

**WESTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES
MEETING MINUTES
THURSDAY, June 12, 2014**

1. CALL TO ORDER

Chair Peggy Zoro called the regular meeting of the Board of Trustees of Western Washington University to order at 3:04 p.m., Thursday, June 12, 2014 in the Board of Trustees Conference Room, Old Main 340, at Western Washington University in Bellingham, Washington.

Board of Trustees

Peggy Zoro, Chair
Karen Lee, Vice Chair
Betti Fujikado, Secretary
Dick Thompson
Sue Sharpe
Heather Flaherty

Western Washington University

Bruce Shepard, President
Brent Carbajal, Provost and Vice President for Academic Affairs
Eileen Coughlin, Senior VP, Vice President for Enrollment and Student Services
Richard Van Den Hul, Vice President for Business and Financial Affairs
Stephanie Bowers, Vice President for University Advancement
Steve Swan, Vice President for University Relations and Community Development
Carly Roberts, Associated Students President
Lisa Wochos, Assistant Attorney General
Sherry Burkey, Associate Vice President for University Relations and Community Development
John Thompson, Assistant Director/Marketing Manager, University Communications
Barbara Sandoval, Assistant to the President and Secretary to the Board of Trustees
Elissa Hicks, Assistant Secretary to the Board of Trustees

2. CONSENT ITEMS

Chair Zoro introduced the consent items. There were no questions or discussion.

MOTION 06-01-2014: Trustee Fujikado moved, that the Board of Trustees of Western Washington University, upon the recommendation of the president, approve the following consent items and Resolution #2014-03:

- Approval of Spring Quarter Degrees
- Board of Trustees August Meeting Date Change

- Local Government Investment Pool: New Prospectus and Approval of Updated Resolution

The motion passed unanimously.

3. APPROVAL OF 2015 - 2017 CAPITAL BUDGET REQUEST

President Shepard introduced Richard Van Den Hul, Vice President for Business and Financial Affairs. Van Den Hul gave a brief background of the submitted materials and a summary of the changes since the April 2014 Board meeting discussion of the draft Capital Budget Plan. Van Den Hul stated that the discussion during the April Board meeting had provided constructive and helpful feedback on the proposed 10-year capital plan from the Board of Trustees. Much of the feedback was supportive of the plan's emphasis on strategic needs and focus on academic mission, however there was some concern of the uneven biennial requests for projects. Van Den Hul said that the Board had suggested looking at combining the predesign, design and construction phases of the projects to allow for projects to be completed faster. Vice President Van Dun Hul continued on saying that after further consultations with the University Planning and Resources Council (UPRC), a sub-committee of the Faculty Senate, and the other Vice Presidents, the following changes were made to strengthen the capital plan. Business and Financial Affairs determined that it would be difficult to combine and complete all three phases of a major construction project in one biennium; however, with careful project management, they could combine the predesign and design phases of the Science Building Renovation and Addition into the FY2015-2017 biennia which would then allow Western to seek construction funding in FY2017-2019. This revised approach would level out the requests over the 10-year period and would allow Western to address needs sooner, and remove the bunching of two projects in FY2019-2021. Van Dun Hul said that was the only significant change to the Capital Plan that was presented and discussed at the April 2014 Board meeting.

Van Dun Hul stated that for the 2015-2017 biennium, Western proposes a total capital funding request of \$123,258,500 from State-appropriated funding sources, and said that descriptions of the projects being requested are provided in the Board's information packets [**Attachment A**].

MOTION 06-02-2014: Trustee Thompson moved, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approves a 2015-2017 Capital Budget Request from State-appropriated funding sources of \$123,258,500.

The motion passed unanimously.

4. APPROVAL OF 2014 - 2015 TUITION RATES and 2014 – 2015 ANNUAL STATE OPERATING BUDGET

President Shepard introduced Richard Van Den Hul, Vice President for Business and Financial Affairs who gave background on the budget request [**Attachment B**]. Van Den Hul said that Legislature had granted tuition setting authority to the Board of Trustees in the 2011-2013

biennium. The 2013-2015 appropriations bill, funding was appropriated to alleviate pressure to increase resident undergraduate tuition, and therefore tuition setting authority for resident undergraduate students was suspended for FY2013-2014. In the FY2015 supplemental appropriations bill, tuition setting authority for FY2014-2015 was suspended. For non-resident undergraduates and all graduate programs, the legislature did not restrict the longstanding authority of the Board to set those rates. In setting tuition to 0% for resident undergraduates, the Legislature appropriated an amount equivalent to what would have resulted from a 3% increase in resident undergraduate tuition. For non-resident undergraduates and all graduate programs, the Legislature did not restrict the longstanding authority of the Board to set those rates, nor was there an equivalent 3% tuition “buy down”. The legislature defines “tuition” as the tuition operating fee and the capital building fee. The operating fee contributes to day-today operations of the University and supports Western’s annual operating budget plans.

Trustees had questions about how the decision was made on the 3% figure for graduate tuition increase. President Shepard explained the need to increase the graduate tuition by saying that the campus community had come together to identify ways in which a sustainable budget might be created without making drastic cuts similar to those of years past – to raise graduate tuition slightly was one of the ways identified. When trustees followed up by noting that WWU’s graduate tuition remains extremely competitive in the market, Provost Carbajal offered that while other institutions had raised graduate tuition in past years, WWU had opted not to do that in order to recruit talented students to our programs. Trustees added that graduate programs are not eligible for state funds or state grants or subsidized student loans and that they are self-supporting programs.

Trustees also expressed concerns about lowering the contingency fund, but were satisfied by President Shepard’s explanations and assurances.

Carly Roberts, Associated Student Board President read an official statement regarding the AS Board’s opinion regarding the tuition increase: “The Associated Students opposed the proposed tuition increases on the ground that the state legislature has a responsibility to fund the academic functions of a university in a manner that maintains accessibility of tuition prices. While these increases may see Western maintain comparable standing with peer institutions, we believe that it is not desirable to simply be the least of multiple evils. We oppose the continued shift of responsibility to students, subsidizing other areas of the state budget in doing so.” Chair Zoro thanked Roberts for the statement from the AS Board.

MOTION 06-03-2014: Trustee Sharpe moved, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the 2014-2015 annual tuition rate for resident undergraduate students be held at the 2013-2014 annual rate with no increase; and

FURTHER MOVED, that the 2014-2015 annual tuition operating fees and capital building fees for the non-resident graduate students be held at the 2013-2014 annual rate with no increase; and

FURTHER MOVED, that the 2014-2015 annual tuition operating fees and capital building fees for the non-resident undergraduate,

resident graduate, and the Masters in Business Administration (MBA) rates for resident students be raised by 3% respectively.

The motion passed.

Chair Zoro then asked for information on second motion [**Attachment C**]. Vice President Van Den Hul explained that last year, through Western's open, transparent, and bottom up process, the campus developed an operating budget for the current biennium. The Board of Trustees approved the first year of that two year budget at a special meeting in July 2013. This spring, the budget process reexamined year two of that budget to see if there were adjustments, or "emergent issues," that should be included in the FY2014-2015 annual operating budget for the Board to act upon.

He said that campus planning unit leaders submitted proposals for emergent issue requests for the FY2014-2015 operating budget in April 2014 after the legislative session ended. Proposals were presented to the University Planning and Resources Council, and audiocast to the campus with venues for feedback.

