2005-07 Higher Education Operating and Capital Budget Recommendations

December 2004

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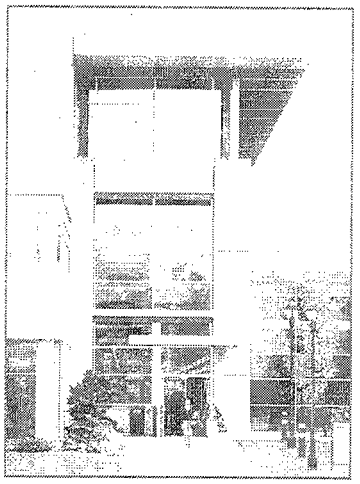

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2005-07 Higher Education
Operating and Capital Budget Recommendations

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Section 1

Operating Budget Recommendations

December 2004

December 2004

2005-07 Higher Education Operating Budget Recommendations to the Legislature

The Higher Education Coordinating Board (HECB) is directed by state law to submit its recommendations for the 2005-07 higher education operating budget to the Office of Financial Management (OFM) by November 1, 2004, and to the legislature by January 1, 2005. These requirements are spelled out in RCW 28B.76.210.

In October, the board recommended to the governor that the state increase higher education funding in the operating budget by $848 million in 2005-07 to make progress toward the goals outlined in the board's *2004 Strategic Master Plan for Higher Education.* That proposal would boost the biennial higher education budget to $3.7 billion.

The October recommendation was based on a comprehensive review of the budget requests from the public four-year college and universities and from the State Board for Community and Technical Colleges (SBCTC) on behalf of the state's 34 two-year colleges. The review concentrated on how well the requests aligned with the board's budget priorities as articulated in the strategic master plan.

In September, when the board began considering its budget recommendation, OFM Director Marty Brown estimated that anticipated spending in 2005-07 would be approximately $1.1 billion greater than expected revenue during the period. Since then, this imbalance has been revised upward by OFM to $1.7 billion. Compounding the higher education budget challenge is the fact that Washington voters in November rejected Initiative 884, which would have raised an additional $1 billion per year in state revenue dedicated to education. More than $400 million per year – or $800 million in the 2005-07 biennium – would have been earmarked for higher education.

The board considered its October recommendation to reflect a bare-bones needs assessment for higher education. The board remains committed to its goals as stated in the master plan of increasing opportunities for students to earn degrees and to respond to the state's economic needs. To achieve these goals, the state must expand access to higher education by providing funds to support new enrollments, improve the quality of academic and job training programs, expand financial aid for needy students, and enhance state-sponsored research activities. However, the reality is that the needs of higher education are not going to be met in the 2005-07 biennium. State general fund revenue is projected to grow by less than seven percent, but the board's October recommendation represented a 38 percent increase in spending. When the board adopted the recommendation, the members also discussed the possibility that a revision might be

needed to more accurately respond to the state's budget situation. This document describes the revised recommendation developed by the HECB.

Overview

In the current biennium, the state has provided $2.7 billion in general fund revenue to higher education. To maintain the same level of service in the 2005-07 biennium is estimated to cost $2.86 billion. To expand access to higher education and maintain its quality, the board is now recommending enhancements of $400 million. This would increase higher education appropriations to $3.26 billion – an increase of 21 percent over the current biennium.

The reduction of the October recommendation from $848 million to $400 million represents an attempt by the board to prioritize its fiscal objectives and establish a basis for the state to make at least incremental progress toward the goals articulated in the 2004 master plan.

Enrollment is still a key consideration, with an increase of 12,900 full-time equivalent enrollments recommended (down from 22,100 in the October recommendation). A stable high-demand enrollment program remains an important element of this recommendation. Funding for cost-of-living adjustments for faculty and staff remains at the level recommended in October.

The board recommends scaling back its original proposal for additional salary improvements for faculty. And, while maintaining the state's financial aid programs is a basic foundation for the December recommendations, the recommended enhancements necessary to meet the board's long-term goals are being delayed. Research is still critical, but the board is recommending only those proposals already submitted by the institutions and not expanding beyond them. Program improvements are still important, but the board suggests they generally be funded with resources provided for new enrollments or generated through tuition increases.

The reduction from $848 million to $400 million does not reflect an across-the-board reduction. Some proposals have been scaled back more than others, an approach that likely will continue if further revisions are required.

Table 1

2005-07 Higher Education Operating Budget Recommendation
December 10, 2004
(Dollars in Millions)

	Governor/OFM	Legislature	
Current Biennium	$2,697.6		
Maintenance Level (amount necessary to continue current services)	$2,862.2		
Recommendation to the:	**Governor/OFM**	**Legislature**	
Allocating student enrollments			
Associate degrees, prepared for work and adult literacy: 10,000 FTEs over two years at $5,650 per FTE	$84.8	$40.5	5,000 FTEs over two years at $5,400 per FTE
Bachelor's degrees: 8,000 budgeted FTEs over two years at $6,303 per FTE	$92.0	$51.1	4,400 budgeted FTEs over two years at $6,303 per FTE
Graduate degrees: 2,100 budgeted FTEs over two years at an average $15,000 per FTE	$59.0	$33.0	1,200 budgeted FTEs over two years at an average $15,000 per FTE; includes WSU veterinary medicine
Increasing enrollments in high-demand fields	$30.0	$30.0	1,000 FTEs for baccalaureates ($11,000 per FTE; $16.5 million) and 1,300 FTEs for SBCTC ($6,900 per FTE; $13.5 million)
Salaries			
COLAs for all staff: 3.2% in FY06 and 1.6% in FY07	$97.0	$97.0	Same
Additional salary increase for faculty/exempt staff to make progress when compared to institutional peers (5% each year)	$143.0	$30.0	$15 million for baccualreate recruitment and retention; $15 million for CTC part-time faculty salaries
Expanding student financial aid	$160.0	$85.8	See Table 2
Special program improvements	$80.0	$10.0	ABE/ESL enhanced funding
Helping transfer students earn bachelor's degrees	$1.6	$1.6	Same
Measuring student success with improved data system	$0.5	$0.5	Same
Research	$100.0	$20.5	Fund UW and WSU request only
Total Increase	**$847.9**	**$400.0**	
Total Proposed Budget	**$3,710.1**	**$3,262.2**	
Percentage increase 2005-07 over 2003-05	38%	21%	

Enrollments

The board's enrollment recommendation contains four elements, each of which relates to different aspects of the board's goals of increasing the opportunities for students to complete degrees and respond to the state's economic needs: (1) associate degrees, prepared for work and adult literacy; (2) bachelor's degrees; (3) graduate and professional degrees; and (4) degrees earned in high-demand fields. The board has a separate funding and enrollment recommendation for each area. In all cases, the enrollments would be funded at an enhanced rate.

