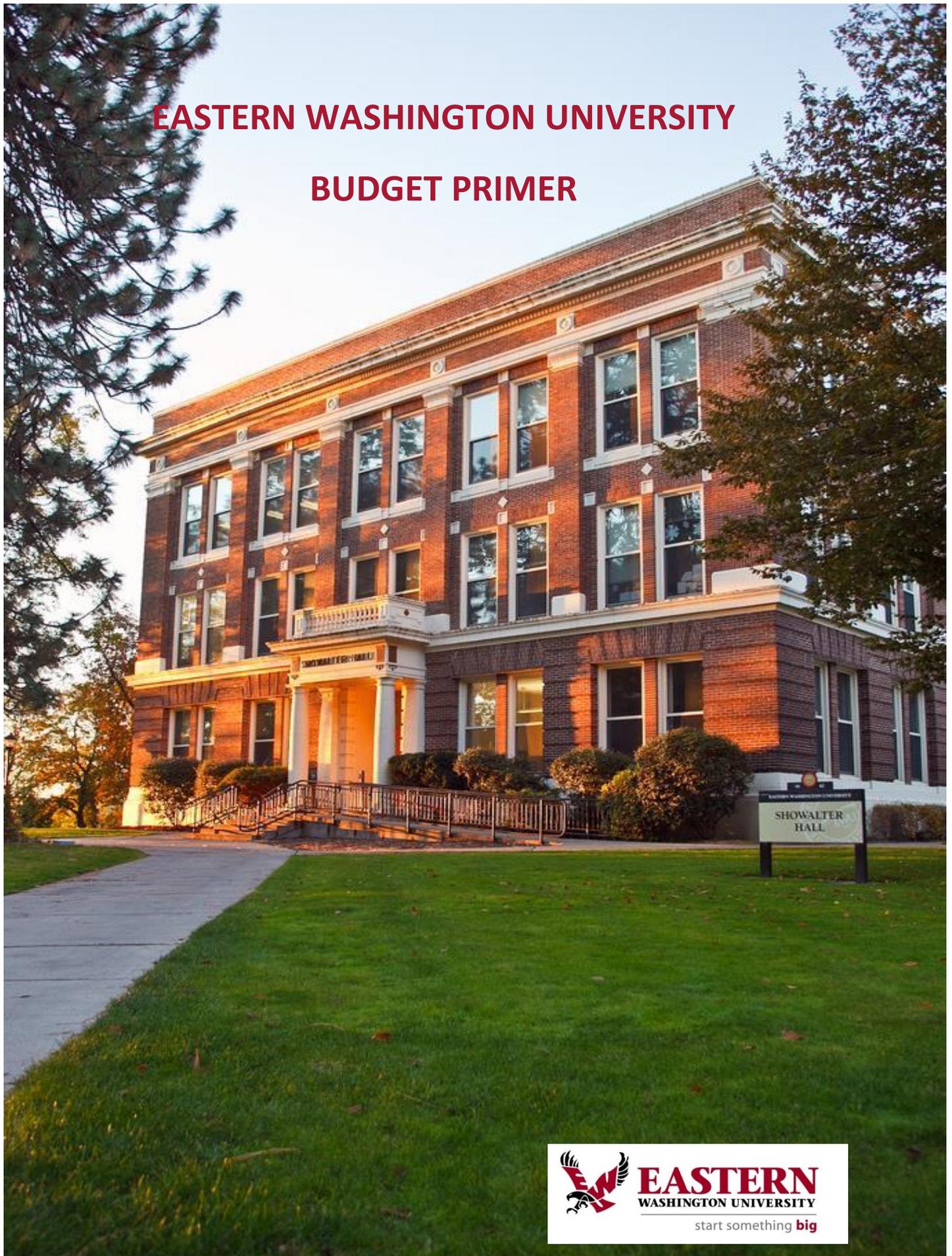
