



OLYMPIA UPDATE

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Olympia Update No. 2 • February 16, 2009
Budget Reduction Scenarios

Legislators hear WSU cut scenarios

Pres. Elson Floyd will present an outline of possible Washington State University state budget cut impacts to the Senate Ways and Means Committee Monday afternoon and to the House Appropriations-Education Subcommittee Tuesday morning during “Higher Education Day” at the state capitol.

Unanticipated reductions in the workforce at Microsoft and Boeing are among many factors that have prompted Senate and House fiscal committees to query WSU this week on what the impact would be if the university must reduce state spending by 12-18 percent. Pres. Floyd’s outline will:

- Disproportionately protect student enrollments
- In these initial scenarios, assume tuition rate increases at no more than the 7 percent. House Bill 1235, which continues the current practice of a 7 percent tuition increase limit for resident undergraduates passed out of the House Higher Education Committee Friday.
- Protect most state-funded research such as in agriculture and alternative energy
- Minimize impact on existing employees through early retirement incentives and other strategies

These are broad scenarios that cut deeper to administration, student services and public service programs. But these outlines could change as the university works through actual budget reduction options and the Legislature begins focusing on more solid budget numbers. Currently, no House or Senate budget proposal has been made public.

University faculty legislative representatives will be presenting their perspective on the budget situation to the Senate Higher Education Committee Tuesday at 10 a.m. in Olympia.

State Revenue Forecast Council Delivers Preview Thursday. There is speculation in Olympia that the state’s \$5.1 billion budget shortfall for 2009-2011 has grown to more than \$8 billion when the state’s revenue forecast is released next month. But the new working state deficit number for legislative leaders may emerge Thursday with an unusual “pre-forecast.” It was under the assumption that the shortfall was \$5.1 billion that Gov. Christine Gregoire proposed in December that the WSU budget would be reduced 12 percent. Now, as the economy worsens and pressure builds to reduce the governor’s cuts to social services and other parts of state government, the Senate and House are requesting reduction scenarios of up to 18 percent.

The governor’s biennial reductions are more serious than the economic turndown generated 28 years ago, maybe among the largest annual cuts in history for our institution. But scenarios that suggest an 18 percent reduction are even more sobering.

For WSU, the governor's 12 percent cut is \$31 million. For example, this is a budget equivalent to the entire WSU Vancouver campus or the entire College of Agriculture, Human and Natural resource Science, the Murrow College of Communication, and the Health Sciences program. No such scenarios are being contemplated but for comparison purposes, an 18 percent reduction is equivalent to the state budget at all the regional campuses: Vancouver, Tri-Cities, and Spokane.

Even with protection, enrollments will decrease. Provost Warwick Bayly previewed a broad outline of a possible 18 percent scenario to the state Senate Higher Education policy committee last week. In the 18 percent scenario, WSU would try to hold reductions in instruction and research to 11-13 percent. WSU currently projects that the governor's 12 percent budget cut would reduce WSU enrollments by 1,000 students. An 18 percent cut would hit other programs very hard and reduce enrollments by 1,500 students.

Supplemental (2009) Budget: Senate Bill 5460 has passed both houses in the Legislature, a measure that will freeze positions, salaries, and travel for more than a year. WSU has frozen most of these items but sought flexibility for retention of critical faculty members. WSU's cut in the supplemental (the current budget through July 1) is \$10.5 million. The Supplemental Budget (House Bill 1694) passed the House 83-13 on Feb. 2 and the Senate 30-18 Friday.

Federal Economic Stimulus Could Offset Some WSU Cuts, Provide New Construction

State leaders were hopeful that approximately \$2 billion in federal stimulus funds could be used to reduce cuts to current programs, including K-12 and higher education. The federal stimulus legislation approved by Congress Friday could present this state with an opportunity to quickly create thousands of construction and related jobs with shovel-ready projects that could be a tremendous boost to a recessionary state economy. By "shovel ready," the government means projects ready to break ground this spring. WSU has projects that fit into that category.