(1) **Associate degrees, prepared for work and adult literacy:** The SBCTC has set performance targets for the number of transfer-ready students, students prepared for work, and students in adult basic education who have made significant skill gains. The HECB has adopted the targets set by the two-year colleges for both job training and adult literacy. In addition, the HECB has a separate associate degree goal. The SBCTC has determined that it would require a funding increase to support 10,000 new full-time students to meet its performance targets. The board endorsed this recommendation in October. Now, the board is recommending that the increased number of general enrollments for the community and technical colleges be reduced from 8,700 to 5,000. It is understood that this reduction may require that the SBCTC reduce its performance targets.

The other 1,300 full-time equivalent students requested by the SBCTC for apprenticeship and high-demand are moved to the request for high-demand fields (see Item 4 on the following page).

Recommended funding for these general enrollments is reduced from $5,650 per student to $5,400. This is in line with the differentiation made by the legislature in funding general enrollments in the 2004 supplemental budget. In that budget, new enrollments at the baccalaureate institutions were funded between $5,459 and $5,605 per FTE, while new enrollments at community and technical colleges were funded at $4,563 per FTE – a difference of roughly $900. The board recommends baccalaureate FTEs be funded at $6,303 per FTE. Maintaining the differential would require that community and technical college FTEs be funded at $5,400 per FTE.

(2) **Bachelor's degrees:** The board now recommends an additional 4,400 undergraduate full-time equivalent students be funded at the baccalaureate institutions. The board has a target of 30,000 students earning bachelor's degrees per year by 2010, with an intermediary target of 28,600 in 2006-07. Of this total, some 75 percent (21,450) are to be earned at public institutions. If the public institutions were to continue to enroll students in excess of what the legislature has funded, it would require an additional 2,750 FTEs to meet this target. On the other hand, if the institutions were to enroll only at the level of students as provided by the legislature, it would require an additional 8,000

FTEs. The recommendation of 4,400 FTEs is midway between these two points after taking into account the high-demand FTEs provided in Item 4 below.

Recommended funding per full-time equivalent student remains at $6,303 per full-time equivalent student. This amount is based on the differential between the rate at which enrollments are funded at Washington's comprehensive institutions and the rates of peer institution funding in other states.

(3) **Graduate degrees:** The board recommends the number of full-time equivalent students in graduate programs be increased by 1,200 over the 2005-07 biennium. The board has a target of 11,500 students earning graduate degrees annually by 2010. An intermediary target is 10,900 in 2006-07 of which 6,300 would be earned in public institutions. In 2003-04, slightly more than 6,000 graduate degrees were earned from public institutions. Given present levels of enrollments and degrees per enrollment, it would require an additional 670 FTEs to produce the additional degrees. However, if the public institutions were to reduce enrollments to state-budgeted levels, it would require an additional 1,740 FTEs. The board's recommendation is midway between these two points.

Recommended funded for graduate programs remains at $15,000 per full-time equivalent student.

(4) **High-demand fields:** In its implementation plan for the strategic master plan, the board recommended a continuing practice of adding $10 million per year for a high-demand enrollment program. In the first biennium (2005-07), this would come to a total of $30 million. This was the recommendation made in October and the board favors preserving this level in the revised recommendation. It is recognized that this program by itself is not large enough to meet the needs of the economy, but the availability of competitive high-demand grants has provided an important stimulus to improved economic responsiveness by the public colleges and universities. Included in this recommendation are 1,000 full-time equivalent students (500 in 2005-06 and 1,000 in 2006-07) at the baccalaureate level, funded at $11,000 per FTE student. In addition, it would fund 1,300 full-time equivalent students (650 in 2005-06 and 1,300 in 2006-07) at the two-year colleges, at about $6,900 per FTE student.

Salaries

The board maintains its previous recommendation to the governor for cost-of-living adjustments for all higher education employees at 3.2 percent in FY 2006 and 1.6 percent in FY 2007. This proposal reflects the outcome of management-labor negotiations under the new state civil service reform statute. The estimated cost of this enhancement is $97 million.

The October recommendation also included $143 million for additional salary increases averaging five percent per year for faculty and exempt staff. This represented an attempt to bring salaries in Washington closer to the average of those at comparable institutions in other states. However, the board has revised this proposal and instead recommends the creation of two $15 million "salary enhancement pools" for the baccalaureate institutions and the two-year college system. Baccalaureate institutions would use the new money for faculty recruitment and retention, while the two-year colleges would target part-time faculty salary improvements.

Financial Aid

The board recommends reducing the its earlier financial aid enhancement recommendation by nearly 50 percent

In October, the board recommended a $160 million expansion of financial aid programs, based on the HECB agency budget request and the implementation plan for the 2004 strategic master plan. This funding level would have achieved the board's goals for the State Need Grant of expanding eligibility to 65 percent of the state's median family income and for the award to equal tuition at public colleges. The award for the Promise Scholarship would have been increased to equal the statutory maximum of 100 percent of community college tuition. The State Work Study program would have been restored to its historic levels of students served and support would have been available to additional students in high-demand fields. Participation in the Educational Opportunity Grant, a program designed for placebound transfer students, would have been increased. Awards in the Washington Scholars and the Washington Award for Vocational Excellence programs would have been increased to keep pace with tuition increases. Also, a new pilot program was recommended for low-income full-time workers.

