

THE EVERGREEN STATE COLLEGE
July 5, 2014

Executive Summary

TO: Board of Trustees

FROM: Thomas L. Purce, President

REFERENCE: 2014-15 Operating Budget Modifications

1) Administrative Recommendation

Modify the previously approved 2014-15 operating budget by \$3,977,846 that amounts to a 7.3% net reduction in base operating resources:

| Summary of Change by Fund | July 2013 BOT Approved 2014-15 Budget | 2014 Legislative Supplemental | 2014 Enrollment Decline | Total Change to Previous Approval | Final Recommended 2014-15 Budget |
|---------------------------|---------------------------------------|-------------------------------|-------------------------|-----------------------------------|----------------------------------|
| Total State Funds | 20,552,000 | (597,000) | - | (597,000) | 19,955,000 |
| | | -2.90% | | | |
| Operating Fees | 34,268,084 | - | (3,380,846) | (3,380,846) | 30,887,238 |
| | | | -9.9% | | |
| Total | 54,820,084 | (597,000) | (3,380,846) | (3,977,846) | 50,842,238 |
| | | | <i>Percent Change</i> | <i>-7.3%</i> | |

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, implement a short list of college must-do expenses and the reduce the budget caused by enrollment downturns. These changes are necessary to enter into the 2014-15 fiscal year with a smaller expenditure plan that balances to projected revenue sources.
- b) Proposed by: Thomas L. Purce, President
- c) Purpose: To approve modifications to the 2014-15 operating budget spending plan.

3) Scheduling:

This approval will allow our internal financial system to be loaded with the necessary line item budget controls prior to the July month end cut-off.

- 4) Fiscal Impact:
Provides the spending plan adjustments to carry out legislative intent and reduce spending to reflect the drop in revenue collections associated with enrollment downturns.
- 5) Program Impact:
(see Attachment A, *2014-15 Budget Change Details* and Attachment B, *2014-15 Budget Reduction Recommendations*)
- 6) Legal Process:
The Office of Financial Management provides clear instruction to carry out the legal budgetary requirements. 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: 2014-15 Budget Change Details

Part 1: Implement the 2014 supplemental legislative budget policy changes totaling a decrease of \$597,000 in spending authority.

| 2014 Legislative Session Budget Policy Changes | Change Amount |
|---|----------------------|
| Workers Compensation | (20,000) |
| Central Services Changes | (2,000) |
| Self Insurance Premium | 16,000 |
| Information Technology Saving | (17,000) |
| Step M Technical Correction | 160,000 |
| AG Legal Services | 3,000 |
| Health Insurance Rates | (721,000) |
| Lean Budget Reductions | (131,000) |
| Central Services Efficiencies | (10,000) |
| WSIPP - Studies | 125,000 |
| Total Legislative Budget Changes | (597,000) |

Part II: Approve the release of a portion of the strategic initiative for a limited number of new must-do expenditures totaling \$376,172.

| Limited approval on new "must do" expenditures | Change Amount |
|---|----------------------|
| SaVE Act Compliance | 15,000 |
| Drug & Alcohol Ed/Prevention Prog. | 15,000 |
| Research Associated - Enroll mgmg. | 76,172 |
| Scholarship Software | 10,000 |
| Advancement Base Support | 260,000 |
| Total 'Must Do' adjustments | 376,172 |

Part III: Approve a reduction totaling \$3,380,846 in the 2014-15 base operating budget that is driven from a decline in student enrollment levels.

| Budget Reduction Strategies | Reduction Amount | % of Total | FTE Total | % of Total | # of Positions | % of Total |
|------------------------------------|-------------------------|-------------------|------------------|-------------------|-----------------------|-------------------|
| Enroll Decline Reserve | (615,254) | 18.2% | - | 0.0% | | |
| Strategic Investment Fund | (297,030) | 8.8% | - | 0.0% | | |
| Reductions in Faculty Lines | (1,239,112) | 36.7% | (16.24) | 53.2% | (32.00) | 53.3% |
| Non-Personnel Reductions | (249,474) | 7.4% | - | 0.0% | 0 | 0.0% |
| Vacancies | (406,156) | 12.0% | (7.10) | 23.3% | (11.00) | 18.3% |
| Potential Retirements | (303,100) | 9.0% | (2.58) | 8.5% | (5.00) | 8.3% |
| Full & Partial Layoffs | (270,720) | 8.0% | (4.58) | 15.0% | (12.00) | 20.0% |
| Total Reduction Plan | (3,380,846) | | (30.50) | | (60.00) | |

Attachment B: 2014-15 Budget Reduction Recommendations

11-Jun-14

Summary of Base Budget Reduction Plans

Budget Impact

| | |
|--|-------------|
| Total Shortfalls in College Revenues due to enrollment downturns | (3,380,846) |
| Strategies to balance the college budget: | |
| Less Enrollment Decline Hold Back | 615,254 |
| Contributions from Strategic Investment Fund | 297,030 |
| Less Faculty Line Reduction | 1,239,112 |
| Budget Reductions (see below) | 1,229,450 |

