

THE EVERGREEN STATE COLLEGE
July 3, 2013

Executive Summary

TO: Board of Trustees

FROM: Thomas L. Purce, President

REFERENCE: 2013-15 Operating Budget Spending Plan

1) Administrative Recommendation

Approve the operating budget spending plan and policy changes described in Attachment A.

Detail

Part 1: Approve the \$163,981,713 operating budget spending plan for all areas of the college for the 2013-15 biennium as outlined below.

College Spending Plan by Fund Type	2011-13 Budget	2013-15 Proposed Spending Plan
• State General Fund	\$30,798,000	\$36,062,000
• Forest Fire Protection Account	100,000	-0-
• Education Legacy Trust Fund	5,450,000	5,450,000
• *Tuition Revenue	66,297,000	67,755,313
• Local Dedicated Funds	15,130,323	15,155,400
• Grants & Contracts	11,466,303	10,320,000
• <u>Non-Budgeted Service/Auxiliary Funds</u>	<u>30,162,767</u>	<u>28,827,000</u>
TOTAL SPENDING PLANS	\$159,404,393	\$163,569,713

Spending plans above do not include state, federal and private student financial aid programs.

** Tuition revenue reflects enrollments at 4,270 FTE down from the previous 4,500 FTE base.*

Part II: Approve the following policy changes:

For Student Tuition and Fee Adjustments:

- a) Increase non-resident undergraduate and resident graduate tuition levels 5% per year
- b) Increase non-resident graduate tuition levels 2% per year; and
- c) Set future summer session tuition levels where the per-credit assessment charged during summer session will be identical to amounts charged during the previous spring quarter.
- d) Increase the Student and Activities fee by 4% in 2013-14 and by 2% in 2014-15; and
- e) Increase Housing Rates by an average of 2% per year; and
- f) Increase Dining Plans by an average of 3.5% per year; and
- g) Increase the Community Health and Counseling Fee by 12% in 2013-14 and by 6% in 2014-15; and
- h) Implement a \$8 per quarter WASH-PIRG student fee as approved by student election; and

For Adjustments to Base Budget:

- i) Rebase the College's enrollment plan to a 4,270 (full-time equivalent) total student enrollment level with an expectation of a 23% non-resident students; and
- j) Increase faculty compensation to reflect Collective Bargaining agreements that will raise faculty compensation 5.5% effective July 1, 2013; and
- k) Increase classified staff compensation to reflect the collective bargained agreement to add an additional step M on the compensation plan (equal to 2.5%) on July 1, 2013 and a general 1% additional compensation increase on July 1, 2014; and
- l) Increase represented exempt employee salaries by 3% on July 1, 2013 and another 1% general salary adjustment beginning July 1, 2014. In addition provide for a 1% step increase on anniversary of start of their current exempt position provided they been in their current exempt position at least 12 months; and
- m) Increase non-represented exempt employee salaries by 3% on July 1, 2013 and another 1% general salary adjustment beginning July 1, 2014; and
- n) Add \$1,235,272 to the base operating budget to support investments in Information Technology and Basic Infrastructure (see attached); and
- o) Add \$1,622,300 to the base operating budget in programming to improve student recruitment, retention and success (see attached); and
- p) Create an \$814,183 Hold-back to support Strategic Planning during the 2013-15 biennium.

Part III: Adjustments that don't require board action:

- q) Adjust operating budgets campus-wide to reflect changes in pension and employee benefit rates; and
- r) Adjust the base budget to reflect changes in revolving fund payments; and
- s) Reduce previous funding for studies already accomplished and add funding for new appropriated one-time studies performed by the Washington State Institute for Public Policy, and;
- t) Establish budget levels that reflect our best estimates for grants, contracts, service & auxiliary accounts, and student grants-in-aid for the next two-year period. *Note, the S&A Tier I and Tier II spending plans are approved by the Board in a separate motion.*

2) Explanation:

