Overview

- Funding history
- Reduction impacts
- Further 2011-13 potential reductions
- Strategies for addressing future reductions
- Transforming the University
Washington State Funding History

Over the last three legislative sessions, the Legislature has addressed an $18 billion five year budget problem with $10 billion in reductions and other actions.


FY 2009-FY 2013 Budget Solution = $17.8 Billion

* The amounts depicted generally reflect estimated amounts in the legislative session that they were enacted. Due to interactions, some duplication of particular reductions, and other factors, the actual amounts are likely to be different.

Source: Senate Ways & Means presentation, 10-10-11
### Eastern’s Reduction History

#### 2007-09 Overview

<table>
<thead>
<tr>
<th>FY2008</th>
<th>FY2009</th>
<th>2007-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total State Funding (Appropriation)</td>
<td>57,997,000</td>
<td>56,196,000</td>
</tr>
</tbody>
</table>

#### 2009-11 Overview

<table>
<thead>
<tr>
<th>FY2010</th>
<th>FY2011</th>
<th>2009-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance Level Funding</td>
<td>61,579,000</td>
<td>63,263,000</td>
</tr>
<tr>
<td>Net Reductions after Federal Stimulus</td>
<td>(13,322,000)</td>
<td>(20,102,000)</td>
</tr>
<tr>
<td>Total State Funding (Appropriation)</td>
<td>48,257,000</td>
<td>43,161,000</td>
</tr>
</tbody>
</table>

#### 2011-13 Enacted Budget

<table>
<thead>
<tr>
<th>FY2012</th>
<th>FY2013</th>
<th>2011-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance Level Funding</td>
<td>46,721,000</td>
<td>47,119,000</td>
</tr>
<tr>
<td>Higher Education Reduction (Base)</td>
<td>(10,135,000)</td>
<td>(9,665,000)</td>
</tr>
<tr>
<td>Higher Education Reduction (one-time)</td>
<td>(423,000)</td>
<td>(890,000)</td>
</tr>
<tr>
<td>3% Salary Reduction</td>
<td>(1,627,000)</td>
<td>(1,630,000)</td>
</tr>
<tr>
<td>Suspend PERS Plan 1 COLA</td>
<td>(252,000)</td>
<td>(346,000)</td>
</tr>
<tr>
<td>Interagency Charges (AG, Auditor)</td>
<td>41,000</td>
<td>41,000</td>
</tr>
<tr>
<td>Other Technical adjustments</td>
<td>2,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Total Reductions</td>
<td>(12,394,000)</td>
<td>(12,489,000)</td>
</tr>
<tr>
<td>Total State Funding (Appropriation)</td>
<td>34,327,000</td>
<td>34,630,000</td>
</tr>
</tbody>
</table>


**Decrease in Funding from 2009-11**

($58,307,000)  
46.7%
Addressing Budget Reductions, 2011-13
Implemented 7-01-11

Eastern used a multi-faceted approach for initial 2011-13 budget plans.

Total Biennial Reduction = $24,883,000

Operating Fee Revenue
$9,168,000

Base Reduction
$1,219,000

One Time Funding
$6,834,339

• $3,257,000 salary reduction from fund balance
• $920,806 bridge to FY13 from fund balance
• $1,343,533 bridge to FY13 from reserves
• $1,313,000 one-time reduction from reserves
2011-13 Reduction Impacts
Implemented 7-01-11

- Staffing reductions - 100 positions eliminated and 290 positions impacted
- Continued increase in class sizes
  - Increase in student/faculty ratio
    - Fall 2007: 19 to 1
    - Fall 2011: 22 to 1
- Decrease in university cash balances
  - Cover reductions
  - Shift of continuing expenses to other non-state funded accounts
- Base budget reductions across campus
- Programs and degrees eliminated
- Approx 300 courses eliminated since 2009 (20% are graduate level)
- College consolidation
- Eliminated Division of International and Educational Outreach - functions integrated into other areas
- Early retirement plan
- Increased deferred maintenance
2011-13 Governor’s Budget Reduction Alternatives
Released October 27, 2011

- Higher education reduction in state funding by 20%, 15% or 10%
- Suspend State Work Study (SWS) program
- Employee Compensation/Benefits:
  - Furlough days
  - Additional 1% salary reductions for state employees
  - Employee health contributions increase from 15% to 25%
  - Suspend classified step increases
  - End sick leave cash outs for non-retiring employees
- Eliminate State Need Grant (SNG)
  - Reduce Maximum SNG award by 25%
  - Limit SNG eligibility to public institutions
  - Reduce SNG eligibility from 70% to 55% or less of median family income
Potential financial aid impacts to Eastern students

