

**Western Washington University
Board of Trustees
Agenda
June 11, 2009**

THURSDAY, June 11, 2009

**Location: OM 340
Time: 3:00 p.m.**

**I. CALL TO ORDER
3:00 – 3:05**

2. SPECIAL REPORT ON THE BUDGET

A. 2009-11 Operating Budget

3:05 – 3:15 Presentation: Bruce Shepard, President
Paula Gilman, Exec. Director for University Planning & Budgeting

B. Direct Consequences of Budget Reductions

3:15 – 3:30 Presentation: Dennis Murphy, Provost & VP for Academic Affairs
Eileen Coughlin, VP for Student Affairs & Academic Support

Services

Kathy Wetherell, Interim VP for Business & Financial Affairs

C. Tuition and Financial Aid

3:30 – 3:40 Presentation: Paula Gilman, Exec. Director for University Planning & Budgeting
Eileen Coughlin, Vice President for Student Affairs & Academic

Support

Services

D. 2009-11 Capital Budget

3:40 – 3:50 Presentation: Kathy Wetherell, Interim Vice President for Business & Financial
Affairs

Renee Roberts, Director of Capital Budget

3:50 – 4:45 Discussion

**3. EXECUTIVE SESSION MAY BE HELD TO DISCUSS PERSONNEL, REAL ESTATE, AND
LEGAL ISSUES AS AUTHORIZED IN RCW 42.30.110.
4:45 – 5:00**

Western Washington University
Proposed 2009-10
State Operating Expenditure Budget - By Planning Units

	A	B	C	A+B+C = D
State Operating Budget (Net Tuition and State Appropriations)	2008-09 Operating Budget (includes benefits and carry forward adjustments)	2009-10 Reductions	2009-10 New or Required Investment	Proposed 2009-10 State Operating Budget
Provost/Other Programs	8,624,197	(435,398)	27,140	8,215,939
College of Humanities and Social Sciences	14,988,373	(749,419)		14,238,954
College of Sciences and Technology	11,210,252	(562,005)		10,648,247
Huxley College of the Environment	3,168,814	(157,097)		3,011,717
College of Fine & Performing Arts	4,501,489	(231,693)		4,269,796
College of Business & Economics	6,803,803	(340,190)		6,463,613
University Libraries	5,635,935	(281,852)		5,354,083
Fairhaven College of Interdisciplinary Studies	1,816,161	(90,805)	6,000	1,731,356
Woodring College of Education	5,614,869	(280,743)		5,334,126
Office of Research & Sponsored Programs	368,699	(18,435)		350,264
Graduate Studies	1,805,429	(90,271)		1,715,158
Employee Benefits for Academic Units (estimated)	18,716,026	-	1,931,920	20,647,946
Academic Units Total	83,254,047	(3,237,908)	1,965,060	81,981,199
Information/Telecommunication Services	6,356,402	(636,535)	12,500	5,732,367
University Relations	986,653	(70,333)	86,000	1,002,320
President	1,858,090	(130,067)		1,728,023
Institutional Accounts	8,014,316	(476,156)	-59,000	7,479,160
Students Affairs / Academic Support Services	7,301,599	(511,932)		6,789,667
Business and Financial Affairs	13,860,354	(843,735)	80,180	13,096,799
University Advancement	2,383,307	(169,209)	82,000	2,296,098
Employee Benefits for Non-Academic Units (estimated)	4,067,653	-	424,080	4,491,732
Non-Academic Units Total	44,828,374	(2,837,967)	625,760	42,616,166
University State Operating Budget	128,082,421	(6,075,875)	2,590,820	124,597,365
Budgeted Contingency Reserve	0	-	3,201,664	3,201,664
Revised Total	128,082,421	(6,075,875)	5,792,484	127,799,029

Note: Reductions are based on average unit reductions of 5% for Academic Units; 10% for Information & Telecommunications; and 7% for all other units.

Western Washington University
State Operating Budget - State Appropriations and Tuition
Summary of Estimated Revenue, Expenditures and Fund Balances

	2007-09 Biennium		Proposed 2009-11 Biennium		Estimated
	2007-08 Actuals	2008-09 Estimated	2009-10 Budget	2010-11 Budget	2011-12 Budget
BEGINNING FUND BALANCE	15,339,605	15,618,841	16,512,258 *	6,617,638 *	2,466,096
REVENUE					
State Appropriations					
General Fund-State	66,774,000	64,450,000	43,141,000	52,752,000	52,752,000
Education Legacy Trust Account	5,110,000	6,735,000	6,518,000	6,518,000	6,518,000
Federal Stimulus	-	-	8,885,000	-	-
Education Construction Account	1,807,000	1,807,000	1,807,000	1,807,000	1,807,000
Tuition					
Gross Tuition Operating Fees - 12,175 FTE	60,381,459	65,208,347	69,449,766	76,547,400	79,864,052
Gross Tuition Operating Fees - 170 FTE Over-Enrollments	-	-	969,730	1,068,834	1,115,145
Other					
Interest Income on Tuition Operating Fee Revenue	852,133	646,873	447,000	493,000	408,500
Administrative Services Assessment	976,643	1,081,160	1,233,163	1,472,114	1,710,386
Transfer In	1,061,300	652,881	665,939	679,258	692,843
TOTAL REVENUE	136,962,536	140,581,261	133,116,598	141,337,606	144,867,926
TOTAL AVAILABLE RESOURCES	152,302,141	156,200,102	149,628,856	147,955,244	147,334,021
EXPENDITURES (USES)					
<u>Salaries, Wages, Benefits</u>					
Classified	20,060,698	20,921,010	19,855,181	19,691,010	19,563,357
Exempt	18,847,260	20,322,703	20,063,437	19,903,961	19,779,959
Faculty	38,368,093	42,111,068	42,805,934	42,279,009	42,022,062
Graduate Assistants	2,001,701	2,141,304	2,124,531	2,107,728	2,094,663
Student Salaries	1,547,316	1,487,867	1,505,906	1,494,230	1,485,152
All Fringe Benefits	24,618,379	22,995,272	23,990,120	23,743,454	23,595,960
<u>Goods Services & Travel</u>					
Communications	1,126,094	911,668	922,721	915,567	910,001
Utilities	5,489,435	5,291,091	5,355,241	5,313,721	5,281,436
Rentals and leases	1,421,813	1,717,398	1,738,221	1,724,744	1,714,265
Printing Services	805,240	728,105	736,932	731,219	726,776
Insurance	311,678	254,086	257,166	255,172	253,622
Travel (in-state and out-of-state)	1,353,298	957,953	969,567	962,050	956,205
Other Goods & Services	4,064,102	5,752,342	3,969,060	4,579,464	4,151,515
<u>Capital Outlay</u>					
Computer Equipment & Software	1,005,984	643,479	651,281	646,232	642,305
Library Resources	1,966,626	1,994,839	2,019,025	2,003,371	1,991,199
Capitalized/Non-Cap Furnishings, Equipment, Software	1,406,362	881,130	891,813	884,898	879,522
<u>Other Expenditures</u>					
Budgeted Institutional Contingency Reserve	-	-	3,201,664	4,926,679	6,076,939
3.5% Loan Fund on Operating Fee	2,127,579	2,287,696	2,464,682	2,716,568	2,835,270
2009-11 Legislative Requirement for Additional Financial Aid			480,423	994,476	994,476
Tuition Waivers	6,912,497	7,570,172	8,300,452	8,913,222	9,190,297
Scholarships, Fellowships, Professorships, etc.	81,839	119,995	121,449	120,508	119,776
Debt Services, Depreciation, Bad Debt	580,725	140,552	122,740	121,788	121,048
Transfers Out	2,586,582	458,117	463,672	460,077	457,281
TOTAL EXPENDITURES (USES)	136,683,300	139,687,844	143,011,218	145,489,148	145,843,086
ENDING FUND BALANCES	15,618,841	16,512,258	6,617,638	2,466,096	1,490,935
TOTAL EXPENDITURES & FUND BALANCE	152,302,141	156,200,102	149,628,856	147,955,244	147,334,021

NOTES:

*For FY 2010 and FY 2011 institutional fund balances are budgeted to offset state budget reductions: \$6.3M in 09-10 and \$2.3M in 10-11.