- a) Present Policy: This approval incorporates the internal adjustments required to carry out the legislative changes to the board's previously approved base spending levels. This plan reflects the budgetary changes necessary to:
 - Implement salary increases, provide for improvements to our basic IT and business infrastructure, and increase programing to improve student recruitment, retention and success;
 - maintain an appropriate level of institutional contingency to address potential state changes next biennium;
 - adjust the base budget for mandatory costs increases, smaller enrollment levels and in increases associated with tuition increases;
 - implement the necessary employee benefit costs over the next two years;
 - adjust all locally funded operations for fee and rate increases;

- reflect our best estimates for grants, contracts, service & auxiliary activity, and student grants in aid for the next two year period; and,

These changes are necessary to enter into the 2013-15 biennium with an expenditure plan that funds approved policy changes and balances to projected revenue sources.

b) Proposed by: Thomas L. Purce, President

c) Purpose: To approve the 2013-15 operating budget spending plans for all areas of the college.

3) Scheduling:

This approval will finalize the remaining budget policy elements and allow our internal financial system to be loaded with the necessary line item budget controls prior to the July month end cut-off. This approval will allow the college to finalize notification to students regarding tuition and fee amounts, complete student financial aid packaging, and allow staff to submit the monthly allotment schedule to the Office of Financial Management in early August as required.

4) Fiscal Impact:

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

5) Program Impact:

(see Attachment B, *2013-15 Operating Budget Policy Framework*.)

6) Legal Process:

The Office of Financial Management provides clear instruction to carry out the legal budgetary requirements. Legislative staff has provided the college with the necessary interpretations of legislative intent for adjustments not specifically written into law. Washington state law and the Board's Delegation of Authority require the Board to approve the college's official spending plan and all student fee changes.

7) Staff Review

_____Executive Director of Operational Planning and Budget

_____Deputy to the President

Attachment A:

The proposed motion incorporates the following elements:

Operating Budget Spending Plan

1. Approve the \$163,569,713 operating budget spending plan for all areas of the college

For Student Tuition and Fee Adjustments:

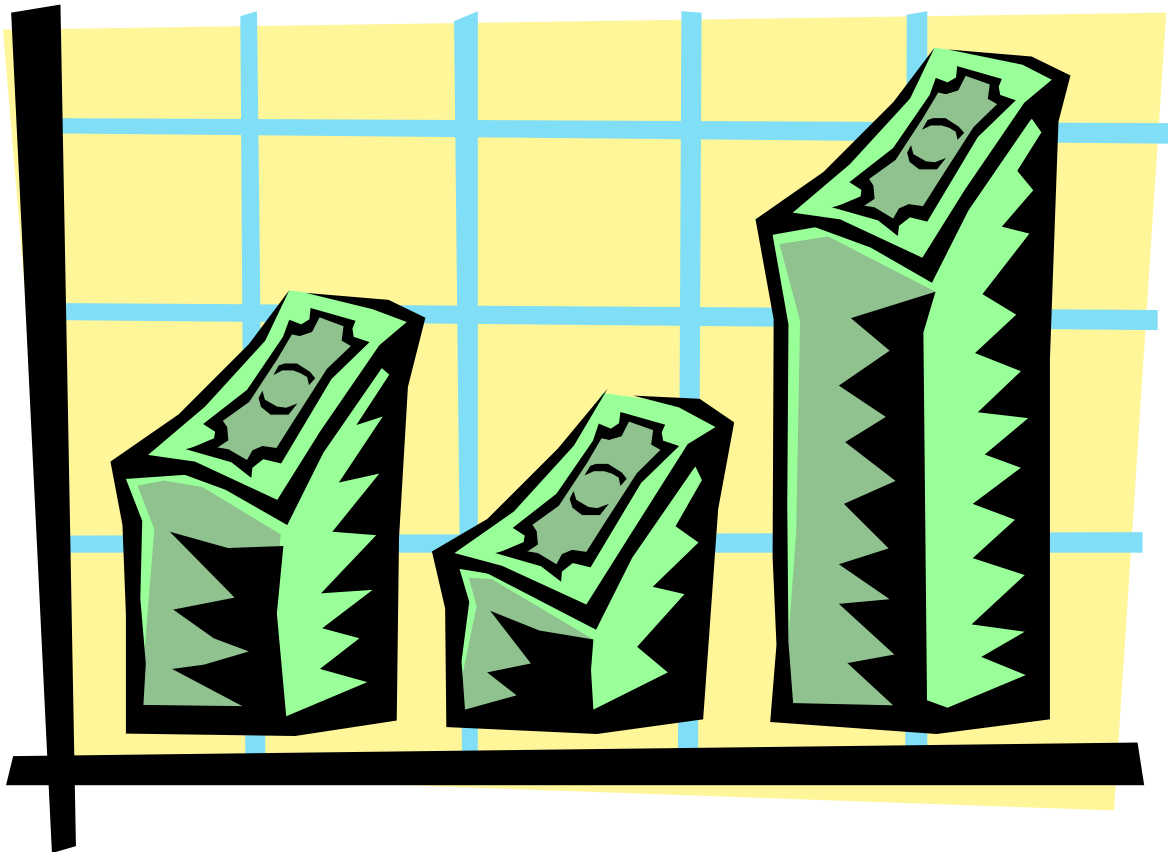
2. Increase non-resident undergraduate and resident graduate tuition levels 5% per year; and
3. Increase non-resident graduate tuition levels 2% per year; and
4. Set future summer session tuition levels where the per-credit assessment charged during summer session will be identical to amounts charged during the previous Spring quarter; and
5. Increase the Student and Activities fee by 4% in 2013-14 and by 2% in 2014-15; and
6. Increase Housing Rates by an average of 2% per year; and
7. Increase Dining Plans by an average of 3.5% per year; and
8. Increase the Community Health and Counseling Fee by 12% in 2013-14 and by 6% in 2014-15; and

