



October 2007

2007-09 HECB Supplemental Budget Recommendations: Recommendations of the HECB Fiscal Committee

Overview

The board's fiscal committee is submitting its 2007-09 supplemental budget recommendations for board consideration and action.

Fiscal committee members Charley Bingham and Earl Hale, and board members Bill Grinstein and Gene Colin reviewed the supplemental budget requests of the universities and colleges on October 17, 2007.

Background

State law (RCW 28B.76.210(5)) requires the public four-year colleges and universities and the State Board for Community and Technical Colleges to submit any supplemental budget requests and revisions to the Higher Education Coordinating Board (HECB) at the same time they submit them to the Office of Financial Management (OFM). This year, OFM set a deadline of Friday, October 12, for agencies to submit supplemental budget requests. The HECB then must submit its recommendations on the proposed supplemental budget requests to OFM by November 1 and to the Legislature by January 1.

Traditionally, both the Governor and Legislature have used supplemental budgets for the following purposes:

1. To provide **technical corrections or adjustments** to appropriations or provisos contained in the biennial budget. The biennial operating and capital budgets are complex spending plans which include hundreds of separate line-items of expenditures, from multiple funding sources. Many of the line-item appropriations provide for specific terms, conditions, and limits of appropriations. The adopted budgets frequently include proposed amendments offered in the final stages of budget adoption. Consequently, corrections to the adopted biennial budget are often needed.

2. To provide funding for **emergent needs and opportunities** within the biennial budget period. Supplemental budgets are used to fund critical needs that could not have been anticipated in the preparation and adoption of the biennial budget.

Within the above context, supplemental budgets have **not typically been used to fund state agency and institutional policy enhancements**. A primary reason is that policy enhancements typically involve carry-forward or “bow-wave” costs into the ensuing biennium. By deferring these types of requests to the regular budget cycle, the Governor and Legislature can evaluate their fiscal and programmatic priority within the overall biennial spending plan.

The Governor’s Office of Financial Management has reaffirmed this supplemental budget fiscal policy (see Attachment A). Specifically, OFM instructed state agencies and institutions to limit 2007-09 supplemental budget requests to:

- A critical or emergency situation,
- A change in mandatory caseload or workload,
- A technical correction related to the enacted 2007-09 budget, or
- An opportunity to reduce state government costs.

Summary and Highlights of the Supplemental Budget Requests

The 2007-09 state operating budget appropriated \$3.2 billion to the public universities and colleges. The institutions are seeking an additional \$89 million in supplemental operating budget funding.

In addition, the Legislature appropriated \$1.1 billion for new capital projects in the 2007-09 capital budget. The institutions are requesting \$56 million in supplemental capital spending authority.

Table 1 summarizes the supplemental budget requests. As shown, the requested items have been grouped within three categories of supplemental spending need: *Technical Corrections and Adjustments*, *Emergent Needs and Opportunities*, and *Program Enhancements*.

Table 1

2007-09 Supplemental Budget Requests

	<u>Operating Budget</u>	<u>Capital Budget</u>
Technical Corrections and Adjustments	\$7,365,400	No fiscal impact
Emergent Needs and Opportunities	\$27,642,141	\$19,409,000
Program Enhancements	\$53,700,296	\$36,225,000
Total	\$88,707,837	\$55,634,000

Attachments B and C provide a listing of each institution's supplemental operating and capital budget requests items within the three categories. Attachments D and E provide brief descriptions of the requested items.

Highlights of the Requests

Technical Corrections and Adjustments

A major portion of this category includes funding for cost-of-living and other compensation adjustments that were inadvertently omitted from the biennial budget for certain employee classification groups. Additionally, this category includes supplemental funding for other carry-forward services costs (e.g., Department of Information Services billings) that were incorrectly calculated in the biennial budget.

Emergent Needs and Opportunities

This category includes two primary areas of need. First, the baccalaureate institutions are requesting funds to address salary "compression or inversion" for exempt/managerial employees. This need arises as a result of the new collective bargaining agreements between the state institutions and represented classified employee groups. Specifically, in addition to cost-of-living adjustments, the agreements provided for increases in the salary ranges for certain positions. An unintended consequence of salary range changes is that the compensation level of some exempt managerial employees is now nearly equal to (compression) or, in some cases, less (inversion) than the employees they supervise.

A second major component of this category includes supplemental funding to address and enhance campus safety. In reviewing these requests, the fiscal committee felt it important for the board to acknowledge that each institution must address campus safety in a manner unique to each campus and that determining those unique needs is the proper responsibility of the governing boards of each institution. At the same time, the fiscal committee recognizes the importance of ensuring that campus safety funding is consistent with both local needs and recognized general standards or best practices.

