

**MEETING OF THE BOARD OF TRUSTEES
OF THE EVERGREEN STATE COLLEGE**

March 9 and 10, 2004

Trustees Attending: Deborah Barnett
Stanley Flemming
David Lamb
Karen Lane
Merritt Long
Marilee Roloff
Anthony Sermonti

Absent: Claudia Kauffman RedMorningStar

Representatives to the Board: Kirk Talmadge, Staff Representative

Staff Present: Don Bantz, Interim Provost and Academic Vice President
John Carmichael, Administrative Assistant to the President/Recording Secretary
to the Board of Trustees
Petra Carver, Director of Business Services
Art Costantino, Vice President for Student Affairs
Ann Daley, Vice President for Finance and Administration
Michel George, Director of Facilities Services
Eddie Harding, Director of Governmental Relations
W. Joye Hardiman, Director of the Tacoma Program
Kathleen Haskett, Purchasing Manager
Steve Hunter, Associate Vice President for Enrollment Management
Steve Huntsberry, Director of Police Services
Phyllis Lane, Dean of Student and Academic Support Services
Frank McGovern, Vice President for College Advancement and Executive
Director of the Evergreen State College Foundation
Thomas L. Purce, President
Brian Shirley, Director of Financial Aid
Kathe Taylor, Project Director of Gear Up
Steve Trotter, Executive Director of Operational Planning and Budget

Others Attending: Howard Fischer, Senior Assistant Attorney General
Linda Hahn, Co-Principal, Lochburn Middle School
John Salmon, Assistant Attorney General
Gary Wilson, Co-Principal, Lochburn Middle School

Tuesday, March 9, 2004

Chair Stan Flemming called the meeting to order at 12:30 p.m. at The Evergreen State College's Tacoma site. A quorum was present with Trustees Barnett, Flemming, Long, Roloff and Sermonti present.

Financial Management Reports

Vice President for Finance and Administration Ann Daley reviewed the fiduciary responsibility of the board. She said that fiduciary responsibility includes the duties of care, loyalty and obedience. Ms. Daley said that trustees seeking advice about any possible conflicts of interest may consult with the board's attorney.

Ms. Daley also reviewed the results of the most recent audit of the college. She said that the review produced three audit findings, the first findings for the college in several years. The auditors found that the college did not always follow travel policy regarding upgrading rental cars. Staff sometimes upgraded

rental cars, usually for weather-related reasons, without adequately documenting the reasons and approval of the upgrade. The auditors also found that the process for reporting missing equipment in some areas of the college did not meet the standards set by state policy. The equipment unaccounted for during the audit has subsequently been found or properly reported, and the areas involved are making appropriate changes to their procedures. The third finding involved cash handling that was found to be going on in areas without the knowledge and approval of the business office. President Purce said that the findings and management letters from the audit will be part of the college's goal-setting for the year.

President Purce also noted that Director of Business Services Petra Carver serves as the college's internal auditor. The internal auditor position was moved to the business office during a budget reduction several years ago. He said that he would be talking to Senior Staff about providing more support for the role.

Trustee Long said that he appreciated the tone of the college's response, which he said was not defensive and was constructive.

Ms. Daley reviewed the college's operating expenditures and revenues during fiscal year 2003. More than 50 percent of total expenditures are in salaries and benefits. Dr. Flemming asked how the proportion of revenue from various sources has changed in the last few years. Ms. Carver said that it has not changed significantly when all funds are combined, but the state general fund contribution has decreased. Ms. Barnett asked whether the college has a vision for the ideal mix of revenue. President Purce said that the work underway to develop a revised enrollment growth plan will provide some direction in this area.

Ms. Carver said that the college is now using the new GASB reporting standards. Reports in future years using the same standard will make it easier to get year-to-year comparisons and bar charts.

Ms. Daley discussed Food Services. The contract with the current vendor is structured as 3-year agreement with one-year renewals for up to six additional years. The college is now considering the first one-year renewal. In response to the college's request, the vendor proposed a re-structured agreement, but it appears that the college would continue to experience significant losses under the proposed revised agreement. The college has prepared a Request for Proposals to seek a new vendor and will solicit bids if a satisfactory agreement can not be reached with the current vendor. At the same time, the college has contracted with the University of Washington to develop a long-range plan for campus food services.

