



# THE EVERGREEN STATE COLLEGE

July 12, 2006

## Executive Summary

**TO:** Board of Trustees  
**FROM:** Thomas L. Purce, President  
**REFERENCE:** 2007-2009 Operating Budget Request

### 1.) Administrative Recommendation

Approve the 2007-2009 Proposed Operating Budget Request as summarized below:

<b>2007-09 Operating Budget</b>	<b>FTE Employees</b>	<b>Biennial Amt. SGF &amp; Tuition</b>	<b>% Above Current Funding</b>
<b>Current Operating</b>	<b>617.3</b>	<b>94,684,000</b>	
Current Authorized Level Adjustments		839,001	0.9%
<u>Maintenance Level Adjustments</u>		<u>1,896,000</u>	<u>2.0%</u>
<b>07-09 Maintenance Level Budget Request</b>		<b>97,419,001</b>	<b>2.9%</b>
<b>07-09 Policy Requests</b>			
Faculty & Staff Salary Increases		Narrative Request	
Campus Vitality	4.7	1,086,000	1.1%
Core Support for Student Access & Success	18.4	4,238,028	4.5%
Stewardship & Sustainability	12.0	1,993,840	2.1%
Enrollment Increase	6.0	476,160	<u>0.5%</u>
<b>Total 07-09 Policy Requests</b>	<b>41.1</b>	<b>7,794,028</b>	<b>8.2%</b>
<b>Total 2007-09 Operating Budget</b>	<b>658.4</b>	<b>105,213,029</b>	<b>11.1%</b>

### 2.) Explanation:

a) Present Policy: The proposed 2007-09 legislative operating budget request is one element of a set of efforts to correct our core funding structure to a reasonable, sustainable and competitive level. At the June 2006 meeting the Board reviewed the draft strategic plan, enrollment projections and the detailed components of the college's 2007-2009 operating budget request. The details of the operating budget request will be converted into the required decision package format for submittal to the Governor's Office of Financial Management on September 1, 2006.

The college will likely continue to face significant pressure on the core budget in the ensuing biennium given that state revenues continue to remain relatively flat while state caseloads and health care costs continue to increase. In addition, the state is going through the second state-wide collective bargaining process for classified staff which will likely place state-wide employee salary increases center stage in the upcoming legislative session.

The system of higher education is facing significant pressure to maintain enrollment levels given the significant drop in the number of students applying to the State's system of higher education. At Evergreen, we are likely to be under our budgeted enrollment next year. At the same time, faculty at the comprehensive regional universities have all recently voted to form faculty unions on their campuses. Evergreen's faculty will vote in the fall to determine if they will form a collective bargaining unit.

This budget request has been constructed within this fiscal and political context. In an effort to help simplify the college's message there are no requests for funding of new substantial initiatives. Although we are requesting a modest 50FTE enrollment increase in 2008-09, the budget request will be structured to focus on correcting core funding shortages before adding more enrollments. The recommended action delineates the essential elements necessary to improve our basic core funding structure in the 2007-2009 biennia.

There are no material changes to the request initiatives presented and reviewed by the Board in June. Our policy recommendation is to request legislative support to provide base level funding to address:

- competitive compensation levels for our faculty and staff,
- basic faculty and staff recruitment and retention programming,
- core student access and success programs,
- stewardship and sustainability responsibilities, and
- to modestly increase our state supported budgeted enrollment level.

Although we are recommending the above mentioned policy initiatives the final documents may require slight modifications due to continued work towards developing a higher education agenda through:

- The Council of President's work to develop a COP common legislative agenda,
- The Governor's Washington Learns and Priorities of Government policy work will provide further guidance on higher education investment priorities, and
- The Higher Education Coordinating Board's work in preparing their 2007-09 Higher Education Operating Budget Recommendations.

At this point we assume that these additional processes will not materially change the underlying details of our request and will only affect how we package our final document for submittal. However, if any material

modification to this request becomes necessary as a result of those processes we will ask that the board to consider approving a modified biennial budget request at a subsequent regular board meeting.

b) Proposed by: Thomas L. Purce, President

c) Purpose: To approve the 2007-2009 Operating Budget Request to be forwarded to the Governor and Legislature.

3.) Scheduling:

Upon approval of the proposed 2007-2009 Operating Budget Request staff will finalize preparation of the necessary documentation for submission of the college's operating budget request that is due to OFM on September 1, 2006.

4.) Fiscal Impact:

The Legislature will determine final budget policy in the coming session and will establish the final state funding levels for the college operations and the state need grant program for the 2007-09 biennium. At that time, we expect they will also establish parameters for governing boards regarding tuition and fee levels.