Program Enhancements

The fiscal committee found that each of the requested supplemental items requested for program enhancement have merit and are of understandable importance and priority to each institution. These requests would provide for enhancements in instruction, research, and student support services. Additionally, proposals in this category would provide additional funds for faculty recruitment and retention.

Fiscal Committee Supplemental Budget Recommendations

The fiscal committee believes that its supplemental budget recommendations to the board be founded on two important principles:

1. Consistency with State Supplemental Budgeting Policy and Practice

Consistency with the historical purpose and character of the supplemental budget is important because it establishes a fair and equitable basis for advancing the funding recommendation.

This approach provides the Governor and Legislature with a sound basis to understand the fiscal implications of revising the current biennial operating and capital spending plans for immediate needs (technical corrections/adjustments, emergent needs or opportunities). With this information, the Governor and Legislature can then more fully evaluate the needs and benefits of proposed policy enhancements. This principle leads to the second basis of the committee's recommendations.

2. Prioritization of Program Enhancements within the Higher Education Policy Context

As noted earlier, the fiscal committee found that supplemental items being requested for program enhancement have merit and are of understandable importance and priority to each institution. However, the committee believes that funding these needs should be considered in the overall context of higher education spending priorities for the ensuing 2009-11 biennium.

These spending priorities will be derived from the *2008 Strategic Master Plan for Higher Education* and incorporated within the board's 2009-11 budget guidelines.

Accordingly, the fiscal committee recommends that the board support funding those supplemental budget requests that provide technical corrections or address emergent/critical needs. Also, the committee recommends that the board recommend to the Governor and Legislature that policy changes for program enhancements be deferred for consideration until the 2009-11 budget development process.

Attachment F shows the supplemental budget request items being recommended for funding in the 2007-09 biennium by budget category and line-item type.

Board Action

Resolution 07-17 is attached for board consideration.

Attachment A

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
Insurance Building, PO Box 43113, Olympia, Washington 98504-3113 (360) 902-0555

September 7, 2007

TO: Agency Directors
Agency Operating and Capital Budget Officers

FROM: Victor A. Moore, Director

SUBJECT: 2008 SUPPLEMENTAL BUDGET SUBMITTALS

In preparation for the 2008 legislative session, we ask that you send any necessary supplemental budget requests to the Office of Financial Management (OFM) by Wednesday, October 10, 2007. Agencies with caseloads forecasted by the Caseload Forecast Council may have until October 19, 2007, to submit the caseload-related component of their requests.

Please limit supplemental requests to those that address:

- A critical or emergency situation,
- A change in mandatory caseload or workload,
- A technical correction related to the enacted 2007-09 budget, or
- An opportunity to reduce state government costs.

Operating Supplemental Budget Requests

When submitting supplemental budget requests, please use the decision package format described in the 2007-09 OFM Budget Instructions, and make sure your justification fully describes why costs cannot be absorbed within your existing budget. Agencies are required to indicate how the costs (expenditures by account and fiscal year, and FTEs) of each decision package should be assigned to activities. Agencies should also submit decision packages for any expected changes in revenue from the 2007-09 allotments approved as of September 30, 2007. Any proposed supplemental budget revenues related to a supplemental expenditure request should be included in the same decision package.

If your agency anticipates receiving additional federal or private/local funding in the next few months, please incorporate this funding into your supplemental budget request. Make sure these receipts are coded as expenditure authority types 2 or 7, as appropriate. Remember that the unanticipated receipt process is suspended for the duration of the legislative session. Including these funding requests in the supplemental budget provides appropriate legislative scrutiny and ensures that their approval is not delayed.

Agency Directors
September 7, 2007
Page 2 of 2

Agencies must use the Budget Development System (BDS) to submit their supplemental operating budgets electronically. Elements of the package include:

1. The Recommendation Summary report from BDS,
2. Justification in the standard budget decision package format for each item listed on the Recommendation Summary. (The format can be found in BDS and the OFM Operating Budget Instructions at <http://www.ofm.wa.gov/budget/instructions/contents.htm>), and
3. A Summarized Revenue report from BDS for agencies submitting revenue changes.

