

Global Challenge State Update – September 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.

September Update:

After almost two months of stalemate, California enacted a state budget for the 2007-08 fiscal year on August 24, 2007. The budget authorizes \$102 billion in spending although Governor Schwarzenegger vetoed more than \$700 million in spending from the proposal as part of forging the legislative compromise between majority Democrats and minority Republicans.

The enacted budget provides the University of California with \$3.3 billion in state support, an increase of \$191 million, or 6.2 percent over the level provided in 2006-07. Approximately \$117 million of the increase was provided to address salaries and other cost increases. Funding was also provided to increase enrollments by 5,000 full-time equivalent students. In addition to state support, fees will increase by seven percent, providing the UC system with an additional \$105 million in revenue.

Virginia (University of Virginia)

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.

September Update:

On August 20th, Virginia's Governor Timothy Kaine announced that revised revenue estimates for 2008 combined with a 2007 revenue shortfall of \$234 million has created a state budget shortfall of \$641 million going into the 2008 legislative session. To address the shortfall, the Governor has asked state agencies to submit plans to reduce expenditures in the current fiscal year by five percent by September 10, 2008.

Despite the passage of the highly publicized "Chartered University Initiative" just two years ago, the University of Virginia, the College of

William and Mary, and Virginia Tech have been asked to reduce expenditures by 7.5 percent because they are currently funded at a level that is at or above the level needed to meet "base funding adequacy" and have been provided increased operating flexibility under agreements with the state.

Colorado (University of Colorado at Boulder)

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.

September Update:

A report released by state officials in June found that Colorado's colleges and universities will need as much as \$3 billion over the next five years for campus infrastructure repairs and improvements. A task force is currently studying ways to improve funding for campus projects and is due to submit their recommendations by October 2007.

Massachusetts (University of Massachusetts)

Massachusetts has an annual budget process and at the time of the release of the Governor's budget last winter, 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. The Board of Trustees set tuition and fees in February – on average tuition and fees will increase by 3.4 percent for in-state undergraduates.

September Update:

A final budget was signed into law on July 12, 2007. The budget for higher education was largely unchanged from the levels provided by the House and Senate. The University of Massachusetts system received \$469 million, an increase of four percent (\$18.1 million) over the 2006-07 on-going level of funding.

The conference committee also adopted a proposal to create a new Commonwealth Covenant Fund to make loan repayments for graduates who are employed in the areas of science, technology, engineering, and mathematics and meet certain income requirements.

In June, Governor Patrick announced a plan to make two years of community-college free for high-school graduates within the next ten years.

In August, the Governor released his five-year state capital investment plan which calls for a 186 percent increase in state-funded capital investments for higher education in FY08 over FY07. It is anticipated that by 2012, capital investments in higher education will comprise ten percent of the state's total bond funded program as compared to three percent in FY 2007.

The Governor still needs to seek permission from the Legislature to issue bonds for the plan.

Under the capital investment plan, the University of Massachusetts system would receive \$60 million in FY 2008 (a \$35 million increase over FY07) and a total of \$375 million over the next five years. In return for increased state support, UMass has pledged to raise \$187.5 million over the next five years to supplement state and current University capital funding. State community colleges would receive \$55 million in FY 2008 (a \$36 million increase over FY 2007) and a total of \$375 million over the next five years.

Connecticut (University of Connecticut)

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.

September Update:

The Connecticut General Assembly passed a state budget at the end of June. The final budget provided \$10.6 million in additional funding (an increase of 2.5 percent) for the University of Connecticut system. Significant new investments were made in financial aid programs – grants were increased by \$21.8 million, allowing 10,000 new students to receive grants in 2008 -- an increase of more than 45 percent.

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.

September Update:

A final budget for 2007-08 was enacted into law on June 28, 2007. The enacted budget increased state support for Rutgers by \$12.4 million (four percent) over the adjusted appropriation levels provided in FY 2007.

Funding was not provided by the state for new contractual salary increases for university employees in FY2007-08. The Legislature did approve a \$450 million stem cell research bond that will be put before voters on the November ballot. Proposed legislation to put a \$2.7 billion bond issue on the ballot for higher education construction projects has not passed the Legislature.

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 ten 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. 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.

September Update:

In an effort to begin addressing the long-term projected \$1.4 billion imbalance between revenues and expenditures projected in FY 2009, the Governor directed state agencies to identify \$200 million in reductions for FY 2008. In July, the Governor announced \$280 million in reductions and cost containment measures for FY 2008. The University of Maryland System must reduce spending by one percent or \$12 million and the University is given flexibility to determine how to implement the reductions.

The Legislative Commission to Develop the Maryland Model for Funding Higher Education continues to meet. The group was 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. The most recent meeting included a discussion on higher education and the future of U.S. competitiveness and a presentation by legislative staff on higher education formulas and funding in other states. Documents from their meetings can be found at the following:
http://mlis.state.md.us/other/Funding_Higher_Ed/index.htm