ALL CAMPUS FORUM
ON
BUDGET REDUCTION PLANNING
AND
TUITION AND FEE INCREASES

Initial College Budget Council Thoughts About How Best to Approach the Difficult Job of Balancing The Projected 2003-05 Operating Budget Deficit

Forum Sponsored by: The College Budget Council

Date: Wednesday, May 7, 2003
Time: 3:00 – 5:00 p.m.
Place: Lecture Hall 1

THE EVERGREEN STATE COLLEGE
Summary of the 2003-05 Operating Budget Activities

Prepared by the College Budget Council
May 2, 2003

Background:

Following the events of September 11, 2001, the national and state economies have had crippling effects on state budgets. Evergreen's budget was cut $1.3 million July 2001 followed by another $.8 million at the start of the current fiscal year. At the same time student tuition rate increased 6.7% in 2002 and another 14% this academic year.

Last summer Evergreen's Board of Trustees submitted requests totaling $7.5 million above our current funding level to address basic core budget areas such as competitive compensation levels for faculty and staff, improved recruitment and retention services for students, and for funds to cover the costs of instructional technology demands. The Governor, House and Senate Budgets have been proposed but the legislature was unable to reach a compromise before the end of the regular session that ended last week. The Governor has called the legislature back into special beginning May 12th to produce a compromise budget solving the state's $2.6 billion dollar budget deficit. Based on the various legislative budget proposals we have seen we don't anticipate receiving significant for Evergreen's core budget. Instead, we are facing further reductions in state support and all legislative proposals assume that tuition and fees are increased to help offset this decline in state general fund support in Washington's higher education system.

Given this fiscal context and the prospects of further budget cuts in the coming year, the college's management team focused last summer and throughout fall quarter to design an improved overall budget planning framework, communication methodologies and decision making processes. As a result of the collaborative work, President Purce charged four groups to accomplish the overall goals that fell out of that collaborative work.

- The Core Values Group was charged with documenting methods where we continue to use core values as shared principles to guide our planning work.
- The Financial Futures Group continues to design plans to improve our financial position by creating new revenue streams and reducing expenses through improved efficiencies.
- The Communications Group is developing ways to share information with the campus and to help foster dialogue on issues important to the Evergreen Community.

The fourth Group, is the College Budget Council (CBC). The CBC was charged with developing policy options to balance the college's budget for the 2003-05 biennium by enhancing revenues (through new revenues or tuition and fee increases) and/or reducing expenses (through cost-saving efficiencies and budget reductions), and to present a final recommendation to the president.

The President will make the final 2003-05 operating budget recommendation to the College Board of Trustees. They are scheduled to take final action on the 2003-05 budget during their regular board meeting on June 10, 2003.

Roles, Responsibilities and General Process for the 2003-05 Budget Development Work

President and Vice Presidents

- Approve a very short list of unavoidable new costs for the 2003-05 biennium.
- Determine what sources of current financial flexibility can be used to soften the impact of any necessary budget reductions.
- Within financial means, develop a strategy to provide one-time funding to help finance business plan development or start-up costs of strategic directions identified by the Financial Futures Group to improve our financial base or reduce operating costs.

Core Values Group

- Recommend a short list of questions the Financial Futures Group and the College Budget Council and their subcommittees will refer to during their deliberations. Those groups will use these questions to test their recommendations and will be expected to report on how our core values inform the options they consider.
- *In addition, recommend some steps to ensure that new members of the college community – faculty, staff and students – are exposed to the college's values in a thoughtful way.*

Financial Futures Group

- Recommend to Senior Staff plans that should be implemented almost immediately, before 2003-05 biennium, and require minimal campus consultation.
- Recommend to the CBC a set of business plans that could create new revenue or produce cost savings in the 2003-05 biennium.
- *In addition, recommend to the Senior Staff a set of revenue-generating and cost-savings ideas to be further developed for future biennia.*

College Budget Council (see next pages for more details about this groups work)

- Collect information from above groups
- Estimate size of possible budget reductions, tuition increases and enrollment changes that the legislature may authorize.
- Using the two pieces of information listed above, set parameters and develop a set of principles and instructions for Vice Presidents to develop reduction options for the CBC to consider.
- Consult with community as specific policy options are examined, including direct consultation with those who would be affected if the option is exercised.
- Develop a set of policy options, combining new revenue possibilities cost-saving efficiencies, budget reductions and tuition and fee increases expressing how those proposed changes to our practices will effect important college core values.
- Provide a final recommendation to the President.

President

- Receive the recommendations from the College Budget Council.
- Make final recommendation to the College's Board of Trustees relying extensively on the College Budget Council's guidance and final recommendation.