Capital Budget Supplemental Requests

If your agency has potential technical or financial capital budget issues that need to be addressed in the 2008 legislative session, please contact your OFM capital budget analyst or Tom Saelid, Senior Budget Assistant for the Capital Budget, at (360) 902-0562. Upon confirmation from your capital budget analyst to proceed, you should electronically submit a capital budget request for each project using the Capital Budget System. Elements of the package include:

1. Ten-Year Capital Program Summary,
2. Capital Project Request (C2), and
3. Agency/Institution Project Cost Estimate.

Agencies also should submit five paper copies of package to OFM. Higher education agencies and agencies with transportation funding should submit seven paper copies. Please send them to:

Allison Fry
Office of Financial Management
300 Insurance Building
P.O. Box 43113
Olympia, WA 98504-3113

Attachment B

2007-09 Supplemental Operating Budget Requests

Institution	<u>Non-Policy Changes</u>		<u>Policy Changes</u>		<u>Total</u>
	<u>Technical Corrections and Adjustments</u>		<u>Emergent Needs and Opportunities</u>	<u>Program Enhancements</u>	
University of Washington					
Safe Campus Initiative			\$862,000		
Expand Access to Child Care				\$250,000	
Restore Non-Resident Graduate Study Subsidy Reduction			\$1,946,000		
Faculty Recruitment and Retention Funding				\$7,826,000	
Professional Staff and Librarian Salary Compression Pool			\$3,303,000		
Expand Nursing Educators				\$883,000	
Institute for Health Metrics & Evaluation				\$1,904,000	
e-Science Institute				\$2,025,000	
Ports, People, and Puget Sound				\$2,115,000	
Total		\$0	\$6,111,000	\$15,003,000	\$21,114,000
Washington State University					
Under-funding of Salary Increases	\$1,936,000				
Campus Safety Initiatives			\$3,000,000		
Administrative and Student Core Computer Systems Study				\$1,000,000	
Information Systems Revolving Fund	\$407,400				
Graduate Student Programs Restoration			\$1,600,000		
Emerging Global Animal Health & Agriculture Issues				\$3,850,000	
Equity Salary for Administrative Professionals			\$1,700,000		
WSU Tri-Cities Enrollment				\$512,000	
Recruitment and Retention for Faculty				\$4,500,000	
Total	\$2,343,400		\$6,300,000	\$9,862,000	\$18,505,400

Attachment B (continued)

Institution	Non-Policy Changes		Policy Changes		Total
	Technical Corrections and Adjustments		Emergent Needs and Opportunities	Program Enhancements	
Central Washington University					
Non-Represented Classified Staff Employee Salary Increases	\$913,000			\$1,000,000	
Faculty Recruitment and Retention Pool					
Exempt Staff Salary Inequity Compression Pool			\$380,000		
Emergency Management Safety Request			\$229,000		
Fire & EMS Services			\$100,000		
Total	\$913,000		\$709,000	\$1,000,000	\$2,622,000
Eastern Washington University					
Emergency Response			\$440,000		
Faculty Recruitment and Retention				\$865,000	
Administrative Exempt Salary Compression			\$496,000		
Emergency Equipment and Notification Technology			\$306,000		
Total	\$0		\$1,242,000	\$865,000	\$2,107,000
The Evergreen State College					
Campus Safety and Emergency Preparedness			\$860,000		
Faculty Recruitment and Retention				\$465,000	
Equity Salary Adjustment for Exempt Positions			\$250,000		
Total	\$0		\$1,110,000	\$465,000	\$1,575,000

Attachment B (continued)

Institution	Non-Policy Changes	Policy Changes		Total
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements	
Western Washington University				
OFM - Labor Relations Office (classified staff bargaining)	\$120,000			
Campus Safety & Emergency Preparedness		\$1,106,831		
Teach Washington (math and science teacher education)			\$994,345	
Department of Information Services - Revolving Fund	\$12,000			
Emergency Relocation: Scene Shop Classroom		\$264,054		
Red Tide Mitigation Project			\$590,790	
Attorney General Rate Increase	\$40,000			
Recruitment and Retention for Professional Staff		\$699,256		
Recruitment and Retention for Faculty (including Librarians)			\$1,496,521	
Targeted Leadership Advantage Program			\$486,922	
Student Teachers Enhancing Possibilities (STEP)			\$463,816	
Expand Early Childhood Education			\$454,874	
Investing in Transfer Access and Transition (INTACT)			\$318,028	
Total	\$172,000	\$2,070,141	\$4,805,296	\$7,047,437
Four-Year Total	\$3,428,400	\$17,542,141	\$32,000,296	\$52,970,837

Attachment B (continued)

Institution	Non-Policy Changes	Policy Changes		Total
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements	
Community and Technical Colleges				
Facilities Maintenance and Operations Funding	\$1,900,000			
Campus Security		\$8,500,000		
Worker Retraining Program			\$5,700,000	
Compensation Funding Shortfall	\$937,000			
E-Discovery (preservation and retrieval of electronic records)		\$1,600,000		
Running Start			\$7,000,000	
OFM Enterprise Systems Fee	\$1,100,000			
Instructional Equipment and Digital Libraries			\$9,000,000	
Total	\$3,937,000	\$10,100,000	\$21,700,000	\$35,737,000
Total Higher Education Supplemental Operating Budget Request	\$7,365,400	\$27,642,141	\$53,700,296	\$88,707,837

