

**Date:** February 24, 2010  
**Subject:** Comparing the 2009-11 Omnibus Operating Budget to the 2010 Supplemental Budgets from Governor Gregoire, Senate Ways and Means, and House Ways and Means Committees (FY 2011: July 1, 2010 – June 30, 2011)

The House and Senate Ways and Means Committee leadership released preliminary budget bills February 23, 2010 (referred to as the Senate Budget Proposal and the House Budget Proposal in this brief). These initial proposals outline reductions to University of Washington funding on top of cuts sustained by the University last year. The Senate budget proposal recommended a six percent overall cut to the UW compared to a four percent cut recommended in the House proposal. Both proposals called for full funding of the State Need Grant (SNG) program and partial support of the State Work Study (SWS) program. Both proposals also called for new revenue packages.

	FY11 Base		Governor's Book 2 (1/12/10)		Senate Chair Budget		House Chair Budget**	
	Base <sup>1</sup>	% of HE	Cut from base	% cut from base	Cut from base	% cut from base	Cut from base	% cut from base
University of Washington <sup>2</sup>	\$325,193	23%	\$20,900	6.4%	\$20,432	6.3%	\$12,155	4.0%
Washington State University	\$213,160	15%	\$13,500	6.3%	\$13,393	6.3%	\$5,529	3.0%
Central Washington University	\$47,118	3%	\$3,000	6.4%	\$2,959	6.3%	\$1,414	3.0%
Eastern Washington University	\$48,837	3%	\$3,100	6.3%	\$3,068	6.3%	\$1,465	3.0%
The Evergreen State College	\$25,590	2%	\$1,600	6.3%	\$1,575	6.2%	\$768	3.0%
Western Washington University	\$59,270	4%	\$3,800	6.4%	\$3,724	6.3%	\$1,767	3.0%
Community Technical College System <sup>3</sup>	\$690,048	49%	\$43,500	6.3%	\$45,115	6.0%	\$17,664	2.6%
<b>Total Higher Ed (without HECB)</b>	<b>\$1,409,216</b>		<b>\$89,400</b>		<b>\$90,266</b>		<b>\$40,762</b>	

<sup>1</sup>Total budgeted base includes general fund state, federal stimulus funds, and education legacy trust account funds.

<sup>2</sup>UW Budgeted funds in the FY11 Base included a one-time fund shift of federal funds for an accounting balance.

<sup>3</sup>Senate Chair Budget for Community and Technical Colleges adds funds for worker retraining and new facility costs - thus their base is \$718,059,000.

Note: Both Senate and House Chair Budgets include savings from SSB 6503, which mandate specific savings by agency which can take various forms including furloughs, reduction of staff hours, and reduction of staff salaries.

**\*\*PLEASE NOTE: The House Chair cut to the UW is amplified by a fund shift of building fee funds of \$18.3 million from the operating budget, a fund transfer which is not reconciled in the UW's appropriation in the capital budget. This action magnifies the actual cut to the UW to \$30 million.**

**House Budget Proposal Highlights**

- ❖ Captures savings from HB 2921 (which restricts hiring, travel, personal services contracts and equipment) for each agency as well as spending reductions in areas such as information technology and printing services.
- ❖ Assumes an additional influx of \$483 million in federal funds for Medicaid.
- ❖ Assumes \$857 million in new revenue, not yet described.
- ❖ Cuts biennial state funding for the UW by \$12.2 million or about 4 percent, the highest cut for any institution of higher education in the state.
- ❖ *Allows the Legislature to transfer building account fund balances for general operating use. As a result \$18.3 million in UW building account fees is transferred to the State General Fund, which escalates the House's overall cut to UW to \$30 million (raising the effective cut to the UW from 3.7% to 9.2%).*
- ❖ Reduces funding for the State Need Grant (SNG) by \$6.1 million to adjust for higher than expected Pell Grant award levels. Additional information on the SNG and Pell Grant will be provided when available.
- ❖ Reduces funding for State Work Study (SWS) by \$7.7 million (or 30%) across higher education institutions.

