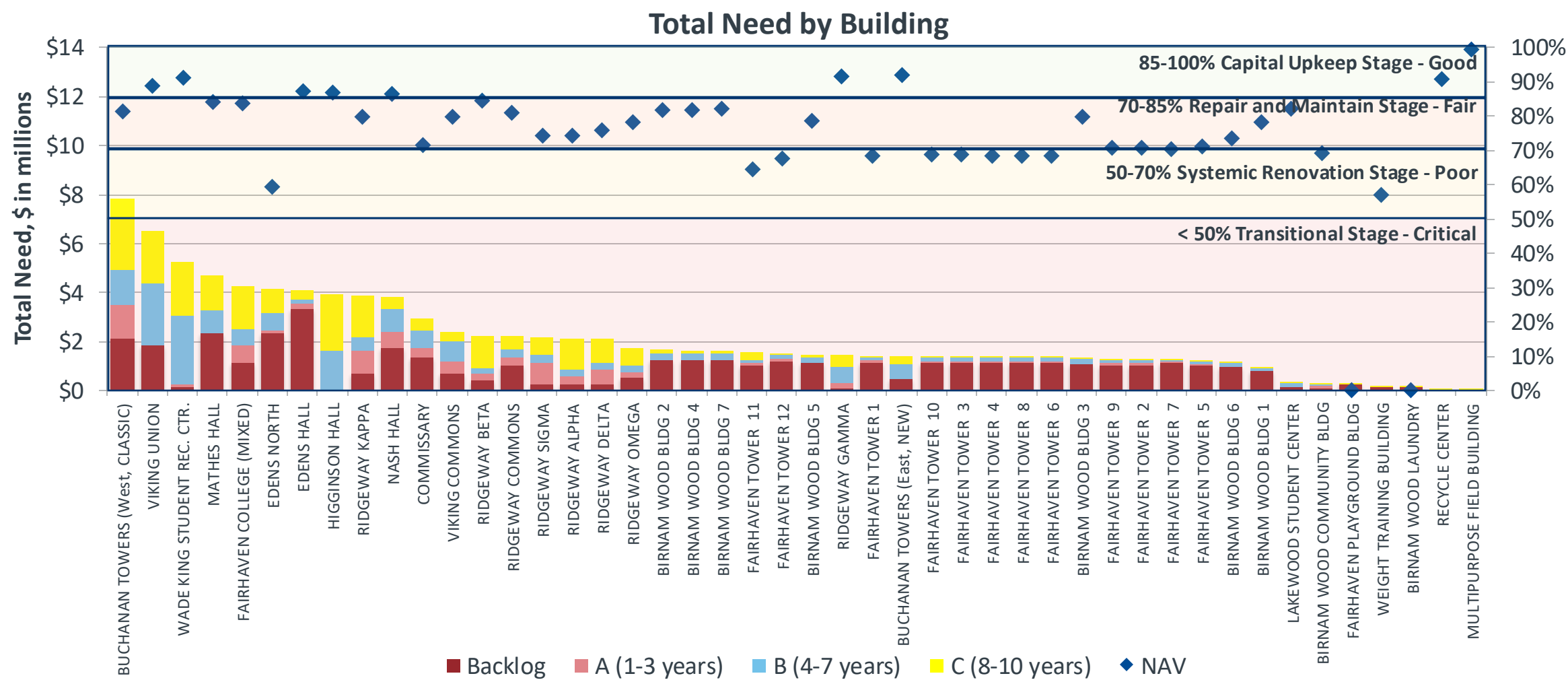
\*Costs above are minimum investment needed to maintain operation of facility

# Academic Buildings – State Facilities Condition Index



*Facilities with box notes are candidates for the Academic Renewal and Infrastructure Renewal projects in the 10-year Capital Plan.*