5.) Program Impact:

The funding increases requested in this recommendation would address significant college concerns regarding the lack of adequate state funding levels. Adequate compensation for faculty and staff and basic funding sufficient to maintain and serve our current budgeted enrollment levels continue to be our highest college priorities.

6.) Legal Process:

Washington State Law and the Board's Delegation of Authority require that the Board formally approve the college's legislative biennial operating budget requests.

7.) Staff Review:

\_\_\_\_\_ Executive Associate to the President

\_\_\_\_\_ Executive Director of Operational Planning and Budget

\_\_\_\_\_ Recording Secretary to the Board

**THE EVERGREEN STATE COLLEGE**  
**Board of Trustees**  
**July 12, 2006**

## 2007-09 Operating Budget Request Highlights

### **PRIORITY 1: Full Funding to annualize legislative authorized cost increases and mandatory rate adjustments**

**A. Current Authorized Level Adjustments** **\$839,000 GF-State**

To back out one-time funding and to provide the necessary adjustments to “biennialize” legislative authorized incremental changes to the 05-07 budget such as enrollment growth, salary and benefit changes.

**B. Maintenance Level Adjustments** **\$1,896,000 GF-State**

To request funds for anticipated rate increases for utilities, fuel and postage in the 2007-09 biennium. We are requesting that the operating maintenance costs that were shifted to the capital budget revert back into the operating budget. Given that OFM has treated the all 2006 COLA’s as one-year only in the above calculation, we are requesting continued funding for the 1.6% adjustment for non-represented employees in the Maintenance Level Budget consistent with language in the final conference budget bill that was signed into law.

### **PRIORITY 2: Adequate core funding to more fully support the current budgeted enrollment levels**

**Faculty & Staff Salary Increases** **Narrative Request**

To improve the College's ability to recruit and retain high-quality staff and increase staff productivity, we propose implementing salary increases not asking employees to pay more of their health care costs. As has been the state practices TESC’s budget request does not include a dollar request amount for compensation increases for faculty and staff. We will include substantial detailed information regarding our issues concerning our overall uncompetitive salary levels.

#### Peer Faculty Salary Analysis

2006 PEER AVERAGE	\$65,331	75 <sup>th</sup> ile of PEERS	\$69,033
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Source: HECB AAUP Faculty Salary Survey

#### Amount and Percent Behind Peer Institutions

	Behind the Average		Behind the 75 <sup>th</sup> ile HECB Goal	
	Amount	Percent	Amount	Percent
Central Wash. Univ.	6,896	11.8%	10,597	18.1%
Eastern Wash. Univ.	7,781	13.5%	11,483	20.0%
Evergreen St. College	8,526	15.0%	12,228	21.5%
Western Wash. Univ.	4,658	7.7%	8,359	13.8%

**A. Campus Vitality** **\$1,086,000 GF-State**

Current College funding levels for these activities is now negligible given limited choices to cut operating budgets while at the same time being held responsible to serve more students. In a time of a significant influx of new faculty and staff, it is critical to ensure these new employees receive training to adapt to their new jobs. It is also important that potential and current employees understand the complex benefits provided by the College. We expect this strategy will help resolve one of Evergreen's greatest challenges which is to be more efficient by having well trained and experienced employees.

**B. Core Support for Student Access & Success**

**\$6,630,936 GF-State**  
**(2,392,908) Tuition**  
**\$4,238,028 Net**

Student success at Evergreen requires adequate funding to support our commitment to interdisciplinary teaching and to our students' success in their learning experience. Recent budget cuts, coupled with continuing demand to accommodate student growth, necessitates this request for core funding support to maintain the quality of existing programs and initiatives stated in Evergreen's Mission Statement and Strategic Plan.

The State and college have a shared interest in assisting students to access a college education and to be successful once they have been admitted. The overall objective of this request are to begin to redress the academic quality erosion that has occurred because of state funding shortfalls over that past several decades where Washington's dollars-per-student have declined in comparison to the national trends.

**C. Stewardship & Sustainability**

**\$1,993,840 GF-State**

The college is growing and has a quite old physical infrastructure requiring major building modernization activity for at least the next decade. We are requesting funds to add an Assistant Director for Facilities Operations and funds to help curtail the growing maintenance backlog.

Tight resources, coupled with increased demands for public accountability and ever increasing complexity of computerized data and data modeling systems require that new dedicated technical support be added. We are requesting funds to add positions in Institutional Research and in support of college management performance and accountability reviews to support the necessary data and decision support systems.

