

Date: March 15, 2012

Subject: Second Senate Supplemental Budget **PROPOSAL** (Making Changes to the FY12 and FY13 State Budget)

Senate Proposed Budget Amendments

On the fourth day of special session, Senate Republican Caucus members and three Senators from the Democratic Caucus proposed yet another supplemental budget, making changes to the current biennial budget. Two weeks ago, the same bipartisan Senate coalition [quickly passed](#) an engrossed supplemental budget with one week of regular session remaining, which the House further revised before session ended without agreement on a compromise budget. Although complex and at times confusing, this year's budget process appears to now be moving forward as today's Senate budget release moves closer to the House engrossed budget.

Under the newly proposed Senate budget, no explicit "higher education service reductions" are made. Like the [House engrossed budget](#) released last week, a number of other reductions are included, which affect the UW's base state funding for FY13 and state funding levels calculated for the UW moving into the next biennium. These are described in short form below, with the added caveat that we are still working to understand all the ways that this budget could ultimately affect the UW's state funding base.

New Senate Supplemental Budget Proposal: Policy Changes Affecting Funding for UW Activities

1. **"Waiver Reductions and Nonresident Tuition Increases" and "Higher Education Service Reductions"** – There are no waiver reductions, nonresident tuition increases, or higher education service reductions in the new Senate proposal. The absence of these cuts aligns the Senate budget with the current House engrossed budget.
2. **College of the Environment Fund Swap** – The new Senate budget would reduce \$5 million of state general funds for the College of the Environment and backfill the revenue loss with State Toxics Control Account revenue. This change is not included in the House engrossed budget and would affect the UW's state funding level assumed for the new biennium.
3. **WWAMI/RIDE Ramp Up Funding** – Unlike the House engrossed budget, there is no directive to transfer state funds to the WWAMI/RIDE programs for a final year of funding. We anticipate that this omission will be addressed in budget negotiations.
4. **College of Engineering Proviso** – The new Senate budget, like the House budget, requires that the UW redirect \$3.8 of existing state funds to support converting 425 existing student FTEs to Engineering FTEs.
5. **WSU-UW Aerospace Initiative Funding** – Like all previously released budgets, this version includes new revenue (\$1.5 million) from the Economic Development Strategic Reserve Account to create the Center for Aerospace Technology Innovation to advance research in aviation, aerospace, and defense productions.
6. **Ruckelshaus Center** – As requested, our current level of funding (\$90,000) for the Ruckelshaus Center is transferred to WSU.
7. **Reduced Benefits Support** – Both engrossed House and Senate budgets and the new Senate proposal include provisions to reduce the state's financial support of UW employee health benefits from a maximum of \$850/employee per month to \$800/employee. The employer/employee cost sharing at 85/15 percent remains in place (this cost share is negotiated under the healthcare super coalition collective bargaining

agreement). PEBB indicates that better-than-anticipated utilization to date reduces the state's cost for healthcare for the rest of the biennium, and currently projects that benefits will remain fully funded for the current biennium.

8. **Fees** – This budget bill includes standard language authorizing the UW to establish various fees and requires that a committee on advanced tuition payment be convened to examine the long-term solvency of the Guaranteed Education Tuition (GET) program.

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