



Planning and Budgeting Brief

Subject: Update to the 3-31-09 P&B Brief "Peer Comparison Tuition Increase and Budget Cut"

Date: August 18, 2009

Now that all but three states in the US have passed an initial budget for the year 2009-10, this Brief updates information about how the University of Washington has fared in the recent state budget process compared to peer institutions (those three states currently without budgets - Connecticut, North Carolina, and Pennsylvania - are operating on provisional budget plans until their budgets are passed). The tables below show how the state budget cut received by, and tuition increase approved for, the University of Washington compare to the Global Challenge Peers¹ using information gathered from state budget documents, University budget documents, and other news sources

Relative to the Global Challenge peers:

- The UW received a higher budget cut than all peers;
- The UW still has lower tuition and fees for undergraduate residents than any of the peers; and
- The UW tuition increase of 14 percent is higher than the peer average of 7 percent; however, mid-year budget cuts and mid-year tuition increases are now being considered in many states, as discussed below.

Global Challenge State Resident Undergraduate Tuition & Fee Comparison

Institution	2008-09 Tuition and Fees	2009-10 Tuition and Fees*	Tuition % Increase	Proposed 2009-10 State Cut	Actual 2009-10 State Cut**
Rutgers University	\$11,540	\$11,886	3.0%	5.0%	5.0%
University of Massachusetts	\$9,131	\$11,078	15.0%	5.0%	19.0%
University of Connecticut	\$9,338	\$9,886	6.0%	5.0%	5.0%
University of Virginia	\$9,490	\$9,872	5.1%	15.0%	9.0%
Global Challenge State Average (w/out UW)	\$8,708	\$9,385	7.0%	7.7%	15.2%
University of California – Davis	\$8,639	\$9,358	9.3%	10.0%	20.0%
University of California - San Diego	\$8,056	\$8,798	9.3%	10.0%	20.0%
University of California – Irvine	\$8,050	\$8,718	9.3%	10.0%	20.0%
University of California - Los Angeles	\$7,554	\$8,264	9.3%	10.0%	20.0%
University of Maryland College Park	\$8,005	\$8,053	0.0%	0.0%	9.5%
University of Colorado - Boulder and Denver	\$7,278	\$7,932	3.9%	6.7%	24.0%
University of Washington	\$6,802	\$7,692	14.0%	20.0%	26.0%

University of Washington Tuition Ranking 11 of 11

University of Washington State Cut Ranking 1 of 11

**2009-10 tuition and fees reported are those published on each University's website as of mid-August. Note that the 2009-10 tuition and fee amount is not necessarily the 2008-09 tuition and fee amount increased by the percentage tuition increase reported, as the percentage tuition increase is typically applied to tuition only, and mandatory fees may have increased at a higher or a lower rate.*

*** These numbers represent budget cuts prior to the application of stimulus funds, which are temporary gap-fillers and will disappear.*

¹. 2007 legislation established eight states and ten public institutions within those states as UW Global Challenge Peers, as well as a UW funding per student FTE target of the 60th percentile within the group.



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Ongoing Deficits and the Threat of Mid-Year Cuts

Like the rest of the states during the current economic crisis, the Global Challenge states faced large deficits in 2009 as they struggled to create balanced budgets for 2009-10. The Center on Budget and Policy Priorities (CBPP) updated its state budget crisis report on August 12, 2009², and it lists the following updated state deficit data for the Global Challenge states. Keep in mind that many of these deficits are continuing to grow at this time.

State	Deficit as % of Budget
CA	49%
CO	19%
CT	24%
MD	19%
MA	18%
NJ	30%
VA	11%
WA	23%

Many of the Global Challenge states are already discussing the possibility of further cuts and tuition increases as the 2009-10 year continues and the deficits grow. The University of California (UC) system has cut its freshman enrollment by 6 percent, and has already put most of its 180,000 employees on furlough for the year, representing an approximate 10 percent pay cut. It is yet to be seen how the continuing growth of the California deficit will further hurt the UC system. In Colorado, stimulus funding was used to mitigate higher education cuts and pass a budget that represented a small increase over last year. However, the Governor has recently applied to the federal government for a waiver of the funding floor required for use of the stimulus funds and has asked institutions to prepare for possible mid-year cuts up to 10 percent.

Connecticut has yet to agree on a budget, and its Governor has proposed further cuts for higher education. In Maryland, mid-year cuts are anticipated as well as a possible end to the Governor's popular "tuition freeze" policy that has been in effect since 2006. It appears likely that Maryland will lift this freeze as early as spring 2010. Massachusetts received steep state cuts, with stimulus dollars to replace them temporarily. Massachusetts enacted a 15 percent tuition increase with the promise that stimulus funds would be used to rebate up to two-thirds of the increase, depending on the economy. The latest position is that there may be no tuition rebates because the economy has continued to worsen.

New Jersey has also been granted a waiver from the federal government to avoid having to maintain the funding floor stipulated for use of the federal stimulus dollars. It is not clear yet whether mid-year cuts are expected in New Jersey. In Virginia, institutions have been asked to prepare for mid-year cuts ranging from 5 to 15 percent. While the revenue forecast for Washington has continued to drop, it has not yet dropped to the point where mid-year cuts are required. However, the forecast remains dangerously close to that point and some level of mid-year cut is a very real possibility in Washington.

Ultimately, even though all global challenge states but one have passed budgets for the 2009-10 year, and even though federal stimulus dollars helped to reduce the impact of serious budget cuts, the economic conditions in most states have continued to worsen. Higher education funding remains vulnerable in all Global Challenge states, which face mid-year

² Find the report published on the CBPP website here: <http://www.cbpp.org/cms/index.cfm?fa=view&id=711>



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cuts, potential mid-year tuition increases, and a fast approaching funding cliff when the temporary federal stimulus money runs out in one to two years. Though the full magnitude is not yet clear, the effect of this economic crisis on public higher education in the US is expected to be significant across virtually all states.

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