

**MEETING OF THE BOARD OF TRUSTEES
OF THE EVERGREEN STATE COLLEGE**

March 11-12, 2003

Trustees Attending:

Sandra Ayesh
Deborah Barnett
Stanley Flemming
David Lamb (March 11 only)
Karen Lane
Merritt Long
Marilee Roloff

Absent: Bill Frank, Jr

Representatives to the Board: Amy Cook, Faculty Representative

Staff Present:

Jim Beaver, Director of College Relations
John Carmichael, Administrative Assistant to the President/Recording Secretary
to the Board of Trustees
Art Costantino, Vice President for Student Affairs
Ann Daley, Vice President for Finance and Administration
Michel George, Director of Facilities Services
Joye Hardiman, Director of the Tacoma Program
Edie Harding, Director of Governmental Relations
Frank McGovern, Vice President for College Advancement and Executive
Director of the Evergreen State College Foundation
Walter Niemiec
Thomas L. Purce, President
Brian Price, Academic Dean
Enrique Riveros-Schäfer, Vice President for Academic Affairs and Provost
Mike Segawa, Director of Housing
Steve Trotter, Executive Director of Operational Planning and Budget
Bill Zaugg, Administrative Assistant for Budget

Others Attending:

Howard Fischer, Senior Assistant Attorney General
Ruthann Kurose

Tuesday, March 11, 2003

Chair Flemming called the meeting to order at 10:15 a.m. at The Evergreen State College Tacoma Campus (1210 6th Avenue).

Legislative Update

President Purce said that members of the board had been active in working on the institution's behalf during the legislative session. Director of Government Relations, Edie Harding, provided an update on legislative issues. Ms. Harding said that President Purce had hosted three dinners for legislators. Trustee Flemming attended a dinner for House members. Trustee Barnett attended a dinner for Senators. Local area legislators attended a basketball game on campus. Trustee Ayesh had a confirmation hearing in the Senate.

Ms. Harding said that the legislature had not yet agreed to a supplemental operating budget for the current fiscal year. The current proposals would reduce Evergreen's operating budget by approximately \$71,000 for the current fiscal year. Operating budget proposals for the 2003-2005 biennium are expected after the March 19 revenue forecast.

The House capital budget proposal is expected in late March. The Evans-Gardner proposal, put forth by former governors Evans and Gardner, would fund new construction and preservation projects by increasing the money available in the state capital program over the next ten years by approximately \$1.7 billion. Ms. Harding said that several legislators in the House have expressed interest in requiring higher education institutions to produce a single prioritized list of capital projects.

Ms. Harding said that the governor's tuition policy bill would give Boards of Trustees and Regents authority to set tuition without limit for all categories of students except resident undergraduate, for which the legislature would define an upper limit. The policy would expire in six years.

Ms. Harding described other pending legislation, including bills providing a surcharge for students with more credits than necessary to graduate, bills affecting tuition waivers, proposals for additional high-demand enrollments, and proposals for accountability and performance measures or studies. Other bills would affect smoking in residence halls, the Open Public Meetings act, and filtering software on library computers. Ms. Harding closed by reviewing the agenda for the March 26 legislative higher education day.

Preparation for interim re-accreditation visit

Provost Enrique Riveros-Schafer said that the Commission on Colleges and Universities of the Northwest Association of Schools and Colleges will conduct a regular interim visit in the fall. In preparation for the visit, the college is preparing a written report documenting work done in response to recommendations that the commission made during their 1998 visit. Academic Dean Brian Price serves as the college's accreditation liaison officer and is coordinating the preparation of the report.

Dr. Price said that he has completed a second draft of the full report and expects the final draft to be about 100 pages long. He said that the report highlights the hard work, common purpose and cross-divisional collaboration going on at the college. Dr. Price said that work in response to the commission's recommendation regarding general education includes work on a guide to summative self-evaluations increased attention to cross-divisional programs, summer faculty institutes and the development of assessment tools to monitor general education in the curriculum

The Financial Futures Group is leading work on developing alternative sources of revenue. Dr. Price said that the group had been inundated with suggestions from the campus and has identified several ideas to put on a fast track, including the development of a Continuing Education program. Progress on the college's enrollment management strategy can be demonstrated by earlier closing dates for admissions applications, a new web site and new publications. Work on improving student retention includes the fall "Beginning the Journey" program, targeted academic advising, and enhanced programs for first-year students. Some progress can be documented in improving levels of faculty compensation relative to benchmarks.