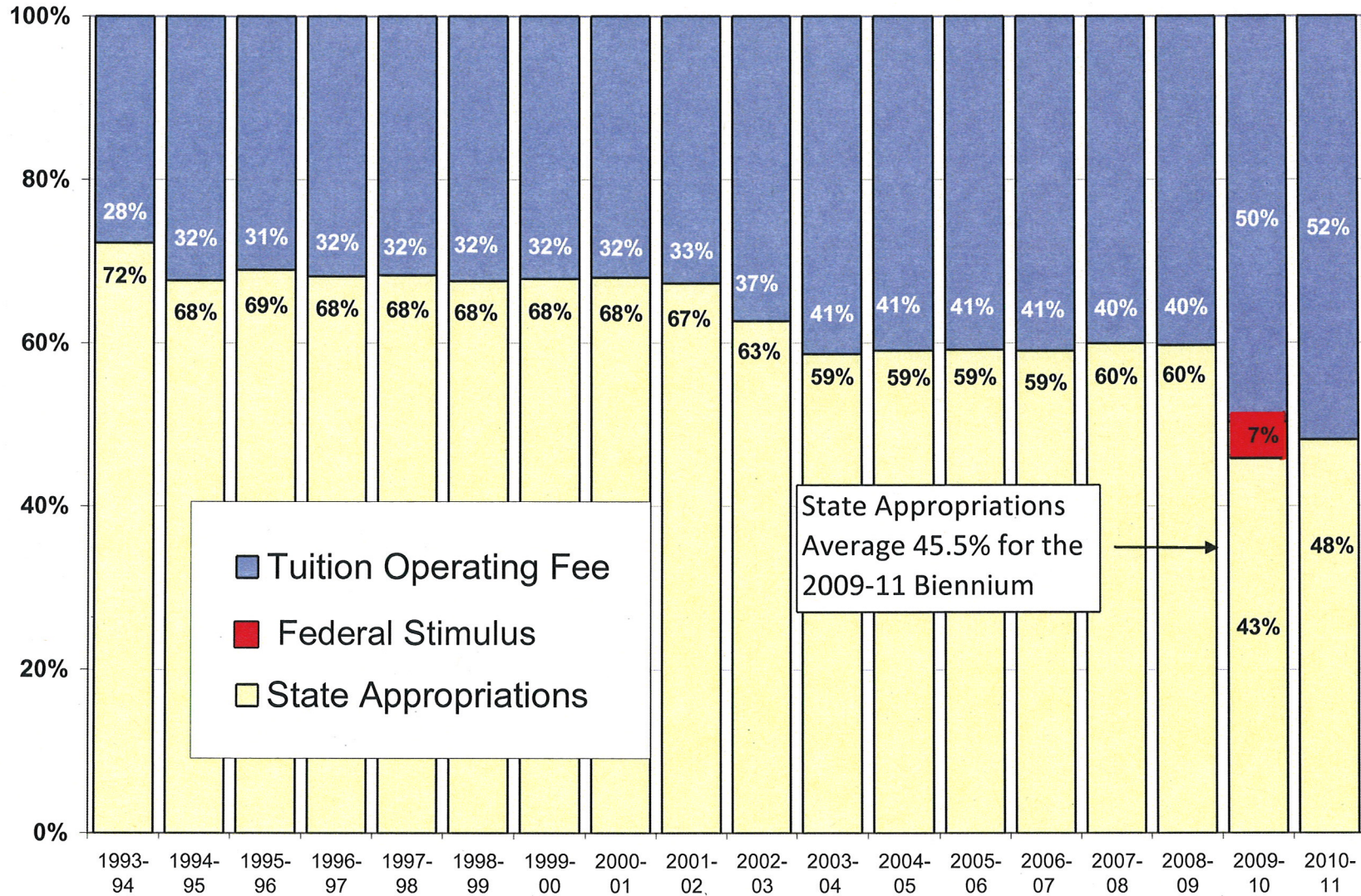
(1) 2008-09 actual revenue and expenditures through 4-30-09; estimated to end of fiscal year.

(2) 14% + 14% undergraduate resident tuition increase assumed in 2009-11; + 7% undergraduate resident tuition increase assumed in 2011-12.

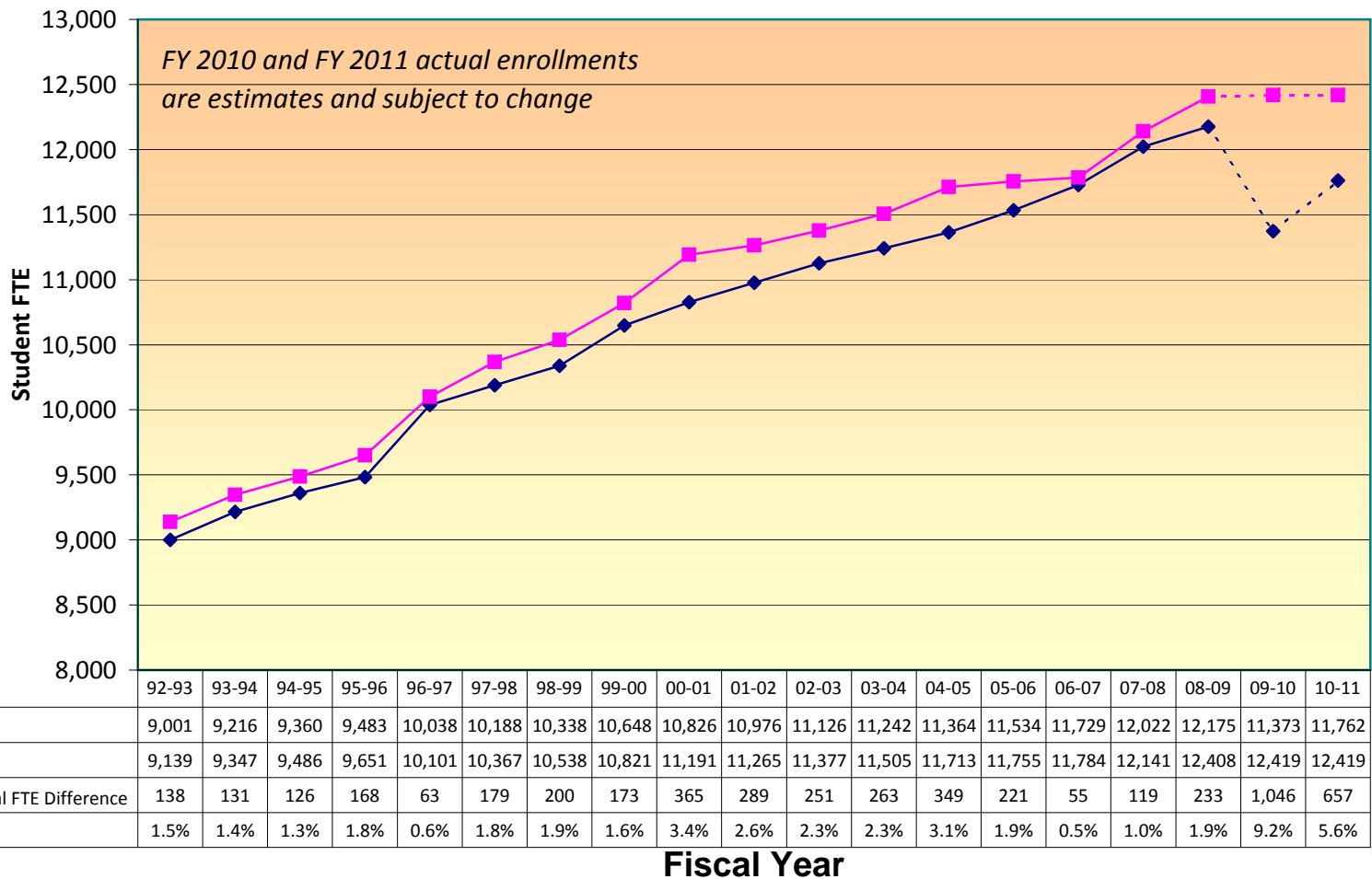
(3) A minimum of 12,175 FTE budgeted enrollments assumed all academic years.