At its December meeting, the board recommended revising the financial aid funding enhancement to $85.8 million during 2005-07. While the board maintains its long-term service goals for the State Need Grant program (serving students whose family income is up to 65 percent of the state median and providing grants equal to public tuition rates), it now proposes to maintain current services levels (55 percent of MFI and grants that are less than full tuition rates). The board believes the state should place a higher priority on ensuring that financial aid keeps pace with tuition increases and that funds are available for students who are currently eligible for a need grant but for whom there are insufficient funds. The cost of maintaining the program's current service level is estimated at $75.2 million in the 2005-07 biennium, assuming tuition increases seven percent per year.

For the Promise Scholarship, the board is recommending that the award be increased from the current $1,176 per year to $1,400. This approach would cost $3.5 million, but would fall far short of the expected level of community college tuition in the 2005-07 biennium.

Table 2

2005-07 Financial Aid Enhancement Recommendation
December 10, 2004
(Dollars in Millions)

Recommendation to the:	Governor/OFM	Legislature	
State Need Grant			
Cover unserved students; adjust award for due to 7% tuition increases; eligibility increased to 65% median family income; award equal to 100% of tuition	$125.8	$75.2	Cover unserved students; adjust award for due to 7% tuition increases
State Work Study			
Expansion for high-demand	$0.6		
Adjust for inreased costs and restore historic service level	$8.9	$3.9	Adjust for inreased costs and partially restore to historic service level
Educational Opportunity Grant			
Increase participation	$1.5	$0.5	Increase participation
Washington Promise Scholarship			
Set award at 100% of CTC tuition	$20.4	$3.5	Set award at $1,400 per year
Washington Scholars			
Washington Award for Vocational Excellence			
Cover tuition increases	$0.7	$0.7	Same
Financial Aid for Low-Income Full-Time Workers			
New pilot program	$2.0	$2.0	Same
Total Proposed Enhancements	**$159.9**	**$85.8**	

The board now recommends adding $3.9 million to the State Work Study program instead of the $8.9 million recommended in October. This enhancement would not include the proposed expansion to assist students in high-demand fields. The board also recommends a $500,000 enhancement for the Educational Opportunity Grant, rather than the earlier total of $1.5 million. The recommendations for the Washington Scholars and Vocational Excellence programs and the proposed pilot program for low-income full-time workers would remain unchanged.

Other Enhancements

In October, the board recommended that $182 million be added to the higher education budget for non-specified program improvements meant to help bring Washington institutions into line with funding at similar institutions in other states ($80 million), additional funding for research ($100 million), a statewide transfer advising system ($1.6 million), and a student level data warehouse ($500,000).

In December, the board recommended these improvements be pared back to $34.6 million. For research, the board recommends only the proposed enhancements at the University of Washington and Washington State University, which total $20.5 million. Also, the board recommends $10 million for enhanced funding for adult basic education programs at the community and technical colleges. Recommendations for the statewide student advising system and the student level data warehouse are still supported by the board. Finally, the $2 million proposal for preserving the veterinary medicine program at Washington State University has been incorporated into the recommendation for increased graduate-level enrollments.

For items not proposed for funding in the revised recommendation, it is suggested that institutions consider using tuition revenue or funds associated with new enrollments.

Table 3

Other Non-enrollment, Non-salary Request Recommendations
December 10, 2004

(Dollars in Millions)

	Institution Request	Recommendation to the: Governor/OFM*	Recommendation to the: Legislature
University of Washington			
Core education support	$75.0		
Research	$13.4		$13.4
Washington State University			
Core funding	$51.0		
Preserving veterinary medicine	$2.0		$2.0
Research	$7.1		$7.1
Central Washington University			
Tuition waiver authority	$2.0		
Connections program (1st generation)	$1.0		
Eastern Washington University			
The Evergreen State College			
Faculty and staff recruitment and retention	$1.0		
Core support for student success	$4.5		
Maintenance backlog	$1.9		
Western Washington University			
Additional faculty positions	$2.8		
Core funding issues	$3.6		
General education program	$0.4		
Economic partnerships	$0.3		
Expand fundraising partnerships	$0.6		
State Board for Community & Technical Colleges			
ABE/ESL enhanced funding	$10.0		$10.0
Job skills program	$10.0		
Higher Education Coordinating Board			
Statewide student advising system	$1.6	$1.6	$1.6
Student data warehouse	$0.5	$0.5	$0.5
Financial aid delivery system	$0.2		
Financial aid outreach	$0.1		
Total	$114.0	$182.1	$34.6

* The HECB recommendation to the governor/OFM included $80 million for non-specified program improvements and $100 million for reseach.

Bob Craves
Chair

James E. Sulton, Jr., Ph.D.
Executive Director

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RESOLUTION NO. 04-33

WHEREAS, The Washington Higher Education Coordinating Board (HECB) is a citizen board appointed by the governor and confirmed by the Senate and is required to make budget recommendations for higher education funding to both the governor and the legislature; and

WHEREAS, These recommendations are to be based on a review and evaluation of the operating and capital budget requests from the four-year institutions and the community and technical college system and how well these requests align with the board's budget priorities, the missions of the institutions, and the statewide strategic master plan for higher education; and

WHEREAS, The board adopted operating and capital budget recommendations to the governor for the 2005-07 biennium at its meeting on October 21, 2004; and

WHEREAS, The board determined that reaching the goals as outlined in the strategic master plan in the 2005-07 biennium would be accomplished by making investments of $848 million and that this represented what the board felt to be the increased needs of higher education in the upcoming biennium; and

WHEREAS, At that time the Office of Financial Management was anticipating that there was a $1.1 billion mismatch between expected spending in 2005-07 and expected available revenues; and

WHEREAS, Now the Office of Financial Management is anticipating that spending pressures exceed available revenues by $1.7 billion; and

WHEREAS, The board recognizes that the needs of higher education are not going to be met in the 2005-07 biennium and that the board should recommend an alternative to the legislature that is more feasible;

THEREFORE, BE IT RESOLVED, That the board recommends that in the 2005-07 biennium the legislature provide $400 million in additional state investments in the higher education operating budget to begin to accomplish the goals outlined by the HECB in its *2004 Strategic Master Plan for Higher Education.*

Adopted:

December 10, 2004

Attest:

Bob Craves, Chair

Gene Colin, Secretary

Section 2

Overview of 2005-07 Higher Education Operating and Capital Budget Recommendations

October 2004

October 2004

2005-07 Higher Education Operating and Capital Budget Recommendations

Overview

The Higher Education Coordinating Board (HECB) is directed by state law (RCW 28B.76.210) to submit recommendations on the proposed 2005-07 higher education budgets and on the board's priorities to the Office of Financial Management by November 1, 2004. Budget recommendations are to be submitted to the legislature by January 1, 2005.

