



Enrollment and Budget Update

August 28, 2017

From **John Hurley**, Vice President for Finance and Administration and **Wendy Endress**, Vice President for Student Affairs

Dear Faculty and Staff,

A decline in enrollment, coupled with mandates and limitations from the legislature, mean we face an overall budget shortfall of \$2.1 million out of our roughly \$60 million annual budget this fiscal year. We are writing to explain these challenges and outline how Evergreen will respond to them.

Legislative decisions and enrollment decline

It took the state legislature three special sessions to approve an operating budget for 2017-19, much longer than usual, making it difficult for the college to make plans for its own budget. In the end, the legislature approved 2 percent annual cost-of-living increases for state employees through 2019, with the first in effect July 1, 2017. (These increases have already been negotiated with some of our represented employees and are still being negotiated with others.)

COST-OF-LIVING INCREASES



The legislature also approved resident undergraduate tuition increases for Washington state baccalaureate institutions at 2.2 percent for 2017-18 and 2 percent for 2018-19. The Evergreen Board of Trustees has approved these tuition increases, along with a 5 percent increase for all other categories of student tuition.

The legislature did not fully fund the cost-of-living increases, however, and the specified tuition

increases will not cover the remaining costs associated with these pay increases. This part of the shortfall amounts to \$1.009 million.

\$1.009 MILLION
BUDGET SHORTFALL
IN COST-OF-LIVING INCREASES

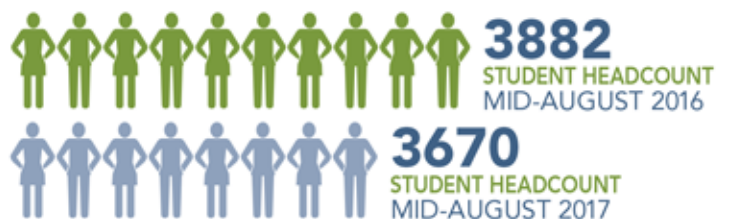
212
FEWER
STUDENTS

Meanwhile, our 2017 fall registration as of mid-August is 212 students fewer than at this time in 2016. While **resident** undergraduate numbers remain relatively steady, we have seen a decrease in **nonresident** student numbers, which has a disproportionate impact on tuition revenue and the budget. Out of the 212 fewer students, 210 are nonresident.

In 2016-17 the average annual full-time enrollment (AAFTE) was 3,922. In 2017-18 the AAFTE is anticipated to be 3,713. We anticipate the decline to continue into 2018-19 to perhaps as low as 3,600.

The shortfall in funding for the cost-of-living increases, combined with rising costs of operations, and the continuing decline in enrollment, produce an overall budget shortfall of \$2.1 million for the fiscal year that started on July 1, 2017. This creates the need for significant budget cuts in the immediate future.

STUDENT REGISTRATION



A stalled capital budget: impact on Evergreen

As of today, the legislature still has not approved a capital budget, which deprives the college of funds badly needed for the maintenance and improvement of our facilities. A large percentage of our facilities employees are paid via the capital budget. The college can cover these costs for some time, but not indefinitely. Some employees—including project managers—work on projects funded via the capital budget. With no budget in place, these projects cannot proceed.

Due to this, 17 facilities staff members received temporary layoff notices in late July. Some notices were rescinded as we try to use scarce local dollars to keep people employed. We are doing all we can to avoid laying off any of these valued employees. However, if the capital budget crisis at the state level continues indefinitely, layoffs will become impossible to avoid.

Those of you who are interested in the issues that have resulted in the failure to pass a capital budget can find a brief explanation in this [Seattle Times article](#).

Looking forward: balancing Evergreen's priorities

The college's budget coordinators are working very hard to identify where reductions can be made and senior leadership is working on a process for making decisions about these cuts. We will continue to work with Evergreen's Budget and Resource Advisory Committee to keep them informed. We will have to make painful choices in the coming weeks and months and we welcome your ideas and input into ways money can be saved or revenue enhanced.

In a college where 89 percent of the operating budget is in salaries and benefits, it is impossible to reduce the budget by substantial amounts without giving up positions. In anticipation of this, we will soon be announcing a hiring freeze.

As we make the adjustments needed to absorb the shortfall, work continues to renew the college and rebuild enrollment. We must continue our efforts to make Evergreen a student-ready college. Our work in equity and inclusion is an important step in this process. Faculty are working through academic planning structures to provide a curriculum that better meets the needs and interests of our students. We are expanding our marketing and communications work to reach more prospective students, explain the value of an Evergreen education, and reinforce understanding of the positive impact we have on the economic, social and cultural life of our region.

As we know more, we will share more about enrollment, the operating and capital budgets, and the decision-making process. In the meantime, questions and suggestions can be directed to one of the budget coordinators listed below.

Andy Corn, *Student Affairs*

Holly Joseph, *Finance & Administration*

Abby Kelso, *Advancement Services & Alumni Programs*

Dave Kohler, *Business Services*

Walter Niemiec, *Academic Budget & Financial Planning*

Thank you for your engagement and patience as we work to guide the college through these challenges.

John Hurley

Vice President for Finance & Administration

Wendy Endress

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