Van Den Hul said in order to fund the basic instructional and academic support missions of the institution, the President is proposing, for Board approval, a 2014-2015 budget for state funded operations in the amount of \$145,009,266 for the 2014-2015 fiscal year. The proposed budget reflects revenue and expenditure estimates available for University operations from state appropriations, net tuition operating fees, the administrative services assessment, and the use of one-time reserves.

MOTION 06-04-2014: Trustee Lee moved, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve a 2014-2015 Annual State Operating Budget of \$145,009,266 consisting of a State Appropriations in the amount of \$51,260,000; Western Washington University net tuition operating fee revenue of \$90,217,779; administrative services assessment revenue of \$3,255,969; and the use of one-time reserves in the amount of \$275,518.

The motion passed.

Trustees expressed appreciation for the hard work and detail that went into the overall budget process and for the transparency of the process.

5. CONTINUATION OF 2015-2017 DECISION PACKAGE PROPOSALS

President Shepard introduced Richard Van Den Hul, Vice President for Business and Financial Affairs. Van Den Hul said that the 2015-2017 budget process began in January 2014 with the Planning Units developing requests to be considered for decision packages to the state. He said in this transparent, bottom-up approach, each college or department had the opportunity to develop proposals, following predefined criteria for consideration as a decision package. The

proposals that are included in this recommendation for further development achieved approval from the department, then from the division to be presented to the University Resource and Planning Committee (UPRC) for further consideration. Van Den Hul continued by saying the review process has just concluded, and this recommendation is now being presented to the Board of Trustees for additional feedback before the finalizing of the 2015-2017 State Operating Budget Request and will be presented to the Board for final approval at the August 2014 Board of Trustees meeting.

Van Den Hul said that the 2015-2017 budget request consists of two components:

- **Legislative Priorities**
 - Sustaining Excellence Through Competitive Compensation; Key to our commitment to apply Western's strengths to meet the critical needs in Washington State is the commitment to assure the continuing strengths of Western. Our top priority again this biennium is to ensure Western is providing competitive compensation for faculty, staff, and student employees.
 - Reinvesting for Transformational Enhancement of Access and Quality; Recent research findings are unequivocal: the role of public higher education as the major pipeline to upward social mobility has been dramatically squeezed off. As Western's second priority, we will again press for reinvestment for access and transformation through state revenues, rather than reliance on increasing tuition rates for students to foot the bill.
- **Decision Packages**
 - Investing in Student Success and Achievement; This decision package was top priority for both the Board of Trustees and the UPRC. It is Western's as well, and follows directly from the challenge posed for Washington State as we framed the second top legislative priority.
 - Audiology Clinical Doctorate; This is an already strong program addressing an area where the needs of the state are not being fully met. The program also provides important community outreach services. However, because of licensure changes beyond Western's control, if we are to turn out the graduates much needed by our state, the program must move to the level of a clinical doctorate.
 - Vehicle Engineering; Western is proud to be able to respond to state needs by moving three of our engineering technology programs to mainline engineering. The Vehicle Research Institute has long been a hallmark program for Western. There are important private and public sector development and growth needs in this area; and, it is our view that if our commitments in this area are to keep pace with the caliber of preparation now needed by Washington State, we must move from a Vehicle Research Institute to Vehicle Engineering.
 - Engineering Geology; Western's Geology program is extraordinarily strong. The need to build upon that base to offer Engineering Geology was all too dramatically apparent as we all grieved over the consequences of the Oso tragedy. But, that is just a small part of the expanding need for experts trained in Engineering Geology and able to serve in critical private sector as well as public sector roles.

Van Den Hul said the four decision packages that were chosen to move forward were identified as most clearly delivering on Western's commitment to applying strengths to important state needs. He went on to say that if the Board concurs with the recommendation of the President, Vice Presidents and Deans, these proposals will be refined over the summer and presented in penultimate final form for approval in August before being sent to the state in September.

There was a Trustee recommendation that the two legislative priorities be reversed on the priority list.

6. ACCREDITATION REPORT

President Shepard gave a brief introduction of the accreditation process and turned the remaining time over to Brent Carbajal, Provost and Vice President for Academic Affairs. Provost Carbajal gave a brief introduction of the agenda item by saying that there had been a cultural shift recently in that universities were looking at accreditation reports as an opportunity to review and use data gathered to influence real changes on campus. Carbajal then introduced Steve VanderStaay, Vice Provost for Undergraduate Education to continue with the details of the presentation.

VanderStaay explained that accreditation is a process of peer review by which an institution is assessed against a set of standards by its peers, faculty, administrators and staff who work at other universities. He said that this particular report was the second of three evaluations Western will have in this accreditation cycle. VanderStaay said that the first focused on Western's mission and mission fulfillment, while the second concentrated on whether we have the resources and capacity to fulfill our mission. He said the assessment included evaluation of the University's "Year-Three Accreditation Self- Study" and three days of extensive follow-up phone interviews. The concluding evaluation report included "commendations," "concerns," and "recommendations" for further improvement. NWCCU "recommendations" require action and a follow-up report in the 2017 comprehensive evaluation.

VanderStaay said that evaluators' commended and praised Western's integrated, university-wide response to the recent budget cuts, the University's new programs and strategies to increase student learning and success, and Enrollment and Student Services' focus on the development of a division-wide template for assessment. There were also noted "concerns" which addressed appropriate staffing and resource levels in operational and support areas, and progress on implementation of the University's student learning assessment plan. The recommendations from the accreditation team for further improvement are as follows:

1. Western Washington University should continue its efforts to identify and publish expected course, program and degree learning outcomes, speed its efforts to have expected student learning outcomes for courses provided consistently in written form to students, and to consistently assess student learning outcomes across all departments and programs.
2. As WWU continues to attract more underrepresented students, the University will be well served to remain attentive to expanding or starting campus-wide initiatives that will ensure the success of these students. There is a concern that students, especially freshmen and sophomores, may find it difficult to access academic advisors. A closer

assessment of this concern will allow for the development of effective policies and practices.

Trustees asked the difference between institutional accreditation and professional accreditation. President Shepard responded that institutional accreditation looks at the university as a whole, whereas professional accreditation takes in individual programs like business, education, or music. Trustees then asked what the next steps in this process were. VanderStaay said the next steps in the accreditation process will include the NWCCU Commissioners reviewing the Peer-Evaluation Report and Western's Self-Study Report this summer, along with issuing final commendations and recommendations. Once a final report copy is received it will be shared with the Board.

7. SEXUAL ASSAULT ON COLLEGE CAMPUSES: ISSUES, CONCERNS, ACTIONS, AND COMMITMENTS AT WESTERN

President Shepard introduced Brent Carbajal, Provost and Vice President for Academic Affairs and Eileen Coughlin, Sr. Vice President, VP for Enrollment and Student Services to initiate the presentation. Carbajal stated the presentation provided an opportunity for a broader discussion on the issue in regards to national conversations and expectations of Title IX changes related to sexual assault prevention and response on college campuses nationwide. He introduced Sue Guenter-Schlesinger, Vice Provost for Equal Opportunity & Employment Diversity to provide details on Western's efforts. Guenter-Schlesinger introduced members of the Western's Title IX Taskforce noting that they take this issue very seriously and have created and evaluated the policies that relate to all aspects of sexual assault and reporting on campus. She said this was an opportunity for the Board to provide feedback regarding Western's commitment and actions in preventing and responding to sexual assault. Guenter-Schlesinger went on to explain that campus wide efforts in this area are shaped by Western's values to ensure safety and inclusiveness, in understanding "cultural context", best practices from other institutions, enhanced federal guidelines and in identifying vulnerabilities. Guenter-Schlesinger discussed the process and results from a 2010 Student Survey regarding sexual assault on campus which gave her office good data and identified some vulnerabilities that they have attempted to address with policy changes. She said that a follow up campus climate survey will be distributed in the fall/winter of 2015 in order to gather additional useful data.

