

Date: December 9, 2009
Subject: Governor Gregoire’s 2010 Supplemental Budget (FY 2011: July 1, 2010 – June 30, 2011)

Governor Gregoire released her statutorily mandated, “cuts-only” 2010 Supplemental Budget today, December 9, 2009. A second budget is anticipated from the Governor in January, which will take into account December revenue collections, as well as any additional revenue or tax increases she may decide to include. This first budget reconciles an additional \$2.6 billion shortfall in state funding; despite closing a \$9 billion gap in the 2009-11 operating budget.

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

In this initial budget, cuts to higher education institutions are limited to \$89.5 million, in order to maintain “maintenance of effort” levels required by the federal stimulus. Each higher education institution (and the community and technical colleges) received a cut proportional to its share of the 2011 Enacted Budget. Those cuts are roughly:

Higher Education Agency	2010 Supplemental Cut
University of Washington	\$20.9 million
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

For the UW, a budget cut of \$20.9 million represents a 6.4 percent cut to FY 2011 funding (state and federal stimulus). It is important to note that \$19.2 million of general fund state dollars for FY2011 is replaced with federal stimulus dollars in this budget. However, we anticipate that these federal stimulus funds will be replaced with state general funds in the next biennium.

State Funding for Financial Aid Slashed in excess of 60 percent

The State Need Grant (SNG) program was cut by a deep 60 percent. Grant eligibility levels were cut from 70 percent of median family income to 50 percent, **eliminating over 12,000 Washingtonians from participation.** Further, grant award amounts will be substantially smaller. Additional information about SNG with respect to Husky Promise is forthcoming. In addition, the Higher Education Coordinating Board received a \$637,000 cut over two years, which partially represents reductions in the administration of the SNG and other aid programs.

Capital Budget Includes another O&M Fund Shift as well as Authorization for the UW to Accelerate Several Projects

In the supplemental capital budget, the UW received authority to proceed with the following projects:

1. Balmer Hall Replacement (*\$42.8 million*) - Authorizes use of Seattle campus building fee funds to accelerate reconstruction.
2. Joy Building and Land Acquisition (*\$7.5 million*) - Authorizes use of Tacoma campus building fee funds to accelerate remodeling of the Joy Building and to purchase land for growth of the Tacoma campus.

Additionally, the Governor’s first budget includes a \$103 million fund shift of building fee supported operations and maintenance (O&M) projects to the capital budget. Projects that would have been funded through building fees will be fully replaced by state general obligation bonds. While the details of this fund shift are still being sorted out, \$26.8 million in UW building funds will be shifted and the equivalent amount in state bonds will be issued as replacement.

The Governor’s balanced 2010 Supplemental Budget and Policy Highlights can be found at: <http://www.ofm.wa.gov/budget10/default.asp>