**House Budget Provisions Specific to the University of Washington*****The House operating budget proposal:***

- ❖ Provides \$183,000 of general state funds for the **Technology Law and Public Policy Clinic at the UW's School of Law** to analyze and prepare a comprehensive report identifying trends in the telecommunications industry.
- ❖ Provides \$250,000 of general state funds for joint planning to increase the number of residency positions and programs within the Washington, Wyoming, Alaska, Montana and Idaho (**WWAMI**) Regional Medical Education Partnership.
- ❖ Cuts funding for the **Washington Technology Center** by \$429,000 (for the biennium).
- ❖ Directs a representative from the **UW's Center for Commercialization** to participate in a Department of Commerce study to identify gaps and oversights related to innovation and job creation in the state (must be covered by existing funds).
- ❖ Directs the **Puget Sound Partnership** to negotiate with the Recreation and Conservation Funding Board to consolidate administrative functions being performed by both groups.
- ❖ Provides \$210,000 is to fund a **UW Bothell Bachelor of Science in Nursing program** with the University Center at Everett Community College.
- ❖ Directs UW Bothell to consult with Cascadia Community College, and Lake Washington Technical College to develop a plan that consolidates the CCC and LWTC campuses on the LWTC Kirkland campus, **leaving UW Bothell alone on the existing campus.**

***The House capital budget proposal:***

- ❖ Authorizes UW to issue bonds in an amount of \$38.6 million for the **construction of the Balmer Hall replacement**. The bonds will be financed from the UW Bond Retirement Account (348). Note that these funds are \$4.3 million less than the UW project estimate of \$42.6 million.
- ❖ Outlines funding **reductions for Savery Hall, Denny Hall and Lewis Hall Renovation projects**, however, the intent and manner in which these reductions would be realized is unclear. More information will be forthcoming.
- ❖ Reduces the State Building Account appropriation for **UW Tacoma Phase 3** by \$3.2 million, reducing total project funding from \$57.2 million to \$54 million. Note that there is no provision in this bill for UW to issue debt for this project, and that the \$54 million of total funding provided by the project is nearly \$9 million less than the current UW project estimate of \$62.1 million.
- ❖ Authorizes the UW to issue a bond for \$2.0 million for **UW Tacoma land acquisition**. The bond will be financed from the UW Bond Retirement Account.
- ❖ Appropriates \$2.5 million to Education Construction Account for **Minor Works – Facility preservation**, and reduces the State Building Account by the same amount. This is a fund shift.

**Senate Budget Proposal Highlights**

- ❖ Proposes three revenue generating ideas to generate an estimated \$918 million: closing tax loopholes; increasing the sales tax on cigarettes; and increasing the sales tax by 0.3 percent from June 1, 2010 through June 30, 2013. These revenue measures will allow the state to continue critical services, including full funding for the SNG.
- ❖ Provides state funding for an additional 6,000 FTE students at the State Board for Community and Technical Colleges to help unemployed workers train/ retool at the community and technical colleges.

- ❖ Cuts biennial state funding for the UW by 6.3 percent, similar to the percentage cut received by all other institutions of higher education in the state.
- ❖ Proposes a shift of \$5.08 million from maintenance to the operating budget, which is a fund shift and has a net neutral result on the UW budget.
- ❖ Fully funds the SNG, but reduces State Work Study funding by 30 percent.
- ❖ Suspends funding for Health Professional Loans and Scholarships, Educational Opportunity Grants, Washington Scholars, and Future Teachers Scholarship.

### **Senate Budget Provisions Specific to the University of Washington**

#### **The Senate Operating Budget Proposal**

- ❖ Directs the **Puget Sound Partnership** to negotiate with the Recreation and Conservation Funding Board to consolidate administrative functions being performed by both groups.
- ❖ Provides a one-time appropriation of \$36,000 in state funds for the **Puget Sound Partnership** to establish a work group to study seawater desalination.

#### **The Senate Capital Budget Proposal**

- ❖ The Senate's capital budget proposal has not yet been released. We will provide analysis to the University community as soon as it becomes available.

The Office of Planning & Budgeting will continue to monitor these bills as they progress through session. You can monitor these bills by using OPB's Billtracker, available online at: <http://www.washington.edu/admin/pb/billtracker/>. Additionally, the budget bills can be found online at: <http://leap.leg.wa.gov/leap/default.asp>.

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