# Auxiliary Building Needs Over 10 Years\*



\*Costs above are minimum investment needed to maintain operation of facility

DRAFT 2025-27 CAPITAL REQUEST



Capital Request  
Priority Rank

PROJECT	2023-25 Capital Budget	2024 Supplemental	Unfunded Carryover	2025-27 Capital Request	2027-29 Biennium	2029-31 Biennium	2031-33 Biennium	2033-35 Biennium
Student Development & Success Center	\$ 47,950,000 B							
<b>1 Poulso Instructional Facility*</b>				<b>\$ 80,000,000 B</b> <i>Design &amp; Construction</i>				
<b>2 Minor Works - Preservation</b>	\$ 4,888,000 L	\$ 500,000 L	\$ 19,612,000	\$ 5,340,000 B \$ 4,660,000 L	\$ 10,840,000 B \$ 4,160,000 L	\$ 5,840,000 B \$ 4,160,000 L	\$ 10,340,000 B \$ 4,660,000 L	\$ 10,340,000 B \$ 4,660,000 L
<b>3 Critical Safety, Access Control, and Fiber Optic Network Upgrades</b>	\$ 6,250,000 B		\$ 8,750,000	\$ 9,100,000 B				
<b>4 Infrastructure Renewal - Phase 1</b>				\$ 13,500,000 B \$ 1,500,000 L				
<b>5 Environmental Studies Center Renovation**</b> <i>(includes swing space solutions) \$24M Preserv. Backlog</i>	\$ 500,000 B			\$ 8,000,000 B <i>Design</i>	\$ 65,000,000 B <i>Swing Space/Renovation</i>	\$ 65,000,000 B <i>Renovation</i>		
<b>* Heating Conversion Project</b> <i>~\$35M Preserv. Backlog</i>	\$ 10,000,000 CCA			\$ 139,000,000 CCA				
Classroom, Lab, & Collaboration Space Upgrades	\$ 1,500,000 B	\$ 1,500,000 B	\$ 7,000,000					
Minor Works - Program	\$ 3,000,000 L		\$ 7,000,000					
Infrastructure Renewal - Phases 2-5					\$ 18,500,000 B \$ 1,500,000 L	\$ 13,500,000 B \$ 1,500,000 L	\$ 18,500,000 B \$ 1,500,000 L	\$ 18,500,000 B \$ 1,500,000 L
Academic Renewal Project I** <i>\$20M Preserv. Backlog</i>					\$ 500,000 L <i>Pre-design</i>	\$ 6,000,000 B <i>Design</i>	\$ 68,500,000 B <i>Construction</i>	
Academic Renewal Project II** <i>\$20M Preserv. Backlog</i>						\$ 500,000 L <i>Pre-design</i>	\$ 6,000,000 B <i>Design</i>	\$ 68,500,000 B <i>Construction</i>
Preventative Maintenance	\$ 4,154,000 L			\$ 4,154,000 L <i>Proposed to Operating</i>	\$ 4,154,000 L <i>Proposed to Operating</i>	\$ 4,154,000 L <i>Proposed to Operating</i>	\$ 4,154,000 L <i>Proposed to Operating</i>	\$ 4,154,000 L <i>Proposed to Operating</i>
Carver COP Debt Service <i>(Debt matures 2036)</i>	\$ 900,000 L			\$ 900,000 L	\$ 900,000 L	\$ 900,000 L	\$ 900,000 L	\$ 900,000 L
Kaiser Borsari COP Debt Service <i>(Debt matures 2044)</i>		\$ 393,000 L		\$ 786,000 L	\$ 786,000 L	\$ 786,000 L	\$ 786,000 L	\$ 786,000 L
<b>TOTAL STATE FUNDING</b>	\$ 79,142,000	\$ 2,393,000	\$ 28,362,000	\$ 266,940,000	\$ 106,340,000	\$ 102,340,000	\$ 115,340,000	\$ 109,340,000
Bonds - 057 (B)	\$ 66,200,000	\$ 1,500,000	N/A	\$ 115,940,000 B	\$ 94,340,000 B	\$ 90,340,000 B	\$ 103,340,000 B	\$ 97,340,000 B
Local - 065 (L)	\$ 12,942,000	\$ 893,000	N/A	\$ 12,000,000 L	\$ 12,000,000 L	\$ 12,000,000 L	\$ 12,000,000 L	\$ 12,000,000 L
Climate Commitment Account (CCA)	\$ 10,000,000		N/A	\$ 139,000,000 CCA				