(4) Fund balances are estimated from 2008-09 ending fund balances through 2011-12 ending fund balance.

WESTERN WASHINGTON UNIVERSITY
Annual State Operating Budget
Percent Share of State Appropriations vs. Net Tuition Operating Fees
1993-94 to 2010-11



WESTERN WASHINGTON UNIVERSITY Budgeted and Actual Enrollment 1992-93 to 2010-11*



*While minimum enrollments in 09-11 are 11,373 and 11,762 respectively, WWU plans to enroll approximately 2% above 08-09 budgeted enrollments of 12,175

**Comparison FY 2009 to FY 2010
State Operating Budget
by Funding Source**

Funding Source	<u>FY 2009</u> (Carry forward)	<u>FY 2010</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund-State	\$68,060,224	\$43,141,000	-\$24,919,224	-36.6%
Education Legacy Trust	\$6,735,000	\$6,518,000	-\$217,000	-3.2%
Federal Stimulus	\$0	\$8,885,000	\$8,885,000	100.0%
Education Construction Account	\$1,807,000	\$1,807,000	\$0	0.0%
State Appropriations	\$76,602,224	\$60,351,000	-\$16,251,224	-21.2%
Net Tuition Operating Fees*	\$51,480,197	\$59,903,924	\$8,423,727	16.4%
Administrative Services Assessment	\$0	\$1,233,163	\$1,233,163	100.0%
One-Time Funds**	\$0	\$6,310,942	\$6,310,942	0.0%
State Operating Budget	\$128,082,421	\$127,799,029	-\$1,516,555	-0.2%

* FY 2010 includes estimated interest income on tuition in the amount of \$447,000.

** Combination of one-time institutional fund balances of \$6.1M and a draw of \$175,639 from budgeted contingency reserve.

**Comparison of FY 2010 to FY 2011
State Operating Budget
by Funding Source**

Funding Source	<u>FY 2010</u>	<u>FY 2011</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund State	\$43,141,000	\$52,752,000	\$9,611,000	22.3%
Education Legacy Trust	\$6,518,000	\$6,518,000	\$0	0.0%
Federal Stimulus	\$8,885,000	\$0	-\$8,885,000	-100.0%
Education Construction Account	\$1,807,000	\$1,807,000	\$0	0.0%
State Appropriations	\$60,351,000	\$61,077,000	\$726,000	1.2%
Net Tuition Operating Fees*	\$59,903,924	\$65,767,953	\$5,864,029	9.8%
Administrative Services Assessment	\$1,233,163	\$1,472,114	\$238,951	19.4%
One-Time Funds**	\$6,310,942	\$2,326,697	-\$3,984,245	-63.1%
State Operating Budget	\$127,799,029	\$130,643,764	\$2,844,735	2.2%

* FY 2009 & FY 2010 include estimated interest income revenue on tuition in the amounts of \$447,000 and \$493,000, respectively.

** Combination of one-time institutional fund balances of \$2.2M and a non-recurring draw \$162,000 from budgeted contingency reserve.

**WESTERN WASHINGTON UNIVERSITY
SUPPORTING INFORMATION
SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard *by Paula M. Gilman, Executive Director for University Planning and Budgeting*

DATE: June 11 & 12, 2009

SUBJECT: **Supporting Information
2009-10 Operating Budget
2009-11 Biennial & 2011-12 Operating Budget Plans**

In order to fund the basic instructional and support missions of the institution, Western Washington University's biennial plan for state funded operations reflects revenue and expenditure estimates available for university operations from state appropriations, tuition operating fees, and non-recurring fund balances. In order to help offset the \$44 million biennial reduction in state appropriations enacted for 2009-11, it is recommended that institutional reserves and other revenue sources be used.

Conference Budget – State Funding

Table 1

Western Washington University
Conference Budget - State Funding
2009-11

	FY 2010	FY 2011	2009-11
Maintenance Level Funding	\$76,274,000	\$76,618,000	\$152,892,000
Reduction in State Appropriations	(26,615,000)	(17,348,000)	(43,963,000)
Federal Stimulus Funding	8,885,000	-	8,885,000
Reductions After Federal Stimulus	(17,730,000)	(17,348,000)	(35,078,000)
Total State Appropriations 2009-11	\$58,544,000	\$59,270,000	\$117,814,000
% Change from Maintenance	-23.2%	-22.6%	-23.0%

Note: Education Construction Account funds in the amount of \$1.8M per year are not reflected in Table 1.

Tuition and Other Fees – Increase Authority

Due to severe and unprecedented reductions in state support, four year institutions of higher education were provided authority to increase resident undergraduate tuition by 14% per year and all other categories of tuition as deemed necessary.

It is recommended that Western increase resident undergraduate tuition by 14% per year for the 2009-11 biennium, the maximum allowed by the 2009 legislature.

It is also recommended that nonresident undergraduate tuition, resident graduate tuition and non-resident graduate tuition not be increased in 2009-11 with the proviso that these categories of tuition will be subject to re-evaluation and possible modification in year two of the biennium or 2010-11.

Of note is that Western has recently undertaken a study of its graduate programs, and the results of this study should help the university make strategic adjustments in graduate tuition in the future. Graduate students accounted for approximately 6.8% or 939 headcount enrollments out of Western's Fall 2008 headcount enrollments of 13,777.

Appropriations Subject to Conditions

By special language in the appropriations act, Western is required to manage budget reductions to minimize the impact to students and to produce at least 534 graduates in the following programs for 2009-11:

- Biological and Biomedical Sciences
- Computer and Information Sciences
- Education with Specialization in Special Education, Math or Science
- Engineering and Engineering Technology
- Health Professions and Related Clinical Sciences
- Mathematics and Statistics

Requirements in Achieving or Exceeding Legislatively Established Enrollment Targets

By special language in the Appropriations Act, Western is required to 1) maintain and to the extent possible increase enrollment opportunities via partnership programs that enable students to earn baccalaureate degrees on community college campuses; 2) to eliminate and consolidate programs of study for which there is limited student or employer demand, or that are not areas of core academic strength for the institution, particularly when such programs duplicate offerings by other in-state institutions; and 3) September 1, 2009, report to higher education committees and relevant fiscal committees of the legislature on achieving these objectives.

Additional Required Contribution for Student Financial Aid

Under provisions of the appropriations act, WWU is required to contribute at least 1/7th of the additional revenue from the resident undergraduate tuition increase in excess of 7%

per year in order to provide additional financial aid to resident undergraduates with need. Currently Western is required by law to contribute 3.5% of all tuition revenue collected to The Western Grant Program, available to only resident undergraduates with need.

Compensation Adjustments

The legislature did not provide state appropriations for across-the-board salary increases for 2009-11. Higher Education Institutions may continue to provide salary increases from other sources *if available* to instructional and research faculty, exempt professional staff, teaching and research assistants, and other non-classified staff.

Professional Staff Compensation: The 2007 Legislature authorized an average two percent increase on September 1, 2008, for professional staff, an increase that was funded for 10 months of the 2008-09 fiscal year. Carry forward funds were provided by the 2009 Legislature to extend this salary increase for a full 12 months in 2009-10.

Classified Staff Compensation: Classified staff longevity step or anniversary date increases (usually 5% on the employee's anniversary date until the employee reaches the top step of his or her salary range) will be self-funded by university divisions via salary differentials and/or other savings.

