

## Budget Questions and Answers – June 6, 2011

### Principles and Strategies

- Continue to protect classroom instruction as much as possible
- Acknowledge the need for a reasonable level of support services to sustain classroom instruction and institutional operations (we can't serve students with classroom instruction alone – we need to recruit them, retain them and support them while they are here)
- Minimize job losses/layoffs
- Carry the 3% state-assumed compensation reductions across employee groups (exempt, classified, faculty), though specific implementation methods may differ. Employees that earn less than \$2500 a month are not subject to the 3% cut.
- Increase tuition to legislatively budgeted levels (14% per year), and not beyond – even though the state has allowed for larger tuition increases
- Make up the state cut to exempt/faculty retirement match (TIAA-CREF participants) for current employees with college funds;
- Along with cuts, make some strategic investments to maintain critical college operations and sustain underlying budget assumptions (e.g. enrollment level and mix)

**What is the college's biennial budget for 2011-2013?** \$104,962,000

**How much funding did the state cut?** \$14,180,000

**What percentage of Evergreen's state general fund money was cut?** 28%

### How much is tuition going up?

The state specified a 14% increase per year for Evergreen's resident undergraduates and allowed for higher tuition levels beyond that. Evergreen will not exceed the 14% level for resident undergraduates. Tuition for non-resident undergraduates will increase 5%, resident graduate tuition will increase 5% and non-resident graduate tuition will not increase.

### What happened to the State Need Grant?

Funding increased to track with tuition increases, but the State Need Grant still won't cover all eligible students. In addition, funding for state work study was cut, but not eliminated.

**How much in additional operational costs and "strategic investments" do we need to support?** \$4,990,000

### What does that include?

\$1,128,000	Support retirement match and supplementation payments for current TIAA-CREF participants (largely exempt and faculty)
\$2,410,000	Support enrollment rebasing costs (including faculty lines, financial aid officer, farm program and assistive technology support, and targeted marketing plans)
\$824,000	Support for Banner Human Resource System, Academic Computing and increased bandwidth
\$226,000	Provide permanent funds for the emergency response coordinator and the public records officer
\$402,000	Support academic administration and fund turnover costs.

**What is the total funding gap we need to fill?** \$19,170,000

**Is the gap evenly distributed in the two years of the biennium?**

No. The gap is larger in the first year (it becomes smaller as the second year of tuition increases takes effect).

**How are we going to fill that gap?**

\$5,340,000	Rebase minimum enrollment to 4500 and 23% non-resident (from 4213 and 20% prior minimum base budget levels – we now have to count on these higher levels)
\$1,920,000	3% compensation reduction
\$1,593,000	Use one-time reserves to bridge part of the first year budget challenge
\$3,118,000	Additional divisional and institutional cuts including 4 layoffs and elimination of 13.21 additional staff positions and 5.17 faculty positions
\$8,494,000	Tuition increases (14% resident undergrad, 5% non-resident undergraduate, 5% resident graduate, 0% non-resident graduate). That generates \$2,724,000 in revenue in the first year and \$5,770,000 in the second year.

**Why are we cutting budgets/raising revenue more than the total amount of cuts, additional strategic investments, etc.?**

The total cuts and revenue increases leave \$1,295,000 in flexibility (about 1% of the biennial budget) to address likely additional state mandated cuts in the 2011-13 biennium and provide some opportunity for additional strategic investments if any money remains.

**Couldn't we just cut less now and then cut more later if required?**

We're trying to avoid the need to make sudden budget cuts on short notice if we can help it. We created a similar budget buffer in the last biennium and we ended up needing it to partially offset two additional rounds of state cuts.

**Will we have furloughs or temporary layoffs? If so, how will they work and when will they start?** As a starting point, the legislature excluded state employees who make less than \$2500 per month (on a full time equivalent basis) from the 3% compensation reduction. Beyond that, the college's Senior Staff group has been considering how best to meet the legislative expectation that we cut compensation by 3%, looking for approaches that are both equitable and take into account the differences between represented and non-represented classified and exempt staff.

Given the two-year temporary nature of this legislation, we have been discussing a uniform expectation that all staff (except those making less than \$2500 per month on a full-time equivalent basis) be required to take 7.8 days (62.4 hours) through temporary layoff or furlough protocols. Rather than specifying the temporary layoff or furlough days, we're leaning toward an approach that would allow employees to take their furlough time on a flexible basis, with supervisor approval. Specific plans have not yet been finalized.

