

Ad Hoc Report without a Visit Staff Review

Institution: The Evergreen State College

Review Season/Year: Fall 2024

Report type: Ad Hoc Report

Recommendation 1: Fall 2023 Special Report (**Needs Improvement**): Continue monitoring and improving its strategic enrollment plan to ensure short-term financial health and long-term financial stability and sustainability. (2020 Standard(s): 2.E.2)

Source: TESC-2023-Special Report | Evaluated at: TESC-Fall 2024-Ad Hoc Report

Recommendation Feedback from the Review

Recommendation 1: Fall 2023 Special Report

Components of the Recommendation in which the institution has demonstrated progress:

Summary:

The Evergreen State College has continued progressing on its strategic enrollment plan to ensure both short-term and long-term financial health and stability. Enrollment continues to increase, and, at present, Evergreen has experienced six quarters of consecutive growth. Enrollment stabilized the budget in the Fall of 2022, with a 17% increase in new student enrollment, but it has continued to grow and is currently at a 22% increase. Likewise, the budget has shown a corresponding improvement. The original 7.3-million-dollar deficit in FY 2022 was reduced to 1.2 million dollars in FY 2024, and FY 2024 closed with a surplus of \$251,491 through salary savings and an early retirement buy-out.

Evergreen continues to project enrollment growth at the current rate, gaining 122 new students annually (a 22% increase in 2 years). More importantly, they have identified some important contributors to this growth; a) a faculty recruitment initiative; b) the LatinX Youth Summit; c) athletics growth (adding wrestling and cross country teams for both genders); d) a consistent housing expansion; e) a change in merit scholarships from 2 to 4 years; f) new CRM; g) the Shelton High School Promise; h) Returning Greeners campaign; i) holistic advising; j) new student-specific advising; k) professional and continuing education curriculum to build workforce credentials; l) growth in ECE programming; m) a curricular study to investigate target growth areas, and; n) adding new graduate programs.

FY 2024 was the first year a surplus was realized since 2017. Evergreen also had an extremely successful fundraising campaign. They surpassed their 55-million-dollar goal by 7.5 million dollars and raised 62.5 million dollars in gifts, grants, and planned commitments.

Evergreen regularly monitors its budget, strategically supports recruitment and retention, and ends FY24 with a small surplus. They have a well-developed Strategic Enrollment Plan (SEM). The institution has made good progress on this recommendation and, as a result, has made some progress on improving their short-term financial health.

Components of the Recommendation in which the institution has not demonstrated or clearly documented significant progress:

Summary:

As noted above, Evergreen has made substantial progress. However, a surplus is not expected in 2025; in fact, the institution is expecting a deficit of 3.5 million. Reserves hover around the 18.9 million dollar mark, and the institution's policy requires six months of tuition revenue in reserves.

The institution also anticipates some significant additional costs (e.g., nine new faculty hires). Thus, while it is likely, based on historical patterns, that the deficit will not be as large as projected, the projected budget and relatively short trend of improving enrollment still leave concern for long-term financial viability.

Suggestions for the institution on the Recommendation:

1. Evergreen should continue the effective work in enrollment management being cognizant of "right-sizing" the institution. Spending, particularly on personnel lines, should be approached cautiously as these persist independent of enrollment and revenue.
2. The institution might want to revisit its reserve policy to ensure it complies with accounting best practices. Keeping a reserve balance that can cover operational costs might be more beneficial than basing reserves on tuition revenue numbers.
3. If it is possible to consider phasing in new hires or hiring term appointments, the institution should consider doing so. Personnel lines continue regardless of revenue and thus should be approached cautiously when an institution is attempting to balance the budget and recover from a deficit.

Report Quality

Strengths of the report:

Summary:

The report was well-written, organized, and clear. It addresses the key steps taken that demonstrate the necessary monitoring and strategic enrollment actions. The tables were useful.

Areas for improvement in future reports:

Summary:

The report would have benefited from evidence, including enrollment reports, audits, financial statements, Board policy on reserves, and hiring policy/ratios. Future reports should also document the success of the PACE investment, as it was a significant resource investment. The institution will need to monitor its impact. That said, this was a well-written and well-received report. The institution has made good progress, and the Commission should have every confidence that it is on the right track.

Completed: 11/14/2024