



OLYMPIA UPDATE

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Legislative budget negotiations

How will the final state budget be resolved?

That's a \$50 million-plus question for WSU

The Legislature is now moving into a critical phase as lawmakers are negotiating the differences between House and Senate budget versions with just 13 days of session remaining.

Never have the stakes been higher than in the budget discussions. Legislative leaders are talking now to resolve a \$50 million difference between the House and Senate budgets for just Washington State University. The House budget (Substitute House Bill 1244) cuts 29 percent of state funding from WSU or \$151.4 million. The Senate budget (Senate Bill 5600) reduces the WSU state budget by 20 percent or about \$104 million.

Washington State University announced today that it is not accepting any more applications for incoming freshmen at its Pullman campus because of the budget outlook. WSU has been working on the assumption that legislative budgets may reduce the university's enrollment by 1,500 students. Admissions officials in Pullman will continue to review transfer students' applications, but will make no more enrollment offers to transfers at this time. Once WSU has more complete budget information, expected by May 1, the university will likely re-open admissions only to transfer students who have already earned their associates' degree. WSU Tri-Cities, Vancouver, and Spokane are still accepting students.

WSU continues to urge legislators to address two very key points:

- 1) Adopt at least the Senate's funding level for WSU**
- 2) Grant authority to increase tuition up to 14 percent per year for resident undergraduate students and continue authority to set tuition for non-residents and graduate students.**

Successful outcomes for WSU on these issues could reduce the net reductions to WSU programs to near the governor's level. Currently the net cuts to WSU, minus stimulus dollars and tuition increases, is triple the governor's level in the House budget proposal. The Senate net cuts are twice more than the governor.

Students, WSU join in opposing building fees fund grab. WSU students currently pay \$308 of their tuition toward "a building fee" that is generally used to preserve and maintain buildings at

the students' institution. The House budget shifted those revenues, including more than \$15.3 million in WSU student building fees, into the general fund where they could be spent anywhere in government. Legislators reported Friday that the building fees shift was being hotly discussed in budget negotiations.

"It is disheartening to students that the House proposed tuition increases beyond the statutory limit in order to preserve their institutions, while over \$46 million are being taken from the institutions and allocated elsewhere," said Mike Bogatay, of the Washington Student Lobby, in a letter to legislators today. "Please oppose the inclusion of this provision in the final budget," he said.

Likewise, WSU President Elson Floyd weighed in on the issue with an April 3 letter to legislators. "Students attending Washington State University (and other higher education institutions) expect the tuition and fees they pay to attend school will stay with their institution to provide the facilities needed for their education." He added, "That's good public policy that must be preserved."

Adding to the stakes in this building fee discussion, is the fact that the Senate budget gave WSU authority to use those and other fees for 2009 construction projects including Global Animal Health, Phase I, and design of the Veterinary Medical Research Building.

On other issues in the operating budget, the university is encouraging budget writers to allocate to the university its fair share of federal stimulus dollars. Legislators are also asked to not mandate specific WSU programs to be cut or protected.

Lawmakers on April 6 completed most of their committee business and are moving onto the floors of their respective houses to give final consideration to legislation. Friday, April 17, marks the deadline for a bill to pass both houses of the Legislature (although the bills may not be identical and are subject to negotiation between the houses.)

Non-resident tuition (Senate Bill 5734) If the Legislature does not adopt new tuition rates for non-resident and graduate students, those rates will revert back to the rates from this academic year. This bill continues the usual authority of WSU Board of Regents to set non-resident and graduate tuition rates without limit. The legislation passed the state Senate 44-0 on March 7. It is scheduled for a vote before the House Ways and Means Committee Tuesday. The bill is sponsored by Senate Higher Education Chair Derek Kilmer at the request of the Higher Education Coordinating Board. The bill is supported by WSU. Dave Iseminger, representing UW professional students, has led opposition to the bill.

Resident Undergraduate Tuition (House Bill 2344) Legislation specifying that the operating budget may increase tuition above the 7 percent statutory "cap" was introduced today by Rep. Kathy Haigh, D-Shelton. A hearing on the bill has been scheduled for tomorrow in the House Ways and Means Committee.

UW-WSU Public Works (Senate Bill 5760) This bill could help expedite projects built by WSU with non-appropriated funds. The original bill, which passed the state Senate, grants UW and WSU the authority to use a small work roster for projects up to \$1 million (instead of \$200,000) for non-appropriated funds. It also allows WSU and UW general contractor-construction manager authority for projects of more than \$1 million (typically it's used for projects of more than \$10 million on complex buildings.) Amendments were added in the House Capital Budget

Committee that that may prevent WSU from benefitting from the bill. For instance, the fund source is sharply narrowed to federal stimulus funding (through the American Recovery and Reinvestment Act.) Authority to limit the number of contractors is also removed and an expiration date of June 30, 2013 was added by the House. WSU continues to support the Senate version of the bill.

