Understanding the University Budget

Overview

Funding Sources Within the University Budget
WSU Budgeting Principles
How the University Receives State Funding
Uses of the 2015-17 Biennial Budget
Looking Ahead

Sources of Funds for Core University Functions

State Appropriations
Net Operating Tuition
Facilities & Administrative (F&A) Fees on Grants

All are used to fund the permanent budget of the University
Understanding the University Budget

WASHINGTON STATE UNIVERSITY

University Budget Funding Sources
2015-17 Biennium - $2.297 Billion Total

- Capital 13%
  - $296.7M
- Operating 87%
  - $2.0B

2015-17 Capital Budget Fund Expenditures
Total Authority: $311.7 M  Projected Expenditures: $296.7 M (includes Reappropriation Balances)

- Housing & Dining 9%
- Parking 1%
- State General Obligation Bonds 26%
- WSU Building/Land Grant Endowment 16%
- S&A Fees & Athletics 1%
- Other 1%

2015-2017 Operating Budget
Fund Sources - Estimated Total: $2.0 Billion

- Other 1%
- Net Operating Tuition & Fees 24%
- Net Restricted Student Fees 4%
- Federal Grants & Contracts 16%
- State Grants & Contracts 8%
- Local Grants & Contracts 3%
- Auxiliary Enterprises 14%
- Net Restricted Student Fees 4%
- Federal Appropriations 14%
- State Appropriations 16%
- Total Allocations 100%

* Available for allocation
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WSU Budget Principles

• General funding is tracked by campus
  Funding is credited to the campus that generates it through enrollment or research

• Budget allocations are provided by the Budget Office to areas/campuses

• Areas/campuses determine distribution of funding to their departments

WSU Budget Principles

Special Funding Categories

Funding routed to responsible areas

• Donated Funds
• Facilities & Administration recoveries (aka F&A)

Policies dealing with budget savings/shortfalls

• Allocation Transfers
• Salary Accruals
• Carryforward Balances
WSU Budget Principles

Donated Funds

100% of donated funds go to area specified by donors
WSU is one of only a few institutions that do not “tax” donated funds.

* 3% fee on bequests and liquidations of trusts

WSU Budget Principles

Distribution of F&A Revenue

23% to F&A Revenue Generating Units

4% Office of Research
7% Libraries
38% Campus Support
28% University Support

For more information: BPPM 40.25

WSU Budget Principles

Distribution of Generating Units F&A

23% of F&A revenue is distributed to revenue-generating units

Distributions are made in one of three ways:

PULLMAN CONTRACTS

Department: 15%
Dean: 8%

URBAN CAMPUS CONTRACTS WITH Academic Unit Affiliation

Academic Dean: 11.5%
Chancellor: 23%

URBAN CAMPUS CONTRACTS WITHOUT Academic Unit Affiliation

Chancellor: 23%
**WSU Budget Principles**

### Allocation Transfers

<table>
<thead>
<tr>
<th>Transfers between non-salary objects</th>
<th>Transfers between projects or budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK with Dean’s approval unless restrictions/provisos</td>
<td>OK with Dean’s approval unless restrictions/provisos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transfers between fund types</th>
<th>Transfers between programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not allowed</td>
<td>Reviewed on case-by-case basis</td>
</tr>
</tbody>
</table>

### Accruals (Salary Savings) Policy

- Central pool provides for turnover costs (sick and annual leave payouts), and PIDs
- Areas retain savings from vacant faculty and graduate student positions on WSU program O5 (libraries) and O6 (instruction)
- Areas retain savings from the transfer of expenditures to grants (programs 11A-14Y) regardless of employee type
- Central captures savings from vacant classified, administrative professional, and non-instructional faculty positions for the first four months. Subsequent accruals are returned to areas upon request

* WSU Vancouver, WSU Tri-Cities, Extension, and Ag Research manage their own accruals.

### Carry Forward Policy

**What happens to funds at fiscal year end?**

Most funds carry forward at the area level. Dean, vice president or chancellor decides if they carry forward at the department level.

