



the  
evergreen  
state  
college

August 2012

Mr. David Schumacher, Director  
Office of Financial Management  
Insurance Building  
PO Box 43113  
Olympia, Washington 98504-3113

Subject: July 1 Contingency Planning Considerations

Dear Mr. Schumacher

As you have requested, The Evergreen State College is submitting the College's initial assessment of contingency strategies should the Legislature fail to approve a biennial budget prior to July 1, 2013. As you are aware most higher education services are funded from locally collected non-appropriated, non-budgeted activities as reflected in the following table:

Operating Budget Funds 001, 08A and 149	Funding Proportions	
	Non-Appropriated Funds	Appropriated Treasury Funding
Program 010 - Instruction	65%	35%
Program 020 - Research	100%	0%
Program 030 - Public Service	65%	35%
Program 040 - Primary Support	65%	35%
Program 050 - Libraries	65%	35%
Program 060 - Student Services	65%	35%
Program 080 - Institutional Support	65%	35%
Program 090 - Plant Maintenance & Operations	65%	35%
<b>Capital Budget Funds 057 &amp; 066</b>		
Capital Project Activity	0%	100%
<b>Other local non-appropriated non-allotted accounts</b>		
Fund 148 Local Dedicated Activity	100%	0%
Fund 145 Grants and Contracts	100%	0%
Fund 440 Stores Funds	100%	0%
Fund 448 Printing and Duplicating	100%	0%
Fund 450 Other Facilities Fund	100%	0%
Fund 522 Associated Students Fund	100%	0%
Fund 524 Bookstore Fund	100%	0%
Fund 528 Parking Fund	100%	0%
Fund 573 Housing, Dining and Conferences	100%	0%
Fund 846 Grants-in-Aid	100%	0%
Fund 849 Student Loan Fund	100%	0%
Fund 859 College Endowments	100%	0%
Fund 860 Guaranteed Student Loan Fund	100%	0%

Given this funding context and our initial review of the legal frameworks available to the college, we believe that the college should continue to operating normally beginning July 1 given our limited dependence on appropriations that would not be available from state appropriations. This is particularly true during the summer where the college provides students with summer session educational opportunities that are funded entirely from student fee collections that are accounted for in our fund 148 locally dedicated activity. All the other non-appropriated, non-allotted activities such as housing, bookstore, and parking, are all 100% funded by non-appropriated resources and can continue to operate as normal.

We can also utilize local fund balances to float costs on the operating budget, at least through the summer, until such time the Legislature makes appropriations. As you can see in the table above local revenues account for 65% of the operating budget where the remaining 35% flows to the college from state appropriations maintained at the state treasury. Given this unique funding structure the college can strategically shift the historical monthly funding distributions for our operating funding so that we only spend local cash in the beginning of the next academic year and we can then make larger state appropriation expenditures later once the Legislature concludes a state budget. Keep in mind that since local summer session revenues support 100% of the direct instructional costs and that since we have local fund balances to cover other college costs Evergreen can continue to operate through at least the summer months through careful management of both expenditure and local fund cash flows.

However, Evergreen's capital budget is funded 100% from legislative appropriations maintained at the State Treasury. We would not be in a position to move forward with any capital budget financed project until a final legislative budget is approved. We are hopeful that the Legislature will adopt a policy that will allow all re-appropriation related activities to move forward as intended. As you know these re-appropriations are necessary to complete projects already approved by the Legislature and we really don't have options to either suspend payment or slow these projects down.

Regarding your questions about grants and contracts we have two types of grant-related issues we would like to bring to your attention. At the moment we are unclear of how these might be affected by the absence of an appropriation act.

First we have current grants and contracts with the following state agencies on or after July 1.

- Sustainable Prisons Project with the Department of Corrections for the period of 7/1/12 through 6/30/14 --- \$494,348 total.
- Sustainable Prisons Project with the Department of Fish and Wildlife for the period of 10/1/10 to 12/31/13 ---\$73,098
- Children's Center grant with the Washington State Student Achievement Council for the period of 9/1/12 through 8/31/13 --- \$20,750
- Washington State Institute for Public Policy contract with DSHS Juvenile Justice program for the period of 7/1/13 through 12/1/13 --- \$75,282

There are also two types of federal grants that require matching funds that might also be affected.

- GEAR UP has a minimum 100% match requirement through cash and in-kind services. Some of this match is in the form of salaries from individuals funded from the operating budget and we assume that we could meet this matching requirement if we backfill tuition funding rather than state funding in the short term.
- We also have two active federal grants that require matching funds. Both the AmeriCorps and the Washington Campus Compact VISTA grants require a direct match from the college. As mentioned above we are assuming that we can backfill tuition funding rather than state funding in the short term.

Finally, we are hopeful that we can all find a way to honor recently negotiated collective bargaining agreements. Evergreen has three such agreements that all start at the beginning of the next fiscal year. We realize that for all employee groups other than our classified employees, there isn't a requirement for legislative approval. However, the statute governing civil service employee collective bargaining agreements requires a specific legislative authorization before we can move forward with implementation, regardless of the Legislature providing an appropriation to fund those negotiated changes. Differential implementation dates for certain employee groups would be problematic in terms of managing employee morale.

We look forward to working with you to support higher education's role in meeting the goals of the state and serving Washingtonians well. Please let us know if you have any questions regarding this initial response concerning contingency planning for college operations should the Legislature fail to adopt a 2013-15 biennial budget prior to July 1, 2013. Please contact Steve Trotter, Executive Director of Operational Planning and Budget with any questions you or your staff have concerning this matter. He can be reached at [trotters@evergreen.edu](mailto:trotters@evergreen.edu) or you can call him at (360) 867-6185.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas L. Purce". The signature is fluid and cursive.

Thomas L. Purce  
President