

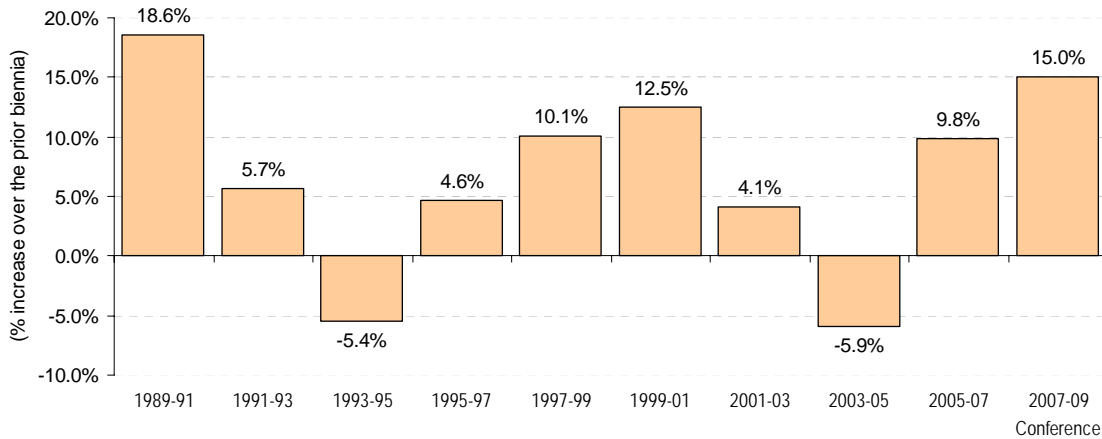
2007 Legislative Session Summary

Operating Budget Summary

State operating budget resources for the University of Washington (UW) are increased by \$105.3 million (15 percent) for total state funding of \$806.9 million in the 2007-09 biennium. This amount, when combined with estimated operating fee revenues from tuition and fees represents 90 percent of the initial funding investment required to reach the UW's budget request of bringing resources invested in UW students up to a level comparable to the average resources provided to peer institutions in the Global Challenge States within six years. Operating fee revenues reflect authorized increases by the Legislature of seven percent for resident undergraduates and those still to be adopted by the Board of Regents for graduate, professional and non-resident students.

The increase in state support represents the largest percentage increase for the University since the 1989-91 biennium. With this level of funding, we estimate the 2007-09 budget will put the UW on a path to close our per student funding gap to the 50th percentile of Global Challenge States within seven years and to the 60th percentile within eight years.

The UW's 2007-09 Operating Budget Represents the Largest Biennial Percent Increase in State Support in Almost 20 Years



Source: LEAP historical data.

Compensation

The budget includes state funding to provide faculty and professional staff members an average increase of 3.2 percent in FY 2008 and 2.0 percent in FY 2009, effective September 1st of each year. The budget also provides full funding for all collective bargaining agreements approved by the Board of Regents and submitted last fall to the Office of Financial Management (OFM) for UW classified staff. Health care benefits are funded at \$707 per month for FY 2008 and \$732 per month in FY 2009 for represented and non-represented employees, representing 12 percent of the total average health benefit premium cost. Funding is also provided to pay for estimated increases in the cost of providing health benefits to teaching and research assistants.

As prescribed in House Bill 2391, "gain-sharing" is closed to members of PERS, TRS and SERS Plans 3 who are hired after July 1, 2007. Gain-sharing is also eliminated for all members of the Plans 1 and Plans 3 after the January 1, 2008 distribution. Gain-sharing is a mechanism created in 1998 that creates increased benefits for members of the TRS, SERS, and PERS Plans 1 and Plans 3 when "extraordinary investment gains" are experienced by the plans. The measure also provides for an increase in the PERS and TRS Plan 1 Uniform COLA and improves early retirement reduction factors for PERS, SERS and TRS Plans 2 and Plans 3 members.

