

Date: April 13, 2011

Subject: Comparing the Senate Chair Budget and the House Engrossed Budget for 2011-13 (FY12 and FY13)

Senate Operating Budget (Compared to House Budget)

The Senate Ways & Means chair budget **permanently cuts \$217 million of state funds, or 34.2 percent from the UW’s state appropriation**. The Senate budget also contains minor adjustments to the state’s FY11 budget that reduce the UW’s appropriation by a small amount (\$154,000).

2011-13 (FY12 and FY13) reductions are outlined in more detail on the next page but, in addition to basic general funding level cuts, include a now-permanent FY2011 cut passed earlier this year, a provision to account for salary savings equivalent to 3 percent of our general fund salary base, and a savings requirement to furlough highly-paid university employees. Additionally, the Senate chair budget would **increase tuition for resident undergraduate students by 16 percent in each of the next two years**.

Policy and Funding Issues

Similarities in the Senate Chair and House Engrossed Budgets

1. **Establish tuition rate increases** – The Senate budget assumes different tuition increases for resident undergraduates at the six public baccalaureate institutions and community college system:

	UW	WSU	EWU	CWU	TESC	WWU	CTCs
Senate Proposal	16%	16%	11%	14%	14%	16%	12%
House Engrossed	13%	13%	11.5%	11.5%	11.5%	13%	11%

2. **Mandate Across the Board Compensation Reduction-** The Senate chair budget provision for compensation cuts is simpler than the House’s presentation. We believe the Senate intends to allow higher education institutions to take a cut entitled “compensation savings” but not reduce salaries for all personnel. Again, our analysis of these sections remains ongoing. In the meantime, note that the UW’s total “share” of salary “savings” from general fund state is \$24 million for the biennium.
3. **Include Policy Additions (Senate)** – The Senate chair budget proposes two years of proviso funding for the Washington Park Arboretum (\$287,000 over two years) and the WWAMI Medical Education Program (\$300,000 over two years). Note that the operating budget document incorrectly establishes WWAMI funding at \$600,000 per year. In budget data from staff and budget overview documents, the appropriation is \$150,000 per year for the UW. Lastly, the Senate budget includes a one-year appropriation of \$88,000 for Embodied Energy and Carbon research and \$104,000 over the biennium for CINTRAFOR.
4. **Include Policy Additions (House)** – The House engrossed budget appropriates some funds specifically for 25 additional FTE in high demand areas of study, but, for the UW, this amount is restricted in a bizarre way. The budget specifies that the \$308,000 appropriation may not be used in the College of Arts and Sciences, except when the student FTE is required to take a course in that College. The UW’s Geriatric Education Center received state general funds of \$54,000 in FY12 and FY13 to continue their voluntary adult family home certification program. The Center for International Trade in Forest Products (CINTRAFOR) received \$50,000 in FY12 and \$52,000 in FY13 to continue forest resources research.

Unique to the Senate budget

- 5. **Provision to Furlough ‘Highly Paid’ State Workers** –In supplemental budget documents, the UW is targeted to “achieve” furlough savings of \$5.1 million in general state funds **per year**. Stay tuned for further information on this topic as we learn the details of the proposed policy.

These policy changes equate to a total state funding cut of approximately \$204 to \$217 million over the biennium. However, UW units already took the cut labeled “Previous Cut from 2010” as a permanent reduction, so we back this reduction out of our calculation in the table “UW Calculations” below.

House vs. Senate (chair) Budget Impacts	
Senate	House
-\$217,249	-\$204,733 Biennial Cut
\$22,772	\$22,772 Units previously cut in FY11
-\$194,477	-\$181,961 Biennial UW Internal Cut Target
-\$97,239	-\$90,981 FY12 Cut Target

Note that the **Senate and House cuts** include general higher ed reductions, the biennialization of prior cuts, 3% compensation cuts, and furlough cuts.

The Senate Budget’s Impact on the UW’s Internal FY12 Budget

As presented above, the UW’s state funding would be cut by \$204 million over two years in the House and \$217 million over two years in the Senate chair budget. After accounting for the FY2011 reductions that UW units already permanently cut from their budgets, this translates to a UW budget shortfall of \$90 to \$97 million for FY2012 *before* considering tuition revenue, fixed cost budget increases, and the allocation of Provost’s reinvestment funds. The shortfall would be distributed to Seattle, Bothell and Tacoma as prescribed in previous budget deliberations: Seattle, 88.68 percent; Tacoma, 6.36 percent; Bothell, 4.96 percent.

SENATE	HOUSE	
-\$86,231	-\$80,682	Seattle
-\$4,823	-\$4,513	Bothell
-\$6,184	-\$5,786	Tacoma

The General Operating Fund FY12 budget cut estimate does not take into account expected required cost increases of various required expenses like utilities, property rentals, insurance, etc. For Seattle, the **sum** of the cuts, plus expected fixed cost increases, minus likely designated operating fund increases equals a 14.42% cut to the adjusted base budget under the House engrossed budget and a 15.3% cut to the adjusted base under the Senate chair proposal. Note that these **cuts are calculated before the allocation of tuition under Activity Based Budgeting** and the Interim Provost’s conversations with Deans, faculty, and leadership regarding the **allocation of the Provost’s reinvestment funds**.

Senate Chair Budget Changes to Financial Aid

State Need Grant (SNG) – Funding for SNG was increased to account for proposed resident undergraduate tuition rate increases outlined in the Senate Budget. However, **22,000 eligible Washington students did not receive a SNG during the 2010-11 academic year** because of funding limitations. From a policy standpoint, the SNG program is **not fully funded until all eligible students receive funding**. Eligibility ranges for the SNG are not altered in this proposal, but a provision allows for grants to be reduced by the amount of any federal Pell Grant increases during the biennium.

Senate Funds State Work Study Program – Unlike the House engrossed budget, the Senate budget continues funding for the state’s Work Study program.

Higher Education Coordinating Board (HECB) is Eliminated and the Council for Higher Education and Office of Student Financial Aid is Created – Pursuant to Second Substitute Senate Bill 5182 (student financial assistance), the HECB would be eliminated and all funds associated with financial aid programs transferred to a new state agency, the Office of Student Financial Aid. Further, a Council for Higher Education is created to address the HECB’s policy function, as outlined in SB 5182.

Specific University of Washington Provisos and Mandates in Senate Chair Budget

- The UW would now be required to allot state, tuition, and federal funds when scheduling the expenditure of state funds for the coming fiscal year.
- The UW would be required to report budgeted student FTE levels at the start of every fiscal year.
- The UW would be expected to enroll at least 37,162 FTE per year under the Senate Budget.
- Funding and 0.4 FTE staff effort is provided from the Legal Services Revolving Account for ongoing legal services associated with the University of Washington's caseload relating to Airlift Northwest and the Real Estate Office for Metro Tract management.
- Funding is reduced 3 percent for the Innovation Research Teams program to support the recruitment of entrepreneurial researchers (Stars) to Washington to foster product innovation and long term statewide economic development. The program is administered through contracts with the University of Washington and Washington State University.

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