

WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Brent Carbajal, Provost and Vice President for Academic Affairs
Becca Kenna-Schenk, Executive Director of Governmental Relations,
President's Office
Ted Castro, Interim Director, Budget Office

DATE: August 23, 2019

SUBJECT: **APPROVAL OF 2020 SUPPLEMENTAL OPERATING BUDGET REQUEST**

PURPOSE: Action item

Purpose of Submittal:

In preparation of the 2020 legislative session, Western must submit its supplemental operating budget request in mid-September. This is a request for Board approval to submit a \$1,925,000 decision package for Transitioning Peninsulas Programs to State Support, a \$347,000 maintenance level decision package for Alignment of Information Technology Salaries, and an \$185,000 maintenance level decision package for Addressing Impacts from Proposed Changes to State of Washington's Overtime Rules.

More details on each of these requests are included in the supporting documentation.

Proposed Motion:

MOVED that the Board of Trustees of Western Washington University, upon the recommendation of the President, approves a \$1,925,000 decision package for Transitioning Peninsulas Programs to State Support, a \$347,000 maintenance level decision package for Alignment of Information Technology Salaries, and a \$185,000 maintenance level decision package for Addressing Impacts from Proposed Changes to State of Washington's Overtime Rules. Please note that the supplemental budget request is for a single fiscal year. If approved, the amount will be adjusted in the next biennial budget process to a full two year biennial total. With concurrence of the Board Chair, the President may make adjustments to the approved budget request in response to subsequent instructions from the Office of Financial Management, to advance consistency among the submissions of Washington's six public baccalaureate institutions, or other adjustments as appropriate.

Supporting Information:

See attached supporting information.

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SUPPORTING INFORMATION
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**SUBJECT: SUPPORTING INFORMATION FOR BOARD APPROVAL OF THE
2020 SUPPLEMENTAL OPERATING BUDGET REQUEST**

Overview

The three proposals pending approval by the Board of Trustees to be submitted to the Office of Financial Management (OFM) for the 2020 Supplemental Operating request are:

1. Transitioning Peninsulas Programs to State Support
2. Alignment of Information Technology Salaries
3. Addressing Impacts from Proposed Changes to State of Washington's Overtime Rules

Proposal #1 – Transitioning Peninsulas Programs to State Support

Western has a strong commitment to operating programs on the Kitsap and Olympic peninsulas, tailored specifically to those communities. Currently, five colleges operate a total of eight programs on the peninsulas, listed below:

- College of Business and Economics
 - Bachelor of Arts in Business Administration
- College of Humanities and Social Sciences
 - Bachelor of Arts in Multidisciplinary Studies
- College of Science and Technology
 - Bachelor of Science in Cybersecurity
- Huxley College of the Environment
 - Bachelor of Arts in Environmental Policy
 - Bachelor of Science in Environmental Science
- Woodring College of Education
 - Bachelor of Arts in Early Childhood Education
 - Bachelor of Arts in Education with Endorsements in Special and Elementary Education
 - Master of Education in Educational Administration

Two of these programs - Cybersecurity and Early Childhood Education - have been funded by the State. The others are self-sustaining programs.

Western's interest in expanding programming on the peninsulas is well documented, however Western needs support from the State to do so for two reasons: first, the stability offered by state funding allows for hiring of permanent faculty and staff, bringing stability to the programs and making them more attractive to potential students; second, tuition costs are substantially less for students in state-supported programs. The operating fee for such programs (for students enrolled in between 10-18 credits) is \$2,076 per quarter for 2019-20 and \$2,781 including fees. This compares to a quarterly cost of \$4,785 in tuition and fees for a self-sustaining program at 15 credits.

It is important to highlight that expanding programming on the peninsulas fits well with Western's strategic plan. The themes of Washington Impact and Inclusive Success both call for expanding access to the Western education embodied in Academic Excellence, the other theme. The specific goals of Place and Equity and Justice also are met more fully through this expansion of access.