Trustees had many questions regarding how the university will measure success and how soon the university would start to see those results. There were also questions about how effective education alone is without a cultural shift and how that cultural shift is started. They asked how the campus community can "own" the issue and take the education and information to heart in order to see that change in their actions. Campus administration agreed with the Trustees, noting that in order to see improvement there needs to be a cultural shift. Staff commented that benchmarking Western against other peer institutions for best practices and measured results will give the best snapshot of the cultural shift. Ted Pratt, Dean of Students said that talking about the issue on campus with administration and students, and by having leaders and spokespeople, both men and women, discuss the issue is helping. He said that by bringing the issue to the forefront and having real open discussions will make a big difference and that as the process improves and becomes more about being proactive and promoting education rather than response the campus community will begin to build confidence in the system. He said he believes at that time there will be a true cultural shift on this issue.

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

At 4:41 p.m. Chair Zoro announced that the Board would convene in Executive Session for approximately twenty minutes to discuss a legal controversy with counsel as authorized in RCW 42.30.110 (1)(i).

The Board returned to open meeting at 5:31 p.m. with no action to report, and adjourned the meeting until Friday morning.

WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees
FROM: President Bruce Shepard by Vice President Richard Van Den Hul
DATE: June 12, 2014
SUBJECT: **2015-2017 CAPITAL BUDGET REQUEST**
PURPOSE: Action item

Purpose of Submittal:

Capital Budget request requirement of the Office of Financial Management.

Proposed Motion:

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approves a 2015-2017 Capital Budget Request from State-appropriated funding sources of \$123,258,500.

Supporting Information:

Board of Trustees
June 12, 2014
2015-2017 Capital Budget Request & 2015-2025 Capital Plan

Introduction

The following information is provided to the Board of Trustees as support documentation for the University's 2015-2017 Capital Budget Request. At the April 2014 Board meeting, a draft of the Capital Budget Plan and Request was submitted to the Board along with information on how the Capital Plan and Budget Request were developed over the last two years. Information was also provided on the proposed items being requested for the 2015-2017 biennium.

Following the April Board meeting, the Vice Presidents received constructive and helpful feedback on the proposed 10-year capital plan from both the University Planning and Resources Council (UPRC), a sub-committee of the Faculty Senate, and the Board of Trustees. Much of the feedback was supportive of the plan's emphasis on strategic needs and focus on academic mission. One concern voiced by both the UPRC and the Board of Trustees, however, was how uneven the capital request amounts would appear over time as a result of not submitting a major construction project in FY2017-2019 while forwarding two major construction projects in FY2019-2021. Furthermore, the Board suggested looking at combining the pre-design, design and construction phases of the projects to allow for projects to be completed faster.

The Vice Presidents reviewed how they might address these concerns and suggestions to strengthen the capital plan. They determined that it would be difficult to combine and complete all three phases of a major construction project in one biennium; however, with careful project management, we could combine the predesign and design phases of the Science Building Renovation and Addition into the FY2015-2017 biennium which would then allow Western to seek construction funding in FY2017-2019. That approach would level out the requests over the 10-year period and would allow Western to address needs sooner, and remove the bunching of two projects in FY2019-2021. This is the only significant change to the Capital Plan presented at the April 2014 Board meeting.

For the 2015-2017 biennium, Western proposes a total capital funding request of \$123,258,500 from State-appropriated funding sources. Following are descriptions of the projects being requested as agreed to by the Vice Presidents and submitted to the Board of Trustees for the June 2014 meeting.

2015-2017 Major and Intermediate Capital Project Requests

See attached 2015-2017 Capital Request & 2015-2025 Capital Plan

Carver Academic Renovation (Construction)

Carver Academic Renovation continues to be the highest ranking major capital project on the University's Capital request. The seismic and safety concerns and age of the systems within the building make this the highest priority for the University. This renovation will also begin to meet the critical needs for more instructional teaching and lab space for high student demand programs such as Community Health, Pre-Physical Therapy, Pre-Health Care Professions, and P-12 Teacher Education. Design funding was received in 2011-2013 however the legislature failed to fund construction in 2013-2015 and the 2014 Supplemental budget. The construction design documents are complete and we are ready to start construction as soon as funding is secured.

Science Building Renovation and Addition (Predesign/Design)

The plan recommends funding a predesign/design for the "Science Building Renovation and Addition" as the next priority for the campus after Carver. The predesign would examine and determine a best value solution for meeting both the preservation needs of the Environmental Studies Center (ES), and the space/programmatic needs in Huxley College of the Environment and the College of Sciences and Technology.

Extensive renovation of the Environmental Studies Center has been on Western's 10-year capital plan for several biennium. With the University's increased emphasis on STEM education, the needs of STEM learning have intensified while ES's capacity to meet these needs has continued to diminish.

Information Technology Network Update (Design/Construct)

The Information Technology Network Update will replace undersized and outdated equipment in the Core Router Systems, Edge Security Systems, and Data Center Systems, which will increase our ability to utilize available internet bandwidth; and provide enhanced data security.

It is essential that Western keeps its network infrastructure systems up to date in order to provide the services necessary for the University to function technically and keep pace with ever changing demand. Technology advances continue to increase the ability of user operated devices to do more, thereby increasing the demand for infrastructure resources and bandwidth.

2015-17 Classroom and Lab Upgrades (Design/Construct)

As in the previous two biennia, this plan requests design and construction funding to renovate and repurpose instructional space to support Western's evolving program needs. These performance based investments are based on factors such as: 1) the requesting departments' stated 'measurable outcomes', and, 2) the instructional spaces' past and projected performance relative to State utilization targets. The program is also used to repurpose under-performing instructional space to serve Western's best interests.

Campus Wireless Upgrade (Design/Construct)

This request is for design and construction funding to provide ubiquitous wireless access throughout all academic and administrative buildings, and selected outdoor coverage in many campus areas. The proliferation of mobile devices and the need for wireless connectivity is one of the fastest growing areas of technology in the world today. Our campus is no exception and this has placed significant demand on our wireless network. Increased coverage and 'throughput' must occur as the wireless network is becoming more and more fundamental to our work and success. The Information Technology Network Update is required in order to have the necessary backbone in place to expand the Campus Wireless System.

College of Fine and Performing Arts Renovation and Addition (Revised Gateway)

This project replaces the Gateway Complex project the University received predesign for in 2011-2013. It proposes the University self-fund a new more comprehensive predesign that looks at how to renovate the Performing Arts Center (PAC) along with a more modest addition to the building rather than the original Gateway Complex.

