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Board of Trustees Minutes, December 6, 2001

Eastern Washington University

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EASTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES
December 6, 2001
Special Meeting
PUB 261

MINUTES

Board Members Present

Gordon Budke
Neil McReynolds, Vice Chair
Mark Mays, Chair
Mike Ormsby
Cynthia Shiota (via telephone)

Others Present

Voves
Levin-Stankevich
Durrie
Connelly
Gross

Call to Order and Quorum, I. and II.

Dr. Mays called the meeting to order at 6:45 p.m. He noted that a quorum of the Board was present, and that Trustee Shiota was joining the meeting via telephone.

The meeting began with a discussion of the Board meeting dates in 2002 and how to move to an every-other-month meeting schedule. This will be discussed further between now and the January meeting, at which time the new schedule will be determined.

The remainder of the meeting consisted of discussion around how the Board can move forward with the ideas, recommendations and strategies which were an outcome of their November retreat, keeping in mind the needs of the university and functioning under the budget constraints imposed by the state's economic downturn. Policy issues are being presented to this Board and higher education as a result of state budget issues. Discussion was needed regarding upcoming issues that would be difficult to deal with.

The tuition policy and enrollment management will be key issues both in the short-term and also in the next biennium. The Governor and the Legislature are going to want some answers. Trustee Budke asked how the university can respond to questions from the Governor on the market implications for tuition on our campus; tuition authority level; whether a high tuition/high financial aid model would be possible considering Eastern's high need-based student body; and our ability to raise private funds for financial aid. Vice President Voves reported that the university had discussions with the Office of Financial Management (OFM) around these hypothetical scenarios for addressing these concerns.

President Jordan said he is supportive of the concept of governing boards having tuition setting authority, although we may not take full advantage of that because of the type of students we have at EWU. But he supports the ability of the University of Washington to move forward with their plan.

The question was posed on what the effect would be if we don't raise tuition as much as the other institutions, and how that will affect financial aid. Vice President Levin-Stankevich said that every institution gets an allocation of need grants. If the University of Washington significantly increases its rates, they will get more money to allow students to attend. The need grant would increase at independent institutions as well.

Dr. Jordan said that President McCormick called yesterday to discuss the HECB meeting next week and his model to be presented. President McCormick is exploring complete flexibility in rates and differentials across disciplines, but assured that it was not their intent for that to reduce any other institution's share of the need-based aid. Another concern of ours was that if WSU also followed that model, the statutes say if it is a cooperative program, the higher tuition prevails. So we would be very concerned for our students who take a cooperative program with WSU and have to pay the higher price. A third concern was that after a period of time tuition would go so high there would be a public push to bring the UW back into the fold, and that could cost the rest of us a lot to accomplish. Lastly, Dr. Jordan said he intends to focus more on the longer-term issues, structural changes, and branch campuses. He then asked if the trustees had any opinions or caveats around this position. Consensus was that the Board agreed with Dr. Jordan's ideas.

Dr. Levin-Stankevich distributed an analysis of institutional financial aid return on investment for FY98-FY01, noting that we have the highest state need grant for student body size of the institutions.

Dr. Jordan explained that in early 90's, with the recession, the federal government held their financial aid and tuition went up—public complaints brought about the tax law changes. Currently conditions are stable, but can flatten out and tuition can increase faster than aid does. The problem in Washington is a relatively small four-year sector—for the number of BAs per capita, Washington ranked 34th in the U.S. For master's degrees we ranked 40th, and for doctoral degrees we ranked 44th. For number of people employed with BAs we're 5th, with masters we're 10th, and with doctorates we're 13th. Our economy is absolutely dependent on importing its labor force. These are startling numbers. There is a resulting economic impact for us too, because most of those jobs are on the west side.