The board is to review and evaluate the operating and capital budget requests from the four-year institutions and the State Board for Community and Technical Colleges (SBCTC). This review is to be based on how well the requests align with the board's budget priorities, the missions of the institutions, and the *2004 Strategic Master Plan for Higher Education.*

The board is to collaborate with the four-year institutions and the State Board for Community and Technical Colleges, along with other appropriate organizations, to identify budget priorities and the levels of funding for higher education. The recommendations from the board are not to be a sum of the requests from the multiple institutions, but reflect the prioritized funding needs of the overall system of higher education.

The four-year institutions, the SBCTC, and the HECB submitted their 2005-07 budget requests to the Office of Financial Management and the HECB in early September. The institutions and the SBCTC reviewed their requests with the board on September 21, 2004.

The board is aware of the state's fiscal condition and the estimated $1.1 billion dollar mismatch in the 2005-07 biennium operating budget outlook. Expected carry-forward budget pressures exceed the forecasted level of revenues available for this period. The board is also aware that Initiative 884 is on the ballot in November. This initiative would raise an additional $1 billion per year in state revenue dedicated to education purposes. More than $400 million per year, or more than $800 million in the 2005-07 biennium, would be dedicated to higher education.
In July 2004, the board adopted the *2004 Strategic Master Plan for Higher Education.* In this plan, the board described its vision, goals, and specific proposals for improving the higher education segment of the state's education system. Several overarching points of context framed and focused the entire report:

- Continuing the status quo is not good enough. Washington has an excellent higher education system, but its quality cannot be taken for granted. The board believes the state system is not funded as well as it should be and it is not working as effectively as it could for students, institutions, and policy-makers.

- The state must focus on a limited number of priorities. Washington must resist the impulse to identify an ever-expanding list of well-intended goals, strategies, and new programs. Instead, the state must relentlessly limit itself to the highest priorities. In the master plan, the board's highest priorities are restricted to two goals: (1) increasing the number of students who complete their studies and earn college degrees, certificates, and other credentials of success and (2) making the higher education system more responsive to the needs of the state economy.

- Washington must have both a well-funded higher education system and one that is responsive to performance measurement and accountability. The board is committed to advocating higher state spending for colleges and universities, including increased financial aid for deserving students. It also endorses accountability for performance, because the taxpayers of Washington deserve to know two things: (1) that the public's investment in higher education is being well used and (2) that the state coordinating board is doing its part to build a strong system.

Goals for higher education in Washington

The goals and strategies presented in the *2004 Strategic Master Plan for Higher Education* include the following:

1. Increase opportunities for students to earn degrees

The 2004 strategic plan calls for a 12 percent increase in the number of students who earn college degrees per year by 2010, supported by a major increase in student enrollment. Currently, 58,000 students per year receive two-year, four-year and graduate degrees, so this goal represents an increase of 7,000 graduates each year.

2: Respond to the state's economic needs

The plan calls for a coordinated strategy to improve the collective economic responsiveness of the state's colleges and universities. Under this plan, more students would earn degrees in "high-demand" fields where careers are plentiful, the number of students who complete job training programs would increase by 18 percent, and the number of adults enrolled in adult basic education or English as a Second Language programs who increase their skills would increase by 19 percent.

Strategic policy proposals to support the goals

Funding for student success: The state should fundamentally change the way it finances higher education by linking funding more closely to results. Funding increases should reward colleges whose students are successful. Success can be measured in many ways, based on the mission of the college or university and the goals of students.

Allocating student enrollments: The state should provide additional resources to fund the necessary enrollment slots at the two-year and four-year colleges and universities by the 2009-11 biennium to meet the board's degree goals.

Increasing degrees in high-demand fields: In many programs, colleges cannot serve all the students who want to enroll, while employers cannot find enough skilled workers to fill projected job openings. The state should increase by 300 per year the number of students who earn degrees in these "high-demand" fields.

Keeping tuition affordable and predictable: Tuition increases at public colleges should be no more than 31 percent over any consecutive four-year period (7 percent annual increases compounded over four years). No annual increase should exceed 10 percent.

Expanding student financial aid: To help financially needy students meet the rising costs of a college education, the state should expand several state financial aid and scholarship programs. The plan also calls for a new pilot program to aid adults who attend college part-time while working full-time.

Planning for regional higher education needs: A comprehensive planning process will respond to regional needs for expanded college capacity and greater economic responsiveness.

Helping transfer students earn bachelor's degrees: The state needs a barrier-free transfer system to help community college transfer students earn bachelor's degrees at four-year colleges and universities as efficiently as possible. A statewide course equivalency system would help students learn which two-year college courses they should take for specific majors at each four-year college and university.

Helping students make the transition to college: Students who aren't prepared for college often fail to achieve their goals. Educators must clearly communicate to K-12 parents and students what it means to be "ready for college." Then, the state must make sure classes for 11th and 12th grade students adequately prepare them to enter college.

Increasing accountability for student success: Accountability is the backbone of a successful educational system and Washington needs to redesign its current accountability system to measure progress toward the statewide goals.

Measuring student success with an improved data system: Detailed information about student success is essential to understand current trends and to plan for future improvements. Washington lacks the kind of coordinated data system needed by state policy-makers, so the plan calls for a student-focused data system to evaluate progress toward state goals and to identify and eliminate barriers to student success.

Reducing barriers for non-traditional students: The state must pursue several strategies to meet the higher education needs of "non-traditional" students – including unemployed adults, students whose first language is not English, and those who need to balance college with work and family obligations.