It's possible that faculty will achieve their share of the 3% compensation reduction in a manner other than furloughs or temporary layoffs. We won't know the exact starting date for temporary layoffs or furloughs until the plans are confirmed. We hope to work that out as soon as possible.

The specifics of any of these plans are subject to negotiation.

**Are there additional cuts/shortfalls in state funding?**

Yes - \$2.6 million. Capital allocations were \$1.6 million short for the Communications Building remodel and \$1 million short for other capital projects. Academics and Facilities have been working with the architect for the Communications Building remodel in an attempt to reduce overall project costs to match the reduced funding level.

# DETAILED FINAL 2011-13 LEGISLATIVE BUDGET

## Maintenance Level Calculations

State Funds Base

Tuition Base Assumptions

State Funds + Tuition Base

## Budget Cuts

General Higher Education Cut Level

Additional Cuts Beyond Governor

Biennialize 2010 Supplemental 777K Cut

## Cuts

## Other Changes

Average Final Compensation Adjust.

Suspend PERS Plan 1 Uniform Cost-of-Living Adjustment

WSIPP Study - Expanded Family Caregiver Review

WSIPP Study - Learning Assistance Program Study

WSIPP Study - State Drug Policies

WSIPP Study - Commitment of SVP Study

Retire-Rehire Changes

AG Interagency Charges

3% Across-the-Board Compensation Base Reduction

## Other

## GRAND TOTAL GROSS CUT LEVEL

% Cut to General Fund Base

% Cut to Total Budget

## Tuition Increases @ Legislative Policy Levels

Resident Undergraduate Tuition at 14%

Sub-Total Resident UG

Non-Resident Tuition at 5%

Resident Graduate at 5%

Non-Resident Graduate at 0%

Sub-Total All other Student Categories

**Grand Total Tuition Capacity**

**Net Cut Remaining**

*Net Change*

Conference Budget with 14%			
Biennial Amt.	2011-12	2012-13	
50,688	25,397	25,291	
54,274	27,137	27,137	
<b>104,962</b>	<b>52,534</b>	<b>52,428</b>	
			50%
(8,844)	(2,827)	(6,017)	
(1,754)	(2,472)	718	
(1,554)	(777)	(777)	
<b>(12,152)</b>	<b>(6,076)</b>	<b>(6,076)</b>	
4	2	2	
(418)	(177)	(241)	
75	75	-	
145	91	54	
25	25	-	
75	50	25	
(2)	(1)	(1)	
(12)	(6)	(6)	
(1,920)	(960)	(960)	
<b>(2,028)</b>	<b>(901)</b>	<b>(1,127)</b>	
<b>(14,180)</b>	<b>(6,977)</b>	<b>(7,203)</b>	
-28%	-27%	-28%	
-14%	-13%	-14%	
6,358	2,024	4,334	
6,358	2,024	4,334	
1,943	637	1,306	
193	63	130	
-	-	-	
2,136	700	1,436	
<b>8,494</b>	<b>2,724</b>	<b>5,770</b>	
<b>(5,686)</b>	<b>(4,253)</b>	<b>(1,433)</b>	
-5.4%	-8.1%	-2.7%	

