

**From:** Chris Reykdal [mailto:CReykdal@sbctc.edu]

**Sent:** Tuesday, February 23, 2010 5:12 PM

**Subject:** House and Senate Budgets -- a summary with additional detail attached

**Importance:** High

Good evening Presidents and Chancellors,

We will be sending this summary broadly to the system.

The following summarizes today's Senate Operating and House Operating and Capital budget proposals. To be exact, the respective chairs of the fiscal committees made these proposals today. We expect executive action in a day or two and possible floor action by the end of the week.

Operating Budget Proposals (see the attached budget comparison spreadsheet for details)

### **Budget Reductions**

Both budgets levy cuts against the system but not at the much rumored higher maintenance of effort level. The senate cuts \$45.8 million. The House cuts \$24.2 million. Both have a small share of those cuts coming in the current fiscal year; and both the House and Senate label a portion of these cuts as reductions to address SSB-6503 "temporary layoffs/furloughs". Please remember however, that if the bill passes in its current form, our system can meet these obligations without using the furlough mechanism. In the House there is still the possibility that the CTC system could share in a portion of a statewide \$30+ million cut to IT spending and printing; we are trying to gather more information about this. Finally, the House also made very clear that the base cut to the system (the non-furlough portion) utilized differential cuts by sector: CTC cuts at 2% of base, comprehensive universities and the Evergreen State College took 3% cuts, and the research universities took 4% cuts. The Senate and House proposed reductions (before WRT add backs) are spread by college in the attached document.

Additional Worker Retraining Funds offset much of the larger Senate budget reduction. The system is funded for an additional 6,000 FTES or \$27.8 million (our FTES targets are not raised). These are one-time funds and they would come to us by way of diverting unemployment insurance payments from businesses into a newly created account that is appropriated to our system. The House does not fund additional Worker Retraining slots.

### **Tuition Authority**

Both chambers retain the 7% tuition increase assumption for FY2010-11

### **Specific Provisos**

- Turnover savings to fund faculty increments is authorized in the House, but not in the Senate

- \$210K is provided for the Bachelor of Science in Nursing at the University Center of North Puget Sound (HB-2694)
- \$150K is provided to South Seattle Community College to run the Labor Education and Resource Center currently housed at The Evergreen State College
- Cascadia Community College, Lake Washington Technical College, and the UW-Bothell must develop an implementation plan to merge Cascadia and Lake Washington TC at Lake Washington TC or somewhere near the Kirkland Campus.

### **Maintenance and Operations Funds**

The House provides M&O funds at our request level; the Senate does not.

### House Capital Summary (PSHB-2836) (we expect to see Senate capital tomorrow)

There are cuts to many projects in three general categories (see attachment for detail):

- 1) Reduce construction projects by the savings from the difference between the engineer's estimate and the low bid with accepted alternates.
- 2) Eliminate construction management funding from designs. The idea is to fund the construction management with the construction funding in future biennium.
- 3) Reduced many projects by 15% when they could not identify any savings using option 1 and/or 2.

Additional House Capital Budget Items:

- Creates a \$10M "risk pool" for OFM to manage. These funds are intended to fix any unintended problems created by cuts in the supplemental.
- Debt service is provided for Bellingham Technical College – Instructional Resource Center (20081223) and the Green River Community College – Humanities and Classroom Building (20061205) projects.
- The House did not restore our Roof Repairs "A" (30000010), Minor Works – Preservation (30000210), or Minor Works – Program (30000078) budgets as requested and funded in the Governor's proposed budget.
- The House also did not provide funding to complete the Pierce College Fort Steilacoom - Cascade Core (20081321) project we requested and received in the Governor's proposed budget.

Please call me, Denise Graham (360-704-4350), or Wayne Doty (360-704-4382) if you have any questions about the details of these budgets.

Chris Reykdal  
360-704-4390

Washington State  
Community and Technical Colleges  
Districts' Share of Adjusted Base Budgets

	Senate	House
Proposed FY 2010 Supplemental Reduction	\$ (708,000)	\$ (505,000)
% Reduction to Original FY 2010 State Funds:	-0.1%	-0.1%