State law regarding higher education budget recommendations

RCW 28B.76.210 – Budget priorities and levels of funding – Guidelines for institutions – Review and evaluation of budget requests – Recommendations

(1) The board shall collaborate with the four-year institutions including the council of presidents, the community and technical college system, and when appropriate the work force training and education coordinating board, the superintendent of public instruction, and the independent higher educational institutions to identify budget priorities and levels of funding for higher education, including the two- and four-year institutions of higher education and state financial aid programs. It is the intent of the legislature that recommendations from the board reflect not merely the sum of budget requests from multiple institutions, but prioritized funding needs for the overall system of higher education.

(2) By December of each odd-numbered year, the board shall distribute guidelines which outline the board's fiscal priorities to the institutions and the state board for community and technical colleges. The institutions and the state board for community and technical colleges shall submit an outline of their proposed budgets, identifying major components, to the board no later than August 1st of each even-numbered year.

(3) The board shall review and evaluate the operating and capital budget requests from four-year institutions and the community and technical college system based on how the requests align with the board's budget priorities, the missions of the institutions, and the statewide strategic master plan for higher education under RCW 28B.76.200.

(4) The board shall submit recommendations on the proposed budgets and on the board's budget priorities to the office of financial management before November 1st of each even-numbered year, and to the legislature by January 1st of each odd-numbered year.

(5) Institutions and the state board for community and technical colleges shall submit any supplemental budget requests and revisions to the board at the same time they are submitted to the office of financial management. The board shall submit recommendations on the proposed supplemental budget requests to the office of financial management by November 1st and to the legislature by January 1st.

[2004 c 275 § 7; 2003 c 130 § 3; 1997 c 369 § 10; 1996 c 174 § 1; 1993 c 363 § 6; 1985 c 370 § 4. Formerly RCW 28B.80.330.]

BOB CRAVES
Chair

James E. Sulton, Jr., Ph.D
Executive Director

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RESOLUTION NO. 04-26

WHEREAS, The Washington Higher Education Coordinating Board (HECB) is a citizens board appointed by the governor and confirmed by the senate and is required to make budget recommendations for higher education funding to both the governor and the legislature; and

WHEREAS, These recommendations are to be based on a review and evaluation of the operating and capital budget requests from the four-year institutions and the community and technical college system and how well these requests align with the board's budget priorities, the missions of the institutions, and the statewide strategic master plan for higher education; and

WHEREAS, The Board adopted the *2004 Strategic Master Plan for Higher Education* where it described its vision, goals, and specific proposals for improving the higher education segment of the state's education system; and

WHEREAS, The strategic master plan includes two goals: (1) increasing the opportunities for students to earn degrees and (2) responding to the state's economic needs; and

WHEREAS, The board has identified budget priorities linked to meeting the goals identified in the strategic master plan. These priorities include: increasing enrollments, including enrollments in high-demand fields; improving the quality of higher education by, among other things, increasing faculty and staff salaries; expanding student financial aid; providing increased funding for basic research; helping community college students to transfer; and improving the student data system; and

WHEREAS, The legislature passed and the governor signed into law House Bill 2151 which provided that the public four-year institutions work with the board and the Council of Presidents to prepare a single prioritized individual ranking of institutional capital projects; that the State Board for Community and Technical Colleges was to continue to submit a single prioritized ranking of proposed community and technical college capital projects; and that the board was to develop criteria for prioritization of these projects; and

WHEREAS, The legislature passed and the governor signed into law Senate Bill 5908 which authorized approximately $750 million in general obligation bonds over three biennia, beginning in 2003-05, to provide additional capital funding for higher education; and

WHEREAS, The citizen governing boards of the public higher education institutions have submitted operating and capital budget requests for the 2003-05 biennium;

THEREFORE, BE IT RESOLVED, That the board endorses the operating and capital budget requests approved by the citizen governing boards of the public higher education institutions; and

THEREFORE, BE IT FURTHER RESOLVED, That the board has determined that reaching the goals outlined in the strategic master plan in the 2005-07 biennium would be accomplished by making investments of $848 million in the 2005-07 biennium; and

THEREFORE, BE IT FURTHER RESOLVED, That the public institutions clearly explain to the governor, legislature, and the HECB how these additional resources have been used and the benefits that have accrued; and

THEREFORE, BE IT FURTHER RESOLVED, That the board recommends that in the 2005-07 biennium the governor and legislature:

1. Provide $848 million in additional state investments in the higher education operating budget to begin to accomplish the goals outlined by the HECB, and

2. Provide a total of up to $1.04 billion in capital funding with resources from state General Obligation Bonds, local institutional capital project account funds, and reimbursable bonds to be financed from the Education Construction Fund.

Adopted:

October 21, 2004

Attest:

Bob Craves, Chair

Gene Colin, Secretary

Section 3

Operating Budget Recommendations

October 2004

2005-07 Higher Education Operating Budget Recommendations

October 2004

WASHINGTON HIGHER EDUCATION COORDINATING BOARD

Presentation overview

I. Introduction
- State law
- Strategic Master Plan

II. Current Conditions
- Enrollments
- Funding per students
- Faculty salaries

III. Operating Budget Recommendation

I. Introduction

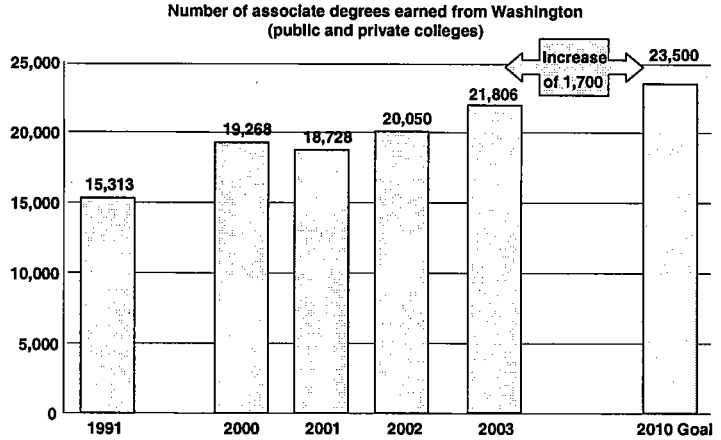
- The HECB is directed by statute to make recommendations for the 2005-07 biennium higher education operating and capital budgets
- The recommendations are to be based on:
  - The board's budget priorities,
  - The missions of the institutions, and
  - The 2004 Strategic Master Plan

