

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

March 11, 2009

Trustees attending:

Carver Gayton
Kristin Hayden
Denny Heck
Keith Kessler
Brittany Newhouse
Anne Proffitt
Paul Winters

Representatives to the Board:

Stephen Beck, Faculty Representative
Alexandre Chateaubriand, Geoduck Student Union Representative
Jennifer Commodore, Alumni Association Representative
John McLain, Staff Representative

Staff present:

Theresa Aragon, Academic Dean
Don Bantz, Academic Vice President and Provost
John Carmichael, Executive Assistant to the President
Wendy Endress, Executive Associate to the VP for Student Affairs
Lee Hoemann, Vice President for College Advancement
Steve Hunter, Associate Vice President for Enrollment Management
Azeem Hoosein, Assistant Director of Facilities
John Hurley, Vice President for Finance and Administration
Collin Orr, Director of Business Services
Thomas L. Purce, President
Paul Smith, Director of Facilities
Julie Suchanek, Director of Government Relations
Steve Trotter, Executive Director of Operational Planning and Budget

Others present:

Colleen Warren, Senior Assistant Attorney General

Trustee Paul Winters called the meeting to order at 10:03 a.m. in the Library Building, Room 3201, of The Evergreen State College. A quorum was present with Trustees Gayton, Heck, Kessler, Proffitt and Winters attending. President Purce introduced John McLain as Staff Representative to the Board. Trustees Hayden and Newhouse joined the meeting.

Financial Reports

Vice President for Finance and Administration John Hurley introduced Director of Business Services Collin Orr. Mr. Orr presented financial reports for the quarter ending December 31, 2008. Mr. Orr reviewed the statement of net assets, revenues and expenses, expenditures by division, capital appropriations and expenditures, and revenues and expenses in key auxiliary accounts.

Capital Projects Update

Vice President for Finance and Administration John Hurley introduced Director of Facilities Paul Smith. Mr. Smith reviewed the status of major capital projects. The Library renovation project is being closed out. The Center for New Media project should be substantially complete at the end of the month. Most of the equipment was ordered before the state spending freeze went into effect. The CAB renovation construction contract is out for bid. In order to seek bond funding for the project, the college will need an approved construction contract, which may require a Special Board meeting in April. Vice President

Hurley said that moving food services out of the CAB is a critical component of the project. The bids to renovate Library 4300 to accommodate food service were opened yesterday and were well within budget. The Board will be asked to approve that contract later in the meeting. The process of moving staff and students out of the CAB building in anticipation of the CAB Renovation project has already begun.

Dr. Hurley reviewed the status of the college's capital budget request for the next biennium. The major project priority for the next biennium was renovation of the Communications Building. That project was not included in the Governor's budget proposal, so the college is urging the Senate and House to consider including it in their budgets.

Summer Tuition

Provost and Academic Vice President Don Bantz and Academic Dean Theresa Aragon reported on Summer School 2008. The number of credits earned, the headcount, and revenues increased over the prior year. Expenses per credit hour were reduced compared to the prior year. Dr. Aragon recommended that the Board increase summer tuition rates by five percent for resident undergraduates and non-resident students. This action would continue past practice by increasing summer tuition rates in the same proportion that tuition rates were increased the previous fall.

Legislative and Budget Update

Director of Government Relations Julie Suchanek summarized the college's participation in Legislative Higher Education Day. She also summarized several policy bills and general themes in the legislative session, including financial aid restructuring, teacher preparation, regulatory relief, and sustainability.

Executive Director for Operational Planning and Budget Steve Trotter described steps that the college is taking to manage the final months of the current biennium. He noted that the college's operating budget has been reduced by \$1.4 million for the current biennium and further reductions are possible. The legislature implemented a spending freeze that the college is also following, using the institutional flexibility that the law allows and seeking exemptions in a few selected areas.

