

Global Challenge State Update – June 2007

News and Information about UW Peer Institutions

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

The Governor's budget for 2007-08 proposes a 6.2 percent general fund increase for the University of California (UC) system and a seven percent increase in student fees (tuition). Included in the general fund increase is a 2.6 percent increase in enrollments and \$20 million for new and expanded research initiatives. The Governor also proposed a \$19.3 million cut to UC outreach programs and a \$6 million cut to UC's labor research institute. This increase comes on the heels of an 8.3 percent general fund increase which UC received in the 2006-07 budget, while UC student fees were frozen last year at 2005-06 levels.

The "May Revision" which updates state revenues and caseloads was recently released by Governor Schwarzenegger and a \$2 billion general fund "budget problem" has emerged. The problem results from a combination of higher cost estimates for K-12, pensions, correctional officer salaries and lower revenues from tax revenues and tribal gaming. The Governor's May Revision does not propose any major changes in spending for the UC system. California has an annual budget process and the budget is supposed to be finalized by June 30.

Virginia (University of Virginia)

On July 1, 2006, Virginia higher education formally entered a new era created by the Restructured Higher Education Financial and Administrative Operations Act, which gives all 16 public colleges and universities new freedom from state control in areas such as spending, tuition and personnel management while requiring the schools to meet specific goals set by the state. The University of Virginia (UVA), along with Virginia Tech and the College of William and Mary, has been granted the highest of three levels of autonomy available under the new system.

Virginia has a biennial budget process and the 2006-08 budget was adopted by the legislature last year, providing a 12 percent "biennial" increase in state appropriations for UVA. In the recently completed 2007 session, UVA's state appropriated budget increased by an additional one percent for the biennium primarily for salaries and additional base adequacy funding for the university.

Average salary increases for full-time teaching and research faculty are five percent in 2006-07 and four percent in 2007-08. Tuition and fees for full-time resident undergraduates increased by nine percent from 2005-06 to 2006-07 and is projected to increase by 8.3 percent in the 2007-08 academic year.

Colorado (University of Colorado at Boulder)

The University of Colorado (CU) has only recently emerged from a period of steep financial decline in state support. For many years, Colorado had one of the most restrictive tax and spending limitations in the nation. Known as "TABOR" (Taxpayer's Bill of Rights), it limited the annual growth in state revenue to a combination of population and inflation and required a public vote on all revenue increases including tuition.

Significant cuts were made during the 2002-03 recession as CU enrollments grew by more than 5,000 but no new state funding was provided for any of the additional students. Support for higher education dropped so precipitously that by fiscal year 2006, Colorado ranked 49th in the nation in state tax appropriated support for higher education operations.

In November 2005, Colorado voters approved Referendum C, which permitted the state to retain and spend \$3.7 billion in revenue that it is projected to collect over the next five years above the TABOR limitation. The extra funds can only be spent for health care, K-12 and higher education, transportation, and police and firefighter pension obligations.

The recently enacted FY 2007-2008 budget was the first year in which CU received a general fund budget increase. General fund support increased by 12 percent over the prior year and the school is permitted to increase tuition by seven percent, provided by using various financial aid programs, the net amount paid by any student does not increase by more than five percent.

Massachusetts (University of Massachusetts)

Massachusetts has an annual budget process and is currently completing work on 2007-2008 budget appropriations to be finalized by June 30. At the time of the release of the Governor's budget, the state had an expected \$1.3 billion deficit. Both the House and Senate budget proposals included \$469 million for the University of Massachusetts system, an increase of \$18.1 million (four percent) over the 2006-2007 on-going level of funding.

Several pieces of significant legislation are being considered by the Massachusetts General Court (legislature). Both the House and the Senate have proposed a bill to cap tuition and fee increases depending on the level of state support provided to higher education. In the House version, tuition would be frozen at current levels if the state meets annuals full funding obligations for the institution. If the appropriation is equal or greater than the previous fiscal year appropriation but less than full funding, tuition can be increased by no more than the rate of increase in the higher education price index (five percent). The Senate budget has similar language but limits tuition increases to the three-year average of the consumer price index (3.2 percent). In return for the cap, institutions would be allowed to keep tuition funds instead of returning them to the state.