Goals of the 2004 master plan

- **Increase degrees earned by students each year**
  - 1,700 more associate degrees each year (to reach 23,500 per year by 2010)
  - 4,000 more bachelor's degrees (30,000 by 2010)
  - 1,300 graduate/professional degrees (11,500 by 2010)
- **Greater economic responsiveness**
  - Increase by 300 per year the number of students receiving degrees in high-demand fields (will result in 1,500 per year after five years)
  - Increase job training completions by 18%, to reach 25,000 per year
  - Increase adult literacy by increasing 19% the number of adult basic education students who increase literacy skills

The board's goal is for students in Washington's higher education system to earn 23,500 associate degrees per year

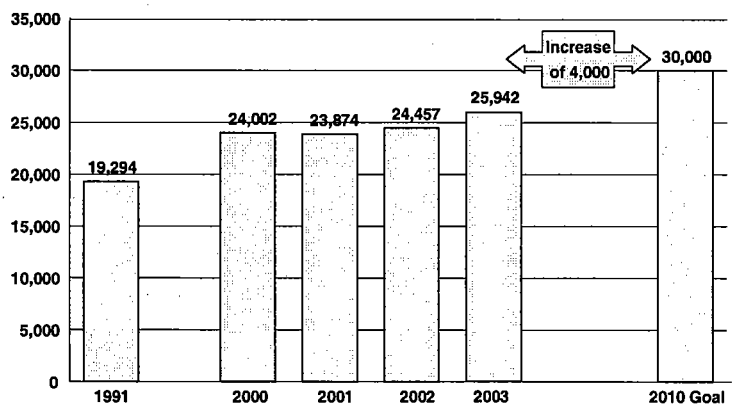
Number of associate degrees earned from Washington
(public and private colleges)



Source: IPEDS; goal is based on increasing degrees earned from 15.6 to 17.0 per 1,000 residents aged 20-34, and the number of residents aged 20-34 increasing by 10 percent.

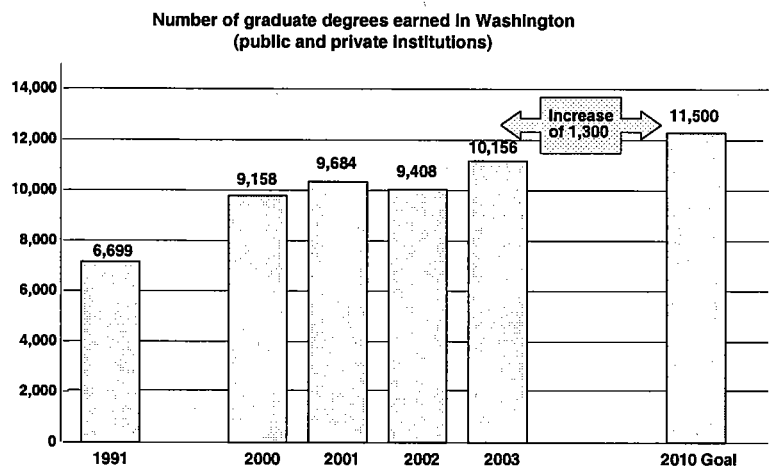
And for students to earn 30,000 bachelor's degrees per year

Number of bachelor's degrees earned from Washington
(public and private institutions)



Source: IPEDS; goal based on increasing degrees earned from 30.2 to 32.3 per 1,000 residents aged 20-29 and the number of residents aged 20-29 increasing by 18 percent.

And for students to earn 11,500 graduate degrees – master's, doctoral and professional – per year



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II. Current conditions

- Funding has not kept pace with growth in the college-going population
  - Over-enrollment at public colleges and universities has tripled since 2000-01
  - State funding per student has declined over the years
  - Funding per student is well below that of similar institutions in other states
  - Faculty salaries are less than salaries at similar institutions in other states

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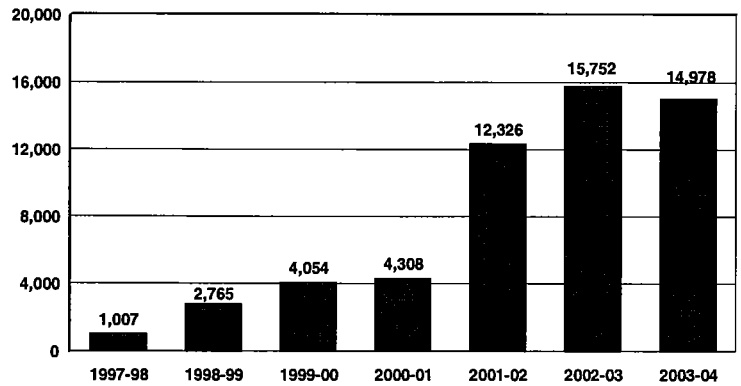
"Over-enrollments" have tripled since 2000-01 at Washington's public colleges and universities

Actual FTE enrollment compared to budgeted levels at public colleges and universities

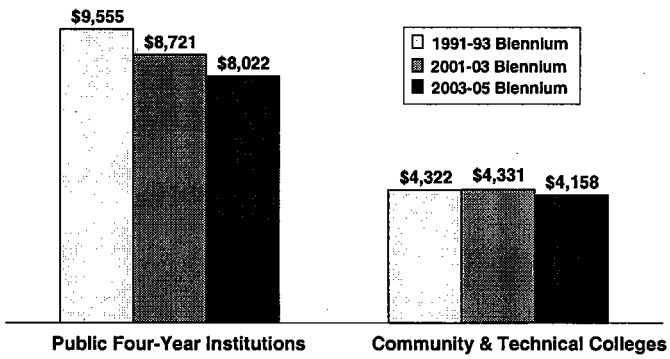


In 2003-04, the state budgeted for 213,338 enrollments and the institutions enrolled 228,316 full-time equivalent students.