# DETAILED DRAFT RESPONSES TO 2011-13 BUDGET

Revenue from Rebasing Enrollments and Savings from Salary Decreases	Biennial Amt.	2011-12	2012-13
Revenues only from Rebase to 4500 @ 23% (expenses in Must Do Items below)	5,340	2,670	2,670
Implementation of 3% expected compensation base reductions for 2011-13	1,920	960	960
<b>Total Baseline Assumptions</b>	<b>7,260</b>	<b>3,630</b>	<b>3,630</b>
<b>Must Do Items for Consideration On Permanent Base Budget</b>			
Cap Retirements @ 6% Match Level for 2011-13 biennium	(1,024)	(512)	(512)
New Higher Ed. Supplemental Benefit Fund Payment	(104)	(26)	(78)
Faculty Lines to support over-enrollment plan (4500-4213=287/25 *86,500)	(1,990)	(995)	(995)
Targeted Marketing & Communications for Enrollment Plan	(80)	(40)	(40)
Farm Program	(94)	(47)	(47)
Financial Aid Staff	(110)	(55)	(55)
Support for Assistive Technology	(136)	(68)	(68)
Banner Position to support HR/Payroll & Budget	(140)	(70)	(70)
Banner Position in IT & Banner Maint. Contract	(276)	(138)	(138)
Acad. Computing, Client Svs & Bandwidth	(408)	(204)	(204)
Fund the Emergency Response Coordinator	(90)	(45)	(45)
Fund the Public Records Officer	(136)	(68)	(68)
Expected additional S&B for New Provost	(52)	(26)	(26)
Academic Admin. (e.g.add back 1 dean, staff S&B for area reorg, other)	(350)	(175)	(175)
<b>Total Must Do Initiatives</b>	<b>(4,990)</b>	<b>(2,469)</b>	<b>(2,521)</b>
<b>Net Change Remaining</b>	<b>(3,416)</b>	<b>(3,092)</b>	<b>(324)</b>
<i>Net Change</i>	<i>-3.3%</i>	<i>-5.9%</i>	<i>-0.6%</i>

## VP PROPOSAL TO CLOSE FUNDING GAP USING CUTS AND ONE-TIME RESERVES

	Biennial Amt.	2011-12	2012-13
<b>Use of One-Time Reserves As a Bridge Strategy to Mitigate Impacts</b>			
Utilize One Time Institutional reserves to Bridge some of the 1st year cuts	(1,473)	(1,473)	-
Temporary Move some Advancement Staffing Cost to divisional reserves	(17)	(17)	-
Temporary Move some Advancement Staffing Cost to divisional reserves	(12)	(12)	-
Temporary Move some Advancement Staffing Cost to divisional reserves	(21)	(21)	-
Temporary Move some Annual Fund good and services costs to reserves	(6)	(6)	-
Temporary Move some Marketing Print and Publication costs to reserves	(4)	(4)	-
<b>Sub-Total Use on One-Time Reserves</b>	<b>(1,533)</b>	<b>(1,533)</b>	<b>-</b>
<b>Academics</b>			
Eliminate the Master in Education Program	(386)	(193)	(193)
Re-organize Library Functions	(792)	(396)	(396)
Reduce Program Secretaries by 1 FTE	(94)	(47)	(47)
Re-organize Performing Arts program	(122)	(61)	(61)
Discontinue Planning Unit Coordinator Rotations	(288)	(144)	(144)
<b>Sub-Total Academic Reductions (3.1% Base Cut)</b>	<b>(1,682)</b>	<b>(841)</b>	<b>(841)</b>
<b>Finance and Administration</b>			
Move base costs to ATM Rental Fees, Misc. Income and PSE Grant Funds	(76)	(38)	(38)
Reduce Postage through less outgoing mail	(20)	(10)	(10)
Eliminate vacant Maintenance Mechanic II position	(130)	(65)	(65)
Reduce Goods & Maintenance Expenditures in Computing & Communications	(238)	(119)	(119)
Eliminate Budget for Community College Charges for Payroll Costs	(80)	(40)	(40)
Reduce Staff Development Funds	(44)	(22)	(22)
Reduction of Purchasing Fee's from GA	(14)	(7)	(7)
Eliminate two vacant Custodian I positions & from Utility Savings	(214)	(107)	(107)
Eliminate .16 FTE in Mailroom	(34)	(17)	(17)
Reduce Facilities Goods and Services budget	(32)	(16)	(16)
Reduce Temporary and Overtime Expenses in Business Office	(4)	(2)	(2)
<b>Sub-Total Finance &amp; Admin. Reductions (3.3% Base Cut)</b>	<b>(886)</b>	<b>(443)</b>	<b>(443)</b>

