

THE EVERGREEN STATE COLLEGE
July 8, 2015

Executive Summary

TO: Board of Trustees

FROM: Thomas L. Purce, President

REFERENCE: 2015-17 Operating Budget Spending Plan

1) Administrative Recommendation

Approve the operating budget spending plan and policy changes described below.

Detail

Part 1: Approve the \$166,240,632 operating budget spending plan for all areas of the college for the 2015-17 biennium as outlined below.

College Spending Plan by Fund Type	2013-15 Budget	2015-17 Proposed Spending Plan
• State General Fund	\$35,722,000	\$47,329,000
• Education Legacy Trust Fund	5,450,000	5,450,000
• Tuition Revenue	63,346,941	60,196,232
• Local Dedicated Funds	15,312,424	15,238,400
• Grants & Contracts	9,816,463	9,850,000
• <u>Non-Budgeted Service/Auxiliary Funds</u>	<u>29,050,063</u>	<u>28,227,000</u>
TOTAL SPENDING PLANS	\$158,697,891	\$166,240,632

Part II: Approve the following policy changes:

For Student Tuition and Fee Adjustments:

- a) Decrease resident undergraduate tuition by 5% in 2015-16 and by 15% in 2016-17; and
- b) Increase non-resident undergraduate and resident graduate tuition levels 5% per year
- c) Increase non-resident graduate tuition levels 3% per year; and
- d) Increase the Student and Activities fee by 2% per year; 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 6% in 2015-16 and by 4% in 2016-17; and

For Adjustments to Base Budget:

- h) Increase classified staff compensation by \$814,000 over the biennium to reflect the collective bargained agreement that will raise classified compensation 3% effective July 1, 2015 and another 1.8% on July 1, 2016; and
- i) Increase faculty and professional staff compensation levels to reflect both collective bargained agreements for represented as well as non-represented exempt professional staff through a combination of permanent and one time strategies estimated at \$3,149,000; and
- j) Add \$750,000 per year to the base operating budget to expand student success and advising programs that lead to increased degree completion and energize Evergreen's distinctive educational experience; and
- k) Add \$ 934,000 to the base operating budget to ensure enrollments and revenues are sufficient to achieve the College's mission; and
- l) Add \$ 310,000 to the base operating budget to enhance recognition of Evergreen as an extraordinary institution locally, regionally, nationally, and globally; and
- m) Add \$334,000 to the base operating budget to support investment strategies to effectively employ technology, facilities and the natural attributes of our campus to enhance teaching, learning and community; and

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

- n) Adjust operating budgets campus-wide to reflect changes in pension and employee benefit rates; and
- o) Adjust the base budget to reflect changes in revolving fund payments; and
- p) 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;
- q) 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 2015-17 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 2015-17 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. 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:

This budget will positively impact college operations affecting virtually all activities on campus. This is a welcome relief given the annual budget retrenchment requirements beginning in 2009 and throughout the great recession.

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 \$166,240,632 operating budget spending plan for all areas of the college

For Student Tuition and Fee Adjustments:

2. Decrease resident undergraduate tuition by 5% in 2015-16 and by 15% in 2016-17; and
3. Increase non-resident undergraduate and resident graduate tuition levels 5% per year; and
4. Increase non-resident graduate tuition levels 3% per year; and
5. Increase the Student and Activities fee by 2% per year; 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 6% in 2015-16 and by 4% in 2016-17; and

For Adjustments to Base Budget:

9. Increase classified staff compensation by \$814,000 over the biennium to reflect the collective bargained agreement that will raise classified compensation 3% effective July 1, 2015 and another 1.8% on July 1, 2016; and
10. Increase faculty and professional staff compensation levels to reflect both collective bargained agreements for represented as well as non-represented exempt professional staff through a combination of permanent and one time strategies estimated at \$3,149,000; and
11. Add \$750,000 per year to the base operating budget to expand student success and advising programs that lead to increased degree completion and energize evergreen's distinctive educational experience; and
12. Add \$ 934,000 to the base operating budget to ensure enrollments and revenues are sufficient to achieve the College's mission; and
13. Add \$ 310,000 to the base operating budget to enhance recognition of Evergreen as an extraordinary institution locally, regionally, nationally, and globally; and
14. Add \$334,000 to the base operating budget to support investment strategies to effectively employ technology, facilities and the natural attributes of our campus to enhance teaching, learning and community.

