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Senate Operating & Capital Budgets

Senate budget news bittersweet

Senate leaders Wednesday proposed a bittersweet 2007-2009 operating budget for Washington State University, providing some tasty enhancements but disappointments that will be harder to swallow.

At first gulp, the operating budget announced Wednesday by Senate Ways and Means Chair Margarita Prentice, D-Seattle, and Vice Chair Craig Pridemore, D-Vancouver, appeared to be similar to the House and governor's budgets that were pleasing to the research universities. It provides at least some funding for every major WSU budget request and the most funding for enrollments. But closer inspection shows it provides less funding overall to WSU than the other budget proposals. And it is millions of dollars less funding than the version of the budget bill (Substitute House Bill 1128) that passed the state House of Representatives on a 62-35 vote Monday.

Senate action on this new version of the budget Saturday sets the stage for a critical House-Senate conference committee to negotiate the operating budget with 3 ½ weeks left in the session.

However, there does not appear to be anything unsavory or debatable in the capital construction budget negotiations, where the House and the Senate are in substantial agreement on a \$180 million proposal for the WSU system that includes construction of the Pullman Life Sciences Building, a Vancouver classroom building, and a strong budget for upgrading and repairing existing buildings and infrastructure. Sen. Karen Fraser, D-Olympia, led efforts on the capital budget in the Senate, and she will have few (if any) WSU issues to discuss when she continues discussions with Rep. Bill Fromhold, D-Vancouver, who leads House efforts. Efforts to secure funding for design of the Pullman Biomedical Building were unsuccessful in both houses.

\$509 Million for WSU? Not Really.

The proposed Senate operating budget provides \$509.8 million in state funding to WSU, an apparent 15 percent increase in funding that seems ahead of the \$504 million recommended by Gov. Christine Gregoire and about \$5 million behind the House budget of \$515 million.

But looks are deceiving. Tucked in the Senate budget detail is a provision to shift \$10.5 million in tuition funds normally distributed by WSU for needs like academic support to pay for a large portion of compensation historically paid by the state. The House and Governor's budget followed history and paid the \$10.5 million for faculty and staff base salaries. The Senate did not, effectively putting the money it provides to the universities well under the other two budgets. Ironically, the Senate budget made some significant enhancements in specific areas, but the loss of institutionally-controlled tuition dollars could cause some cuts to some existing areas that are often protected against extraordinary costs by the university. It also takes away any flexibility for eliminating student bottleneck courses and additional faculty salary increases.

WSU, the University of Washington, Western Washington University, Eastern Washington University, Central Washington University, and the Evergreen State College all oppose the tuition fund shift. Spokesmen for the universities plus the Washington Student Lobby and the Council of Faculty Representatives all testified against the proposal at a Senate Ways and Means hearing Wednesday.

The Senate budget provides for a 7 percent tuition increase for students. The House provided the same amount of funding with a 5 percent tuition increase.

Disappointments for Agriculture

A second major disappointment was that the Senate came in \$6.7 million under the House for the Unified Agriculture Initiative. Major other research initiatives like the University of Washington's Global Health proposal were also minimized by the Senate. There were rumors last week that the Senate would match the House proposal of funding \$9.5 million of the \$10.8 million Unified Agriculture Initiative. But the Senate funds just \$2.8 million. Funding is provided for two competitive grant pools that were proposed in the initiative. However funding was not provided for agricultural research stations, as the governor and House provided. Funding was also not provided for industry-requested faculty positions to make Washington's largest industry more globally competitive.

No funding for maintaining the new Mount Vernon facilities: There was more bad news in the Senate for agriculture. The Mount Vernon Northwestern Washington Research and Extension Center received zero funding in the Senate for maintenance of new facilities. The Governor's budget provides \$557,000 of the \$734,000 required. The House also provided no funding for maintenance of the facilities.

Doctors, Dentists, and Nurses for the Inland Northwest

The innovative program to educate more doctors and dentists for Eastern Washington was approved but under funded in the Senate budget. The WSU portion of the request, \$7.353 million, was inexplicably reduced to \$6.36 million in the Senate budget. The program was fully-funded to WSU in the House and governor budgets. Altogether, the program appears to be doing well in the legislative process. Both the House and the governor fully-funded the \$7.353 million for WSU plus most of the requests of the other partner institutions: the University of Washington and Eastern Washington University. But the nearly-million dollar hole in the Senate budget is a late frustration for the universities and advocates

of the program. The twenty new medical school students in Spokane would be the first major expansion of the University of Washington Medical School to resident students in decades.

The nursing component does appear to be provided in the Senate budget. The Senate funds the 60 Spokane positions in the baccalaureate, master's and PhD programs. But it also boosts nursing education at WSU Tri-Cities by 20 students in 2008 and five students in 2009. Funding of \$2.35 million is from the general fund.