| Non Personnel Cuts | Division | Staff Cuts | # of Positions | Vacant , Retirement or Layoff | Full or Partial | Base Cut | Bridge | Notes |
|---|-----------|------------|----------------|-------------------------------------|-----------------|------------------|--------|---|
| General Operations - Budget Dean | Academics | - | | | | (18,000) | - | |
| Academic Field Trips/ILC Support | Academics | - | | | | (5,000) | - | |
| Academic Programs Support | Academics | - | | | | (40,000) | - | |
| Gallery (component of visual arts) | Academics | | | | | (47,235) | | Will be covered by other local fund sources |
| Transfer OA 3 Motor Pool | Finance | | | | | (6,004) | | Portion covered by other local fund sources |
| VP F&A Office - Salary and Benefits | Finance | | | | | (11,764) | | |
| licensing agreement eliminations | Finance | | | | | (19,352) | | |
| Take one service elevator off line at Library | Finance | | | | | (5,700) | | |
| Close Portables FY15 | Finance | | | | | (3,048) | | |
| Utility Savings | Finance | | | | | (31,592) | | |
| Eliminate memberships & subscription fees | Finance | | | | | (5,779) | | |
| Rental income from Geoduck House | Finance | | | | | (6,000) | | |
| Recreation & Athletics | Student | | | | | (50,000) | | |
| Sub-Total Non Personal Cuts | | | | | | (249,474) | | |

| Cuts to Vacant Positions | Division | Staff Cuts | # of Positions | Vacant , Retirement or Layoff | Full or Partial | Base Cut | Bridge | Notes |
|--|-----------|---------------|----------------|-------------------------------------|-------------------------------|------------------|-----------|--|
| Unobligated base | Academics | (0.43) | 1.00 | Vacant | Full | (24,194) | - | Actual cut of 1.0 classified. Portion of cut to LEAN efficiency program. |
| Library - Electronic Media | Academics | (0.17) | 1.00 | Vacant | Partial | (9,497) | - | Reduce vacant classified position from 12 to 10 months (summer) |
| HRS - Eliminate Project Position | Finance | (0.50) | 1.00 | Vacant | Full | (21,959) | | |
| Fiscal Analyst 3 position | Finance | (1.00) | 1.00 | Vacant | Full | (66,470) | | |
| Eliminate Space Analyst II Position | Finance | (1.00) | 1.00 | Vacant | Full | (79,014) | | |
| Eliminate 1.0 FTE Custodian 1 | Finance | (1.00) | 1.00 | Vacant | Full | (45,779) | | |
| SASS | Student | (1.00) | 1.00 | Vacant | Full | (40,000) | | |
| Reclass ITS 4 to a ITS 3 (Academic Computing) | Finance | | 1.00 | Reclass | | (8,092) | | |
| Reclassify from Custodian 4 to Custodian 3. | Finance | - | 1.00 | Reclass | | (4,151) | | |
| Registration & Records | Student | (1.00) | 1.00 | Vacant | Full | (57,000) | | |
| Recreation & Athletics | Student | (1.00) | 1.00 | Vacant | Full | (50,000) | | |
| Sub-Total Cuts to Vacant Positions | | (7.10) | 11.00 | | | (406,156) | | |
| | | | | | | | | |
| | | | | | | | | |
| Assumed Retirements & Voluntary Contract Reductions | Division | Staff Cuts | # of Positions | Vacant , Retirement or Layoff | Full or Partial | Base Cut | Bridge | Notes |
| Library - Public Services | Academics | (0.15) | 1.00 | Retirement | Full | (10,433) | (27,928) | Position will not be refilled. Portion of position funding to be used for internal reorganization. |
| Library - Public Services | Academics | (0.10) | 1.00 | Voluntary Contract Reduction | Voluntary .1 FTE reduction | (67,227) | (50,420) | Remainder of cut funded by salary recaptures |
| Finance & Administration | Finance | (1.00) | 1.00 | Retirement | Full | (105,995) | (105,995) | |
| Budget Office & Diversity Affairs | President | (0.50) | 1.00 | Retirement | Partial | (38,925) | (80,000) | |
| Washington Center | Academics | (0.83) | 1.00 | Retirement | Full | (80,520) | (35,679) | Reduces co-directors from 2 to 1. |
| Sub-Total Cuts to Assumed Retirements | | (2.58) | 5.00 | | | (303,100) | | |

| Full or Partial Layoffs | Division | Staff Cuts | # of Positions | Vacant , Retirement or Layoff | Full or Partial | Base Cut | Bridge | Notes |
|---|-----------|----------------|----------------|-------------------------------|--|--------------------|------------------|--|
| Secretarial Support | Academics | (1.00) | 1.00 | Layoff | Full | (49,056) | (12,264) | |
| Science Operations | Academics | (0.33) | 4.00 | Layoff | 4 Partial | (21,580) | (21,850) | reduction of 3 classified, 1 exempt from 12 to 11 mo. contracts (summers) |
| Performing & Media Arts Operation | Academics | (1.25) | 4.00 | Layoff | 1 Full, 3 Partial | (75,623) | (18,906) | Reorganize 3 full-time, 12 month classified positions into 2 full-time, 11 month contracts (will likely require layoffs resulting from re-organization) and reduce 1 exempt position from 12 to 11 mo. |
| Tacoma | Academics | (0.50) | 1.00 | Layoff | Eliminate 1.0 classified create new half time classified | (30,335) | (7,584) | |
| Library - Photo Services | Academics | (0.50) | 1.00 | Layoff | Eliminate 1.0 Classified, create new .5FTE classified | (29,126) | (17,282) | Eliminate Academic Position and transfer some portion of funds to re-configure the photographer function within College Advancement to support marketing and advancement |
| Fundraising & Marketing | Advance. | (1.00) | 1.00 | Layoff | Full | (65,000) | | |
| Sub-Total Cuts to currently filled positions | | (4.58) | 12.00 | | | (270,720) | | |
| | | | | | | | | |
| Grand Total Reduction Plan | | (14.26) | 28.00 | | | (1,229,450) | (377,908) | |
| | | | | | | | | |