Transitioning all programs away from the self-sustaining model is the first stage in a multi-stage approach to expansion on the peninsulas, and this move cannot be accomplished simply through increased tuition revenues and reallocation of University resources. By lowering tuition costs through State support, Western's programs will be more affordable for place-bound students in the peninsulas, which will support increased enrollment in current programs. This increase will in turn enhance Western's presence and visibility on the peninsulas, leading to increased interest in Western as the university of choice for such students.

The cost to transition all six programs on the peninsulas in a sustainable and robust way is estimated at \$2,425,000 for FY21. This estimate includes salary and benefits for seven tenure-track faculty, approximately seven and a half FTE non-tenure track faculty, and 14 FTE exempt and classified staff (most of whom are currently employed at Western and are funded on self-sustaining sources). It also includes budget for goods and services, travel, and building expenses. Current enrollment in Western's self-sustaining programs on the peninsulas is approximately 120 students, generating approximately \$500,000 in tuition revenue. Therefore, the total amount Western recommends to request is \$1,925,000 in state funding.

Proposal #2 – Alignment of Professional/Exempt Information Technology Salaries

On July 1, 2019, Washington State Human Resources, with approval from the Washington State Legislature, implemented the IT professional structure which impacted 78 Classified employees at Western Washington University.

State HR describes the IT professional structure as "...the general civil service classification and compensation structure specific to the state's information technology workforce. This structure was developed to:

- Ensure enterprise and organizational alignment and equity
- Improve opportunities for career growth
- Keep pace with the rate of information technology industry change
- Improve the state's ability to benchmark work internally and externally"

Western received State appropriations in the 2019-21 operating budget as part of its overall compensation funding to address direct salary changes resulting from this new structure. However, after reviewing all of Western's IT positions to identify internal pay inequities resulting from the reclassification, it is determined that total costs for these needed adjustments exceed appropriations provided by the State. To ensure appropriate salary alignment and equity across all IT positions, and to assist in the retention and recruitment of talented IT staff, Western proposes a funding request in order to comprehensively fund salary adjustments resulting from the State's IT professional structure. While the analysis is not finalized, Western has an initial estimate for the proposal of \$347,000 in recurring funding, comprised of increases in salary and benefit costs.

Proposal #3 – Addressing Impacts from Proposed Changes to State of Washington's Overtime Rules

The Washington State Department of Labor and Industries (L&I) has filed a proposed rule that would update the state's overtime regulations and render more employees eligible for overtime benefits. Currently, Washington employers are using the federal threshold to calculate overtime eligibility. The federal threshold exempts employees making over \$455 a week or about \$24,000 per year from overtime requirements. The proposed changes would require the minimum salary received by exempt workers to increase incrementally to 2.5 times the state minimum wage by 2026. Labor & Industries is updating the rules through a rulemaking process and have offered multiple public hearings across the state with the last hearing occurring August 15, 2019. The Personnel Officers of the Public Colleges and Universities of Washington State (IPOC), in which Western has representation, has sent feedback to L&I on anticipated impacts and, if a rule change moves forward, suggestions for implementation.

Western employs over 400 professional staff, many of which are in positions that have seasonal fluctuations in work level or other factors requiring weekly hours exceeding 40. If this rule change is implemented as currently proposed, Western anticipates incurring prohibitive costs in overtime that cannot be absorbed within existing budget. Using conservative assumptions, the estimated cumulative fiscal impact to Western over the entire six-year implementation timeline is approximately \$3,040,000 for state-funded salaries, with an estimated impact of \$185,000 in the 2021 fiscal year and increased amounts thereafter. This proposal requests funding from the state to ensure the rule can be implemented without significant fiscal impacts.

The total request for this proposal is \$185,000 in recurring funding for increased salary and benefit costs, with increased recurring amounts to be requested through the biennial budget process.

With the Board's approval, Western will move forward on these proposals to the Office of Financial Management in the September 2019 Supplemental budget process.