
Successful Pathways to Educational Opportunities at Evergreen

376 The Evergreen State College

Decision Package: PL-N0: Re-instate the 15% Budget Reduction

Budget Period: 2015-17

Budget Level: Policy Level

Agency Recommendation Summary Text

In order to meet the 15% state general fund budget reduction package in accordance with the June 13, 2014 directive from the Governor's Office of Financial Management Evergreen would need to make reductions at the expense of current access to higher education. To illustrate Evergreen would be required to either reduce enrollment equivalent to 630 FTE students or increase resident, undergraduate tuition equivalent to a 20% increase (\$1,450 increase). Although not reflected in the package, any increase in resident undergraduate tuition would also require the state to increase funding for the State Need Grant and College Bound Scholarship program to maintain pace with tuition increases. With either option enrollment levels will be significantly impacted.

As expected by the Legislature, throughout the last half decade of state budget cuts the college has prioritized enrollment and degree production efficiency at the expense of other college priority activities. Given the magnitude of this reduction coupled with cuts that have already been taken in other priority areas there is simply nowhere else to cut and still maintain enrollment levels. In addition, tuition has already increased over 70% during this same period coupled with the state's inability to fully fund state financial aid programs, making a 20% tuition increase an unrealistic option given Evergreen's public commitment to support low-income Washingtonians.

Given these realities and in order to maintain Evergreen's commitment to a quality education for current and any future students, the College requests that the 15% reduction amount be fully avoided.

Fiscal Detail:

Operating Expenditures	FY 2015-16	FY 2016-17	Total
001-1 State General Fund	\$3,230,100	\$3,198,150	\$6,428,250
149-6 Operating Fees	4,767,743	4,809,743	9,577,486
<i>Revenue Change</i>	\$7,997,843	\$8,007,893	\$16,005,736
FTE's	78.8	78.8	78.8
A - Salaries	4,934,671	4,934,079	9,868,750
B - Employee Benefits	1,679,549	1,679,347	3,358,896
C - Contracts	79,321	79,318	158,639
E - Goods & Services	1,178,682	1,161,865	2,340,547
G - Travel	47,985	48,927	96,912
J - Equipment	77,635	104,357	181,992
<i>Expenditure Change</i>	\$7,997,843	\$8,007,893	\$16,005,736

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Package Description

Background:

The current state of higher education in Washington is unsustainable. The combination of declining state funds for institutions and financial aid, rising tuition, increased demand for degree production and a needier student population has created an uncertain path forward for higher education.

Evergreen received nearly \$32 million in operating budget support in 2008-09. In 2012-13 state support for the College declined by approximately 44 percent to \$18 million. The state's portion of Evergreen's operational funding slipped from 62 percent to 38 percent during this time period. Despite a cumulative tuition increase of nearly 70% in this same period, Evergreen still sustained a net budget cut of nearly \$8 million (15 percent) affecting every area of the college, including a loss of 65 positions. The impact for the state and students was less academic support, reduced access to high demand programs, increased time to degree and increased indebtedness.

Recognizing the leadership over the last biennium to support the first investment above maintenance level funding since the beginning of the Great Recession, Evergreen experienced an increase in state funding of 5.2% in the 2013-15 biennium. Prior to this investment state funds represented 36% and tuition 64% of state funding for Evergreen; after this investment progress was made increasing the state's share to 38% and reducing the burden on students and families to 62%. Yet state funds and tuition, even with the enacted biennial budget, (\$55,199) remain far below the level of support received prior to the Great Recession (\$60,610), in FY2015 constant dollars,.

Though the state has continued its investment in student financial aid, the actual demand for aid has far exceeded the funding levels provided and potential policy changes at both the federal and state levels place future students' accessibility in question. Evergreen has experienced a 12% increase in the number of FAFSA applications received between 2010-11 and 2012-13. The State Need Grant makes up 97% of all state financial aid provided to Evergreen students. From 2010-11 to 2012-13 Evergreen experienced a 29% increase in the number of students eligible for the State Need Grant but un-served. Evergreen is also estimating an increase of 41% in the number of students served through the College Bound Scholarship program from 2012-13 to 2013-14.

Despite declines in per-student funding and an increase in financial need of Evergreen's students, the College is moving students through to degree attainment. Evergreen is a leader among Washington's public baccalaureate institutions in time to degree and credit efficiency. In addition, Evergreen leads Washington's comprehensive public baccalaureate institutions in four-year graduation rates. Furthermore eighty-one percent of all baccalaureate degrees awarded to Evergreen's Class of 2012 were earned by students who identify as traditionally underserved. More than 50% of all baccalaureate degrees awarded for the 2011-12 academic year were awarded to Pell Grant recipients. At the same time, Evergreen's high demand degrees increased by 10.3% between 2007-08 and 2012-13. Furthermore Evergreen's graduates are finding post-graduation success. The most recent alumni survey shows 78% of all alumni were employed one year after graduation from Evergreen and 21% are in graduate or professional school.

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Evergreen's increased productivity, despite state funding challenges, are occurring against a changing backdrop. Nationally over the next decade enrollment levels of students directly from high school are expected to decline and those who do graduate from high school will have a lower higher education participation rate. According to the Western Interstate Commission for Higher Education, Washington has experienced an 8.45% decline in high school graduates from 2009-10 to 2013-14 and is not expected to fully rebound until 2025-26 before small declines begin again. In Washington, public high school graduates are projected to grow increasingly diverse. Non-white graduates will increase from 27% (2008-09) to 35% by 2019-2020 and grow to 42% in 2027-28. However financial resources are expected to continue to be a growing barrier for students attending higher education and most non-white races/ethnicities are expected to continue earning below the statewide median income for Washington.

