



THE EVERGREEN STATE COLLEGE

June 12, 2008

Executive Summary

TO: Board of Trustees

FROM: Thomas L. Purce, President

REFERENCE: 2009–2011 Operating Budget Request

1.) Administrative Recommendation

Approve the 2009-2011 Proposed Supplemental Operating Budget Request as summarized below:

2009-11 Operating Budget	FTE Employees	Biennial Amt. SGF & Tuition	% Above Current Funding
Current Operating Budget Level	630.0	108,344,000	
<u>Current Authorized Level Adjustments</u>	<u>-</u>	<u>477,000</u>	
09-11 Current Authorized Level Budget Request	630.0	108,821,000	0.4%
Maintenance Level Adjustments:			
Tacoma Lease Increase		61,187	0.1%
Fire Contract Increase		167,529	0.2%
Utility Rate Increase		741,560	0.7%
Total Maintenance Level Requests		970,276	0.9%
09-11 Policy Requests:			
Employee Recruitment and Retention	10.75	6,606,697	6.1%
Student Recruitment and Retention	11.50	2,576,271	2.4%
Basic Infrastructure & Institutional Capacity	<u>11.50</u>	<u>3,923,975</u>	<u>3.6%</u>
Total Policy Requests	33.8	13,106,943	12.1%
TOTAL 09-11 OPERATING BUDGET REQUEST	663.8	122,898,219	13.4%

2.) Explanation:

- a) Present Policy: The proposed 2009–11 legislative operating budget request is one element of a set of efforts to correct our core funding structure to a reasonable, sustainable and competitive level. At the May 2008 work session the Board reviewed the preliminary information regarding the new six-year performance agreement legislation as well as the detailed components in the college's 2009–11 operating budget request and enrollment growth plan. The details of the operating budget request will be converted into the required decision package format for the biennial operating budget request submittal to the Governor's Office of Financial Management on September 2, 2008.

The college will likely continue to face significant pressure on the core budget in the ensuing biennium given that state revenues are projected to decline below levels necessary to fund current services levels. We also assume that the Legislature will be interested in advancing the newly adopted state master plan goals for increased degree production at a time when some of our baccalaureate institutions are facing under-enrollment conditions due the flattening of K-12 populations and the drop in transfer students from community colleges. Evergreen is fortunate in that we continue to be in demand and will exceed our budget enrollment levels primarily due to the increase in yield for freshmen students.

At the same time faculty at all of the comprehensive institutions and at Evergreen have all recently formed collective bargaining units, with Evergreen's faculty being the last to organize. Evergreen's collective bargaining team is making constructive progress in developing our first faculty union-management agreement, but we will not reach ratification of a final agreement until well after the Board has approved our 2009–11 operating budget request.

This budget request has been constructed within this fiscal and political context. In an effort to help simplify the college's message there are now new requests for funding for new substantial initiatives. Although we are requesting a 50 FTE enrollment increase each year of the 2009–11 biennium, our request will be structured to focus on correcting core funding shortages before addressing other expressed state-wide budget priorities such as substantial increases in our degree production capabilities and in designing new programs to substantially increase the K-12 pipeline.

The recommended action delineates the essential elements necessary to improve our basic core funding structure with a particular emphasis on improving our salary conditions for our faculty and staff. There are no material changes to the request initiatives presented and reviewed by the Board in May. Our policy recommendation is to request legislative support to increase our funding level to address:

- Recruitment and Retention of our Faculty and Staff
- Recruitment and Retention of our Students
- Basic Infrastructure and Institutional Capacity

Although we are recommending the above mentioned policy initiative framework the final documents may require modification due to continued work towards developing a higher education agenda through:

- The Council of President's work to develop a COP common legislative agenda.

- The Governor's Priorities of Government policy work to further provide guidance on higher education investment priorities.
- The Higher Education Coordinating Board's work to implement the recently adopted master plan for higher education in their 2009-11 operating budget recommendations for higher education, and
- The performance agreement development framework that will be staffed by the Higher Education Coordinating Board later this summer.

At this point we do not assume that these additional processes will materially change the underlying details of our request submittal. If, however, any material modifications to this request become necessary as a result of those processes we will ask the board to consider approving a modified biennial budget request at a subsequent board meeting. The development of a final performance agreement recommendation will require Board of Trustees approval next Fall prior to the November final submittal to the Governor.

When the state's final budget is set next Spring, we will return to the Board seeking approval of an operating budget spending plan for the ensuing biennium.

b) Proposed by: Thomas L. Purce, President

c) Purpose: To approve the 2009–11 Operating Budget Request to be forwarded to the Governor and Legislature.

3.) Scheduling:

Upon approval of the proposed 2009–11 Operating Budget Request, staff will finalize preparation of the necessary documentation for submission of the college's operating budget request that is due to OFM on September 2, 2007.

4.) Fiscal Impact:

The Legislature will determine a final budget policy that will establish the level for state funding for our operating budget and the state need grant program for the 2009-11 biennium. We also expect that the legislature will establish the parameters for tuition and fee increase authorities for governing boards. Together, these policy frameworks can hopefully provide the necessary state and local fiscal resources to address our most pressing fiscal priorities.

5.) Program Impact:

The funding increases requested in this recommendation would address significant college concerns regarding the lack of adequate state funding levels to support college operations. Adequate compensation levels for faculty and staff and basic funding sufficient to maintain and serve our current budgeted levels continue to be our highest college priorities.

6.) Legal Process:

Washington State Law and the Board's Delegation of Authority require that the Board formally approve the college's legislative operating budget requests.

