

From: Chris Reykdal

Sent: Tuesday, March 31, 2009 2:42 PM

Subject: House Ways and Means Committee Chair 2009-11 Operating Budget Proposal

Importance: High

Good afternoon once again presidents, chancellors, and business officers.

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

Earlier today the **House** Ways and Means Committee Chair released an operating budget proposal for the 2009-11 biennium. A second supplemental budget for 2009 was also released but there were no changes to the CTC system. The following email describes the operating budget details as proposed by the House Ways and Means Committee Chair for the 2009-11 biennium. There are two attachments with additional details. Capital budgets will be released from both chambers tomorrow. For additional detail beyond this email please use the following link:

<http://leap.leg.wa.gov/leap/budget/detail/2009/ho0911p.asp>

House Proposed 2009-11 Operating Budget for the CTC System

- **Reduction** to the CTC operating budget:
 1. The House budget reduces the CTC 2009-11 biennial operating budget by \$219.1 million, or 14.3%, from the maintenance level budget. (This compares to the \$100 million, or 6.5% cut in the Governor's proposal and the \$144.1 million or 9.4% cut in the Senate proposal)
 2. Of the \$219.1 million, \$64.2 million is the cut you are already taking this year (\$32.1 million for two years). The remaining \$154.9 million cut is **not** spread evenly between the two fiscal years. \$42.4 million is in the first year and \$112.5 million is in the second year. Therefore, the system would bow wave an 18.9% cut in future years.
 3. The House cuts another \$38.2 million in state funds but backfills this cut with \$38.2 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 7% in the first year and another 7% in the second year for resident undergraduates (10% 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 (on average) is calculated at 11.1% (compared to the Governor's net cut of 4.3% and the Senate's net cut of 7.2%).
- **Fee authority** is provided to the colleges with no specific limit: The language mirrors that of the Senate and it states: ". . .by amounts judged reasonable and necessary by the trustees." The House budget also recognizes fee revenues from Running Start students, consistent with 2SHB-2119

- The **enrollment target** for the CTC system remains constant at the current level of 139,237 for each fiscal year of the next biennium.
- Maintenance and Operations Funding is provided for an even smaller list of college facilities than the Senate proposal, 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 (no enhancements).
 2. Job Skills program at its current level.
 3. \$3.5 million of existing funds to expand the student achievement initiative.
 4. Colleges must continue to produce 22,000 completers in job preparatory and apprenticeship programs.
 5. Each college must develop a plan to convert part-time faculty to full-time faculty so that up to 75% of academic teaching assignments are held by full-time, tenure track faculty. Colleges shall submit the plans to the State Board and the State Board shall report to the legislature on December 1, 2010.
 6. \$2.25 million is provided to enhance on-line distance learning and open courseware technology.
- Funding for **health benefits** is increased so that employees continue to pay no more than 12% of the total cost of health benefits, although changes to benefit packages can be utilized to stay within these limits. The House proposed rates are \$758 per employee per month for FY2010 and \$793 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: 5.56%
 2. TRS: 6.68%
- No general **salary increases** are provided to any employee groups (except standard step increases earned by classified employees). There is traditional language that permits increases provided for normally occurring promotions and increases related to faculty and staff retention, to the extent permitted by ESSB-5460 (Belt Tightening Bill). We believe the reference to the Belt-tightening bill means that pay freezes remain in effect until February of 2010.
- Like the Senate, the House essentially wipes out the Customized Training Program and the funds used for Exceptional Faculty Awards. The House doesn't take these actions until FY2011; the Senate does it in the current year.
- The House also transfers \$18.5 million out of the system's building fee account to the General Fund. (This also happened to all of the universities)

Financial Aid

- Financial Aid: State Need Grant funding is increased commensurate with tuition increases. The existing 70% of median family income threshold is retained for State Need Grant eligibility (Governor proposed lowering this to 65% of MFI, Senate retained at 70% MFI).

Please call me or Denise Graham (360-704-4350) if you have additional questions about the budget details. Now that we have all of the operating budgets before us, we will begin a quick feedback loop to key legislators expressing our concerns on parts of each budget. Please pass along your thoughts on those parts of the operating budget that give you the most serious concern.

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