A recently released report by the UMass-Amherst indicated that \$1.8 billion is needed in the next decade and beyond for capital improvements and maintenance. The Governor is expected to present to the Legislature a five-year capital improvement plan for public higher education institutions within the next few months.

Connecticut (University of Connecticut)

Connecticut has a biennial budget cycle with the session adjourning June 6, 2007. A deficit of \$500 million was projected at the start of the budget process. Since then, revenues have been up and there is now a projected surplus.

The Governor's budget provided \$2.1 million in additional funding (less than one percent increase) to the University of Connecticut system and reduced funding levels

provided to recruit eminent faculty and operate a Center for Entrepreneurship programs. The House Appropriations Committee partially restored funding for these areas and provided \$8.8 million in additional funding (a two percent increase) for the University system.

The General Assembly and the Governor both provided significant funding for financial aid -- \$23 million each year of the biennium for the Governor's Education Initiative, which will increase funding and access to various financial aid programs. The funding will provide financial aid to 10,400 additional students.

Tuition and fees for in-state residents at the University of Connecticut is projected to increase by 5.7 percent in both FY 2008 and FY 2009 to \$8,362 and \$8,842 respectively.

The General Assembly is also considering legislation (Substitute Bill No. 7272) that would establish a blue ribbon commission to develop and implement a strategic plan for higher education.

New Jersey (Rutgers University)

New Jersey has an annual budget process and the budget must be finalized by June 30. Governor Jon Corzine proposed a spending plan that would increase total state support for higher education by \$49 million or 2.3 percent. Funding for Rutgers University was increased by \$12.3 million over the adjusted appropriations levels for FY 2007. The budget also included a \$10.4 million increase (4.7 percent) for the University of Medicine and Dentistry of New Jersey. The Governor's budget continues a provision that would phase out the state subsidy provided to out-of-state undergraduate students enrolled at New Jersey public institutions over the next four years.

In FY 2006-2007, the state faced a significant fiscal crisis and Rutgers University had to absorb \$66 million in state funding reductions. The budget bill also included language that would allow the state to reduce state appropriations for colleges and universities by five percent for every one percent that the undergraduate tuition rate increase exceeds eight percent. As a result, Rutgers University adopted tuition and fee increases of eight percent (to \$7,923) for most in-state undergraduates in 2006-07. The Governor did not recommend continuation of this language in FY 2007-2008.

The Governor's budget did not include any funding for capital projects at higher education facilities. Legislation has been proposed that would put a \$2.7 billion bond issue on the ballot for "construction, reconstruction, development, extension, improvement and equipment of classrooms, academic buildings, libraries, computer facilities, and other higher education buildings at New Jersey's public and independent institutions of higher education."

Maryland (University of Maryland at College Park)

The state of Maryland faced a deficit of \$1.4 billion entering the 2007 session which represents about 10 percent of their fiscal 2008 budget. For the most part, the problem was solved by transferring more than \$1 billion from the state's rainy day fund and making some targeted program reductions, including some cuts to higher education.

For the University of Maryland at College Park (UMCP), the state 2007-08 general fund budget increased by a "net" of \$21.5 million or 5.8 percent. A one-time health care savings of \$9 million partially masks the actual real dollar increase which is \$30.6 million or 8.5 percent. This is the second year in a row that UMCP received a large general fund budget increase. In the 2006-07 budget, the increase was almost 13 percent. The reason for these large general fund budget increases is that the Maryland General Assembly (legislature) "froze" tuition for resident undergraduates in 2006-07 and 2007-08 at the amounts charged in the 2005-06 academic year.

Funding increases in the 2007-08 budget are slated for faculty recruitment and retention and merit increases, modest enrollment growth, new instructional and other academic support equipment, targeted class size reductions, establishment of a new school of public health and a program to recruit science and math majors to become teachers.

A legislative Commission to Develop the Maryland Model for Funding Higher Education began work in January 2007 to study the coordination of funding to higher education and propose policy changes to integrate policies on tuition levels, state appropriations, and financial aid. The Commission's findings and recommendations are due by December 31, 2007. This report, along with assessments on capital needs for higher education, will be used to develop a 10-year growth plan for higher education in Maryland.