<b>Student Affairs Reductions</b>			
Reduced Enrollment Svcs. Support for Evening & Weekend Recruitment	(120)	(60)	(60)
Move Admissions Office Manager to Application Fee Revenue	(100)	(50)	(50)
Eliminate vacant Police Officer Position	(144)	(72)	(72)
<b>Sub-Total Student Affairs Reductions (2.9 % Base Cut)</b>	<b>(364)</b>	<b>(182)</b>	<b>(182)</b>
<b>College Advancement Reductions</b>			
Reduce Goods and Services Expenditure for Foundation Board	(34)	(17)	(17)
<b>Sub-Total Advancement Reductions (1% Base Cut - note use of reserves)</b>	<b>(34)</b>	<b>(17)</b>	<b>(17)</b>
<b>President's Operations</b>			
Re-classify Office Support Position to a Office Assistant II level	(16)	(8)	(8)
Reduce Washington State Institute for Public Policy budget by 3.8%	(36)	(18)	(18)
Re-base President's Diversity Fund to levels prior to recent enhanced levels	(40)	(20)	(20)
Reduce the Director of Sustainability Position to half-time status	(60)	(30)	(30)
<b>Sub-Total President's Area Reductions (5.3 % Base Cut)</b>	<b>(152)</b>	<b>(76)</b>	<b>(76)</b>
<b>GRAND TOTAL USE OF RESERVES AND BUDGET CUTS</b>	<b>(4,651)</b>	<b>(3,092)</b>	<b>(1,559)</b>

<b>Resulting 2nd Year Hold Back Contingency</b>	<b>1,235</b>	<b>-</b>	<b>1,235</b>
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<b>Biennial Amt.</b>	<b>2011-12</b>	<b>2012-13</b>
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**MEMO ONLY: Watch List Items for Hold Back Contingency Funding Consideration**

Increase HR Demands related to budget reductions	(66)	-	(66)
Hold Back Contingency Assuming further 2011 Budget Cuts (sized at 1%)	(500)	-	(500)
Hold Back Contingency Assuming we can't achieve the 23% non-resident mix	(500)	-	(500)
Hold Back Contingency for 2013-15 Biennium assuming deeper cuts	(500)	-	(500)
Student Veterans' Center	(30)	-	(30)
College Info. Desk & Social Media Comm. with Students	(30)	-	(30)
Student Communication Technologies Workgroup	-	-	??
R-TaLE	(1,000)	-	(1,000)
Add IR type of support for the Strategic Enrollment Management Group	(36)	-	(36)
Academic Program Support	(52)	-	(52)
Science & Visual Arts	(39)	-	(39)
Building Services Goods & Services to support expanded enrollments	(10)	-	(10)
Increase Payroll and Benefits Manager to full time t	(7)	-	(7)
Out-of-State Admissions Counselor to support enrollment plans	(40)	-	(40)
Recreation & Athletics	(75)	-	(75)
Orientation	(100)	-	(100)
<b>Total</b>	<b>(2,985)</b>	<b>-</b>	<b>(2,985)</b>

# 2011-13 Temporary 3% Compensation Base Reduction Legislation

## ESSB 5860 – Salary Decrease legislation

Section 1. Except as provided in this section, from July 1, 2011, through June 28, 2013, base salaries are reduced three percent for all state employees....

(except) Section 1-b – Employees at state institutions of higher education.

Section 3. (1) Except as provided in this section, institutions of higher education are to achieve compensation reductions as specifically set forth in the 2011-13 fiscal biennium omnibus appropriations act. (2) Student employees and employees whose monthly full-time equivalent salary is less than two thousand five hundred dollars per month are not subject to subsection (1) of this section. (3) This section does not prohibit institutions of higher education from implementing temporary salary reduction leave for employees who are entitled to leave.

## Final Bill Report – ESSB 5860

- State institutions of higher education are required to reduce compensation to meet savings targets provided in the Omnibus Appropriations Act.
- Except for...employees whose monthly full-time equivalent salary is less than \$2,500 per month.”

## 2897 – Omnibus Appropriation Act

Section 910. Collective Bargaining Agreement Terms and Conditions

No agreements have been reached between the governor and the following unions: ....

-WPA at CTC's

-WFSE at CTC's, CWU, WWU, TESC

-Public School Employees at WSU.

.....under the provisions of chapter 41.80 RCW for the 2011-13 biennium.

- Appropriations in this act provide funding to continue the terms and conditions of the 2009-2011 general government and higher education agreements negotiated by the office of financial management's labor relations office under the provision of chapter 51.80 RCW.
- For fiscal year 2012, appropriations have been reduced in an amount equal to a 3 percent salary reduction for all represented employees whose monthly salary is \$2,500 or more per month through June 29, 2013.

- This reduction will be implemented according to the terms and conditions of the 2009-2011 agreements.
- Effective June 30, 2013, the salary schedules effective July 1, 2009, through June 30, 2011, will be reinstated.
- For employees entitled to leave, temporary salary reduction leave is granted for fiscal year 2013.
- These changes will be implemented according to law.