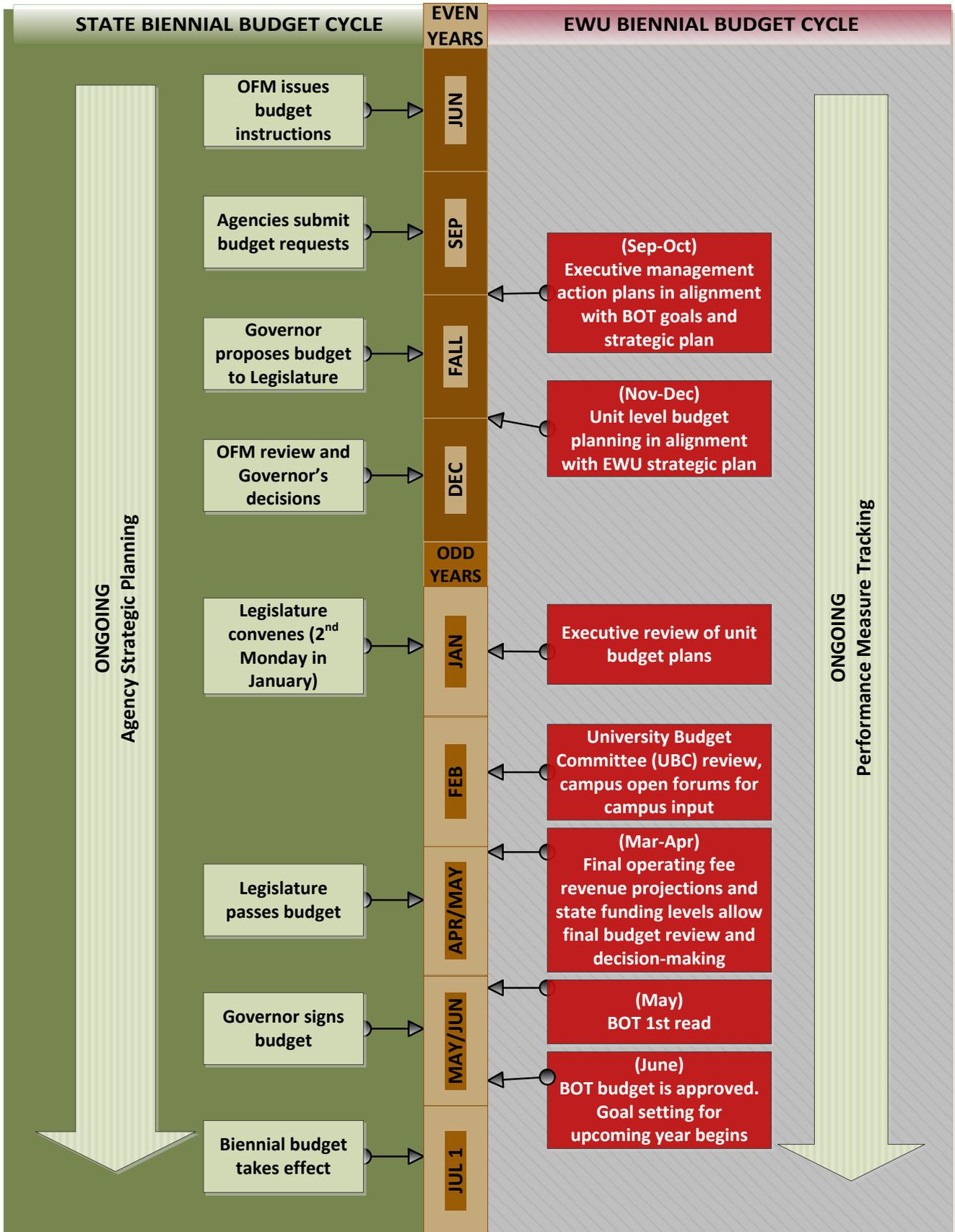


