Western Washington University

2025-27 Regular Budget Session

Policy Level - 4E - Compensation & Central Services

Agency Recommendation Summary

Given the constraints on local funds due to reasonably limited tuition increases, Western requests full funding of legislatively approved compensation and central services increases and our new Educational Student Employees contract. Reinstating the policy of full funding for compensation increases will allow the university to avoid further erosion of the base budget, reducing the need for additional cuts to core services.

Fiscal Summary

Fiscal Summary *Dollars in Thousands*	Fiscal Years		Biennial	Fiscal Years		Biennial
	2026	2027	2025-27	2028	2029	2027-29
Operating Expenditures						
Fund 001 - 1	$9,222	$17,994	**$27,216**	$17,994	$17,994	**$35,988**
Total Expenditures	**$9,222**	**$17,994**	**$27,216**	**$17,994**	**$17,994**	**$35,988**

Decision Package Description

The current approach to funding fixed cost increases, including compensation and central services, is unsustainable for WWU to maintain general operations and fulfil our mission.

Since the Great Recession, increases in state approved compensation and central services have been funded by a combination of state support and net new tuition revenue (for our state-funded operations). Until the Covid-19 pandemic, WWU's tuition revenues were dedicated to funding these increases with a fund split of 49 percent state funding to 51 percent tuition funding. That split is preserved in our base, maintenance level operations.

In recent budgets, the state has recognized that higher education institutions' actual incremental tuition revenue is not sufficient to cover the significant portion of compensation and central service expenditures assumed from tuition, and provided additional state support to cover a larger share of the cost. Current tuition policy, which allows for inflationary increases to resident undergraduate tuition based on the 14-year average annual percentage growth rate in the median hourly wage for Washington state, means that tuition rate increases are frequently lower than the compensation increases adopted by the state. This model only works when enrollments are increasing steadily each year, and does not account for the additional incremental costs that come with serving more students. Over time, this policy has eroded the resources available to our academic operations.

Fixed costs, including unfunded compensation and central services increases in addition to software subscriptions, infrastructure maintenance, and inflation on goods and services, exceed the ability to generate tuition revenue.

Without full funding for compensation and central service increases, WWU will be forced to make additional budget reductions.

Our proposal is for the state to continue and expand its recent effort to address the state funding split provided to higher education institutions to include all incremental salary, benefit, and central services line items for which a funding split is used. For the 2025-27 biennium, WWU is requesting full state funding (100% state funded) for these items. As part of fully funding compensation adjustments, we request full funding for our collective bargaining agreement with academic student employees as authorized. This will allow our University to maintain our service to students and the state without compromising performance outcomes. The alternative has been to cut and redirect budget from existing services and programs. Those reductions have included across the board reductions to academic, administrative, and student budgets, as well as targeted reductions and vacancy holds.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

Not applicable.

Detailed Assumptions and Calculations:

We assume a starting point of our FY24 payroll for state and tuition funded operations, and modeled the cost of across the board increases for employees based on multiple scenarios for legislatively approved increases. We additionally include other costs associated with our new collective bargaining agreement with our academic student employees, based on numbers of members of that bargaining unit at the time of bargaining. For central services increases, we include an estimate based on the FY23-25 biennial increases in maintenance and policy level central service increases.

The starting wage base is estimated at $210,690,068, inclusive of student employees and classified staff. This number is calculated by applying the FY25 general wage increases to our CIM salary data, including incremental benefits at 18.5%.

Using this base,

- Increases of 4% in each fiscal year total $25,619,912 (the placeholder figures included in our submission);
- Increases of 3% in each fiscal year total $19,151,727
- Increases of 3% and 2%, respectively, in each fiscal year total $16,981,619.

Additional detail on the costs included in our student bargaining agreement are included as part of the "Compensation- WAWU UAW 25-27" request. These costs include summer health insurance and transportation costs at $123,062. **Undergraduate tuition stipends** are also included and estimated at $744,252, **only if specifically funded by the legislature***.

***Section 5.2.5 of Collective Bargaining Agreement:** The hourly tuition assistance program described in this section will take effect only if and to the extent it is funded by the State Legislature. In the event the Legislature partially funds the program, the amount of assistance per hour worked and the maximum assistance per quarter will be reduced proportionally to match the funding provided by the Legislature. If the Legislature funds the program in a time-limited way, the program will be time limited to the same extent as the funding.

For central services increases, we include an estimate based on the FY23-25 biennial increases in maintenance and policy level central service increases ($729,000 across the biennium). Our request is for full state funding of any central service increases, without use of tuition dollars.

The general wage increase and central services increase are placeholder calculations; our request is that whatever increases in these categories are approved by the legislature, that they be fully funded without reliance on tuition. We have additionally included our classified and student CBAs as distinct decision packages. At the time of the biennial budget submittal, Western has not yet reached an agreement for the 25-27 biennium for Classified staff. We will update our placeholder decision packages by October 1.

Workforce Assumptions:

These estimates are based on our current workforce.

Historical Funding:

Since the Great Recession, increases in state approved compensation and central services have been funded by a combination of state support and net new tuition revenue (for our state-funded operations). Until the Covid-19 pandemic, WWU's tuition revenues were dedicated to funding these increases with a fund split of 49 percent state funding to 51 percent tuition funding. That split is preserved in our base, maintenance level operations.

Strategic and Performance Outcomes

Strategic Framework:

Western Washington University follows our strategic plan in decision making and direction. The primary goal of that plan is to "provide a transformative education grounded in the liberal arts and sciences and based on innovative scholarship, research, and creative activity." Achieving this goal depends on maintaining our dedicated and talented workforce, which accounts for 87 percent of our state and tuition expenditures.

Performance Outcomes:

Not applicable.

Equity Impacts

Community Outreach and Engagement:

Not applicable.

Disproportional Impact Considerations:

Not applicable.

Target Communities and Populations:

Not applicable.

Community Inputs and Incorporation:

Not applicable.

Other Collateral Connections

HEAL Act Agencies Supplemental Questions

Not applicable.

Puget Sound Recovery:

Not applicable.

State Workforce Impacts:

Not applicable.

Intergovernmental:

Not applicable.

Stakeholder Impacts:

Not applicable.

State Facilities Impacts:

Not applicable.

Changes from Current Law:

Not applicable.

Legal or Administrative Mandates:

Not applicable.

Governor's Salmon Strategy:

Not applicable.

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure *Dollars in Thousands*	Fiscal Years		Biennial	Fiscal Years		Biennial
	2026	2027	2025-27	2028	2029	2027-29
Obj. A	$7,112	$14,508	**$21,620**	$14,508	$14,508	**$29,016**
Obj. B	$1,316	$2,684	**$4,000**	$2,684	$2,684	**$5,368**
Obj. Y	$794	$802	**$1,596**	$802	$802	**$1,604**

Agency Contact Information

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