Current Situation:

In fall 2013, The Evergreen State College served 4,087 undergraduate students and 311 graduate students. Fifty-eight percent of incoming undergraduates were transfer students. Among all enrolled students, 32% were first generation college students, 25% were students of color, and 52% were low-income students (< 150% federal poverty level). Over three-quarters of Evergreen students received financial aid.

Evergreen is past the point of greater efficiency or further reductions to meet state funding levels. The current state of Washington higher education is unsustainable. Washington's public baccalaureate institutions rank in the top five nationally for degree completion and degree production despite ranking 49th in total per student funding (tuition and state support). This comes at a time when the state is demanding more degrees, especially in STEM, and student demographics are changing, increasing the College's service to students who require more service, not less.

Any further reductions to state support for Evergreen would reduce services and instruction available to future students and continues to put at risk the quality of education for current students who are already impacted by the nearly half-decade of state funding reductions and tuition increases to higher education in Washington. In addition tuition elasticity at the College has been nearly eliminated based on the student population Evergreen serves.

Proposed Solutions:

Throughout the last half decade of state budget cuts, the college has prioritized enrollment and degree production efficiency at the expense of other college priority activities. Given the magnitude of this reduction coupled with cuts that have already been taken in other priority areas there is simply nowhere else to cut and still maintain enrollment levels. In addition, tuition has already increased over 70% during this same period coupled with the state's inability to fully fund state financial aid programs making a 20% tuition increase an unrealistic option given Evergreen's public mission of supporting low-income Washingtonians. With either option enrollment levels will be significantly impacted.

Given these realities and in order to maintain Evergreen's commitment to a quality education for current

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and any future student, for any further cut levels the College would likely choose to reduce enrollment equivalent to 630 student FTE. Evergreen proposes no further reductions to the public subsidy level for Evergreen in order to avoid enrollment reductions.

Narrative Justification and Impact Statement

What specific performance outcomes does the college expect?

A decline in enrollment leading to a decline in the number of degrees produced. If further cuts were avoided Evergreen would maintain degree production performance levels

Performance Measure Detail

Overall performance would suffer as a result of an enrollment reduction equivalent to 630 FTE students. Alternatively, it is anticipated that given the student population served by Evergreen combined with the limited tuition elasticity, an increase in tuition would also reduce enrollment at the College. In general performance would decrease in terms of the number of degrees conferred and increase in time to degree. Avoiding further cuts to the base budget would not degrade the college's performance.

Is this decision package essential to implement a strategy identified in the college's strategic plan?

Yes, the college's strategic plan calls for sufficient funding to carry out Evergreen's public mission.

Reason for Change

To avoid a 15% reduction of state support to Evergreen.

Does this decision package provide essential support to one of the Governor's Results Washington priorities?

This package directly supports the goals identified in the Governor's Results Washington for a world-class education by providing access to an education that prepares Washingtonians for a healthy and productive life through the development and attainment of skills necessary to succeed in school, a career and in communities in the 21st century. In addition, this package would directly impact the goal set forth by the Washington Student Achievement Council to achieve the completion of a postsecondary credential by at least 70% of Washington adults, ages 25-44, by 2023.

This package would directly support 1.3a, 2.3, and 2.3a goals identified in Washington Results. This package would help maintain the number of students enrolled in STEM in the public baccalaureate sector and support the attainment of degrees to meet the 2023 goals identified in Washington Results.

What are the other important connections or impacts related to this proposal?

Research strongly supports that higher education provides multiple benefits to society including larger tax revenues, better health, less reliance on government social programs, decline in incarceration rates,

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and increased engagement in civic activities. In addition, avoiding reductions to higher education would not limit opportunities available to high school graduates to pursue the required post-secondary education for future employment and returning workers pursuing education to upgrade their skills.

Impact on Clients and Services:

This package would maintain the College's ability to meet student and industry demand for postsecondary degrees in Washington.

Impact on other state programs:

Continued funding to Evergreen at a fully funded maintenance level will likely have positive long-term impacts to the state because of the benefit gained to society from postsecondary education ranging from larger tax revenues to less reliance on government social programs. In addition, opportunities would continue to be available to high school graduates to pursue the required post-secondary education for future employment and returning workers pursuing education to upgrade their skills.

What alternatives were explored and why was this alternative chosen?

The nearly half decade of declining state support provides no other choices for Evergreen in meeting future state support reductions but to reduce enrollments. Evergreen has considered the decision to raise tuition to offset the 15% reduction targets. Based on the student population Evergreen serves and the need to maintain our commitment to current and future students to a quality education the College would likely choose to reduce enrollments.

What are the consequences of not funding this package?

If the 15% reduction is required then approximately 630 FTE students would be declined access. See decision package PL-M9 15% Budget Reduction for full explanation.

What is the relationship, if any, to the state's capital budget?

No direct relationship.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and Revenue Calculations and Assumptions

Revenue Calculations and Assumptions:

This package is based on full reversal of PL-M9 15% Budget Reduction decision package.

Expenditure Calculations and Assumptions:

Expenditure changes assume a full reversal of PL-M9 15% Budget Reduction decision package.

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Which costs and functions are one-time? Which are ongoing? What are the impacts in future biennia?

The avoidance of further budget cuts would be an on-going base budget decision.