THE WORK OF THE COLLEGE BUDGET COUNCIL

Membership:

Vice Presidents
Enrique Riveros-Schafer
Ann Daley
Art Costantino
Frank McGovern

Divisional Budget Support Group
Don Bantz
Walter Niemiec
Lee Hoemann
Sharon Harrision
Collin Orr

Campus Community Members
Anthony Judie
Stacey Davis
Lee Lyttle
Sonja Wiedenhaupt
Andrea Coker-Anderson
Phyllis Lane
Tammy Grable
Bill Zaugg
Eric Delvin
Kathryn Ford
Laura Grabhorn

CBC Adopted Operating and Process Guidelines:

- This is an open process
- CBC will maintain an institutional perspective and remain cognizant of TESC's core values to ensure that we do not pass the tipping point where important values are eliminated in the decision process.
- The work of the CBC needs to reflect the college's commitment to teaching and learning in interdisciplinary/interactive programs and to a diverse community of student, faculty and staff. Effects on recruitment and retention of students, faculty and staff should be given close scrutiny**.**
- The college chooses to look at more revenue sources rather than focusing only on budget cuts and will gather as must information as possible before issuing detailed budget reduction requirements.
- One-time reserves will be used to soften campus impact for changes in budget reductions or new revenue/efficiency proposals that can't be accomplished quickly.
- All cross-impacts of tuition increases will be considered when CBC decides the level of tuition and fee increase recommendations.
- Evergreen is not an island.
- Every reasonable effort will be made to provide as much notice as possible to affected parties.

CBC Adopted General Schedule

Jan-Feb. - Collect Information, Research and Learning
Mar.-Apr. - Size Problem, Develop Various Mixes of Options
May - Work to Identify "Best Fit" & "Test" Options with TESC Community
After Final Legislative Budget - Finalize Recommendation for the President

ASSUMPTIONS THAT GUIDED THE WORK OF THE CBC

Planning Assumptions: A combination of new revenue sources, efficiencies in operations, tuition and fee increases and budget reductions will be necessary to address reduced state support for college operations. We assume the legislature will pass a final budget that assumes that we increase tuition to offset some of the cuts they will make to the college's state support level. Any changes implemented will become permanent given the national and state economic conditions projected beyond the next few years.

Our Legislative Budget Assumptions: Although we would prefer the House of Representatives budget version because it is the most favorable legislative option, we have developed our work on the Senate version so that our plans would be complete if the Senate version prevails in the final outcome of the special session.

Basic Assumptions that emerge out of the Senate's budget proposal: $2.5 million of insufficient funds in 03-04 followed by another $1.8 million in 04-05.

- No College Core Funding Requests Funded this Session except for Seminar II M&O Costs
- No Cost-of-Living Increases for Employees
- Significant Increases in Health Care Costs for Employees
- No General Enrollment Growth Increases
- Must Cut Budget by $4.5 million (10.8%) by the second year of the biennium
- Authority to raise Resident Undergraduate Tuition up to 9% per year.
- Unlimited Tuition Increase Authority for All Other Students
- Legislative Funded State Need Grant Program Assuming 9% annual Tuition Increases

Our Unavoidable College Cost Increase Assumptions:
$170 Thousand (.4%) each Year for Unavoidable College Cost Increases

- $75K - Reasonable Accommodations for Students with Disabilities
- $ 32K - Workers Compensation Insurance Rate Increase
- $ 63K - Union Contract Compliance (Training & Wellness Programs)

