

**Global Challenge State Update – Spring 2008**  
*News and Information about UW Global Challenge Peer Institutions*

**California (UCLA, UC Davis, UC San Diego, UC Irvine)**

The Governor's budget for 2008-09 proposes a 3.0 percent decrease (\$98.5 million) in general fund support for the University of California (UC) system. At the time the Governor's budget was released, the state faced a \$14.0 billion projected budget shortfall through June 2009. In response, Governor Schwarzenegger proposed a 10.0 percent across-the-board reduction in state spending.

The Governor's budget includes funding increases related to the Higher Education Compact (Compact) with the UC system including: \$123.8 million for basic budget support, \$31.0 million for core instructional needs, and \$56.4 million for enrollment growth (an additional 5,000 state-supported students). These enhancements are offset by \$331.9 million in budget reductions including: \$32.3 million less for campus administration and the Office of the President with the remainder of the reduction left to the Board of Regents to determine how to allocate. In addition, the Governor's budget assumes undergraduate fees (tuition) will increase by 7.4 percent, however it is anticipated that the across-the-board reduction may be met by the Regents through higher fee increases.

As background, in 2004, the state initiated the Compact with the UC and California State University (CSU) systems. The Compact provides a six-year resource plan that includes increases in general support of up to 5.0 percent, enrollment growth of 2.5 percent, and student fee increases that may not exceed 10.0 percent. In exchange for this budget stability, the UC and CSU committed to improving student and institutional performance. It would appear that Governor Schwarzenegger's budget is a departure from what was expected under the Compact.

In February 2008, the non-partisan Legislative Analyst's Office (LAO) projected that the state's budget shortfall had increased to \$16.0 billion. The LAO concluded that the Governor's reduction proposal is flawed and offered an alternative proposal that consists of \$2.7 billion in tax increases and \$11.0 billion in spending reductions. With regard to higher education, the LAO proposes targeted reductions including: lower levels of enrollment growth, no funding for cost-of-living salary adjustments, reduced funding for administrative costs and a 10.0 percent increase in student fees.

California has an annual budget process and is supposed to be finished by June 30.

**Virginia (University of Virginia)**

Virginia has a biennial budget process and the 2008-10 budget was recently adopted by the General Assembly. State support for the University of Virginia was 2.4 percent less (\$3.9 million) in 2008-09 compared to 2007-08 – reflecting the continuation of reductions made in 2007-08 to address the state's revenue shortfall. Several bills that addressed issues resulting from the Virginia Tech tragedy were also enacted during the legislative session.

In order to encourage institutions to limit tuition and fee increases, the state appropriated \$17.0 million in a Tuition Moderation Incentive Fund. To access the fund, institutions must limit in-state undergraduate tuition and fee increases to no more than 4.0 percent (with 1 percent going towards financial aid). If tuition increases exceed 12.0 percent, an institution is ineligible for the funding in fiscal year 2009-10. Under the Restructured Higher Education

Financial and Administrative Operations Act, the University of Virginia's Board of Visitors has authority to set tuition and fees. Tuition and fees have not yet been set for 2008-09.

Legislative action on higher education capital projects, including the Governor's proposal to issue \$1.5 billion in general obligation bonds for new construction and renovation projects at colleges and universities was deferred to a special session that is expected to begin in late April.

The most recent revenue forecast for Virginia projects a \$339 million shortfall in 2008 and a shortfall of over \$500 million each year in 2009 and 2010. In response to these estimates, the Governor has asked agencies to submit reduction plans that are in addition to the 5.0 percent reductions implemented last fall. Higher education institutions are not being asked to submit any new reductions for FY 2008, but have been asked to submit a 2.0 percent reduction plan for the 2008-10 biennium.

### **Colorado (University of Colorado at Boulder)**

The Joint Budget Committee recommended a \$53.0 million increase in funding for higher education (an 8.5 percent increase over 2007). They also recommended a 9.5 percent increase in tuition at Colorado State University and the University of Colorado.

State revenues are forecast to be \$693.8 million less than expected over the next five years, resulting in less funding than expected for capital development projects.

A separate proposal contained in both the House and Senate versions of the budget, permits students at Colorado universities and colleges to voluntarily tax themselves an extra \$5 per credit hour. Funding could be used to pay for faculty retention and/or compensation, as well as building construction.

