

Date: November 21, 2011

Subject: Governor’s 2012 Supplemental Budget (Making Changes to the FY13 State Budget)

Governor’s Supplemental Budget - Overview

The Governor’s budget office released the first supplemental budget proposal today, further reducing state expenditures for the 2011-13 biennium by \$1.7 billion. All told, **higher education institutions would absorb about nine percent of the total cut.**

Under the Governor’s proposal, **each of the state’s six baccalaureate institutions would receive 16-17 percent state funding cuts for Fiscal Year 2013 (FY13), while community and technical colleges would receive a 13 percent cut.**

	Additional FY13 Reduction	Governor's New FY13 Cuts
University of Washington	17%	(\$37,800)
Washington State University	17%	(\$26,000)
Eastern Washington University	16%	(\$5,700)
Central Washington University	16%	(\$5,350)
The Evergreen State College	16%	(\$2,950)
Western Washington University	17%	(\$7,000)
Community/Technical College System	13%	(\$75,319)

Funding cuts are once again disproportionately concentrated at four-year institutions even though the Governor discussed making equal across-the-board cuts as recently as October, because, as noted by budget staff, four-year institutions have a greater ability to generate tuition revenue than community colleges.

Note that the Governor’s press release and statement today indicated her intention to introduce legislation to raise the general sales tax by one-half cent for the next three years to, in part, ‘buy back’ these newly proposed cuts to higher education. However, this revenue would trickle in over a number of years and only cover the most recent FY13 reduction noted above (\$37m), not the \$207 million biennial cut that the UW already reconciled for 2011-13.

The \$37.8 million cut is calculated before the following policy adjustments:

Governor’s Supplemental Budget: Policy Changes Affecting Funding for UW Activities

- College of Engineering Proviso** – The Governor’s budget provides \$3.8 million in FY13 for the College of Engineering to increase student access by 425 student FTEs. Funds are provided to Washington State University’s College of Engineering 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
- DECOD (Dental Education in the Care of Persons with Disabilities) Reductions** – This budget significantly reduces state and federal funding for the University’s DECOD program. State funding would be eliminated in FY13 and reduced by \$197,000 in the current year. In addition, the state’s expenditure of federal funds for DECOD in FY13 would be reduced \$592,000.

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 \$825/employee. If this budget passes, state employees would be asked to cover more of their benefits expenses.

Governor’s Supplemental Budget: Other Higher Education Budget Impacts

1. **Financial Aid** – The Governor’s budget **fully protects current funding levels for the State Need Grant**. However, she **eliminates State Work Study** beginning next fall through the 2012-13 academic year.
2. **GEAR-UP** – The budget reduces current expenditures on the Gaining Early Awareness and Readiness for Undergrad Programs (GEAR-UP) by \$1 million.
3. **STARS Program** – The budget reduces FY12 appropriations to Washington’s STARS (Strategically Targeted Academic Research) Program by \$465,000 and eliminates funding in FY13.
4. **Innovate Washington** – State expenditures on Innovate Washington would be reduced nearly \$300,000.

Governor’s Supplemental Budget: Health & Human Services, K-12 Impacts

The Governor’s budget includes especially significant budget reductions to K12 and Health & Human Services.

1. **Health Services** – The Governor’s budget **eliminates the Disability Lifeline Medical program (\$89.6 million)**, which provides support for 20,000 clients enrolled in the disability lifeline program. This reduction also eliminates alcoholism and drug abuse treatment programs. The Governor’s budget also **eliminates the state’s Basic Health Plan (\$44.5 million)** that subsidizes health care to 35,000 low-income Washingtonians.

Of significant importance to the UW, the Governor’s budget **eliminates \$26.5 million in grants** for certified public expenditure hospitals in the state. The bulk of these grants currently go to the **University of Washington Medical Center and Harborview Medical Center**.

2. **K12** – The Governor’s budget delays apportionment payments to school districts until the start of FY13, reduces levy equalization payments by \$151 million, and reduces the kindergarten through 12th grade school year from 180 days to 176 days. The latter two reductions are noted as programs she would ‘buy-back’ with additional sales tax revenue during the next three years.

The Governor’s supplemental budget is a critical first step in the annual legislative budget process, and serves as a template from which both legislative chambers build their budgets. However, we are many months away from a final, compromise legislative budget which the University would use in determining FY13 unit level budgets.

For more information, please contact: Sarah Hall at sahall@uw.edu or 206.543.4804