



OLYMPIA UPDATE

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Legislature's Compromise Budgets Emerge

State budget dictates \$54.2 million WSU cut; Proposal assumes 14 percent tuition hike

A new House-Senate compromise operating budget reduces WSU state funding by 22 percent. It uses federal stimulus dollars and a 14 percent undergraduate tuition increase to partially offset those cuts.

The compromise operating budget bill (Substitute House Bill 1244) narrowly passed the state House of Representatives 54-42 Friday night and cleared the Senate Ways and Means Committee this morning. In other business, a new capital construction bill that includes \$36.7 million for the Vancouver Applied Technology Classroom Building has passed the House by the bare minimum required for passage. The Legislature appears to be on track for adjournment tomorrow as it races through dozens of remaining bills.

The Biennial Operating Budget

The new operating budget bill provides that half of the cut will be offset by \$15.7 million in federal stimulus dollars and the assumed tuition increases, leaving WSU with a net 10.4 percent “net” budget reduction of \$54.2 million next biennium. Ten percent was the target that Gov. Christine Gregoire supported in negotiations with the House and the Senate. Legislative staff use a different formula that is sometimes quoted in public reports. It represents the same 10 percent WSU cut as a “7 percent reduction.”

No matter how you calculate the percentage, the \$54.2 million net cut is the largest dollar reduction to the university in history. But the Legislature seriously considered much worse scenarios for WSU. The state Senate budget proposed a \$60 million net reduction and most worrisome for WSU educators and students, the House budget proposed a \$91.2 million net reduction.

“We are fully aware of the economic difficulties facing our state and nation. Under those fiscal conditions, the Legislature did the best it possibly could do to protect higher education,” said WSU President Elson S. Floyd.

Gov. Gregoire led efforts to encourage legislators to improve their higher education budgets. Senate Majority Leader Lisa Brown and Senate Higher Education Chair Derek Kilmer are among senators who frequently weighed in for higher education. And there were a number of key legislators in the House who worked to improve that position including Senate Majority Leader Lynn Kessler, House Ways and Means Chair Kelli Linville and House Appropriations-Education Chair Kathy Haigh. Here are some of the provisions of the compromise biennial operating budget:

There are few mandates in the budget but provided advice in the form of provisos:

- The budget provides \$75,000 for each year of the biennium in new money for honeybee colony collapse disease. It is the only new appropriation for WSU in an otherwise “all cuts” budget.
- Section 912 of the budget might allow WSU to extend its voluntary retirement incentive program to classified employees and administrative professionals on the state plan. However, it was not the language WSU and the House proposed and will require approval from the state Office of Financial Management.
- There is language that urges the university to maximize reductions in administration and non-instructional areas. However, it urges moderation to some non-instructional areas such as agricultural extension.
- It urges that enrollment should be maintained in employer high-demand instructional areas such as math, engineering, and science.
- There was a 40 percent reduction in potential university research funding scheduled to be allocated through the “Life Sciences Discovery Fund.” These are tobacco settlement dollars to the state that are estimated to be \$65 million next biennium. The budget redirects \$26 million to the general fund.
- The House budget (the original House Bill 1244) cut 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. The compromise budget cuts WSU state funding 22 percent or \$112 million.

“Now that we have budget numbers in hand, we will be able to continue the process of determining a budget plan that will, to the best of our ability, minimize any negative impact on the academic mission and strategic priorities of our university,” said Provost and Executive Vice President Warwick Bayly.

\$109 million WSU Capital Construction Budget Compromise

Students and institutions like WSU were successful in preventing the House from transferring student-paid building fees into the general fund. 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 fiercely debated in budget negotiations. Sen. Karen Fraser, D-Olympia, was praised by colleagues for pressing for higher education projects with the House negotiators.

Vancouver Applied Technology Classroom Building. Building fee revenues will be part of the solution to fund a \$36.7 million building at WSU Vancouver. Building fees are among the funds that will be bonded to pay for up to \$10 million of the Vancouver building's costs. Construction will likely begin this year. The building is WSU's highest legislative priority. The compromise budget funding level is about \$2 million below the original request.

Riverpoint Biomedical & Health Sciences \$4.34 million is provided for pre-design/design for the building on the Spokane campus.

Veterinary Medical Research Building. \$7.4 million in design funding was requested this biennium. The budget authorizes that amount as well as construction of up to \$95.78 million. The building is WSU's second highest priority. The alternate funding method used for this building might accelerate completion of the project. Construction was scheduled to begin in two years.

Global Animal Health, Phase I. \$6.2 million is provided to WSU toward the \$10 million match required by a \$25 million Gates Foundation gift.

Minor Capital Preservation and Programs. \$45.16 million

Other Bills

Non-resident tuition (Senate Bill 5734) has passed the Legislature. The bill allows universities to continue setting tuition rates for non-resident and graduate students. The new budget assumes that WSU will set non-resident undergraduate tuition at 5.3 percent per year, most graduate students at 5 percent per year, and many professional programs at 10 percent per year. Veterinary Medicine is assumed at 7 percent per year.

Resident Undergraduate Tuition (House Bill 2344). Legislation specifying that the operating budget may increase tuition above the 7 percent statutory "cap" has narrowly passed the House and passed the state Senate today 29-20. The compromise budget assumes that undergraduate tuition will increase by 14 percent per year for the next two years. The student lobby, including ASWSU, worked for an amendment to the bill to make it a temporary surcharge. "That will mean there will be less access," said Sen. Fred Jarrett. He said universities would not be able to maintain permanent faculty positions if the tuition funding is rolled back in two years. The bill drew debate from senators on both side of the issue with sons or daughters at Washington State University. Sen. Jim Hargrove said it would cost about \$500 in increased tuition for his son, but he said it would cost an additional \$6,500 if his son had to pay all college expenses for an additional semester. Sen. Cheryl Phlug said rather than high tuition, the state should have given a priority to higher education. Why are we cutting 21 percent. Sen. Mark Schoesler told the Senate it was breaking its commitment to a 7 percent cap. "We have only one thing as senators," said Schoesler. "Our word."

UW-WSU Public Works (Senate Bill 5760). A compromise version of this bill could help expedite projects built by WSU with non-appropriated funds. But it faces a critical vote tonight or tomorrow on the House floor. The compromise 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.) The House-passed version prevents WSU from benefitting from the bill.

Student Lobbying (Senate Bill 5776). This Legislation has been signed into law by the governor. An ASWSU request bill, it clarifies that students can continue to use student services and activities fees or voluntary fees to finance their lobbying teams in Olympia.

Faculty Retention (House Bill 2328). This bill has passed the Legislature and 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.

For the status of bills affecting WSU - http://www.olympia.wsu.edu/Status/2009_Shortlist_SineDie.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, 360-534-2330. From WSU campuses, dial 4-2330. If you wish to subscribe to Olympia Update directly by email go to www.olympia.wsu.edu/Update.aspx