

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

In Joint Session with

B. Finance, Audit and Facilities Committee

Update on State Budget Outlook

There will be an oral report for information only.

Update on State Budget Outlook

Office of Planning & Budgeting
Paul Jenny, Vice-Provost

January 20, 2011

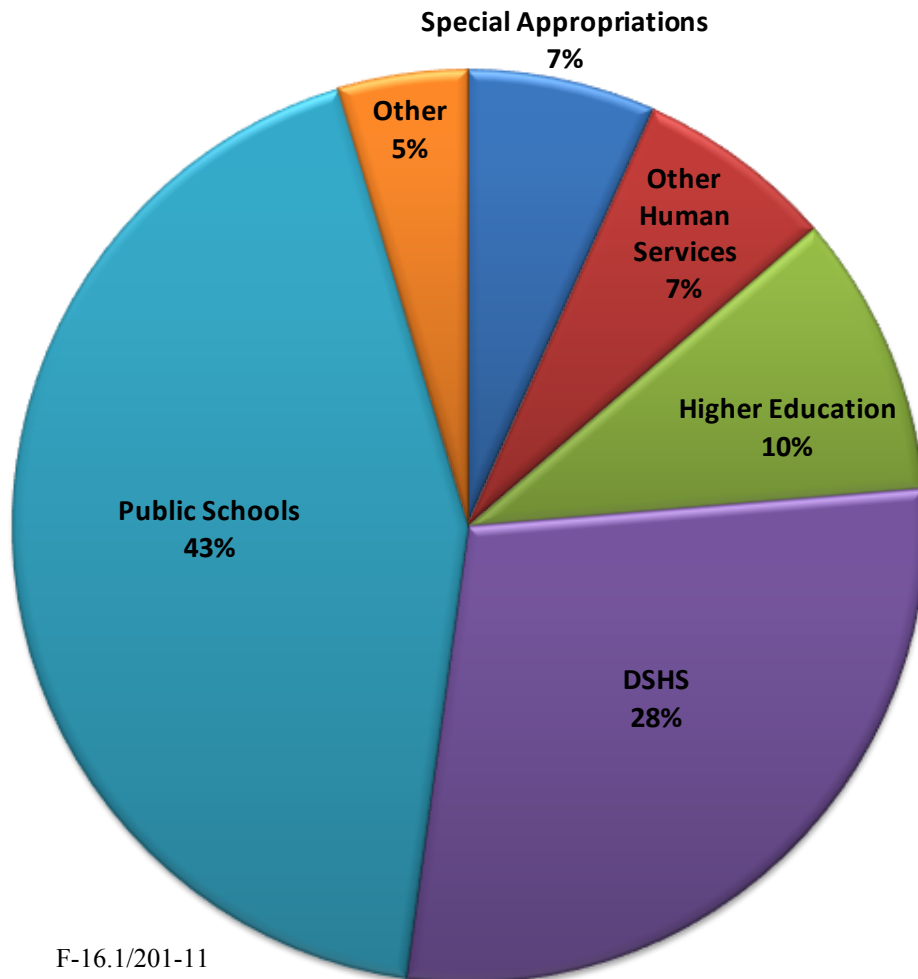
A Closer Look at the State Deficit for 2011-13



- Quarterly revenue forecasts and monthly revenue collections indicate **slow, timid growth**.
- Most recent revenue forecast (Nov.) predicted a nearly **\$4.7 billion** deficit for 2011-13 (FY12 & FY13).
- The **GF-S deficit** is **roughly** five times the size of higher education appropriations.

Funding Trends

2009-11 NGF-S Operating Appropriations by Major Area
(after December Special Session)



How has **higher education** funding changed over time?
Smaller share of smaller budget.