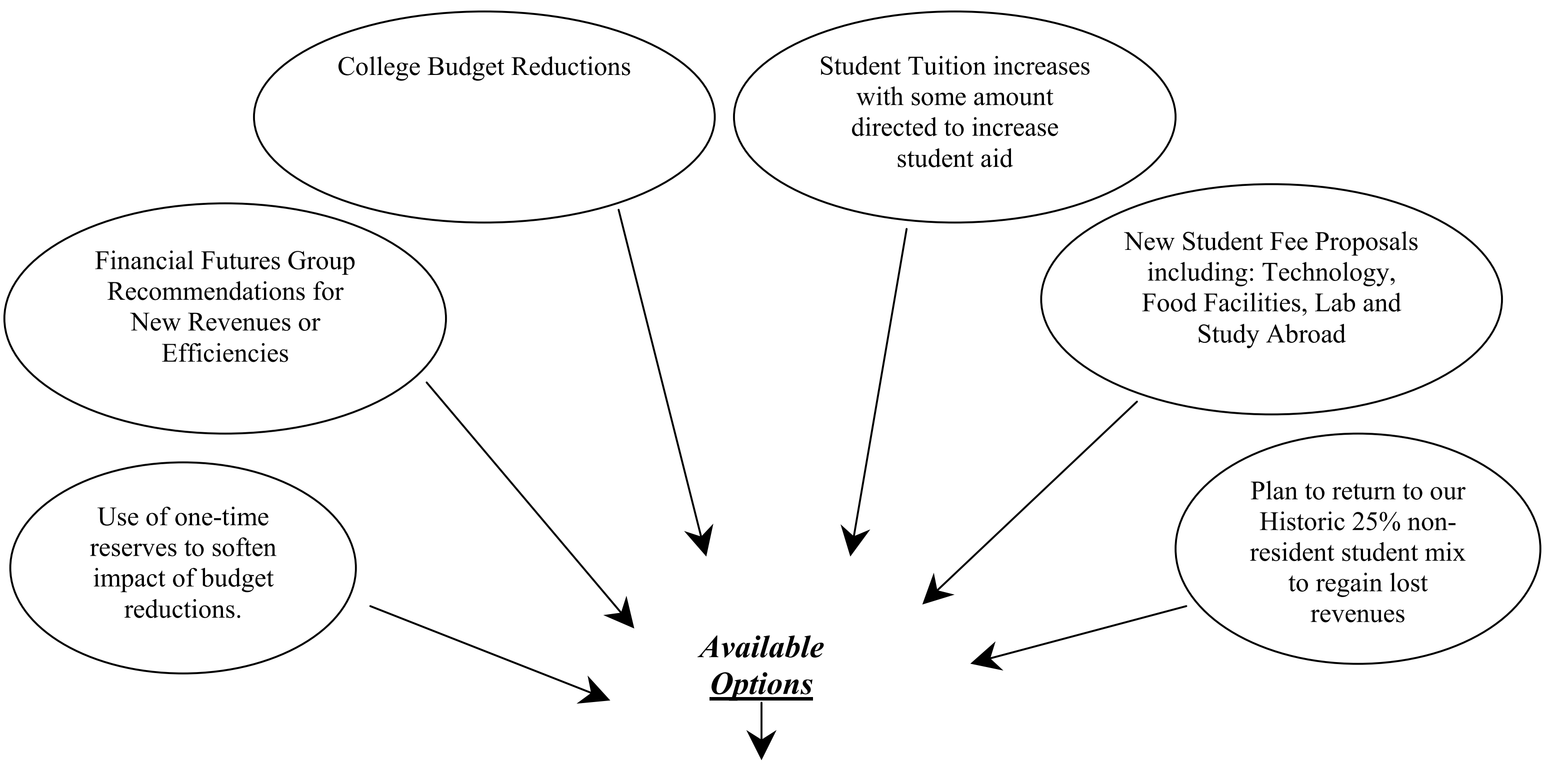
Ongoing Commitments:
Note: This is not an exhaustive list.

- Remaining Cognizant of TESC's Core Values
- Maintaining Integrity of Academic Programs & Services for Students
- Accreditation and Implementation of General Education
- Recruitment and Retention of Students
- Recruitment and Retention of Faculty and Staff
- Supporting the work of the Human Resource Services DTF
- Focus on the Importance of Raising New Revenue Streams
- Opening Seminar II & Modernizing the Library Building
- Improving College Computer Applications (Banner)
- Returning to a 25% Non-Resident Student Mix

A SUMMARY OF THE CHALLENGE AND OPTIONS

Total Assumed Budget Challenge

Assumed Budget Challenges	2003-04	2004-05
• Anticipated Legislative Action	($2,574,000)	($4,364,000)
• Unavoidable College Cost Increases	($170,000)	($170,000)
TOTAL BUDGET CHALLENGE	**($2,744,000)**	**($4,534,000)**
Percent Change	***-6.6%***	***-10.8%***



Budget Policy Filter

Long-term budget policies to preserve Evergreen as a national model of excellence in higher education. Policy considerations must concentrate on:

- Staying True to Mission, Strategic Plan and TESC's Core Values
- Focus on New Revenue Opportunities rather than on Degrading Programs and Services
- Recruiting and Retaining Students, Faculty and Staff
- Preserving the Quality of Service to Students, and
- Maintaining the Integrity of Academic Programs

Solution

<u>WHAT IS THE SCALE OF THE CHALLENGE?: OUR 2nd YEAR PROSPECTS</u>

Note: The fiscal impact would be about ½ next year then increase to the levels identified below by the start of the 2004-05 academic year.

A $4.5 Million Dollar Budget Deficit met <u>Without Raising Tuition</u> is Comparable to Operating Budget Impacts the Size of:

- Increasing class sized from an average of 25:1 to 43:1 (a loss of 66 faculty lines or 42% of the teaching faculty.)
- Eliminating the entire Library Media Support Services.
- Eliminating almost all of the Student Affairs Division (recruitment, admissions, financial aid, student academic support services, and wellness) PLUS almost all of the college public service functions (Washington Center, K-12 Center, Longhouse, Labor Center and NW Indian Applied Research Center.)
- Eliminating all of facilities support services (central utility plan, maintenance and mechanical services, grounds, custodial, police, and space scheduling).
- Eliminating the offices of all vice presidents, president, institutional research, college advancement, college relations, business services, payroll, human resource services and administrative computing support.