**Legislative Notes (8) in the official Recommendation Summary Tables for the 3% Salary Cut for State Employees**

Funding for state agencies and institutions is reduced to reflect a 3 percent cost savings in employee salaries, excluding employees earning less than \$2,500 per month, student employees, and certain employees of WSP and DOT.

Compensation expenditures by state institutions of higher education from non-appropriated funds are not subject to the 3 percent salary reduction.

The reduction is temporary through the 2011-13 biennium only.

**Trotter, Steve**

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**From:** Trotter, Steve  
**Sent:** Friday, February 25, 2011 4:44 PM  
**To:** 'ross.hunter@leg.wa.gov'; 'kathy.haigh@leg.wa.gov'; 'larry.seaquist@leg.wa.gov'; 'edward.murray@leg.wa.gov'; 'derek.kilmer@leg.wa.gov'; 'rodney.tom@leg.wa.gov'  
**Cc:** Zugel, Trista; Hovde, Maria; Garver, Julie  
**Subject:** 149 Fund Balances

Dear Senators Murray, Kilmer and Tom & Representatives Hunter, Haigh, and Seaquist:

It has come to our attention through conversations with our higher education colleagues in the four-year and two-year sector that there may be a lack of clarity with regard to data presented in our Fund 149 (tuition funds).

We have reviewed our budget and AFRS accounting data in an effort to ensure that we are providing you and staff with accurate information.

Similar to our colleagues in the four-year and two-year sector, the Evergreen State College has an ending fund balance of \$9,850,548 which we carried forward from FY10 over to FY11. It is important to appreciate that the college has strategically implemented various policies where we have significantly and temporarily reduced spending through mandated hiring freezes and several other spending limitations including travel, equipment and personal services contracts. As designed these belt-tightening measures and ultra-conservative spending practices have resulted in our highest fund balance levels ever.

We are fortunate that the legislature had the foresight to instruct a policy framework of conservative spending so that we could build internal capacity in one time resources to face the future while we were simultaneously reducing the permanent base budget.

While the \$9,850,548 is unexpended it is not excess. The following explanation is intended to provide you with a clearer understanding of how these resources are utilized in ways that support access and quality educational experiences for our students.

- \$2,400,000 -- The board has a long standing expectation that we maintain are responsible college contingency equal to a minimum of 5% of our annual operating budget. This provides the college with a reasonable operating reserve so we do not overspend our appropriation and can meet obligations to our students. Tuition revenue can be volatile, since revenue is determined by student enrollment and we must accept students, commit to financial aid packages, and decide on academic offerings in March of the prior FY without knowing what our budget will be in the next FY. This reserve ensures we are able to meet our course offering and financial aid commitments in the event of further budget reductions or enrollment changes.
- \$1,000,000 -- As the base budget has become tighter and tighter due to budget reductions, the college has become dependent on this strategy of using variable one-time fund balances to support on-going costs that are not funded as part of our base budget. These expenditures include unemployment costs, personal computer replacements, motor pool vehicle replacements, faculty and staff professional development and training.
- \$875,000 -- As part of the college's strategic IT plan, we have acquired a major administrative application to replace our human resources and payroll systems. The final payment for this acquisition will be made in the current fiscal year. The strategy to use tuition revenue to self-fund large administrative application requirements reduces the level of state budget requests. We often utilize this strategy to provide matching requirements for grants that enhance our capital renovation projects and equipment in scientific and special use labs.
- \$1,600,000 -- Evergreen is currently serving nearly 300 FTE students beyond our annual base budgeted levels. We are supplementing tuition collections from those excess students with one-time fund balances



in our 149 fund to hire the necessary faculty and academic staff to support these unfunded students.

- \$777,000 – These fund balances provide bridge funding to support budget reductions that cannot be immediately implemented. Since we are on an academic schedule, it is difficult for us to adjust our cost structure in a short time frame. Such is the case with the supplemental budget adopted just recently regarding the implementation of TESC's portion of the Governor's 6.3% across-the-board reduction.
- \$472,000 – In recent budget cuts, many student positions were eliminated resulting in substantially less employment opportunities that students could hold in-order to help finance their education. By utilizing one-time fund balances, we plan to continue to finance these critical positions that enhance the level of financial aid for our students.
- \$386,000 – As instructed in the most recent supplemental budget cut, Evergreen is required to backfill cuts to the State Need Grant to meet the existing financial aid commitments we have already made to our students.