New Enrollments

The budget includes \$106.9 million in new funding for an additional 9,650 higher education enrollments statewide. Of this amount, \$58.2 million is provided for 6,000 new general enrollments at two-year (3,400) and four-year (2,600) institutions. In addition, \$48.7 million is provided for 3,650 high-demand enrollments in math, science and related fields of study.

Funding of \$22.7 million is provided directly to the UW for a total of 1,750 new enrollments during the next two academic years. This includes 500 new undergraduate enrollments (250 per year) in math, science, engineering and other high-demand fields; 330 new graduate enrollments (165 per year); and 920 new general undergraduate enrollments (460 per year). The UW may allocate the enrollments at the Seattle, Bothell or Tacoma campuses.

Tuition and Financial Aid

Tuition increases of seven percent are authorized for resident undergraduate students at the UW in each year of the 2007-09 biennium. Tuition rates for graduate and professional students and non-resident undergraduates will be set each academic year by the Board of Regents as prescribed in current law. The budget provides for a \$46.6 million increase to the State Need Grant to: 1) fund tuition increases and new state-funded enrollments; and 2) expand eligibility from 65 percent of state median income to 70 percent of state median income, which is approximately \$50,000 per year for a family of four.

Global Health Teaching and Research

The budget provides \$6.3 million in state funding for the University's Department of Global Health, a joint venture of the School of Medicine and School of Public Health and Community Medicine. Funding will be used to support ongoing costs associated with departmental faculty and staff and to support a new Health Metrics Institute that would also be supported by funding from the Bill and Melinda Gates Foundation.

UW Tower Operations and Maintenance

A total of \$3.9 million is provided for partial state support of operations and maintenance costs associated with the recent purchase of the Safeco Insurance properties in the University District (since renamed "UW Tower"). State support will permit the University to move more administrative units from the main campus to the new facility, making more space available on the main campus for academic purposes.

Spokane Health Sciences Expansion

\$3.8 million is provided to the UW in the operating budget to expand the University's School of Medicine to include a first-year WWAMI (Washington, Wyoming, Alaska, Montana, Idaho) site in Spokane and to establish a new Regional Initiative in Dental Education (RIDE) through the School of Dentistry with an initial site in Spokane. Beginning in the fall of 2008, 20 medical students and eight dental students will begin their medical and dental training in Spokane through a partnership between the UW, Washington State University and Eastern Washington University.

Other UW Budget Request Items

International Programs & Opportunities. \$750,000 is provided to increase the number of students participating in international learning opportunities, particularly those students who would otherwise not have an opportunity to study abroad.

Retention and Completion Programs. \$500,000 is provided to expand mentoring and academic support services that have proven effective in helping at-risk students complete degrees.

William D. Ruckelshaus Center. \$225,000 is provided for support of the William D. Ruckelshaus Center (formerly the policy consensus center); a partnership between the UW and WSU. Additional project specific funding for the Center is also provided in other parts of the state budget.

Legislatively Directed Budget Enhancements and Reductions

Non-Resident Graduate Student Subsidy Reduction. The budget reduces the state subsidy for the education of graduate students who are not Washington State residents by 10 percent to approximately \$4,000 per year. This results in a reduction of \$3.8 million in state support.

Entrepreneurial Researchers. As prescribed in SHB 1091, \$2.4 million is included in the Department of Community, Trade and Economic Development budget for the state Economic Development Commission to work with the UW, WSU and the HECB to develop a plan to recruit ten significant entrepreneurial researchers over the next decade to lead innovation research teams and to develop comprehensive entrepreneurial programs at research institutions to accelerate commercialization.

Washington Academy of Sciences. \$170,000 is provided for permanent support of the Washington Academy of Sciences, a joint effort of the UW and WSU, established by legislation in 2005. An identical \$170,000 appropriation is provided to WSU.

State Climatologist. \$168,000 is provided to permanently establish the Office of the State Climatologist to provide credible information regarding drought, flooding and climate change issues.

Law School Loan Repayment Program. \$500,000 is provided as one-time state matching funds for a UW law school loan repayment program for students who choose public service careers. Half of the funds are contingent on private match.