Faculty Special Merit Increases: Under an agreement between Western and United Faculty of Western Washington University, faculty agreed to delay implementation of a 2008-09 special merit increase until Fall 2010 and dedicated these funds in the interim to help pay for limited term faculty for 2008-09 and 2009-10, approximately \$414,944.

2009-11 Faculty Promotion and Tenure Increases: Faculty promotion and tenure increases for Fall 2009 and Fall 2010 are subject to continuing discussions with the faculty union. Faculty promotion and tenure increases will be self-funded by the university for 2009-11.

Math Science Teacher Endorsements

By special language in the Appropriations Act, all colleges of education, including Woodring's College of Education, will be required to develop plans and goals by October 30, 2009, to increase the number of math and science teacher endorsements and certificates granted for each of the next six years, beginning with the 2010-11 academic year.

Performance Agreements

Again, by special language, Western and each of the public four-year institutions of higher education are required to develop performance agreements for the period of September 1, 2009 through June 30, 2015. These agreements are required to reflect the level of state, tuition, and other resources appropriated or authorized for each institution for 2009-11 on both the capital and operating budget sides, as well as reasonably anticipated changes in such resources for the two subsequent biennia as

required to accomplish the higher education master plan as adopted by the legislature. The agreements are required to build upon the Western's actual performance relative to 2011 performance targets that were to have been previously negotiated between the institution, the higher education coordinating board, and the office of financial management. Western will be required to report progress toward its performance targets during the preceding academic year to the state performance agreement committee prior to November 1, 2010.

2009-10 State Operating Budget Expenditure Summary (Attachment A)

Attachment A lists proposed expenditure reductions and new or necessary investments by planning units for 2009-10. Planning units include academic units (the Library, the Provost's Office, the Graduate School and all the Colleges) and non-academic units (University Relations, the Western Foundation, Business and Financial Affairs, Information Technology & Telecommunications, Student Affairs/Academic Support Services, Institutional Accounts, the President's Office, etc.).

- **\$12.2M in Biennial Base Expenditure Reductions (\$6,075,875 per year)**

Please see **Attachment A** for proposed 2009-10 reductions of \$6.1M by planning units. These reduction amounts will be brought forward into year two of the biennium or 2010-11, for a biennial total of \$12.2M. 2009-11 reductions are based on an average of 5% for all academic units (\$3.2M), and 7% to 10% for all non-academic units (\$2.8M), resulting in \$6.1M per year. During Western's recent budget reduction planning process, planning units provided detailed lists of line item reductions; however, please note that units, as always may adjust the specifics of these reductions in response to changing circumstances, challenges, and opportunities.

In planning proposed budget reductions for 2009-11, Western's primary focus has been to protect the core academic mission of the university. That has been done. However, not without consequences for our students. Resident undergraduate students and their families will face significant tuition increases in the next two years as assumed in the legislative budget. Additionally, there will be a reduction in the variety and number of courses and sections offered at Western.

We had been moving in the right direction when it comes to timely degree completion. Average time to degree for Western students in 2007-08 was 4.5 years, having improved since 2004-05 when it was 4.7 years. That represents an average savings in costs to attend of \$3,540 for every Western student or, considering all 12,175 FTE, a savings to Western students and their families totaling \$45,135,000. The state also saved an additional cost of \$15,300,000 in the education that did not have to be provided because of the drop from 4.7 years to 4.5 years.

Even small drops in time to degree have big collective impacts. So do small increases. While we are recommending that Western's enrollment levels continue to be the same in 2009-11 as in 2008-09 and it is anticipated that the number of classroom seats offered to these students remain the same, the number of sections and the variety of courses offered will decline by about 10%. Students will be less likely to enroll in first-choice courses, will need to plan their 4-year schedules more carefully, and will not find as many sections of a particular course available to fit into

their crowded work/school schedules. There will be consequences for time to degree although we have no way, at this time, to estimate the consequences. We will be finding out.

Overall budget reductions will result in reduced flexibility to meet new or changing programs, and unfortunately will significantly slow Western's 2007-09 progress on some of its most innovative and exciting programs (e.g., new programs supported by the state: the AMSEC program (Advanced Materials Science and Engineering Center) and the BRAIN program (Biomedical Research Activities in Neuroscience)).

Of a total of 2,138 employees (headcount as of October 2008) at Western consisting of 874 faculty, 855 classified staff and 409 professional staff, it is anticipated that 164 positions will be eliminated as a result of the \$6.1M in annual reductions. The majority of these eliminated positions will come from unfilled vacant positions, although an estimated 28 employees will be laid off, and contracts of approximately another 40 limited term faculty will not be renewed.

In August 2008, having been notified by Governor Gregoire of declining state revenue, Western began taking steps to prepare for reductions: positions were not refilled when they became vacant; travel, printing, professional service contracts and equipment efficiencies were implemented; units and job duties were reorganized to maximize resources; programs in some cases were put on hold; small course sections were identified and eliminated; course section size was increased in some areas; colleges and departments, based on academic considerations, have been or are exploring the redesign of course offerings to offer 5 credit courses rather than 3 or 4 credit courses, a step resulting in budget savings, and costs were shifted to non-state funding, if appropriate. The football program was eliminated, waiver allocations were reduced for 2009-11, and, as indicated above, some filled positions were eliminated.

- **\$2.6M in new or required investments for FY 2010**

Please see **Attachment A** for new investments by planning units for 2009-10, recurring and non-recurring. A summary of these new investments are listed below for 2009-10.

Academic Units (\$1,965,060 in new funding for 2009-10)

\$1,931,920 of the total amount of \$1,965,060 in new funding for academic units represents adjustments in employee benefits as appropriated for this purpose by the state (health insurance and pension adjustments), with the remaining \$33,140 provided for miscellaneous items.

Non-Academic Units (\$625,760 in new funding for 2009-10)

\$424,080 of the total amount of \$625,760 in new funding for non-academic units represents adjustments in employee benefits as appropriated for this purpose by the state (health insurance and pension adjustments). Investments or permanent adjustments are recommended for several other areas to replace previous off-budget support from university reserves, or because the state provided adjusted funding for

these miscellaneous areas: Information/Telecommunication Services; University Relations; Institutional Accounts; Business and Financial Affairs; University Relations; and University Advancement for the phonathon (the permanent funding requirement for this final item was reduced by 34%).

- **\$3,201,664 for Budgeted Contingency Reserve, a new allocation**

Within the 2009-11 operating budget, it is recommended that a permanent, recurring, and centrally budgeted contingency reserve be established. In the past, WWU has maintained an off-budget reserve to cover one-time expenses. For FY 2010, it is recommended that \$3.2M be allocated to the new Budgeted Contingency Reserve, approximately 2.1% of total recurring budgeted revenue; for FY 2011, it is recommended that this amount be increased to \$4.9M, approximately 3.2% of anticipated budgeted revenue, and for FY 2012, it is recommended that \$6.1M or approximately 3.9% be budgeted to this reserve. A 5% reserve is strongly advocated, and, when area reserves are also considered, we are at that fiscally prudent level.

Summary of Estimated Revenue, Expenditures and Fund Balances: 2009-2011 Biennium & 2011-12 (Attachment B)

Please see **Attachment B** for the proposed biennial budget plan for 2009-11 as well as an estimated 2011-12 plan. Attachment B compares proposed revenue, expenditures and fund balances for 2009-2011 and 2011-12 to 2007-08 actuals and 2008-09 estimated actuals. Expenditure categories include salaries by types of employees (faculty, classified staff, professional staff, student employees), employee benefits, travel, capital outlay, and debt service, etc.

Attachment B reflects the budgeting of institutional and division fund balances. Divisions have identified expenditure commitments from division fund balances and these commitments are reflected in this document.