Mr. Trotter said that the most recent view of the state's revenue forecast suggested that the state's budget shortfall in the next biennium could grow to \$8.3 billion. Additional forecasts will be released on March 19 and then again in June. He also reviewed the allocation of federal stimulus funding for Washington state, noting that a significant sum will be directed to education funding, including higher education. He said that the legislature is working to decide how to allocate that money during the next biennium, being mindful that when the federal money runs out, a significant budget gap will exist.

Lunch

The Board adjourned for lunch, returning to an open public meeting at 1:00 p.m. A quorum was present with Trustees Gayton, Hayden, Heck, Kessler, Newhouse, Proffitt and Winters attending.

Legislative and Budget Update (continued)

Executive Director of Operational Budget and Planning Steve Trotter discussed models of total cost of attendance for students. He noted that Initiative 960 requires legislative approval for most fee increases. Pending legislation would provide the Board limited authority for setting tuition. Associate Vice President for Enrollment Management Steve Hunter described the work of the Strategic Enrollment Working Group. Mr. Hunter described the group's efforts to provide advice on tuition levels, depending on final legislative action on tuition, financial aid, operating budget reductions, and the actions of peer institutions. Mr. Trotter reviewed enrollment levels throughout the state system of higher education. Mr. Hunter provided an update on applications for fall enrollment at Evergreen. President Purce said that the Senate had asked about the impact of budget reductions on enrollment at the state institutions. Evergreen responded that it is impossible to be detailed or precise at this early stage, but that the college would

estimate a 200 FTE decline in enrollment at the level of budget reduction included in the Governor's budget.

President Purce asked each of the divisions to describe their current thinking about the potential effects of budget reductions in their areas. He said that when the legislative direction is clear, the college will work to shape an integrated, institution-wide budget for the Board to consider. Vice President and Provost Don Bantz described the process for developing budget reduction scenarios in Academics. He reviewed the principles that the Academic division followed in developing scenarios. He displayed a prioritized list of potential budget reductions developed by the Faculty Advisory Panel on the Budget. Since the list was developed, the division has held several consultative meetings and seminars, with the expectation that academic management would re-prioritize the list. Vice President for Finance and Administration John Hurley described budget reduction scenarios in his division, noting that some fixed costs can not be easily reduced. He also described efforts to introduce new efficiencies and cost-savings in college operations. Executive Associate to the Vice President for Student Affairs Wendy Endress reviewed the potential cuts identified by budget reduction exercises in the Division of Student Affairs. Todd Sprague, Executive Director of Marketing, Communications and College Relations, described the budget reduction options under consideration in the Division of College Advancement. President Purce described the programs located in the President's office and the reduction options under consideration, including a possible reduction in the President's salary.

Financial Aid Report

The Financial Aid Report was deferred to the May agenda.

Delegation of Authority for Renovation of Library 4300

Motion Mr. Gayton made a motion to:

2009-03

- a) Approve the project budget of \$1,396,488 for the 4300 Surge Kitchen & Dining Services Renovation project which includes architect and engineering costs, construction cost, state sales tax, project management costs, and project contingency.
- b) Authorize the award of the construction contract to Construction, Inc. of Olympia, Washington in an amount of \$1,047,144 including Washington State sales tax (see attachment; includes alternates 1, and 2) and authorize the President (or designee) to execute the contract for the renovation of the 4300 Surge Kitchen & Dining Services.
- c) Delegate authority to the President (or his designee) to approve change orders for the 4300 Kitchen & Dining Services Renovation project as long as the total cost for the project does not exceed the approved project budget of \$1,396,488 including a contingency of \$96,600.

The motion was seconded and passed on a voice vote.

Setting Tuition for Summer 2009

Motion Mr. Gayton made a motion to approve increases in the summer school 2009 tuition rates (operating fee) of 5% for resident undergraduate and non-resident students and to maintain the summer 2008 rate for resident graduate students. The motion was seconded and passed on a voice vote.

Appointing Board Officers

Ms. Proffitt reported on behalf of the Board's Nominating Committee. Given Karen Lane's resignation, the committee recommended that the Paul Winters serve as Chair and Keith Kessler as Vice Chair for the remainder of the academic year. Ms. Proffitt would continue her term as Secretary.