EASTERN WASHINGTON UNIVERSITY

BUDGET PRIMER







“The Business and Finance Division proudly serves Eastern’s students, staff and faculty by providing excellent facilities, fiscal stewardship and the management of physical and human resources to benefit current and future students.”

Mary Voves, Vice-President for Business and Finance

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INTRODUCTION

Delivering a quality university budget is a collaborative effort. Eastern’s president, students, board of trustees, faculty and staff, senior management, and the community have all helped shape EWU’s values, mission, and vision. The successful future of our university is underpinned by the disciplined and continuous development, management, and execution of our budgets to ensure that Eastern maximizes opportunities and continues to foster a university of excellence.

This report provides an overview of the processes and components of the university’s operating budget and capital budgeting process. For complete details on Eastern’s 2013-15 budget please see the EWU 2013-15 Biennium Capital & Operating Budget document at:

<http://access.ewu.edu/Documents/Budget/Biennial%20Budget%20Document%20New%20Format%2020140205%20SA%20Edits.pdf>

OVERVIEW

The operating budget cycle for Eastern Washington University is both annual and biennial in nature. In addition, the university participates in an external budget process as an agency of the state of Washington, while the internal university budget process engages the entire campus and includes all funding sources. The state of Washington provides operating resources to the university through a two-year legislative appropriations process, with annual supplemental appropriations in the second year of each biennium. Additionally, Eastern collects tuition from students and budgets that revenue annually. The state’s appropriation and student tuition are the major sources of funding for Eastern’s operating budget. Additional resources include dedicated local funds, service funds, auxiliary funds, scholarship and fellowship funds, and grant funds. The Board of Trustees approves Eastern’s biennial budget in June for the next biennium.

FUNDING SOURCES

There are four major sources of operating revenue, as defined below:

Education and General Operations consist of state appropriations, tuition operating fees, recharges, dedicated local funds, and service activity funds. This budget supports activities and services that are intrinsic to the university, including instruction, research, student services, libraries, administration, and maintenance of the campus physical plant.

Auxiliary Enterprises include services that are essential to the support of the university's academic programs. Enterprises are designed to generate sufficient revenue to cover the cost of operating and capital needs such as, dining and parking services, housing, bookstore, student services and activity fee enterprises.

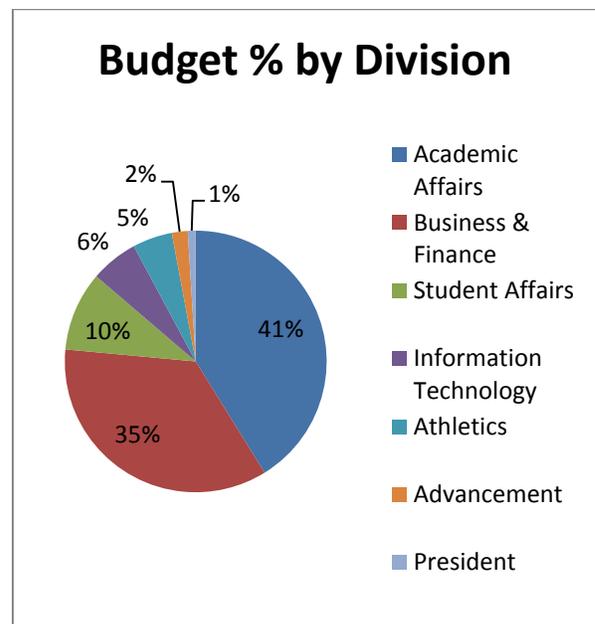
Scholarships and Fellowships include student aid programs, federal and state aid programs, and privately endowed scholarships. This category administers transactions for student assistance programs in which the recipients must meet qualifications specified by the awarding agencies.

Sponsored Programs – Grants and Contracts include restricted grants and contracts with various federal, state, and local government agencies, and also private organizations. Each grant or contract is for a specific program or project, and functions associated with the award must be performed in accordance with the conditions of the agreement outlined by the sponsoring agencies.

(A listing of the individual funds is included in Appendix A.)

Details of the 2013-15 operating revenues and expenditures budgets are depicted below:

