
THE EVERGREEN STATE COLLEGE
2002 Supplemental Budget

**Summary Report of the
Planning and Budget Council**

From the PBC Members

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Recommendation to President Purce
May 1, 2002

BACKGROUND

The President formed the Planning and Budget Council (PBC) in January, 2002 following the Governor's budget recommendation that included proposed reductions to higher education funding levels resulting from state and national economic downturns. The President charged the council with the following task:

The PBC will communicate the planning/budget principles and priorities, as derived from the college's role and mission statement, long-range plan and priorities established by the President and Board of Trustees. The PBC will receive reduction plans from each division and hold public hearings on those plans. The PBC will then draft an institutional proposal and hold hearings to collect further information and feedback. Finally, the PBC will make a recommendation to the president for modifying the 2002-03 operating budget as required. The PBC will notify the campus community regarding the results of their work. It is ultimately the president's responsibility to make a final recommendation to the Board of Trustees.

PROCESS SUMMARY

The council established the overall operating/process principles and adopted a planning schedule on January 22, 2002. During the month of February each division (Academic Affairs, Finance and Administration, Student Affairs, College Advancement and the President's Office) prepared 2.5% and 5% budget reduction options and the Planning and Budget Office examined issues surrounding tuition and financial aid.

PBC held three public forums in March and early April as part of their work to provide the campus with progress reports and to receive community (students, faculty and staff) comment on options being considered. The first forum focused on the divisional 2.5% and 5% reduction plans. The second forum was held for students to discuss tuition increases and budget reduction options. The third was an all campus forum designed to share the PBC thinking about tuition increases and budget reductions. Written comments were solicited from the campus community in addition to providing input to the PBC in the public forums. Community input was used throughout the process to refine plans.

PBC members collectively spent almost 350 hours on the development of this recommendation in public meetings alone. Each division spent considerable time in the thoughtful development of their initial 2.5% and 5% reduction options they presented to the PBC in early March. In addition, PBC requested that divisions re-cast their reduction plans several times during this process. Campus participation at the public forums is estimated to have contributed nearly 620 hours of active engagement in the PBC process of developing this recommendation. All PBC meetings were open to the public and meeting minutes are available to the campus community.

RECOMMENDATIONS

It is important to recognize that the decisions of the PBC were made in the context of declining public support for higher education and the resulting need to balance the overall budget shortfall. While every attempt was made to protect the quality of the Evergreen experience for our students, faculty and staff, cutting budgets and raising tuition were the only true options available to PBC to solve this budget shortfall.

After considerable deliberation and taking the feedback from the campus community into consideration, PBC is making several recommendations. Together, these recommendations are proposed as the best strategic commitment to the long-term viability and quality of the college while ensuring stable and predictable growth in the enrollment of students, whose tuition and the accompanying state allocations, will enable the college to meet its obligations.

1. Implement a 1.7% across-the-board budget reduction to each division to solve the remaining \$667,000 institutional budget shortfall. In addition, PBC agrees with the divisional recommendations that Academics, Finance & Administration and Student Affairs implement further reductions to partially offset their divisional base budget shortfalls (negative reserves). This strategy will better position those divisions to respond to budgetary concerns that will emerge during the course of the year and take into consideration financial circumstances that are unique to each of them. Attached are the final reduction plans that take institutional and divisional budget shortfalls into consideration. These plans were well informed by the input from the campus community and result in no layoffs.
2. Raise Tuition 14% for all categories of students and place 15% of the revenues collected from the increase into an Evergreen student recruitment and retention fund in an effort to address unintended financial barriers for our most needy students. In the coming year, priority should be given to our most needy out-of-state students who do not benefit from increases in the state need grant program. Increasing tuition levels was chosen to preserve the quality of service to students and to maintain the integrity of academic programs.
3. PBC recommends that, at this time, furloughs should not be considered as a way of reducing the impact of reduced general fund support because of their long-term impact to compensation levels and the administrative cost of implementing them.
4. PBC recommends that the 1% set aside for faculty salary adjustments be used to increase the faculty salary scale to help address faculty recruitment and retention concerns. Evergreen's faculty compensation levels are among the lowest in the nation and we are beginning to lose faculty recently hired due to competitive offers and we are unable to compete for new faculty with other institutions that offer much higher compensation levels. Although small, the 1% allocation will make real the college's commitment to continue making progress on faculty compensation levels even in times of declining state support.

5. PBC recommends that the 1% set-aside for exempt salary adjustments not be used for general exempt salary adjustments. Because each exempt position is unique in terms of recruitment and retention issues, PBC recommends that these scarce resources be directed to the highest priority exempt recruitment and retention concerns as determined by the president and senior staff. Salary compression between exempt and non-exempt staff are among the highest priority concerns.
6. PBC also recommends that the college's senior staff develop appropriate processes to expedite ways to raise new revenue streams for the college. PBC believes it may be wise to invest one-time start-up funds and/or re-allocate institutional attention to speed up these processes. PBC recommends that the college pay particular attention to getting the out-of-state student population back to 25% as rapidly as possible to help stabilize our funding base. Although the state is our largest funding entity (60%), we must find ways to maintain our excellence by diversifying our funding sources and thereby reducing our dependence on the state.
7. PBC is deeply concerned about the prospect of further reduced general fund support next year when the legislature is faced with the potential of further budget shortfalls. This concern is why PBC supported divisions who plan to cut more than 1.7% to reduce negative reserves or improve divisional flexibility. PBC strongly encourages the president and senior staff to develop appropriate strategies to better position the college for changes that will most likely be needed to begin the 2003-05 biennium. The college is well served by strategies that build upon and maintain sources of flexibility that will make a difference in our ability to manage further changes next spring.
8. PBC recommends that the senior staff take into consideration the self-assessment of this process and reflect on other processes that we have gone through in the past as a way to create a framework for future processes/decisions. It is important to improve future decision making processes that engage the campus community in meaningful ways, at the appropriate time, and at the appropriate level of detail. Clearly, the erosion of the base budget as a result of successive reductions over the past several years coupled with increased workload expectations have stretched Evergreen's operation to the limit. The college will be well served by focused attention now on process issues prior to the next required budget reduction that is likely to occur when the legislature sets the 2003-05 budget.