Funding Trends

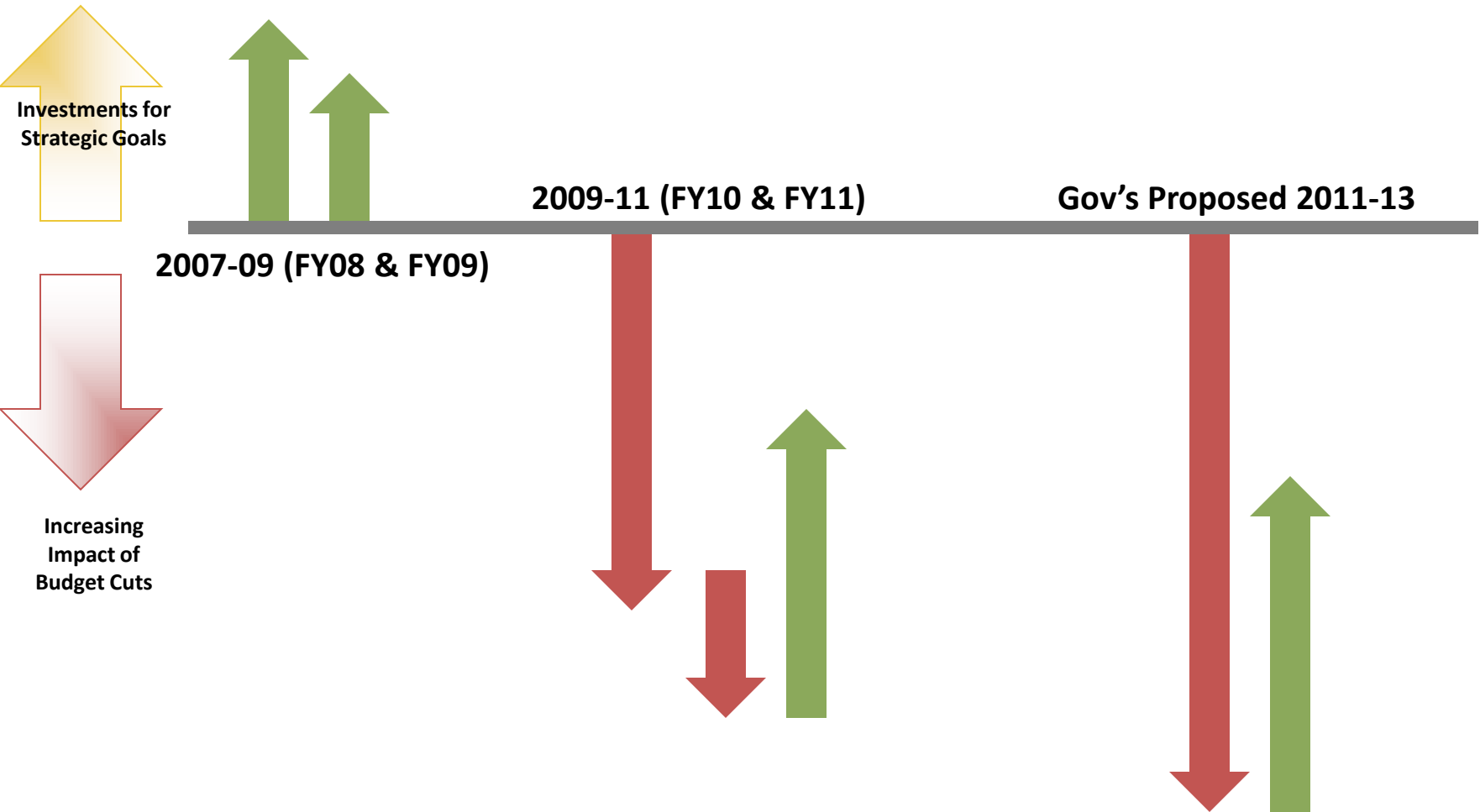
- Biennial funding for higher education institutions has been **cut by \$500 million since 07-09**. Current GF-S (excluding Ed. Legacy) is at 1999-01 levels.
- The Governor's proposed 2011-13 budget would **cut our institutions another \$360 million**, leaving higher ed GF-S support of approximately **\$1B as part of a proposed \$32.1 billion state budget**.

Funding Trends



- To put this in perspective, our institutions received over **\$1B in GF in 1989-91** when total GF-S spending was **\$12.7 billion**.
- By the end of the 2011-13 biennium, the state share of funding per student FTE (for student FTE at all colleges) will have dropped from **70% a decade ago to nearly 30%**.

Funding Trends



Governor's Proposal (FY12 & FY13)