Attachment C

2007-09 Supplemental Capital Budget Requests

Institution	<u>Non-Policy Changes</u>	<u>Policy Changes</u>		<u>Total</u>
	<u>Technical Corrections and Adjustments</u>	<u>Emergent Needs and Opportunities</u>	<u>Program Enhancements</u>	
Central Washington University Dean Hall Furnishing and Equipment		\$1,300,000		\$1,300,000
The Evergreen State College Daniel J. Evans Library Building		\$1,983,000	\$0	\$1,983,000
Washington State University Veterinary Medical Research Building (design phase)		\$0	\$7,400,000	\$7,400,000
University of Washington Safe Campus Initiative Improve Animal Research Facilities Expand Access to Child Care UW Tacoma Land Acquisition and Soils Remediation House of Knowledge Longhouse		\$4,500,000	\$4,500,000 \$1,000,000 \$7,400,000 \$1,500,000	
Total		\$4,500,000	\$14,400,000	\$18,900,000
Western Washington University Safe Campus Initiative: Distributed Antenna System Project Parks Hall Ground Floor Renovation Academic Center at Bellingham Waterfront Child Development Center Expansion		\$3,926,000	\$4,700,000 \$6,300,000 \$925,000	
Total		\$3,926,000	\$11,925,000	\$15,851,000
Total Four-Year Institutions		\$11,709,000	\$33,725,000	\$45,434,000

Attachment C (continued)

Institution	Non-Policy Changes	Policy Changes		Total
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements	
Community and Technical Colleges				
Capital Project Cost Escalation		\$6,300,000		
Yakima Valley Community College Skills Center			\$2,500,000	
Bellevue Community College: L Building Repairs		\$1,400,000		
	Total	\$7,700,000	\$2,500,000	\$10,200,000
Total Higher Education				
Supplemental Capital Budget Request		\$19,409,000	\$36,225,000	\$55,634,000

Attachment D

2007-09 Higher Education Supplemental Operating Budget Request Items

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
The Evergreen State College		<i>Campus Safety and Emergency Preparedness – \$860,000</i> Staffing, communication technology, and infrastructure improvements.	<i>Faculty Recruitment and Retention Adjustment – \$465,000</i> A 3% average faculty recruitment and retention increase to the college’s faculty salary base is requested.
		<i>Equity Salary Adjustment for Exempt Positions – \$250,000</i> An average of a 3% increase in salary and benefits for exempt employees is requested to complement salary and benefit increases funded for classified employees in the 2007-09 biennium.	
Central Washington University	<i>Non-Represented Classified Staff Employee Salary Increases – \$913,000</i> The 2007-09 appropriations act inadvertently omitted CWU from appropriations for non-represented classified staff salary and benefit increases.	<i>Exempt Staff Salary Inequity Compression Pool – \$380,000</i> The request will fund an average 3% increase for exempt and professional staff.	<i>Faculty Recruitment and Retention Pool – \$1,000,000</i> Funding of a recruitment and retention pool will allow CWU to match competitive offers for top notch faculty on our campus that are being recruited by other universities and colleges, to package competitive offers to attract top faculty in their fields, and to provide incentives for faculty to stay in Washington.

