October 23, 2014

Governor Jay Inslee
Office of the Governor
PO Box 40002
Olympia, WA 98504

Dear Governor Inslee:

This letter transmits the 2015 supplemental capital budget request for Eastern Washington University. Developed within the guidelines set by the Office of Financial Management, this request represents Eastern’s university-wide efforts to focus on its mission to expand opportunities for personal transformation through excellence in learning.

Eastern Washington University requests funding for maintenance and operations (M&O) costs for the newly renovated Patterson Hall. The project adds 34,262 square feet of classrooms, faculty offices and student blended learning spaces, and the university requests maintenance and operation funding to protect this investment.

Eastern also requests a technical correction to update and reduce the university’s tuition revenue projections for 2013-15. The original revenue projections include a tuition increase in each year. As resident undergraduate tuition does not increase, this request reverses the associated planned revenue.

Eastern Washington University remains focused on our mission and works hard to serve the educational needs of the region. Your support for, and recognition of, the role of higher education in a successful state economy is critical to our institution, our citizens and our state.

I request your thoughtful consideration of this supplemental request, and look forward to discussing Eastern’s plans with you and your staff. Thank you for your continued support.

Sincerely,

Mary Cullinan, PhD
President

RA: cgg
## Recommendation Summary

### Agency: 370 Eastern Washington University

Dollars in Thousands

<table>
<thead>
<tr>
<th>FY2 FTEs</th>
<th>General Fund State</th>
<th>Other Funds</th>
<th>Total Funds</th>
</tr>
</thead>
</table>

### Program: 010 Instruction

#### 2013-15 Current Biennium Total

#### Total Carry Forward Level
Percent Change from Current Biennium

- M1 AB Adjust Tuition Revenue Projection

#### Carry Forward plus Workload Changes
Percent Change from Current Biennium

#### Total Maintenance Level
Percent Change from Current Biennium

#### Subtotal - Performance Level Changes

0.0

#### 2013-15 Total Proposed Budget
Percent Change from Current Biennium

### Program: 090 Plant Operations & Maintenance

#### 2013-15 Current Biennium Total

#### Total Carry Forward Level
Percent Change from Current Biennium

- M0 Patterson Hall M&O 3.0 238 238

#### Carry Forward plus Workload Changes

3.0 238 238

#### Total Maintenance Level
Percent Change from Current Biennium

3.0 238 238

#### Subtotal - Performance Level Changes

0.0

#### 2013-15 Total Proposed Budget
Percent Change from Current Biennium

3.0 238 238
This package updates and reduces Eastern's tuition revenue projection for the 2013-15 biennium.

The original biennial budget request contains tuition revenue projections which include a previously planned tuition increase in both years of the 2013-15 biennium. Resident undergraduate tuition will be held flat this biennium, and the associated projected revenues from these increases are therefore reversed.

Eastern's updated tuition revenue projections for FY14 and FY15 are significantly lower than the projection submitted in the 2013-15 biennial budget request.
## State of Washington

Summarized Revenue by Account and Source

**Budget Period:** 2013-15  
**Dollars in thousands**  
370 - Eastern Washington University  
**Agency Level**  
TC - Supplemental Request Second Year  
Supporting Text Excluded

<table>
<thead>
<tr>
<th></th>
<th>Maintenance Level</th>
<th>Performance Level</th>
<th>Biennium Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>149 - Inst of HI ED-Operat</strong></td>
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<tr>
<td>AB - Adjust Tuition Revenue Projection</td>
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<td>(6,223)</td>
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<td>Total - 0424 - Tuition and Fees - S</td>
<td>(6,223)</td>
<td>(6,223)</td>
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<tr>
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</tbody>
</table>
Agency: Eastern Washington University
Decision Package Code/Title: Patterson Hall Maintenance & Operations
Budget Period: 2013-15
Budget Level: M1-MO

Patterson Hall Maintenance & Operations

Recommendation Summary:

Eastern Washington University requests funding for maintenance and operations (M&O) costs for the newly renovated Patterson Hall.

The Patterson Hall project added 34,262 gross square feet and renovated the existing 102,468 for a total 136,730 gross square feet of classrooms, faculty offices, and student blended learning spaces. The building is operational and currently occupied with students, faculty, and staff.

Eastern requests $237,500 in FY2015 to fund upcoming M&O costs for 34,262 square feet added to Patterson Hall.

Fiscal Detail for FY15:

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified Salaries</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Benefits</td>
<td>$40,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>Goods/Services</td>
<td>$97,500</td>
<td>$97,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$237,500</strong></td>
<td><strong>$237,500</strong></td>
</tr>
<tr>
<td>FTE</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Package Description:

Reductions in state funding since 2008 significantly limit resources available for Eastern’s maintenance and operations. Current position and funding constraints within facilities has created an environment where the university is challenged to accomplish urgent maintenance tasks in a timely manner without causing delays to rotating maintenance schedules.
Funding M&O at minimal rates ensures that buildings, regardless of age, will quickly encounter deferred maintenance problems. With continued inadequate maintenance funding, problems will exponentially continue to grow.

Maintenance and Operations for the newly completed Patterson Hall was previously appropriated in 2013-15 at a rate of $1.92/square foot. Continued funding at this level ensures an instant backlog and rapid growth of deferred maintenance.

For the most relevant estimation, actual FY2014 program expenses and square footage are used to calculate the cost of maintenance in this request. These costs have been offset by the previously-appropriated M&O funding in 2013-15.