\*Budget is subject to change pending the outcome of the Pre-design

\*\*Budget and swing space solutions will be reviewed during the Pre-design, and may change the project's budget and phasing in the 10-year plan

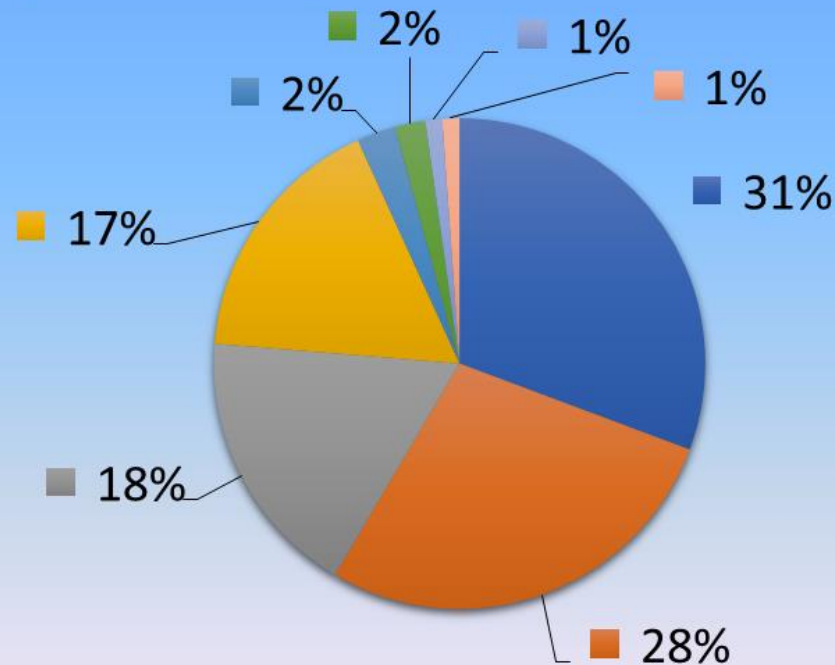
# FY23 Actuals:

Connecting the State Operating Budget  
to the Full Picture



# FY23 Revenues by Source (in \$ thousands)

**Total Revenues by Source For the  
Year Ended June 30, 2023  
\$383,312 (in thousands)**



■ Tuition and Fees, Net \$117,703

■ State Appropriations - Operating \$106,401

Note: Includes \$104.4 state operating and \$2.0m capital approp. used for maintenance