Burke Museum. \$1.0 million is provided to the Burke Museum to create new traveling kits, exhibits, and programs for schools, local museums, tribes and community centers.

Autism Training and Parent Support. \$125,000 is provided for the University's autism center to create and distribute a DVD about autism and to support strategies for working with people with autism for parents and educators.

I-LABS Brain Learning Institute. \$300,000 is provided for additional support to the Institute for Learning and Brain Sciences.

Adult Family Home Certification. \$108,000 is provided to continue operation of a voluntary adult family home certification program through the UW Geriatric Education Center.

Olympic Natural Resources Center. \$50,000 in additional state support is provided for research on marine science issues.

Puget Sound Science Panel. One-time funding of \$60,000 is provided to the Washington Academy of Sciences to nominate 15 scientists for appointment to the Puget Sound Science Panel as prescribed in SSB 5372 (Puget Sound Partnership). Funds are also for data collection and analysis required for the Puget Sound basin-wide science update.

Safe Log Hauling Cost Analysis. \$150,000 is provided for the UW Rural Technology Initiative, in partnership with the WSU Transportation Research Group, to conduct an economic analysis of the cost of safely operating log hauling trucks.

Partners for our Children. \$1.0 million in one-time funding is provided in the 2007 supplemental budget for the establishment of a "best practices" center at the School of Social Work to research factors affecting the well being of foster children.

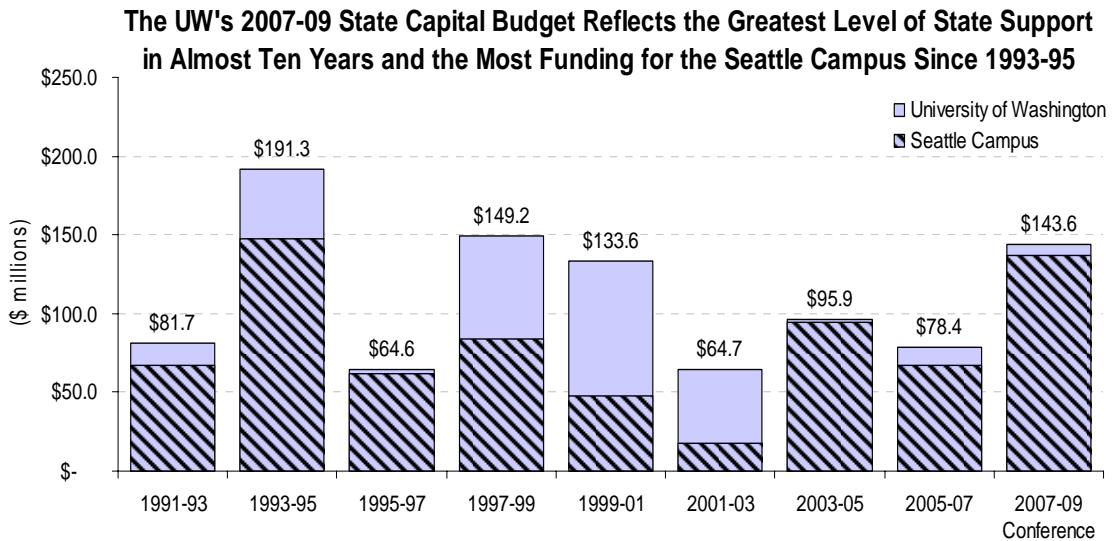
Medical Information Access. ESSB 5930 directs the Department of Health to transfer license fee revenues to the UW so that specified medical professionals can have online access to select medical resources available through the University's health sciences library. Practitioners will pay an additional \$25 annual licensing fee for this benefit.

Shellfish Aquaculture. \$750,000 is provided from the geoduck aquaculture research account for the UW Sea Grant Program to review existing research on the potential environmental impact of geoduck aquaculture as prescribed in 2SHB 2220.