<table>
<thead>
<tr>
<th>Component</th>
<th>Proposed Rate per GSF FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>091 - Utilities</td>
<td>$2.73</td>
</tr>
<tr>
<td>092 - Bldg &amp; Utilities Maintenance</td>
<td>$1.64</td>
</tr>
<tr>
<td>093 - Custodial &amp; Grounds Svcs.</td>
<td>$1.71</td>
</tr>
<tr>
<td>094 - Ops &amp; Maintenance Support</td>
<td>$2.77</td>
</tr>
<tr>
<td>Previously Appropriated</td>
<td>$(1.92)</td>
</tr>
<tr>
<td><strong>TOTAL Requested Funding per Ft²</strong></td>
<td><strong>$6.93</strong></td>
</tr>
</tbody>
</table>

As in 2013-15, EWU requests funding only for the new, additional square footage of Patterson Hall.

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Gross Square Feet*</th>
<th>Gross Square Feet Added to Project</th>
<th>Gross Square Feet Renovated in Project</th>
<th>Occupancy Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patterson Hall</td>
<td>136,730</td>
<td>34,262</td>
<td>102,468</td>
<td>1/1/2014</td>
</tr>
</tbody>
</table>

Recent expanded deferment of M&O reduces the lifecycle and increases the operational cost of state facilities. During this same time period, operational costs have substantially increased, including minimum wage and classified salary increases, which all impact the university’s financial ability to provide quality care to state buildings.

Approval of this decision package will provide funding to maintain and operate the additional square footage in the newly renovated Patterson Hall, prolonging the life of the building and reducing backlog.

Contact: Alexandra Rosebrook, Director of Budget Services, Eastern Washington University, 509-359-7364, arosebrook@ewu.edu.
NARRATIVE JUSTIFICATION AND IMPACT STATEMENT

Performance Outcomes:
- Expect shorter response times and time to completion of work orders.
- Reduced costs of facilities repairs when identified and addressed earlier in the repair cycle, with less damage to related components.
- Improved planning and documentation of recycling and other sustainability initiatives that are being implemented on the EWU campus

Connection to University Strategic Plan:
- Provides access to quality learning spaces that support both student success as well as effective academic program delivery.

Key Contribution to Statewide Results:
- Stewardship of investment of state assets.
- Reduction in long term costs of deferred maintenance and backlog reduction.

Other alternatives considered and consequences of non-funding:
Other alternatives include:
Use of capital resources where it is appropriate and allowed by capital budget regulations.

Consequences of non-funding
Sanitation and safety concerns are considered the highest priority for uses of operational resources. Continually deferred maintenance and increased time to complete work orders are two consequences of significant reductions in maintenance and operations funding. Another consequence is that planning and developing cost effective and higher efficiency operations give way to the immediate need to respond to critical operation needs. Maintenance becomes reactive instead of proactive, which generates higher costs of operations and reduces the lifecycle of building systems and components.

The lifecycle of building equipment and systems is shortened because preventative maintenance is impacted by lack of staff and goods and services.

Expenditure calculations and assumptions:
FY14 Actual program expenses in 091, 092, 093, 094, divided by university square footage, and offset by 2013-15 ($262,000 in FY15). Salaries are calculated using university standards. Actual salaries are negotiated during the collective bargaining process.

Which costs are one-time? Ongoing?:
All costs are on-going.
Adjust Tuition Revenue Projection

Recommendation Summary:

This package updates and reduces Eastern's tuition revenue projection for the 2013-15 biennium.

The original biennial budget request contains tuition revenue projections which include a previously planned tuition increase in both years of the 2013-15 biennium. Resident undergraduate tuition will be held flat this biennium, and the associated projected revenues from these increases are therefore reversed.

Eastern's updated tuition revenue projections for FY14 and FY15 are significantly lower than the projection submitted in the 2013-15 biennial budget request.

Fiscal Detail for FY16 and FY17:

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce Tuition Revenue Projection - 149</td>
<td>($6,223,000)</td>
<td>($6,223,000)</td>
</tr>
</tbody>
</table>

Package Description:

Due to current constraints, Eastern held tuition flat for both years and the current tuition revenue projection for EWU is significantly lower than the projection submitted in the initial budget request. Eastern Washington University's tuition revenue projection originally included planned increases in both years of the 2013-15 biennium, which are reversed with this decision package.

Contact: Alexandra Rosebrook, Director of Budget Services, Eastern Washington University, 509-359-7364, arosebrook@ewu.edu.
NARRATIVE JUSTIFICATION AND IMPACT STATEMENT

What specific performance outcomes does the university expect? Eastern has been unable to invest in additional initiatives that align with our strategic plan or Governor’s priorities.

Performance Measure Detail:

Is this decision package essential to implement a strategy identified in the university’s strategic plan? Not applicable

Does this decision package provide essential support to one of the Governor’s priorities? Not applicable

Does this decision package make key contributions to the statewide results? Would it rate as a high priority in the Priorities of Government Process? Not applicable

What are other important connections or impacts related to this proposal? Not applicable

What alternatives were explored by the agency and why was this alternative chosen? Not applicable

What are the consequences of not funding this package? Not applicable

What is the relationship, if any, to the state’s capital budget? None

What changes would be required to existing statutes, rules, or contracts in order to implement the change? None

Expenditure calculations and assumptions: Not applicable

Which costs and functions are one-time? Which costs are ongoing? What are the budget impacts for future biennia: Not applicable