### **Massachusetts (University of Massachusetts)**

Massachusetts has an annual budget process and is currently completing work on 2008-2009 budget appropriations to be finalized by June 30. At the time of the release of the Governor's budget, the state had a projected shortfall of \$1.3 billion for FY 2009. The Governor's proposal included \$496.0 million for the University of Massachusetts system, an increase of \$21.3 million (4.4 percent) over the 2007-2008 on-going level of funding. The House budget proposal provides about \$3.5 million in additional funding over the amount provided by the Governor. A Senate budget proposal has not yet been released. Legislation regarding the Governor's five-year capital investment plan for higher education has not been acted on at this time.

In March, the UMass Board of Trustees approved a 3.1 percent tuition and fee increase bringing annual tuition and fees for resident undergraduates to \$9,549.

In the fall of 2007, Governor Patrick proposed legislation to grow the life sciences industry. Some of the items contained in the legislation include: \$90.0 million in proposed capital funding for an Advanced Therapeutics Center at UMass Medical School, \$95.0 million to create a life science center at UMass Amherst, and \$11.4 million in funding for an Advanced Technology and Manufacturing Center at UMass Dartmouth. The bill would also provide \$30.0 million in graduate-level scholarship funding for students studying life sciences. The House and Senate have both acted on versions of the bill – a final compromise needs to be reached before the bill is sent to the Governor.

### **Connecticut (University of Connecticut)**

The Governor's mid-biennial adjustments to the 2007-09 budget were submitted to the General Assembly in March. Higher education received \$1.1 million in additional funding (less than a 1.0 percent increase). In April, the House Appropriations Committee recommended an increase of \$7.1 million for higher education, including \$1.0 million each for UConn, CSU, and the Community and Technical Colleges to provide pay increases for full-time faculty. UConn also received \$1.0 million to fund 15 new faculty members to lower the student-to-faculty ratio. The 2008 session is expected to adjourn May 7, 2008.

Tuition and fee increases for both FY 2008 and FY 2009 were approved in 2007 – tuition and fees for in-state residents at the University of Connecticut are projected to increase by 5.7 percent in both FY 2008 and FY 2009 to \$8,362 and \$8,842 respectively.

### **New Jersey (Rutgers University)**

Governor Jon Corzine and the New Jersey Legislature face a structural deficit of \$3.2 billion. In late February, he submitted a proposed spending plan to the Legislature for FY 2009 that was \$500.0 million less than the amount budgeted in FY 2008. State support for higher education was reduced by \$76.0 million or 3.4 percent. Funding for Rutgers University was reduced by \$38.0 million (11.6 percent) over the adjusted appropriations levels for FY 2008.

Funding for various tuition assistance programs increased by \$14.0 million over the level provided in FY 2008. The budget also included a \$7.0 million reduction in the subsidy provided to non-resident students attending public four-year institutions. Recently, the Governor has indicated an additional \$500.0 million in spending cuts may be needed. New Jersey has an annual budget process and must be finalized by June 30.

### **Maryland (University of Maryland at College Park)**

In the fall of 2007, Governor O'Malley submitted six pieces of legislation to the General Assembly for consideration during a special legislative session. The legislation reflected the Governor's plan to address the state's \$1.7 billion structural deficit. One of the bills that was enacted by the General Assembly was the Tax Reform Act of 2007 that creates the Higher Education Investment Fund (HEIF) within the Maryland Higher Education Commission. The HEIF receives revenues from an increase on the corporate income tax rate and was established to invest in public higher education and workforce development and to stabilize college tuition costs. The funding can only be used: 1) to supplement general fund appropriations to public higher education institutions, 2) for related capital projects, and 3) for workforce development initiatives.

The General Assembly released their conference committee report on the FY 2009 budget in early April. State support for the University of Maryland at College Park was increased by \$18.4 million (4.6 percent) in FY 2009. In addition, revenues from the HEIF were used to freeze in-state tuition for undergraduate residents for the third year in a row and fund several capital projects.

Due to the legislative session, the *Legislative Commission to Develop the Maryland Model for Funding Higher Education* will not meet regularly until May. This group is directed to study the coordination of funding to higher education and propose policy changes to integrate policies on tuition levels, state appropriations, and financial aid. A final report is due by December 1, 2008. Documents from their meeting can be found at the following: [http://mlis.state.md.us/other/Funding\\_Higher\\_Ed/index.htm](http://mlis.state.md.us/other/Funding_Higher_Ed/index.htm)