7.) Staff Review:

_____ Executive Assistant to the President

_____ Executive Director of Operational Planning and Budget

Draft 2009-11 Operating Budget Request Highlights

Priority 1: Full funding to annualize legislative authorized cost increases and mandatory rate adjustments.

A. Current Authorized Level Adjustments **\$554,303 GF-State**

To back out one-time funding for legislative studies and to provide the necessary adjustments to “biennialize” legislative authorized incremental additions in the current biennium such as enrollment growth, salary increases and employee benefit rates.

B. Maintenance Level Adjustments **\$970,276 GF-State**

To request funds to pay for the increased costs of utilities, our recently negotiated fire protection agreement and anticipated increases in lease rates for our Tacoma program.

Priority 2: Adequately fund faculty and staff recruitment and retention requests

A. Competitive Salaries & Legal Mandated Benefits **\$4,187,696 GF-State**

This request would create a multi-biennium approach to address the non-competitive compensation levels of our faculty and professional staff. If funded, this plan would fully catch our compensation levels up to the 75thile of our peer institutions over the next three biennia.

Peer Faculty Salary Analysis

2006-07 PEER AVERAGE	\$67,635	75 th ile of PEERS	\$70,592
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Amount and Percent Behind Peer Institutions

	Behind the Average		Behind the 75 th ile	
	Amount	%	Amount	%
Central Washington University	4,701	7.47%	7,659	12.17%
Eastern Washington University	6,585	10.79%	9,542	15.63%
The Evergreen State College	9,562	16.47%	12,520	21.556%
Western Washington University	4,281	6.76%	7,238	11.43%

Exempt Professional Staff Analysis

2006-07 CUPA HR and local (ERI & Milliman) salary survey data shows that exempt staff pay is at 47thile of the market median rate overall. The median exempt professional salary is \$48,072. This median professional salary level is 6% behind the market median rate of \$50,956. There are some 24 exempt profession staff positions that are compensated below 90% of the market median pay. A number of professional staff positions are as much as 20% behind the market median pay rate for the position. There is severe compression and inversion between some exempt professional staff and the classified positions. The cost to correct this compression alone is \$162,000. The exempt compensation goal is to pay staff on average at the market 50thile by the end of the next three years.

B. Improve our Labor Relations Infrastructure ***\$625,000 GF-State***

To request funds to add programs and services to improve our overall labor relations infrastructure including 2 labor and employment relations officers, a faculty union management position, a faculty hiring officer and a employee benefits manager.

C. Enhancements to Employee Programs ***\$376,000 GF-State***

To request increases for faculty sponsored research, travel, sabbaticals and summer institutes and to increase our level of support for staff development.

D. Human Resource Management System ***\$1,418,000 GF-State***

To request funds to complete our efforts to replace all of our large computer applications. We have already implemented the Banner SCT student and finance systems. If this request is funded we would implement the SCT Banner Human Resource system completing the final step of our plan to full integrate all of our administrative applications.

Priority 3: Adequately fund student recruitment and retention requests

A. Enrollment Growth ***\$942,000 GF-State***

To request funds to support enrollment growth of 50FTE student each year next biennium.

B. Student Recruitment ***\$1,129,271 GF-State***

This request would make targeted investments to improve our yield to enrollment in our student recruitment efforts by increasing the level of student tuition waivers This plan would also add resources for increased recruitment materials and would add a dedicated recruitment program for our Tacoma and a for our graduate programs.

C. Student Retention ***\$390,000 GF-State***

This request focuses on supporting students by adding 2 full time staff positions for our 1st year studies students and by adding a new staff position to support our graduate students in our MES and MPA programs.

D. Diversity ***\$115,000 GF-State***

Funds would be added to those allocated in the current biennium to establish a permanent diversity and equity standing committee and establish a new half time CARE network coordinator position.

Priority 4: Adequately fund basic infrastructure and institutional capacity requests

A. Campus Safety ***\$1,320,000 GF-State***

This request would continue on making our campus safer by improving our police officer communication systems, adding a mental health counselor, adding a dedicated emergency response coordinator, school mapping and by implementing a robust new mass notification system.

B. Diversify Revenue Streams

\$441,975 GF-State

As state resources for higher education continue to shrink, we request that the state assist the college by providing funding to establish long-term programming to cultivate and develop partnerships to advance the work of the college. We are requesting the college's advancement activities be increased by 5 positions to improve and diversify the college's resources for student, faculty and staff recruitment and retention purposes.

C. Adding/Upgrading Administrative Computer Applications

\$550,000 GF-State

We are requesting funds to address several smaller but important administrative computer applications including enterprise reporting, email storage, campus one-card systems, maintenance management system, content repository, print management and a computer license and hardware management inventory system.

D. Basic Equipment Replacements

\$124,000 GF-State

This request would provide a stable equipment replacement fund for our new Center for Creative and Applied Media facility and our phonathon program.

E. Staffing Re-configurations and additions

\$663,000 GF-State

This request would move 3 facilities maintenance positions onto the state operating budget and would add an ITS5 position in Network Services. This request would also provide funding to allow the college to reclassify several staff positions to improve our overall effectiveness without the need to add whole new positions.

F. Inflation, Offsetting Revenue Loss and Building Capacity

\$825,000 GF-State

This request is for funds to address the highest priority basic infrastructure shortfalls such as network bandwidth, back-up systems for our administrative server platforms, increased costs of institutional memberships and general inflation in Library book and journal acquisitions. This request would also add a half-time support position in student affairs administration and a full-time position to support the increased expectation for data analysis and research.