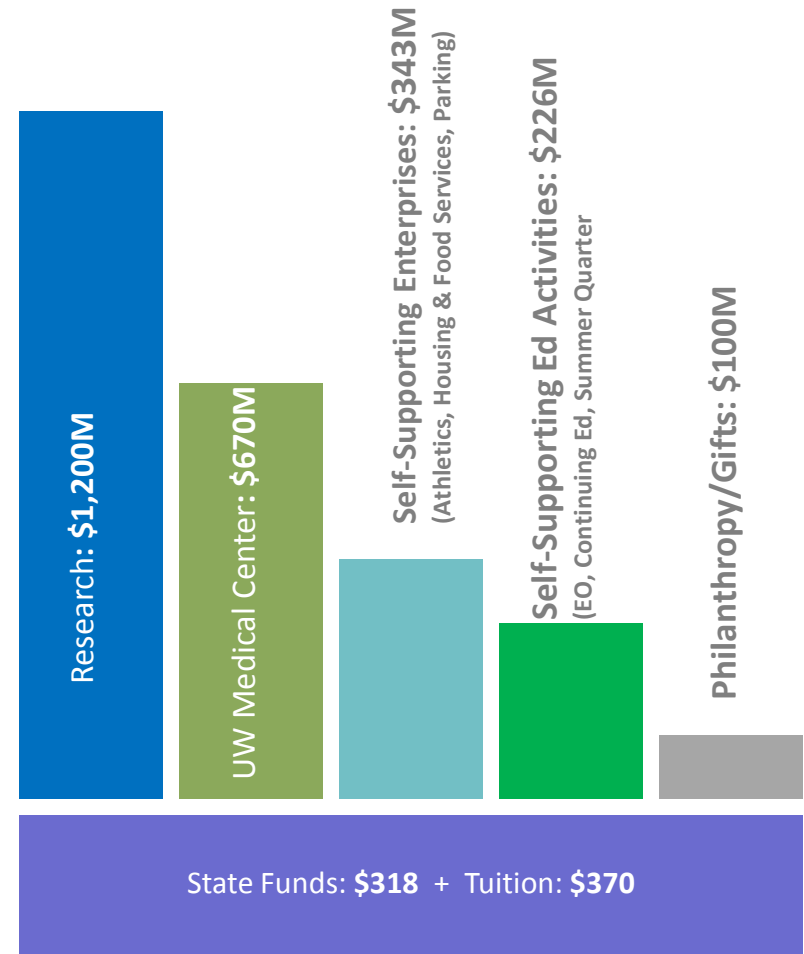
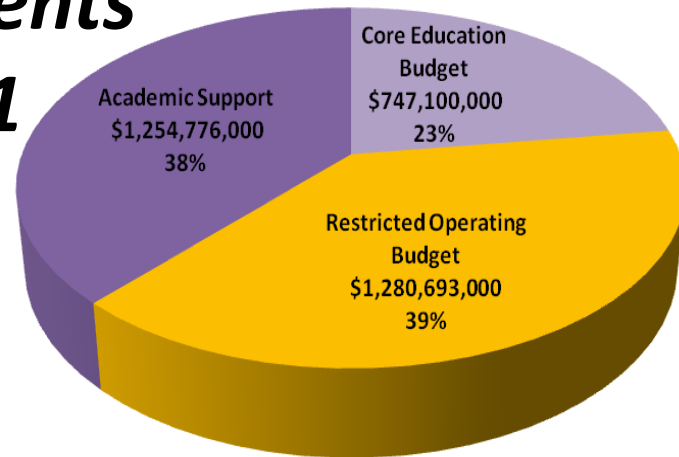
	2009-11
Adjusted Current Biennium	\$583,811
	2009-11
Maintenance Level ¹	\$634,977
09-11 Estimated Tuition	\$713,060
Total 09-11 ML and Tuition	\$1,348,037
	2011-13
TOTAL REDUCTION	-\$189,818
	2011-13
Tuition Increments ¹ for the Biennium	\$98,383
	2011-13
Net General Fund (ML)	\$445,159
Net Tuition	\$811,443
ALL Tuition + State Biennium	\$1,256,602
	2011-13
State to State (ML)	-29.9%
ALL CAT Tuition Increment+State to State ML	-14.4%
All Tuition Rev+State to ML & Tuition (09-11)	-6.8%

The Governor's Budget **cuts core education funding by 30%**. When offset by proposed **tuition increases**, the **cut is 7%**.