Financial Aid Report

Director of Financial Aid Brian Shirley discussed the annual financial aid report. The proportion of the student body receiving financial aid was 59 percent in 2002-2003 and has remained fairly constant for several years. The number of applications for aid increased approximately 10 percent. The neediest students receive the lowest proportion of aid as a loan. The average size of the loan received by students has increased, especially for higher-income students. The average size of grants awarded to students has increased slightly due to increases in both the State Need Grant program and the federal Pell Grant program. Mr. Shirley said that 90 percent of aid awarded by the college is need-based, non-discretionary aid.

Associate Vice President for Enrollment Management Steve Hunter discussed how financial aid affects student recruitment and college revenue. He said that the college's revenue model relies in part on non-resident tuition. Non-resident students, who represent approximately 22 percent of enrollment, account for more than 50 percent of tuition revenue. The proportion of non-resident students has declined in recent years, which reduces the revenue the college receives. To partly offset this loss of revenue, the college has over-enrolled resident students. The tuition revenue from 2.5 resident students is the equivalent of tuition from one non-resident student.

Mr. Hunter said that as tuition has increased, Evergreen is less competitive in the eyes of non-resident students, who are often also considering private colleges or public colleges in their home states. In part, this is due to the fact that Evergreen has little discretionary financial aid to award. Among the colleges included in the "Colleges that Change Lives" list, Evergreen ranks 38th in cost of attendance before financial aid is factored in. After accounting for financial aid, Evergreen is 7th in cost attendance and is more expensive than Hampshire or Reed. Vice President for Student Affairs Art Costantino said that Evergreen might respond to this in three ways: by changing its goals for recruiting non-resident students, devoting more money to financial aid, or using existing financial aid money more strategically. Mr. Hunter said that the college has talked with a consultant about financial aid models that would allow the college to direct financial aid more intentionally.

Tacoma program

Tacoma Program Director Joye Hardiman reported on the Tacoma Program. She said that enrollment at Tacoma is building and that staff are working to meet next year's enrollment goals. She said that the program has received twice as many applications as it received at this time last year. The program's academic work this year is built around the theme of "The Art of Leadership: Studies in Community Sustainability." She invited members of the faculty in Tacoma to discuss their work. Duke Keuhn, Gilda Sheppard, Tyrus Smith, Kabby Mitchell, Artee Young, and Barbara Laners described their work. Artee Young said that the students and faculty are preparing to focus during Spring quarter on the 50th anniversary of the Supreme Court's *Brown v. Board of Education* decision. She invited the Trustees to participate in a brief mock trial exercise to argue a case on affirmative action in college admissions.

GEAR UP Update

Vice President for Student Affairs Art Costantino introduced a report on the college's GEAR UP grant program. The project intends to increase access to college by working with students in middle school who might not otherwise consider attending college. Dean of Student and Academic Support Services Phyllis Lane introduced the program director Kathe Taylor. Dr. Taylor said that the program is working with three cohorts of middle school students. She said that one half of grant dollars pay for direct student services, including College Preparation Assistants. Dr. Taylor introduced Educational Specialists Brad Burnham, Larry Crowley, and Ada Daniels and Morris Perry. The grant also provides family services, including child care, GED services. Dr. Taylor introduced the grant's program coordinator Sue Hirst.

Lochburn Middle School Co-Principals Gary Wilson and Linda Hahn described how the GEAR UP program works at Lochburn. Ms. Hahn said that the grant is valuable because it enhances the school's programs and objectives rather than layering on new programs and requirements. Mr. Wilson displayed photos of students at Lochburn and discussed the recent history of the school. Mr. Wilson said that the school had ten principals in the course of eight years. Exam scores were the lowest in the district and below state averages. Truancy rates averaged 40 percent and an average of 20 students were suspended each day. About the time that the school began working with the GEAR UP partnership, the school was implementing curriculum changes and community and parent involvement programs. Mr. Wilson said that test scores are no longer the lowest in the district and are high compared to schools with similar demographic characteristics. Discipline cases fell 75 percent and truancy declined 90 percent over the past three years.