Minor Capital Request Items

As in previous biennial requests, our Minor Works Preservation and Minor Works Program omnibus categories are for requests for projects ranging in size from \$25,000 to \$2,000,000. These projects are critical to our on-going capital program. Historically, the projects range from roofing replacements to exterior renewal to fire alarm upgrades to office renovations. The entire listing of minor works requests recommended for the 2015-2017 biennium can be found at

<http://www.wvu.edu/wwuarchitect/>

Western Washington University
2015-2017 CAPITAL BUDGET REQUEST & 2015-2025 CAPITAL PLAN

June 13, 2014

Univ. Priority	PROJECT TITLE	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
1	Minor Works - Preservation	14,955,000	15,400,000	15,860,000	16,336,000	16,826,000
2	Minor Works - Program	12,903,500	13,290,000	13,689,000	14,100,000	14,523,000
3	Carver Academic Renovation	73,000,000				
4	Science Building Renovation & Addition	500,000 8,300,000	83,365,000			
5	IT Network Update	4,000,000				
6	2015-17 Classroom & Lab Upgrades	4,900,000				
7	Campus Wireless Upgrade	4,700,000				
8	CFPA Renovation and Addition (Revised Gateway)	Univ. Funded Pre-design	7,300,000	83,600,000		
9	University Support Offices Facility		9,900,000			
10	Access Control Security Upgrades		6,200,000			
11	2017-19 Classroom & Lab Upgrades		4,900,000			
12	Waterfront Land Acquisition		4,500,000			
13	Steam to Hot Water Conversion		415,000	4,750,000	48,000,000	
14	Southwest Campus Roadway Revisions - Phase 1		2,000,000			
15	Wilson Academic Renovation		Univ. Funded Pre-Pre-design	425,000	7,300,000	55,500,000
16	2019-21 Classroom & Lab Upgrades			4,900,000		
17	Fine Arts/Arts Annex Renovation				400,000	4,400,000
18	Old Main Renovation				400,000	3,500,000
19	Humanities Renovation					250,000
20	Ross Engineering Renovation					500,000
21	Phy. Plant Remodel					Pre-design 2025-27
Total/Biennium		123,258,500	147,270,000	123,224,000	86,536,000	95,499,000

Legend

Design & Construct
Pre-design
Design
Construct

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

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by:
Richard Van Den Hul, Vice President for Business and Financial Affairs
Linda Teater, Budget Director

DATE: June 12, 2014

SUBJECT: **Approval of 2014-2015 Annual State Operating Budget**

PURPOSE: Action Item

A) 2014 – 2015 Tuition Rates

Purpose of Submittal:

The Legislature and Governor have passed and signed an appropriations bill. Based on this approved bill, the Board is requested to approve 2014-2015 Academic Year Tuition Fees. Tuition fees include both the tuition operating fee and the capital building fee for each category of student.

Proposed Motion:

***MOVED*, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the 2014-2015 annual tuition rate for resident undergraduate students be held at the 2013-2014 annual rate with no increase; and**

***FURTHER MOVED*, that the 2014-2015 annual tuition operating fees and capital building fees for the non-resident graduate students be held at the 2013-2014 annual rate with no increase; and**

***FURTHER MOVED*, that the 2014-2015 annual tuition operating fees and capital building fees for the non-resident undergraduate, resident graduate, and the Masters in Business Administration (MBA) rates for resident students be raised by 3% respectively.**

Supporting Information:

See the attached memo on setting 2014-15 academic year tuition.

Additional Information:

The 2014-2015 annual operating budget plan which relies on tuition operating fee revenue generated by the tuition increases proposed under this submittal, will also be presented at the June 12, 2014 Board meeting.

B) 2014 – 2015 Annual State Operating Budget

Purpose of Submittal:

Based on the conference committee budget recently passed by the Legislature, and as signed by the Governor, the Board is now asked to approve the 2014-2015 Annual State Operating Budget for Western Washington University.

In addition, in a separate action item, the Board will be asked to approve 2014-2015 tuition rate increases, providing revenue necessary to support the 2014-2015 annual state operating budget.

Proposed Motion:

***MOVED*, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve a 2014-2015 Annual State Operating Budget of \$145,009,266 consisting of a State Appropriations in the amount of \$51,260,000; Western Washington University net tuition operating fee revenue of \$90,217,779; administrative services assessment revenue of \$3,255,969; and the use of one-time reserves in the amount of \$275,518.**

Supporting Information:

See attached memo of supporting information on the 2014-2015 Annual State Operating Budget.

Source of Funding:

State appropriations (general fund-state, education legacy trust funds, and capital projects account); net tuition operating fee revenue; administrative services assessment revenue; and one-time reserves.

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

MEMORANDUM

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by:
Richard Van Den Hul, Vice President for Business and Financial Affairs
Linda Teater, Director, Budget Office

DATE: June 12, 2014

SUBJECT: Supporting Information on Setting 2014-2015 Academic Year Tuition

In 2011-2013 in House Bill 1795, the Legislature granted the Board of Trustees tuition setting authority. In the appropriations bill for 2013-2015, funding was appropriated to alleviate pressure to increase resident undergraduate tuition, and therefore tuition setting authority for resident undergraduate students was suspended for FY2013-2014. In the FY2015 supplemental appropriations bill, tuition setting authority for FY2014-2015 was suspended. For non-resident undergraduates and all graduate programs, the legislature did not restrict the long-standing authority of the Board to set those rates. In setting tuition to 0% for resident undergraduates, the Legislature appropriated an amount equivalent to what would have resulted from a 3% increase in resident undergraduate tuition. For non-resident undergraduates and all graduate programs, the Legislature did not restrict the longstanding authority of the Board to set those rates, nor was there an equivalent 3% tuition "buy down". The legislature defines "tuition" as the tuition operating fee and the capital building fee. The operating fee contributes to day-to-day operations of the University and supports Western's annual operating budget plans.

Proposed 2014-2015 Tuition Rates for WWU

After review by the campus, and upon the recommendation of the Vice Presidents and Deans, the President recommends that tuition fees for non-resident graduate students be held at the 2013-2014 rate with a zero increase, while non-resident undergraduate, resident graduate, and the Masters of Business Administration (MBA) rates for resident students be raised by 3% respectively.

Table 1 below details proposed 2014-2015 tuition fees (tuition operating and capital building fees). As required by law, proposed capital building fee percentage increases are equivalent to the tuition operating fee percentage increases for each student category.

Table 1

TOTAL TUITION (Operating Fee and Capital Building Fee)	<u>2013-14</u>	<u>2014-15</u>	<u>\$ Change</u>	<u>% Change</u>
Resident Undergraduate	\$ 7,503	\$ 7,503	\$ -	0%
Non-Resident Undergraduate	\$ 18,392	\$ 18,945	\$ 553	3%
Resident Graduate	\$ 8,222	\$ 8,469	\$ 247	3%
Non-Resident Graduate	\$ 18,182	\$ 18,182	\$ -	0%
Resident MBA	\$ 9,513	\$ 9,798	\$ 285	3%
Non-Resident MBA	\$ 19,562	\$ 19,562	\$ -	0%

See Attachment A detailing percentage and dollar increases for breakout of tuition operating fee and capital building fee components.

Resident Undergraduate Tuition

The majority of Western students are resident undergraduates, making up approximately 88% of the headcount for the 2014 academic year. No increase in tuition is recommended for this student group.

- While the Washington Student Achievement Council (WSAC) data shows this classification to be 13.1% higher than the national average, the study did not account for differentiation such as Carnegie classification, institution size, scope, or type of degrees produced in the compilation of the national average.
- Both the University of Washington and Washington State University undergraduate rates are approximately 39% higher than Western.
- Comparing the Global Challenge States Peer List, 70% of Western's peer group fall at or below Western's undergraduate 2013 tuition and fees*.
- With regards to the Board-approved Peer List, 77% of Western's peer group fall at or below Western's undergraduate 2013 tuition and fees*.

