

MEMORANDUM
February 10, 2004

TO: Thomas L. (Les), Purce, President

From: Steve Trotter, Chair of the College Budget Council (CBC)

Subject: Modifications to the 2004-05 Budget Balancing Strategies

As outlined in your charge to the CBC this year the first order of business for CBC is to update our basic assumptions regarding our 2004-05 balancing strategies in light of the new information concerning our internal and external funding environments.

BACKGROUND:

CBC's recommendation to you last summer assumed that more legislative cuts were likely for the 04-05 fiscal year due to Washington's economic conditions. As you recall that in addition to tuition increases this year we used \$1.2 million of one-time revenues to shore-up the 03-04 budget. Next year our plan outlined a combination of tuition increases, 1% divisional budget reduction expectations and challenged the Financial Futures Group to deliver \$400,000 of new net revenue. This plan was designed to carry the college for the full two-year budget cycle assuming that up to \$1.2 million of further legislative cuts next year would be possible.

CURRENT CONDITIONS & CBC RECOMMENDATIONS:

Perhaps the most important change is that the state economy has improved and it now appears unlikely that the college will be asked to do another budget reduction next year. As you are well aware the past decade has brought one budget cut process after another that has had a significant accumulated impact on our campus spirit. The improvement to the state economy is welcome news and will allow the campus community to take a breather from budget cutting and focus our energy the important work of the college.

CBC recommends modifying strategies outlined in the 2004-05 budget plan as follows:

1. Eliminate the 1% budget reduction next year.
2. Change how we account for the \$400,000 of new net revenues assigned to the Financial Futures Group because they will not be generated in the operating budget. Instead revenue increases will be accounted for in other college revenue accounts such as the annual fund, extended education and summer conferences.
3. Retain a small \$550,000 operating budget reserve pending further analysis of the CBC.

We look forward to your approval of these recommended modifications. Attached is a copy of our meeting minutes and a financial summary that compares the budget adopted last summer to these proposed modifications.