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Central Washington University (continued)		<p>Emergency Management Safety Request – \$229,000 Funds are requested to implement emergency management plans, including staffing and campus communication technology.</p>	
		<p>Fire & EMS Services – \$100,000 Fire protection for the campus has moved from a City to County based service. Under the new arrangement the university will not have enough funds to cover the increase in the overall cost of providing both fire and EMS services.</p>	
Eastern Washington University		<p>Emergency Response – \$440,000 Provides for a comprehensive campus safety awareness education program and additional police officers, along with operations funding.</p>	<p>Faculty Recruitment and Retention – \$865,000 An additional 3% of the faculty salary base in FY09 is requested to be used for faculty recruitment and retention.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Eastern Washington University (continued)		<p>Administrative Exempt Salary Compression – \$496,000 Eastern Washington University requests 3% of the exempt salary base in FY09 to address salary compression issues for administrative exempt employees.</p>	
		<p>Emergency Equipment and Notification Technology – \$306,000 To fund emergency equipment and notification technology.</p>	
Washington State University	<p>Under-funding of Salary Increases – \$1,936,000 The 2007 Legislature mandated special salary increases for state employees. Technical problems with personnel data caused many bargaining units, civil service and other employees to be excluded from or miscalculated in the new OFM salary model.</p>	<p>Campus Safety Initiatives – \$3,000,000 Funding is requested for additional campus safety. Requested funding would be used for campus safety staffing and training, communication technology, and infrastructure improvements.</p>	<p>Administrative and Student Core Computer Systems Study – \$1,000,000 Washington State University requests funds for a feasibility study to replace WSU’s aging core computer systems for administration and direct student support. The request is made in accordance with state Information Service Board (ISB) guidelines and in consultation with state Department of Information Systems.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Washington State University (continued)	<p>Information Systems Revolving Fund – \$407,400 In response to State Auditor and federal government regulations, the 2007-09 biennial budget included an adjustment in the maintenance level to cover rate changes in charges for information systems services. The budgeted increase has been found to be less than projected biennial costs.</p>	<p>Graduate Student Programs Restoration – \$1,600,000 Funding was cut from WSU’s maintenance-level budget this biennium to eliminate the “subsidy” for graduate students who are from other states. A reduction in funding for graduate programs is counter to the principles of Washington Learns and to the legislative goal of increasing average funding for each student.</p>	<p>Emerging Global Animal Health & Agriculture Issues – \$3,850,000 Washington State University requests funding to create a School of Global Animal Health which will focus research on public health related to the danger of disease transmission from animals to humans and the condition of our food supply (both safety and abundance.)</p>
		<p>Equity Salary for Administrative Professionals – \$1,700,000 Funding is requested for a 3% increase in the administrative professional salary base pool for exempt employees, to be effective July 1, 2008.</p>	<p>WSU Tri-Cities Enrollment – \$512,000 Funding is requested for an additional 40 students (full-time equivalent or FTE) to the campus base beginning in FY 2008. WSU Tri-Cities is currently over-enrolled by 50 students and projected to remain over-enrolled due to expansion this spring in nursing and other programs.</p>
			<p>Recruitment and Retention for Faculty – \$4,500,000 WSU faculty salaries lag those paid by universities in other states by 15.3% (Higher Education Coordinating Board peer group). Funding is requested to fund a faculty salary recruitment and retention pool that would allow increases averaging an additional 3% effective July 1, 2008.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
University of Washington		<p><i>Safe Campus Initiative – \$862,000</i> The request will support efforts on campus to prevent and respond to violent incidents, provide counseling and referral services to students, and implement an outdoor public alert system for the Seattle campus.</p>	<p><i>Expand Access to Child Care – \$250,000</i> Funds are requested to provide students, staff, and faculty with enhanced child care options.</p>
		<p><i>Restore Non-Resident Graduate Student Subsidy Reduction – \$1,946,000</i> Funds are requested to restore a reduction to the non-resident graduate student subsidy that was included in the 2007-09 enacted budget. This policy adversely impacts the ability of the University to attract the best and brightest students and achieve the Washington Learns goal of educating more students to higher levels.</p>	<p><i>Faculty Recruitment and Retention Funding – \$7,826,000</i> The University requests funds to establish a three percent pool to assist the University in recruiting and retaining outstanding faculty, professional staff, and librarians.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
University of Washington (continued)		<p>Professional Staff and Librarian Salary Compression Pool – \$3,303,000</p> <p>The University is seeking funds to help alleviate salary compression issues.</p>	<p>Expand Nursing Educators – \$883,000</p> <p>Funds are requested to expand nursing enrollments on all three UW campuses. The nursing Ph.D. program at the Seattle campus will be expanded by 10 additional students each year for four years – ultimately resulting in 40 additional Ph.D. nursing students at UW Seattle. The Master of Nursing programs at UW Bothell and UW Tacoma will be expanded by 25 additional part-time students (or five full-time students) each year over the next two to five years.</p>
			<p>Institute for Health Metrics & Evaluation – Domestic Health Issues \$1,904,000</p> <p>Funds are requested to expand analytical work at the Institute to include interventions that will improve domestic health measures while providing high-quality, proven, and cost-effective healthcare interventions in the United States.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
University of Washington (continued)			<p><i>e-Science Institute – \$2,025,000</i> The University is requesting funds to establish a core e-Science infrastructure program at the UW. The e-Science Institute initiative will begin with an initial focus on environmental e-Science. State funding will be used to develop core infrastructure and services, hire a director for the overall initiative, and hire key faculty members who will work closely with existing faculty on environmental applications of e-Science.</p>
			<p><i>Ports, People, and Puget Sound – \$2,115,000</i> Funds are requested to build additional research capacity in the area of sustainable port development through an integrated effort across the Seattle, Bothell, and Tacoma campuses. The linked effort will address marine water quality in Puget Sound, sustainable port development, and economic impacts of using ports for multiple purposes.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Western Washington University	<i>OFM-Labor Relations Office (classified staff bargaining) – \$120,000</i>	<i>Campus Safety & Emergency Preparedness – \$1,106,831</i> Emergency planning and support staffing to ensure campus safety and enhanced communication, including technology to operate PIER (Public Information Emergency Response) and to comply with NIMS (National Incident Management System).	<i>Teach Washington – \$994,345</i> A program to recruit new secondary teachers from the ranks of WWU students interested in majoring in mathematics or science, providing early field experiences, supervised by Master Teachers, to entice students to pursue teaching careers. Will increase the quantity, quality, and diversity of math and science teachers.
	<i>Department of Information Services: Revolving Fund – \$12,000</i>	<i>Emergency Relocation: Scene Shop Classroom – \$264,054</i> The current building has generated serious safety concerns for the health and safety of the students and staff using the facility.	<i>Red Tide Mitigation Project – \$590,790</i> This request is to establish a research institute within WWU’s Huxley College of the Environment to develop strategies to forecast and mitigate harmful algal blooms in Puget Sound and Georgia Basin.
	<i>Attorney General Rate Increase – \$40,000</i>	<i>Equity Salary Pool for Administrative Professional Staff – \$699,256</i> Funding to establish a salary pool equivalent to an additional 3.0% average increase for professional staff to address market salary disparities.	<i>Recruitment and Retention for Faculty (including Librarians) – \$1,496,521</i> Funding to establish a 3% recruitment and retention safety pool is needed to cover compression adjustments, faculty start-up, recruitment, and retention.