For Adjustments to Base Budget:

9. Rebase the College's enrollment plan to a 4,270 (full-time equivalent) total student enrollment level with an expectation of a 23% non-resident mix, and;
10. Increase faculty compensation to reflect Collective Bargaining agreements that will raise faculty compensation 5.5% effective July 1, 2013; and
11. Increase classified staff compensation to reflect the collective bargained agreement to add an additional step M on the compensation plan (equal to 2.5%) on July 1, 2013 and a general 1% additional compensation increase on July 1, 2014; and
12. Increase represented exempt employee salaries to reflect the collective bargained agreement to add 3% on July 1, 2013 and another 1% general salary adjustment beginning July 1, 2014. In addition provide for a 1% step increase on anniversary of start of their current exempt position provided they been in their current exempt position at least 12 months; and
13. Increase non-represented exempt employee salaries by 3% on July 1, 2013 and another 1% general salary adjustment beginning July 1, 2014; and
14. Add \$1,235,272 to the base operating budget to support investments in Information Technology and Basic Infrastructure (see attached); and
15. Add \$1,622,300 to the base operating budget in programming to improve student recruitment, retention and success (see attached); and
16. Create an \$814,183 Hold-back to support Strategic Planning during the 2013-15 biennium.

Attachment B:

**Recommended 2013-15
Operating Budget Policy Framework**



A budget is a plan of operations that includes the proposed expenditures for a specific period or purpose and the proposed means of financing them.

