



June 1, 2020

To: David Schumacher, Director Office of Financial Management

From: Holly Joseph, College Budget Officer

Attached is the requested spreadsheet illustrating possible impacts of a 15% reduction in general fund support to The Evergreen State College. As you probably expect, we are unable to be very specific at this early stage. Identifying cuts at this level would require extensive engagement with the Board of Trustees, which would have the final say on any cuts, and the college's constituents, including students, staff, faculty, and community members. In the absence of such consultation, we necessarily must keep the exercise at a high level.

The attached spreadsheet shows a general reduction to salary and benefits, as well as goods & services, travel and equipment. Eighty-five percent of Evergreen's budget is in personnel (salary and benefits), therefore 85% of the potential reduction in general fund support is shown as a reduction in salary and benefits. If there were a reduction in general fund support for Evergreen the Washington Institute for Public Policy (WSIPP) would also reduce their general fund budget by the same percentage.

In addition to the spreadsheet exercise, you might find the following information helpful.

1. Enrollment. Reductions in state general fund support would lead to a decrease in college enrollment.

As you know, the college has been responding to reduced enrollment levels for several years. The college has already made significant budget reductions to recognize reduced enrollment revenue and to invest in changes intended to rebuild future enrollment.

Revenue loss this spring associated with the COVID pandemic compounds this problem. We expect CARES Act relief funds to make up for less than half of the COVID-related loss. For FY21, the college is planning a 10% reduction in its operating budget, independent of any proposed change in state general fund support.

Reductions in state general fund support would require cuts in programs and services that our students depend on. We anticipate that this would lead to further enrollment reduction and threaten achievement of the state's attainment goals set by the Student Achievement Council. Eighty-four percent of Evergreen students identify with one or more populations historically underserved by higher education. Over 50% of our students are low-income.

2. Compensation. Reductions in state general fund support would lead us to seek wage concessions from represented staff. In response to enrollment-related budget reductions, the college's executive team is voluntarily reducing their salaries by 10%. Evergreen is already approaching its unions to negotiate impacts on compensation and staffing in the current collective bargaining agreements. Fully 85% of the college's

operating budget is dedicated to staff and faculty compensation. Further budget reductions driven by loss of state support would require us to seek further wage concessions, including further staff reductions.

3. Tuition. For the purposes of this exercise, we have assumed that current tuition policy remains in effect. As you know, the inflation factor applied to tuition under this policy does not adequately reflect actual cost increases driven by state labor agreements, benefits contracts, and central service charges.
4. Central Service Charges. If faced with significant reductions in state general fund support, we would ask for some relief from increases in central service charges.

Please let me know if you have any questions or need additional information.

Budget Savings Options 2020

Dollars in Thousands

Agency: The Evergreen State College - 376

Agency Priority H, M, L	Program/Activity	GF-S				Other Funds				FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)
		FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20				
H	Employee Compensation (Salary and Benefits)		4319	4319	4319						To be determined	To be determined	General Reduction to Salary and Benefits	This wage concession will require negotiation with represented employees.	
H	Goods & Services, Equipment, Travel		762	762	762								Reduction in goods & services, equipment and travel		

Priority:
 L = Low priority agency activity or program
 M = Medium priority agency activity or program
 H = High priority agency activity or program

Impact:
 1 = Allows continuation of the program/activity at a reduced level
 2 = Eliminates the ability to perform program objectives
 3 = Eliminates agency function
 4 = Long term implications (moves the problem to next biennium)
 5 = Short term (reduction to one time increase)