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Western Washington University (continued)			<p><i>Student Teachers Enhancing Possibilities (STEP) – \$463,816</i> WWU’s future teachers will “open eyes and doors” to higher education for students and their families throughout the state. Through STEP, in partnership with P-12 schools, WWU’s student teachers (500 per year) will help identify, support, mentor, and tutor first-generation students.</p>
			<p><i>Expand Early Childhood Education – \$454,874</i> This request would expand access to child care by about 25% to faculty and staff.</p>
			<p><i>Investing in Transfer Access and Transition (INTACT) – \$318,028</i> This request is designed to remove obstacles transfer students face in enrolling in their majors, completing degrees, and graduating on time.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Western Washington University (continued)			<p><i>Making College Possible for Under-served Populations: Targeted Leadership Advantage Program – \$486,922</i> This program is one element of a broader institution-wide plan to create a comprehensive leadership program for students at WWU and will work in concert with the recently funded low-income, first-generation program to recruit and retain promising, yet at-risk students.</p>
Community & Technical Colleges	<p><i>Facilities Maintenance and Operations Funding – \$1.9 million</i> Included in this request is maintenance and operations funding for three buildings (Lower Columbia Fine Arts at \$444,000, Edmonds Instructional Lab at \$728,000, and Peninsula Workforce Training Center at \$84,000). Also requested is funding for maintenance and operations for two Pierce College Health Education Center buildings, one at Puyallup (\$117,000) and the other at Fort Steilacoom (\$535,000), both of which contain instructional space.</p>	<p><i>Campus Security – \$8.5 million</i> The State Board for Community and Technical Colleges forwards this item as a placeholder request. Refinement of this request is still underway.</p>	<p><i>Worker Retraining Program – \$5.7 million</i> The State Board for Community and Technical Colleges seeks to begin to close the funding gap for this program by requesting \$5.7 million in permanent funding beginning in FY 2009. This would bring state funding per FTE to \$5,530 – \$1,559 (28%) in financial aid and \$3,971 (72%) for college support, and would close approximately 40% of the funding gap.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Community & Technical Colleges (continued)	<p>Compensation Funding Shortfall – \$937,000 Faculty and classified staff salary increases provided this biennium were under-funded. The salary bases used to calculate the funding amounts did not include the funding provided last biennium for faculty increments or the funding provided this biennium for certain classified salary improvements. This request level covers the funding shortfall.</p>	<p>E-Discovery – \$1.6 million The Federal courts have issued new mandatory regulations on the preservation and retrieval of electronic records. SBCTC has developed this request in collaboration with the colleges, Attorney General’s Office, and the Department of Information Services, to determine the hardware and software requirements and the costs to implement an enterprise-wide solution for email archiving. There are approximately 52,000 electronic mailboxes in the college system that would qualify for archiving. The \$1.6 million request is for software licensing, implementation/deployment, and equipment.</p>	<p>Running Start – \$7 million There is a significant and growing gap between the reimbursement rate and the actual cost to provide college instruction. The gap has tripled since the program’s inception in 1994, and is now \$3,000 per FTE, which is about 40 percent of the CTC average cost of instruction. The annual cost of closing the funding gap is estimated at \$34.5 million. The SBCTC proposes a five-year phased funding plan to address the Running Start funding gap, and requests \$7 million as the first installment in this supplemental budget request. In addition, the SBCTC requests that colleges be allowed to report and count the portion of each Running Start FTE not covered by the K-12 reimbursement (about 0.4 of an FTE) toward state enrollment targets.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Community & Technical Colleges (continued)	<p>Office of Financial Management Enterprise Systems Fee – \$1.1 million</p> <p>OFM has notified us that a new technology fee for the Enterprise system was inadvertently omitted from our biennial funding, and they intend to address this in the supplemental budget.</p>		<p>Instructional Equipment and Digital Library Resources – \$9 million</p> <p>The SBCTC requested \$17 million in the biennial operating budget to address urgent equipment replacements needs in instructional programs. The Legislature provided \$2 million toward this request. Equipment acquisition and replacement remains a top priority need at the colleges, and this item asks the Legislature to add \$7.5 million in permanent FY 2009 funding to their original investment. In addition, this funding would provide students throughout the CTC system uniform access to the same on-line library resources they will later use on the job or at baccalaureate institutions. Because access to these resources is critical to prepare students for the work environment and for transfer, \$1.5 million in permanent annual funding is requested in the second year of this biennium.</p>