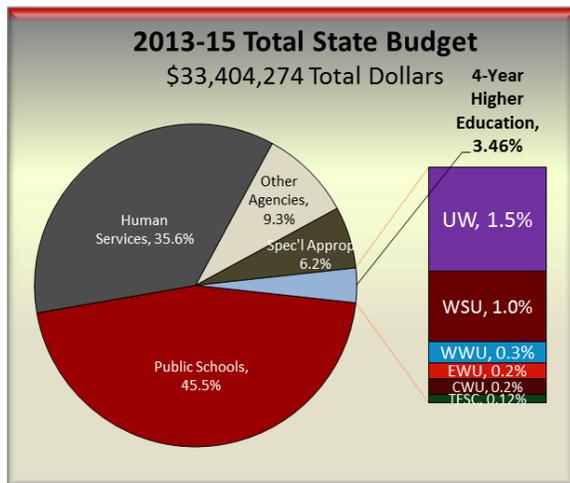
2013-15 Operating Revenues	
Education and General	
State Appropriations (General Fund State & Education Legacy Trust)	\$79M
Tuition Operating Fees	\$135M
Recharges	\$7M
Dedicated local Funds	\$85M
Service Funds	\$7M
Total Education and General	\$313M
Auxiliary Enterprises	\$83M
Scholarships & Fellowships	\$82M
Sponsored Programs	\$22M
TOTAL 2013-15 OPERATING REVENUES	\$500M



APPROPRIATIONS ANALYSIS

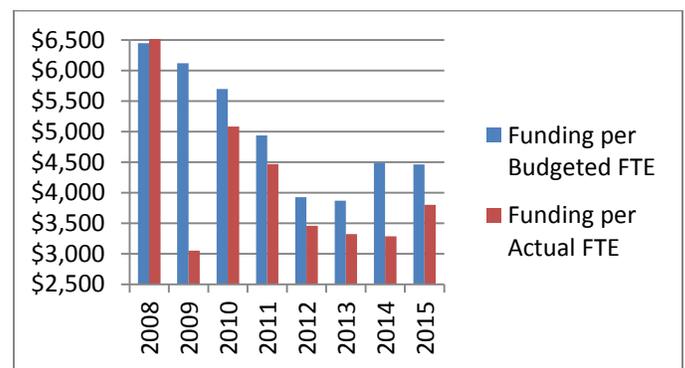
General Fund State

Higher education received 3.46% of the total state general funds in the 2013-15 Washington State budget. Eastern Washington University is one of six institutions for higher education in the state, and received 7% of the total available state higher education dollars, or 0.24% (\$78.7M) of the state general budget.



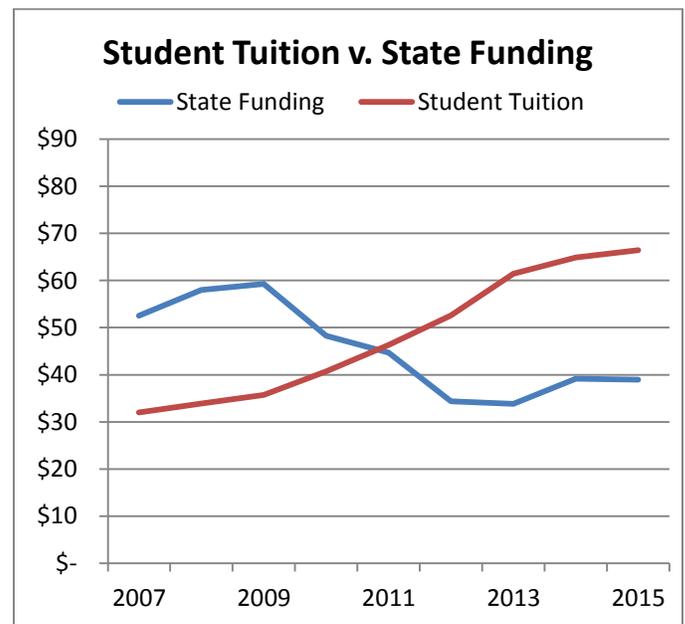
State Funding per Full-time Equivalent Students

The state legislature appropriates university state general fund allocations and student FTE enrollments. Eastern's state funding per OFM-budgeted student FTE declined by 40% (\$2,577) between FY2008 and FY2013. This continuous declining trend ended in FY14 with a 16% increase of \$615.



Revenue Trend

Over the last five years, the proportional balance between state funding and student tuition has shifted significantly (figure 3). While Eastern is increasingly dependent on tuition, potential tuition growth is limited by the state. During the 2013-15 biennium, the state legislature has required public higher education institutions in Washington to maintain resident undergraduate tuition at FY2013 levels. The legislature continues to grant full authority to the EWU Board of Trustees to set tuition rates for all other fee paying categories.