A $4.5 Million Dollar Budget Deficit met <u>With Tuition Increases</u> and <u>Operating Budget Reductions</u> is Comparable to the Size of:

- Increasing the proportion of non-resident students from 21% to 23%.
- Implementing every new revenue/efficiency ideas that were generated by the Financial Futures Group that can be immediately implemented and that have direct ability to offset state budget declines.
- Cutting the operating budget just over $1 million (about 2.5%) each year next biennium. This reduction would come on top of the $1.3 million dollar budget cut implemented July 2001 and the additional $.8 million cut that was implemented at the start of the current fiscal year.
- 9% tuition increases for the next two years where resident undergraduates rates would increase $91/quarter next year an another $99/quarter in 2004-05. Non-resident undergraduate students would increase $356/quarter next year and another $388/quarter in 2004-05. This would be on top of the 14% tuition increase implemented in the current fiscal year.

Current Thinking of College Budget Council - 04/24/03
Base Budget Balancing Strategies

I. Total Projected Budget Problem

	2003-04	2004-05
Estimated State Budget Cut Level	(2,574,000)	(4,364,000)
Unavoidable College Cost Increases	(170,000)	(170,000)
Total Projected Budget Problem	(2,744,000)	(4,534,000)

II. Relatively "Easy" Policy Adjustments to Implement

Move Food Services Allocation to Reserves

Food Service Operation Allocation	-	150,000

Implement Financial Futures Group (FFG) Ideas that Can Be Done Quickly

Computer Acquisition Efficiencies	20,000	20,000
Increase Conference Services Activities	35,000	35,000
Accept Web Payments With Convenience Fees	67,000	100,000
Total Projected Net Revenues from FFG Ideas	122,000	155,000

Slow Goal to Re-establish a 25% Non-Res. Student Mix

Revenue from Current 21% Mix to 23%	567,242	567,242
less base shortfall being covered by one-time $'s	(254,841)	(254,841)
Total Projected Net Revenues from Non-Res. Change	312,401	312,401

III. Not so "easy" Policy Adjustments Required to Balance Budget

Implement 9%/yr. Tuition Increases & Funding College Student Aid

Net Revenue from 9% Tuition Increases	1,311,922	3,018,791
Maintain College Aid Proportional to Tuition Increases	(120,000)	(160,000)
Net Increase Revenue	1,191,922	2,858,791

Use Bridge Reserve Fund, Generate New Revenue & Implement Cuts

Use One-time Reserves to Bridge Implementation of Cuts	1,117,677	-
Focus on Generating New Revenue/Efficiency Proposals	-	528,904
Focus on Shrinking College Costs Next Year (cuts)	-	528,904
Total Budget Cuts	1,117,677	1,057,808

Resulting Status of One-Time Bridge Fund

Beginning Set-aside	2,200,000
2003 Supplemental Budget Cut	(71,500)
Financial Futures Start-up	(119,500)
Financial Futures Contingency	(100,000)
Bridge for Food Services Operation	(150,000)
1st year Bridge Costs (est.)	(1,117,677)
Projected Bridge Fund Balance For 03-05 Operating Reserve	**641,323**

Narrative Discussion of the College Budget Council's Initial Considerations

Given the magnitude of change required the council believes that multiple budget balancing strategies are necessary to achieve a balanced budget recommendations. Solving the problem only with budget reductions is not a viable option because magnitude of change would seriously impact the quality of programs and services for students and the integrity of our academic programs. Simply stated a change of this size through budget cuts alone would be mission altering and impossible to implement in the required timeframe.

And, solving the problem through new revenue ideas and increasing student tuition levels also has its limits. New revenue ideas that have the capacity to produce new net revenues take time to fully develop and increasing student tuition levels too far could make the college inaccessible causing enrollment decline and further budget reduction requirements due to lost student tuition collection levels.

It is clear that a combination of new revenue ideas from the Financial Futures Group, increasing student tuition levels, implementing further college budget reductions, enacting new student fee increases and using college one-time reserves will be necessary to fully address the problem. It is also clear that we must focus college efforts even more on work to diversify and improve the college's financial base for operations.

<u>I. Food Services Operation:</u>

A. Last year as part of the college's re-allocation efforts last year, $150,000 was permanently allocated to support the college's costs associated with our food services operation. In order to lower the college operating budget cut level, CBC is recommending that the $150,000 permanent operating budget allocation be eliminated as we begin the 2004-05 fiscal year. Instead, CBC recommends that $150,000 of the $2.2 million bridge reserve fund be applied to these costs. This strategy results in a lowered college permanent budget level while at the same time covering food operations costs with one-time reserve flexibility until the operation can stabilize.

B. Although the revenue raised would not be applied to address the decline in general fund support, CBC recommends implementing a new student fee for Olympia campus students in the amount of $3.50 per credit hour up to a maximum charge of $42 per quarter. Implementation of this fee to fund capital improvements will allow the college to plan on a major renovation of the food services facilities in the next three to four years. Upgraded facilities will improve service to the campus community and position the college to negotiate a more attractive contract.