Vice President Frank McGovern reviewed several of the revenue-generating ideas currently under consideration by the Financial Futures Group. Trustee Long suggested that the group consider offering a series of classes on strategies for diversifying revenue and reducing costs. Trustee Lamb suggested that staff provide new trustees with a high-level timeline of accreditation and planning milestones.

Break

The board recessed for lunch at noon. No business was conducted over lunch. Chair Flemming called the meeting to order at 1:06 p.m.

Budget planning update

Steve Trotter, Executive Director of Operational Planning and Budget, provided an update on the college's budget planning process. He said that the budget planning process began with a debriefing of

the previous year's process. Currently, the College Budget Council (CBC) is accumulating information and reports to be used in formulating a recommendation. Information coming to the CBC includes the identification of unavoidable new expenses to be incorporated in the budget for next biennium and an accounting of reserve funds that can be carried-forward or used for one-time expenditures. In addition, the CBC will receive from the Financial Futures Group a report on potential new efficiencies and sources of revenue and the investments that may be necessary to realize these potentials. President Purce said that the governor's budget proposal assumes that trustees would raise tuition by nine percent in each year of the next biennium to offset most of the governor's proposed budget reduction for higher education. In addition, the governor's budget includes a budget reduction for assumed "efficiencies" in non-instructional areas.

Tacoma program update

Dr. Joye Hardiman introduced students in the Tacoma program, who welcomed the board and led the Trustees in a workshop using the Tacoma program's digital video production equipment.

Financial Affairs Strategic Indicators

President Purce said the implementation of the Banner finance system will allow the college to provide enhanced financial reporting. Working in support of the board's goals for the year, staff have discussed strategic indicators that could be useful to the board in carrying out its fiduciary duty.

Vice President Ann Daley described key concepts included in the concept of fiduciary duty. She then reviewed the "Budget 101" document that Steve Trotter prepared to provide the campus with an overview of the college's sources of revenue and the college's four major budgets: operating, capital, auxiliary, and grants & aid. The operating budget relies on state appropriations (60%) and tuition (40%). Eighty percent of the operating budget is spent on salaries and benefits. The capital budget for the current biennium is dominated by the Seminar II construction project. The grants & aid budget is made up of federal, state, and local financial aid programs, combined with academic and other grants and indirect reimbursements. The auxiliary budget includes Housing, Food Services, Conference Services, Bookstore, Parking, Services and Activities (S&A) fees and other self-supporting enterprises.

Ms. Daley discussed auxiliary budgets. To substantially increase revenues from Conference Services, the college will have to address issues related to the assignment of space so that rooms can be reserved for conference further in advance during the academic year. In the Bookstore, 40 percent of books are returned to the publisher each quarter. Bookstore staff are working with a group of faculty to identify strategies for ordering books more efficiently. The long-term goal for all the auxiliaries is to find ways that they can contribute to the overall financial health of the college.

Ms. Daley described the college's policy for allocating indirect costs. The portion of grant revenue earmarked for indirect costs pays for one accounting position. The money is also used to fund a one-year reserve for that position. Twenty percent of any remaining money is distributed to the library, 70 percent to the division that generated the grant, and 10 percent to the Provost's office for grant support. Evergreen's current indirect rate for federal grants is 55 percent. That rate will be in effect through 2007. The rate varies on other grants. The college distributed \$210,000 dollars by this formula in 2002.

Ms. Daley invited the trustees to suggest ways of improving the reporting format for strategic financial indicators. Trustee Lane suggested that the State Need Grant be identified separately in the Grants and Aid budget, since it has been a frequent focus of attention. Trustee Lamb asked that future reports showing trends in tuition and aid make clear the relationship between rising tuition and increases in the State Need Grant program. Trustee Lane asked whether any professional associations have developed generally recognized benchmarks that can be used to gauge the financial status of a public college.