Recess

The board recessed at 5:09 p.m., to reconvene at 9:00 a.m. on Wednesday, March 10.

Wednesday, March 10, 2004

Dr. Flemming called the meeting to order at 9:04 a.m. with Trustees Barnett, Flemming, Lamb, Lane, Long, Roloff and Sermoniti present..

The Board noted the birthday of Vice President for Student Affairs Art Costantino.

Legislative Update

Director of Governmental Relations Edie Harding discussed the legislative session. Ms. Harding reviewed several policy bills before the legislature. She said that the bills on performance contracts did not pass. The League of Education Voters proposal for a sales tax increase to fund education was not introduced as a legislative bill, so will be filed as an initiative to the voters. Legislation affecting the composition of the Higher Education Coordinating Board did not pass, but it appears that a new citizens advisory council will be created. The legislation authorizing the HEC Board to award funding for new enrollments in "high demand" fields allows private institutions to compete for the funds, which concerns key House members. Legislation passed allowing students with disabilities to demand texts from publishers in alternate formats. The legislature also passed legislation intended to improve transfer and articulation between two-year and four-year institutions.

The legislature also passed a bill creating a workgroup to study the issue of remediation and make recommendations. It appears that the legislature will pass a bill on accountability for higher education, which would create a fifteen-member board which would use the governor's "Priorities of Government" framework and select certain priorities for in depth performance audits. A bill on branch campuses passed calling for each branch campus to conduct a study of its development and future direction. The studies will be given to the HEC Board, which will make recommendations to the legislature in January.

The Senate and House are engaged in budget negotiations. The Senate budget would hold back more money in the state's general fund reserve. The House budget includes funding for general enrollment increases. The senate budget does not. The House budget includes more money for "high demand" enrollment increases. The Senate budget would allow private institutions to compete for "high demand" funding. Ms. Roloff noted that the private institutions are not affected by the accountability legislation. Dr. Flemming expressed concern that providing state funding for enrollment at private institutions could have serious long-term implications.

Budget update

Executive Director for Operational Planning and Budget Steve Trotter discussed three topics: adjustments to the 2004-2005 spending plan approved by the board last year, preparation for the 2005-2007 operating budget request to the legislature, and

Mr. Trotter said that the College Budget Council (CBC) continues to work on updating the 2004-2005 allocation strategies approved by the board last year. The CBC has examined sources of financial flexibility, the proposed one-percent operating budget reduction, and the work of the Financial Futures projects. Mr. Trotter said that the spending plan adopted last year served the college well. Changes to the budget include increased revenue from new enrollment funds provided by the Office of Financial Management. He said the CBC will recommend to the president that the college not implement the one-percent budget reduction contemplated in the budget plan adopted last year. He said that the Financial Futures projects are diversifying and increasing sources of revenue, but that these changes do not directly affect the general operating budget. The affect of the changes would leave the college with a base budget reserve of roughly \$550,000. In addition, the college has other sources of one-time budget flexibility.

Mr. Trotter described preliminary work on the college's 2005-2007 operating budget request. Factors affecting the preparation of the budget request include the finalization of the Higher Education Coordinating Board's master plan, collective bargaining conducted through the Office of Financial Management (OFM), and the OFM budget instructions issued in the spring. In addition, the governor's Priorities of Government process will affect the governor's budget request. Within the college, the Enrollment Coordinating Committee is preparing to work on a long-range enrollment plan. Mr. Trotter said that the Board of Trustees would be asked to approve an operating request in June.

Mr. Trotter recalled some of the principles that the college followed in putting forth its 2003-2005 operating budget request. The request represented an effort to accurately represent the college's funding needs, leaving it to the legislature to balance the state's operating budget. The request also sought full funding for currently enrolled students before seeking to add new enrollment. The request's narrative section highlighted the need to address faculty and staff compensation.