<u>I. Financial Futures Group Recommendations Considered by CBC:</u>

A. CBC examined <u>three models on how to save resources in the ongoing personal computer acquisition process and determined that, as a first step, the college establishes 'standard' configurations in advance of hardware orders.</u> The up-front establishment of a 'suite' of college standard configuration options will save $20,000 annually. Over the summer further development of ways to reduce costs in the on-going acquisition of personal computers will be more fully developed.

B. CBC recommends that we move forward to predefine certain campus spaces that Conference Services could use to market and sell to outside users for educational meetings. The college committee for campus space allocation and management has determined that this is possible without compromising the space needs of academic programs and would yield $35,000 annually to help address the college budget deficit. Further work in this area will continue this summer to examine even further opportunities through market assessments of expanded conferences and extended/continuing education program developments.

C. Currently the college accepts credit card payments for tuition, other student fees and housing payments. TESC pays about $160,000 per year because each credit card company charges the college for accepting its credit cards. Implementing a web based approach and assessing a fee for service would allow the college to recoup the cost of doing business with credit card companies and allow staff to concentrate on other duties rather than processing credit card payments. Users would have expanded ability to pay on-line 24 hours a day. Once operational this proposal would net $100,000 annually to help in addressing college budget shortfalls.

D. CBC accepted the proposal to utilize reserves to acquire and implement a new telemarketing system to improve how the student callers for the annual fund contact alumni and other prospective donors. This will not change our practices but will improve the capacity of our students to increase the number of contacts made. It is anticipated that by expanding our capabilities through this system the annual fund giving will increase by $50,000 each year as we expand our telemarketing efforts. The system will provide other benefits such as improving institutional research capabilities. As the program develops, the annual fund is expected to increase student scholarships, funds for enhancing faculty development and aiding in the funding of fundraising costs.

E. CBC is expecting that we continue to move forward and not abandon the necessary step of implementing ways to supplement the college budget but are unsure enough about the net revenue projections from the Extension/Continuing Education proposal to not count of them in this budget recommendation. This summer, academics will offer a program pilot program in extended/continuing education as a way to begin testing the feasibility of expanding in this new direction for the college and will complete the development of a solid business plan for consideration by the faculty in fall quarter before a final plan is adopted.

F. CBC recommends that the college start engaging students in a discussion about implementing a Technology Fee and what the specific spending priorities for that fee would fund. College and universities in Washington State are able to assess a student technology fee if the students vote to approve the fee based program. Evergreen is the only institution to not have this fee. These fees would be to only cover technological resources made available for general student use for which we are surely lacking. The advantage of such a fee would be that the college and students would partner in designing programs to maintain and develop a competitive technological instructional technology infrastructure.

II. Non-Resident Student Mix

A. The college recently experienced a 4% drop in the proportion of non-resident students from our historic 25% level that the legislature bases our budget on. For the current biennium, college reserves were employed to cover this revenue loss instead of implementing further budget reductions campus-wide. To avoid permanent budget reductions beyond the legislative cut levels next biennium, the college must make progress in this goal. Although Enrollment Services is making significant progress in reaching out to non-resident students and our application are up, CBC's current thinking is to base our budget assumptions on not fully accomplishing the return to 25% by the end of the coming biennium. This decision was informed by the work of the Tuition and Fee Workgroup that helped CBC understand market conditions. CBC has locked its budget estimates assuming that a 23% non-resident student mix for the next two years as a way to minimize the possibility of a 'mid-course correction' next year. A 23% non-resident student mix will provide $312,000 of net new revenue over the next two years.

IV. Tuition Increases and Financial Aid

A. CBC has come to difficult conclusion that the college doesn't really have a choice but to raise student tuition levels for all students up to the maximum levels finally adopted by the legislature for resident undergraduate students. Although the legislature will leave the decision to increase tuition levels to Evergreen's Board of Trustees, all versions of the legislative budgets assume that tuition increases offset reduced state support. Given the magnitude of declining state funds, we don't see any alternative that would maintain the long-term viability of programs and services to students and the integrity of our academic programs but to implement maximum tuition increase levels.

Tuition Increases:		Fiscal 2002-03	Fiscal 2003-04		Fiscal 2004-05	
		Current Rates	Amt. Of Inc.	Total Proposed	Amt. Of Inc.	Total Proposed
Resident Undergraduate		$ 3,029	$ 273	$ 3,302	$ 297	$ 3,599
Resident Graduate		$ 5,108	$ 460	$ 5,568	$ 501	$ 6,069
Non-Res. Undergraduate		$ 11,853	$ 1,067	$ 12,920	$ 1,163	$ 14,083
Non-Res. Graduate		$ 16,417	$ 1,478	$ 17,895	$ 1,611	$ 19,506

Note: The Legislature doesn't mandate tuition increases. Instead they would add budget language that would enable higher education governing boards to locally decide the level of increase provided that resident undergraduate tuition increases don't exceed a 9% per year limit. This table assumes a 9% across-the-board increase each year for the 2003-05 biennium.