October 21, 2004 | 2005-07 Operating Budget Recommendations | Source: OFM | 9

State support per higher education student has declined since the early 1990s and continues to erode in the 2003-05 operating budget

State general fund appropriations per budgeted FTE student
Adjusted for inflation (FY 2005 dollars)



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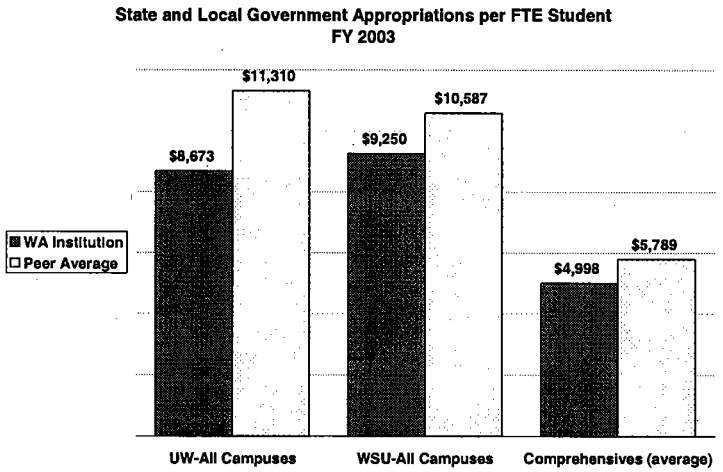
State and local government funding per student in Washington is less than at comparable institutions in other states



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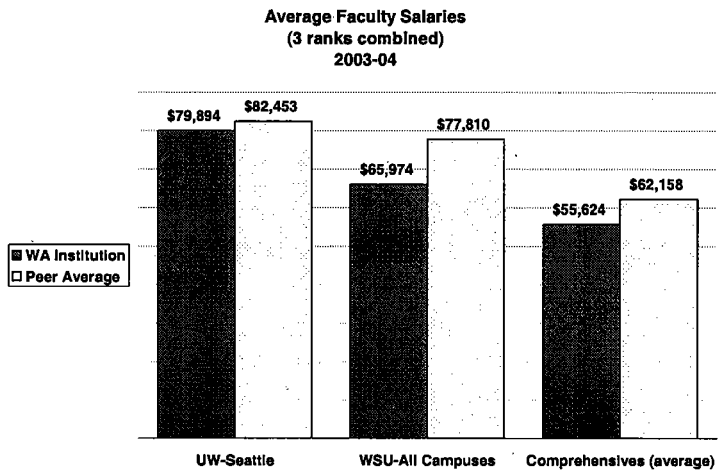
Average faculty salaries are lower in Washington than at comparable institutions in other states



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III. Operating budget recommendation

- Aimed at meeting the board's goals and policy strategies as identified in the 2004 Strategic Master Plan
- Identifies the need for new funding in higher education
- Represents an $848 million increase over the 2003-05 biennium

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2005-07 higher education operating budget recommendation

– **New enrollments to support goal of increased degrees**	**$235.8**
• 10,000 FTE at two-year colleges for associate degrees, job training and basic skills/literacy ($5,650 per FTE) – $84.8 million	
• 8,000 FTE at four-year institutions to increase bachelor's degrees ($6,303 per FTE) – $92 million	
• 2,100 graduate enrollments ($15,000 per FTE) – $59 million	
– **Faculty salaries**	**$240.0**
• COLAs for all faculty and staff (3.2% and 1.6%) – $97 million	
• Additional increase for faculty and staff equivalent to 5% per year to address disparate salaries when compared to peers and part-time faculty – $143 million	
– **Program improvements**	**$80.0**
• Reduce per-student funding gap with peer institutions	

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2005-07 higher education operating budget recommendation (continued)

• Increasing enrollments in high-demand fields	$ 30.0
• Expanding student financial aid	$160.0
• Helping transfer students earn bachelor's degrees	$ 1.6
• Improved data system to measure student success	$ 0.5
• Expanded state-funded research	$100.0
Total increase	$847.9 million

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Allocating Student Enrollments

- **Public sector enrollments to meet degree and performance goals**
  - Enrollments are tied to degree goals
  - Funding is tied to level at peer institutions
  - Total cost is $236 million
- **Faculty salaries and program improvements**
  - COLA tied to union negotiations with state and institutions
  - Additional faculty salary improvements tied to peers
  - Additional improvements needed to make headway against peer funding levels
  - Total cost is $320 million

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Increasing enrollments in high-demand fields

- The proposal is to add $10 million per year to funding high-demand field enrollments and completions ($30 million in 2005-07)
- High-demand fields are those where (a) student demand exceeds available slots and (b) employers are unable to fill job openings
- Annual completions from this program are expected to exceed 1,500 per year by 2010

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Expanding student financial aid

- **Increase awards to statutory maximum:**
  - State Need Grant: 100% of tuition, 65% MFI
  - Promise Scholarship: 100% of CTC tuition
- **Maintain the purchasing power of other awards**
- **Expand work-study opportunities for students pursuing high-demand degrees**
- **Increase funding for EOG to promote increased completion of bachelor's degrees**
- **Develop new pilot program to aid working adults**
- **Total additional 2005-07 cost of $160 million**

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Research

- University conducted research is vitally important to Washington's economic development
- In their budget requests, the UW and WSU have proposed a $20 million joint research initiative
- In addition, another $80 million should be provided for research

Data systems

- Helping students transfer ($1.6 million)
  - Statewide course equivalency system
  - Single Web site to learn how courses taken at a community college will transfer to a baccalaureate institution
- Measuring student success ($0.5 million)
  - The HECB proposal to develop a student-focused data system will enable the state to better track student success and measure progress toward statewide goals

Affordable and predictable tuition

- **Limited tuition increases**
  - Average annual increases of 7% per year (no more than 31% over four-year period)
  - Maximum annual increases of 10%

Funding for student success

- The present state funding system recognizes enrollment but does not reward institutions that demonstrate positive outcomes for students
- In 2005-07:
  - Lay groundwork to support change in funding mechanism
  - The proposed funding recommendations do link enrollments (inputs) with degree goals (outcomes)

October 2004

2005-07 Higher Education Operating Budget Recommendations

Goals of the 2004 Strategic Master Plan for Higher Education

Goal 1: Increase opportunities for students to earn degrees

The specific goal is to increase the number of associate, bachelor's, and graduate degrees earned annually in Washington at both public and private institutions.