- **Resources (Revenue and One-time Fund Balances)**

In order to address the \$35.1 million or 23.2% reduction in state appropriations (see Table 1), the following resources are proposed for 2009-11 and/or 2011-12:

- 1) Budget on a one-time basis \$8.3 million in institutional fund balances for the biennium (\$6.1M for FY 2010 and \$2.2M for FY 2011). Institutional fund balances at WWU have grown over the years as a result of conservative budgeting (e.g., interest income and tuition revenue from over-enrollments have been set aside in an off-budget reserve for one-time uses)
- 2) Rely on \$337,639 for the 2009-11 biennium only from the newly created Budgeted Contingency Reserve (\$175,639 in FY 2010 and \$162,000 in FY 2011).
- 3) In addition to tuition revenue collected from 12,175 FTE (2008-09 budgeted levels), budget tuition revenue from an additional 170 FTE enrollments. In most

- years, Western sets an enrollment target about 1-2% above the budgeted or state-funded target. In past years and currently, tuition revenue from these additional FTE has been dedicated to off-budget institutional reserves. For 2009-11, it is proposed that revenue from 170 FTE enrollments in the amount \$1,739,786 in net tuition operating fee revenue for the biennium be budgeted (\$830.6k in FY 2010 and \$909.1k in FY 2011 for a total of \$1.7M for the biennium; additionally, for these same 170 FTE enrollments, \$945.2k for FY 2012).
- 4) Budget estimated interest income on tuition accounts. In the past and currently, revenue from this source had been dedicated to off-budget institutional reserves. That will no longer be the case. This revenue is estimated to be \$447,000 in FY 2010, \$493,000 in FY 2011, and \$408,500 in FY 2012.
 - 5) Increase the Administrative Services Assessment (ASA) charged on auxiliary units from 2% in FY 2009 to 2.5% in FY 2010 to 3% in FY 2011 and to 3.5% in FY 2012. This will generate additional revenue. Various programs at the university run on revenue generated through entrepreneurial efforts. These programs use institutional services and are accordingly charged a fee. Several years ago, WWU adopted a plan to raise this assessment to values more reflective of provided service and practices on other campuses. The increase shown here follows that prior plan. In FY 2009, ASA collections totaled \$1,081,160. For FY 2010, \$1,233,163 will be budgeted; in FY 2011, \$1,472,114; and in FY 2012, \$1,710,386.
 - 6) As assumed in the 2009 Legislature's conference budget for WWU, request that the Board increase undergraduate resident tuition by 14% per year for the 2009-11 biennium. Additional revenue generated by this increase on a net basis (less waivers and student loan/grant fund reductions) is estimated at \$17.5 million (approximately \$5.7M in FY 2010 and \$11.8M in FY 2011).
 - 7) Budget carefully so that by year three or FY 2011-12 there will be no continued reliance on one-time funds to support operations. While \$6.1M in one-time funds was required for FY 2010 and \$2.2M for FY 2011, reserves are not required for year three.

Percentage Share of Tuition and State Appropriations (Attachment C)

Western's state operating expenditures have been historically supported by state appropriations and tuition operating fees. In 2008-09, state appropriations represented 60% of WWU's state operating budget; however, in 2009-11, because of state budget State appropriations will represent on average only 45.5%. Please see **Attachment C** summarizing Western's history of state support.

Comparing FY 2009 to FY 2010

A summary of state appropriations and estimated net tuition operating fee revenue for FY 2010 is included in Table 2 below. Tuition operating fee revenue is presented net of

student tuition waivers and Western's student loan/grant fund contributions ("The Western Grant").

As indicated in Table 2 below, for FY 2010, the State Operating Budget will include \$60,351,000 in state/federal appropriations (General Fund-State; Education Legacy Trust Account, Education Construction Account, and Federal Stimulus Funds), \$59,903,924 in net tuition operating fee revenue for 12,175 FTE + 170 FTE over-enrollments, and a reliance on \$6,310,942 in one-time funds.

Table 2

**Comparison FY 2009 to FY 2010
 State Operating Budget
 by Funding Source**

Funding Source	FY 2009 (Carryforward)	FY 2010	\$ Change	% Change
General Fund-State	\$68,060,224	\$43,141,000	-\$24,919,224	-36.6%
Education Legacy Trust	\$6,735,000	\$6,518,000	-\$217,000	-3.2%
Federal Stimulus	\$0	\$8,885,000	\$8,885,000	100.0%
Education Construction Account	\$1,807,000	\$1,807,000	\$0	0.0%
State Appropriations	\$76,602,224	\$60,351,000	-\$16,251,224	-21.2%
Net Tuition Operating Fees*	\$51,480,197	\$59,903,924	\$8,423,727	16.4%
Administrative Services Assessment	\$0	\$1,233,163	\$1,233,163	100.0%
One-Time Funds**	\$0	\$6,310,942	\$6,310,942	0.0%
State Operating Budget	\$128,082,421	\$127,799,029	-\$1,516,555	-0.2%

* FY 2010 includes estimated interest income on tuition in the amount of \$447,000.

** Combination of one-time institutional fund balances of \$6.1M and a draw of \$175,639 from budgeted contingency reserve.

As indicated in **Attachment E** where the above chart and a new chart for FY 2011 is included, the State Operating Budget Plan includes \$61,077,000 in state appropriations (General Fund-State; Education Legacy Trust Account, and Education Construction Account), an estimated \$65,767,953 in net tuition operating fee revenue for 12,175 FTE + 170 FTE over-enrollments, and a reliance on only \$2,326,697 in one-time funds.

2009-11 Budgeted Enrollments (Attachment D)

Please see **Attachment D** showing a history of budgeted vs. actual enrollments at WWU. This chart provides a history of budgeted (state-supported) enrollment growth compared to actual enrollment growth at WWU.

As indicated in Attachment D, and in Table 3 below, the conference budget for 2009-11 reduced Western's budgeted enrollments from 12,175 FTE in 2008-09 down to 11,373 FTE in 2009-10, and then to 11,762 FTE in 2010-11. Each institution is expected to enroll and educate at least the number of budgeted enrollments stated in the Appropriations Act.

Table 3

2009-11 BUDGETED FTE ENROLLMENTS

	<u>2009-10</u>	<u>2010-11</u>
2008-09 Current Budgeted FTE Enrollment	12,175	12,175
2009-11 Budgeted FTE Enrollments	<u>11,373</u>	<u>11,762</u>
Annual FTE Enrollment Change from 08-09	(802)	(413)
Percentage Change	-6.6%	-3.4%

For 2009-11, Western's target is to enroll approximately 2% more than 2008-09 budgeted enrollments of 12,175 FTE or approximately 12,419 FTE. It is important to note, however, that average annual FTE enrollments are subject to variables such as average student course load and are not based on solely the numbers of students enrolled.

PMR/xx
Attachments

List of Attachments:

Attachment A: 2009-10 State Operating Expenditures by Planning Units

Attachment B: 2009-2011 and 2011-12 Operating Budget Plans
Summary of Estimated Revenue, Expenditures and Fund Balances

Attachment C: Percent Share of State Appropriations vs. Net Tuition Operating Fee Revenue

Attachment D: History of State Supported and Actual Enrollments at WWU

Attachment E: Comparison of FY 2010 to FY 2011 State Operating Budget by Funding Source

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard from
Dennis R. Murphy, Provost and VP for Academic Affairs
Eileen Coughlin, VP for Student Affairs/Academic Support Services
Kathy Wetherell, Interim VP for Business & Financial Affairs

DATE: June 11, 2009

SUBJECT: **Direct Consequences of Budget Reduction**

PURPOSE: Informational Item

Purpose of Submittal:

The Provost and Vice Presidents will provide a brief overview of some of the expected consequences of the budget situation.