As state resources for higher education continue to shrink, we request that the state assist the college in providing funding to establish long-term programming to cultivate and develop partnerships to advance the work of the college. We are requesting the college's advancement activities operation be increased by 1.5 new positions and that funds be allocated to increase the level of goods and travel to improve and diversify the college's funding base.

**Priority 3: After core funding is addressed, add a modest increase to our budgeted enrollment level.**

**Undergraduate Enrollment Growth**

**\$306,810 GF-State**

**\$169,350 Tuition**

**\$476,160 Net**

This request is part of Evergreen's long-standing initiative to incrementally grow overall enrollments to 5000 FTE total enrollment. If funded this 50FTE enrollment growth request will increase the total budgeted enrollment levels from 4143 FTE to 4193 by the 2008-09 fiscal year.

## SUMMARY OF THE 2007-09 Biennial Operating Budget Request

Current Biennium	2005-06		2006-07	
	FTE	Amount	FTE	Amount
Current Appropriation Level		\$ 26,366,000		\$ 28,393,000
Current 2004-05 Net Tuition Forecast		\$ 19,673,000		\$ 20,252,000
<b>Current 2004-05 Operating Budget Level</b>	<b>602.00</b>	<b>\$ 46,039,000</b>	<b>617.30</b>	<b>\$ 48,645,000</b>

### PRIORITY 1: FULL FUNDING TO 'BIENNIALIZE' COST INCREASES & TO FUND MANDATORY RATE PAYMENTS

Net Current Level Adjustments	15.00	\$ 1,814,001	-	\$ (975,000)
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2007-09 Current Authorized Level	2007-08		2008-09	
	FTE	Amount	FTE	Amount
<b>OFM Approved Current Level Budget</b>	<b>617.00</b>	<b>\$ 47,853,001</b>	<b>617.30</b>	<b>\$ 47,670,000</b>

#### Maintenance Level Requests:

Utility Rate Adjustments		\$ 269,000		\$ 269,000
Postage Rate Adjustments		\$ 14,000		\$ 14,000
Fuel Rate Increases		\$ 3,000		\$ 3,000
Re-instate the 1.6% non-represented COLA's		\$ 282,000		\$ 282,000
Maintenance Funding Back From Capital	6.00	\$ 380,000	6.00	\$ 380,000
<b>Total Maintenance Level Requests</b>	<b>6.00</b>	<b>\$ 948,000</b>	<b>6.00</b>	<b>\$ 948,000</b>
Total Est. 07-09 GF-S Maintenance Level	-	\$ 28,549,001	-	\$ 28,366,000
Total Est. 07-09 Tuition Maintenance Level	-	\$ 20,252,000	-	\$ 20,252,000
<b>Total Est. 07-09 Maintenance Level Request</b>	<b>617.00</b>	<b>\$ 48,801,001</b>	<b>617.30</b>	<b>\$ 48,618,000</b>

### PRIORITY 2: IMPROVE CORE FUNDING FOR CURRENT BUDGETED ENROLLMENT LEVELS

A: Faculty & Staff Recruitment				
Faculty/Staff Salary Increases		<i>Narrative Request</i>		<i>Narrative Request</i>
Campus Vitality	4.70	543,000	4.70	543,000
<b>Sub-Total</b>	<b>4.70</b>	<b>\$ 543,000</b>	<b>4.70</b>	<b>\$ 543,000</b>

B: Core Support for Student Success				
Basic Student Service Support	4.70	538,000	4.70	538,000
Basic Instructional Support	10.15	664,704	10.15	664,704
Meeting Technology Demands	3.50	508,310	3.50	508,310
Basic Equipment Repair & Replacements	-	408,000	-	408,000
<b>Sub-Total</b>	<b>18.35</b>	<b>\$ 2,119,014</b>	<b>18.35</b>	<b>\$ 2,119,014</b>

C: Stewardship and Sustainability				
Physical Plant	7.00	447,600	7.00	447,600
Institutional Management	3.50	339,000	3.50	339,000
Developing Partnerships	1.50	210,320	1.50	210,320
<b>Sub-Total</b>	<b>12.00</b>	<b>\$ 996,920</b>	<b>12.00</b>	<b>\$ 996,920</b>

### PRIORITY 3: AFTER CORE FUNDING IS ADDRESSED, INCREASE BUDGETED ENROLLMENT LEVELS

PRIORITY 4: Increase Budgeted Enrollment Levels				
General Undergraduate Enrollment Growth	-	-	6.00	476,160
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>6.00</b>	<b>\$ 476,160</b>

<b>GRAND TOTAL BUDGET REQUEST</b>	<b>652.05</b>	<b>52,459,935</b>	<b>658.35</b>	<b>52,753,094</b>
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