Board of Trustees – July 2013

Detailed Schedule of All Changes to TESC's Operating Budget Levels						
	Total State Funds			Tuition		
	2011-12	2012-13	Biennium	2011-12	2012-13	Biennium
Current Appropriations	18,360	17,990	36,350	32,532	33,765	66,297
Legislative Changes:	2013-14	2014-15	Biennium	2013-14	2014-15	Biennium
1A Higher Education Reductions	376	376	752	-	-	-
GZX Restore 3% Salary Cut	960	960	1,920			-
Restoration of Temporary Cuts	1,336	1,336	2,672	-	-	-
9J Non- appropriated funds adjustment	-	-	-	(2,000)	1,000	(1,000)
OFM Local Fund Adjustment				2,710	(510)	2,200
OFM Changes to local Funds	-	-	-	710	490	1,200
9X Self Insurance Premium	-	15	15	-	15	15
GLQ Central Service Reforms	(8)	-	(8)	(8)	-	(8)
GLR Procurement Rate Reduction	2	4	6	2	4	6
GZC Pension Rate Biennialization	11	-	11		2	2
92C SOS-Archives/Records Management	-	1	1	3	2	5
92D Audit Services	-	2	2	(5)	(6)	(11)
92E AG Legal Services	3	2	5	(2)	(2)	(4)
92H Women/Minory-Owned Business	(5)	(6)	(11)	(1)	(1)	(2)
92K DES Central Services	(2)	(2)	(4)	(5)	(3)	(8)
92E AG Legal Services	(1)	(1)	(2)	-	-	-
92K DES Central Services	(5)	(3)	(8)	-	-	-
Changes in Revolving Fund Payments	(5)	12	7	(16)	11	(5)
91 Workers' Compensation Changes	(21)	(21)	(42)			-
GZB Biennialize Health Insurance Rate	(382)	-	(382)		1	1
9D Pension & DRS Rate Changes	231	235	466			-
GZG State Employee Health Insurance	(137)	(69)	(206)			-
SX6 Wellness-Smoker Surcharge	-	(31)	(31)			-
SC7 PEBB Coverage Waiver Surcharge	-	(183)	(183)			-
State-wide Employee Benefit Rate Changes	(309)	(69)	(378)	-	1	1
3B Child Welfare/Contracting Out	50	-	50			-
3C WSIPP Commitment of SVP Study	(50)	(25)	(75)			-
3D Domestic Violence Study	-	(46)	(46)			-
3F Expanded Family Caregiver Study	(75)	-	(75)			-
3G State Need Grant Study	(40)	(60)	(100)			-
3P Pension Benefits Study	(15)	(50)	(65)			-
3Q Forest Fire Protection Study	-	(100)	(100)			-
3R Competency Restoration Treatment	-	(17)	(17)			-
SEE ECEAP Evaluation	100	50	150			-
STI Involuntary Treatment Assessment	50	50	100			-
SLP Learning Asst. Program	58	27	85			-
SRN Risk Needs Resp. Model	50	-	50			-
Remove Non-recurring costs, Add new studies	128	(171)	(43)	-	-	-
9V Operating Costs New Capital	1	4	5			-
HC2 Institutional Funding	1,449	1,450	2,899			-
Actual General Legislative Enhancement	1,450	1,454	2,904	-	-	-
GRAND TOTAL LEGISLATIVE CHANGE	2,600	2,562	5,162	694	502	1,196
Final Legislativve Budget	20,960	20,552	41,512	33,226	34,267	67,493
TESC Proposed Changes to local Revenue						
Correct OFM's estimate of local funds	-	-		(482)	(1,523)	(2,005)
No Change to Resident Undergrad Tuition				-	-	-
Increase Non-Resident UG by 5% per yr.				666	1,365	2,031
Increase Resident Grad. By 5% per yr.				69	141	210
Increase Non-Res. By 2% per year				8	18	26
TESC RECOMMENDED CHANGE TO TUITION	-	-	-	261	1	262
GRAND TOTAL TESC RECOMMENDATION	20,960	20,552	41,512	33,487	34,268	67,755