Finally, Mr. Trotter described how non-resident tuition collections affect Evergreen's base budget. He said that in 1995, tuition revenue was moved from the state general fund to the locally administered accounts of colleges and universities. At that time, Evergreen's non-resident enrollment was at a historic high of 25 percent. Over the past five years, non-resident enrollment declined to approximately 21 percent, leaving a hole in the budget of approximately one million dollars. The college has responded to this in part by using one-time money and by over-enrolling resident students. The college's most recent budget assumed less than 25 percent non-resident students, and as new resident enrollments are funded by the legislature, the proportion of non-resident students assumed in the budget decreases.

Capital Projects Update

Director of Facilities Michel George said that the new Seminar II building is scheduled to open on March 29. He said that the college will monitor the building closely for warranty items after the building opens.

He said that the architects for the Lab II renovation are beginning to prepare construction documents. The college plans to seek construction bids in April and bring a contract to the board for approval in May.

Mr. George said the first phase of the Library renovation is in the design development stage. He said that the board would be asked to approve construction bids in September. Vice President Ann Daley said that the phasing of the project, which requires relocation of occupants and library stacks, will be complex.

Ms. Daley noted that the 2005-2007 capital budget request will be affected by several external factors. The Joint Legislative Audit and Review Committee (JLARC) continues to refine its measurement of the condition of buildings. The four-year colleges and universities are also required to combine their lists of capital requests into a single prioritized lists.

Trustee Sermonti asked about efforts to improve campus roadways. He asked if there were plans to collect community input. Ms. Daley said that the college is coordinating its planning with the county. Dr. Flemming asked whether the county would contribute to the cost of improving the roads. Mr. George said that the college received mitigation funding associated with adjacent development.

Mr. George said that the Campus Children's Center is done. A few items remain to be worked out, including the heating system in the floor, which may require a different size pump.

Finally, Ms. Daley said that the legislature in the most recent session has adopted a policy of shifting money for preservation from the operating budget to the capital budget. It will be important to monitor this in the future to ensure that the funds continue to be available each year in the capital budget or are restored to the operating budget to ensure that the funds are available to properly maintain buildings.

Trustee Roloff said that the trustees are likely to want to be engaged in the parkway project, given its visibility to the general public that the trustees represent. Mr. Lamb said that he has long thought that the college should do a better job of providing directional signs on the parkway for commencement.

Executive Session

At 11:09 a.m. Dr. Flemming announced that the board would move into executive session to consult with legal counsel about potential litigation. Following the executive session, the board toured the Seminar II construction site. The board re-convened in open session shortly after 1:03 p.m..

Introduction

Vice President for Student Affairs Art Costantino introduced Dr. Angela Lintz, the new director of the Upward Bound program.

Police Services

Vice President for Student Affairs Art Costantino reported on the campus Police Services with Director of Police Services Steve Huntsberry and Purchasing Manager Kathleen Haskett, who currently chairs the Police Services Community Review Board.

Dr. Costantino said that campus Police Services has community involvement through two boards. The Deadly Force Review Board any time the threat of deadly force is used on campus by officers or by others. In addition, the Police Services Community Review Board exists to foster communication between the campus community and Police Services and to review situations where a member of the community has a complaint about Police Services.

Mr. Huntsberry said that officers in the department have taken on duties in addition to the standard police officer work. Officers are assigned to community policing, firearms instruction, defensive tactics instruction, two field training officers, a traffic radar instructor, and identification of drugs.

Mr. Huntsberry said that since he arrived at Evergreen in 1996, the department has gone from having one patrol car to having three. In addition, the department has acquired two tasers and three defibrillators. The department also coordinates a student crime watch program. The department is no longer responsible for key issues, but is now responsible for the commute trip reduction program. In addition, the college has acquired a parking pass dispensing machine.

Mr. Huntsberry said that the department has an agreement with the county prosecutor to divert to the campus grievance officer most first offence minor theft and drug and alcohol violations. Mr. Huntsberry said that this change has greatly improved relations between students and officers on campus.

Mr. Huntsberry reviewed the numbers of calls received by Police Services related to domestic violence, driving while intoxicated, assault, trespassing, fire alarms, medical assistance and other issues.

