

## **Budget Recommendation – May 2009 – Questions and Answers**

### **How big are the cuts?**

The cuts total about \$7 million for each year of the biennium. Given the use of federal stimulus money and the cumulative effect of tuition increases, the cut is about 9.7% in the first year and 6.0% in the second year (the average is 7.8% over the biennium). This assumes a 14% tuition cap and a set-aside of 20% of new tuition revenue for student aid.

### **What are the specific cuts you are recommending?**

See the budget recommendation titled Conference Final on this Web site. These are the specific cuts recommended.

All divisions will experience cuts. Based on campus feedback and strategic priorities, the recommended cuts protect to the greatest extent possible the fundamental structure of the curriculum, direct instruction, our ability to recruit and retain students, key elements of student life and student support, our ability to fund raise, and campus health and safety.

The Vice Presidents are recommending an ongoing budget based on the second year of the biennium. For this reason, they are investing more than \$1 million in college reserves to reduce the percentage impact in year 1 to the year 2 level.

The Vice Presidents also set aside some money to buffer any additional budget cuts that could occur later in the biennium should state revenue continue to decline.

**What's the total number of position cuts?** Of that number, how many people are actually being affected or displaced (with reduced hours or positions entirely eliminated)?

- **Total positions affected: 33**
- **Total positions eliminated in Full Time Equivalent - FTE: 23.14**
- **Staff with full layoff conditions: 5** (2 classified, 3 exempt)
- **Staff with partial layoff conditions: 10** (2 classified, 8 exempt)
- **Total number of people displaced by position eliminations or reductions in hours: 16** (4 classified and 12 exempt)
- **Vacant positions fully eliminated: 16** (8 classified, 8 exempt)
- **Vacant positions partially eliminated: 2** (classified)

**Did the legislature make any specific provisos, requiring particular cuts or funding for specific programs?**

Yes. The legislature directed that administration be cut by 12% or more and that we protect investments in direct instruction to the greatest extent possible. It also set minimum funding levels for The Washington Center for the Advancement of Undergraduate Education (\$200,000 per year); the Labor Center (\$100,000 per year) and the Washington State Institute for Public Policy (\$100,000).

**When will the cuts occur?**

Initial non-personnel cuts and cuts to vacant positions will probably occur on or before July 1, 2009. Cuts in hours or occupied positions will likely occur over a period of 60 to 90 days from the date of board approval of the budget on June 11.

We are using some of our college reserves to fund “bridge” expenses (e.g. short-term funding for positions removed from the base budget to cover the transition time until the person leaves the institution, funding to cover the larger cuts in the first year, costs of unemployment insurance payments, etc.).

**How much will my tuition go up?**

Resident undergraduate tuition and fees will go up by an average of about \$675 per year (\$22.40 per credit for part-time students), non-resident undergraduate by about \$783 (\$26.10 per credit), resident graduate by about \$329 (\$11 per credit) and non-resident graduate by about \$30 (no tuition increase, but some fees do rise).

**What is that in terms of percentages?** 14%, 5%, 5% and 0% per year respectively.

**Why the differences?**

The levels were determined based on the financial realities we are facing and the relative affordability and pricing in the market for each category of student. We looked at tuition levels at other institutions in Washington and across the country (depending on the type of student) that we consider as the most common alternative choices for our students and worked to keep our tuition levels competitive and attractive in comparison. For instance, our non-resident graduate tuition is already near the top of the scale for comparable schools, so we felt it necessary to hold steady there.

**What’s the impact on my total cost of attendance (tuition, fees, books, room and board, transportation, etc.)?**

The total cost of attendance for resident and non-resident undergraduates will increase by less than 9% for the biennium (not per year). For resident graduate students it will increase by less than 6%. For non-resident graduate students it will increase by less than 2%.

**Will there be more financial aid to help offset the increased tuition?**

Yes. In addition to increases in the Pell Grant program and normal increases in state aid tied to tuition levels, Evergreen plans to set aside 20% of the revenue from increased tuition for student aid.

**What if the cuts needed turn out to be larger than what you have recommended?**

The Vice Presidents have recommended setting aside some money to deal with increased budget cuts should they occur (about 1% of our biennial budget). If the size of the cuts exceeds those set-asides, we will revisit the additional cuts developed through our divisional scenarios and combined budget discussions.

### **Why do the cuts vary between divisions?**

The Vice Presidents and Budget Coordinators from each division developed divisional budget scenarios and then had an opportunity to review and suggest changes across the college – based on their own observations and feedback from the campus community. Looking across the institution, the Vice Presidents made strategic choices that resulted in some variation in cuts from division to division. Their goal was to make the best choices for the college as a whole, not simply to cut evenly across the board.

### **Are you implementing furloughs?**

No. While there was wide interest in the possibility of implementing some form of furlough or unpaid time off, the Vice Presidents are not recommending the implementation of furloughs at this time. There are, however, some reductions in contracts or hours for a limited number of specific positions included in the plan.

The primary intent of furlough proposals was to save jobs. Given the size of the cuts, and our concerted efforts minimize layoffs, we were able to preserve many jobs without adding the burden of a 2-5% wage cut for large numbers of employees (the practical effect of a 5-, 10- or 12-day furlough). We are keeping the idea of furloughs in reserve for the time being. This will give us additional flexibility if further cuts are required in the future.

### **Are we using any of our reserves to address our budget challenges?**

Yes. Because the percentage cut is larger in Year 1 than Year 2, the Vice Presidents are recommending that we invest more than \$1 million from reserves to equalize the Year 1 and Year 2 impact.

We will also be using reserves to “bridge” some expenses related to our transition to the budget cuts, because not all of the cuts can be made immediately and may extend well into Year 1 of the upcoming biennium. The base budget assumes that all Year 1 cuts occur July 1, 2009 and that won’t be the case. These bridge costs could exceed \$1.5 million.

In addition, we are already using a portion of our reserves for one-time needs currently on our agenda. In recent months we have tapped reserves to pay for the Governor’s initial round of budget cuts for the current budget year (\$1.4 million), renovations to Library 4300 to accommodate the Greenery during CAB construction (\$1.8 million), and completion and equipping of the new Center for Creative and Applied Media (over \$2 million).

Because it is very possible that the economic situation will get worse before it gets better, it's also important that we maintain some reserves to help us navigate the uncertainties ahead.

**How can I provide feedback on this budget recommendation?**

President Purce will be reviewing this proposal before sending it on to the Board of Trustees for their review and approval. If you have comments to make, please make them to President Purce by Friday, May 22.

The Trustees will see a draft budget at their May 12-13 meeting. This is a public meeting. President Purce will share his final recommendation with the Board of Trustees after May 22. They will vote on a final budget at their June 11 meeting.