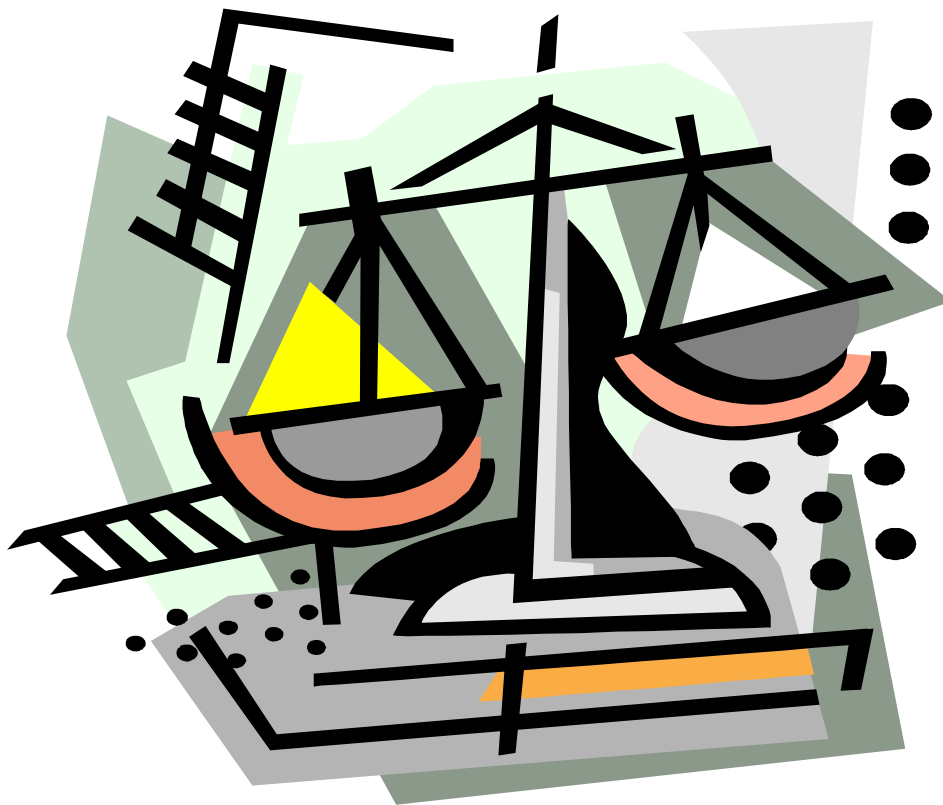
The following two schedules focus only on the larger animating policy change recommendations for the 2013-15 Operating Budget. All other smaller changes such as revolving funds changes, changes in one-time studies for the Washington State Institute for Public Policy, and other various detailed current level and maintenance levels adjustments from previous schedule are excluded to allow for this focused presentation.

Proposed Changes in Revenue to Support Operating Budget Policy Changes			
	2013-14	2014-15	Biennial
<i>Identified Internal Funding</i>			Total
Hold Back Contingency	1,235,000	1,235,000	2,470,000
Previously Approved Fee for All New Entering Students	234,000	234,000	468,000
Academic Operating Reallocations for Faculty Salaries	464,423	464,423	928,846
Summer Session for Faculty Salaries	94,200	94,200	188,400
Current Internal Funding Available	2,027,623	2,027,623	4,055,246
<i>Enrollment Revenue Shortfalls</i>			
Rebase Enrollment levels from 4500 FTE to 4270 FTE	(1,642,020)	(1,642,020)	(3,284,040)
Less Faculty Line Reduction to maintain student faculty ratio	722,200	722,200	1,444,400
Net Change Due to Enrollment Level Rebasing	(919,820)	(919,820)	(1,839,640)
<i>Legislative Policy</i>			
No Tuition Increase for Resident Undergraduate Students	-	-	-
General Fund Enhancement	1,449,000	1,450,000	2,899,000
Net Change in State Appropriations	1,449,000	1,450,000	2,899,000
<i>Student Tuition Increases</i>			
5%/yr. Non-Resident Undergrad Increase	665,729	1,365,346	2,031,075
5%/yr. Resident Graduate Increase	68,584	140,799	209,383
2%/yr. Non-Resident Graduate Increase	8,836	17,858	26,694
Net Change Associated with Tuition Increases	743,149	1,524,003	2,267,152
GRAND TOTAL NEW NET REVENUE FOR POLICY CHANGES	3,299,952	4,081,806	7,381,758

Proposed changes to the College spending plan for the 2013-15 biennium follow on the next page.

