



OLYMPIA UPDATE

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Olympia Update No. 3 • March 26, 2009
Legislative Budgets Released Next Week

Senate, House plan deep university cuts

The Senate version of a state 2009-2011 budget proposal that is expected to make deep cuts to the state colleges and universities is scheduled to be released Monday. The House is poised to release a similar, but not identical, version of the state budget on Tuesday.

The news comes as the recession-burdened Legislature moves into its 75th day of session with less than one month to go before its scheduled April 26 adjournment. The proposed legislative budget follows days of private discussions between House Speaker Frank Chopp, Senate Majority Leader Lisa Brown, and Gov. Chris Gregoire. Gregoire proposed a biennial budget last December that reduced Washington State University's appropriation by 12 percent and could reduce WSU student enrollments by more than 1,000 students. But since then, the projected state revenue deficit for next biennium has increased from \$6 billion to more than \$9 billion. And now some legislators report that the legislative budget will require public universities to shoulder a much higher percentage of the reductions.

Legislators are reportedly considering tuition increases of 7-14 percent per year for the legislative budget. Tuition increases and the \$800 million in federal stimulus dollars for reducing education cuts are not expected to close much of the gap with the governor's budget. Gov. Gregoire has suggested a temporary two-year tuition "surcharge" at an unspecified level beyond 7 percent to help ease the pressure on the legislative budgets, but it is unknown whether legislative leaders will take her recommendation.

A further concern is that tuition surcharges and federal stimulus dollars are in effect for only two years while the costs of academic programs are ongoing. That means higher education institutions may make deep cuts later this year, only to have huge holes in their budget two years from now even if the state economy and state revenues have recovered.

Capital Budget stressed as well. House Capital Chair Hans Dunshee and Sen. Karen Fraser, who coordinates the construction budget in the Senate, both report that hundreds of millions of dollars in capital construction dollars have been transferred to the operating budget. The decision puts in jeopardy many buildings that would ordinarily be funded next biennium, jeopardizing construction projects that might help stimulate the economy. The Vancouver legislative delegation is worried that the \$38.7 Vancouver Applied Technology Classroom Building, WSU's highest priority, will not be funded in the House's proposed capital construction budget when it is released next week. The building, which will house WSU Vancouver electrical engineering programs, scored highest among projects proposed for enrollment growth statewide by the state Office of Financial Management. The House is reportedly considering a match to the \$25 million Gates Foundation gift for a WSU Global Animal Health Building. In addition to considering those projects, the Senate has been looking at alternative funding options for design of the Veterinary Medical Research Building, the Design Disciplines Building (the old Bookie Building), and the Riverpoint Biomedical Building.

WSU pushes for retirement incentive package. WSU is requesting authority in the legislative budgets to extend retirement medical benefits program to its 2,100 classified employees and some exempt staff employees that are all on state-administered retirement systems, principally PERS. WSU has existing authority to offer its program to 80 percent of its 1,500 exempt staff and all of its 2,280 faculty members. WSU's existing authority allows it to make this program available to faculty that are in the federal retirement system and the WSU Retirement Plan. The university has already extended the offer to participate in this program to those eligible staff & faculty members and would like the authority to offer it to its remaining employees, including all classified staff. The WSU program is simple. If an employee is eligible to retire under the current system, then WSU will offer the employee an incentive of depositing \$18,000 into a tax-exempt medical expense plan account. This account can be used by the retiree to pay medical expenses, including health insurance premiums. The \$18,000 is an amount considered adequate to fund continued health insurance benefits for a single employee for three years (an average projection for available plans.)

At this point in the session, most non-budget bills are required to go through the committee process in the house where they were introduced and must pass out of committee in the opposite house by March 30. For a complete list of bills tracked by WSU and any action by the governor, go to: <http://www.olympia.wsu.edu/Status.aspx> Here are some of the highlights:

Graduate tuition bill passes House committee. Legislation that would continue the university's authority to set tuition for non-resident and graduate students cleared an important hurdle today when it passed the House Higher Education Committee. Substitute Senate Bill 5734 sponsored by Senate Higher Education Chair Derek Kilmer, passed the Senate 44-0. It now goes to the House Ways & Means Committee before it can be considered for a vote before the full House. The bill continues current institutional authority for those students. It was requested by the Higher Education Coordinating Board and supported by WSU.

Contracting bill now in Senate committee. Senate Bill 5760, allowing for contracting efficiencies when the universities are using non-appropriated state funds, has passed the state Senate and landed in the House Capital Budget Committee. This bill grants the University of Washington and WSU the authority to use a small works 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 its used for projects of more than \$10 million on complex buildings.) The bill passed the state Senate 37-5 but could face changes in the House committee. Opponents of the bill include the American Institute of Architecture, Washington Council; and the Associated General Contractors. WSU and UW strongly support the legislation.

Student lobbying bill passes House committee. Senate Bill 5776, a priority bill for the Associated Students of Washington State University, passed a critical vote in the House State Government Committee today. WSU assisted in drafting the legislation and supports the bill. It clarifies that students are authorized to use voluntary student fees and service & activities fees to finance their efforts to put student lobbyists in Olympia during legislative session. The use of those funds had been called into question following recent legal interpretations. The bill is supported by the state Attorney General's Office. The bill, which passed the Senate 42-6, still faces a final vote before the full House of Representatives.

Energy Bills Advance Engrossed Substitute Senate Bill 5649, which could create a role for WSU's Extension Energy Program in the dispersal of more than \$30 million in federal energy stimulus dollars, has now cleared a House Technology committee after passing the Senate 34-14 on March 10. However, the governor's office has suggested the leader of the program should not be WSU, but the Department of Community, Trade and Economic Development. The current bill creates an energy efficiency assistance program at Washington State University (WSU) to provide grants and technical assistance for energy efficiency services. It also directs to form an interdisciplinary team to assess opportunities to increase energy efficiency in the agricultural sector. WSU would be required to work with the State Board for

Community and Technical Colleges to identify skills required for energy audit and retrofit activities. WSU supports the bill as well as Senate Bill 5921, creating a Clean Technology leadership council.

Faculty Regents Bill in Trouble. Substitute House Bill 1841, adding a full-time or emeritus member of the faculty to the board of regents or the board of trustees of each of the public four-year institutions appears to be in trouble in the Senate Higher Education Committee. The measure, creating an 11th member of the WSU Board of Regents, passed the House 95-1 on March 17. But unless it gains more support on the Senate Committee, the bill could be dead by the end of the week. The bill is supported by the WSU Faculty Senate. WSU has no position on the legislation. Eastern Washington University opposed the bill.

HCA Bill Improves. Engrossed Substitute House Bill 2245. The House adopted an amendment to the Health Care Authority Bill (Substitute House Bill 2245) supported by WSU. Adoption of the amendment avoids a new cost to WSU of \$2.2 million next biennium. The amendment uses the 80-hour averaging rule currently used by the public four-year baccalaureate institutions. The amendment, also supported by the governor's office, maintains the current eligibility requirements for university employees.

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