Non-Resident Undergraduate Tuition

Non-resident undergraduate students represented approximately 8.8% of Western's 2014 academic year headcount. The proposed tuition increase for non-resident undergraduate students is 3%, representing an annual increase of \$553.

- The WSAC data shows Western closer in this category than resident tuition at 12.7% over the computed national average.
- University of Washington non-resident undergraduate tuition is 62% higher than Western.
- Comparing the Global Challenge States Peer List, 36% of Western's peer group fall at or below Western's non-resident undergraduate 2013 tuition and fees*.
- With regards to the Board-approved Peer List, 72% of Western's peer group fall at or below Western's non-resident undergraduate 2013 tuition and fees*.

*2014 data was unavailable at the time of this publication.

Resident Graduate Tuition

Resident graduate students represented 2.8% of Western's 2014 academic year student headcount. The proposed tuition increase for resident graduate students is 3%, representing an annual increase of \$247.

- This classification is the closest to the WSAC computed national average at 9.9% over average.
- University of Washington resident graduate tuition is 60% higher than Western.
- Comparing the Global Challenge States Peer List, 30% of Western's peer group fall at or below Western's resident graduate 2013 tuition and fees*.
- With regards to the Board-approved Peer List, 65% of Western's peer group fall at or below Western's resident graduate 2013 tuition and fees*.

Non-Resident Graduate Tuition

Non-resident graduate students represented less than 1% of Western's 2014 academic year student headcount. No increase in tuition is recommended for this student group.

- The WSAC study shows non-resident graduate tuition as 14.5% over the national average.
- University of Washington non-resident graduate tuition is 41% higher than Western.
- Comparing the Global Challenge States Peer List, 55% of Western's peer group fall at or below Western's non-resident graduate 2013 tuition and fees*.
- With regards to the Board-approved Peer List, 77% of Western's peer group fall at or below Western's non-resident graduate 2013 tuition and fees*.

Masters in Business Administration (MBA)

The MBA tuition rate is currently the only differentiated tuition Western charges. Approved by the Board of Trustees during the 2011-2013 biennial tuition setting process as part of a long-term strategy to price the MBA program appropriately in the marketplace, MBA resident students are annually assessed \$1,291 higher than other resident graduate students. The proposed tuition increase for resident students is 3%, representing an annual increase of \$285, to continue this long-term strategy.

Attachments:

Attachment A – Proposed Western Tuition Dollar and Percentage Increases 2013-2014

Attachment B – WSAC 2013-2014 Tuition and Fee Report Comparison of WA Institutions (DRAFT)

Attachment C – Global Challenge States Peer List & Board-approved Peer List Comparison Chart

*2014 data was unavailable at the time of this publication.

Western Washington University 2014-2015 Tuition Rates (Operating Fee and Capital Building Fee)				
TUITION FEES				
	2013-14	2014-15	\$ Change	% Change
<u>Operating Fee</u>				
Resident Undergraduate	\$7,209	\$7,209	\$0	0%
Non-Resident Undergraduate	\$17,663	\$18,194	\$531	3%
Resident Graduate	\$8,009	\$8,250	\$241	3%
Non-Resident Graduate	\$17,630	\$17,630	\$0	0%
Resident MBA	\$9,285	\$9,564	\$279	3%
Non-Resident MBA	\$18,977	\$18,977	\$0	0%
<u>Capital Building Fee</u>				
Resident Undergraduate	\$294	\$294	\$0	0%
Non-Resident Undergraduate	\$729	\$751	\$22	3%
Resident Graduate	\$213	\$219	\$6	3%
Non-Resident Graduate	\$552	\$552	\$0	0%
Resident MBA	\$228	\$234	\$6	3%
Non-Resident MBA	\$585	\$585	\$0	0%
<u>TOTAL TUITION (Operating Fee and Capital Building Fee)</u>				
Resident Undergraduate	\$7,503	\$7,503	\$0	0%
Non-Resident Undergraduate	\$18,392	\$18,945	\$553	3%
Resident Graduate	\$8,222	\$8,469	\$247	3%
Non-Resident Graduate	\$18,182	\$18,182	\$0	0%
Resident MBA	\$9,513	\$9,798	\$285	3%
Non-Resident MBA	\$19,562	\$19,562	\$0	0%

Western Washington University
2013-14 Tuition and Fee Rates* for Washington Universities
Compared to National Averages
WSAC 2013-14 Tuition and Fee Report

	Undergraduate		Graduate	
	Resident	Nonresident	Resident	Nonresident
Western Washington University				
Tuition and Fees	\$8,863	\$19,752	\$9,582	\$19,542
National Average	\$7,835	\$17,531	\$8,715	\$17,073
Dollar +/- National Average	\$1,028	\$2,221	\$867	\$2,469
Percent +/- National Average	13.1%	12.7%	9.9%	14.5%
Central Washington University				
Tuition and Fees	\$8,976	\$20,502	\$9,909	\$20,886
National Average	\$7,835	\$17,531	\$8,715	\$17,073
Dollar +/- National Average	\$1,141	\$2,971	\$1,194	\$3,813
Percent +/- National Average	14.6%	16.9%	13.7%	22.3%
Eastern Washington University				
Tuition and Fees	\$7,961	\$19,931	\$10,924	\$24,570
National Average	\$7,835	\$17,531	\$8,715	\$17,073
Dollar +/- National Average	\$126	\$2,400	\$2,209	\$7,497
Percent +/- National Average	1.6%	13.7%	25.3%	43.9%
The Evergreen State College				
Tuition and Fees	\$8,422	\$20,509	\$8,911	\$21,061
National Average	\$7,835	\$17,531	\$8,715	\$17,073
Dollar +/- National Average	\$587	\$2,978	\$196	\$3,988
Percent +/- National Average	7.5%	17.0%	2.2%	23.4%
University of Washington				
Tuition and Fees	\$12,399	\$31,974	\$15,303	\$27,555
National Average	\$10,009	\$26,151	\$11,555	\$24,509
Dollar +/- National Average	\$2,390	\$5,823	\$3,748	\$3,046
Percent +/- National Average	23.9%	22.3%	32.4%	12.4%
Washington State University				
Tuition and Fees	\$12,327	\$25,409	\$12,627	\$26,059
National Average	\$10,009	\$26,151	\$11,555	\$24,509
Dollar +/- National Average	\$2,318	(\$742)	\$1,072	\$1,550
Percent +/- National Average	23.2%	-2.8%	9.3%	6.3%

Source: WSAC 2014 National Tuition and Fee Report (DRAFT)

*Note: WSAC reported "Tuition and Fees" for Washington's 4-year institutions includes tuition and mandatory fees

ATTACHMENT B
Attachment C
Draft Minutes

Western Washington University

FY 2013 Comparison of Tuition and Mandatory Fees from June 12, 2014 meeting
Global Challenge States - WWU Peer Group

	WWU Tuition and Fees (FY 2013)	Global Challenge States (60th Percentile)	\$ Difference	% Difference	Percentile Rank
Resident Undergraduate	\$ 8,805	\$ 8,590	\$ 215	2.5%	70%
Nonresident Undergraduate	\$ 19,152	\$ 19,754	\$ (602)	-3.0%	36%
Resident Graduate	\$ 9,276	\$ 9,477	\$ (201)	-2.1%	30%
Nonresident Graduate	\$ 18,957	\$ 19,319	\$ (362)	-1.9%	55%

	WWU Tuition and Fees (FY 2013)	WWU Peer Group (60th Percentile)	\$ Difference	% Difference	Percentile Rank
Resident Undergraduate	\$ 8,805	\$ 8,079	\$ 726	9.0%	77%
Nonresident Undergraduate	\$ 19,152	\$ 18,569	\$ 583	3.1%	72%
Resident Graduate	\$ 9,276	\$ 8,860	\$ 416	4.7%	65%
Nonresident Graduate	\$ 18,957	\$ 17,970	\$ 987	5.5%	77%

NOTE:

- A) The Global Challenge States peer group is comprised of 11 institutions (see the Budget Office website for list).
- B) WWU Peer Group is comprised of 25 institutions (see the Budget Office website for list).
- C) "Percentile Rank" represents WWU's relative position to the peer group. For example, a 60% percentile rank indicates that 60% of the peer group are at or below WWU tuition and fee rate.