BUDGET PROCESSES

Washington State Budget Process and the State Office of Financial Management

Source: www.ofm.wa.gov

Washington enacts budgets on a two-year cycle, beginning on July 1 of each odd-numbered year. The approved budget remains in effect from July 1 of the first year through June 30 of the second year (e.g. the 2013-15 biennial budget is effective July 1, 2013 through June 30, 2015). By law, the Governor must propose a balanced biennial budget in December, the month before the Legislature convenes in regular session. State agencies, such as Eastern Washington University, are responsible for developing budget estimates and submitting budget proposals to the Governor. Once the budget is enacted by the Legislature and approved by the Governor, agencies are granted appropriation authority to spend state general funds within the budgetary limits imposed by legislation. Under Washington's budget and accounting statutes, the agency director (university president) is accountable for carrying out the legal intent of appropriations.

The biennial budget enacted by the Legislature can be modified in any legislative session through changes to the original appropriations. Since the inception of annual legislative sessions in 1979, it has become common for the Legislature to enact annual revisions to the state's biennial budget. These revisions are referred to as supplemental budgets.

University Biennial Budget Process

The Division of Business and Finance provides management and oversight of the university's planning, implementation, and financial activity. The campus community is involved in this open and collaborative effort.

The university aligns the internal budget cycle with the state's biennial schedule. Eastern maintains detailed budgets for all fund sources for all divisions. These budgets are planned, monitored, and managed throughout their lifecycle by unit managers, CFO, the Budget Services and Controllers' departments, and the executive team.

The University Budget Committee (UBC) is a presidential advisory body at Eastern Washington University consisting of representatives from faculty, classified staff, exempt staff, students, and divisions.

The committee reviews and makes recommendations to the president in response to new budget proposals, including budget reduction plans in times of retrenchment. The UBC works closely with the university president to consider the university's finances, enrollment, tuition, financial aid, the legislative session, and priority funding programs, and their interaction and connection with Eastern's values, mission, and vision.

In addition, the UBC participates in the development of university funding initiatives, which are submitted biennially with Eastern's budget request to the Office of Financial Management.

UBC members are appointed by the president based on recommendations from each appropriate member affiliation. The committee meets monthly, and is chaired by the VP for Business and Finance, who exercises no voting rights.

Committee members actively participate and represent their constituencies while applying a unique perspective during budget deliberations to deliver comprehensive, thoughtful, and balanced recommendations to the university president.

Each dean or division head prepares the necessary planning forms to submit to the VP of the appropriate division for consideration through the divisional budget process. Budget requests are forwarded to the University Budget Committee, where the UBC holds open hearings in which the units may justify their requests. The UBC makes a preliminary recommendation to the president, and final allocations are made after consultation with the board.

Budget Open Forums

Eastern is committed to a transparent financial environment, and is dedicated to the delivery of a quality budget that fosters a student-centered environment and fiscal responsibility.

The university hosts campus open forums each spring to communicate legislative updates, proposed budget, and next steps for the university. The budget open forums are an ideal platform to accommodate questions and suggestions from anyone within the campus community.

CAPITAL BUDGET AND PLANNING

The University's Comprehensive Master Plan is used to guide the long-range physical development of the campus in support of the University's mission and strategic plan. The Master Plan was developed through guidance from the Board of Trustees, senior leadership, with the assistance of professional consultants, input from various campus groups and citizen stakeholder surveys. The executive summary of the Comprehensive Master Plan can be found at http://access.ewu.edu/Documents/Facilities-Planning/PEC_Executive%20Summary_9_27_13revision1-single.pdf.

As part of the state of Washington biennial capital planning process, the University is required to submit a ten-year plan with its capital budget priorities. In addition to the ten-year plan requirement, public higher education institutions participate in a detailed capital planning process as initially established in 2008 and codified in RCW 43.88D.10. This legislation requires each public higher education institution to prepare and submit a prioritized list of individual projects proposed by the institution for the ensuing six-year period. These projects must relate to at least one of the specific categories of enrollment growth, facility replacement, facility renovation, infrastructure, and economic growth or innovation. These projects are scored by a committee based on an established prioritization framework. The prioritized list is presented to the legislative committees. As state capital funding allows, the higher education institutions receive funding based on the final prioritized and ranked listing. The state of Washington has historically funded a generous capital budget to Eastern Washington University.