Attachment B: Estimated Total Cost of Attendance for the 2015-17 Biennium

Tuition decreases: -5% Resident Undergraduate decrease in FY 2015-16 & another -15% decrease in FY 2016-17

Tuition increases: 5%/yr for Resident Graduate, & 3%/yr for Non-Resident Graduate.

Health & Counseling Fees would increase by 6% in 2015-16 and by another 4% in 2016-17

Housing is proposing a 2% per year increase and dining plans are estimated to increase 3.5% per year

Student Activities would increase 2% per year

	Resident Undergraduate			Non-Resident Undergraduate			Resident Graduate			Non-Resident Graduate		
	Current 2014-15 Levels	Forecast 2015-16 Levels	Forecast 2016-17 Levels	Current 2014-15 Levels	Forecast 2015-16 Levels	Forecast 2016-17 Levels	Current 2014-15 Levels	Forecast 2015-16 Levels	Forecast 2016-17 Levels	Current 2014-15 Levels	Forecast 2015-16 Levels	Forecast 2016-17 Levels
General Tuition & Manditory Fees												
Operating	6,968	6,620	5,627	19,500	20,475	21,498	7,930	8,326	8,743	19,685	20,276	20,884
Building	290	290	294	812	853	896	203	214	224	609	627	646
Student & Activities	587	599	611	587	599	611	587	599	611	587	599	611
Sub-Total	7,845	7,509	6,532	20,899	21,927	23,005	8,720	9,139	9,578	20,881	21,502	22,141
Per Credit Hour Equivalent	785	751	653	2,090	2,193	2,301	872	914	958	2,088	2,150	2,214
Other Manditory Fees												
Health & Counseling	249	264	276	249	264	276	249	264	276	249	264	276
Bus Pass Fee (inc. late-nite)	105	105	105	105	105	105	105	105	105	105	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	24	24	24	24
Sub-Total	702	717	729	702	717	729	702	717	729	702	717	729
Total Direct Costs	8,547	8,226	7,261	21,601	22,644	23,734	9,422	9,856	10,307	21,583	22,219	22,870
Dollar Change		(321)	(965)		1,043	1,090		434	451		636	651
Percent Change		-3.76%	-11.73%		4.83%	4.81%		4.61%	4.58%		2.95%	2.93%
Per Credit Hour Equivalent	855	823	726	2,160	2,264	2,373	942	986	1,031	2,158	2,222	2,287
Estimated Other Costs												
Books & Supplies	1,026	1,050	1,050	1,026	1,050	1,050	1,026	1,050	1,050	1,026	1,050	1,050
Loan Fees	216	216	216	216	216	216	354	354	354	354	354	354
Room & Board	9,492	9,492	9,492	9,492	9,492	9,492	9,492	9,492	9,492	9,492	9,492	9,492
Personal Needs	1,794	1,860	1,860	1,794	1,860	1,860	1,794	1,860	1,860	1,794	1,860	1,860
Transportation	1,296	1,350	1,350	1,296	1,350	1,350	1,296	1,350	1,350	1,296	1,350	1,350
Total Other Costs	13,824	13,968	13,968	13,824	13,968	13,968	13,962	14,106	14,106	13,962	14,106	14,106
Dollar Change		144	-		144	-		144	-		144	-
Percent Change		1.04%	0.00%		1.04%	0.00%		1.03%	0.00%		1.03%	0.00%
TOTAL ESTIMATED COSTS												
	22,371	22,194	21,229	35,425	36,612	37,702	23,384	23,962	24,413	35,545	36,325	36,976
Dollar Change		(177)	(965)		1,187	1,090		578	451		780	651
Percent Change		-0.79%	-4.35%		3.35%	2.98%		2.47%	1.88%		2.19%	1.79%
Biennial Dollar Change			(1,142)			2,277			1,029			1,431
Biennial Percent Change			-5.1%			6.4%			4.4%			4.0%