

Olympia Update No. 17 • April 22, 2007
Conference operating budget

Final budget puzzle solved with \$508.6 million for WSU

Legislative leaders believe they have solved the puzzle of the operating budget and the solution is expected to boost Washington State University's state funding 17.9 percent in the next two years.

It will likely pass the Washington Legislature Sunday when both houses convene at 11 a.m. on the final scheduled day of the 105-day session. Lawmakers appear to have a good chance to adjourn on time. Then, it will be up to the university to make the pieces fit.

Student enrollments will increase at all campuses, agricultural research funding will be boosted by \$5.3 million, and salaries will increase by an average of 3.2 percent Sept. 1 through the new \$508.6 million compromise operating budget for WSU.

The first state appropriations for medical education programs in Spokane, a WSU PhD program in nursing, a new Spokane Applied Sciences Laboratory, a new engineering program at WSU Vancouver, and WSU Small Business Development Centers are just some of the items contained in the final resolution of House-Senate budget differences. The new striking amendment to the state operating budget bill, Substitute House Bill 1128, was unveiled Saturday by negotiators.

The budget for WSU might have seemed to negotiators like solving a Rubik's Cube. The often-conflicting Senate, Governor, and House budgets created dozens - maybe hundreds - of options for legislators to include in the final university budget. In making the compromises, negotiators even spun in some options of their own like a surprise cut in the state subsidy for UW and WSU graduate students who are not Washington residents.

All in all, House-Senate leaders decided to fund a multitude of new programs at WSU that were parts of all other budget plans, including portions of each of the major budget items requested by the university's Board of Regents last September. But the legislative solution could lead to some puzzled looks among those at the university that will implement

the programs. In an apparent effort to fund as many programs as possible, the budgets for many were trimmed from their original requests.

The compromise budget, comparable to the Senate funding level for WSU, provides more money than the \$504 million proposal by Governor Christine Gregoire endorsed by WSU. But it is well below the \$515 million proposed by the House.

Nevertheless, the compromise makes significant improvement over the Senate budget and addresses the major areas of concern identified by WSU to budget negotiators from each house:

- **Tuition revenues retained by WSU.** The final compromise budget increases undergraduate tuition up to 7 percent and supports the House's position of providing all tuition revenues for distribution by the students' institution. The Senate had used much of the WSU tuition revenue (\$10.5 million) for costs historically provided by the state general fund, potentially putting the university in the position of cutting some existing programs supported by tuition and losing its flexibility to address unexpected academic challenges like bottleneck courses.
- **Building maintenance provided.** The compromise budget supports the Senate position of funding maintenance & operations costs for new academic buildings that were constructed to serve the interests of the state. Utility costs increases, however, were not funded in the conference budget.
- **Agriculture research.** The budget provides more funding for the Unified Agriculture Initiative than provided by the Senate or the governor. The total appropriation for the request is \$5.3 million of the \$10.8 million requested by WSU on behalf of the industry. There is at least partial funding for two competitive grant pools, including one in organic or "biologically intensive" agriculture. It also provides for new positions in areas from making wine to livestock management. The final compromise contrasts with the governor that funded \$3 million -- the House proposed \$9.5 million -- and the Senate advocated \$2.8 million. The compromise did not provide for core support at research stations that had been provided by the governor and requested as part of the package.
- **Mount Vernon Station** The compromise budget is the first legislative proposal to fund maintenance and operation of the Mount Vernon research station. Both House and Senate budgets provided zero funding for Mount Vernon. The compromise budget provided \$734,000 for maintenance and operation at Mount Vernon.

"Fueling Washington with Bioproducts" moves forward

Negotiators provided \$4 million (the House and governor levels) for the comprehensive research program to generate fuels made from crops or other plants grown and processed in the state.

A portion of the request will provide five state researchers to complete a 10-person team at WSU Tri-Cities. The Senate had provided \$5.6 million. However, WSU may be able to

recover part of the difference as \$2.3 million is provided for “star researchers” at UW or WSU that will be awarded through the Higher Education Coordinating Board.