■ Auxiliary Enterprises, Net \$68,337

■ Grants and Contracts \$64,845

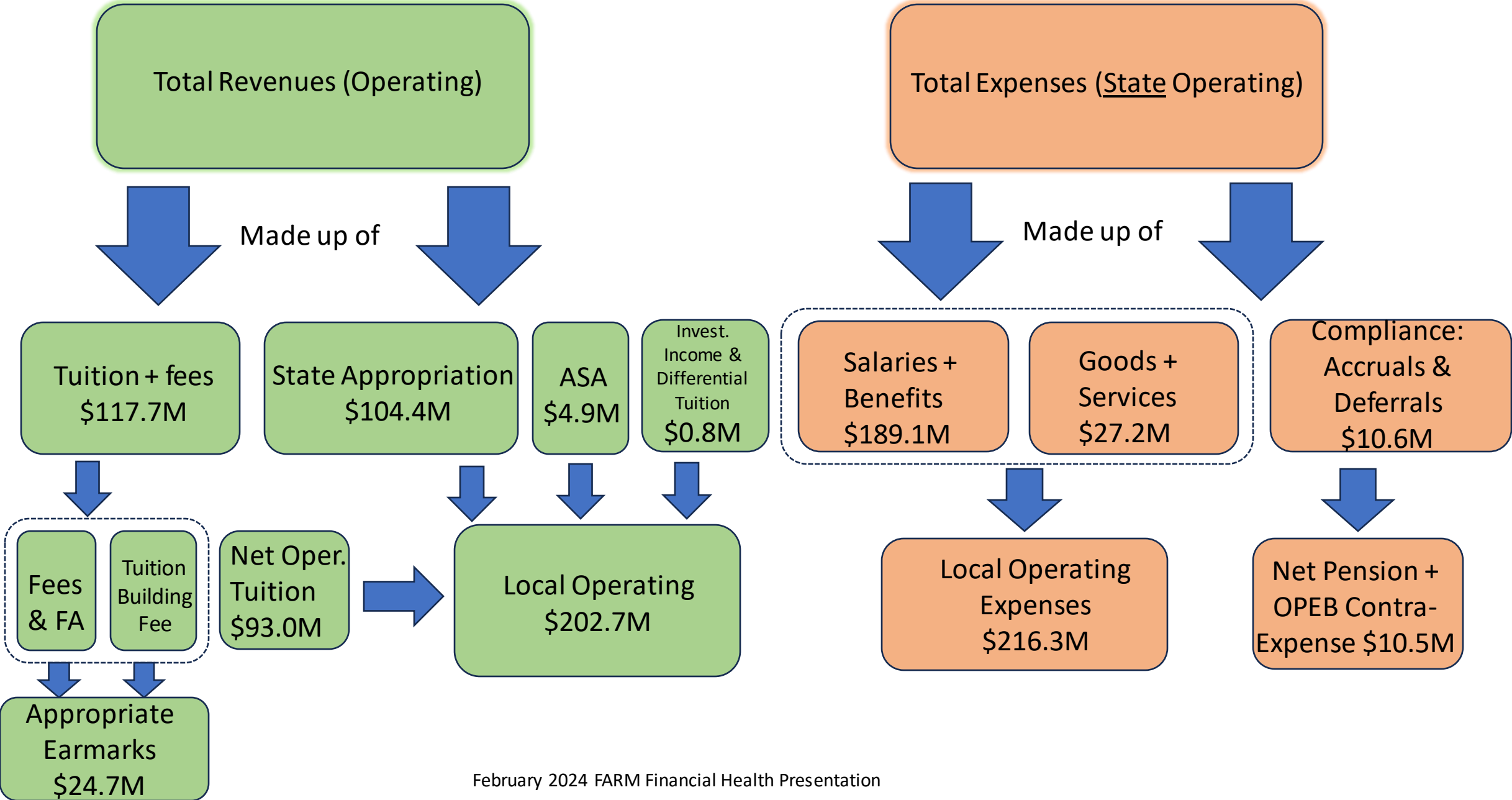
■ State Appropriations - Capital \$9,782

