

Date: February 21, 2012

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

House Supplemental Budget - Overview

House Ways & Means Chair Ross Hunter released the House supplemental budget proposal today, reducing state expenditures, making fund transfers, and capturing fund savings to deal with the current 2011-13 biennium shortfall of \$1.05 billion. The Governor released [her budget](#) November 21, 2011, before the February 2012 caseload and revenue forecast *improved* the outlook for tax collections and caseload requirements.

Under the House proposal, **each of the state’s six baccalaureate institutions would receive a 2 to 3.5 percent state funding cut over two fiscal years** (meaning that we would “give back” some of our state funding during FY12 and reduce anticipated state funds for FY13), **which compares favorably to the Governor’s budget, which would have cut each of the public baccalaureate universities by 16 to 17 percent.** Considering **new** reductions applied to agencies in this House budget, cuts to higher education institutions represent approximately 7 percent of policy-level reductions (\$881 million).

	Governor's Supplemental Reductions	House Supplemental Reductions
University of Washington	(\$37,800)	\$ (13,490)
Washington State University	(\$26,000)	\$ (9,336)
Eastern Washington University	(\$5,700)	\$ (2,122)
Central Washington University	(\$5,350)	\$ (1,982)
The Evergreen State College	(\$2,950)	\$ (1,102)
Western Washington University	(\$7,000)	\$ (1,988)
Community/Technical College System	(\$75,319)	\$ (34,980)
TOTAL REDUCTIONS	(\$160,119)	\$ (65,000)

Unlike the Governor’s budget, state funding cuts are proportionately applied to the community and technical college system and four-year institutions. The community and technical colleges received approximately 53 percent of the cut, roughly equivalent to their share of state fund appropriations.

The House chair budget would make the following changes to the UW’s state budget:

House Supplemental Budget: Policy Changes Affecting Funding for UW Activities

- College of Engineering Proviso** – The House chair budget (like the Governor’s budget) provides \$3.8 million in FY13 for the College of Engineering to increase enrollments, by converting 425 **existing** student FTEs to Engineering FTEs. This increase results in a net state funding cut of \$10 million. Funds are provided to Washington State University’s College of Engineering and the community and technical colleges for the same purpose.
- WSU-UW Aerospace Initiative Funding** – The budget includes new revenue 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** – The state’s financial support of UW employee health benefits would decrease from a maximum of \$850/employee per month to \$800/employee. The employer/employee cost sharing at 85/15% 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 2011–2013 biennium.
5. **Waiver Study** – As written, this budget bill would require the public baccalaureate institutions and the community and technical colleges to conduct a review of its tuition waiver policies, including use, costs, and outcomes.

Other Higher Education Budget Issues in the House Chair Budget

1. **Financial Aid** – The House budget reduces State Need Grant funding by **\$10 million**, but appears to curtail maximum award levels for all SNG recipients in order to award more SNG grants overall.
2. **STARS Program** – The budget reduces FY12 appropriations to Washington’s STARS (Strategically Targeted Academic Research) Program by 36 percent.
3. **Innovate Washington** – State funding for Innovate Washington would be reduced nearly \$180,000 in FY12 and \$1.1 million in FY13.

This House supplemental budget is a critical step in the annual legislative budget process, but the Senate will release their budget soon and as each chamber works toward a compromise budget, we will continue to keep our [blog](#) updated. We are several weeks away from a final, compromise legislative budget, which the University will use when determining FY13 unit level budgets. We anticipate that a first capital budget could be released this Thursday. We will send out additional information as it becomes available.

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