



HLC Accreditation 2020-2021

Evidence Document

Finance and Administration

Budget Office

Fiscal Year 2022 Financial Projections

Additional information:



Wichita State prepares a long-term, macro level budget forecast to guide policy and programmatic decisions related to the university’s operating funds. The forecast is a fiscal management tool that presents estimated information based on current and projected financial conditions to identify future revenue and expenditure trends that may have an immediate or long-term influence on university policies and strategic goals. The forecast assists in the formation of decisions so that they align with anticipated resources.

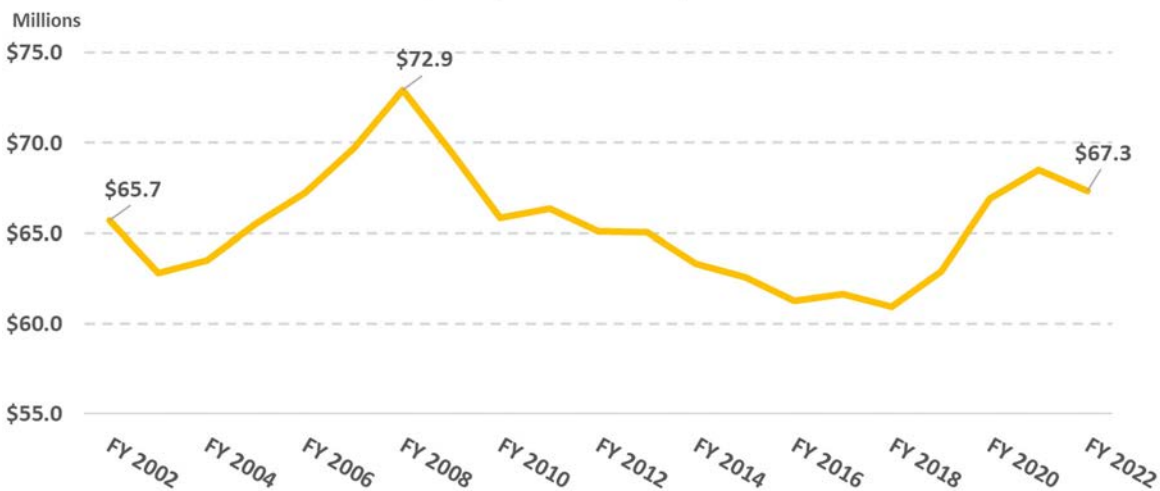
Because of the fluctuations with research and grant funding, this forecast concentrates on projections related to General Use (GU) Funds, which includes the combination of tuition and State General Fund receipts. Projections are also included for Restricted Use (RU) Funds, which includes student fees, grants, research, scholarships, housing, parking, sale of goods and services, and financial aid, as examples. But, Restricted Use resources are not the key focus of this forecast.

SUMMARY

Over the last decade, the greatest challenge to the financial stability of Wichita State has been funding from the State General Fund (SGF) for operating support. Historically, state operating funding has remained essentially flat over the past twenty years, even when excluding the impact of inflation. As a consequence, tuition and fees have risen over the same time period to offset the challenges in state funding. In addition, the university has had to implement budgetary reductions and reallocations in each year, over the past six years, including the upcoming FY 2022 budgeting period.

State General Fund: Operating Funding

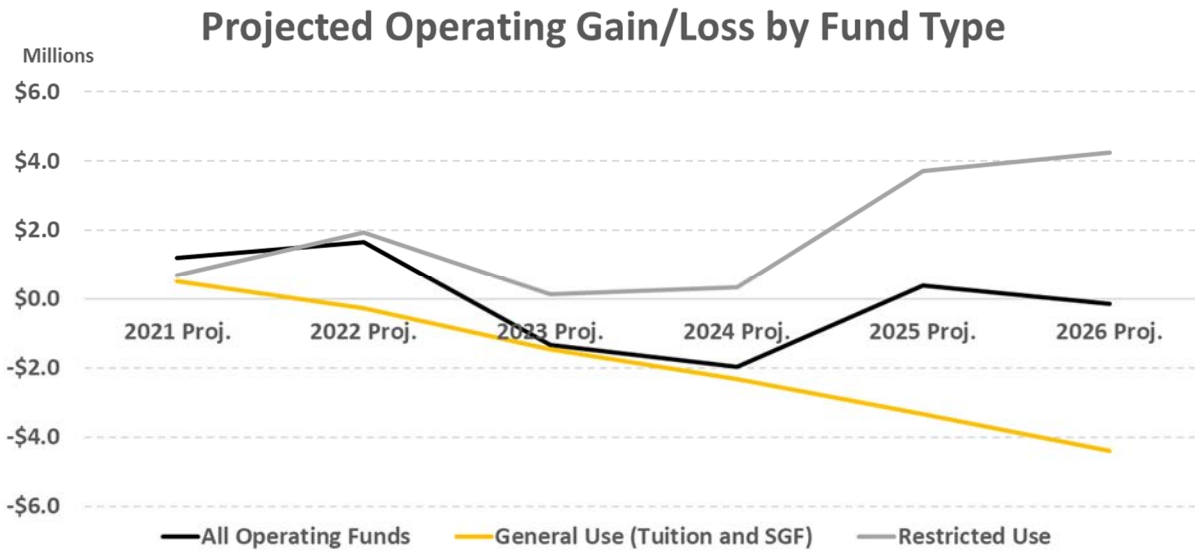
(not adjusted for inflation)