- Suspension of the State Work Study (SWS) program impacts more than 100 students.
- Elimination or reduction of State Need Grant (SNG) awards will decrease financial aid available to students that meet need based criteria. Three levels of potential impact to the SNG program:
  - Depending on qualifying need level, a loss of $1,074 to $6,444 per student.
  - Reduce SNG award by 25% results in award decreases of $268 to $4,188 per student depending on qualifying need level.
  - Reduce SNG eligibility from 70% to 55% or less of median family income.
  - Options for replacement of SNG aid are limited to student or parent loans.
  - May impact enrollment levels if students are unable to replace SNG aid in an acceptable alternative.
Eastern’s Potential Reductions

• Higher Education Reductions
  – Eastern’s 15% reduction in near GFS is $5,200,000

• Furlough Days
  – If Eastern does not implement ten furlough days for state funded classified & exempt employees in FY13, it may absorb a state reduction of about $1,200,000.

• 1% Salary Reduction
  – If Eastern does not impose a 1% salary reduction in FY13 for state employees, it may absorb a cost reduction of about $550,000

• State Support for Health Benefits
  – If Eastern needs to cover an additional $25 per month for health benefits, it may cost about $296,000
Strategies to Address Emerging Budget Reductions

Operating Fee Revenue

Base Reduction

One Time Funding

2011-13 Budget
## 2011-13 Balanced Approach

<table>
<thead>
<tr>
<th>Reduction Percent</th>
<th>15%</th>
<th>20%</th>
<th>23%</th>
<th>25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13 Base Reduction Amount</td>
<td>($5,200,000)</td>
<td>($6,900,000)</td>
<td>($7,900,000)</td>
<td>($8,600,000)</td>
</tr>
<tr>
<td>FY 13 Potential Additional Reductions (furlough, salary reduction, health benefits)</td>
<td>($2,046,000)</td>
<td>($2,046,000)</td>
<td>($2,046,000)</td>
<td>($2,046,000)</td>
</tr>
<tr>
<td>FY13 Operating Fee Revenue (at 9,743 FTES)</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>FY13 Additional Tuition Increase (above 11% currently budgeted)</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Additional FY13 Operating Fee Revenue from Tuition Increase over 11% (at 9,743 FTES) does not include additional financial aid requirement</td>
<td>$1,320,000</td>
<td>$1,320,000</td>
<td>$1,760,000</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>Cash, Campus Base Reduction, Enrollment growth to balance</td>
<td>$2,926,000</td>
<td>$4,626,000</td>
<td>$5,186,000</td>
<td>$5,446,000</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
</tr>
</tbody>
</table>
2012-13 Cost of Attendance Increase

<table>
<thead>
<tr>
<th>Total Tuition Increase</th>
<th>Quarterly Increase in Tuition *</th>
<th>Annual Increase in Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>+3% = 14%</td>
<td>$67</td>
<td>$201</td>
</tr>
<tr>
<td>+4% = 15%</td>
<td>$89</td>
<td>$267</td>
</tr>
<tr>
<td>+5% = 16%</td>
<td>$111</td>
<td>$333</td>
</tr>
</tbody>
</table>

*Anticipates no additional state financial aid available to high need, medium need, or low need students.
## Financial and Enrollment Strategy Impacts

### Cash Levels

| Higher | • Flexibility to respond to emerging issues  
• Ability to bridge future reductions |
| Lower | • Inability to respond to emerging issues  
• Decreased flexibility to respond to additional reductions  
• Impact on institution liquidity  
• Impact to balance sheet strength |

### Tuition

| Increase | • Increase in revenue to support new initiatives  
• Possible decrease in enrollment  
• Higher levels of student debt at graduation  
• Impact on access to higher education |
| Flat | • Opportunity cost  
• Further declines in state funding may result in a smaller university |

### Enrollment

| Increase | • Provides additional tuition revenue  
• Increase in class size  
• Increase in student access to higher education  
• Decrease in student interaction with faculty |
| Limit | • Reduction in additional funds available to run the university  
• Stable class sizes  
• Impact on access to higher education |

### Unit Reductions

| Yes | • Lower levels of support for instruction and student success  
• Decrease in morale and higher workloads for faculty and staff |
| No | • Increase in ability of the campus to focus on the future transformation of the university |
Transforming the University
Transforming the University – 6 Year Outlook

Eastern has ongoing financial needs for future biennia.

- Potential unfunded costs previously funded by the state
  - Salary and benefit increases
  - Increases in operating costs
- Re-shaping focus of university
  - Enrollments and degree programs
- Costs of implementing strategic plan
  - Virtual Campus
  - Community Outreach
  - Quarters to Semesters
- Investment in university infrastructure
  - Technological advancement
  - Maintenance and operations