<u>Districts</u>	FY 2010 Reductions Basis from Initial Alloc	FY 2010 Share of Adjusted Base Budgets	FY 2010 Estimated Senate Supplemental Budget Reduction Allocation	FY 2010 Estimated House Supplemental Budget Reduction Allocation
Bates	21,027,351	3.2%	(22,800)	(16,300)
Bellevue	31,785,274	4.9%	(34,500)	(24,600)
Bellingham	10,041,681	1.5%	(10,900)	(7,800)
Big Bend	10,103,041	1.5%	(11,000)	(7,800)
Cascadia	10,032,256	1.5%	(10,900)	(7,800)
Centralia	11,248,660	1.7%	(12,200)	(8,700)
Clark	30,393,670	4.7%	(33,000)	(23,500)
Clover Park	18,750,783	2.9%	(20,400)	(14,500)
Columbia Basin	20,627,927	3.2%	(22,400)	(16,000)
Edmonds	24,274,546	3.7%	(26,400)	(18,800)
Everett	23,434,635	3.6%	(25,400)	(18,100)
Grays Harbor	9,569,518	1.5%	(10,400)	(7,400)
Green River	24,754,371	3.8%	(26,900)	(19,200)
Highline	24,652,942	3.8%	(26,800)	(19,100)
Lake Washington	13,839,715	2.1%	(15,000)	(10,700)
Lower Columbia	13,322,678	2.0%	(14,500)	(10,300)
Olympic	20,475,224	3.1%	(22,200)	(15,900)
Peninsula	9,903,209	1.5%	(10,800)	(7,700)
Pierce	24,484,776	3.8%	(26,600)	(19,000)
Renton	17,039,688	2.6%	(18,500)	(13,200)
Seattle	66,685,679	10.2%	(72,400)	(51,600)
Shoreline	22,279,208	3.4%	(24,200)	(17,300)
Skagit Valley	17,860,718	2.7%	(19,400)	(13,800)
South Puget Sound	16,885,227	2.6%	(18,300)	(13,100)
Spokane	60,179,618	9.2%	(65,300)	(46,600)
Tacoma	20,918,379	3.2%	(22,700)	(16,200)
Walla Walla	15,438,249	2.4%	(16,800)	(12,000)
Wenatchee Valley	12,923,941	2.0%	(14,000)	(10,000)
Whatcom	12,829,668	2.0%	(13,900)	(9,900)
Yakima Valley	19,258,790	3.0%	(20,900)	(14,900)
<b>District Total</b>	635,021,419	97.4%	(689,500)	(491,800)
SBCTC (Olympia)	7,573,132	1.2%	(8,200)	(5,900)
SBCTC (Bellevue)	9,578,717	1.5%	(10,300)	(7,300)
<b>System Total</b>	652,173,268	100.0%	(708,000)	(505,000)

Washington State  
Community and Technical Colleges  
Districts' Share of Adjusted Base Budgets

	<b>Senate</b>	<b>House**</b>
Proposed FY 2011 Reduction	\$ (45,115,000)	\$ (23,724,000)
% Reduction to Original FY 2011 State Funds:	-6.5%	-3.4%

<b>Districts</b>	<b>FY 2011 Reductions Basis from Draft Initial Alloc</b>	<b>FY 2011 Share of Adjusted Base Budgets</b>	<b>FY 2011 Estimated Senate Supplemental Budget Reduction Allocation*</b>	<b>FY 2011 Estimated House Supplemental Budget Reduction Allocation*</b>
Bates	19,832,500	3.2%	(1,435,400)	(754,800)
Bellevue	30,311,940	4.9%	(2,193,800)	(1,153,600)
Bellingham	9,571,701	1.5%	(692,700)	(364,300)
Big Bend	9,585,436	1.5%	(693,700)	(364,800)
Cascadia	9,863,575	1.6%	(713,900)	(375,400)
Centralia	11,049,188	1.8%	(799,700)	(420,500)
Clark	29,513,049	4.7%	(2,136,000)	(1,123,200)
Clover Park	17,748,210	2.8%	(1,284,500)	(675,500)
Columbia Basin	19,821,287	3.2%	(1,434,500)	(754,400)
Edmonds	23,193,357	3.7%	(1,678,600)	(882,700)
Everett	22,289,261	3.6%	(1,613,200)	(848,300)
Grays Harbor	9,062,052	1.5%	(655,900)	(344,900)
Green River	23,582,366	3.8%	(1,706,800)	(897,500)
Highline	23,456,050	3.8%	(1,697,600)	(892,700)
Lake Washington	13,241,979	2.1%	(958,400)	(504,000)
Lower Columbia	12,663,276	2.0%	(916,500)	(481,900)
Olympic	19,761,014	3.2%	(1,430,200)	(752,100)
Peninsula	9,407,797	1.5%	(680,900)	(358,000)
Pierce	23,527,588	3.8%	(1,702,800)	(895,400)
Renton	16,091,955	2.6%	(1,164,600)	(612,400)
Seattle	63,476,698	10.2%	(4,594,100)	(2,415,800)
Shoreline	21,378,550	3.4%	(1,547,300)	(813,600)
Skagit Valley	17,503,220	2.8%	(1,266,800)	(666,100)
South Puget Sound	16,025,202	2.6%	(1,159,800)	(609,900)
Spokane	57,140,478	9.2%	(4,135,500)	(2,174,700)
Tacoma	19,920,888	3.2%	(1,441,800)	(758,200)
Walla Walla	14,714,056	2.4%	(1,064,900)	(560,000)
Wenatchee Valley	12,252,851	2.0%	(886,800)	(466,300)
Whatcom	12,234,924	2.0%	(885,500)	(465,600)
Yakima Valley	18,590,542	3.0%	(1,345,500)	(707,500)
<b>District Total</b>	606,810,990	97.3%	(43,917,700)	(23,094,100)
SBCTC (Olympia)	7,606,335	1.2%	(550,500)	(289,500)
SBCTC (Bellevue)	8,940,146	1.4%	(646,800)	(340,400)
<b>System Total</b>	623,357,471	100.0%	(45,115,000)	(23,724,000)