FY 2021 is reflective of the budget adopted during the legislative session, prior to the Governor's allotment.

As a result of the past budget reductions, General Use funded benefits eligible positions have declined from 1,491.83 FTEs in FY 2016 to 1,359.54 FTEs in FY 2021. Overall, the General Use operating budget has grown by only 4.0% over the past five years, adopted at \$147.8 million in FY 2016, compared to \$153.7 million in FY 2021. The difficult budgetary decisions related to General Use funding over the past several years has stabilized that portion of the budget, allowing ending balances to moderately grow to \$7.6 million in FY 2020. During the same time period, Restricted Use resources, in particular research, has experienced significant growth.

Regarding future projections, due to the expectation that state funding will experience minimal growth over the next five years, operating deficits within General Use Funds are anticipated to reappear in FY 2023 and continue throughout the planning period until operating or revenue adjustments are made. This includes the key assumption of a moderate 2.0% compensation increase each year for benefits eligible positions. Because General Use funding is so heavily concentrated in personnel, this is the key driver of operating expenses for this portion of university funding. If the assumption of a 2.0% compensation increase each year, beginning in FY 2023 is removed, the projections return to a positive outlook going forward.



Please see the attached tables at the end of this document for a more detailed outline of the revenue and expenditure projections.

KEY GENERAL USE ASSUMPTIONS

Key General Use Revenue Projections

- Credit Hour Production: Growth of 0.9% from the FY 2021 budget, followed by annual growth of 1.0% over the remaining planning period. Actual credit hour production in FY 2021 has performed better than originally budgeted at the beginning of the pandemic. This is the key element contributing to the expectation that the General Use ending balance is projected to grow by year-end.

- Tuition and Student Fees: Assumes no tuition increase in FY 2022, followed by a moderate increase of 2.0% annually for the remainder of the planning period. Tuition increases are dependent on annual KBOR approval.
- State General Fund Appropriations: FY 2022 projections have been updated to match to the recommendations from the conference committee and now pending final legislative approval, which is a 1.8% reduction from FY 2021. For the remaining planning period, this model assumes a 0.5% increase in the appropriations for Operations support to partially offset increases in employee fringe benefit costs. Appropriations for Aviation Research (KART), Aviation Infrastructure (NCAT), and Technology Transfer Facility (Innovation) are projected to remain flat throughout the planning period.

Key General Use Expenditure Projections

- Salaries:
 - After several years with no salary increases for university faculty and staff, this projection model incorporates an annual 2.0% compensation pool from FY 2023 to FY 2026. Because General Use funding is so heavily concentrated in personnel, this is the key driver of operating expenses for this portion of university funding and the primary cause of the projected draw on the ending balance beginning in FY 2023. If the assumption of a 2.0% compensation increase each year, beginning in FY 2023 is removed, the projections return to a positive outlook going forward.
- Benefit Costs: Projections have been adjusted to the guidelines recently released by the state for FY 2022 budget development. After FY 2022 overall benefit rates are projected to remain stable, with the exception of an estimated 6.0% annual growth in employer paid health benefit rates. From a historic view, this is a low rate of anticipated growth in benefit costs, especially in relation to health benefits.
- Contractual and Commodity Expenses: With low inflation occurring over the past several years, these expenditures are projected to grow by a modest 1.5% annually in FY 2023 to FY 2026, dependent on the type of expense. For FY 2022, because of the current expectation of implementing, at maximum, a 3.0% budget reduction impacting every university division receiving General Use funding, these expenses are projected to remain flat, with the exception of the financial impacts discussed in the final bullet titled “Funding Changes and Enhancements.”
- Debt Service Costs: Based on current debt schedules and funding plans.
- Funding Changes and Enhancements: The projections include the following key funding changes and operating enhancements under consideration for FY 2022:
 - Restoration of FY 2021 One-Time Actions Related to the Pandemic
 - \$2.0 million – GU/RU cash sweeps of discretionary expenses
 - \$1.0 million – Shuttle bus GU funding shifted to RU, executive pay