B. In all versions of the budget, the legislature would fully fund the state need grant program with the intent of "holding harmless" financially needy resident students from the impact of rising tuition levels. The primary source of financial support for non-resident students comes from federal sources such a low interest loans to be paid off after college and student or family contributions. CBC has concluded that the college must direct some of the revenue raised from increased tuition levels to enhance locally administered student recruitment and retention resources. Although the college 6% tuition waiver and the 3.5% Evergreen Need

Grant programs will increase as a function of rising tuition levels, CBC recommends applying an additional $120,000 next year and $160,000 in 2004-05 to a local student recruitment and retention fund to help impacts of rising tuition levels. This will ensure that our locally administered resources keep pace with the increase in tuition levels.

ESTIMATED TOTAL COST OF ATTENDANCE

	Resident Undergraduate			Non-Resident Undergraduate		
	Current 2002-03 Rates	Assumed 2003-04 Levels	Assumed 2004-05 Levels	Current 2002-03 Rates	Assumed 2003-04 Levels	Assumed 2004-05 Levels
Tuition and Fees						
Operating	2,908	3,170	3,458	11,379	12,403	13,520
Building	121	132	144	474	517	563
Student & Activities	411	432	432	411	432	432
Sub-Total	3,440	3,734	4,034	12,264	13,352	14,515
Health & Counseling	114	117	120	114	117	120
Technology Fee	-	-	120	-	-	120
Food Svs. Facilities Fee	-	126	126	-	126	126
WASH-PIRG	18	18	18	18	18	18
Total Direct Costs	3,572	3,995	4,418	12,396	13,613	14,899
Dollar Change		***423***	***423***		***1,217***	***1,286***
Percent Change		***11.84%***	***10.59%***		***9.82%***	***9.45%***
Estimated Other Costs						
Books & Supplies	780	804	829	780	804	829
***Room (5 person apt.)**	3,690	3,879	4,059	3,690	3,879	4,059
***Board Plan (if required)**	1,500	1,500	1,500	1,500	1,500	1,500
***Discretionary Food $'s**	420	420	420	420	420	420
Personal Needs	1,824	1,881	1,939	1,824	1,881	1,939
Transportation	1,188	1,225	1,263	1,617	1,667	1,719
Total Other Costs	9,402	9,709	10,010	9,831	10,151	10,466
Dollar Change		***307***	***301***		***320***	***315***
Percent Change		***3.27%***	***3.10%***		***3.26%***	***3.10%***
TOTAL ESTIMATED COSTS	**12,974**	**13,704**	**14,428**	**22,227**	**23,764**	**25,365**
Dollar Change		***730***	***724***		***1,537***	***1,601***
Percent Change		***5.63%***	***5.28%***		***6.92%***	***6.74%***
Biennial Dollar Change			***1,454***			***3,138***
Biennial Percent Change			***11.2%***			***14.1%***

* All three amounts are within the financial aid allowance level for housing & dining costs

V. Operating Budget Cuts

A. In anticipation that deep reductions would be necessary the Vice Presidents carefully examined sources of current financial flexibility earlier this year and pooled those sources into a one-time bridge fund to help smooth the impact of budget reductions next year and to help finance start-up costs of new revenue/efficiency ideas cultivate by the work of the Financial Futures Group. *There is a tension between the desire to buy time, push cuts into year two of the biennium, and making some of the difficult decision immediately to cut the* *budget.* The culture of decision-making at Evergreen quite often gets bogged down in process at the expense of progress and helpful change while in crisis mode, rather than with careful thought. CBC concluded that we must use some of the intended reserves to 'bridge' next year's cut level to enable deliberate and careful work of solving a remaining estimated $1 million annual budget shortfall permanently beginning July 1, 2004.

B. Although state appropriations and student tuition collections will remain the largest funding support for operations, together they simply are not keeping up with college costs. The prospect of further declines in state revenue and the continued dependence on tuition increases require that we aggressively find ways to increase and diversify our funding sources. CBC recommends that the college make explicit to the Financial Futures Group an expectation to increase new net revenue to meet at least one-half of the budget reduction requirement that is currently projected to be $528,000 just one year from now. NOTE: The prospect of further declines in state revenue and the continued dependence on tuition increases require that we aggressively find ways to increase and diversify our funding resources. To accomplish this the college community must figure out ways that will elevate this work to be a primary undertaking next year. This target will not be accomplished if we view the effort as something to be done on a time permitted basis.

C. CBC has concluded that the remaining estimated $528,000 reduction be accomplished by scaling back operating costs. Keep in mind that the college has already implemented reductions of 3% July 2001 followed by another 1.6% beginning this year. To yield the best plan for accomplishing further reductions each vice presidential area will be charged with developing plans to effectively operate at a 98.5% funding level by the beginning in 2004-05. CBC assumes that initially this work must be done within division followed by cross-divisional work of the vice presidents and divisional budget coordinators. It is assumed that this plan will be shared with the campus community prior to the Winter Holiday Break before the President ultimately approves a final implementation plan.