Ms. Haskett described the work of the Police Services Community Review Board. She said that the first few meetings of the year found no specific complaints. To help foster communication, the board plans to join officers at an information table in the College Activities Building over lunch hour in the near future. In addition, the board is working with officers to produce a radio show on the campus radio station.

Summer Tuition

Interim Vice President and Provost Don Bantz said that he recommends that summer tuition increases continue to mirror increases for the regular academic year. The staff considered carefully whether this increase would adversely affect enrollment and will continue to monitor the market year by year. Trustee Roloff asked whether the other institutions are making similar increases. Dr. Bantz said that they were.

Motion #3-01-04

Ms. Roloff made a motion to increase 2004 summer school tuition by 7% for resident undergraduates and by 9% for resident graduate and non-resident students. The motion was seconded passed on a voice vote.

Report from the Chair

Motion Mr. Lamb made a motion to approve the minutes of the January meeting. The motion
#3-02-04 was seconded and passed on a voice vote.

Dr. Flemming asked Anthony Sermonti to report on his activities as the student on the Board of Trustees. Mr. Sermonti said that he had attended dinners for legislators, that he was confirmed by the Senate, and that he was named as a distinguished alumnus of Grays Harbor College. Mr. Sermonti also said that he was impressed by Evergreen's attendance at the Joint Governing Boards meeting in January.

Dr. Flemming asked Trustee Karen Lane to report on the work of the Joint Governing Boards. Ms. Lane said that participants at the group's meeting in January responded positively. The next step is to follow up on the meeting by creating a standing group to meet on a regular basis. Mr. Sermonti suggested that the standing group include a student member.

Dr. Flemming invited the board to review progress on the board's goals for the year. He asked President Purce to describe staff work on the board goals. President Purce said that the earlier discussion demonstrated significant progress on the goal of revising the enrollment growth plan. He said that Dean Bill Bruner is leading a pilot project on extended education, which forms a part of the college's effort to diversify revenue sources. At the same time, work continues on internal efficiencies and fundraising efforts. Trustee Barnett said that the Foundation Board of Governors has

Trustee Barnett noted that the board's goal of providing state-wide policy leadership is evidenced through work on the Joint Governing Boards, involvement with the legislative session, and attention to the Higher Education Coordinating Board's draft master plan. Ms. Roloff said that the board should monitor the work of the League of Education Voters. Senior Assistant Attorney General noted that public resources may not be used to support or oppose a ballot proposition. He also urged the Trustees to be cautious about attaching their title or the name of the Board to any work they undertake as private individuals on the initiative.

President's report

Art Costantino reported on planning for Super Saturday. He said that a number of people have volunteered to be involved in the event. President Purce said that after the event, the college will evaluate whether to continue the event in future years. Trustee Barnett suggested that people attending Super Saturday be asked to provide feedback.

President Purce said that three candidates for the position of Provost had visited campus. He expects to receive a report from the search committee on March 31.

President Purce invited Kirk Talmadge to report as staff representative to the board of trustees. Mr. Talmadge said that his year as staff representative has given him an appreciation for the issues facing the college.

President Purce asked Vice President Frank McGovern to report on fundraising. Mr. McGovern said that as of the end of February, the Foundation received \$245,000 for the Annual Fund, which is one percent more than was received at the same time last year and represents 70 percent of the goal for the year. Overall giving has reached \$1.237 million, compared to \$991,000 last year.

President Purce described his activities since the last board meeting. He hosted the Search for Peace planning group at the residence. He attended the American Council on Education annual meeting and delivered a keynote address at the annual meeting of the National Association of Presidential Assistants in

Higher Education. He spoke to staff at the Social Security Administration in Tacoma about Black History Month. He also joined the board of the Rainier Institute, met with the new Executive Director of the Higher Education Coordinating Board and addressed the local Rotary club.

Public Comment

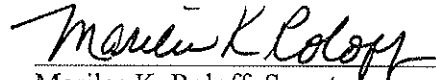
Dr. Flemming invited comments from the public. No comments were made.

Adjournment

Dr. Flemming adjourned the meeting at 2:38 p.m.



Stanley L.K. Flemming, D.O., M.A., Chair



Marilee K. Roloff, Secretary