■ Sales and Services of Educational Activities \$7,663

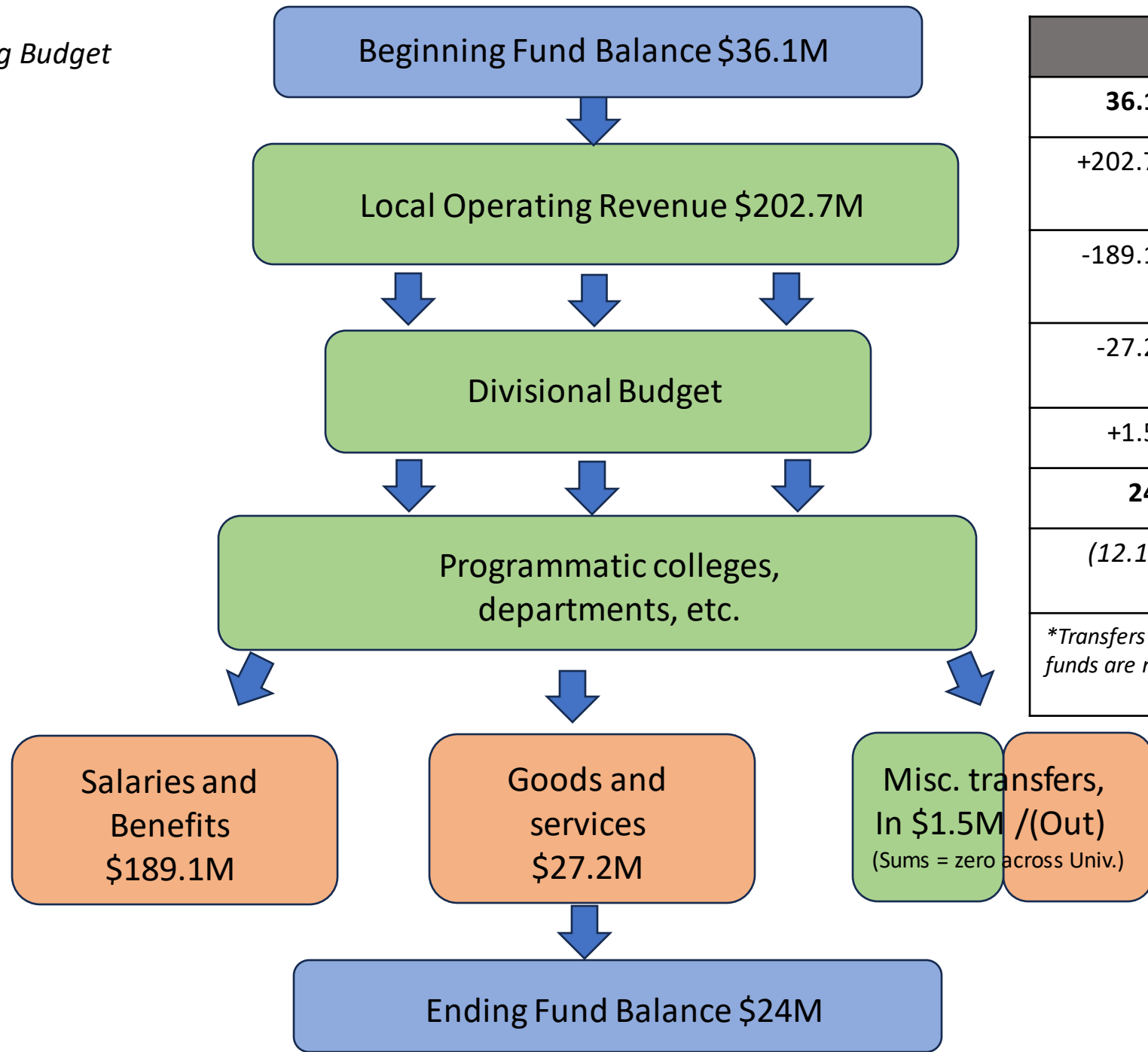
■ Other Capital Revenue \$4,244

■ Other \$4,337

# WWU Operating Budget – Flow of Funds



WWU State Operating Budget



the math, in millions	
<b>36.1</b>	<b>Beginning Fund Balance</b>
+202.7	Revenue
-189.1	Salaries and Benefits
-27.2	Goods and Services
+1.5	Transfers*
<b>24</b>	<b>Ending Fund Balance</b>
<i>(12.1)</i>	<i>Net Change in Fund Balance</i>
*Transfers to Operating Fund from other university funds are net positive in FY23	

# Budget to Actual, FY23 State Operating Budget

FY23 Revenue	Budget	Actuals
Tuition and Fees	93,667,287	92,950,627
State Appropriation	103,439,000	104,394,000
ASA/Other	6,456,176	5,341,982
<b>Total Revenue</b>	<b>203,562,463</b>	<b>202,686,609</b>

FY23 Expenditures	Adj. Budget	Actuals
Salary and Wages	(141,117,402)	(143,581,577)
Fringe Benefits	(44,226,369)	(45,501,191)
Goods and Services	(25,604,331)	(19,523,457)
Personal Services	(4,698)	(1,714,372)
Travel	(230,920)	(1,056,076)
Other	(808,568)	(4,920,297)
<b>Total Operating Expenses</b>	<b>(211,992,288)</b>	<b>(216,296,970)</b>

FY23 Actuals	Revenue	Transfers	Expenses	Difference
State Operating	202,686,609	1,482,815	(216,296,970 )	(12,127,546)**

\*\*Of \$12.1m, \$11.5m was supported by the remaining institutional stimulus dollars from the HEERF grant, previously moved into reserves. The originally adopted FY23 budget plan assumed \$8.8m from this source. Thus, an additional \$2.7m was utilized in FY23 beyond the budget plan, which fully expended remaining HEERF funds. The remaining \$0.6m of variance further reduced the institutional reserve.