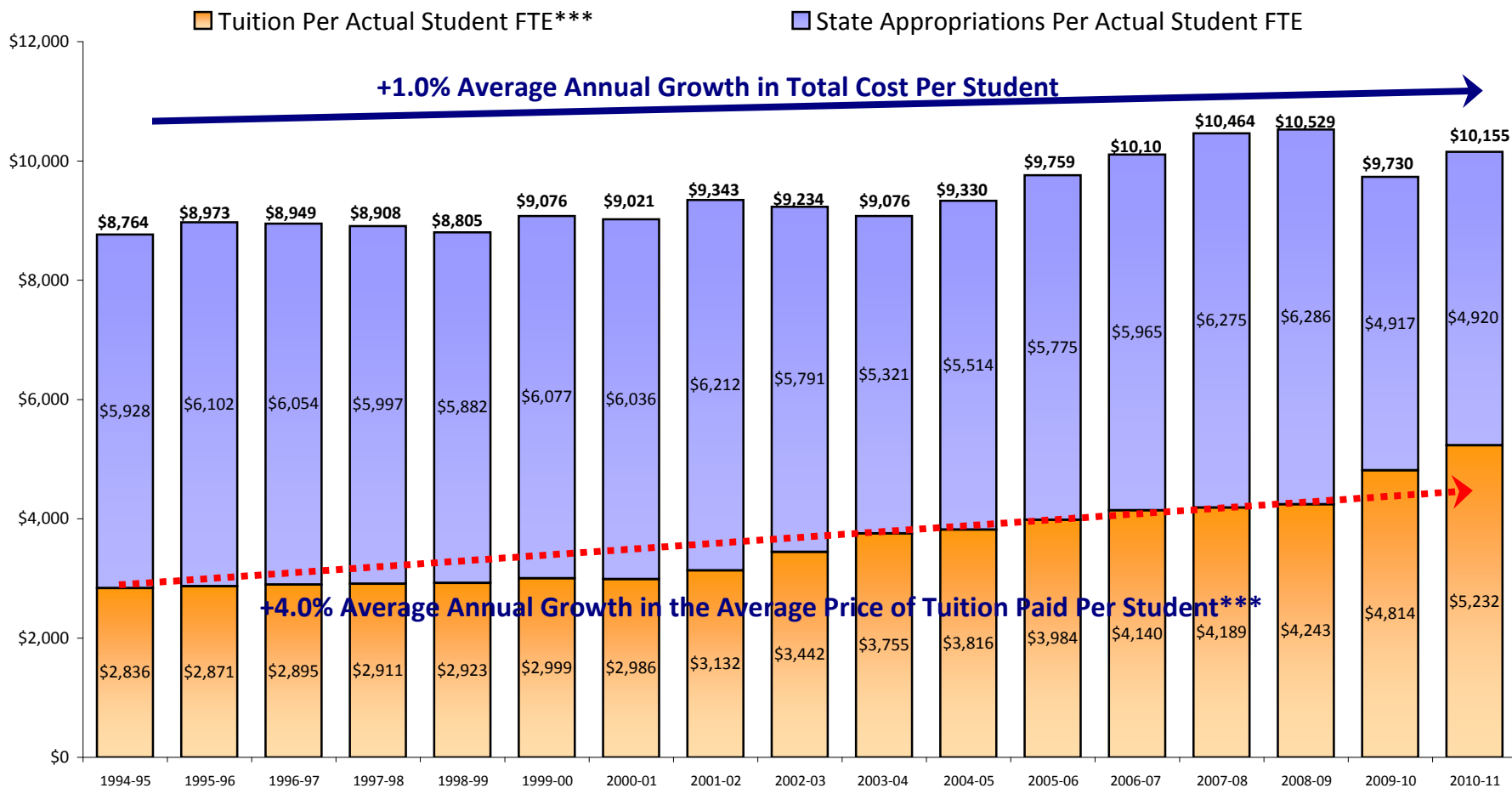
Western Washington University
2008-09 Tuition and Fee Rates* for Washington Universities
Compared to National Averages
HECB 2008-09 Tuition and Fee Report

		Undergraduate		Graduate	
		Resident	Nonresident	Resident	Nonresident
Western Washington University					
Student Headcount Total	13,239	11,825	825	473	116
% Share	100%	89%	6%	4%	1%
Tuition and Fees		\$4,839	\$16,470	\$6,609	\$16,284
National Average		\$5,867	\$13,928	\$6,394	\$13,691
Dollar +/- National Average		(\$1,028)	\$2,542	\$215	\$2,593
Percent +/- National Average		-17.5%	18.3%	3.4%	18.9%
Central Washington University					
Tuition and Fees		\$4,918	\$14,788	\$7,033	\$15,632
National Average		\$5,867	\$13,928	\$6,394	\$13,691
Dollar +/- National Average		(\$949)	\$860	\$639	\$1,941
Percent +/- National Average		-16.2%	6.2%	10.0%	14.2%
Eastern Washington University					
Tuition and Fees		\$4,701	\$13,368	\$6,795	\$17,148
National Average		\$5,867	\$13,928	\$6,394	\$13,691
Dollar +/- National Average		(\$1,166)	(\$560)	\$401	\$3,457
Percent +/- National Average		-19.9%	-4.0%	6.3%	25.3%
The Evergreen State College					
Tuition and Fees		\$4,797	\$15,657	\$6,567	\$20,004
National Average		\$6,760	\$14,938	\$7,272	\$14,421
Dollar +/- National Average		(\$1,963)	\$719	(\$705)	\$5,583
Percent +/- National Average		-29.0%	4.8%	-9.7%	38.7%
University of Washington					
Tuition and Fees		\$6,697	\$23,114	\$9,942	\$22,414
National Average		\$8,681	\$23,428	\$10,438	\$21,930
Dollar +/- National Average		(\$1,984)	(\$314)	(\$496)	\$484
Percent +/- National Average		-22.9%	-1.3%	-4.8%	2.2%
Washington State University					
Tuition and Fees		\$6,720	\$17,756	\$8,068	\$19,676
National Average		\$7,906	\$20,723	\$8,754	\$19,359
Dollar +/- National Average		(\$1,186)	(\$2,967)	(\$686)	\$317
Percent +/- National Average		-15.0%	-14.3%	-7.8%	1.6%

Source: HECB 2008-09 Tuition and Fee Report

*Note: HECB reported "Tuition and Fees" for Washington's 4-year institutions includes the institution's operating fee, capital building fee, services and activities fee, and technology fee. Other mandatory fees are not included in the HECB reported "Tuition and Fees" amount.

WESTERN WASHINGTON UNIVERSITY
Average Annual Growth in Cost Per Student*
Compared to the Average Annual Growth in the Average Price of Tuition Paid Per Student
Constant Dollars Using Base Year 2010-11**