In addition to state capital funding, the University's Board of Trustees is vested by statute with the authority to issue revenue bonds to fund certain capital projects. Revenue bonds are collateralized by student fees or auxiliary system revenues. The University also has a debt policy, EWU Policy 202-05, which sets internal parameters around the issuance of debt. In recent years, the University has issued revenue bonds for the construction of the university recreation center and a new residence hall.



snyamncut Hall

APPENDIX A

FUND SUMMARIES

The following funds represent the university's general operating budget commonly referred to as ledger 1 funding.

State General Fund (001) - The General Fund accounts for appropriated financial resources except those required to be accounted for in another fund. The general fund is the principle state fund supporting the operation of the state.

Education Legacy Trust Fund (08A) - The Education Legacy Trust Fund is used by the state of Washington to deposit into the student achievement fund and for expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts.

Operating Fees Fund (149) - This special revenue fund is used to account for local revenue and expenditures which contribute to the support of state-appropriated programs. Revenues are received from operating tuition fees and investment earnings

The following funds represent the remainder of university operations.

Grants and Contracts Fund (145) - This special revenue fund is used to account for research projects, training programs, training and instructional institutes, and similar activities for which financial support is received under the conditions of agreements with various federal, state, local governmental, and private agencies.

Dedicated Local Fund (148) - This special revenue fund is used to account for dedicated and self-sustaining activities, such as distance and extended learning, summer quarter, special fees collected to recover specific expenditures, and administrative allowances on federal and state financial aid programs

Stores Fund (141000) - This internal service fund is designated to account for the cost of furnishing institutional office supplies and materials to campus operations. Funds are generated through interdepartmental recharges

Workforce Construction Fund (143000) - This internal service fund is used to account for the cost of providing centralized facilities planning and construction activities which are subsequently billed to campus operations or appropriate capital projects. Funds are generated through interdepartmental recharges.

Motor Pool Fund (145000) - This internal service fund is designated to provide centralized transportation services to campus operations. Funds are generated through interdepartmental recharges.

Telephone Services Fund (144000) - This internal service fund is used to account for the cost of providing centralized telephones services activities which are subsequently billed to campus operations. Funds are generated through interdepartmental recharges

Associated Students Funds (152000, 151001, 151000) – These business enterprise fund is used to account for ASEWU student government, intercollegiate athletics, clubs and organizations, Pence Union Building operations, and other student-supported activities. Revenues are generated from services and activities fees and special student events such as movies, dances, concerts, newspaper advertising, athletic events, and investments. A substantial portion of revenue is dedicated to the retirement of outstanding bonds which were issued for the construction and equipment of the student union building and the student recreation center

Bookstore Fund (154000) - This business enterprise fund is designed to handle the operations of the centralized university bookstore. Revenues are from the sale of books, supplies, clothing and equipment to students, faculty, and staff. This business enterprise fund is designed to handle the operations of the Pence Union Building. The majority of revenues are from the contracts for rental of space.

Parking Activities Fund (156000) - This business enterprise fund is used to account for the operations of the university's parking services. It includes the revenue from parking permits and fines, and expenditures for parking facilities

Housing and Dining Funds (157100-157500) - These business enterprise fund is used to identify revenues, expenditures, transfers, and debt service payments associated with the university dormitory and dining operations. Income is derived from campus dormitories and apartments, married student housing, and various food service operations. Excess revenues, after mandatory transfers for bond and mortgage obligations, are available for capital improvements to the operations

Athletics Fund (153000) - This business enterprise fund is used to identify revenues, expenditures, transfers, and debt service payments associated with Intercollegiate Athletics. Income is derived from event admittance fees, NCAA support, fundraising, game guarantees, interest income, and other contracts.

EWU Recreation Center Fund (158000) - This business enterprise fund is used to identify revenues associated with the university recreation center operations. Income is derived primarily from user fees. Excess revenues are available for improvements or equipment replacement necessary for operations

Scholarships and Fellowships Fund (846) - This fund accounts for established scholarships and fellowships. The income to the fund consists of private gifts, and federal and state grants. The terms of each gift providing scholarships and fellowships are stringently observed





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