# State Operating Budget + Liabilities, FY23

FT 14 and FT 11 = Operating Budget + Liabilities	Beginning Bal 7/1/22	Revenues	Expenses	Transfers	Net Change	End Bal 6/30/23	
<b>14 &amp; 11: Western Operating Budget</b>	<b>36,115,736</b>	<b>202,686,608</b>	<b>(216,296,970)</b>	<b>1,482,815</b>	<b>(12,127,546)</b>	<b>23,988,190</b>	
14 Departmental Operating Funds	3,685,926	5,741,669	(216,025,204)	211,057,219	773,684	4,459,610	← Departmental Operating Funds in ea. Division
11 Tuition Oper Fee Revenue (10900) + Gold Star	32,429,810	92,550,939	104,122,234	(209,574,403)	(12,901,230)	19,528,580	← Institutional Reserve (9.0%)
11 State Operating Funds	-	104,394,000	(104,394,000)	-	-	-	← State Appropriations*
<b>11: Accrued Leave, Pension and OPEB liabilities</b>	<b>(137,423,910)</b>	<b>-</b>	<b>10,561,483</b>	<b>-</b>	<b>10,561,483</b>	<b>(126,862,427)</b>	
<b>Grand Total</b>	<b>(101,308,174)</b>	<b>202,686,608</b>	<b>(205,735,487)</b>	<b>1,482,815</b>	<b>(1,566,063)</b>	<b>(102,874,238)</b>	

\*State Appropriations for operating support total \$106.4m in FY23. Approximately \$2m is budgeted for maintenance & operations in WWU Capital Projects Fund (see next slide).

# All Funds, FY23

## All University Funds, FY23

	Beginning Balance	Revenues	Expenses	Transfers	Net Change	Ending Balance
14 149 Local Operating	3,685,926	5,741,669	(216,025,204)	211,057,219	773,684	4,459,610
11 Unrestricted-Operating Funds	(104,994,100)	196,944,939	10,289,717	(209,574,403)	(2,339,747)	(107,333,848)
<b>Subtotal FT14 and FT11</b>	<b>(101,308,174)</b>	<b>202,686,608</b>	<b>(205,735,487)</b>	<b>1,482,815</b>	<b>(1,566,063)</b>	<b>(102,874,238)</b>
12 Unrestricted-Dedicated Funds	10,983,469	49,114,008	(44,998,712)	(1,148,513)	2,966,784	13,950,252
13 Unrestricted-Internal Service Funds	6,486,289	26,443,925	(27,218,392)	13,000	(761,467)	5,724,821
21 Restricted-Grants and Contracts	-	14,609,582	(14,564,602)	(44,980)	(0)	-
22 Grants & Contracts - Fin Aid Prog.	(2,015,127)	48,147,929	(49,142,528)	4,645,569	3,650,970	1,635,843
23 Grants & Contracts - Misc.	1,206,360	6,447,136	(5,843,259)	11,520	615,397	1,821,757
31 Auxiliary	10,125,536	81,725,482	(59,661,206)	(17,307,305)	4,756,971	14,882,507
41 Loan	6,608,729	4,743,760	(316,865)	(5,204,965)	(778,071)	5,830,659
51 Quasi-Endowment	5,584,900	553,391	(112,225)	(86,650)	354,516	5,939,416
61 Endowment Funds	7,924,888	774,871	(155,069)	(337,618)	282,183	8,207,071
81 Agency	-	504,373	(504,373)	-	-	-
91 Miscellaneous Capital Funds	1,500,000	199,722	(1,938,602)	1,426,236	(312,645)	1,187,355
92 Housing Capital Projects	9,790	2,802,792	(7,586,598)	4,895,344	111,537	121,327
93 State Building Funds - Appropriated	-	11,788,613	(11,788,613)	-	-	-
94 WWU Capital Projects Appropriated	7,694,417	6,766,981	(6,195,886)	-	571,095	8,265,512
95 Retirement of Indebtedness	(1,378,560)	-	(11,347,922)	11,580,547	232,625	(1,145,935)
96 Renewal & Replacement	29,932,608	509,423	(1,730,284)	75,000	(1,145,861)	28,786,746
97 Investment in Plant	415,065,377	28,079,244	(33,437,660)	-	(5,358,416)	409,706,961
<b>Grand Total</b>	<b>398,420,502</b>	<b>485,897,838</b>	<b>(482,278,284)</b>	<b>0</b>	<b>3,619,554</b>	<b>402,040,056</b>

Many of these funds are restricted or held for specific uses.