Divisional Reduction Target Levels

			2004-05	
Base	**Amount**	**% of Total**	**Impact**	
Advancement	1,284,178	3.2%	17,008	
WSIPP	531,540	1.3%	7,040	
President	972,501	2.4%	12,880	
Academics	22,002,093	55.1%	291,408	
Student Affairs	4,735,628	11.9%	62,721	
Finance & Admin.	10,407,757	26.1%	137,846	
TOTAL Cuts	**39,933,697**	**100.0%**	**528,904**	**1.3%**
New Financial Futures			**528,904**	**1.3%**

Summary Considerations:

The College Budget Council believes that two significant issues must be given priority over the coming months. First, it is clear that we currently have limited options to address the declines in state funds. In fact, CBC was really faced with limited choice. As you can see in the CBC's initial thoughts about how best to solve the budget shortfalls forecast for the next two years that all options available to CBC is being fully utilized. We don't feel there is a real choice in maximizing the use of one-time college reserves, implementing maximum tuition and fee increases, significantly cutting operating budgets, and implementing every efficiency/new revenue proposal available to us.

In the last decade student enrollments have grown by 20%, faculty lines have increased by 16% and staff support has remained almost flat. Overall, all employment grew 7% during this time frame. Meanwhile, the college has one of the lowest compensation levels for faculty and staff in the state, resources for quality programs and services remain unfunded and we scramble to find the resources to do the best we can in funding the costs of instructional technology. This condition is not acceptable and we must figure out a way to generate the required resources to support college priorities.

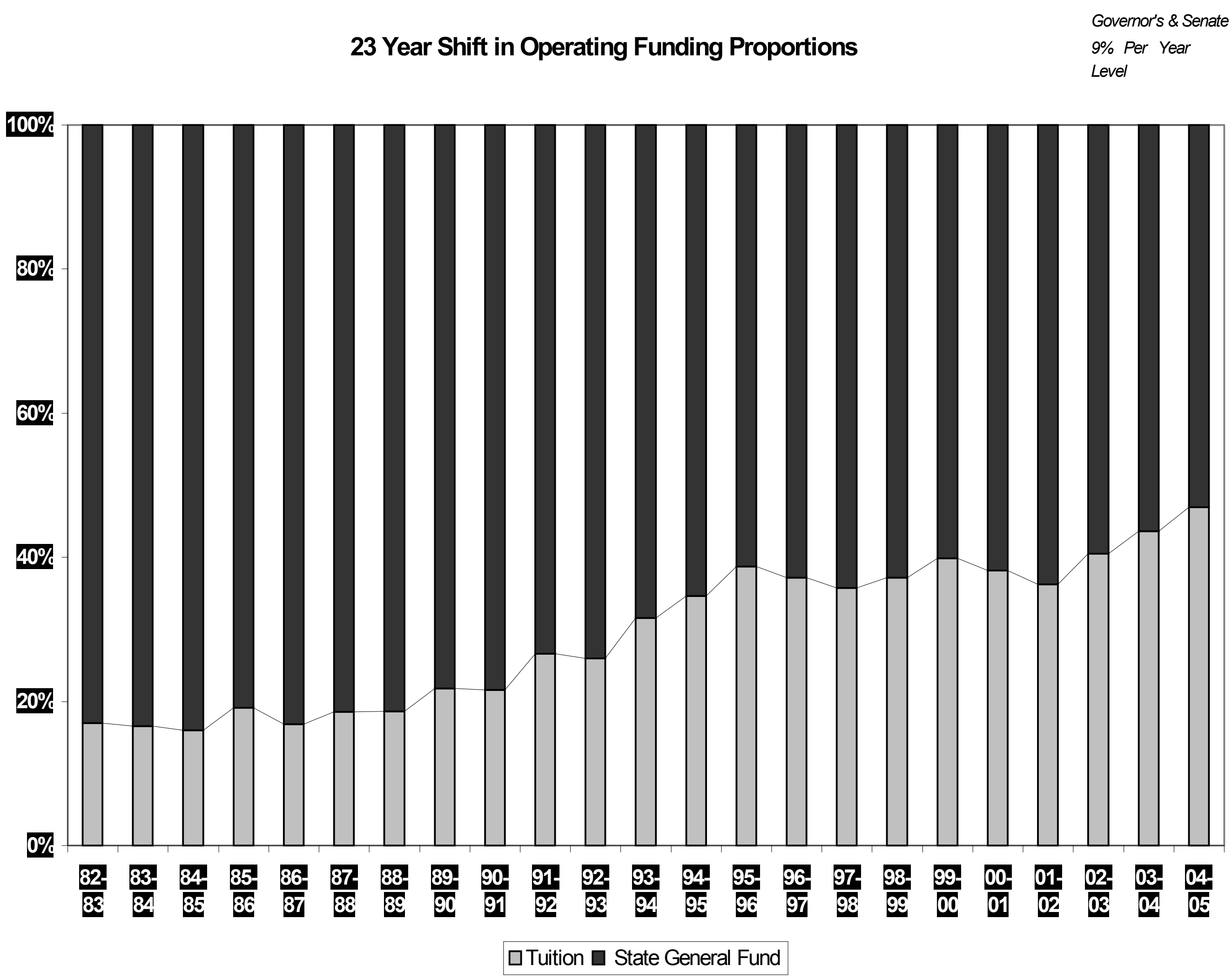
The Evergreen State College

Analysis of Staffing Patterns (1990-2000 SG-F & Operating Fees Only)

