October 17, 2005

The Honorable Christine Gregoire  
Governor of the State of Washington  
Legislative Building  
Olympia, WA  98504

Dear Governor Gregoire:

This letter transmits the 2006 supplemental operating budget request for Eastern Washington University. This request represents Eastern’s continued university-wide efforts to focus on its mission to prepare broadly educated, technologically proficient, and highly productive citizens.

Eastern’s first proposal requests funding for disability support services. Implementation of the American’s with Disabilities Act (ADA) has been an unfunded federal mandate for over a decade. This request is Eastern’s portion of a coordinated request undertaken by the State Board for Community and Technical Colleges and the Council of Presidents for supplemental base funding to offset increases in cost of accommodations for students with disabilities. Consistently rising costs and numbers of students requesting accommodation, combined with increased demands from the expansion of technological and auxiliary aids, have increased the pressure on Eastern’s ability to respond to the needs of students with disabilities.

Eastern’s next proposal requests additional utility funding. This request is Eastern’s portion of a coordinated request undertaken by the Superintendent of Public Instruction, the State Board for Community and Technical Colleges and the Council of Presidents for supplemental one-time funding to mitigate unprecedented increases in utilities and energy costs anticipated in the 2005-2007 Biennium. Recent dramatic increases in energy costs have drained limited resources. Eastern has continually placed a high emphasis on energy conservation and has maintained active programs for increasing individual awareness in order to conserve energy. Despite these efforts, consistently rising costs of both electric and natural gas energies have caused a significant gap between utilities funding and expenditures.

Eastern Washington University remains focused on its mission and is diligently working to fulfill its obligation to serve the educational needs of its 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 urge you to carefully consider and support this request, and I look forward to discussing Eastern’s plans with you and your staff. Thank you for your support.

Sincerely,

Brian Levin-Stankevich, Ph.D.
Interim President
Disability Support

Description:
The American’s with Disabilities Act (ADA) was established by Congress in 1990. ADA prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state and local government services, public accommodations, commercial facilities, and transportation.

Implementation of ADA has been an unfunded federal mandate for over a decade at Eastern Washington University. In fact, Eastern has spent over $1.4 million providing disability support services to students since the inception ADA.

Eastern places an emphasis on serving all students including those with disabilities. Despite these efforts, consistently rising costs and numbers of students requesting accommodation, combined with increased demands from the expansion of technological and auxiliary aids, have increased the pressure on Eastern’s ability to respond to the needs of students with disabilities.

In addition to the need to provide disability support services to students currently on campus, Eastern must also prepare to handle the dramatic growth in numbers of students with disabilities moving out of the community college systems into regional universities to pursue baccalaureate degrees.

Eastern requests an allotment of $254,000 to aid in meeting the needs of increasing numbers of students with disabilities.

Fiscal Detail:

<table>
<thead>
<tr>
<th></th>
<th>FY 2006</th>
<th>FY 2007</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenditures:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund 001</td>
<td>127,000</td>
<td>127,000</td>
<td>254,000</td>
</tr>
<tr>
<td>Object of Expenditure:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E – Goods &amp; Services</td>
<td>127,000</td>
<td>127,000</td>
<td>254,000</td>
</tr>
<tr>
<td>Total</td>
<td>127,000</td>
<td>127,000</td>
<td>254,000</td>
</tr>
</tbody>
</table>

Narrative Justification:
From FY 2001 to FY 2005, Eastern’s expenditures for requested accommodations have increased by 44%. The number of students served increased from 188 to 289, an increase of over 54%. During this same time period, Eastern has experienced a 13% growth in general enrollments. A far greater proportion of Eastern’s students are requesting accommodations under ADA now than in FY2001.

Costs of accommodations are also escalating, with technological and auxiliary aids and labor costs increasing rapidly. From FY2001 to FY2005 Eastern
experienced a 90% growth in requests for interpreters, taped textbooks and special chairs, which are the most expensive types of accommodations provided to students. In addition, students at Eastern are requesting an average of 3.3 types of accommodations. Eastern also provides accessible computer stations for students in five separate labs located in both Cheney and Spokane.

Clearly, increased demand combined with increasing costs of providing needed accommodations has created intense funding pressures related to disability support at Eastern.
Utilities

Description:

University utilities costs are without question a non-negotiable expense that is price inelastic. At the same time, electrical and gas utilities are essential to the daily operations of any organization.

Eastern Washington University has continually placed a high emphasis on energy conservation and has maintained active programs for increasing individual awareness in order to conserve energy. Despite these efforts, consistently rising costs of both electric and natural gas energies have compelled Eastern to analyze funding pressures for utilities. The results of this analysis confirm a noticeable gap between utilities funding and expenditures over the past 6 years.

Eastern requests a supplemental budget allotment of $1,006,000 to close the gap between utilities funding and projected utilities expenses for the remainder of the 05-07 biennium.