In, addition \$800,000 is provided to WSU for analyzing options for market incentives to encourage bio-fuels production. This is part of a “Cleaner Energy” bill pushed by an environmental coalition in the Legislature as Substitute House Bill 1303. The bill passed the Legislature Friday and is headed for the governor’s desk.

“Doctors, Dentists for the Inland Northwest”

The innovative Spokane program to educate more doctors and dentists for Eastern Washington got the green light from the conference budget but will have a slimmer budget than anticipated.

The request level was reduced by approximately \$600,000 for the University of Washington and about \$1 million for WSU. The WSU portion of the doctor education request, \$7.353 million, was reduced to \$6.36 million in the final budget after the Senate raised concerns that too much funding was being provided for start-up of the program.

The program was fully-funded to WSU in the House and governor budgets. The unprecedented effort is a partnership between WSU, Eastern Washington University and UW. It would be the first major expansion of the UW Medical School and the School of Dentistry to resident students in decades. Students would begin the first year of medical school in Spokane, largely taught by WSU professors before moving to UW Seattle for their second year. They will return to the Spokane area for residency and internships and it is hoped many will practice medicine in the Inland Northwest.

\$2.35 million for PhD, Master’s Level and Undergraduate Nursing

The Eastern Washington nursing component provides funding for the first nursing PhD program offered by WSU, It does the baccalaureate, master’s and PhD programs funded by the House and the governor. But also boosts nursing education at WSU Tri-Cities by 20 students in 2008 and five students in 2009.

The funding will provide 20 master’s degree in nursing students, 15 PhDs in nursing, and 25 baccalaureate students in Spokane and Yakima.

WSU System Enrollments to grow to 22,250

More Enrollments from the Senate. The conference budget did provide more funding for WSU enrollments than any of the budgets, though often at lower funding rates per student than than the governor or the House. It will put \$8.8 million into general and non-medical high demand enrollments, more than the governor or House and just below the \$9.4 million provided by the Senate.

There are 590 new general enrollments (\$5.3 million) for the WSU system. It provides 80 enrollments over the biennium for Pullman-Spokane, 110 for WSU Tri-Cities, and 400 new enrollments for WSU Vancouver.

There are 155 new enrollments in non-medial high demand fields in the conference budget. There is \$2 million for startup of an electrical engineering program at WSU Vancouver but no funding for electrical engineering at WSU Tri-Cities.

Math & Science Augmented funding. The conference budget did fund WSU's innovative "augmented enrollments," which upgrade 100 existing enrollments to slots with a high-demand math and science focused majors. No other institution received this kind of funding.

Applied Sciences Laboratory

Spokane Applied Sciences Laboratory (ASL) The conference budget provided \$3 million of the \$3.5 million that the Senate requested for a Spokane Applied Sciences Laboratory. WSU Shock Physics scientist Yogi Gupta has played a key role in this program, though it was not a WSU budget request. The governor and the House provided no funding.

The laboratory would emphasize applied research, technology transfer, and the development of spin-off companies in the physical sciences and engineering. Funding would be used to recruit and retrain three senior scientists, business development and administrative personnel, and to establish and equip facilities for computational modeling and for materials and optical characterization.

Taking Care of Business: Landmark SBDC funding

Small Business Development Centers: The conference budget fully-funded WSU's proposal for "Small Business Development Centers (SBDCs)" No funding was provided by the House for the WSU request, though it did invest in a specific research program at Western Washington University SBDC. The conference budget funded both the WSU and the WWU proposals.

The Senate and governor's budgets provide **\$757,000** to WSU to expand small business counseling services. The request provides funding for SBDC offices for Southeast Washington, Kelso-Longview, Aberdeen-Shelton, Olympic College in Bremerton, and Highline Community College in Des Moines. In addition, WSU will create masters of business administration internships at SBDC locations.

Outside the WSU section of the budget, \$700,000 is provided to the WWU SBDC, much of the funding is to be for research support divided evenly between 25-50 small business development centers that are part of the WSU-managed system and underserved economic development councils.

Student Retention and Completion Programs. The conference budget provides \$500,000 to expand mentoring and academic support services that have proven effective in helping at-risk students complete their college degrees. The Senate's proposal for another \$830,000 for math and science retention was not funded.