Motion Mr. Heck made a motion to elect Paul Winters as Chair and Keith Kessler as Vice
2009-05 Chair. The motion was seconded and passed on a voice vote.

Chair's Report

Mr. Winters said that he participated in the exit conference for the State Auditor's annual accountability audit of college operations. Mr. Winters invited Vice President for Finance and Administration John Hurley to summarize the audit. Vice President Hurley said that the audit resulted in no findings. The auditors made suggestions for improvement in five areas.

Mr. Winters noted that the Board's annual retreat was postponed in the fall. The Trustees discussed whether to reschedule the retreat and, if so, preferred timing. A preference was expressed for attaching the retreat to an already scheduled meeting.

Motion Mr. Heck made a motion to approve the minutes of the January meeting with one
2009-06 correction. The motion was seconded and passed on a voice vote.

Mr. Winters invited Ms. Newhouse to report as Student Trustee. Ms. Newhouse said that she appreciated the amount of information shared with students about budget reductions. Students are concerned about potential reductions. The Services and Activities Fee Allocation (S&A) Board met over the weekend. The S&A Board is considering fee increase recommendations for next year.

President's Report

President Purce invited Stephen Beck to report as Faculty Representative to the Board. He described faculty involvement in the budget planning process, which involves multiple meetings in small and large groups and relies on the leadership of the Faculty Advisory Panel on the College Budget. Most of the faculty's involvement so far has been directed at the Academic budget, but the faculty have many questions about the budget for the rest of the college as well. The Agenda Committee believes that it is important to have a transparent, college-wide process.

President Purce invited Jennifer Commodore to report as Alumni Representative to the Board. Ms. Commodore reported on recent activity by the Alumni Association. The Association decided to increase the number of undergraduate scholarships it provides. In addition, the Association is now taking responsibility for marketing Evergreen license plates.

President Purce invited Alexandre Chateaubriand to report as Geoduck Student Union Representative to the Board of Trustees. Mr. Chateaubriand said that the impending budget reductions provoke a wide range of emotion among students. He said that the Geoduck Student Union has charged a budget planning committee to participate in the college-wide planning process. The student committee has held a student forum on the budget and updates the Geoduck Student Union regularly.

President Purce invited John McLain to report as Staff Representative to the Board of Trustees. Mr. McLain said that staff have many of the same questions and concerns about the budget situation that other groups have expressed. Staff are concerned about their jobs, concerned about the future of the college, concerned about the core mission of the college, and see themselves as part of that mission.

President Purce asked Vice President John Hurley to discuss the college's endowment accounts. Dr. Hurley said that most endowment funds are held by the Foundation and invested by the University of Washington. In addition, the college maintains some endowment accounts that were established partly with public funds through the Higher Education Coordinating Board. Like most institutional investments, the college endowments have lost money this year. Spending from some of these accounts may have to be curtailed.

President Purce provided an update on fundraising. He noted that the Annual Fund has made up some lost ground and now stands 11 percent below the level of giving last year. He noted an anonymous gift of four sculptures by Alan Houser. He said that college has been invited to apply for a grant from the Cargill Foundation which would help support Evergreen's graduate fellowships for work in sustainability.

Public Comment

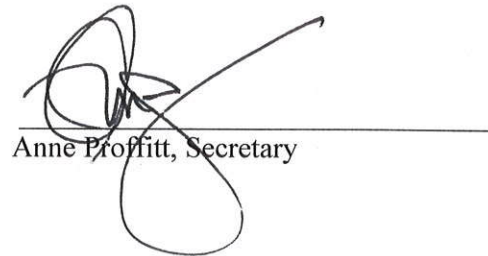
Mr. Winters invited public comment. There was none.

Adjournment

Mr. Winters adjourned the meeting at 3:34 p.m.



Paul Winters, Chair



Anne Proffitt, Secretary