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

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by:
Richard Van Den Hul, Vice President for Business and Financial Affairs
Linda Teater, Budget Director

DATE: June 12, 2014

SUBJECT: **Approval of 2014-2015 Annual State Operating Budget**

PURPOSE: Action Item

A) 2014 – 2015 Tuition Rates

Purpose of Submittal:

The Legislature and Governor have passed and signed an appropriations bill. Based on this approved bill, the Board is requested to approve 2014-2015 Academic Year Tuition Fees. Tuition fees include both the tuition operating fee and the capital building fee for each category of student.

Proposed Motion:

MOVED, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve the 2014-2015 annual tuition rate for resident undergraduate students be held at the 2013-2014 annual rate with no increase; and

FURTHER MOVED, that the 2014-2015 annual tuition operating fees and capital building fees for the non-resident graduate students be held at the 2013-2014 annual rate with no increase; and

FURTHER MOVED, that the 2014-2015 annual tuition operating fees and capital building fees for the non-resident undergraduate, resident graduate, and the Masters in Business Administration (MBA) rates for resident students be raised by 3% respectively.

Supporting Information:

See the attached memo on setting 2014-15 academic year tuition.

Additional Information:

The 2014-2015 annual operating budget plan which relies on tuition operating fee revenue generated by the tuition increases proposed under this submittal, will also be presented at the June 12, 2014 Board meeting.

B) 2014 – 2015 Annual State Operating Budget

Purpose of Submittal:

Based on the conference committee budget recently passed by the Legislature, and as signed by the Governor, the Board is now asked to approve the 2014-2015 Annual State Operating Budget for Western Washington University.

In addition, in a separate action item, the Board will be asked to approve 2014-2015 tuition rate increases, providing revenue necessary to support the 2014-2015 annual state operating budget.

Proposed Motion:

***MOVED*, that the Board of Trustees of Western Washington University, upon the recommendation of the President, approve a 2014-2015 Annual State Operating Budget of \$145,009,266 consisting of a State Appropriations in the amount of \$51,260,000; Western Washington University net tuition operating fee revenue of \$90,217,779; administrative services assessment revenue of \$3,255,969; and the use of one-time reserves in the amount of \$275,518.**

Supporting Information:

See attached memo of supporting information on the 2014-2015 Annual State Operating Budget.

Source of Funding:

State appropriations (general fund-state, education legacy trust funds, and capital projects account); net tuition operating fee revenue; administrative services assessment revenue; and one-time reserves.

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

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by:
Richard Van Den Hul, Vice President for Business and Financial Affairs
Linda Teater, Budget Director

DATE: June 12, 2014

SUBJECT: **Supporting Information for Board Approval of the 2014-2015 Annual State Operating Budget**

Schedule of Approvals for 2014-2015 Annual State Operating Budgets

At the June 12, 2014, Board meeting the Board of Trustees will be requested to approve tuition rates for all student categories for the 2015 academic year. At this same meeting, the Board will be asked to approve the 2014-2015 Annual State Operating Budget, which relies on the projected tuition operating fee revenues generated from these tuition rate proposals.

Introduction

In order to fund the basic instructional and academic support missions of the institution, the President is proposing, for Board approval, a 2014-2015 budget for state funded operations which reflects revenue and expenditure estimates available for University operations from state appropriations, net tuition operating fees, the administrative services assessment, and the use of one-time reserves.

Proposed FY 2014-15 Annual State Operating Budget

A summary of all revenue sources is included in the table below. Please note that tuition operating fee revenue is presented net of tuition waivers and Western's student loan/grant fund contribution at 4%.

2014-15 Fiscal Year		
WWU State Operating Budget		
by Funding Source		
Funding Source	Proposed for Board Approval FY15	% of Budget
State Appropriations	51,260,000	35%
Net Tuition Operating Fees	90,217,779	62%
Administrative Services Assessment	3,255,969	2%
One-Time Reserves	275,518	0%
State Operating Budget	145,009,266	100%

Western's Student Loan/Grant Fund

Gross tuition operating fees collected are currently subject to a 4% minimum set-aside for the Western Washington University student loan and grant fund. The capital building fee (part of tuition) and student activities fee are assessed at 3.5%. For the 2013-2014 fiscal year, Western will allocate close to \$4.0 million to this form of financial aid.

Western's Budget Process

Last year, through Western's open, transparent, and bottom up process, the campus developed an operating budget for the current biennium. The Board of Trustees approved the first year of that two year budget at a special meeting in July 2013. This spring, the budget process reexamined year two of that budget to see if there are adjustments, or "emergent issues," that should be included in the FY2014-2015 annual operating budget for the Board to act upon.

Campus planning unit leaders submitted proposals for emergent issue requests for the FY2014-2015 operating budget in April 2014 after the legislative session ended. Proposals were presented to the University Planning and Resources Council, and audiocast to the campus with venues for feedback.

Budget Recommendation Detail

The Vice Presidents and Deans evaluated all the requests and recommended a budget which includes: funding for year three of the faculty contract commitment; funds to raise salaries for the lowest paid classified staff and graduate teaching assistants; funds to continue the approved compensation plan for professional and executive staff; funds for video service support; and finally, funds to support student success and achievement.

Please see Attachment A for a copy of this recommendation, or the web version with active hyperlinks may be reviewed at this location: <http://www.wvu.edu/upb/1516Emerg/FINALFY2015.pdf>

The President now recommends the Board of Trustees approve the state operating budget in the amount of \$145,009,266 for the 2014-2015 fiscal year.

President's Recommendation to the Board of Trustees Proposed FY 2014-15 Operating Budget

The campus feedback period for the FY 2014-15 Operating Budget has now ended, and the President will be presenting his recommendation to the Board of Trustees on June 12, 2014.

President Shepard has accepted the recommendation of the Vice Presidents and Deans with one modification. There was substantial feedback from the campus regarding the \$31,000 IT efficiency reduction administered by the Office of Financial Management (OFM) being disproportionately assessed to Academic Technology and User Services (ATUS). Since information technology is a campus wide need and expenditure, any efficiencies that can be made to offset this cut will need to be made at the campus level rather than at a unit level. To offset this modification, the recurring contingency reserve will be reduced by an additional \$31,000 as reflected in the updated [uses and sources table](#).

Note: The remainder of this document is the recommendation from the Vice Presidents and Deans, revised with the change in the preceding paragraph.

Background:

The [strategic budget processes](#) at Western always involve at least three rings. There is a biennial budget **request** process; the budget requests for the 2015-17 biennium have been developed bottom up and penultimate recommendations are about to be posted. There is the **capital** budget process. And, once the legislature has considered budget requests and cut us a check, there is a process for adopting an **operating** budget.

