

**Board of Trustees Minutes****Special Meeting****March 25, 2014****Approved April 4, 2014****Present:**

Mr. Sid Morrison, Chair  
Mr. Dan Dixon (via phone)  
Mr. Ron Erickson  
Mr. Chris Liu (via phone)  
Ms. Amy McCoy  
Mr. Keith Thompson, Vice Chair  
Ms. Annette Sandberg (via phone)

**Also present:**

Dr. James Gaudino, President  
Dr. Marilyn Levine, Provost/Vice President for Academic and Student Life  
Mr. George Clark, Vice President for Business and Financial Affairs  
Ms. Linda Schactler, Chief of Staff  
Mr. Stevan DeSoer, Chief Human Resources Officer  
Ms. Ann Anderson, Director of Government Relations  
Mr. Alan Smith, Assistant Attorney General  
Ms. Sandra Colson, Executive Assistant to the President and Board of Trustees  
Mr. Bryan Elliott, ASCWU BOD President

Chair Morrison convened the special meeting at 2:08 p.m. Mr. Dixon was present via phone at the start of the meeting; Mr. Liu joined at 2:22 p.m. and Ms. Sandberg joined at 2:40 p.m. Mr. Morrison noted that the purpose of the meeting was to set the parameters for the fiscal year 2015 budget. He announced that the meeting was being recorded and streamed online to the CWU campus community throughout the state. He thanked the trustees for making special arrangement to attend in person and on the phone and acknowledged the disruptions to their schedules. He then asked the President to bring the board up to date with the budget situation and options to be considered.

Dr. Gaudino reviewed the last three legislative sessions. He noted that in 2011, trustees received some tuition setting authority for six years, and initiated a six-year budget plan that provided for program growth and efficiencies. The 2012 biennial budget approved by the legislature suspended the board's tuition setting authority but pledged \$7 million of state support over 2 years—about half of what CWU required to maintain the long-term budget plan. The state split the \$7 million and provided about \$3.5 million in each year of the biennium.

Dr. Gaudino reminded the board that they had considered increasing tuition for AY 2014-15 several times since June 2013; fall 2013 Eastern Washington University trustees did vote to increase tuition 6% for AY 2014-15. CWU elected instead to return to the legislature to request funding. Although CWU requested \$5.2 million dollars in lieu of a 6-7% tuition increase for academic year 2014, the operating

budget passed during the 2013 legislative session included only \$1 million for computer science and engineering enrollments. It also mandated that universities "not adopt resident undergraduate tuition levels that are greater than the tuition levels" set in 2012-13.

President Gaudino explained that the gap between what is needed to keep the university on the financial plan adopted in 2011 and current revenue projects is now about \$4 million and offered several options for filling the gap. He noted that at the March 17 special meeting the board considered options for cost reductions and for revenue generation, and directed the President to do further due diligence on option 4 – reducing the discounts for resident undergraduate students taking 11-18 credits.

Dr. Gaudino discussed 4 models for implementing option 4:

**Model 1** would begin the tuition discount at 12 credits. This model would add a one-credit charge to students carrying 11-18 credits. There would be no effect on student eligibility for federal loans. This model would impact approximately 84 percent of resident undergraduates. Requiring these students to pay for one additional \$265-credit would meet university budget needs and provide tuition waivers for needy students.

**Model 2** would reduce the tuition discount for students taking 13 – 18 credits. Student taking 10 -12 credits would pay for 10 credits; student taking 13 – 18 credits would pay for 11 credits. This model would impact approximately 72 percent of resident undergraduates. It generates less revenue than model 1 but meets our budget planning needs for the current biennium.

**Model 3** is in practice in the Seattle College District, where the full-time rate is calculated per-credit up to 10 credits and then a 50 percent rate is applied per credit for 11-18 credits. If implemented just as the Seattle Colleges do, the model would affect approximately 84 percent of resident undergraduates and significantly increases student costs. It generates more revenue than is needed, but the balance could be used to mitigate the impact on needy students. It may also impact recruitment and retention efforts without significant waiver / discounting.

**Model 4** is in practice for lower division courses at all Washington state community and technical colleges (except Seattle). Students pay full price for each credit. The policy for upper-division tuition charges is the same as all baccalaureates; students carrying 11 - 18 credits pay for just 10. Model four proposes to charge full price per-credit and to adopt a waiver policy that allows the university to waive this charge to whatever level accommodates revenue and student needs. The model provides flexibility to meet current and future budget planning needs and more closely aligns CWU financial systems with community colleges and the credit-hour-based responsibility centered management (RCM) model.