Parking Construction Capital Project

Vice President Ann Daley said that the board would be asked to approve a construction project to expand parking lots B and C and to resurface the Mod parking lot. The board will also be asked to approve the award of a construction contract for the project. The college is required to increase the number of parking spaces as a condition for opening the Seminar II building. At the same time, the college has an opportunity to re-surface the Mod parking lots. The project will increase the number of parking stalls without increasing the size of the current lots and will also reduce the amount of impervious surface through the use of a "green" parking system in a portion of the project. Trustees Flemming, Lamb and Ayesh asked about the decision to use pervious paver blocks in the project.

Ms. Daley said that the project would be financed from two sources. Several years ago, the college increased parking fees to create a reserve fund in anticipation of this work. That fund currently has \$340,000 available, approximately half the cost of the project. The remaining cost would be funded through an intra-institutional loan to the parking operation, possibly using the cash available during the initial years of the Child Care Center Certificate of Participation repayment. Parking revenues are sufficient to re-pay approximately \$75,000 annually.

Wednesday, March 12, 2003

At 9:15 a.m. Trustees Barnett, Flemming, Lane and Roloff toured the Seminar II construction site. At 10:25 a.m. Chair Flemming called the meeting to order in the Room 3112 of the Daniel J. Evans Library Building, with Trustees Ayesh, Barnett, Flemming, Lane, Long and Roloff in attendance.

Capital Projects Update

Vice President Ann Daley said that she anticipated giving the Child Care Center contractor a notice to proceed in mid-March. The sale of the Certificate of Participation to fund the project is scheduled for April 8.

Director of Facilities Michel George said that the Seminar II project remains on schedule. Change orders to date are well within the delegated authority. Mr. George briefly described the change orders accepted and rejected to date.

Mr. George said that Facilities staff are working on approximately 75 capital projects, most of which are scheduled to finish by the end of the biennium. He said that he anticipated needing to carry approximately \$16 million in capital funding into the next biennium, and the college has requested the necessary re-appropriation authority.

Mr. George also discussed the planned use of pavers in the parking lot expansion project. Mr. George described factors that could lead to the failure of pavers and steps taken to avoid such problems.

Housing Rates for 2003-2005

Vice President for Student Affairs Art Costantino said that the board would be asked to approve Housing rates for the next biennium at the May board meeting. In anticipation of that request, Dr. Costantino and Director of Housing Mike Segawa described factors leading to the recommendation for a rate increase. Mr. Segawa said that the board would be asked to approve a five percent rate increase for each year of the 2003-2005 biennium. Factors driving the rate increase include utility rate increases, a new administrative software system in Housing and increases in student wages. Also, the rate increase should allow Housing to build a cash reserve to undertake more deferred maintenance. Before recommending the increase, Housing staff reviewed Housing rates and planned increases at other public institutions. The staff also surveyed rates in the local rental market. Students will have an opportunity to comment on the recommendation before the board is asked to approve the recommendation in May.

Dr. Costantino also discussed the six-year income history of Housing. He noted that the income history includes all spending, including spending on capital projects. As a consequence, years in which Housing undertook major deferred maintenance projects show as significant dips in income. In 1998, sprinklers were installed in many of the buildings. In 2000, aging roofs were replaced.

Vice President Costantino said that when Housing bonds are retired in a few years, the college will have an opportunity to consider expanding Housing. He said that most Student Affairs professionals estimate that a campus should have approximately one-third of its student body living on campus to maintain a vital student life program for residential students. Evergreen currently has approximately one-quarter of its students living on campus.

Summer Tuition

Vice President Enrique Riveros-Schafer, Academic Dean Don Bantz, and Associate Vice President Walter Niemiec joined the board to discuss summer tuition rates for 2003. Dean Bantz said that the recommendation before the board followed the historical policy of keeping summer tuition in line with tuition during the regular academic year. Last year's summer quarter was the most successful to date in terms of head count, credit enrolled, and revenue. After tuition is set, President Purce will be asked to adjust the salary schedule for faculty teaching in summer.

