

**Date:** January 12, 2010  
**Subject:** Governor Gregoire’s “Book Two” 2010 Supplemental Budget (FY 2011: July 1, 2010 – June 30, 2011)

Governor Gregoire released a second (Book Two) version of the 2010 Supplemental Budget today, January 12, 2010. This budget revises and replaces the Book One budget released in December, which reconciled an additional \$2.6 billion shortfall in state funding without adding any additional revenue, presenting a grim picture for higher education broadly and in particular, cutting the State Need Grant extensively.

The “Book Two” budget relies on anticipated federal Medicaid support, closing certain tax loopholes, and eliminating a selection of commissions and boards to “buy back” some of the Book One cuts, including using \$146.4 million to restore funding for the State Need Grant Program to 2009-11 levels. This means that the program would continue to cover students from families with income levels up to 70 percent of the state’s median family income, keep the 12,300 students who would have been cut from the program enrolled, and fully restore grants to current levels.

Maintaining funding of the State Need Grant program at current levels is of critical importance to the University of Washington. Also of critical importance is the level of state support for the UW operating budget. The Governor’s Book Two budget, however, retains the \$21 million (6.4%) cut to the University.

**UW State Funding remains cut by \$21 million, or 6.4 Percent**

The maintenance of effort requirement attached to federal stimulus dollars limits the State of Washington’s ability to reduce support for higher education institutions by no more than \$89.5 million for the biennium. Both the Book One and Book Two budgets achieve this allowable cut by distributing it among the higher education institutions (and the community and technical colleges) proportional to each institution’s share of the 2011 Enacted Budget. Those cuts are roughly:

Higher Education Agency	2010 Cut – “Book Two”
<b>University of Washington</b>	<b>\$20.9 million</b>
Washington State University	\$13.5 million
Central Washington University	\$3 million
Eastern Washington University	\$3.1 million
The Evergreen State College	\$1.6 million
Western Washington University	\$3.8 million
Community and Technical Colleges	\$43.5 million

**Tuition Setting Authority**

In Governor Gregoire’s State of the State speech today, she announced her support for competitive tuition flexibility for the public baccalaureate institutions. Achieving greater management control over tuition for resident undergraduate students remains a primary goal for the University during the 2010 Legislative Session. The UW already manages tuition rates for nonresident undergraduate and graduate students as well as resident graduate students. Setting resident undergraduate tuition would allow the University to manage its resources more effectively during times of limited state resources while maintaining a strong commitment to its public mission. The University Board of Regents would manage this authority with meaningful conditions and accountability measures.

The Governor’s second 2010 Supplemental Budget and transmittal letter can be found at the following link, under the heading, “January Updates”: <http://www.ofm.wa.gov/budget10/default.asp>