

2017-19 Biennium Budget Decision Package

Agency: 376 The Evergreen State College

Decision Package Code/Title: TA College Affordability Program

Budget Period: 2017-19

Budget Level: M2 - Inflation and Other Rate Changes

Agency Recommendation Summary Text: The College Affordability Program (CAP) is intended to deliver funds to make up for the loss of tuition revenue that resulted from statutory requirements to reduce tuition rates during the 2015–17 biennium. Statute further provides for increases in the CAP funds based on the rate of inflation. This request is for the incremental increases in the CAP funds based on inflation.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
General Fund-State 001-1	70,000	141,000	214,000	288,000
Total Cost	70,000	141,000	214,000	288,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	N/A	N/A	N/A	N/A
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
A-Salaries	70,000	141,000	214,000	288,000

Package Description

- **Background:** ESSB 5954 established the College Affordability Program (CAP). The bill directed The Evergreen State College (Evergreen) and the state’s other regional four-year institutions of higher education to reduce resident undergraduate tuition by 5% in FY 2016 and an additional 15% in FY 2017. The bill prohibited Evergreen from reducing enrollment as a result of the required tuition reductions. The bill also limited future increases in undergraduate tuition to the average annual percentage growth rate in the median hourly wage for Washington for the previous 14 years, as determined by the federal Bureau of Labor Statistics. The bill further prohibited Evergreen from reducing building fees below the level charged in 2014–2015, adjusted for inflation.

The bill directed the legislature to provide Evergreen with funds equal to the total state funds appropriated in the 2013–15 biennium and the net revenue loss from the required reductions in resident undergraduate tuition. Funding is based on the budgeted full-time equivalent (FTE) enrollment received during the 2015–17 biennium. The CAP funds will be adjusted for inflation in future biennia. For the purposes of this legislation, “inflation” is defined as the consumer price index (CPI) as compiled by the Bureau of Labor Statistics for the state of Washington. If more than one index is produced, the index covering the greatest number of people and areas is to be used.

- **Current situation:** Evergreen has reduced its tuition for undergraduate resident students by 20% from the rates charged for the 2014–15 academic year in compliance with the statutory directive. The

inflationary adjustment to CAP funds is essential to ensuring that Evergreen has sufficient funds to maintain its operations.

- **Proposed solution:** This request seeks the incremental increase in CAP funds based on the 2.1% rate of inflation reflected by the Seattle CPI as authorized by RCW 28B.15.066(1).

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Beginning with the 2015–17 biennium, Evergreen received funds for tuition backfill as authorized by ESSB 5954. These funds were intended to make up for the loss of local tuition revenue related to the implementation of mandatory tuition reduction that was required by the bill. The 2016 supplemental appropriations bill, reduced the funding for the tuition backfill for both FY 2016 and FY 2017 because the enrollment of resident undergraduate students was lower than projected. The figures reflected in the table below represent the appropriations after the passage of the supplemental appropriations bill.

	FY 2016	FY 2017
FTE Staff years	N/A	N/A
	A002 - Instruction	A002 - Instruction
GF-State 001-1	\$837,000	\$3,327,000

Decision Package expenditure, FTE and revenue assumptions, calculations and details: In FY 2017, the College received \$3,327,000 for the CAP program. Based on the language found in RCW 28B15.066(1), the tuition backfill funds will grow independent of other state funding at an inflationary rate based on a Washington CPI measure that covers the greatest number of people and areas. The Seattle-area CPI meets this criteria, and the current rate for that index is 2.1%. This request is based on the increasing the FY 2017 funds by 2.1% for each year of the next two biennia.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Funding of this request will ensure that Evergreen is able to continue serving the same number of students that were served in the 2014–15 academic year, as required by the authorizing legislation. It will also ensure that state funds backfill the tuition revenue lost by the college due to the required reductions in tuition that occurred over the 2015–17 biennium, which in turn will ensure that tuition rates remain affordable for Washington residents who enroll as undergraduates at Evergreen.

Performance Measure detail: N/A

Fully describe and quantify expected impacts on state residents and specific populations served.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	Yes	Identify: ESSB 5954 required public institutions of higher education to reduce their tuition rates for resident undergraduates in two steps over each year of the 2015–17 biennium. The bill also authorized tuition backfill funds for the IHEs to make up for the loss of local tuition revenue.
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

No other alternatives were considered due to the constraints of current law.

What are the consequences of not funding this request?


Evergreen would be unable to comply with current law requirements to both maintain 2014–2015 enrollment levels and limit increases in tuition if the CAP funding were to be reduced or eliminated. Cuts in enrollment, significant increases in tuition limits, or both would be necessary to maintain current operations.

How has or can the agency address the issue or need in its current appropriation level?

Evergreen would be unable to comply with all of the current requirements set forth in the legislation. A loss of tuition backfill funds would require the College to either reduce enrollments below the 2014–2015 levels, increase tuition, or both to make up for the loss of CAP funds. However, current law prohibits IHEs from taking either approach to addressing a funding shortfall.

Other supporting materials: See ESSB 5954 and the accompanying fiscal note.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

☒ No 

☐ Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)