Ms. Voves said Mr. Opitz from OFM is targeting Dec. 18th for the announcement of the state budget situation. We anticipate that higher education will take a 5% across-the board budget reduction of all state funds. Further tuition will be proposed to be permitted to go as high as 15% (which includes the 6% already authorized). EWU, WSU and UW have a 3:1 ratio because of their grad programs. The Governor expects us to raise tuition to the higher limit of authority and backfill our budget cut with tuition. This assumes the state need grant stays in the current model. The following points were made regarding tuition:

- Concern was voiced with implementing a tuition increase up to 15% next year. What would we do the next biennium? We need to keep in mind the cumulative effect—how do we want to position ourselves with a little longer-term strategy.
- On the other hand, if we don't go to the maximum now we'll never catch up.
- Is now the time to talk about differential tuition increases in different programs? The health sciences programs are very expensive, and we are very competitive so might want to push there.
- Our flow of students should be considered. The U of WA will begin constraining their transfers to those with AA degrees. We're thinking of requiring transfers to have completed

at least the math and English GECRs requirements by Fall 2003. Our first choice of transfers would be those with an AA, our second choice would be those with Eng and math competencies, and our third choice would be those without the first two.

- We've been operating like a branch campus (with a house shape); maximum efficiency means increasing our lower-division credits (freshmen). We're about at 50/50 and we should be at 60/40. Our upper-division enrollment is not growing, and won't, so we won't need to shift resources there. Class sizes are increasing, thanks to the help of the deans.
- If we stop growing, we die, because we are highly dependent on our tuition revenue. We need to continue growing. At what point can we continue to fund significant amounts of financial aid and not actually continue to make money? What is the break-even point? We don't know that point—it's a crap shoot.
- Only 3% of our total aid is coming from private funding.

Chair Mays asked how significantly these tuition increases affect us. Dr. Levin-Stankevich said there are many theories, but no set formula. Dr. Jordan said that generally for every \$100 increase you lose 1% of the students. It was noted that students have different ways to deal with tuition increases, but that it hurts the middle income students the most. Raising tuition also has huge implications for athletics and the scholarship programs because we don't have significant funds to back it up. Then it compounds.

President Jordan asked for a sense from the Board on whether to explore the idea of having a constraint on transfers. The Board agreed, but emphasized that it needed to be communicated soon. Dr. Jordan said we could set up a priority scheme this next year with full implementation in Fall 2003. Mr. Ormsby said summer school could be used for math and English completion.

Vice President Voves said one more issue is where the Board might be on salaries. Eastern has currently budgeted a 2.6% increase. We could possibly buy down part of the reduction by giving that back and not taking salary increases. Dr. Jordan said he would rather not give increases than lay off workers.

Ms. Voves announced that the Governor released the full capital budget today. We need to prioritize our projects (done in order of priority to get the funds released as quickly as possible—they will all be released.) We are fine for this biennium, and may pick up a couple of projects through the Governor's economic stimulus package.

Summary of the special meeting discussions: The Board has a willingness to move forward with obtaining tuition flexibility; regarding tuition rates, on the one hand they're worried about foregoing revenue if they never recapture the income, but are bothered at the notion of using 100% of the tuition income to backfill reductions; regarding enrollment, they agree with pushing more toward a pyramid shape by constraining some transfer enrollments (no matter what) but continue to grow and push that growth down around the lower-division. We will have to make some hard decisions about funding programs.

We need to think outside the box in areas such as the transfer student issue: are there other similar things that could be changed to reconfigure our model and move the university forward? Some of the budget cut scenarios are those kinds of ideas. If we don't want to raise tuition to the highest allowed, we will need to make some cuts to improve efficiency.

The Board needs to carry this message to the meeting in Olympia. Dr. Mays said that perhaps the Board needs to be more active with the legislature. George Durrie and Mary Voves will prepare a legislative action plan for the Board for this session. Weekly visits to Olympia by Board

members could be helpful. Cindi Shiota, with help from Neil McReynolds, will help to target some action items and make strategic decisions about who should speak to what—determine the tactics later. Compilation of the Board’s legislative agenda was assigned to the Business and Finance committee.

Regarding the Capital campaign, it was noted that things need to move forward. The Foundation Executive committee needs to spend some money to make some money.

Grants, contracts, and entrepreneurial income are also needed.

The meeting adjourned at 8:30 p.m.

Mark Mays
Chair of the Board

Stephen M. Jordan
Secretary of the Board