Higher Education Childcare Grants. The Department of Early Learning is provided \$2.2 million in state funding for a childcare grant program for public community colleges and public universities. Institutions that employ collectively bargained staff to operate childcare programs may apply for up to \$25,000 per year from the department for head start, childcare, and early learning assistance and education.

Capital Budget Summary

New state capital budget resources for the UW total approximately \$143.6 million for the 2007-09 biennium. This includes \$60.4 million from the State Building Construction Account, \$54.9 million from the Gardner Evans Higher Education Construction Account and \$28.3 million from the Education Construction Account. The \$143.6 million is the highest level of state capital budget support for the UW in ten years and represents 72 percent of the University's original capital budget request.



New UW Branch Campus

The capital budget authorizes the UW to govern and operate an additional branch campus to be located in the Snohomish, Island and Skagit county area. Top priorities for the campus include expansion of upper division capacity for transfer students and graduate students in high demand programs and in programs that emphasize collaboration with business and industry. The campus may offer lower division courses linked to specific majors in fields not addressed at local community colleges. The campus may also directly admit freshmen and sophomores gradually and deliberately in accordance with a campus plan to be submitted to the higher education coordinating board.

OFM and the UW are directed to assess options and make recommendations on the siting of the branch campus in the Snohomish, Island, and Skagit county region and shall develop operational and management plans needed to establish the institution. A report on campus siting recommendations and a preliminary design and implementation plan is due to the Governor and Legislature by November 15, 2007.

Restore the Core

The University's "Restore the Core" package of requests to renovate historic capital buildings on the Seattle campus is funded with \$94.0 million in new state capital appropriations. This includes full funding of construction for Savery Hall, Clark Hall, Playhouse Theater and Magnuson H-Wing (which also received \$3.0 million from local

funds). In addition, full funding for planning and design is provided for the next phase of restoration projects which include Balmer Hall, Lewis Hall and Denny Hall.

Data Center

The budget provides \$25.0 million to construct a new primary Data Center in the UW Tower and to provide ongoing campus computing and communications infrastructure and connectivity.

Interdisciplinary Academic Building

\$5.0 million is provided for pre-design and design for a new facility that will enable significant advances in the UW's molecular engineering program.

Tacoma and Bothell Campus Projects

\$6.2 million is provided for pre-design and design for major renovation of the UW Tacoma Joy Building, including the addition of a fourth floor. This will provide nearly 70,000 square feet of additional classroom and faculty office space. \$150,000 is provided for pre-design for a multi-purpose academic building for the UW Bothell to accommodate a capacity increase of at least 600 student FTE's. While no additional funding is provided in the 2007-09 transportation budget for the SR 522 off ramp, OFM is granted authority to transfer between specified transportation accounts to manage spending on projects, including the SR 522 off ramp.

Intermediate Student Service and Classroom Improvements

\$13.3 million is provided to continue renovation of general assignment classrooms on the Seattle campus, consolidate and modernize space for Student Services programs and provide classroom space for the WWAMI/RIDE medical and dental expansion.

Other Changes

Minor Works Threshold. The capital budget increases the threshold for higher education minor works projects from \$1.0 million to \$2.0 million.

Construction Cost Escalation. A total of \$3.2 million is provided to the Office of Financial Management to assist colleges and universities with unanticipated cost escalation on construction projects during the 2007-09 biennium. Funds must be matched from non-state resources up to \$750,000.

Enacted Legislation of Interest to the University

UW Request Bills

Expanding UW Local Borrowing Authority. SHB 1398 (chapter 27, Laws of 2007) permits the UW and WSU to issue bonds or other forms of debt for any university purpose to be paid by locally controlled fees and revenues. This new authority will help the University better manage all forms of local debt and provide a lower cost option for the long-term financing of the recently purchased UW Tower than other mechanisms currently available.

Limiting Private Development within UW Tacoma Campus. SHB 2164 (chapter 185, Laws of 2007) prohibits certain private developments within the boundaries of the UW Tacoma campus master plan that qualify for a special ten year property tax exemption program for new or rehabilitated multiple unit housing. The state owns approximately 70 percent of the property within the Tacoma campus master plan and some of the privately held land has been the subject of recent private development proposals.