Last year, through an open, transparent, and bottom up process, the campus developed [an operating budget for the current biennium](#). The Board of Trustees then approved [the first year of that two year budget](#).

Now it is time to re-examine year two of that budget to see if there are adjustments, or "emergent issues," that should be included in what is then the Trustees' responsibility to act upon.

As is always the case, we proceeded bottom up with proposals [posted on the web](#) for all to see. The [University Planning and Resources Council \(UPRC\)](#), broadly representative of faculty, staff, students, and administration, considered budget presentations in [audiocast sessions](#) and then formed recommendations. Central leadership - the president, vice presidents and deans - then met on several occasions to discuss budget options and to consider the recommendations of the UPRC.

Their recommendations to campus on the FY 2014-15 operating budget now follow. Your feedback is welcome, and there are several means to respond:

- UPRC final feedback will be discussed at their May 7th meeting;
- Feedback will be solicited at the President's Cabinet meeting on May 7th; and,
- A discussion forum was established on Viking Village through May 16th.

After considering this additional feedback, President Shepard will recommend an FY 2014-15 Operating Budget to the Board of Trustees at their June meeting. They are expected to act upon that recommendation in open and audiocast session on Friday, June 13th.

Summary:

The budget for the second year of the biennium is a fairly cut-and-dried matter as the strategic decision making – deriving funding decisions from stated strategic priorities of the university – was completed a year ago.

The FY 2014-15 budget continues those decisions in these ways:

- Western's excellence, and the need for competitive compensation that then follows, was identified last year as our top priority. This FY 2014-15 proposal fully funds contractual commitments for faculty and classified staff. Added to this is funding for the previously announced "compensation floor" for our 69 lowest paid colleagues. We propose to add support to continue the plan to bring all professional staff with five or more years of satisfactory service to the middle third of the salary range defined by market comparability studies. And, we include salary adjustments for the lowest paid graduate teaching assistants. (Those salaries had not been adjusted in five years.)
- In simplest terms, we seek to apply our considerable strengths to meeting the critical needs of Washington State. The proposed operating budget funds the continuing and, in some cases, the additional second year costs of implementing the initiatives previously approved as a part of the biennial budget, including diversity, engineering, computer science, and energy studies.
- Joining with UPRC who saw this as the top priority, the deans and vice presidents recommend funding the proposal to improve student and academic support services.
- We again join with UPRC in seeing the enhanced support for graduate and research programs as necessary. We recommend a different approach, though. As the investment is expected to generate additional returned overhead, we will fund the initiative for three years using one-time reserves with an expectation that permanent recurring funding will then be possible through the increase in overhead support coming to Western as a result of additional grant activity.
- Several proposals we considered may well need to be funded but we think more study is necessary. The Banner Data Defense proposal needs to be analyzed in the context of several alternatives and with a more precise

understanding of the vulnerabilities that would then remain. We set a six-month deadline for completing that analysis.

- The Visual Media proposal identifies an exploding need on our campus. We discussed the need, the various pockets of expertise on campus, and the possible use of different funding strategies. We set aside most of what was requested, but will allocate funds to specific areas once a more comprehensive review of capabilities and funding strategies is conducted. We set a similar six month deadline for bringing closure to this budget decision.
- There were also several “emergent items” that had to be funded no matter what. That is because they emerged from the legislature. Described as “lean management” and “IT efficiency” reductions, these are simply cuts to Western’s annual base budget and total \$271,000.

These proposals are responsive to UPRC’s top priorities: student support services, teaching assistant compensation, and support for graduate studies and research.

Spending money is easy. Finding the funds is the other side of the coin. In the biennial budget, we had built in an assumption of a 0% tuition increase in resident undergraduate instruction for FY 2013-14 and 2.75% for FY 2014-15 with modest increases in other tuition categories.

The good news is that there will be no tuition increase next year for resident undergraduates. After studying data from peers, we also will not raise graduate non-resident tuition. Resident graduate tuition rates are well below peers and would, we propose, be increased 3%. Non-resident undergraduate tuition would also increase by 3%, but those increases would be balanced by a program of partial waivers designed to keep Western’s tuition competitive with peers.

To bring the budget into balance going forward, we would also add revenues from two other sources. First, we would increase the overhead assessment on auxiliaries and self-support operations by 0.3%. This is a complex matter in which there are all sorts of apples and oranges; further, affected units must plan ahead. Consequently, we would postpone the implementation for one year while the details are worked out, covering next year’s projected revenue from reserves.

Overall, this proposal is responsive to the emergent issues of highest priority while not cutting division budgets and not raising undergraduate resident tuition.

We also propose to reduce the institution’s budgeted and recurring contingency fund by 10%. Six years ago, Western had no such regularly budgeted fund. It was brought to a level that has seen us through some very challenging times. We have analyzed worst-case budget scenarios for the next biennium along with our current level of institutional reserves, and believe such a reduction is now not only fiscally prudent but also strategically wise – putting more dollars to work for Western.

WESTERN WASHINGTON UNIVERSITY - SOURCES AND USES
 OPERATING BUDGET 2014-15

USES

ITEMS RECOMMENDED AND DECIDED JULY 2013

Faculty Contract Commitments - year 3	2,840,123
Utility Budget Increase	174,019
Energy Decision Package	543,548
Classified CBA Commitments (Step M)	42,042

EMERGENT ISSUES DECIDED AFTER JULY 2013

Final year of Post Tenure Review commitment left out of FY14	149,187
Pro-Staff/Exec Staff Increases implemented at 4% vs. planned 3.5%	129,885
Lean Management allocation reductions from OFM	240,000
IT efficiency reduction from OFM	31,000
Classified CBA Commitment (Compensation Floor adjustment)	158,380

EMERGENT ISSUES RECOMMENDED - YET TO BE DECIDED

Institutional

Pro-Staff and Exec. Staff - continuation of compensation plan	111,167
Teaching Assistant Compensation	156,424

Enrollment and Student Services

Student Success and Achievement	230,701
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Academic Affairs

Video Services Support	75,000
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TOTAL RECURRING NEW NEEDS **4,881,476**

SOURCES

ITEMS RECOMMENDED AND DECIDED JULY 2013

Revenue from overhead assessment as auxiliary income has increased	248,090
Rollover to Yr 2 of recurring Yr 1 under commitments	3,199,560
Cost Estimate Variance on Step M Implementation in FY14	34,012

NEW SOURCES:

Tuition

Tuition: 3% increase - Non-Res UG	548,061
Tuition: 3% increase - Res Graduate	80,235

Recurring Assessment on all Auxiliary and Self-Sustaining Funds

Total, all Divisions (In addition to 0.5% agreed to; would require 1 yr soft \$ to plan, implement sensibly across offices, divisions)	275,518
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Other

Permanently Reduce Recurring Contingency Reserve	496,000
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TOTAL NEW SOURCES **4,881,476**

[Return to recommendation narrative](#)

Faculty Compensation

The base budget commitments for year one of the University/Faculty CBA were covered using one-time reserves. This was done knowing that permanent, recurring savings from rebasing would become available in 2013-15. The commitments for years two and three of the contract was built into the biennial budget last year and approved by the Board of Trustees in July 2013.

Utility Budget Increase

This is an inflationary increase to prudently cover any rate or usage increases in utilities, such as heat and electricity, imposed on the university. Any funds not spent revert back to the fund balance reserve and can be used for funding one-time commitments in the future.