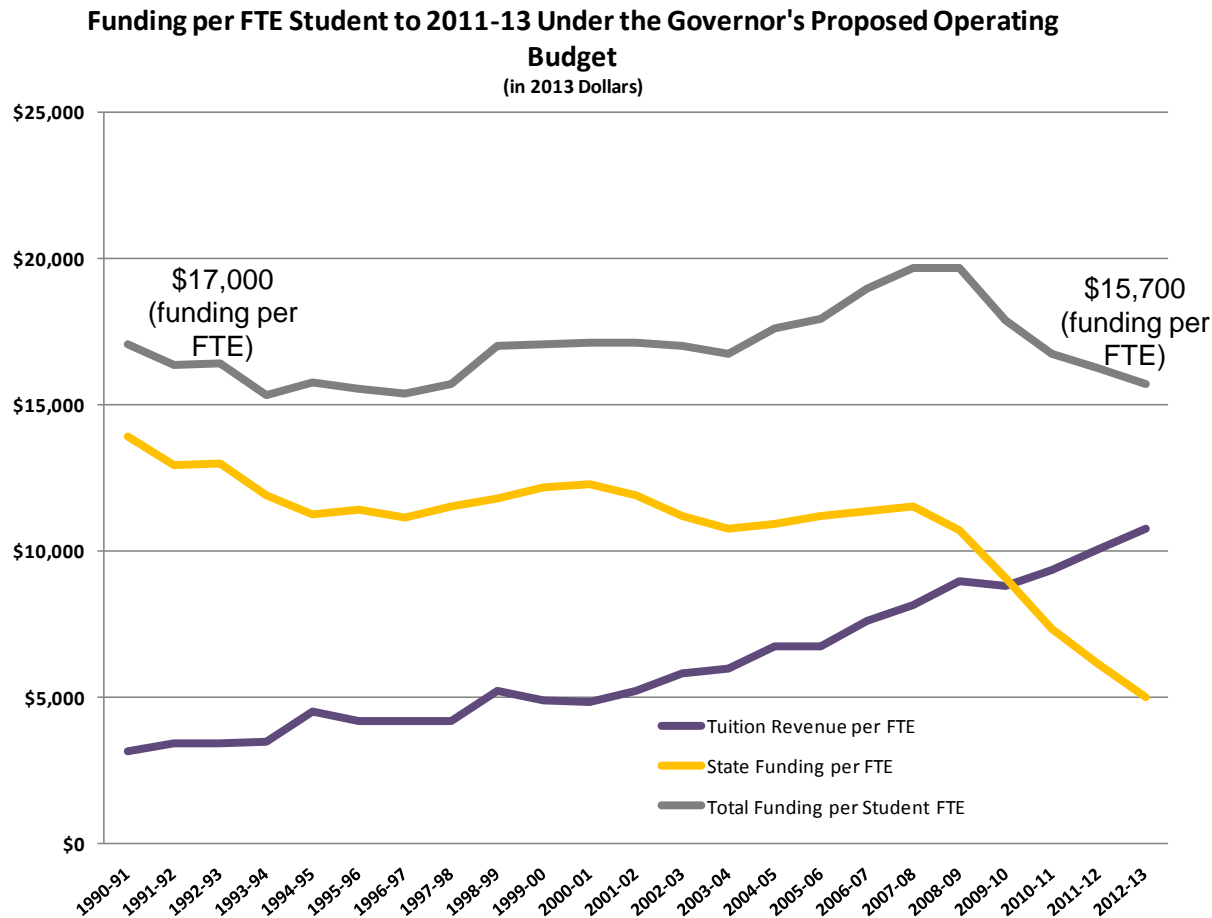
Effect of Gov's Proposal on UW FY12 Expenditures



**Regents
FY11**



Educational cost continues to shift to students and families while total funding remains constant



Total Funding Per student FTE (or “cost” per FTE) has remained fairly **constant at the UW**, the burden of cost has **shifted to students**.

Note: The state funding curve includes the Governor's proposed 2011-13 Operating Budget.

Comparing the 2009-11 Budget to the Governor's Proposed 2011-13 Budget



2009-11

-\$132 Million State Budget Cut (25%)
+\$75 Million New Tuition Revenue
-\$57 Million Net Budget Cut (6%)

2011-13 (Proposed)

-\$189 Million State Budget Cut (30%)
+\$98 Million New Tuition Revenue
-\$91 Million Net Decrease in Revenue (7%)

- Under the Governor's proposal, the UW will have lost *half* of its state funding in a few years \$400M (FY08)→\$200M (FY13).
- Proposed tuition increases will not fully mitigate budget reductions, necessitating additional cuts.
- Demand for a UW education is at an all-time high. Applications for the 2010-11 school year were at record levels.



Impacts and Efficiencies

Major Impacts

Eliminated 950 jobs.

Froze enrollment for resident undergraduates.

Closed/eliminated 12 degree programs; 14 MA programs now self sustaining.

Increased advisor load by 180 students.

Closed 384 undergraduate lecture sections and 130 small group sections.

Closed 4 Writing/Tutoring centers and 2 computer labs (loss of 1/3 student workstations).

Closed 1 library, reduced library hours, and canceled subscriptions to over 1,200 journals.

Innovation and Efficiency

Developed lab simulations for science courses that allow us to teach more students while maintaining a high level of interaction.

Developed hybrid (part-online) courses allowing faculty to teach more students while developing individualized programs.

Vitalized 20% of servers, moved UW email to the cloud.

\$32M savings for large-volume purchases and electronic procurement in 2010.

\$300,000 annual savings with elimination of two AVP positions on the Finance & Facilities Exec Team.

Impacts of Proposed Budget Reductions



Like the Legislature, the University is left with difficult decisions for implementing additional budget cuts.

Under the Governor's proposal, we will have to consider:

- Decreasing access for Washington residents
- Closing whole programs and schools
- Major reductions in student/faculty services
- Significant reductions in jobs for state
- Decline in educational quality that will permanently affect the state and the UW