



OLYMPIA UPDATE

LARRY GANDERS, ASSISTANT TO THE PRESIDENT

Olympia Update No. 5 • March 31, 2009
House Operating Budget Released

House shocks WSU with \$151 million cut

Washington State University will lose \$151.4 million of its current state funding base – 29 percent of its state funding - under a proposed 2009-2011 House budget announced today by Ways and Means Chair Kelli Linville, D-Bellingham.

“Hard as it is to imagine, today’s House budget is even more draconian, with a more devastating impact, than the Senate budget proposed yesterday. Words are inadequate to describe the havoc this will wreak,” WSU President Elson Floyd said in a statement issued after the budget was released today.

The House budget presumes 10 percent per year tuition increases for WSU students compared to seven percent in the Senate and governor’s budget. It also contains more federal stimulus dollars than the Senate. Those additional tuition revenues and stimulus dollars are intended to offset the \$151 million cut. Yet, the net reductions to WSU programs in the House budget remain a whopping 17.5 percent or \$91.2 million. That is nearly 50 percent greater than the 12 percent net cut announced by the Senate yesterday and it triples the six percent net reduction proposed by Gov. Christine Gregoire.

“The extraordinary cuts to higher education under discussion this week will deeply impact the very people who will create a recovery for the state of Washington in the coming years – the college educated,” Floyd said.

Both House and Senate budget proposals force WSU to make dramatic cuts from which it will likely not recover for many years. It will be required to reduce enrollment by 1,500 students per year – at a time when the demand for a public education is at its peak. The university estimates it will eliminate at least 400 to 500 employee positions through both layoffs and unfilled vacancies.

The House cut is not only far deeper than any legislative proposal this session it contains some provisions that will be extremely difficult to achieve. Despite the \$91.2 million net reduction, the House budget assumes current WSU student enrollment levels and locks in the current WSU contract level. It also disproportionately cuts the university deeper in 2011, creating huge WSU funding deficits for the 2011-2013 biennia.

The House budget also sweeps into the general fund \$15 million worth of “building fees” paid by WSU students. This means fees paid by WSU students to support building improvements, improving campus building safety, and major equipment purchases will now be spent at the discretion of the Legislature anywhere in state government.

“Our budget gives the hardest hit to our higher education system even though this is the wrong time to do so,” said House Appropriations-Education Chair Kathy Haigh, D-Shelton. But Haigh said she has spoken to faculty and administrators and believed they are “resourceful” and they will find a way to make it work.

WSU testified against the House budget in separate hearings today before the House Ways and Means and House Appropriations-Education Committee. WSU also indicated it would not support the Senate budget in a hearing before that Ways and Means Committee this afternoon. The House's budget starts with a 29 percent general fund reduction for WSU, capturing nearly one out of three dollars currently appropriated by the state to the university. It compares with the proposed Senate budget that had a 20 percent reduction or one out of five dollars. The governor proposed a 12 percent WSU reduction last December. This proposed WSU cut by the House of \$151.4 million compares to the Senate's \$104.3 million cut and the governor's \$64 million cut.

Unlike the governor, the House and the Senate had more than \$800 million in one-time federal stimulus dollars to offset state cuts in education. The Senate allocated \$15.8 million to WSU next year to deal with the cuts. The House, with deeper net cuts, actually allocated more federal stimulus dollars, \$19.7 million, to WSU. Following the completion of budget hearings this week, negotiations will continue between the House and Senate to resolve differences on the operating budget. Capital construction budgets by the House and Senate are expected to be announced later this week. The discussion over the budgets will continue to involve the governor who will have to agree to sign the final budgets into law. The session is scheduled to adjourn April 26.



Proposed 09-11 Biennial Budgets (in \$ millions, biennial totals)

	Governor	Senate	House
State Reduction (\$)	\$ (61.9)	\$ (104.3)	\$ (151.4)
State Reduction (%)	12%	20%	29%
Reduction After Federal Stimulus (\$)	\$ -	\$ (88.5)	\$ (131.7)
Reduction After Federal Stimulus (%)	12%	17%	25%
Net Overall Reduction After Tuition Increase (\$)	\$ (33.6)	\$ (60.5)	\$ (91.2)
Overall Reduction After Tuition Increase (%)	6%	12%	18%
Proposed One-Time Federal Stimulus Funding	\$ -	\$ 15.8	\$ 19.7
Proposed Tuition Increase	7%	7%	10%

For the status of bill affecting WSU - http://www.olympia.wsu.edu/Status/2009_Shortlist_Mar24.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