



MEMORANDUM

TO: State Board Members and Presidents

FROM: Charlie Earl

DATE: November 14, 2008

SUBJECT: 2009-11 Budget

The state is facing a large budget shortfall next biennium, estimated to be from \$3.2 billion to \$5 billion. As part of the process of determining how to deal with the shortfall, some state agencies have been working on budget reduction scenarios of 20% for next biennium. Although we thought we might be spared this exercise, OFM asked yesterday that we provide information on what such a reduction would mean to our system.

For the purposes of this exercise, we need to look at the impacts of a \$300 million reduction to the amount needed next biennium to carry on our current level* of programs.

\$1.530 Billion 2009-11 Carryforward Level*

-\$300 Million Reduction

\$1.230 Billion Funding after Reduction

Although the \$300 million is merely a planning and sizing number, it clearly signals the seriousness of the situation we face next biennium. The questions we have been asked to address:

- What would be the impacts to the system?
- What should tuition increases be?
- Should the reduction be taken across-the-board, or should specific programs be reduced or eliminated?
- Should enrollment targets also be reduced?

We've begun scheduling conference calls with WACTC OBC and State Board members for next week. Over the weekend we will develop some preliminary response to take to the system.

Please contact me, Chris Reykdal, or Denise Graham with any thoughts or questions. Thank you.

*Carryforward level does not include salary increases, M&O for new buildings, or increases for leases and assessments.