Fiscal Detail:

<table>
<thead>
<tr>
<th>Operating Expenditures:</th>
<th>FY 2006</th>
<th>FY 2007</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 001</td>
<td>344,000</td>
<td>662,000</td>
<td>1,006,000</td>
</tr>
<tr>
<td>Object of Expenditure:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>344,000</td>
<td>662,000</td>
<td>1,006,000</td>
</tr>
<tr>
<td>Total</td>
<td>344,000</td>
<td>662,000</td>
<td>1,006,000</td>
</tr>
</tbody>
</table>

Narrative Justification:

From FY 2000 to FY 2005, Eastern’s electric and gas utilities expenses have increased by 25.1% and 97.3% respectively. During this same time period, natural gas and electric rates in the State of Washington have also increased, most significantly as a result of conflicts in the Middle East, and recently as a result of hurricanes Katrina and Rita. Clearly, the increased demand and rates without a commensurate funding increase, have created a financial shortfall for electrical and natural gas utilities at Eastern.

Eastern maintains a comprehensive program geared toward increasing awareness and educating constituents and visitors about energy conservation. Eastern understands the importance of employee participation in energy conservation and works to achieve cost-savings by ensuring employees have a clear understanding of the energy conservation measures.
Utility Cost History and Projection:

Costs for electrical and natural gas energies are unquestionably on the increase, compounded by continuing international issues and by the recent hurricane disasters in the south. In their September, 2005 Short Term Energy Outlook, the U.S. Energy Information Administration (EIA), stated:

*Dramatic increases in domestic energy costs, assisted by everything from tight world oil markets, to blistering summer heat, to the ravages of Hurricane Katrina, have made for an exasperating summer for many consumers and have set the stage for a potentially expensive winter heating season beginning a month or two from now.*

The EIA report also provided natural gas and electric prices and projections which clearly indicate steadily increasing energy prices since 2002 (as shown).

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*Source: Energy Information Administration/Short-Term Energy Outlook -- September 2005*
The data provided by EIA shows that residential electricity prices increased by 3.4% from 2004-2005 (from $8.92/kwh to $9.22/kwh). Likewise, natural gas prices increased by 21.4% during the same period. From 2005 to 2006, electric and natural gas prices are further projected to increase by 1.62% and 17.7% respectively. These projected increases are based on EIA’s medium recovery scenario.

Locally, the City of Cheney is now proposing an electric rate increase of 9.1%. Meanwhile, on September 12, 2005 Avista filed a request with the WUTC to increase natural gas rates by an average of 23.5 percent effective on November 1, 2005. This request is Avista’s annual purchased gas adjustment (PGA) based only on the cost of gas that Avista must pay to suppliers.

Based on these figures, Eastern has projected an unfunded utilities expense need as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY05 Budget</th>
<th>Rate Change</th>
<th>FY06 Need</th>
<th>FY06 Budget</th>
<th>Unfunded Need FY06</th>
<th>Rate Change</th>
<th>FY07 Need</th>
<th>Unfunded Need FY07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>1,536,300</td>
<td>3.4%</td>
<td>1,588,500</td>
<td>1,536,300</td>
<td>52,200</td>
<td>1.62%</td>
<td>1,614,200</td>
<td>77,900</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>1,362,400</td>
<td>21.4%</td>
<td>1,654,000</td>
<td>1,362,400</td>
<td>291,600</td>
<td>17.7%</td>
<td>1,946,800</td>
<td>584,400</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,898,700</td>
<td></td>
<td>$ 3,242,500</td>
<td>$ 2,898,700</td>
<td>$ 343,800</td>
<td></td>
<td>$ 3,561,000</td>
<td>$ 662,300</td>
</tr>
</tbody>
</table>

**Performance Measure Detail:**
Eastern will continue to emphasize and promote energy conservation throughout the university through its awareness campaigns. Eastern will also continue to monitor usage and seek opportunities for additional cost-savings.
### 2005-07 Current Biennium Total

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

<table>
<thead>
<tr>
<th>M1 SD</th>
<th>EWU- Disability Support Services</th>
<th>254</th>
<th>254</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1 SU</td>
<td>EWU - Energy Costs</td>
<td>1,006</td>
<td>1,006</td>
</tr>
</tbody>
</table>

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

| 1,260 | 1,260 |

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

| 1,260 | 1,260 |

#### Subtotal - Performance Level Changes

| 0.0 |

#### 2005-07 Total Proposed Budget
Percent Change from Current Biennium

| 1,260 | 1,260 |

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**M1 SD  EWU- Disability Support Services**

Eastern requests an allotment of $254,000 to aid in meeting the needs of increasing numbers of students with disabilities.

**M1 SU  EWU - Energy Costs**

Eastern requests a supplemental budget allotment of $1,006,000 to close the gap between utilities funding and projected utilities expenses for the remainder of the 05-07 biennium.