- Operating budgets
- F&A accounts
- Donated funds

Some funds do not carry forward

- Equipment replacement allocations
- Special allocations for specific purposes
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State of Washington
Biennial Budget Process - Capital

Governor's Budget Recommendation (December, Even Years)
Institutional Budget Requests (Summer, Even Years)
House Budget (Spring, Odd Years)
Senate Budget (Spring, Odd Years)
Conference Committee Budget

Passage by House
Passage by Senate
Signed by Governor
Allotments to Agencies

Overall Capital Costs Continue to Shift
Mix of Funding between State Funds and WSU Local Funds Including New WSU Debt Authorization
State of Washington
Biennial Budget Process - Operating

Calculation of Agency Budgets at Carryforward Levels (Summer, Even Years)
Revenue Estimates (Governor, Spring, Even Years) updated throughout the process
Calculation of 601 Expenditure Limits (Governor, Even Years)
Agency Budget Request (Governor, Even Years)

Governor’s Budget Recommendation (December, Even Years)
House Budget (January, Odd Years)
Senate Budget (January, Odd Years)
Conference Committee Budget
Passage by House
Passage by Senate
Signed by Governor
Allotments to Agencies

State and Tuition Funding per FTE
($ in 2013 dollars)

- Adjusted for inflation, the total cost of educating a student at WSU has remained steady during 20 years of declining state investments.
- Student tuition now covers 59% of the cost of education.


- Total Funding Per Student
- State Support Per Student
- Tuition Revenue per Student

Tuition History

2015-17 Biennium
- Resident undergraduate tuition (operating fee portion) reduced by 5% for academic year 2015-16 and will be reduced by an additional 10% in academic year 2016-17, per legislative mandate and funding.
- Although authorized to increase tuition by any amount for all other student categories, WSU opted for no tuition increase in academic year 2015-16, per President Floyd.

2013-15 Biennium
- No tuition increases, per legislative mandate.

2011-13 Biennium
Governing boards were authorized to increase tuition (including operating and building fees):
- For resident undergraduates: up to 16% per year* (authority established by Legislature in appropriations act each biennium)
- For all other categories of students: by any amount (authority in RCW)

*Institutions had authority for higher increases but would trigger financial aid mitigation requirements.
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Use of 2015-17 Biennial Budget – By Function
State Appropriation and Operating Tuition

- Instructional Support 33%
- Student Services 26%
- Library 25%
- Plant Support 9%
- Public Service 5%

Use of 2015-17 Capital Budget – By Expense Type
State Appropriation, Land Grant Income, and Student Building Fees
- Preventive Maintenance (Operating) - 7%
- Minor Capital Projects - 20%
- Major Capital Projects - 73%
Use of 2015-17 Operating Budget – By Expense Type

State Appropriation and Operating Tuition

- Salaries and Wages 67%
- Benefits 18%
- Operations 15%

Understanding the University Budget

Funding Sources Within the University Budget

WSU Budgeting Principles

How the University Receives State Funding

Uses of the 2013-15 Biennial Budget

Looking Ahead

2016 Supplemental Budget

WSU Request

Policy Level
- Expansion at Everett $0.832M
  ($0.773M requested in state funds, remainder covered by WSU operating funds)
- SBDC Matching Funds $1M

Maintenance Level
- Maintenance & Operations for Troy Hall Renovation $0.114M
2016 Supplemental Budget
Side-by-Side Budget Versions

<table>
<thead>
<tr>
<th></th>
<th>W S U Request</th>
<th>Governor's Budget</th>
<th>House Budget</th>
<th>Senate Budget</th>
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<tbody>
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<td>$419,891</td>
<td>$419,891</td>
<td>$419,891</td>
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<td>Maintenance Level Adjustments</td>
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<td>$193</td>
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<td>Policy Level Adjustments</td>
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<td>Expansion in Everett</td>
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<td>SBDC Matching Funds</td>
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<td>Aviation Biofuel Workgroup</td>
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<td>Public Records Request Study</td>
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<td>$250</td>
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<td>Tobacco Hotline</td>
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<td>Administrative Efficiencies</td>
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<td>$156</td>
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<td>Marijuana Breathalyzer</td>
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<td>$250</td>
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<td>Honey Bee Biology Researcher</td>
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<td>Proposed Supplemental</td>
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<td>% Change from current biennium</td>
<td>0.45%</td>
<td>0.05%</td>
<td>0.40%</td>
<td>0.65%</td>
</tr>
</tbody>
</table>

1 The maintenance level budget represents the cost of providing currently authorized services in the new budget period.
2 Policy level adjustments allow for new or expanded services in the ensuing budget period.

If you attended this live training session and wish to have your attendance documented in your training history, please notify Human Resource Services within 24 hours of today’s date:
hrstraining@wsu.edu

This has been a WSU Training Videoconference