SUMMARY PBC BUDGET BALANCING STRATEGY

Mandated Legislative Budget Reduction	(\$1,304,000)
Web and Student Recruitment Adjustments	(266,000)
Partial Coverage of College Costs for Food Services	(150,000)
Total Budget Challenge	(\$1,720,000)
Budget Cuts	\$ 784,202
Tuition Increase Revenue	1,226,000
less Student Aid Tied to Tuition Increases	(185,000)
Total Adjustments	\$1,825,202
Variance – To partially offset divisional base budget shortfalls	\$105,202
<i>Note: These funds will remain in divisional budgets to improve the status of reserves.</i>	
Other Allocations:	
Direct the 1% Faculty Salary Increase to Raise the Faculty Scale	\$ 127,000
Direct the 1% Exempt Salary Adjustment To The Highest Priority	
Exempt Recruitment and Retention Concerns	75,000
Total Other Allocations	\$202,000

SUMMARY OF PBC TUITION INCREASE RECOMMENDATION

Tuition by Residency & Level	FY 01-02 Current Annual Rate	6.1% Inc. Already Approved	Additional 7.9% Increase Amount	14% Total Increase Amount	FY 02-03 PBC Proposed Tuition Rate
Resident Undergraduate	3,024	162	223	385	3,409
Non-Resident Undergraduate	10,764	634	871	1,505	12,269
Resident Graduate	4,848	273	376	649	5,497
Non-Resident Graduate	14,768	878	1,207	2,085	16,853

Note: 15% of the revenue that results from this tuition increase will be allocated to address unintended financial barriers for our most needy students.

PBC BUDGET REDUCTION RECOMMENDATIONS

Note: Reductions above 1.7% reflect divisional strategies to address negative reserves or provide divisional flexibility.

Academic Division Reductions	FTE	Amount
25% Reduction in Faculty Sabbaticals	1.50	129,648
Curriculum Staffing Efficiencies	1.50	129,648
Reduce Book, Video & CD purchases		49,000
Move Some Periodical Costs to Library Fine Collections		25,000
Reduce Media Workshop Support for Academic Programs	0.50	10,000
Reduce all Public Service Centers by 2.5%		26,000
Reduce LRC Student Tutor Positions		25,000
Reduce Deans & Provost Support and Travel Budget by 10%		5,800
<i>Sub-Total (1.8% Reduction)</i>	<i>3.50</i>	<i>400,096</i>

Finance & Administration Reductions

Implement More Aggressive Energy Conservation Measures & Reduce Parkway Lighting		105,000
Eliminate Remaining Special Assistant to VP Position	0.60	54,400
Eliminate 800 number Dial-in Modem Pool		3,000
Eliminate Campus Planning Support Budget		2,536
Reduce Overtime and Improve Efficiency of the Central Utility Plant	1.00	62,508
<i>Sub-Total (2.2% Reduction)</i>	<i>1.60</i>	<i>227,444</i>

Student Affairs Reductions

Move Registration Costs to Revenue Account		19,924
Convert Upward Bound Scholarship to a Tuition Waiver		3,500
Reduce Reserve & VP Support and Travel Budget		9,800
Eliminate Financial Aid Administrative Allowance Reserve		6,500
Reduce Athletic Administrative Travel & Charge SPSCC for Soccer Field Use		5,500
Reduce SASS Dean Support & Travel Budget		1,500
Reduce Enrollment Svs. & Financial Aid Support Budget		4,219
Move Student Rights & Responsibilities, Academic Advising and Athlete Handbooks to Web		5,100
Reduce Athlete Per Diem Reimbursement Level		1,900
Reduce Temp. Staffing in Student Employment Office	0.15	2,000
Reduce International Advisor Travel Budget		1,000
Restructure Academic Advising	0.25	10,000
Eliminate Intercollegiate Swimming Program		15,000
Reduce Peer Advising Program by 25%	0.60	7,500
Reduce Support Budget Throughout SASS		5,500
Reduce Police Staffing During Breaks & Support Budget		8,800
<i>Sub-Total (2.3% Reduction)</i>	<i>1.00</i>	<i>107,743</i>

College Advancement Reductions	FTE	Amount
Reduce Printing Costs		7,903
Reduce 2 issues of Evergreen Magazine from 32 pgs. To 24 pgs. & reduce contract writing costs		10,000
Reduce 16% of the Resources for an Academic Fundraiser		2,736
<i>Sub-Total (1.7% Reduction)</i>	-	20,639
President's Office Reductions		
Eliminate Support for Long-Term Operational Planning	0.25	12,000
Eliminate funding for one institutional student position		4,297
Reduce WSIPP Leg. Study Capacity from State Budget	0.25	11,983
<i>Sub-Total (1.7% Reduction)</i>	0.50	28,280
GRAND TOTAL PBC BUDGET REDUCTION RECOMMENDATIONS	6.60	784,202