Small Business Development Centers (Senate Bill 5723) The Small Business Development Center Bill has been pulled from the House Rules Committee and is headed for the House floor. This bill is moving on schedule with the amendments WSU supports including a critical clause protecting the regulations of the U.S. Small Business Administration. It is uncertain whether the bill will be coupled with a business license fee increase to finance expansion of such programs, an approach favored by Sen. Jim Kastama, D-Puyallup.

Student Lobbying (Senate Bill 5776) This Legislation, now headed to the governor for final approval into law, is supported by the Washington Student Lobby. It contains language that was actually proposed by WSU in the Senate. It clarifies that students can continue to use student services and activities fees or voluntary fees to finance their lobbying teams in Olympia. The legislation was prompted by recent legal opinions that cast doubt about continuing to use their usual funding sources. WSU and the state Attorney General's Office support the bill. The bill passed the House 60-38 last week, with the Republicans concerned about the manner in which voluntary fees are sometimes collected at other institutions. Last month, the Senate passed the same bill 42-6.

Faculty Retention (House Bill 2328) This bill provides additional exceptions to Engrossed Substitute Senate Bill 5460, a hiring freeze bill that was signed into law by the governor earlier this session. It passed the state House of Representatives this afternoon 98-0. In Section 6, it states that institutions of higher education may grant wage or salary increases for retention purposes of critical personnel or for additional academic responsibilities during the summer term. The bill has passed out of committee.

Aerospace (Proposed Substitute House Bill 2308) The bill creates the Washington Council on Aerospace, composed of 13 members, including the President of WSU. The Council shall provide advice to the governor and legislature on public policies that will strengthen the aerospace industry and support its job growth in Washington; and take joint action to integrate training and education with research and development. The President of WSU is to coordinate with the President of the University of Washington regarding all aerospace-related research and development activities, and ensure that these activities are responsive to the industry's needs. The bill was heard in a House committee today for the first time.

Online Learning (Second Substitute House Bill 1946) This legislation encourages institutions to use common online learning technologies like "Angel" and integrated administrative tools has passed the House. Senate language requires the efforts to be funded by the budget or the bill is "null and void." The bill has passed the House and is awaiting assignment to the Senate floor.

Health Care Authority (Senate Bill 5869) is awaiting a vote on the Senate floor. This bill deals with employee health care eligibility. Among its provisions, it continues an "80-hour rule" for half-time employee eligibility. A similar bill (Engrossed Substitute House Bill 2245) passed the House 97-0. Both bills contain amendments supported by WSU regarding changes to health care employee eligibility. WSU opposed early versions of the legislation that had a "70-hour rule" and a large fiscal impact.

Higher Ed Economically Responsible Solutions (Senate Bill 6156) Supported by most Republican members of the Ways and Means Committee in the Senate, this bill by Ranking Chair Joe Zarelli, R-Vancouver, does not yet have support among majority Democrats. The bill raises serious concerns from many in higher education. It assesses a tuition surcharge for WSU students equivalent to the full cost of instruction for students who take more than 125 percent of the courses necessary to graduate. Also, it reduces WSU tuition waiver authority from 20 percent to 14 percent, a move that undoubtedly will impact the university's ability to recruit and retain graduate teaching and research assistants. It also provides that the state may contract with private colleges and universities to provide courses or degrees in the fields of engineering, technology, biotechnology, sciences, computer sciences, and mathematics,

Energy Building Efficiency (Engrossed Second Substitute Senate Bill 5649) The current draft of this much-rewritten bill designates Washington State University as the federal "Energy Efficiency Assistance Program" for Washington State. That means WSU's Energy Extension Program would literally receive \$15 million to \$30 million in federal stimulus dollars for home weatherization. With the money, WSU would secure contractors to do a home weatherization program for middle-class families. Middle-class is defined in the legislation as 80 to 120 percent of median income. However, the bill is expected to undergo a major rewrite again as differences are compromised between the state Senate, the governor's office and the House. It is unknown what the role, if any, there will be for WSU in the final legislation. The governor's office has suggested that there may be a new focus on long-term energy research on building efficiency that could involve WSU researchers.

State Transportation Budget (Engrossed Substitute Senate Bill 5352) Washington State University supports the state funding of the Salmon Creek Interchange Project that was provided in the Senate version of the state Transportation Budget. This interchange needs to be improved to serve the WSU Vancouver campus, now and in the future. House Higher Education Chair Deb Wallace, D-Vancouver, said today she is working to try to get the House to agree to the Senate position.

For the status of bills affecting WSU - http://www.olympia.wsu.edu/Status/2009_Shortlist_April6.aspx

Olympia Update is produced for persons interested in state government developments affecting Washington State University. For more information, go to www.olympia.wsu.edu. Contact: 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 go to www.olympia.wsu.edu/Update.aspx