Fundraising Update

Vice President for College Advancement Frank McGovern introduced Jim Beaver, Director of College Relations. Mr. McGovern said that Mr. Beaver previously owned a marketing and consulting firm whose clients included higher education institutions. Mr. Beaver said that his work plan includes an internal communications audit, an external communications audit, and a comprehensive marketing plan for the college.

Mr. McGovern said that gifts to the Annual Fund in the current fiscal year total 81 percent of the \$300,000 goal, and are 37 percent more than at the same point in time a year ago. With four months remaining in the fiscal year, gifts to all funds total 82 percent of the \$1.2 million goal and are 35 percent more than the total at the same time a year ago.

Mr. McGovern noted that college and foundation endowments have lost value during the fiscal year. Mr. McGovern said that the Foundation endowment is managed by the University of Washington. Ann Daley said that the privately raised portion of the college endowment is managed by Merrill Lynch and that the publicly funded portion of the endowment is invested in the state's Local Government Investment Pool. The Board of Trustees previously authorized staff to transfer management of the privately raised portion of the college endowment to the University of Washington, but that the UW is currently unwilling to accept the additional investment. The loss in value in the endowment means that some individual endowment accounts are insufficient to support the scholarships or other programs that they would normally fund. Approximately \$75,000 would be required to fund these programs from other sources. To date, donors have committed \$15,000 for this purpose and two other donors have been asked to make commitments that would make up the remainder of the shortfall.

Collective Bargaining and Civil Service Reform

Vice President Ann Daley said that staff are working to develop a recommendation for the board on how to handle collective bargaining. Under the new state law, higher education institutions may choose to participate through the governor's office in collective bargaining with general government, may choose to bargain on their own, or may develop agreements with other higher education institutions for the purpose of joint bargaining. In the four-year sector, the University of Washington and Western Washington University have decided to bargain on their own. Staff at the governor's Office of Financial Management

(OFM) have said that, if higher education institutions participate in bargaining with general government, OFM will control all the institutions funds, both state appropriations and local funds, including tuition.

Ms. Daley said that there could be several advantages for Evergreen in participating in the governor's bargaining effort, given the location of the college in the state capital, the fact that the college has only one bargaining unit, and the resources that would be required should the college decide to bargain on its own. Ms. Daley said that she continues to have discussions with OFM and with the newly established state Office of Labor Relations to better understand this option.

Break

Chair Flemming announced that the board would break for lunch and that no business would be conducted over lunch. The board reconvened at 1:10 p.m.

Chair's Report

Chair Flemming asked Trustee Lane to report on the February 26 meeting of the Joint Governing Boards' working group. Ms. Lane said that the group had planned to organize in support of the Evans-Gardner proposal for enhancing the capital budget for higher education. Ms. Lane said that next steps for the group remain to be determined.

Dr. Flemming said that on February 14, the presidents and chairs of the governing boards of the higher education institutions met with the governor at his request. The meeting focused on the governor's interest in creating an academic trust account to support institutions of higher education.

On March 6, Dr. Flemming attended a meeting at which the state auditors reported on their annual audit of the college. Dr. Flemming said that the auditors' reported no major findings in any of the areas they examined.

President's Report

President Purce said that Alumni Representative Bonnie Marie and Staff Representative Kirk Talmadge were unable to attend the meeting. He invited Amy Cook to report as Faculty Representative. Dr. Cook said that faculty are in the process of reviewing the college's Reduction-In-Force Policy.

President Purce said that the college had many legislative contacts since the January meeting. In addition to the activities with Trustees reported earlier, the president and college staff had testified at several legislative hearings. President Purce said that he made at least 30 individual visits to legislators, and that Edie Harding had made many more.

President Purce said that at the request of the union, Vice President Art Costantino continues to review the college's policy for arming police officers. Dr. Costantino expects to make a recommendation to the president in the spring.