\* Please note the actual FY 2011 budget reduction allocation will be calculated based on each district's adjusted base budget for FY 2011. Excluded from the reductions basis are earmarked and proviso funding.

\*\*The House budget contains additional statewide reductions related to IT and printing, and directs OFM to spread the reductions to agencies and higher education institutions. The House does not indicate how much of the additional reductions would be spread to the community and technical college system.

**SBCTC 2009-11 Biennium Operating Budget  
2010 Supplemental Budget Proposals  
\$s in Thousands**

2010 Supplemental Budget Proposals									
	Governor			Senate			House		
	FY 2010	FY 2011	Total	FY 2010	FY 2011	Total	FY 2010	FY 2011	Total
<b>Original 2009-11 Appropriations</b>	\$684,829	\$690,050	\$1,374,879	\$684,829	\$690,050	\$1,374,879	\$684,829	\$690,050	\$1,374,879
<b>2010 Supplemental Proposed Changes</b>									
Budget Reduction	-	(43,545)	(43,545)	-	(36,616)	(36,616)	-	(17,664)	(17,664)
SB 6503 (Furloughs & Other Comp Savings)	-	-	-	(708)	(8,499)	(9,207)	(505)	(6,060)	(6,565)
Additional Cut for IT Savings	-	-	-	-	-	-	????	????	????
Additional Cut for Printing Restrictions	-	-	-	-	-	-	????	????	????
<b>1 Total Reduction</b>	<b>-</b>	<b>(43,545)</b>	<b>(43,545)</b>	<b>(708)</b>	<b>(45,115)</b>	<b>(45,823)</b>	<b>(505)</b>	<b>(23,724)</b>	<b>(24,229)</b>
2 Facilities-Related Expenditures	296	513	809		11	11	296	513	809
3 Additional Worker Retraining Slots	-	11,533	11,533	-	27,834	27,834	-	-	-
4 BS in Nursing/University Center	-	-	-	-	-	-		210	210
5 Transfer Labor Ed and Research Center	-	-	-	-	-	-	-	150	150
<b>Total Non-Compensation Changes</b>	<b>296</b>	<b>(31,499)</b>	<b>(31,203)</b>	<b>(708)</b>	<b>(17,270)</b>	<b>(17,978)</b>	<b>(209)</b>	<b>(22,851)</b>	<b>(23,060)</b>
<b>Compensation-Related Changes</b>									
6 Pension Adj and Health Ins Rate Increase	37	13,591	13,628	37	5,939	5,976	37	37	74
<b>7 Total Governor Proposed Appropriations</b>	<b>\$685,162</b>	<b>\$672,142</b>	<b>\$1,357,304</b>	<b>\$684,158</b>	<b>\$678,719</b>	<b>\$1,362,877</b>	<b>\$684,657</b>	<b>\$667,236</b>	<b>\$1,351,893</b>

Analysis of Proposed Additional Budget Reductions Net of Tuition Increases						
	Governor		Senate		House	
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011
<b>2009-11 Maintenance Level (Before Cuts)</b>	766,454	767,276	766,454	767,276	766,454	767,276
Budget Reduction in Original 2009-11 Budget	(82,425)	(82,425)	(82,425)	(82,425)	(82,425)	(82,425)
Additional 2010 Supp Budget Reductions	-	(43,545)	(708)	(45,115)	(505)	(23,724)
Additional Reductions	-	-	-	-	????	????? See note 1
New Worker Retraining Funding	-	11,533	-	27,834	-	-
<b>Net impact prior to tuition</b>	<b>(82,425)</b>	<b>(114,437)</b>	<b>(83,133)</b>	<b>(99,706)</b>	<b>(82,930)</b>	<b>(106,149)</b>
Tuition Increase of 7% each year	18,500	37,000	18,500	37,000	18,500	37,000
<b>Net after tuition increases</b>	<b>(63,925)</b>	<b>(77,437)</b>	<b>(64,633)</b>	<b>(62,706)</b>	<b>(64,430)</b>	<b>(69,149)</b>
<b>% change from ML, prior to tuition</b>	<b>-11%</b>	<b>-15%</b>	<b>-11%</b>	<b>-13%</b>	<b>-11%</b>	<b>-14% See note 1</b>
<b>% change from ML, after tuition increase</b>	<b>-8%</b>	<b>-10%</b>	<b>-8%</b>	<b>-8%</b>	<b>-8%</b>	<b>-9%</b>

