

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

2006 State Supplemental Budget – Potential University of Washington Operating and Capital Budget Requests**Introduction**

As part of the normal State biennial budget process, the Governor has asked state agencies to submit potential supplemental budget requests for consideration during the 2006 legislative session. Supplemental budget requests must be submitted to the State Office of Financial Management in mid-October. The Board of Regents will formally approve the University's 2006 State Supplemental Budget Request at its October meeting.

Under the instructions that agencies have received, the State Office of Financial Management has asked that supplemental operating budget requests be limited to:

- a critical or emergent situation;
- a change in mandatory caseload or workload;
- a technical correction related to the enacted 2005-07 budget; or
- an opportunity to reduce state government costs.

In the supplemental budget process, the State Office of Financial Management does not specifically solicit capital budget requests. Instead, agencies are asked to identify technical or financial capital budget issues that need to be addressed in the upcoming legislative session.

As was discussed with the Finance, Audit and Facilities Committee in July, these guidelines are not binding and many state agencies that do not report directly to the governor submit supplemental budget requests that may not technically meet the criteria specified by the Office of Financial Management.

The administration is proposing that the University of Washington submit supplemental budget requests that meet at least one of four other criteria in addition to those listed by the Office of Financial Management:

- State investments that support the research mission of the University;
- State investments that leverage or match University, federal or donor dollars;
- State investments that restore the 2005-07 budget cut that offset increased tuition dollars; and
- State investments that help resolve safety issues.

The UW 2005-07 State Budget Request

In its 2005-07 budget request to the State, the University asked for funding for three broad purposes: core education support; support for research and technology transfer; and support for enrollment expansion (a request that was contingent upon improvement in core education funding). A number of requests were included in the support for research and technology transfer category: operations and maintenance funding for the Bioengineering and Genome Sciences buildings; operations and maintenance support for School of Medicine expansion at South Lake Union; new or expanded research initiatives; and a coordinated technology transfer proposal with WSU.

In the adopted 2005-07 State budget, the UW did receive core education support (in the form of funding for salary and benefit increases) and support for new enrollments. However, there were no state investments in support of research in the adopted 2005-07 budget. While there was interest in most of the research related proposals from the UW, and funding was included in some budget drafts, none of these requests were funded in the final adopted State budget for 2005-07.

2006 State Supplemental Operating Budget Requests

Operating budget requests that the administration is currently evaluating for inclusion in its 2006 State Supplemental Budget Request are listed below.

Restoration of Tuition Increase Related Budget Cut

Restore the Tuition “Clawback” In the adopted 2005-07 State budget, a portion of the anticipated revenue from the approved undergraduate tuition increase was directly offset by a cut in General Fund support – the legislature referred to this as a “clawback” of tuition. The University plans on requesting that this budget cut be restored. The administration is working with the other four-year public universities in the state and with the State Board for Community and Technical Colleges on having this be a coordinated request from all of the public higher education institutions in the state. Size of Request: \$2,218,000

Critical or Emergent Situations

Support for the Global Health Initiative. The University has decided to proceed with establishing a Global Health Department that will be a joint School of Medicine/School of Public Health and Community Medicine department. The University is seeking and expects that there will be substantial donor/foundation support for initiatives to be undertaken by this department. Global health is also an area where there are many opportunities for federal grant support. The administration plans on asking the State to support expansion of teaching and research efforts in this significant area. Size of Request: \$1,000,000-\$2,000,000

Pacific Northwest Seismic Network. The University has been working with the State Military Department (which houses the State emergency management function) on a joint or coordinated budget request related to improving the ability of the State to respond to earthquake and tsunami hazards. The UW's portion of this request would provide funding for additional staffing for the Pacific Northwest Seismic Network. This additional staffing would allow the UW to provide improved monitoring of natural hazards and to develop improved products to provide warning and rapid notification of earthquake and tsunami hazards. Size of Request: \$400,000.

Support of the Research Mission of the University

Operations and Maintenance Funding for the Bioengineering and Genome Sciences Buildings. The administration intends to resubmit its request to the State for operations and maintenance funding for the Bioengineering and Genome Sciences Buildings. Size of Request: \$3,400,000

Operations and Maintenance Support for the South Lake Union Phase 2 Project. The administration intends to resubmit its request for State support for operations and maintenance funding for the School of Medicine's South Lake Union Phase 2 research building. Size of Request: \$2,400,000

Support for the Joint UW/WSU Coordinated Technology Transfer Proposal. The UW and WSU intend to resubmit the Coordinated Technology Transfer budget request. This request provides funding for three purposes: to enhance the transfer of new discoveries to companies based in the State of Washington; to establish a "Prototype Fund" to enhance the potential of early-stage university discoveries; and to increase the ability to support various company creation activities. Size of Request: \$500,000 - \$600,000.