March 28, 2001 House Higher Education Committee Presentation

	FY 1990 AA FTE	FY 1996 AA FTE	FY 2000 AA FTE	Ten Year Change AA FTE Change	Ten Year Change % Change
Student Enrollment Levels					
Budgeted Student Enrollment Levels	3,100.0	3,406.0	3,713.0	613	19.8%
Employment by OFM Classifications (Note: Faculty on 9 month contract ='s .75 FTE)					
FACULTY					
Instruction/Research Faculty	130.2	130.1	151.5	21.3	16.4%
Academic Administrators	8.5	10.9	8.2	-0.3	-3.5%
Academic Librarians	6.6	4.3	8.4	1.8	27.3%
Sub-Total Faculty	**145.3**	**145.3**	**168.1**	**22.8**	**15.7%**
STAFF					
Counselors	15.9	20.3	24.3	8.4	52.8%
Admin. & Other Professionals	53.1	64.6	86.8	33.7	63.5%
Classified	242.5	206.8	203.2	-39.3	-16.2%
Sub-Total Staff	**311.5**	**291.7**	**314.3**	**2.8**	**0.9%**
OTHER					
Students	46.3	61.6	61.2	14.9	32.2%
Other	8.2	7.5	8.1	-0.1	-1.2%
Sub-Total Other	**54.5**	**69.1**	**69.3**	**14.8**	**27.2%**
TOTAL ALL	**968.1**	**943.1**	**1,034.1**	**66.0**	**6.8%**

At the same time, the proportion of our budget funded by student tuition collections has grown from about 20% of our total operating budget to about 45% if the legislature adopts a 9% per year tuition increase in the final passage of the 2003-05 operating budget. During this same time federal aid has shifted from grants to loans. Increasingly students are facing larger and larger levels of indebtedness when they graduate due to these conditions. These conditions, if not checked, will place additional stresses on the very the factors that have defined the role of public higher education. Clearly as prices continue to increase the college will need to increasingly direct more of the revenue raised to locally administered financial aid programs as we continue to remain accessible to individuals who seek an Evergreen education. Already we are deeply concerned about non-resident populations for the reasons stated previously and for those students and families characterized as middle-class.



The College Budget Council has worked hard to develop a draft proposal using all the tools available to it to solve the immediate problem before us. However, in formulating these conclusions of the College Budget Council intends to also formulate recommendations that we act deliberately in the following areas:

- The campus community next year must be engaged in designing new revenue ideas, designing divisional budget reductions, considering new technology fee possibilities and debating the ideas of activating additional student fees such as high-cost academic programs (lab fees, etc.).

- We have already identified in our short-term balancing solution the importance of charging the Financial Futures Group to produce net new revenues next biennium to solve at least half of the college budget cut requirement. We see this as only the second significant step with the 1st step being the relatively easy items to implement. Friend and Fund Raising needs to become a larger coordinated campus-wide effort. But, this can't be done if we don't budget our time to it. To make real the possibility of a future other than the slow spiral downward in resources to accomplish the important work of the college, we must commit structurally in our on-going college work the energy to make real the opportunities to carry out that work. We must determine what is realistic and, in some cases, reconciling important campus values regarding the need for additional resources with how and with whom we would obtain those needed resources.

- We must also begin now to design a process on how the college will undertake the next long-range planning effort. CBC came to the realization that long-term planning and crisis driven needs to balance the budget are entirely different processes. Where one addresses the question of how we will balance the very next budget concerns, the other addresses what kind of campus we will be in the next decade. Clearly, we need to identify issues such as raising money in that effort. But we must also consider the potential for long-term restructuring perhaps by utilizing technology, turnover, identification of what areas would be eliminated as well as those that must be enhanced in the future. We must also develop an enrollment growth plan that considers the financial realties likely to exist in the future. We must decide what kind of support services we can forward for our community of faculty, staff and students.

The College Budget Council welcomes comment on their work to date. For more information you can review details posted on the college web site at evergreen.edu/connections. E-mail can be directed to the College Budget Council by addressing your comments to Steve Trotter, Executive Director of Operational Planning and Budget who chairs the work of the College Budget Council at trotters@evergreen.edu. He can be contacted directly by calling 867-6185.