Attachment D (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Community & Technical Colleges (continued)	<p><i>Fund Shift Correction</i> The original biennial budget moved some general operating dollars into a fund with limited allowable uses. The colleges will not have enough expenditures in the allowable areas, resulting in a de facto funding reduction unless the fund shift is corrected in the supplemental budget. OFM intends to address this in the supplemental budget.</p>		

Attachment E

2007-09 Capital Supplemental Budget Request Item

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Central Washington University		<p><i>Dean Hall Furnishing and Equipment – \$1,300,000</i> Due to unanticipated construction cost escalation, CWU seeks supplemental funding to complete the equipping and furnishing of Dean Hall.</p>	
The Evergreen State College		<p><i>Daniel J. Evans Library Building – \$1,983,000</i> Due to unanticipated construction cost escalation, the College seeks supplemental funding to complete the scope of work as originally authorized.</p>	
Washington State University			<p><i>Veterinary Medical Research Building – \$7,400,000</i> (design phase) Funding is requested for a facility required to strategically advance WSU’s neuroscience research effort. Design funding is requested toward construction of an \$83.5 million building in 2009-11.</p>

Attachment E (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
University of Washington		<p><i>Safe Campus Initiative – \$4,500,000</i> The UW is requesting \$4.5 million in one-time funding for capital improvements to enhance mass-notification systems on the Seattle campus.</p>	<p><i>Improve Animal Research Facilities – \$4,500,000</i> To make improvements to several animal facilities that have been identified by the Association for Assessment and Accreditation of Lab Animal Care as having deficiencies.</p>
			<p><i>Expand Access to Child Care – \$1,000,000</i> Funds are requested to provide students, staff, and faculty with enhanced child care options.</p>
			<p><i>UW Tacoma Land Acquisition and Soils Remediation – \$7,400,000</i> Funds are requested to allow the UW to take advantage of opportunities to purchase new parcels of land within the boundaries of the UW Tacoma campus. A portion of the funding will also be used to remediate contaminated soils.</p>
			<p><i>House of Knowledge Longhouse – \$1,500,000</i> Funds are requested for predesign and design of a House of Knowledge on the Seattle campus. The House of Knowledge will provide a culturally responsive learning environment for students, faculty, and staff.</p>

Attachment E (continued)

Institution	Non-Policy Changes		Policy Changes
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements
Western Washington University		<p>Safe Campus Initiative: Distributed Antenna System Project – \$3,926,000</p> <p>This request implements a system to distribute signals to all areas of buildings including basements and utility tunnels as well as exterior areas of campus: The system would enhance all radio frequency signals.</p>	<p>Parks Hall Ground Floor Renovation – \$4,700,000</p> <p>This request allows for reuse and adaptation and expansion of the College of Business and Economics.</p>
			<p>Academic Center at Bellingham Waterfront – \$6,300,000</p> <p>WWU proposes to purchase up to 12 acres of land from the Port of Bellingham to establish an academic center on the waterfront allowing for expanded enrollment, research partnerships, and public educational services.</p>
			<p>Child Development Center Expansion – \$925,000</p> <p>Funding is requested to add a class lab capacity to meet increased faculty, staff and student child care demand as well as better serve student learning.</p>

Attachment E (continued)