- reductions, CARES Act reimbursements
- Mandatory Expenses
 - \$0.8 million – fringe benefit increases, promotions in rank and tenure, EAB enrollment services, property insurance
- Other Key Expenses
 - \$1.0 million – increase in institutional scholarships
 - \$0.5 million – align budgetary funding needs in the Colleges of Liberal Arts and Sciences and Applied Studies
 - \$0.2 million – enhance summer enrollment plan
- Budgetary Savings
 - \$0.5 million – Energy conservation debt service ends with a ½ payment in FY 2022

All state funds included as part of the annual state budget submission are included in this forecast, with the exception of the following capital funds: Deferred Maintenance Support Fund (2489-2489) and the Education Building Fund (8001-8318). The projections include state defined “nonreportable expenses,” such as fund transfers.

Wichita State University
Financial Plan Projections: 2021 - 2026

	2021	2022	%	2023	%	2024	%	2025	%	2026	%
	Proj.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.
All Operating Funds											
Beginning Balance	\$ 51,899,790	\$ 53,110,765		\$ 54,773,465		\$ 53,441,333		\$ 51,464,546		\$ 51,850,038	
Operating Revenue											
State Appropriations	82,337,895	84,177,520	2.2%	84,514,137	0.4%	84,852,436	0.4%	85,192,427	0.4%	85,534,119	0.4%
SGF Operating	65,139,249	67,323,320	3.4%	67,659,937	0.5%	67,998,236	0.5%	68,338,227	0.5%	68,679,919	0.5%
SGF Aviation Research/Infrast. & Tech. Trans	17,198,646	16,854,200	-2.0%	16,854,200	0.0%	16,854,200	0.0%	16,854,200	0.0%	16,854,200	0.0%
Tuition and Fees	130,024,581	130,206,409	0.1%	133,755,353	2.7%	137,402,959	2.7%	141,152,010	2.7%	145,005,370	2.7%
Federal Contracts and Grants	92,578,116	96,274,831	4.0%	100,156,104	4.0%	104,231,156	4.1%	108,509,668	4.1%	113,001,808	4.1%
State Grants and Contracts	4,885,315	4,949,260	1.3%	5,016,401	1.4%	5,086,900	1.4%	5,160,923	1.5%	5,238,648	1.5%
Private Gifts, Grants and Contracts	22,668,974	23,556,625	3.9%	24,479,209	3.9%	25,438,106	3.9%	26,434,750	3.9%	27,470,634	3.9%
Sales and Service of Ed Activities	102,691,588	110,637,728	7.7%	119,216,414	7.8%	128,478,189	7.8%	138,477,637	7.8%	149,273,708	7.8%
Sales and Service of Auxiliary Enterprises	15,155,795	15,567,550	2.7%	15,990,581	2.7%	16,425,201	2.7%	16,871,727	2.7%	17,330,489	2.7%
Other Sources	9,830,442	10,004,987	1.8%	10,184,768	1.8%	10,369,943	1.8%	10,560,673	1.8%	10,757,125	1.9%
Transfers In	98,507,283	105,071,908	6.7%	112,143,240	6.7%	119,763,879	6.8%	127,980,302	6.9%	136,843,239	6.9%
Total Revenue	558,679,990	580,446,818	3.9%	605,456,208	4.3%	632,048,769	4.4%	660,340,120	4.5%	690,455,139	4.6%
Operating Expenditures											
Salaries and Benefits	166,577,797	171,876,858	3.2%	179,212,554	4.3%	186,976,687	4.3%	195,197,414	4.4%	203,904,818	4.5%
Unclassified & Classified Salaries	146,155,212	150,386,047	2.9%	156,627,334	4.2%	163,219,797	4.2%	170,186,304	4.3%	177,551,288	4.3%
Student Salaries	15,122,244	15,959,333	5.5%	16,855,018	5.6%	17,813,401	5.7%	18,838,870	5.8%	19,936,123	5.8%
Other Compensation (Seasonal/Temp/Etc.)	8,032,167	8,270,653	3.0%	8,523,448	3.1%	8,791,411	3.1%	9,075,451	3.2%	9,376,535	3.3%
Shrinkage	(2,731,826)	(2,739,174)	0.3%	(2,793,246)	2.0%	(2,847,921)	2.0%	(2,903,211)	1.9%	(2,959,127)	1.9%
Benefits	43,916,307	45,544,649	3.7%	48,254,545	5.9%	51,069,738	5.8%	53,996,525	5.7%	57,041,582	5.6%
Total Salaries and Benefits	210,494,103	217,421,507	3.3%	227,467,099	4.6%	238,046,426	4.7%	249,193,940	4.7%	260,946,401	4.7%
Other Operating Expenditures	346,974,911	361,362,611	4.1%	379,321,241	5.0%	395,979,131	4.4%	410,760,688	3.7%	429,650,456	4.6%
Total Expenditures	557,469,015	578,784,118	3.8%	606,788,340	4.8%	634,025,556	4.5%	659,954,628	4.1%	690,596,857	4.6%
Operating Gain/(Loss)	1,210,975	1,662,699		(1,332,131)		(1,976,788)		385,492		(141,718)	
Ending Balance	\$ 53,110,765	\$ 54,773,465		\$ 53,441,333		\$ 51,464,546		\$ 51,850,038		\$ 51,708,319	