Multi-College Energy Academic Program

This is an initiative of three colleges: Huxley College of the Environment, the College of Sciences and Technology, and the College of Business and Economics. The proposal, in ways unique to the West Coast, prepares students for leadership in the energy economy of the 21st century. The proposal has strong support from among prospective employers and is funded through a combination of state appropriation and private philanthropy.

The Energy Program epitomizes clearly what it means to take strengths particular to Western, and apply them to critical needs. That it involves partnerships among three colleges and with public and private sector entities is also appealing. So, we have included funding for the state support piece even though the state did not appropriate funds specifically for this decision package but, instead, providing increased general institutional support; the funding obligation related to private fundraising remains.

This initiative was approved as a part of last year's budget. Here, we fund 2nd year costs that were anticipated at that time.

Classified Compensation

Step M: An additional step was added to the State General Service Salary Schedule in the 2013-2015 operating budget, referred to as Step M. All classified employees who had been at Step L for six consecutive years or more progressed to Step M on July 1, 2013. Other classified staff progress to Step M on their anniversary date after completing six consecutive years at Step L. The cost to implement Step M, which was not included in our state allocation, was less than anticipated in FY14. Funding was committed in Western's biennial budget last year to cover those employees that will progress to Step M this coming year.

Compensation Floor: Effective July 1, 2014, the base salary for permanent (halftime or greater) WFSE and PSE employees will be brought to a new minimum compensation floor. Sixty nine current WFSE and PSE employees compensated below \$15 per hour will be moved up to the step closest to \$15 an hour on the state's salary schedule, and new employees will be brought to the new level following successful completion of the probationary period.

Other Note: Under the 2013-15 state operating budget and terms of the state's collective bargaining agreements with unions representing many state employees, salaries would have risen by 1.0 percent if, as a result of increased economic activity, the February 2014 quarterly revenue forecast had been at least \$200 million higher than what was forecast in September 2012. Revenue growth generated by economic changes increased only \$11.7 million over that

period. That increase was too small to trigger a 1.0 percent cost of living adjustment. Since compensation is a top university priority, Western and the two unions have agreed to partially offset this lost cost of living increase with a one-time lump sum payment to WFSE and PSE bargaining unit employees. For WFSE, in (addition to previously agreed upon lump sum payments of 2.20 percent paid August 25, 2013 and 1.0 percent to be paid on December 14, 2014, a 1.0 percent lump sum will be added.

For PSE, in addition to a previously agreed upon 2.5 percent lump sum paid December 10, 2013, a 1.7 percent lump sum payment will be added.

Post Tenure Review

The final year of the five year university commitment to fund faculty post-tenure review was inadvertently left out of the recurring budget in FY14. The cost to cover the expense in FY14 was funded from one-time reserves, so the base budget must be adjusted to cover these on a recurring basis. Moving forward, the Academic Affairs budget funds this cost from savings from turnover of tenured positions.

Professional and Executive Staff Increases

FY14 Implementation: In building the biennial budget for 2013-15 it was anticipated that professional and executive staff salary increases would be 3.5%. Prior to implementation, it was decided that these employee classes, having received no increases over the preceding 5 years, would receive a 3% across the board increase, and a 1 % pool would be used for equity and retention issues. Onetime funds were used to cover the differential for FY14, so the base budget must be adjusted to cover this on a recurring basis.

Continuing Compensation Plan: Recurring funding is being added in FY15 to continue the compensation plan to bring all professional staff with five or more years of satisfactory service to the middle third of the salary range defined by market comparability studies.

Teaching Assistant Compensation

Graduate teaching assistantship stipends have not increased since 2009, even as the cost of living and educational expenses have increased dramatically. Higher stipends for graduate teaching assistants will improve recruitment and retention of highest quality students, which will have both direct and indirect effects of improving undergraduate education.

Student Success and Achievement

Western is at a critical juncture in several of our key core state-funded service areas that have seen the greatest growth in demand: Academic Advising and Student Outreach Services, the Counseling Center, and the Office of disAbility Resources for Students. The demands in these areas reflect changes in demographics of our enrollment, and this has impacted both the yield of new students and the retention of currently enrolled students. This funding addresses these most critical needs.

Video Services Support

The partial base funding of this proposal helps cover increased demand for services while a comprehensive review of the total needs and alternative funding strategies is undertaken. This

review will be completed in six months. The ultimate funding of this proposal may vary based on the outcome of this review.

Increased Income from Auxiliaries

Auxiliaries are the various components of the university's operations that run as businesses, which must generate revenues to cover costs. Our residence halls are just one example.

The university charges fees to auxiliaries to cover overhead services provided. Last biennium the fee structure was carefully studied and then significantly revised.

Included was a somewhat higher fee to be charged beginning FY 2013-14. This is not an addition we are now proposing be added but, rather, is the realization of income from a fee increase our auxiliaries knew was coming and have been budgeting for. This line also reflects revenue growth because auxiliary activity has been increasing and, consequently, revenue realized from the overhead charge has increased as a result of that greater activity.

Rollover of Year One to Year Two

We had a substantial carryover between the two years of this biennium. This has to do with the way the legislature appropriates across a biennium compared to the commitments we have for the biennium. Because our appropriations are essentially the same for both years of the biennium, as is our tuition revenue, there are about the same number of dollars available to spend in 2013-14 as in 2014-15. However, our expenses in 2014-15 are significantly higher than in 2013-14 because we are budgeting for annual compensation increases both years.

Tuition

Resident undergraduate tuition is legislatively restricted to a zero percent increase for FY15, consistent with legislative action for FY 2014.

We propose, then, to increase tuition by 3% in FY 2014-5 for resident graduate students and for non-resident undergraduates. This modest increase keeps those tuitions at or below the tuition levels among Western's peer institutions while supporting program improvements.

Recurring Assessment on all Auxiliary and Self-Sustaining Funds

Due to the limited options for new sources, an additional 0.3% assessment on auxiliary and self-sustaining funds will need to be charged. To avoid any adverse unintended consequences, one-time reserves will be used in FY 2015 as we plan how best to implement this source for the recurring budget.

Lean Management and IT Efficiency Reductions from OFM

Lean Management: In the 2013-15 biennial budget, the legislature reduced the allocation to the Office of Financial Management (OFM) with the direction to "... develop a strategic lean management action plan to drive efficiencies in state spending and increase productivity of state employees while improving and increasing state services for taxpayers. The action plan must determine the specific agencies and programs that would benefit most from application of the action plan, and the plan must target resources accordingly." Western's targeted resources for the 2013-15 biennium has been determined by OFM to be \$240,000.

IT Efficiency: OFM was directed to reduce agency allotments to reflect savings resulting from efficiencies in information technology expenditures statewide. Our forced efficiency resulted in a reduction to be covered *by reducing the recurring contingency reserve* in the amount of \$31,000. *Note: this is a change from the original recommendation from the Vice Presidents and Deans implemented by the President in response to feedback from the campus community.*

Permanently Reduce Recurring Contingency Fund

The university maintains a base-budgeted contingency fund to cover unexpected and unbudgeted expenses. For example, in recent years that fund has been used several times to "buy time" in order to make budget reductions thoughtfully. Western drew upon the contingency fund to send the dollars Olympia immediately required as a cut in our budget while we took a year, bottom up, to make permanent cuts.

At the end of a fiscal year, unspent balances feed the university's reserves and those reserves are also available to cover one-time unexpected and unbudgeted expenses. Based upon our experiences as we have successfully weathered five difficult years, we believe it possible to now permanently reduce the size of the recurring contingency fund in order to free up funds to provide base budget funding for other needs.