Institution	Non-Policy Changes		Policy Changes	
	Technical Corrections and Adjustments	Emergent Needs and Opportunities	Program Enhancements	
Community & Technical Colleges – Excluding COP Financing Projects		<p>Capital Project Cost Escalation – \$6.3 million The 2007-09 capital budget provided \$3.2 million, against our request for \$5 million, for CTC’s to manage unanticipated cost escalation for capital projects. The legislative proviso allows for cost escalation relief of up to \$750,000 per project; however, the \$3.2 million in funding is insufficient to provide that level of relief if all seventeen projects scheduled to go to bid this biennium were to need it. This request would seek an adjustment from the \$3.2 million already budgeted to up to \$9.5 million, allowing qualified projects to receive closer to the \$750,000 per project.</p>	<p>Yakima Valley Community College: Skills Center– \$2.5 million The 2007-09 capital budget provided funds for a new Skills Center for the Yakima School District. The school district is currently leasing the existing Skills Center site from Yakima Valley Community College (YVCC). According to the terms of the lease, YVCC is required to compensate the school district for the 20,956 square foot building it will be vacating. This budget request compensates the Yakima School District per the terms of the ground lease dated June 25, 1977. The current classroom and lab space is in excellent condition, can be put to immediate use, and is cost effective.</p>	
		<p>Bellevue Community College: L Building Repairs – \$1.4 million Bellevue Community College has identified water intrusion and mold problems in the L-Building. The college hired consultants to estimate costs for repairs and the problems are more extensive than originally thought. It will require replacement of windows and storefront and sealing of concrete.</p>		

Attachment F**HECB Supplemental Budget Recommendations:
Technical Errors/Adjustments and Emergent Needs by Line-Item and Type**

	<u>HECB Recommendations</u>	
	<u>Operating Budget</u>	<u>Capital Budget</u>
Technical Errors/Adjustments		
Employee Compensation Corrections		
Under-funding of Salary Increases - WSU	\$1,936,000	
Classified Employee Salary Increases - CWU	\$913,000	
OFM - Labor Relations Office (classified staff bargaining) - WWU	\$120,000	
Compensation Funding Shortfall - SBCTC	\$937,000	
Total - Compensation Increases	\$3,906,000	NA
Recalculation of Services and Charges Funding		
Information Systems Revolving Fund - WSU	\$407,400	
Department of Information Services - Revolving Fund - WSU	\$12,000	
Attorney General Rate Increase - WSU	\$40,000	
OFM Enterprise Systems Fee - SBCTC	\$1,100,000	
Total - Services and Charges Funding	\$1,559,400	NA
All Other Technical Errors/Adjustments	\$1,900,000	NA
Total - Technical Errors/Adjustments	\$7,365,400	NA
Emergent Needs and Opportunities		
Campus Safety		
Safe Campus Initiative - UW	\$862,000	\$4,500,000
Campus Safety Initiatives - WSU	\$3,000,000	
Emergency Management Safety Request - CWU	\$229,000	
Emergency Response - EWU	\$440,000	
Emergency Equipment and Notification Technology - EWU	\$306,000	
Campus Safety and Emergency Preparedness - TESC	\$860,000	
Campus Safety and Emergency Preparedness - WWU	\$1,106,831	
Campus Security - SBCTC (placeholder)	\$8,500,000	
Distributed Antenna System Project - WWU		\$3,926,000
Total - Campus Safety	\$15,303,831	\$8,426,000

Attachment F (continued)

	HECB Recommendations	
	<u>Operating</u>	<u>Capital</u>
	<u>Budget</u>	<u>Budget</u>
Exempt Employee Salary Inversion/Compression		
Professional Staff and Librarian Salary Compression Pool	\$3,303,000	
Equity Salary for Administrative Professionals	\$1,700,000	
Exempt Staff Salary Inequity Compression Pool	\$380,000	
Administrative Exempt Salary Compression	\$496,000	
Equity Salary Adjustment for Exempt Positions	\$250,000	
Recruitment and Retention for Professional Staff	\$699,256	
Total - Salary Compression/Inversion	\$6,828,256	NA
All Other Emergent Needs and Opportunities	\$5,510,054	\$10,983,000
Total Emergent Needs and Opportunities	\$27,642,141	\$19,409,000
Total HECB Recommendation	\$35,007,541	\$19,409,000

RESOLUTION NO. 07-17

WHEREAS, It is the responsibility of the Higher Education Coordinating Board (HECB) to recommend higher education funding priorities to the legislature for regular biennial budgets as well as supplemental budget requests; and

WHEREAS, The public universities and colleges have submitted their respective supplemental budget requests for the 2007-09 biennium to the HECB and the Governor's Office of Financial Management; and

WHEREAS, The fiscal committee of the HECB met to consider the supplemental operating and capital budget requests on October 17, 2007; and

WHEREAS, The fiscal committee made recommendations and comments to the full HECB for consideration on October 25, 2007;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopts the recommendations of the fiscal committee; and

BE IT FURTHER RESOLVED, That the Governor and Legislature provide \$36.3 million in additional operating budget funding, and \$16.7 million in additional capital budget authorizations to address technical changes and emergent needs within the 2007-09 biennium for the public universities and colleges.

Adopted:

October 25, 2007

Attest:

Bill Grinstein, Chair

Jesus Hernandez, Vice-Chair