A \$10 million federal stimulus allocation could enable a \$35 million in Pullman Construction project. As its highest priority, WSU supports \$10 million in federal stimulus money, which Congress allocated to the Legislature and governor, for construction of the Global Animal Health Building, Phase One. Global Animal Health, Phase One, was not proposed as a state building but has been part of a WSU Foundation fundraising effort. The Bill and Melinda Gates Foundation has already provided \$25 million for the \$35 million building. Therefore, a \$10 million appropriation from the Legislature could provide \$35 million worth of construction that would begin next month and benefit all of Eastern Washington. The Global Animal Health Phase I Building is the centerpiece of the University's new School for Global Animal Health. Research at the school will focus on discovering new vaccines, diagnostics, and other strategies to control global infectious diseases that affect both animals and humans. Some House members are also supporting a \$2.77 million operating budget package that would add three new scientific research clusters to launch the School For Global Animal Health.

Vancouver Building Could Get Boost from "State Stimulus" Request. The Legislature may also propose its own state-funded list of "shovel-ready" projects. The Vancouver Applied Technology Classroom Building has been proposed by Gov. Chris Gregoire for accelerated construction this spring as part of a state stimulus package. Gregoire provided \$38.67 million for construction of the Vancouver building and is urging that the Legislature approve her stimulus package quickly. A related \$15.8 million building proposed by the Washington Technology Center was not forwarded by the governor but may be considered by the Legislature. It would also be located on the Vancouver campus.

Faculty Regent Bill Passes Committee. Substitute House Bill 1841, a measure adding a faculty member as the 11th person on the WSU Board of Regents next fall passed the House Higher education Committee Thursday on a 9-1 vote. WSU had no position on the legislation although it was actively supported by the WSU Faculty Senate. The faculty member will be appointed by the governor from a list of five nominees submitted by the Faculty Senate. Amendments added in committee, shortened the

faculty regent's term from six to three years, and forbid the faculty regent from being involved in issues regarding faculty compensation, tenure and promotion.

Former President Rawlins honored. The state Senate Friday honored Former WSU President Lane Rawlins for his service to the state. A resolution was passed in his honor.

Special Event: Higher Education Day Tuesday

State workers, staffers, students, alumni and the general public are invited to sample ice cream from Washington State University's Creamery as part of "Higher Education Day" at the state capitol next Tuesday, Feb. 17. The ice cream is provided courtesy of the WSU Foundation and the WSU Alumni Association.

This year's higher education day events, presented by alumni associations of the state's four-year institutions statewide, are scaled down for budget savings. But they are also more fun and inclusive for any employees or visitors to the capitol on Feb. 17. Dozens of ASWSU students will also be attending the events as part of their visits to the capitol this week.

Beginning at Noon: Butch The Cougar and the other public university mascots will be on hand as "Ferdinand's" ice cream "grabbers" will be handed out at the tent near the east door of the Legislative Building.

Noon to 1:30 p.m. *The traditional formal luncheon for state dignitaries has been replaced by student entertainment in the rotunda. Light snacks are available in the tent to any friends of the public four-year universities. Student entertainers from across the state, including a WSU pep band, have agreed to perform.*

1:30 p.m. Pep bands from WSU and the University of Washington will continue performances on the front steps of the capitol.

4 p.m. Gov. Christine Gregoire, introduced by WSU President Elson Floyd, will be in the state reception room to present the "Waldo Award" for service to higher education.

5-7 p.m. Washington Center Reception. Join the alumni associations for an evening reception featuring the Stretta Quartet from Central Washington University at the Washington Center for the Performing Arts, 512 Washington Street, Olympia. House Higher Education Chair Deb Wallace and Senate Higher Education Chair Derek Kilmer will be among the featured guests.

For a complete list of bills tracked by WSU and any action by the governor, go to:

<http://www.olympia.wsu.edu/Status.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