

From: Chris Reykdal
Sent: Monday, March 30, 2009 4:48 PM
Subject: Senate Ways and Means Chair Budget Proposal

Good afternoon presidents, chancellors, and business officers,

This message is being sent broadly to presidents, chancellors, trustees, commissions, councils, and other system groups.

Earlier today the Senate Ways and Means Committee Chair released an operating budget proposal for the 2009-11 biennium and a few refinements to the current year (FY2009) supplemental budget. The following email will describe the budget details as we know them. There are two attachments with additional details. We expect the House Ways and Means Committee Chair to release operating budgets tomorrow morning. Capital budgets will be released from both chambers by mid-week (Wednesday or Thursday). For additional detail beyond this email please use the following link: <http://leap.leg.wa.gov/leap/budget/detail/2009/so0911p.asp>

2009 Supplemental Operating Budget

- In addition to the already-enacted 2009 supplemental budget, the Senate released a second supplemental budget proposal which provides increased funding for caseload adjustments. This second supplemental does not contain any additional changes directly related to college budgets. There are two fund adjustments of interest to the system:
 1. Funds for the Customized Training Program are nearly eliminated. The revolving account set up to run the program will retain sufficient funds to carry out current contracts.
 2. The College Faculty Award Trust Fund is liquidated (this pays for matching grants for the Exceptional Faculty Awards).

Senate Proposed 2009-11 Operating Budget for the CTC System

- **Reduction** to the CTC operating budget:
 1. The Senate budget reduces the CTC 2009-11 biennial operating budget by \$144.1 million, or 9.4%, from the maintenance level budget. (This compares to the \$100 million, or 6.5%, cut in the Governor's proposal.)
 2. Of the \$144.1 million, \$64.2 million is the cut you are already taking this year (\$32.1 million for two years). The remaining \$79.9 million cut is spread evenly between the two fiscal years. So the total cut each year next biennium is \$72.06 million.
 3. The Senate cuts another \$35 million in state funds but backfills this cut with \$35 million in Federal Stimulus funds. The net impact of this fund swap on the colleges is no change in funding.
- **Tuition increases** are limited to 5% in the first year and another 5% in the second year for resident undergraduates (7% per year for applied baccalaureate

program upper division courses). With tuition yields added back (on a system-wide basis), the net cut for the 2009-11 biennium is calculated at 7.2% (compared to the Governor's net cut of 4.3%).

- **Fee authority** is provided to the colleges with no specific limit: The language states: “. . .by amounts judged reasonable and necessary by the trustees.”
- The **enrollment target** for the CTC system is increased by 1,000 FTES for additional worker retraining in FY2010 and then returns in FY2011 back down to the current year budgeted level of 139,237.
- Maintenance and Operations Funding is provided for a smaller list of college facilities and completely excludes any facilities built using Certificates of Participation. See attached M&O spreadsheet for more details.
- Budget **provisos** include:
 1. Worker Retraining at current level plus an additional \$4.7 million for 1,000 additional FTES in FY2010.
 2. Job Skills program at its current level.
 3. \$7 million of existing funds to expand the student achievement initiative.
 4. Language that encourages colleges to minimize cuts to academic programs, and to focus efforts on high-demand enrollments. (no specific targets, just encouragement language).
 5. Bellevue CC to offer one more applied baccalaureate degree within Bellevue's existing funds (no new money)
 6. State Board shall facilitate upper division enrollments at Olympic College within existing resources (no new money)
 7. SBCTC must work with the HECB and OFM to revise traditional performance targets in light of budget reductions.
- Funding for **health benefits** is increased by less than the expected rate of inflation. The Senate proposed rates are \$745 per employee per month for FY2010 and \$768 per employee per month for FY2011.
- **Retirement contributions** for employees and employers are reduced. TRS and PERS Employer retirement contributions are reduced to the following rates:
 1. PERS: 5.25%
 2. TRS: 6.17%
- No **salary increases** are provided to any employee groups (except standard step increases earned by classified employees)

Financial Aid

- Financial Aid: State Need Grant funding is increased commensurate with tuition increases except “award amounts shall be adjusted by the estimated amount by which Pell Grant increases exceed projected increases in the non-instructional costs of attendance.” The existing 70% of median family income threshold is retained for State Need Grant eligibility (Governor proposed lowering this to 65% of MFI).

Please call me or Denise Graham (360-704-4350) if you have additional questions about the budget details. We will need several more days to gather feedback and ask further questions of Senate staff. Please look for another message from me tomorrow

afternoon summarizing the House budget proposal (including a spreadsheet that will compare the Governor, Senate, and House proposals).

Chris Reykdal
Deputy Executive Director – Finance
State Board for Community and Technical Colleges
360-704-4390