



MEMORANDUM

TO: Shari McMahan, President
Jon Anderson, Provost
Mary Voves, Vice President of Business & Finance
Lea Jarnagin, Vice President of Student Affairs
Barb Richey, Vice President of Advancement
Cesar Portillo, Chief of Staff
Tim Collins, Associate Vice President/Director Athletics

FROM: Toni Habegger, Associate Vice President & CFO

DATE: January 17, 2025

SUBJECT: FY2026 General Budget Planning Directions

The budget proposal process is a critical opportunity to align the university's financial resources with its strategic priorities, ensuring the continued success of Eastern Washington University's programs and services. A thoughtful and thorough approach to budget planning enables informed decision-making, fosters financial stability, and supports the university's mission to serve students, staff, and the broader community. To this end, we encourage all departments and units to engage diligently in the budget planning process for FY26.

On January 9, 2025, Governor-elect Ferguson announced his budget priorities for the 2025-27 biennium. These priorities emphasize budget savings and efficiencies, including a proposed reduction in state agency spending by at least \$4 billion. As part of this plan, higher education faces a proposed 3% reduction in state operating appropriations. Eastern will thoughtfully incorporate this potential reduction into our FY26 budget planning process.

Division-level budget targets for the General Fund (Index 1) are based on the FY25 base/permanent budget, adjusted to reflect the anticipated 3% reduction in state operating appropriations. This reduction, totaling \$2.7 million, is calculated as 3% of the state appropriation maintenance level.

The Axiom Budget Planning System (BPS) will open January 20 for the FY26 budget plan updates.

To assist with the full budgetary preparation timeline please ensure budgetary updates, including proposed fee adjustments, should be completed by April 1, 2025. The comprehensive timeline can be viewed on the Budget Services website at <https://inside.ewu.edu/financialservices/budget-services/>.

Assumptions for FY26

- **Chart of account** changes due to organizational or budgetary realignment should be submitted by March 1, 2025 to allow for incorporation into the FY26 planning process.

- **General Directions** for all funds
 - Anticipated classified COLA increase of 3% on July 1, 2025.
 - Include faculty general salary increase in accordance with the collective bargaining agreement, effective September 1, 2025.
 - Include exempt represented COLA increase of 3% on July 1, 2025.
 - Include exempt non-represented base wage increase 3% on July 1, 2025.
 - Benefits will change based on OFM/legislative approved levels.

- **Core Funds** (index 1 & 2)
 - General Fund: Index 1
 - On-going (base/permanent) budget targets for the divisions will be adjusted downward to incorporate the 3% state appropriation reduction. This baseline is subject to change depending on decisions made at the university or division level due to service and staffing adjustments. The state legislative budget outcomes may also influence final budget levels.
 - General salary adjustments, including associated benefits, are funded centrally for all index 1 positions.
 - Consistent with prior fiscal years- classified position step increases are funded by the respective division, as positions have previously been centrally funded to Step M.
 - Salary and benefit adjustments for faculty promotions are funded by Academic Affairs.

 - Self-Support Funds (Index 2)
 - Self-support fees may increase up to the fiscal growth factor of 6.4%. Please base the fee revenue calculation on estimated index 1 enrollment, estimated index 2 program level enrollments, or service levels as appropriate.
 - Fees should be reviewed and adjusted accordingly in conjunction with budgetary planning.
 - Revenue forecast – details of forecast should be included in the General Notes section (i.e. enrollment x price = revenue forecast)
 - Anticipated position and benefit increases based on the expenditure assumptions should be reflected as an increase to the direct expense budget (Account 70000).
 - Index 2 proposed expenditure budgets should not exceed revenue projections as a general practice. There are exceptions that may necessitate the use of cash reserves to which notes should be made in the planning file.

- **Auxiliary Funds** (Index 3)
 - Administrative Cost will be 8% of revenues for auxiliaries. This is consistent with FY25.
 - Fees should be reviewed and adjusted accordingly in conjunction with budgetary planning.
 - The proforma income statements for auxiliary funds will be prepared and reviewed to ensure fund level requirements are met with regards to debt covenants and planned capital investments.

In addition to the above assumptions, the Vice Presidents typically provide supplemental budget planning details to their units. If the supplemental changes include revised planning targets or goals, the Budget Office will ensure these are incorporated into the planning system. Please forward the supplemental planning details to the Budget Office.

All Indexes

Departments are requested to make comments for all budget changes as these comments are used by the budget office to understand the increases/decreases in requested budget authority and to track changes.

General Information

Access to the Axiom Budget Planning System is available at <https://ewu.axiom.cloud>.

The Budget Planning System User Manual is located on our website: <https://inside.ewu.edu/financialservices/wp-content/uploads/sites/44/2024/12/Budget-Planning-System-User-Manual-V4-12.5.24.pdf>

The proposed budget data will be reviewed and reconciled by the Budget Office. The budget will be presented to the President for review and any changes will be incorporated. The proposed budget will be presented to the Board of Trustees as a first read in May with anticipated approval in June.

If you have any questions please contact Tammy Felicijan, Director of Budget Services at (509) 359-7364 or tfelicijan@ewu.edu.

Cc: Tammy Felicijan, Director of Budget Services
Jill Angelo, Assistant Director of Budget Services
Paul Weed, Director of Academic Affairs Planning and Budget
Nick Whitesell, Director of Strategic Initiatives, Division of Student Affairs
John Drexel, Director of Advancement Services
Alex Kelly, Senior Associate Athletic Director and CFO
Kim Davis, Senior Director for Diversity and Inclusion
Rose Knight, Director of Finance and Administrative Services, College of Health Sciences and Public Health
Keith Tyler, Director of Finance and Administrative Services, College of Professional Programs
Mason Hayes, Director of Finance and Administrative Services, College of Arts, Humanities, and Social Sciences
Brenda Armstrong, Director of Finance and Administrative Services, College of Science, Technology, Engineering, and Mathematics