The President noted that four members of the Senate Majority Caucus had written to the board to request no change in tuition policy for the 2014-2015 academic year. The president, who had spoken with local legislators, said they were supportive and understood the need to protect the fiscal integrity of the university. However, they also indicated that the board risked undesirable political repercussions if it were to choose to change tuition policy. The president concluded that intense political interest in the matter might prohibit the board decision from being based entirely on how best to serve students and meet the needs of the university.

The President's budget briefing indicated that the university could close the budget gap in FY 15 by reducing costs and using one-time, discretionary reserves. The university would continue to review revenue alternatives and would implement both RCM and activity based budgeting (ABB). Relying solely on budget cuts to balance the budget, however, would erode student and personnel recruiting and retention. Budget cuts also could affect academic quality, marketing, facilities maintenance, advancement and alumni engagement, and other activities essential to the success of students and the university. Other initiatives that would have to be delayed indefinitely include voice-over IP communications, Microsoft 365, document imaging and improvements to the budgeting database. The President summarized that the use of discretionary reserves and implementing cuts would threaten the long-term financial plan unless paired with new revenue.

The board had a frank discussion about the options presented. Each trustee expressed commitment to preserving access to students, while acknowledging that they did not feel that the university has sufficient reserves to mitigate continued disinvestment by the state, enrollment decrements, or unforeseen emergencies (rainy day fund). Trustees rejected budget cuts as the sole solution to the budget situation. They felt strongly that every option had to be considered, both in terms of enhancing revenue and as well as reducing costs, regardless of legislative consternation.

Mr. Liu stated that everyone is aware that, given a flat state economic forecast, higher education will not be a priority in the coming biennium and that they must plan accordingly. Mr. Dixon expressed concern that the university had not had sufficient time to tell the whole story of what has happened over the past four year, and asked that the board take the long view and reach out to those who can speak on our behalf.

At the request of Chair Morrison, Ms. Ann Anderson, Director of Government Relations, joined the table to provide her insight. She noted that it was ironic that CWU and Eastern Washington University were conservative in 2011 and only raised tuition 14 percent while others increased tuition much more rapidly: the University of Washington raised tuition 20 percent and Washington State University and Western Washington University raised tuition 16 percent. Their actions increased legislative sensitivity to tuition costs. Since legislators provided some state support in the 2012 session, lawmakers have a sense that they have adequately supported higher education. Chair Morrison asked if there were enough time between now and the next session to change that perspective and to get all six baccalaureate institutions working together, but both Ms. Anderson and Dr. Gaudino felt that there was little opportunity for such a coalition to exist.

Chair Morrison then asked what would help the Board to come to consensus. He noted that CWU's student government supported up to a 7-percent increase and thanked Bryan Elliott, ASCWU BOD President, who was in the audience. Mr. Elliott responded that students favored a responsible approach and that legislative disinvestment was unacceptable from the students' perspective.

The discussion continued to focus on access, reserves, cost, waivers, and equity; the board was firm in the desire to not increase student costs more than absolutely necessary but felt that doing nothing was not an option. Several trustees felt that it was not advisable to put the university in a defensive posture.

The board adjourned to executive session at 3:45 p.m. to discuss the legal aspects of their decision with the assistant attorney general. Executive session ended at 4:08 p.m.

Mr. Thompson noted that the board needed to make a decision in order to provide fiscal information needed for award letters for new students, which already were late. As a point of order, Mr. Liu asked if the board needed a simple majority to approve a motion, and was told it was required. Prior to the motion, Ms. Sandberg expressed the need for caution, but understood that the Board needed to do what was right for the university and for the students in a way that raised as little legislative consternation as possible.

**Motion 14-11:** Mr. Dixon presented a motion that the Board adopt Option 5: for fiscal year 2015 the Board of Trustees of Central Washington University hereby direct the president to:

- Reduce the cost of operations through RCM and other strategies and to ensure decision making is informed by consistent and detailed data
- Use discretionary reserves to maintain operations, and
- Explore per-credit-hour models and other revenue development strategies.

The motion was seconded by Mr. Liu. A roll call was taken on the motion: Mr. Thompson, Ms. McCoy and Mr. Erickson voted no. Mr. Dixon, Mr. Liu, Ms. Sandberg and Mr. Morrison voted yes. The motion was approved.

Mr. Morrison addressed the concern that the vote could be seen as capitulation to political pressure, but noted the more immediate concern that the board must, as a team, find a way to move forward and to let the campus community know that CWU will be okay. He and trustees Thompson, McCoy and Erickson asked that the university draft a response to the senate majority caucus.

Meeting adjourned 4:25 p.m.



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Linda Schactler, Secretary to the  
Board of Trustees  
Central Washington University



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Sid Morrison, Chair  
Board of Trustees  
Central Washington University