Revenue + Expenses include \$2m from State Appropriations for O&M.

Buildings/Physical Assets

# All Funds, FY23: Crosswalk to Financial Statements

	Beginning Balance	Revenues	Expenses	Transfers	Net Change	Ending Balance
<b>Grand Total</b>	<b>398,420,502</b>	<b>485,897,838</b>	<b>(482,278,284)</b>	<b>0</b>	<b>3,619,554</b>	<b>402,040,056</b>

*Excerpt from Audited WWU Financial Statements, FY 23*

	2022 (Restated) <i>(Dollars in thousands)</i>	2023
Operating revenues	\$220,545	\$237,746
Operating expenses	<u>344,143</u>	<u>374,176</u>
Operating loss	(123,598)	(136,430)
State appropriations revenue	98,339	106,401
Other nonoperating revenues	41,813	23,814
Nonoperating expenses	<u>(3,894)</u>	<u>(4,191)</u>
(Loss) income before other revenues	12,660	(10,406)
Other revenues	<u>20,639</u>	<u>14,026</u>
Increase in net position	33,299	3,620
Net position, beginning of year	<u>365,121</u>	<u>398,420</u>
Net position, end of year	<u>\$398,420</u>	<u>\$402,040</u>

**The Financial Statement shows the net financial position for Western's Operating Budget and All Other Funds.**

This includes cash in/out, as well as other 'revenues and expenses', like changes in the value of our buildings or the amount we owe for future pension payments.

# FY24 Mid-Year Update:

Adopted Budget v Current  
Projection



# Mid-Year Update, FY24

State Operating Budget and Institutional Reserve	FY23 Actuals*	FY24 Adopted Budget	FY24 Mid-Year Projection	
Beginning Institutional Fund Balance	32,429,810	\$19,425,857	\$19,528,580	
Revenues	202,686,608	219,367,811	218,667,811	Tuition revenues projected to be between \$500k-\$700k lower; lower Fall enrollments and more aggressive waiver strategies
Expenditures	(216,296,970)	(221,577,529)	(221,877,529)	Divisions tracking to meet 3% reduction, overall expenditures \$300k higher than budgeted.
Net Transfers	1,482,815			
Ending Institutional Fund Balance	19,528,580	17,216,139	16,216,139	
Commitments	379,913	1,599,851	379,913	Paid out institutional commitments on Honors cohorts and climate survey, reducing remaining commitments against reserves.
Ending Uncommitted Institutional Fund Balance	\$19,148,667	\$15,616,288	\$15,836,226	
Uncommitted Institutional Reserve as % of Budget	8.8%	7.2%	7.3%	

\*Note on FY23 Actuals: Divisional fund balances increased \$773,683 in total, not reflected in the institutional reserve.



# 2024 Macro Operating Environment (projected)

- **Geopolitical risks** from conflicts in the Middle East and Russia/Ukraine
- **US political environment**; election year
- **US unemployment rate** low but expected to rise
- Labor shortages persist but improving, though **labor costs** still rising
- **Supply chain** improving, **inflation** ebbing with pockets of persistence
- **“Soft landing”** expected after Federal Open Market Committee (FOMC) tamps down 2023 economic growth rate
- Effects of **de-globalization and decarbonization** not yet known

Source: Harvard Business Review 12.27.23

# 2024 Outlook for Higher Education Sector

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- Declining US incoming college student population -- **demographic “enrollment cliff”**
- **FAFSA** disruptions threatening college-going decisions
- **College bound rate** for WA high school graduates **ranked low vs. other states**
- Conflicting projections from Moody’s vs. Fitch:
  - **Moody’s:** Outlook revised from “negative” in 2023 to “stable” for 2024, **projecting sector wide revenue growth of 4%**
  - **Fitch:** Projected enrollment and financial challenges will likely increase in 2024, **expects pressures to “intensify”**

Source: Inside Higher Ed 12.08.2023

# FEEDBACK & DISCUSSION