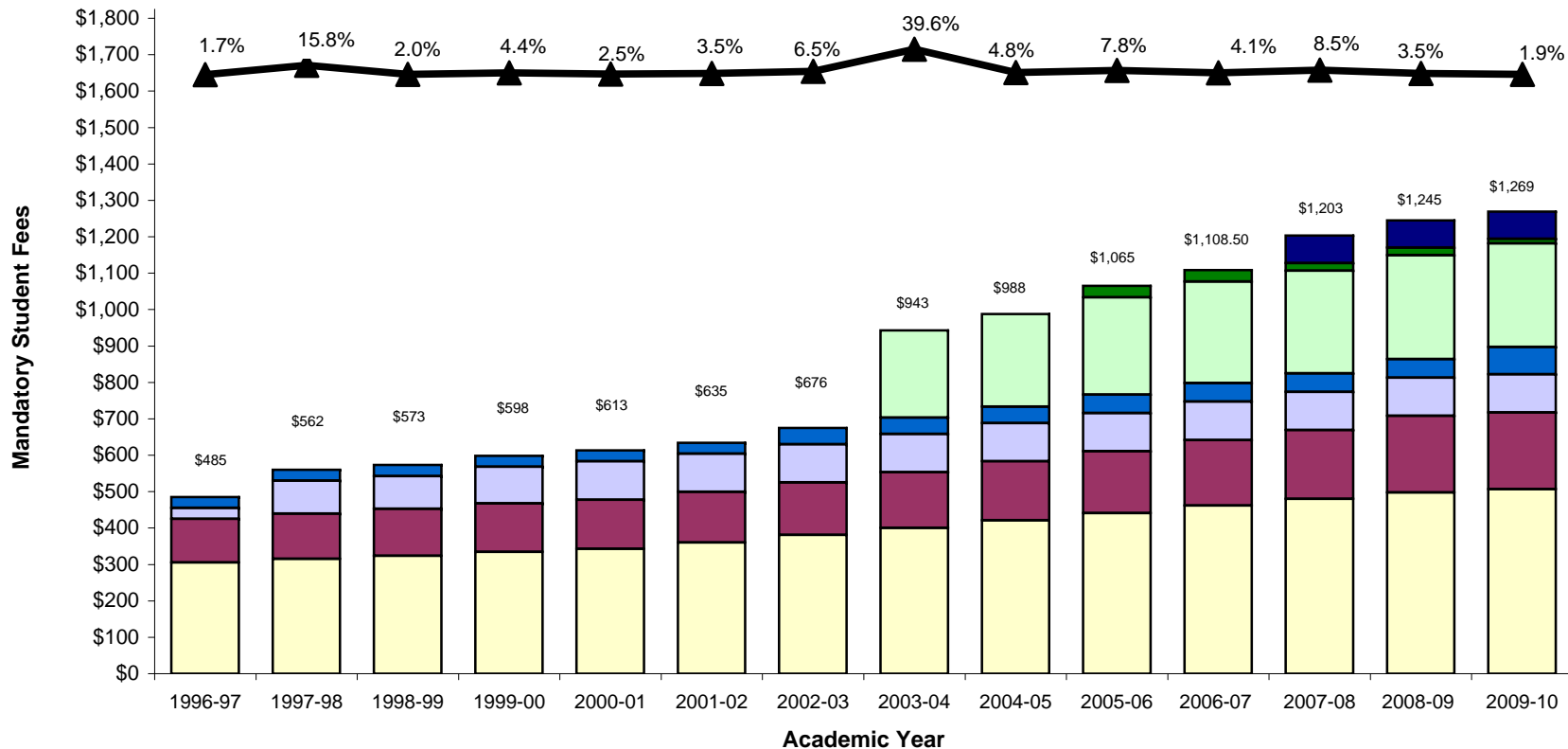


* Per student based on actual annual average FTE enrollments (2009-2011 are estimates).

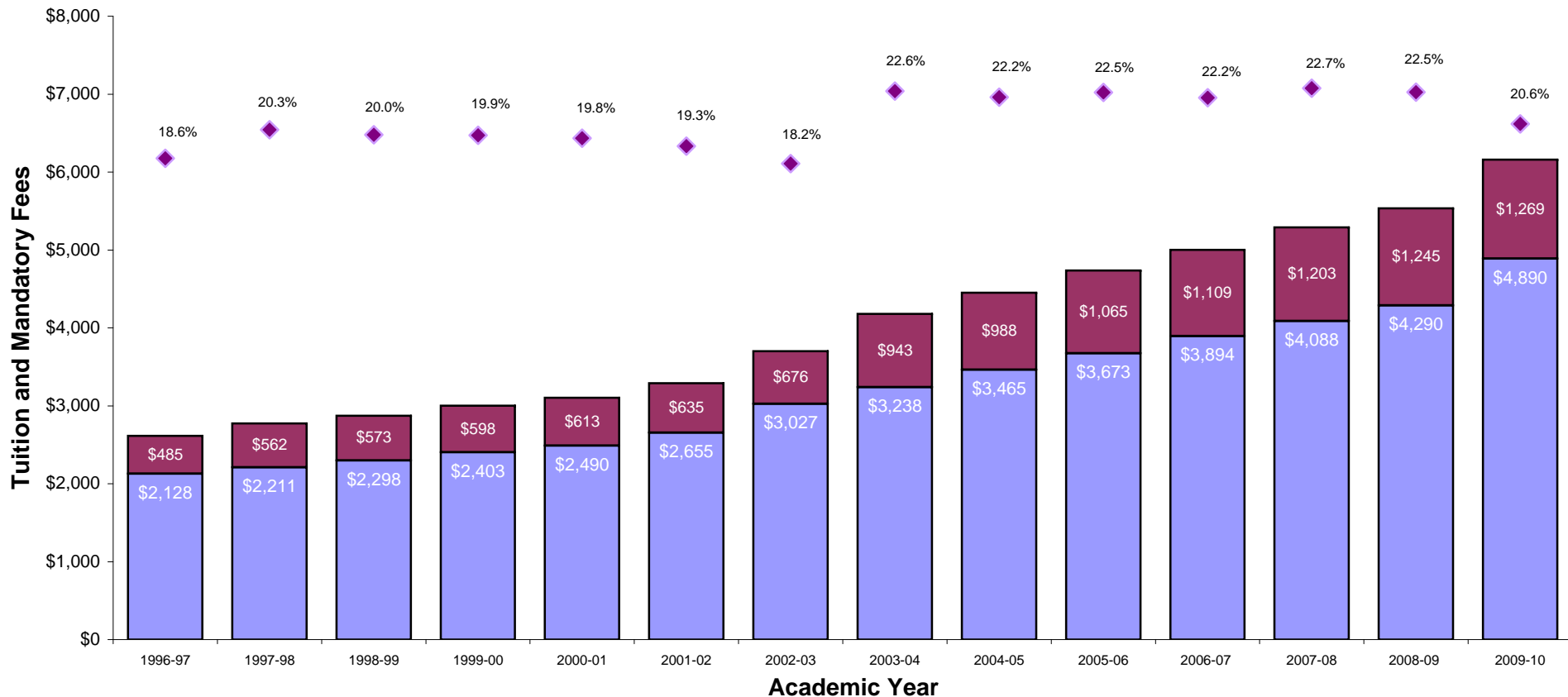
**Seattle CPI (1994=1)

*** Budgeted Net Tuition Operating Fees (net of tuition waivers and student loan fund)

WESTERN WASHINGTON UNIVERSITY Mandatory Student Fees 1996-97 to 2009-10 Resident Undergraduate Students -- Academic Year



WESTERN WASHINGTON UNIVERSITY Comparison of Tuition and Mandatory Student Fees 1996-97 to 2009-10 Resident Undergraduate Students -- Academic Year



	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
Total	\$2,613	\$2,771	\$2,871	\$3,001	\$3,103	\$3,290	\$3,702	\$4,181	\$4,453	\$4,738	\$5,003	\$5,291	\$5,535	\$6,159
% Change		4%	6%	4%	5%	3%	6%	13%	13%	7%	6%	6%	5%	11%

- Mandatory Student Fees**
- Building Fee + Operating Fee = "Tuition"**
- Mandatory Student Fees as a Percent of Total**