Wichita State University
Financial Plan Projections: 2021 - 2026

	2021	2022	%	2023	%	2024	%	2025	%	2026	%
	Proj.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.
General Use (Tuition and State General Fund Appropriations)											
Beginning Balance	\$ 7,630,230	\$ 8,138,852		\$ 7,863,794		\$ 6,392,990		\$ 4,067,120		\$ 746,251	
Operating Revenue											
State Appropriations	82,337,895	84,177,520	2.2%	84,514,137	0.4%	84,852,436	0.4%	85,192,427	0.4%	85,534,119	0.4%
SGF Operating	65,139,249	67,323,320	3.4%	67,659,937	0.5%	67,998,236	0.5%	68,338,227	0.5%	68,679,919	0.5%
SGF Aviation Research/Infrast. & Tech. Trans	17,198,646	16,854,200	-2.0%	16,854,200	0.0%	16,854,200	0.0%	16,854,200	0.0%	16,854,200	0.0%
Tuition and Fees	87,124,843	86,293,824	-1.0%	88,804,974	2.9%	91,389,199	2.9%	94,048,625	2.9%	96,785,440	2.9%
Other Sources	130,000	130,000	0.0%	130,000	0.0%	130,000	0.0%	130,000	0.0%	130,000	0.0%
Transfers In	60,000	60,000	0.0%	60,000	0.0%	60,000	0.0%	60,000	0.0%	60,000	0.0%
Total Revenue	169,652,738	170,661,344	0.6%	173,509,111	1.7%	176,431,635	1.7%	179,431,052	1.7%	182,509,558	1.7%
Operating Expenditures											
Salaries and Benefits	90,204,122	90,196,774	0.0%	91,856,997	1.8%	93,550,902	1.8%	95,279,164	1.8%	97,042,471	1.9%
Unclassified & Classified Salaries	85,714,715	85,714,715	0.0%	87,429,010	2.0%	89,177,590	2.0%	90,961,142	2.0%	92,780,365	2.0%
Student Salaries	3,163,834	3,163,834	0.0%	3,163,834	0.0%	3,163,834	0.0%	3,163,834	0.0%	3,163,834	0.0%
Other Compensation (Seasonal/Temp/Etc.)	4,057,399	4,057,399	0.0%	4,057,399	0.0%	4,057,399	0.0%	4,057,399	0.0%	4,057,399	0.0%
Shrinkage	(2,731,826)	(2,739,174)	0.3%	(2,793,246)	2.0%	(2,847,921)	2.0%	(2,903,211)	1.9%	(2,959,127)	1.9%
Benefits	26,898,115	27,220,445	1.2%	28,398,803	4.3%	29,630,788	4.3%	30,919,599	4.3%	32,268,626	4.4%
Total Salaries and Benefits	117,102,237	117,417,220	0.3%	120,255,800	2.4%	123,181,690	2.4%	126,198,763	2.4%	129,311,097	2.5%
Other Operating Expenditures	52,041,879	53,519,182	2.8%	54,724,115	2.3%	55,575,816	1.6%	56,553,158	1.8%	57,590,571	1.8%
Total Expenditures	169,144,116	170,936,402	1.1%	174,979,915	2.4%	178,757,506	2.2%	182,751,921	2.2%	186,901,668	2.3%
Operating Gain/(Loss)	508,622	(275,058)		(1,470,804)		(2,325,870)		(3,320,869)		(4,392,109)	
Ending Balance	\$ 8,138,852	\$ 7,863,794		\$ 6,392,990		\$ 4,067,120		\$ 746,251		\$ (3,645,858)	