It is important to realize that tuition funds will also be utilized to provide bridge funding to support budget reductions that can't be implemented immediately in the coming biennial budget. For example the \$1.5 million reduction assumed in a 3% salary decrease and the change limiting state match for pension contributions to 6% might not be fully implementable on July 1, 2010 from a legal standpoint. Using this as an illustration, it is possible that we would need to bridge the time until such policy changes could be implemented.

The same need to bridge funding would be necessary for any sort of significant changes to enrollments or the curriculum. For either enrollment reductions or program eliminations in the curriculum we would need time to phase out over the course of at least an academic year. In both illustrations, the budget could be cut immediately but the college would have to self-finance the actual phase out by drawing down on fund balances. Two biennia ago TESC utilized nearly \$1.6 million as a way to bridge the fiscal year split implications of the final legislative budget cuts. These funds allowed the college a way to manage the budget where the structure would have required deep cuts in the first year that would for all practical purposes be re-instated by the second year.

It is extremely important to communicate that any reduction in Fund 149 fund balances would have an impact on the campus. We understand that as tuition becomes a larger portion of the College's budget, how Fund 149/tuition factors into overall budget discussions becomes increasingly important. We look forward to working with to best address any issues that may arise in order to mitigate unintended consequences.

Thank you for your patience and your willingness to work with us. Please let us know if you have any questions or need more information.

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# REVIEW OF FUND BALANCE AND SOURCES OF FINANCIAL FLEXIBILITY

As of May 31, 2011

	A			B			C			D			E			F			G		
	FINAL	FINAL	FINAL	6/30/2009	Actual	Projected	On-Going	One-Time	Basic	Projected	Projected	Projected	Flexibility	Needs	Expenditures	Projected	Projected	Projected	Projected	Projected	Projected
	6/30/2008	6/30/2009	6/30/2010	Ending	Balance	2010-11	Base	Projects	Flexibility	2011-11	2011-11	2011-11	Needs	Needs	Expenditures	2011-11	2011-11	2011-11	2011-11	2011-11	2011-11
	Balance	Balance	Balance	Balance	Balance	Savings	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
<b>Institutional Funds</b>																					
Institutional Operating Reserve	3,550,387	5,466,081	1,382,129			3,517,973	-	(2,485,750)	(2,500,000)	(4,985,750)											
<b>Divisional Funds</b>																					
Academics	3,653,735	2,976,557	2,738,359			350,000	(1,843,151)	(244,528)	(60,000)	(2,147,679)											
Finance and Administration	1,321,682	2,091,206	3,754,458			1,250,493	(1,365,136)	(1,148,055)	(711,150)	(3,224,341)											
Student Affairs	334,643	372,844	516,626			150,000	(123,143)	(119,000)	(20,000)	(262,143)											
College Advancement	279,233	473,510	688,230			76,000	(40,000)	-	(25,000)	(65,000)											
President's Area	346,503	331,343	455,587			20,000	(5,000)	(125,000)	(50,000)	(180,000)											
WSIPP	688,595	618,933	335,159			-		(335,159)	-	(335,159)											
<b>Divisional Operating Totals</b>	<b>6,624,391</b>	<b>6,864,393</b>	<b>8,468,419</b>			<b>1,846,493</b>	<b>(3,376,430)</b>	<b>(1,971,742)</b>	<b>(866,150)</b>	<b>(6,214,322)</b>											
<b>GRAND TOTAL OPERATING</b>	<b>10,174,778</b>	<b>12,330,474</b>	<b>9,850,548</b>			<b>5,364,486</b>	<b>(3,376,430)</b>	<b>(4,457,492)</b>	<b>(3,366,150)</b>	<b>(11,200,072)</b>											

## NOTES:

All amounts in column B through G are estimated

Total Fund Balance Levels are on the decline given divisional need to support on going costs and the institutional decision to rebase enrollments

Column C reflects the growing demand on year end savings to support current spending levels

Column E reflects an institutional plan to earmark a 5% institutional reserve amount to begin the 2011-13 biennium

The difference between divisional totals in column G less the on-going base costs in column C suggest substantially less flexibility in the future