President Purce said that he had talked with students individually and in groups about the prospect of war in Iraq. The college is taking steps to provide resources for the campus, including resources for students called to serve, students studying abroad, and students contemplating study abroad. At the same time, the college seeks to provide opportunities for dialogue on the war and related issues.

Student Trustee's report

Trustee Ayesh said that the law club at the Tacoma campus is using Service and Activities funds to send students to LSAT preparation classes. Applications are due April 11 for students planning to graduate in June. A number of students in the Tacoma program may be affected by troop deployments. Ms. Ayesh said that she is in the preliminary stages of setting up an Islamic Women's Fund for Undergraduate Education at Evergreen.

Determination of Quorum

Chair Flemming determined that the a quorum was present with Trustees Ayesh, Barnett, Lane, Long and Roloff attending.

Approval of minutes

Motion Ms. Lane made a motion to approve the minutes of the meetings of November 12-13,
#3-01-03 January 7-8 and February 28. The motion was seconded by Ms. Barnett and passed on a voice vote.

Approval of parking lot construction contract

Vice President Ann Daley recommended that the board approve a project to add 354 spaces to parking lots B and C and to improve the Mod parking lot and that the board also approve the award of a construction contract to Fox Island Construction for the amount of \$628,262.53. Director of Facilities Michel George provided examples of projects where paver block systems had been successfully installed.

Motion Mr. Long made a motion to approve the parking lot project and the award of the
#3-02-03 construction contract to Fox Island Construction for \$628,262.53. The motion was seconded by Ms. Roloff and passed on a voice vote.

Setting Summer Tuition Rates

Provost Enrique Riveros-Schafer recommended that the board approve increasing tuition rates for summer 2003 by 14 percent to match the increase in tuition for the academic year.

Motion Ms. Lane made a motion to approve increasing the summer school tuition rates by 14
#3-03-03 percent for summer 2003. The motion was seconded by Ms. Roloff and passed on a voice vote.

Student Employment Resolution

Chair Flemming read proposed Resolution 2003-02 (attached) recognizing the contributions of the student employment program.

Motion Ms. Barnett moved adoption of Board Resolution 2003-02 regarding student
#3-04-03 employment. The motion was seconded by Ms. Ayesh and passed on a voice vote.

Resolution in support of the Evans-Gardner proposal

Chair Flemming read proposed resolution 2003-3 (attached), expressing support for the Evans-Gardner capital budget proposal.

Motion Ms. Lane made a motion to approve Board Resolution 2003-03 in support of the Evans-
#3-05-03 Gardner proposal. The motion was seconded by Ms. Barnett and passed on a voice vote.

Resolution to indemnify college employees

Chair Flemming asked Howard Fischer, Senior Assistant Attorney General, to describe Board Resolution 2003-04. Mr. Fischer said that President Purce and Steve Huntsberry, Director of Police Services, have

been sued in small claims court on allegations of false arrest and excessive force arising from an arrest by campus police. Both employees have requested defense by the Office of the Attorney General. The AG's office approved the request, finding that the employees were acting in good faith within the scope of their employment. By adopting Resolution 2003-04, the board would authorize indemnification of the employees and concur in the Attorney General's determination to provide defense. Chair Flemming read proposed resolution 2003-04 (attached).

Motion Mr. Long made a motion to adopt Board Resolution 2003-04 authorizing
#3-06-03 indemnification of college employees. The motion was seconded by Ms. Lane and passed on a voice vote.

Public Comment

Chair Flemming opened the meeting to public comment. No one came forward to offer comment.

Adjournment

Motion Ms. Roloff moved adjournment. The motion was seconded by Ms. Barnett. Dr.
#3-06-03 Flemming adjourned the meeting at 2:35 p.m.


Stanley L.K. Flemming, D.O., M.A., Chair


Marilee K. Roloff, Secretary

Attachments: Resolution 2003-02 regarding student employment
Resolution 2003-03 regarding the Evans-Gardner proposal
Resolution 2003-04 regarding indemnification of college employees