Wichita State University
Financial Plan Projections: 2021 - 2026

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	Proj.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.	Proj.	Chg.
Restricted Use											
Beginning Balance	\$ 44,269,560	\$ 44,971,913		\$ 46,909,670		\$ 47,048,343		\$ 47,397,426		\$ 51,103,786	
Operating Revenue											
Tuition and Fees	42,899,738	43,912,585	2.4%	44,950,379	2.4%	46,013,760	2.4%	47,103,386	2.4%	48,219,930	2.4%
Federal Contracts and Grants	92,578,116	96,274,831	4.0%	100,156,104	4.0%	104,231,156	4.1%	108,509,668	4.1%	113,001,808	4.1%
State Grants and Contracts	4,885,315	4,949,260	1.3%	5,016,401	1.4%	5,086,900	1.4%	5,160,923	1.5%	5,238,648	1.5%
Private Gifts, Grants and Contracts	22,668,974	23,556,625	3.9%	24,479,209	3.9%	25,438,106	3.9%	26,434,750	3.9%	27,470,634	3.9%
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Sales and Service of Auxiliary Enterprises	15,155,795	15,567,550	2.7%	15,990,581	2.7%	16,425,201	2.7%	16,871,727	2.7%	17,330,489	2.7%
Other Sources	9,700,442	9,874,987	1.8%	10,054,768	1.8%	10,239,943	1.8%	10,430,673	1.9%	10,627,125	1.9%
Transfers In	98,447,283	105,011,908	6.7%	112,083,240	6.7%	119,703,879	6.8%	127,920,302	6.9%	136,783,239	6.9%
Total Revenue	389,027,252	409,785,474	5.3%	431,947,098	5.4%	455,617,133	5.5%	480,909,068	5.6%	507,945,580	5.6%
Operating Expenditures											
Salaries and Benefits	76,373,674	81,680,084	6.9%	87,355,557	6.9%	93,425,786	6.9%	99,918,250	6.9%	106,862,348	6.9%
Unclassified & Classified Salaries	60,440,497	64,671,331	7.0%	69,198,325	7.0%	74,042,207	7.0%	79,225,162	7.0%	84,770,923	7.0%
Student Salaries	11,958,410	12,795,499	7.0%	13,691,184	7.0%	14,649,567	7.0%	15,675,036	7.0%	16,772,289	7.0%
Other Compensation (Seasonal/Temp/Etc.)	3,974,768	4,213,254	6.0%	4,466,049	6.0%	4,734,012	6.0%	5,018,052	6.0%	5,319,136	6.0%
Shrinkage	-	-		-		-		-		-	
Benefits	17,018,192	18,324,204	7.7%	19,855,742	8.4%	21,438,950	8.0%	23,076,927	7.6%	24,772,957	7.3%
Total Salaries and Benefits	93,391,866	100,004,287	7.1%	107,211,299	7.2%	114,864,736	7.1%	122,995,177	7.1%	131,635,304	7.0%
Other Operating Expenditures	294,933,032	307,843,429	4.4%	324,597,126	5.4%	340,403,315	4.9%	354,207,530	4.1%	372,059,885	5.0%
Total Expenditures	388,324,899	407,847,717	5.0%	431,808,425	5.9%	455,268,051	5.4%	477,202,707	4.8%	503,695,189	5.6%
Operating Gain/(Loss)	702,353	1,937,757		138,673		349,083		3,706,361		4,250,391	
Ending Balance	\$ 44,971,913	\$ 46,909,670		\$ 47,048,343		\$ 47,397,426		\$ 51,103,786		\$ 55,354,178	