Washington Learns Bills

Implementing a Tuition and Funding Policy. 2SSB 5806 (chapter 151, Laws of 2007) implements the major higher education recommendations resulting from the Governor's Washington Learns initiative. Specifically, the bill:

- Establishes the "Global Challenge States" as the official benchmark for comparing per student funding for higher education institutions in the state.
- Sets a goal of bringing per student funding for all higher education institutions to at least the 60th percentile of peer schools in the Global Challenge States within at least ten years.
- Imposes a cap on tuition increases for resident undergraduates of no more than 7% per year.
- Requires tuition statements for public colleges to clearly display the state taxpayer subsidy along with other relevant costs.

College Bound Scholarship. E2SSB 5098 creates the Washington College Bound Scholarship to encourage more low income students to succeed in high school and attend college. The scholarship guarantees full tuition and fees plus \$500 per year for books beginning in 2012. To qualify, students must be eligible for the free and reduced price lunch program in the 7th grade, complete high school with a C average, have no felony convictions, and have a family income below 65 percent of the state median income for up to two years prior to enrolling in college.

GET Ready for Math and Science Scholarships. E2SHB 1779 creates the Guaranteed Education Tuition (GET) Ready for Math and Science scholarship. The program will provide GET shares for students from families with incomes no greater than 125 percent of the state median income who have demonstrated math and science aptitude on the Washington Assessment of Student Learning (WASL), the SAT or the ACT.

Expand State Need Grant to Part-time Students. ESHB 1179 expands eligibility for the State Need Grant to students attending college less than part-time. Students taking between three and six credits would be eligible for a prorated portion of the grant if they meet other eligibility requirements.

UW Business Related Bills

Mediation for SR 520 Expansion. ESSB 6099 requires the state to move forward with a state route 520 (SR 520) bridge project that provides six lanes, including two lanes for high occupancy vehicle travel and requires the bridge to accommodate future light rail and a bus rapid transit system in the corridor. OFM is directed to hire a mediator to work with all interested parties to develop a SR 520 project impact plan that addresses the impacts of the project design. The Governor's Office is directed to work with the WSDOT, Sound Transit, King County Metro, and the UW to plan for high capacity transportation in the SR 520 corridor, and the parties are required to jointly develop a multimodal transportation plan that ensures the effective and efficient coordination of bus services and light rail services throughout the corridor.

Changing Alternative Public Works Provisions. 2SHB 1506 extends and expands the use of the design-build and general contractor/construction manager contracting procedures; establishes a project review committee to approve and certify the use of design-build and general contractor/construction manager contracting procedures; and requires data collection for evaluation of alternative contracting procedures. ESSB 5770 increases the threshold monetary values for determining whether building, construction, renovation, remodeling, or demolition must be put out to bid to \$55,000 generally and to \$35,000 if the work involves one trade or craft area.

Eliminating Limitations on the Investment of Certain State Monies. SHB 1784 (chapter 215, Laws of 2007) and SJHR 4215 (filed with the Secretary of State) modify the state constitution to permit equity investment in higher education trust land permanent funds. The measure will be referred to the voters at the next general election.

Changing Collective Bargaining Requirements for Certain Higher Education Employees. SHB 2361 (chapter 136, Laws of 2007) makes the Public Employees Collective Bargaining Act applicable to employees of institutions of higher education who are exempt from civil service under the PSRA, with the following exceptions: executive employees and their principal assistants; certain managers; confidential employees; and certain employees involved in personnel or labor relations matters or tort actions.

Other Legislation

Passport to College Promise Scholarship. ESHB 1131 creates the Passport to College Promise Scholarship, a six-year pilot program which will provide college scholarships to former foster care youth.

Creating a Committee on High Demand Fields. SSB 5731 establishes a committee on the education of students in high demand fields. The committee is charged with development of a plan to increase the capacity of higher education institutions to produce 10,000 students per year by 2020 in high impact, high demand areas of study.