



# OLYMPIA UPDATE

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Improving Higher Education Budgets

## Gregoire, WSU urge more college funding

Facing the deepest higher education cuts in state history, Washington State University is joining Gov. Christine Gregoire in supporting the state Senate funding level for higher education institutions and in providing flexibility to raise tuition up to 14 percent per year.

Gregoire spent much of her weekly press conference today discussing the troubling budgets facing public higher education institutions. Last week, the state Senate announced reductions of 20 percent from the level necessary to continue current WSU programs, or about \$104 million. Then the House stunned WSU with a 29 percent cut or \$151.4 million. That budget passed the House Ways and Means Committee today with few modifications for universities. Gregoire expressed concern that the House and Senate cuts are so deep that students will be hampered getting through the system even with some federal stimulus dollars and the typical seven percent tuition increase added in. "I can't get jobs for them if they don't have a college education," said Gregoire of her agenda to stimulate the state economy.

WSU President Elson Floyd and other state university presidents are calling on legislators to make five critical amendments to mitigate the impact of the cuts. These actions will not avoid record reductions in WSU state funding. But these actions would set the net reductions for WSU at \$32 million after tuition increases and federal stimulus dollars. That is approximately the net reduction proposed by the governor last December. Adopting these necessary actions will mitigate much of the impact on students and their ability to graduate in a timely manner. It will also reduce the impact on our employees, their families and the communities in which they reside.

1. **Adopt no more than the Senate's 20 percent state funding cut for WSU.** This means that the final legislative budget for WSU should be less than \$104 million. In her comments today, the governor supported moving the budget toward the Senate funding level. The House cut WSU's base budget by \$47 million more than the Senate. Even with a higher tuition rate, the House made net cuts to WSU that are three times the governor's level and 50 percent greater than the Senate.
2. **Grant governing boards authority to increase tuition up to 14% per year for resident undergraduates.** The Legislature is also asked to enact Senate Bill 5734 which reauthorizes tuition setting authority for graduate and professional and non-resident students. WSU resident undergraduates currently pay \$6,218 per year. The WSU Board of Regents would have the authority to raise tuition up to \$870 per year. That would be an additional burden on students and their families. But the governor pointed out that it is far less of a burden than the cost of a student paying up to \$10,000 in additional tuition, housing and other living costs to attend school for an additional semester. Student may need to attend an extra term because classes necessary to graduate have been cut. The governor noted that WSU has the "Cougar Commitment" that covers all tuition costs for students that qualify for the state need grant. Families with incomes of

\$52,600 to \$96,000 per year receive additional benefits through the new benefits of the Hope tax credit. The Hope tax credit began as a \$1,800 deduction for two years. The federal credit has now been expanded to up to \$2,500 per year for four years.

3. **Allocate federal stimulus dollars equitably across the higher education sector.** The budgets of the four-year universities like WSU helped the state qualify for federal stimulus dollars to backfill budget cuts. But a disproportionate amount of the stimulus funding, including millions of dollars that should have come to WSU, was allocated by the House and Senate budgets outside the four-year university system. The federal formula (tied to 2006 state appropriations levels) should have provided at least enough funding for WSU to receive an additional \$29 million or more in the House budget and \$6 million or more in the Senate budget.
4. **Allow institutions maximum flexibility to manage their budget reductions.** WSU and the other four-year institutions are urging legislators not to specify how the universities must manage cuts. This was the approach taken by the governor in her budget.
5. **The building fee that students pay as part of their tuition should remain at the institution they attend.** The House budget diverts \$15 million of WSU student fees into the general fund to be spent anywhere in state government. The Senate budget allows these fees to be spent only at WSU. In fact, the Senate capital budget permitted those fees to be bonded toward construction of buildings. Students pay \$308 per year in building fees as part of their tuition.

**The governor's call for more higher education funding had support today from House Majority Leader Lynn Kessler, D-Grays Harbor.** The House Ways and Means Committee passed the House budget without substantial changes to university funding today. However, Kessler said she wanted to work on improving university funding and supported authority to raise tuition up to 14 percent.

The governor initially tried to hold tuition at 7 percent per year. As the financial situation worsened, she suggested a temporary tuition "surcharge" above 7 percent. The surcharge was temporary. Therefore, funding from the increased tuition could not go to support salaried positions like faculty members. And in addition, temporary tuition increases could leave the university with future budget deficits.

**A Welcomed Cut in the House Budget** - WSU sought and received a \$427,000 cut in the House budget today in base funding for storm water permitting. The House budget had provided the funding to cover a portion of \$1.2 million in expenses the university will encounter from the new permitting requirements set by the state Department of Ecology for the City of Pullman. Rep. Joe Schmick, R-Colfax, offered an amendment to delay the permitting process until 2012, making the \$427,000 unnecessary. The amendment won the support of House Ways and Means Chair Kelli Linville, D-Bellingham, and was adopted by her committee today. Also speaking for the amendment in committee was Rep. Sam Hunt, D-Olympia. A similar amendment is under consideration in the Senate.

**What's Next** - The House and Senate are still trying to resolve the differences between their respective budgets. Negotiations from the House side are led by House Speaker Frank Chopp, D-Seattle. The House budget is now in the House Rules Committee, where it could be readied for a vote on the House floor. On the Senate side, Majority Leader Lisa Brown, D-Spokane, leads discussions.

**For the status of bill affecting WSU - [http://www.olympia.wsu.edu/Status/2009\\_Shortlist\\_April6.aspx](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](http://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](http://www.olympia.wsu.edu/Update.aspx)**