



Executive Summary

TO: Board of Trustees

FROM: Thomas L. Purce, President

REFERENCE: **Modifications to the 2002-03 Operating Budget**

1) Administrative Recommendation

- a.) Raise Tuition 14% (\$1,226,000) for all categories of students and place 15% (\$185,000) of the revenues collected from the increase into an Evergreen student recruitment and retention fund; and,
- b.) Implement a 1.7% (\$667,000) across-the-board reduction to each division to solve the remaining budget shortfall. Academics, Finance and Administration, and Student Affairs will re-allocate \$105,202 of their remaining resources to improve the status of divisional reserves.

Summary of 2002-03 Budget Modifications

Challenges Driving The Need to Modify The Current Budget

State Mandated Budget Cut	(\$1,304,000)
College Web and Student Recruitment Priorities	(266,000)
<u>College Support of the Food Services Operation</u>	<u>(150,000)</u>
Total Budget Challenge	(\$1,720,000)

Changes Recommended to Fund Those Budget Challenges

Budget Reduction Recommendations	784,202
Tuition Increase Recommendation	1,226,000
<u>Direct 15% of Tuition increase to local financial aid</u>	<u>(185,000)</u>
Total Board Policy Recommendations	\$1,825,202

Variance \$105,202

Note: These funds will remain in divisional budgets to improve the status of reserves.

Legislative Changes that do not require Board policy action

2.6% Salary Increase Funds Returned to State	(\$636,000)
Modifications to Pension Contribution Returned to State	(44,000)
<u>Change to Health Insurance Payments Returned to State</u>	<u>(97,000)</u>
Total Changes not requiring Board Policy Action	(\$777,000)

2) Explanation:

Present Policy: This recommendation modifies the board’s previously approved 2001-03 budget policy action to incorporate both the mandated 2002 legislative changes and college reallocation priorities. This recommendation requests that the board raise tuition 14% for the 2002-03 academic year instead of the 6.1% tuition increase approved by the board last summer. \$185,000 of the revenue raised from the tuition increase will be directed into an Evergreen student recruitment and retention fund to help our most needy students finance their education. A further 1.7% across-the-board budget reduction to each college division is recommended to fully address the decline in state general fund support and to pay for emerging college reallocation priorities. The Student and Activities (S&A) 2002-03 fee increase proposal and the S&A 2002-03 Tier II funding recommendation is in a separate administrative recommendation. Following is a summary of board 2001-03 budget policies

Operating Budget Policies Adopted By The Board of Trustees in June 2001

- a) *The S&A Tier I & Tier II budget recommendations including food allowance expenditure plans; and*
- b) *The Housing rental rate increases; and,*
- c) *The 3% Reallocation Plan approved; and,*

Operating Budget Policies Adopted By the Board of Trustees in July, 2001

- d) *Increase tuition 6.7% in 2001-02 and by 6.1% in 2002-03 for all student categories; and,*
- e) *Increase the Community Health and Counseling Fee by \$1.00 per quarter in 2001-02 and by \$.50 per quarter in 2002-03; and,*
- f) *Approve the funding for the direct instructional costs to support the 124 FTE undergraduate student enrollment growth funded by the legislature; and,*
- g) *Authorize an additional one percent salary increase for faculty and exempt professional staff for the 2002-03 fiscal year; and*
- h) *Approve the allocation of \$250,000 to the Childcare Facilities Building Fund; and,*
- i) *Increase state funded student salary budgets by 5% per year during the 2001-03 biennium.*

Operating Budget Policies Changes Required by the 2002 Legislative Session

- J) *Implement the 1.7% across-the-board budget reduction to each division based on the Planning and Budget Council’s recommendation for the 2002-03 fiscal year (see attached).*
- K) *Raise tuition in 2002-03 for all categories of students a total of 14% above the 2001-02 approved levels and direct \$185,000 of the revenue raised from the tuition increase into an Evergreen student recruitment and retention fund.*
- L) *Raise S&A fees 12% over rates enacted last year (in a separate administrative recommendation).*

2001-03 SPENDING PLANS BY FUND TYPE	BOARD APPROVED SPENDING PLAN	MODIFIED 2001-03 SPENDING PLAN
• State General Funds	\$51,594,000	\$49,513,000
• Tuition Revenue	30,990,374	31,045,000
• Local Dedicated Funds	4,832,937	4,832,937
• Grants & Contracts	6,967,924	6,967,924

• Non-Budgeted Funds	35,505,234	35,668,710
TOTAL SPENDING PLAN	\$129,890,469	\$128,027,571

b) Proposed by: Thomas L. Purce, President

c) Purpose: To modify the 2002-03 college operating budget.

3) Scheduling:

The modified 2002-03 budget will become effective upon Board of Trustees approval. This approval will finalize the remaining budget policy elements and allow our internal financial system to have the necessary line item budget controls loaded prior to July month-end reports. In addition, this approval will allow us to move forward with the development of the base budget details that are required for the formal 2003-05 biennial budget request that is due to the Office of Financial Management in early September.

4) Fiscal Impact:

Provides the funds necessary to carry out legislative intent and approved policy changes.

5) Program Impact:

(see attached recommendations)

6) Legal Process:

The Office of Financial Management provides clear instructions to carry out the legal budgetary requirements. Legislative staff provided the college with necessary legislative intent interpretations on items not specifically written into law. This approval is consistent with legislative intent. Washington state law and the Board's reserved authorities require the Board to approve the college's official spending plan.

7) Staff Review:

_____ Executive Associate to the President

_____ Executive Director of Operational Planning and Budget

_____ Secretary to the Board

Attachments:

- Summary Report of the Planning and Budget Council
- Estimated Total Cost of Attendance
- Funding Proportions