**Notes:**

- Total Reductions:** A direct comparison between the House and Senate budget reductions is not possible because the House directs OFM to spread to agencies and higher education institutions additional cuts of \$33 million GF-S for IT savings (from HB 3178) and restrictions on printing. They have not indicated what our share of those cuts would be.
- Facilities-Related Expenditures:** House and Governor fund SBCTC request for M&O on North Seattle Employment Resource Center and Green River Kent Station II, and property insurance for Green River Humanities Building. Senate funds property insurance for Green River Humanities Building, does not fund other M&O requests.
- Additional Worker Retraining Slots:** Senate funds 6,000 additional Worker Retraining enrollments at current funding rates for FY 2011. Governor funds 2,500 additional Worker Retraining enrollments at current funding rates for FY 2011. House does not provide additional Worker Retraining funding.
- BS in Nursing/University Center:** The House provides funding to implement House Bill 2694 (bachelor of science in nursing program at the university center). The University Center at Everett Community College, in partnership with the University of Washington- Bothell, must offer a bachelor of science in nursing program for 50 students.
- Transfer Labor Edu. & Res. Center** - The House transfers the Labor Education and Research Center from The Evergreen State College to South Seattle Community College beginning July 1, 2010.
- Pension Adj and Health Insurance Rate Increase:** House makes no changes to health benefit funding rates. Senate adjusts employer health benefit funding rate to \$795. Governor budget increases FY 2011 employer health benefit rates to \$830 per month per employee. Governor, Senate, House make no change to pension rates but a small adjustment in amount appropriated to pay for pensions (\$37K per year).
- M&O Fund Shifts:** Senate **shifts** \$11.4 million per year in M&O funding from the Building Fee Account in the Capital Budget to the Operating Budget. (This funding was shifted from Operating to Capital Budget in the early 2000's.) The shift is not shown on this spreadsheet because it does not impact districts' available M&O funding. The Governor proposed shifting M&O from the Operating to the Capital budget. The House makes no shifts related to M&O funding.

Community and Technical College Proposed Capital Budget

College	Budget Name	Budget Number	Fund	Change in House Supplemental
Bellevue Community College	L Building Emergency Repairs	20081850	057	(1,073,000)
Bellingham Technical College	Instructional Resource Center *	20081223/91000013	COP	2,438,000
Bellingham Technical College	Fisheries Program	30000117	057	(300,000)
Clark College	East County Satellite	20041689	357	(220,000)
Green River Community College	Humanities and Classroom Building *	20061205/91000014	057 & COP	4,044,000
Lake Washington Technical College	Allied Health Building	20062697	057	(2,110,000)
North Seattle Community College	Employment Resource Center	20062851	057 & COP	(1,611,000)
Olympic College	Sophia Bremer Child Development Center	30000115	057	(300,000)
Peninsula College	Business and Humanities Center	20081218	057	(5,589,000)
Pierce College Fort Steilacoom	Cascade Core	20081321	057	(796,000)
Seattle Central Community College	Wood Construction Center	20081216	057	(4,885,000)
South Puget Sound Community College	Building 22 Renovation	20081316	057	(1,500,000)
Spokane Community College	Technical Education Building	20081220	057	(6,003,000)
Spokane Community College	Building 7 Renovation	20081319	057	(1,405,000)
Spokane Falls Community College	Chemistry and Life Science Building	20081219	057	(6,793,000)
Spokane Falls Community College	Music Building 15 Renovation	20081320	057	(3,347,000)
Tacoma Community College	Science Building	20012687	057	(918,000)
Walla Walla Community College	Water and Environment Center	91000007	057	(263,000)
Wenatchee Valley College	Music and Arts Center	30000119	057	(300,000)
Yakima Valley Community College	College and City Library	30000113	057	(300,000)

<b>Additions</b>	<b>6,482,000</b>
<b>Reductions</b>	<b>(37,713,000)</b>
<b>Net Change</b>	<b>(31,231,000)</b>

\* New appropriations are for COP debt service from Building Fee Account (060).