Retaining the Best: The compensation compromise

Salary Increases and Benefits The conference budget provided \$31 million for salary increases averaging 3.2% on September 1, 2007, and 2.0% on September 1, 2008, for most WSU employees. The original Senate budget set salary increases to be effective this July. The compromise budget provides \$1.6 million less than the cost of the increase by excluding from the salary base the WSU-imposed enhancements that were funded with non-general fund appropriations outside the Legislature. That provision was not in previous budgets.

Partial Funding of Graduate Assistant Health Benefits. \$244,000 of the nearly \$1 million requested is provided to cover projected increases in the cost of health insurance benefits for teaching and research assistants. No funding was provided in the House budget.

Maintenance and Operations for New Facilities Two major new construction projects are approved in the conference capital construction budget. But, as is the case with the Mount Vernon building, the unavoidable maintenance and operation costs must be funded in the operating budget. While they were omitted from the House-passed budget, they are now included with the Mount Vernon station in the conference budget:

1. **Life Sciences Building.** The Governor's budget and the Senate provides **\$821,000** for maintenance and operation for this new Pullman project. This construction project is funded in the House and Senate capital budgets. The building will open in Fall, 2008.
2. **Vancouver Undergraduate Classroom Building.** The Governor's budget provides **\$168,000** for maintenance and operation of this new building. The construction project is funded in the House & Senate capital budgets.. The building will open in Spring, 2009.

UW-WSU Policy Consensus Center The compromise budget funds \$225,000 at WSU for the William D. Ruckelshaus Center to identify issues that have led to conflict around land use requirements and property rights, and explore practical and effective ways to resolve or reduce that conflict. It represents a 50 percent increase in state support for the center.

Washington Academy of Sciences The conference budget funds \$170,000, half the funding provided by the governor's budget and the House budget for the Washington Academy of Sciences. Appointed by the presidents of the University of Washington and Washington State University, this panel of recognized scientific leaders from industry, the universities, and government will render opinions or develop and carry out research related to the major issues facing the state. Funding is provided in the budgets for both research universities. An additional \$60,000 one-time appropriation is provided for the academy to assist on Puget Sound clean-up issues.

Grizzly Bear Research. This was not a WSU budget request but is funded in the conference budget. At the urging of Sen. Erik Poulsen, the Senate provided \$150,000 to help the Pullman based research program with core funding needs. This was not funded by the House or the governor.

Renewable Energy Program. \$150,000 is provided in the compromise budget to allow the WSU energy program to assist the state on wind and solar power issues. Among other things, it creates a position that will help the Department of Revenue determine whether applicants qualify for renewable energy programs.

Local government training. The state Department of Community, Trade and Economic Development budget contains \$850,000 to the Washington Association of Counties to train local government officials. The counties indicate they are considering Washington State University as the contractor to do the training.

Not funded

- **Unexpected cut to graduate education.** Although there was no legislative discussion publicly throughout the session, the conference budget unexpectedly cut \$1.6 million from graduate programs, dictating that the state subsidy for students who are not Washington residents must be reduced. That might put pressure on UW and WSU to consider non-resident graduate tuition increases.
- **No “Research to Products” funding.** Both House and Governor’s budgets provide \$500,000 each to UW and WSU to assist researchers in turning new discoveries into marketable products. It is not funded in the Senate budget or the compromise.
- **No utility cost reimbursement.** \$4.3 million in new state money was provided by the Senate to help with utility cost increases at WSU campuses. The impact of utility rates has been particularly significant on the Pullman campus because of the conversion in 2005 from coal to natural gas.
- **No Faculty Recruitment and Retention Funding.** \$3.8 million was provided in the Senate budget to assist WSU in recruiting and retaining highly-talented faculty in fields for which current compensation levels are insufficiently competitive. No specific funding is provided in the conference budget.

Olympia Update is produced for persons interested in state government developments affecting Washington State University. For more information, go to www.olympia.wsu.edu. Contacts: Larry Ganders, Assistant to the President, 360-956-2165. From WSU campuses, dial 8-2165. If you wish to subscribe to Olympia Update directly by email, send a completely blank message from your e-mail account (no signatures or footers please) to: subscribe-olympia_update@listserv.energy.wsu.edu