

MINUTES
Board of Regents
April 29, 2009

The Board of Regents of Washington State University held a special meeting via teleconference at 8:00 a.m., on Wednesday, April 29, 2009, to discuss the university's biennial budget recently approved by the Washington Legislature, to discuss tuition increases, and to have a brief discussion regarding the election of officers for the forthcoming year. The meeting was held in Lighty Student Services Building, Room 405, Pullman, Washington.

Present via teleconference: Regent Francois X. Forgette, Chair; Regents Theodor Baseler, Harold Cochran, Laura Jennings, Connie Niva, Rafael Stone, and Michael Worthy.

Present in Pullman: Student Regent Derick En'Wezoh; President Elson S. Floyd, Provost and Executive Vice President Warwick Bayly, Senior Assistant Attorney General Antoinette Ursich, Executive Director of Budget and Planning Joan King, Vice President for Enrollment Management John Fraire, and Executive Assistant to the Board of Regents Christine Hoyt.

1. Introduction. Regent Francois X. Forgette called the meeting to order. He asked Christine Hoyt to conduct roll call to ensure the presence of each of the Board members. Regent Forgette asked President Floyd to provide an initial statement.

2. Report from the President of the University. President Elson S. Floyd thanked the Board for coming together for this Special Meeting and he also indicated that the majority of his senior leadership team was present to answer any questions they may have.

Overview. President Floyd reported that approximately 18 months ago, WSU began to reduce its work force, engaged in travel restrictions, slowed the purchase of equipment, and practiced all of the types of measures one would expect of an institution that is preparing for a very deep financial circumstance. He said that when they began their work, they did so in the context of the Academic Affairs Prioritization Process or A2P2, as it is commonly known. He said that that they wanted to identify programs of higher priority and to reinvest resources to those priorities. He said that coincidentally the financial crisis emerged which transformed the A2P2 process into a process that positioned them to respond to the fiscal crisis.

President Floyd further reported that, last November, they established a University Budget Committee, which began meeting on a regular basis to discuss strategies associated with reducing the budget. He said that until last weekend, they did not know specifically how much of a reduction would be necessary, and that they had different scenarios put forth by the Governor, the House and the Senate. He said that

we now know the numbers and are continuing to make sure that they balance the budget to meet those financial realities. He said during the month of May, they will have available publicly WSU's response to the budget. He said that will position them during the entire of month to hear from stakeholders, constituents, faculty, students, alumni, and anyone who wants to comment regarding the institutional response. He said that everything is still preliminary in how the institution will respond and that they have to get feedback consistent with their shared governance principles during the month of May, which will then enable the leadership to develop a final budget during the month of June, with implementation of the budget in July

Budget as Approved by the Legislature. Provost Bayly reviewed the Legislative Compromise Budget for the 2009-11 Biennium. He said that the total state appropriation is \$521.82 million, and that the reduction of state funds totals \$112.33 million or 21.53 percent. He also pointed out the original appropriation was \$531.83 million, and that we have already absorbed a \$10.5 million reduction during the supplemental budget process. He said that the reduction is being partly offset by a one-time allocation of federal stimulus money that is worth \$15.77 million being applied to reduce the \$112.33 million dollar reduction. He said that we will not see that money, as it is taken "off the top." He said that reduces the total biennial reduction to \$96.56 million or 18.5 percent for the biennium.

Provost Bayly noted that one very important point to focus on is the fact this entire budget is being built around the presumption that undergraduate resident tuition will increase by 14 percent in each of the two years of the forthcoming biennium. He said when the compounding effect is considered, and presuming that student enrollments will stay the same, the additional tuition over the biennium is valued at \$42.41 million dollars, and when that is applied to the \$96.56 million budget reduction, that leaves a net reduction of \$54.16 million, equating to a 10.38 percent reduction for the biennium. He said that they are currently working on plans that would enable them to absorb a \$54.16 million reduction over the forthcoming biennium.

President Floyd added that they have also received a Capital Budget and will focus on that at the May Board Meeting.

Tuition. Joan King, Executive Director of Budget and Planning, provided comments on tuition. She said that as Provost Bayly stated, the budget was built around the assumption of an increase of resident undergraduate tuition of 14 percent each year. She said that it does not mean all tuition rates will go up by 14 percent. She said that 14 percent sounds like a lot of money, but in actuality for one year, 14 percent equates to \$870 for resident undergraduates as an increase in their tuition for the incoming year. She said for non-resident undergraduates, they are proposing a 5 percent increase. She pointed out that, although this is a smaller percentage increase in tuition than that for resident undergraduates, it equates to a \$910 increase. She reviewed the Proposed Tuition 2009-2010 Charts in [Exhibit A](#).

Financial Aid. John Fraire, Vice President for Enrollment Management commented that in Financial Aid, there is always the comment that the middle class is being the most burdened by tuition increases. He said that the fact is that everything is driven the estimated family contribution which is based on the Free Application for Federal Student Aid (FAFSA). He pointed out that many people do not get money because they think they do not qualify, so they simply do not apply for FAFSA. Vice President Fraire reviewed the documents regarding financial aid, which appear in [Exhibit B](#). He said that everything is driven by how much a family can contribute. He said that no family that applies for financial is expected to contribute more than \$10,500 and that institutional aid is available.

Questions.

President Floyd and the leadership team responded to questions from Regents Harold Cochran, Derick En'wezoh, Rafael Stone, and Ted Baseler concerning clarifications on financial aid issues, federal stimulus dollars, and how WSU compares in tuition to its peer groups.

Additional Comments and Next Steps. President Floyd asked Joan King to discuss numbers on how tuition looks based on percentages.

Joan King said that one thing to keep in mind is the relative ratio between state funds and tuition funds. She said a 1 percent cut in state funds is equivalent to \$2.2 million, but a 1 percent increase in tuition is equivalent to \$1.1 million in the first year. She said that for every 1 percent the state cuts WSU, WSU needs a 2 percent increase to recoup that over time. She also said that the resident undergraduate increase at 14 percent is \$870 a year, and that the budget is built around that amount. She also said that there are about 16 university employees in the university per 1 percent increase in tuition. Ms. King noted that we currently have about 5,200 employees paid on state and tuition funds together.

President Floyd said that the current plan over the next several days is to continue to brief the university community regarding the overall budget and how the institution is responding to it. He said that the planning over the last 6 months has positioned the university extremely well. He added that he will be meeting with Vice Presidents, Deans, and Chancellors to review their strategies associated with the budget and that based on the preliminary plans that are in place, the University will have a balanced budget by the end of the upcoming fiscal year. He said that they are taking every measure to minimize the employee loss under every scenario and that steps taken early on to keep a number of positions vacant means fewer individuals will be affected. Secondly, because of fiscal responsibility, they will have sufficient resources available to provide every full-time employee who is ultimately laid off a minimum of three months pay. That compares in some instances what would have been two weeks for some categories of employees. He added that they are trying to do everything possible to

ease the transition for employees that are ultimately laid off. He noted that it is difficult to know which employees will leave because some employees have reversion rights.

3. Selection of Officers. Regent Forgette said that they will have the Selection of Officers at their May meeting. He said the Executive Committee has been working on putting together nominations for Chair and Vice Chair and this is simply for information today and that he will bring it forward for action at the May Board Meeting.

At 8:36 a.m. the Regents' Meeting adjourned.

Approved by the Board of Regents at its meeting held May 8, 2009, Spokane Academic Center, Room 241, Spokane, Washington.

SIGNED COPY AVAILABLE IN THE PRESIDENT'S OFFICE