SPECIAL REPORT ON THE BUDGET

2009-2011 CAPITAL BUDGET

THURSDAY, JUNE 11, 2009

- **2009-2011 WWU CAPITAL BUDGET**

INITIAL REQUEST, GOVERNOR'S BUDGET, LEGISLATIVE
APPROPRIATIONS

- **2009-2011 HIGHER EDUCATION CAPITAL BUDGET**

APPROPRIATIONS & REAPPROPRIATIONS

- **2001-2011 HISTORICAL COMPARISON**

FOUR-YEAR HIGHER EDUCATION CAPITAL BUDGET APPROPRIATIONS

WESTERN WASHINGTON UNIVERSITY

2009-2011 CAPITAL BUDGET REQUEST

Color Key :
~ Predesign
~ Design
~ Construction
~ Intermediate project

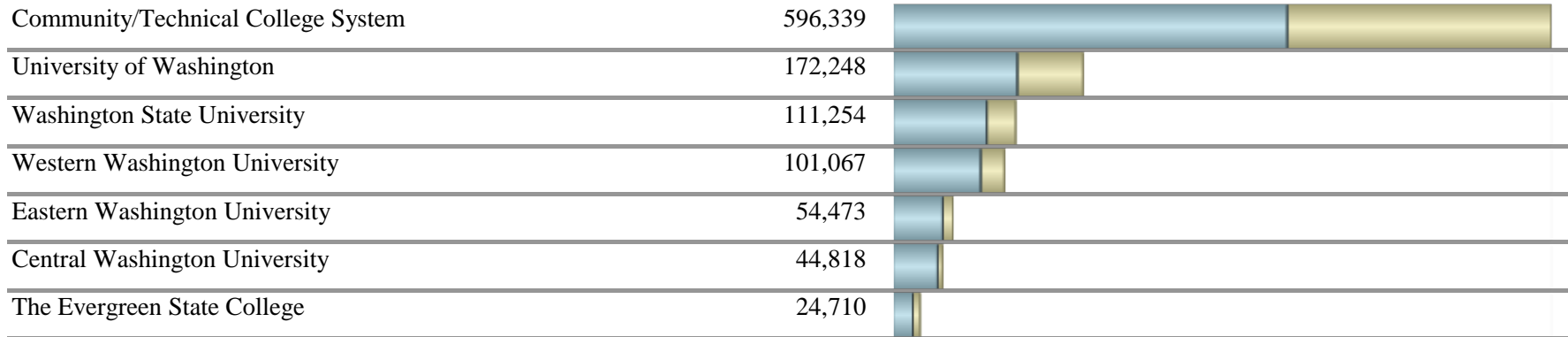
PROJECT LISTING		WWU Request -Aug '08		Gov. Gregoire Budget -Dec '08		Conference Budget - April '09	
		Bonds	Local	Bonds	Local	Bonds	Local
1	MINOR WORKS - Health, Safety, & Code	3,367,000		2,572,000		2,572,000	
2	MINOR WORKS - Facility Preservation	4,101,000		3,911,000		3,911,000	
3	MINOR WORKS - Infrastructure Preserv.	2,532,000		1,781,000		1,781,000	
4	MINOR WORKS - Program	3,000,000	7,000,000	3,000,000	6,213,000	5,248,000	3,000,000
5	MILLER HALL RENOVATION	57,500,000		57,500,000		54,625,000	
6	CARVER ACADEMIC RENOVATION	7,676,000		7,676,000			
7	CFPA ARMORY RENOVATION	250,000		250,000			
8	WATERFRONT FACILITY # 1 - HUXLEY	450,000					
9	LAND ACQUISITION - WATERFRONT	6,300,000					
10	NETWORK INFRASTRUCTURE/SWITCHES	4,815,000					4,616,000
11	EMERGENCY COMMUNICATIONS INFRA.	3,210,000					
12	Preventive Facility Maintenance/Repairs	-			3,614,000		3,614,000

TOTAL BY FUND SOURCE	93,201,000	7,000,000	76,690,000	9,827,000	68,137,000	11,230,000
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BIENNIUM TOTAL - ALL FUNDS	\$100,201,000	\$86,517,000	\$79,367,000
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**2009-11 Capital Budget
As Passed Legislature (C2Q)
New Appropriations and Reappropriations**
(Dollars in Thousands)

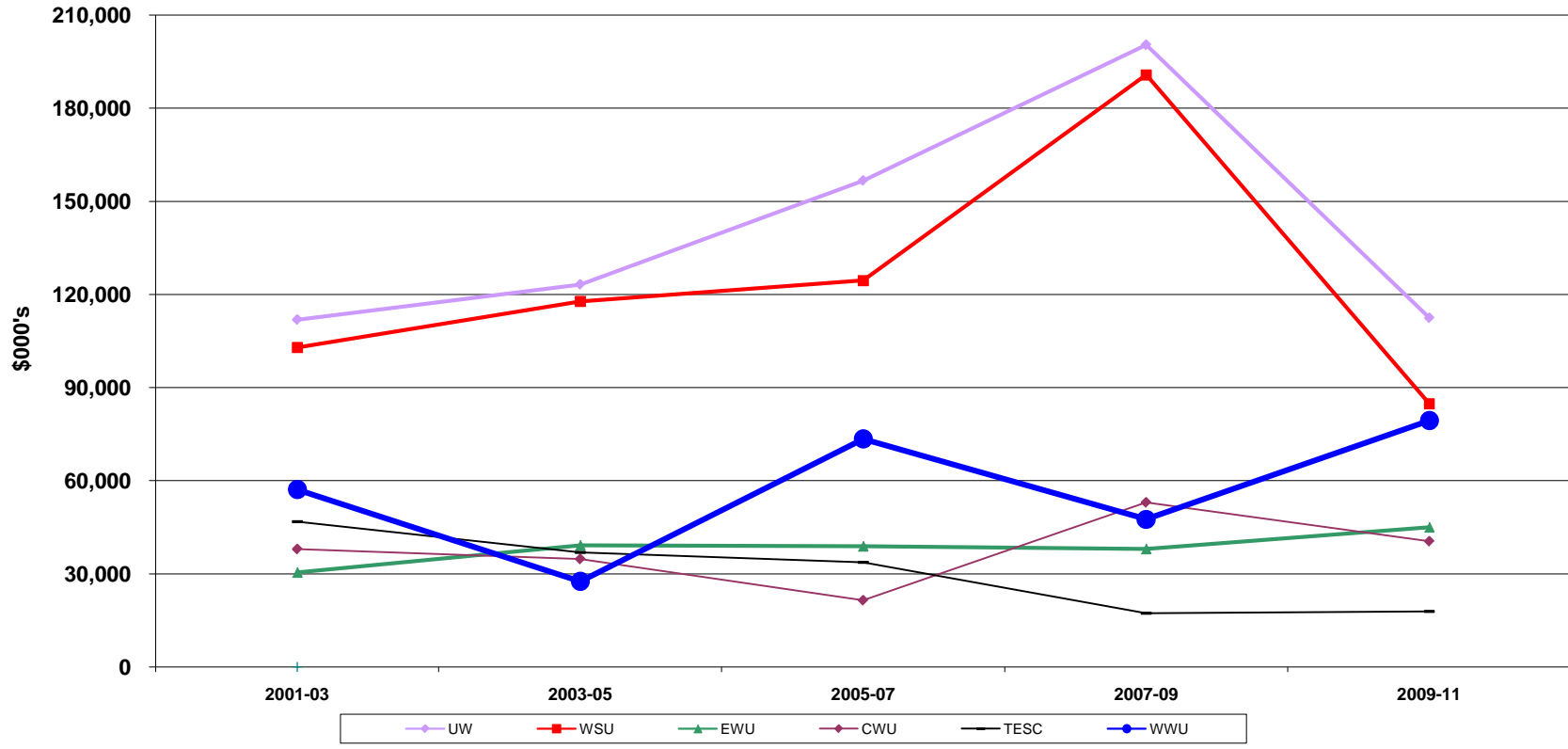


New Appropriations ■ Reappropriations ■

Higher Education	New Appropriations	Reappropriations	Total
University of Washington	112,500	59,748	172,248
Washington State University	84,852	26,402	111,254
Eastern Washington University	45,023	9,450	54,473
Central Washington University	40,468	4,350	44,818
The Evergreen State College	17,920	6,790	24,710
Western Washington University	79,367	21,700	101,067
Community/Technical College System	357,027	239,312	596,339
Higher Education Total	737,157	367,752	1,104,909

Four-Year Higher Education Capital Budget Appropriations

Total State Budgeted Funds
2001-03 to 2009-11 Biennia



\$000's					
	2001-03	2003-05	2005-07	2007-09	2009-11
UW	111,887	123,211	156,675	200,448	112,500
WSU	102,929	117,816	124,515	190,790	84,852
EWU	30,475	39,218	38,933	38,038	45,023
CWU	37,925	34,736	21,470	53,022	40,468
TESC	46,810	36,884	33,710	17,290	17,920
WWU	57,134	27,564	73,452	47,610	79,367

- 3. EXECUTIVE SESSION MAY BE HELD TO DISCUSS PERSONNEL, REAL ESTATE, AND LEGAL ISSUES AS AUTHORIZED IN RCW 42.30.110**