An Item Not Being Submitted

Health Care Cost Containment. In the July 2005 briefing to the Finance, Facilities and Audit Committee on the upcoming State Supplemental Budget Request, the administration mentioned that it would consider whether a UW budget request related to health care cost containment was feasible. Since that time, the Governor has initiated a health care quality and cost control initiative. The administration believes that rather than submitting a UW health care cost containment budget request at this time, the University should support the Governor's health care quality and cost control initiative by providing access to the staff with relevant expertise in various UW colleges/schools. A specific budget request may arise out of the Governor's initiative at some point in the future.

2006 State Supplemental Capital Budget Requests

Capital budget requests that the administration is currently evaluating for inclusion in its 2006 State Supplemental Budget Request are listed below.

Technical Issues

Release of Restoration Phase II Design Funds. As required by the 2005-07 capital bill, the University will request release of Phase II design funding for the University's restoration program (Savery Hall, Clark Hall and the Playhouse Theatre). Pre-design documents for these major restoration projects will be submitted to the legislative fiscal committees and to the Office of Financial Management in December for review and approval. This item is simply requesting the release of the already appropriated design funds for these projects. Size of Request: \$0

Emergent Situations

UW/Tacoma Land Acquisition and Soils Remediation. \$4.7 million will be requested for acquisition and required soils remediation for additional properties at the UW/Tacoma campus. \$5.5 million for this purpose was requested but not funded in the 2005-07 legislative session. \$4 million is needed during 2006 for acquisition of certain target properties within the UWT campus boundaries. These properties are identified as targets for immediate purchase because they are poised to be developed or marketed for sale. An additional \$700,000 is needed to complete necessary remediation of contaminated soils, and to stabilize and provide urgent roof repairs to the Joy Building. Size of Request: \$4,700,000

Safety Issues

Replace Earthquake Damaged and Non-Compliant Library Shelving. Most of the shelving in the Engineering Library and a significant amount of shelving in the Social Work Library was damaged/compromised as a result of the Nisqually Earthquake. Following the Nisqually Earthquake, the University completed a survey of all Seattle campus library shelving and determined that shelving in 14 of the University's libraries does not meet current code and would likely be compromised during a future earthquake. The University sought support through the Federal Emergency Management Agency mitigation grant program but was not selected for funding. A phased program for replacing non-compliant shelving has been developed. The University has allocated minor works preservation funds in the amount of \$350,000 for Phase I of the shelving replacement during 2005-07. An additional \$2,650,000 million will be requested from the state to fund the remaining phases of shelving replacement. Size of Request: \$2,650,000

Friday Harbor Dock Replacement. The existing dock and breakwater structures at Friday Harbor Laboratories have been evaluated for safety and

structural integrity issues, including an underwater survey, and it has been determined that significant portions of the dock, including decking and utilities, should be replaced. \$2 million is requested for safety repairs to the dock and completion of associated structural and utility work to ensure that the dock will support required vehicular and research vessel uses, and that the three floating breakwaters will be stable during a severe storm event. Size of Request: \$2,000,000

Leveraging University, Donor or Federal Investments

The administration is evaluating a number of potential smaller capital budget requests in this category.

Biological Structures Federal Grant Match. The University will request \$4 million as a 1:1 match for the proposed UW federal NCCR facilities grant for the Biological Structures Renovation project, which includes some space in the phased H-Wing renovation project. Size of Request: \$4,000,000

MHSC H-Wing Renovation. An additional \$4 million will be requested for phase 2a of the H-Wing remodel in order to complete infrastructure improvements on the fifth floor and achieve considerable economies in surge costs for the overall H-Wing project. This work is being accelerated in order to realize significant efficiencies in the use of the Biological Structures renovation project funds described above. Size of Request: \$4,000,000

Undergraduate Chemistry Laboratory Remodels. The University has initiated a phased plan to remodel and modernize the undergraduate chemistry laboratories in Bagley Hall. These laboratories, many of which have not been significantly modernized since their original construction in 1930, are heavily utilized by students from across all academic disciplines. The University has approved \$3 million from local funds to complete a portion of the next phase of the modernization project, and will request a \$3 million match from the state to complete this phase. Size of Request: \$3,000,000

Nanotechnology Research Program. The University will request \$4 million in renovation funds to allow for the expansion of the nanotechnology research program. Pending new research recruitments will require renovation of existing space to create laboratories and offices to support this growing program. Size of Request: \$4,000,000