

Date: February 28, 2012

Subject: Senate Chair Supplemental Budget (Making Changes to the FY12 and FY13 State Budget)

Senate Supplemental Budget - Overview

Senate Ways & Means Chair Ed Murray released the Senate's proposed supplemental changes to the current biennial budget which, like the House version, reduces state expenditures, authorizes fund transfers, and captures fund savings to deal with the current 2011-13 biennium shortfall of \$1.05 billion. Both the already amended House [budget](#) and the newly introduced Senate budget delay apportionment payments for K12 school districts to the next biennium. The Governor released [her budget](#) last November before the February 2012 caseload and revenue forecast *improved* the outlook for tax collections and caseload requirements, so the cuts proposed by the legislature are currently much less severe than those proposed by the Governor.

Under the Senate proposal, **higher education institutions would receive a net zero budget reduction. The Governor's budget would have cut each of the universities by 16 to 17 percent and the House budget included 2 to 3.5 percent budget cuts.** While the UW's current FY13 state funding level would remain constant, \$3.8 million of state funds would be redirected to the College of Engineering to produce more graduates in that field.

The Senate chair budget has not yet been amended by its fiscal committee, but as introduced, it would make the following changes to the UW's state budget:

Senate Supplemental Budget: Policy Changes Affecting Funding for UW Activities

1. **College of Engineering Proviso** – The Senate budget requires that \$3.8 million of state funds in FY13 support College of Engineering enrollments, by converting 425 **existing** student FTEs to Engineering FTEs. This increase is supposed to be covered within our current appropriation for FY13, which is flat. Washington State University's College of Engineering and the community and technical colleges are also instructed to divert funds for the same purpose.
2. **WSU-UW Aerospace Initiative Funding** – The budget 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.
3. **Ruckelshaus Center** – As requested, our current level of funding (\$90,000) for the Ruckelshaus Center is transferred to WSU.
4. **Reduced Benefits Support** – Both House and Senate budget proposals 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.
5. **Program Fees** – As introduced today, this budget bill includes language authorizing the UW to establish program 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.

Other Higher Education Budget Issues in the Senate Chair Budget

1. **Financial Aid** – The Senate budget protects funding levels for the State Need Grant and State Work Study Programs.

2. **STARS Program** – Unlike the House budget, which reduced FY12 appropriations to Washington’s STARS (Strategically Targeted Academic Research) Program by 36 percent, the Senate budget funds STARS at current levels.
3. **Innovate Washington** – The Senate budget reduces funding for Innovate Washington by \$88,000 in FY12 and \$148,000 in FY13. The House budget reduced state funding for Innovate Washington by \$180,000 in FY12 and \$1.1 million in FY13.
4. **Student Achievement Council (successor agency to the Higher Education Coordinating Board)** – The Senate budget appropriates \$1 million of general fund state for the Council to establish itself and begin monitoring progress towards our state’s higher education goals.

Next Steps – Operating Budget

This Tuesday (2/28) morning, the House scheduled a hearing on the floor to pass their version of the budget. This evening the Senate Ways & Means committee will hold a hearing on this budget, which is expected to undergo amendments in the next few days before it is introduced on the Senate floor. Once passed on the Senate floor, leadership from each legislative body will begin negotiating a compromise budget before the end of session on March 8. The compromise legislative budget will be a critical component part of FY13 unit level budgets. Please continue to monitor our [blog](#) for budget updates.

Senate Capital Budget

The Senate Chair Capital budget was also released today and appropriates UW building account resources for Bothell Phase 3, but to a much lesser degree than the House Capital budget.

Under the Senate proposal, the entire construction phase (\$62.9 million) of Bothell Phase 3 would be funded, but from a variety of fund sources, with almost \$20 million of the total cost supported through state construction bonds. This compares favorably to the House budget, which authorized the UW to bond the entire construction cost through its own building account resources.

The Senate capital budget also contains grant funding for a clean water innovation project in Tacoma, operated by UW-T and Washington State University – Pierce.

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