Proposed Operating Budget Policy Changes Spending Levels			
	2013-14	2014-15	Biennial
<i>Faculty and Staff Recruitment & Retention</i>			Total
Faculty	946,856	946,856	1,893,712
Exempt	353,336	482,751	836,087
Classified	254,535	354,121	608,656
Faculty Development	29,000	29,000	58,000
Labor Relations Office	150,000	150,000	300,000
<u>VP for Student Affairs Recruitment Offer</u>	<u>6,774</u>	<u>6,774</u>	<u>13,548</u>
Total Faculty and Staff Recruitment & Retention	1,740,501	1,969,502	3,710,003
<i>Information Technology and Basic Infrastructure</i>			
Two Factor Authentication	84,925	84,925	169,850
Identity Management	91,288	91,288	182,576
New Enterprise Wide Microsoft Licensing Agreement	45,000	45,000	90,000
Archiving	37,500	37,500	75,000
Data Stores Increase	-	30,000	30,000
Bandwidth Increase	30,000	30,000	60,000
Upgrade Learning Management System (Canvas)	-	45,000	45,000
Human Subjects Review Training Software License	2,500	2,500	5,000
Software Maintenance Inflation	20,000	20,000	40,000
On-line Records System	178,920	178,920	357,840
Title IX Support	42,809	42,809	85,618
Events Management	34,997	35,391	70,388
<u>Fund Tacoma Campus Security Costs</u>	<u>12,000</u>	<u>12,000</u>	<u>24,000</u>
Total IT and Basic Infrastructure	579,939	655,333	1,235,272
<i>Student Success Initiatives</i>			
Coordinator for New Student Programming	44,000	44,000	88,000
Common Reading	10,000	10,000	20,000
Convocation Keynote Speaker	15,000	15,000	30,000
New Student Programming budget	35,000	35,000	70,000
Continue Out-of-State, Regional Counselor	123,750	123,750	247,500
2 new Science Instructional Tech.	138,000	138,000	276,000
QuaSR Asst. Dir. From .6 FTE to .875FTE	14,400	14,400	28,800
Enhance Academic Program Support	50,000	50,000	100,000
Academic Statement Initiative	65,000	65,000	130,000
Reservation-Based Community Determined Program Budget	12,000	12,000	24,000
Improve Funding for Recreation, Wellness and Sport	200,000	200,000	400,000
Veteran's Center	81,000	81,000	162,000
<u>You Visit Virtual Campus Tour</u>	<u>23,000</u>	<u>23,000</u>	<u>46,000</u>
Total Authorized Other Expenses	811,150	811,150	1,622,300
<i>Rebuild a Base Hold Back for Strategic Planning</i>	168,362	645,821	814,183
GRAND TOTAL AUTHORIZED EXPENDITURES	3,299,952	4,081,806	7,381,758

**Recommended
General Student Tuition and Mandatory Fees
For the 2013-14 and 2014-15 Regular Academic Years**



Board of Trustees – June 2013

Legislative Approved Tuition and Aid Policies

Financial Aid: The legislature provided \$237 million of state general funds for each year of 2013-15 biennium and another \$147 million from the Washington opportunity pathways account to continue priding student financial aid payments under the state need grant and state work study programs.

Waivers: In addition to the state need grant and the 4% local student loan fund, the College is committing 11.4% of gross tuition to student waivers.

Tuition Increases: The final budget specifies that resident undergraduate rates remain unchanged for the entire 2013-15 biennium. However, the legislature authorized the Board of Trustees and Regents to exceed these levels at their discretion in fiscal 2014-15 as long as provisions for tuition increase mitigations specified in ESSB 1795 are followed. We are not recommending that the Board of Trustees utilize this authority at this time.

Proposed Tuition (Operating and Building Fee) Increase Schedule for the 2013-15 biennium.					
	Fiscal 2012-13	Fiscal 2013-14		Fiscal 2014-15	
	Current Rate	Amount of Increase	Total Proposed	Amount of Increase	Total Proposed
Resident Undergraduate	7,258	-	7,258	-	7,258
Non-Resident Undergraduate	18,424	921	19,345	967	20,312
Resident Graduate	7,377	369	7,746	387	8,133
Non-Resident Graduate	19,506	390	19,896	398	20,294

Other Fee Increase: There are several other fee increases under consideration that the board will consider as part of the biennial budget approvals:

- Increasing the S&A Fee by 4% in 2013-14 and another 2% in 2014-15
- Increasing the Health & Counseling fee by 12% in 2013-14 and another 6% in 2014-15
- Increasing the Housing rates by an average of 2% per year
- Increasing the Campus Dining rates by an average of 3.5% per year
- Implementing a new \$8/quarter WASH-PIRG student fee.