“Fueling Washington” Gains Power

Fueling Washington: More sweet news was provided for Bioproducts Research. The Senate funded \$5.6 million for alternative fuels and products research, much of it in partnership with Pacific Northwest National Laboratories. The Senate and the governor had funded \$4 million for five state-funded scientist positions in the new Biological Science and Engineering Laboratory under construction at WSU Tri-Cities. The additional Senate funding is to recruit a national leader in bioproducts. One of the prime objectives will be to coordinate efforts to convert forest slashing, agricultural waste, specialty crops, and other materials to fuels and other products.

Senate Provides More Enrollments

The Senate provides \$10.5 million for enrollments - more than any of the budgets The House provided \$9.3 million and the governor provided \$8.2 million. The Senate budget adds a total of 860 more students in the WSU system, compared to 705 for the House and 620 by the governor.

The Senate budget funds substantially more new student positions in Pullman, a total of 210 students for \$3.307 million, compared to \$1.9 million for the House and the governor.

The Senate funds 620 new general enrollments for the WSU system The Senate budget is the first proposal to provide more general enrollment increases for Pullman, 50 total for the biennium plus 30 Pullman graduate students. It also provides 130 undergraduate enrollments and 10 graduate students for WSU Tri-Cities, 400 new enrollments for WSU Vancouver.

There are 155 new enrollments in non-medical high demand fields in the Senate budget for a total of \$5.7 million, the House provided \$5.2 million. There is \$2 million for startup of an electrical engineering program at WSU Vancouver but no funding in any of the budgets for electrical engineering at WSU Tri-Cities.

Augmented funding Somewhat like the House and the governor, The Senate funded WSU's innovative “augmented enrollments,” which upgrade 100 existing enrollments to slots with a high-demand engineering focus.

Senate Highlights

While the House provides more funding for WSU, there are specific items for the university that fared better in the Senate budget:

1. **Utility Cost Reimbursement** \$4.3 million in new state money provided to help with utility cost increases at WSU campuses. The impact of such increases has been particularly significant on the Pullman campus due to its conversion in 2005 from coal to natural gas. This was a university budget request. Another \$2.1 million is earmarked in student tuition funds from the remaining money not shifted to salaries.
2. **“Taking Care of Business”**: The Senate fully-funded WSU’s request for “Small Business Development Centers” No funding is provided by the House for the SBDC. The Senate and governor’s budgets provide \$757,000 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.
3. **Faculty Recruitment and Retention** \$3.8 million is 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 House or the governor’s budgets.
4. **Spokane Applied Sciences Laboratory (ASL)** Despite numerous rumors that there would be no funding for this new program in this legislative session, the Senate provided \$3.5 million for a Spokane Applied Sciences Laboratory. WSU Shock Physics scientist Yogi Gupta has played a key role in this program that has substantial support in the Spokane community, 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. This may be done in cooperation with an “Innovation Partnership Zone” for Spokane provided in Senate Bill 5090.
5. **Student Retention and Completion Programs** The Governor and House budgets provide \$500,000 to expand mentoring and academic support services that have proven effective in helping at-risk students complete their college degrees. The Senate funded this program plus another \$830,000 for math and science retention.
6. **Partial Funding of Graduate Assistant Health Benefits** \$165,000 of the nearly \$1 million requested is provided to cover projected increases in the cost of health insurance benefits for teaching and research assistants. The Senate funded only those research assistants and teaching assistants in state-supported programs. No funding was provided in the House budget. These benefits were funded in the governor's budget.
7. **Grizzly Bear Research** This was not a WSU budget request. But at the urging of Sen. Erik Poulsen, the Senate provided \$150,000 to help the Pullman-based research program. This was not funded by the House or the governor.
8. **Maintenance and Operations for New Facilities** Maintenance and operating costs are unavoidable expenses of new buildings that are omitted from the House-passed

budget. While it did not fund the Mount Vernon building, the Senate did fund the operation of these buildings that were not funded by the House:

- **Life Sciences Building** The Governor's budget and the Senate provides **\$821,000** for M&O for this project. This construction project is funded in the House and Senate capital budgets. The building will open in Fall, 2008. The House provides no funding.
- **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. However, the maintenance and operation funds are not provided in the House budget.

Other Budget Items

Washington Academy of Sciences The Senate budget provides \$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.

UW-WSU Policy Consensus Center House, Senate, and Governor budgets fund \$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. Funding includes operating support for the Center.

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.

Purchasing Cuts The Senate budget does not fund the \$302,000 reimbursement recommended by the governor for purchasing cuts made by previous Legislatures to WSU. The House budget provided the funding for other agencies and all other higher education institutions, but no funding for WSU. The Senate provided no funding to any higher education institutions.

Retaining the Best: Salary Increases and Benefits Salary increases averaging 3.2% on July 1, 2007, and 2.0% on July 1, 2008, are provided for most WSU employees. The original House budget had salary increases taking effect in September.

Olympia Update is produced for persons interested in state government developments impacting 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