The attached table factors these changes to reflect the impact to the total estimated cost of attendance for the next two-year period.

Tuition increases: 0%/yr. Resident Undergraduate, & 5%/yr. Non-Resident Undergraduate and 5%/yr for Resident Graduate, & 2%/yr for Non-Resident Graduate.

Rate & fees: Student Activities is proposing increases at 4% in FY 2014 and another 2% in FY 2015, Housing is proposing a 2% per year increase and dining plans are estimated to increase 3.5% per year Intercity Transit and Late-nite Shuttle rate will need to double to continue current service levels Health & Counseling Fee is proposing increases of 12% in FY 2014 and another 6% in FY 2015

	Resident Undergraduate			Non-Resident Undergraduate			Resident Graduate			Non-Resident Graduate		
	Current 2012-13 Levels	Forecast 2013-14 Levels	Forecast 2014-15 Levels	Current 2012-13 Levels	Forecast 2013-14 Levels	Forecast 2014-15 Levels	Current 2012-13 Levels	Forecast 2013-14 Levels	Forecast 2014-15 Levels	Current 2012-13 Levels	Forecast 2013-14 Levels	Forecast 2014-15 Levels
General Tuition & Manditory Fees												
Operating	6,968	6,968	6,968	17,687	18,571	19,500	7,193	7,552	7,930	18,921	19,299	19,685
Building	290	290	290	737	774	812	184	194	203	585	597	609
Student & Activities	553	575	587	553	575	587	553	575	587	553	575	587
Sub-Total	7,811	7,833	7,845	18,977	19,920	20,899	7,930	8,321	8,720	20,059	20,471	20,881
Health & Counseling	210	235	249	210	235	249	210	235	249	210	235	249
Bus Pass Fee (inc. late-nite)	49	105	105	49	105	105	49	105	105	49	105	105
Clean Energy Fee	48	48	48	48	48	48	48	48	48	48	48	48
CAB Building Fee	276	276	276	276	276	276	276	276	276	276	276	276
WASH-PIRG	-	24	24	-	24	24	-	24	24	-	24	24
Sub-Total	583	688	702	583	688	702	583	688	702	583	688	702
Total Direct Costs	8,394	8,521	8,547	19,560	20,608	21,601	8,513	9,009	9,422	20,642	21,159	21,583
Dollar Change		127	26		1,048	993		496	413		517	424
Percent Change		1.51%	0.31%		5.36%	4.82%		5.83%	4.58%		2.50%	2.00%
Estimated Other Costs												
Books & Supplies	972	1,026	1,026	972	1,026	1,026	972	1,026	1,026	972	1,026	1,026
Loan Fees	126	120	120	126	120	120	126	120	120	126	120	120
Room & Board	9,000	9,492	9,492	9,000	9,492	9,492	9,000	9,492	9,492	9,000	9,492	9,492
Personal Needs	1,704	1,794	1,794	1,704	1,794	1,794	1,704	1,794	1,794	1,704	1,794	1,794
Transportation	1,224	1,296	1,296	1,224	1,296	1,296	1,224	1,296	1,296	1,224	1,296	1,296
Total Other Costs	13,026	13,728	13,728	13,026	13,728	13,728	13,026	13,728	13,728	13,026	13,728	13,728
Dollar Change		702	-		702	-		702	-		702	-
Percent Change		5.39%	0.00%		5.39%	0.00%		5.39%	0.00%		5.39%	0.00%
<i>Note: Estimate other costs are uniform estimates used for Washington financial aid purposes. These estimates are updated annually based on graduation student survey results.</i>												
TOTAL ESTIMATED COSTS	21,420	22,249	22,275	32,586	34,336	35,329	21,539	22,737	23,150	33,668	34,887	35,311
Dollar Change		829	26		1,750	993		1,198	413		1,219	424
Percent Change		3.87%	0.12%		5.37%	2.89%		5.56%	1.82%		3.62%	1.22%
Biennial Dollar Change			855			2,743			1,611			1,643
Biennial Percent Change			4.0%			8.4%			7.5%			4.9%