- The goal for associate degrees is to have students earn 23,500 such degrees in 2009-10, an increase of nearly 1,700 or 8 percent from 2002-03.
- The 2009-10 goal for bachelor's degrees is 30,000, an increase of 4,000 or 16 percent from 2002-03.
- For graduate degrees, including master's, doctoral, and professional degrees (such as law and medical), the 2009-10 goal is 11,500, representing a 1,300 or 13 percent from 2002-03.

These goals were developed by analyzing several sets of data: the demographics of Washington's population in the prime degree-seeking age groups, economic projections for the state, and comparisons to other states. For the purpose of these budget recommendations, intermediate targets are presented. Degree-granting institutions in Washington report annually to the U.S. Department of Education on the number of degrees earned by their students.

Master plan goals for degrees issued by all Washington colleges and universities

	2002-03	2005-06	2006-07	2009-10
Associate Degrees	21,806	22,500	22,800	**23,500**
Bachelor's Degrees	25,942	27,500	28,000	**30,000**
Graduate Degrees	10,156	10,600	10,800	**11,500**

Goal 2: Respond to the state's economic needs

Specific targets for this goal have been set in the areas of: (a) increased completion in the state's high-demand programs; (b) increased numbers of students prepared by the state's community and technical colleges to enter the workforce; and (c) increased numbers of adults enrolled in adult basic education in the state's community and technical colleges who increase their literacy

skills. These latter two targets are based on goals adopted by the State Board for Community and Technical Colleges (SBCTC).

The Higher Education Coordinating Board (HECB) is proposing a specified amount of funding be provided annually for increasing enrollments and completions in high-demand fields. The amount of increase is $10 million per year. The goal for high-demand completions is strictly limited to the expansion of these programs. It is not related to the ongoing activity in existing high-demand programs.

The SBCTC has a performance measure for "prepared for work." This term is defined to include students who completed a vocational degree or certificate, apprenticeship program, or a unique training program, or students majoring in vocational programs who have left college after completing 45 vocational-level credits with a GPA of 2.0.

Another SBCTC performance measure is "increased adult literacy." This refers to the number of adults enrolled in adult basic education (ABE/GED) or English as a second language (ESL) who increase their literacy skills. The baseline is the number of students who made statistically significant gains or earned a GED or high school diploma during one academic year.

Master plan goals for students completing programs or demonstrating skill gains

	2002-03	2005-06	2006-07	2009-10
High-Demand Completions			600	**1,500**
Prepared for Work*	22,319	22,800		**25,000**
Increased Adult Literacy*	17,275**	18,150		**20,525**

* These goals are based on goals adopted by the State board for Community and Technical Colleges.
** The State Board for Community and Technical Colleges revised the adult literacy performance measure in 2004; this baseline is for 2003-04.

For the most part, actions already taken by the legislature and the institutions during the 2003-05 and prior biennia will determine whether the 2005-07 biennium goals are met. It takes several years for students to move through higher education. For example, with a four-year program, if enrollments are increased for the 2002-03 academic year and the institution responds by increasing the number of freshman students, initial results may not be seen until the 2005-06 academic year. Likewise, actions taken in the 2005-07 biennium will determine whether the specific goals set for the 2007-09 and 2009-11 biennia will be met.

Strategies to support state higher education goals in 2005-07

Fiscal Committee Proposal
Higher Education Coordinating Board
2005-07 Higher Education Operating Budget Recommendations

		$ Millions
Current Biennium		$2,697.6
Maintenance Level (amount necessary to continue current services)		$2,862.2
Strategies		
Allocating Student Enrollments		
Associate degrees, prepared for work & adult literacy: 10,000 FTEs over two years at $5,650 per FTE	$84.8	
Bachelor's degrees: 8,000 budgeted FTEs over two years at $6,303 per FTE	$92.0	
Graduate degrees: 2,100 budgeted FTEs over two years at an average $15,000 per FTE	$59.0	
COLAs for all faculty and staff: 3.2% in FY06 and 1.6% in FY07	$97.0	
Additional salary increase for faculty/exempt staff to make progress when compared to institutional peers (5% each year)	$143.0	
Program improvements to close the gap between Washington institutions and their peers	$80.0	
Increasing enrollments in high-demand fields	$30.0	
Expanding student financial aid	$160.0	
Helping transfer students earn bachelor's degrees	$1.6	
Measuring student success with improved data system	$0.5	
Research	$100.0	
Total Increase		$847.9
Total Proposed Budget		$3,710.1
Percentage increase 2005-07 over 2003-05		38%

- **Funding for student success**

While a funding proposal is not specifically described in this budget recommendation, the HECB remains committed to moving toward a funding system that rewards success rather than enrolling students. Success may be defined in many ways, but the central concept is degree or program completion. The concept of funding success represents a significant change in conducting business and will take time to plan and implement.

During 2005-07, the HECB will lay the groundwork to support a change in the funding mechanism. The board proposes that higher education funding be apportioned on the basis of enrollment during 2005-07, but that the funding system be gradually transformed beginning with the 2007-09 biennium. The board will collaborate with the state higher education community and the legislative and executive branches of state government in designing a new funding methodology and an action plan for putting it in place.

- **Allocating student enrollments ($556 million)**

Shares between public and private institutions

From 1991 through 2003, the number of bachelor's degrees earned at private colleges and universities increased from 5,026 to 6,281. Most of this growth has occurred since 1997. The share of total bachelor's degrees in Washington being earned at the private institutions declined from 26 percent in 1991 to 22 percent in 1997 and has increased to 24 percent in 2003. Since 1997, the share of bachelor's degrees being earned at institutions belonging to the Independent Colleges of Washington[1] grew from 4,399 to 4,964, while their share of total degrees in the state remained constant at 19 percent. Other private non-profit institutions increased their share from 3 percent to 4 percent of the total degrees earned as the number of degrees earned increased from 628 to 945.[2] Private for-profit institutions went from less than 0.5 percent in 1997 to 1 percent in 2003 as they grew from 65 degrees to 372.[3]

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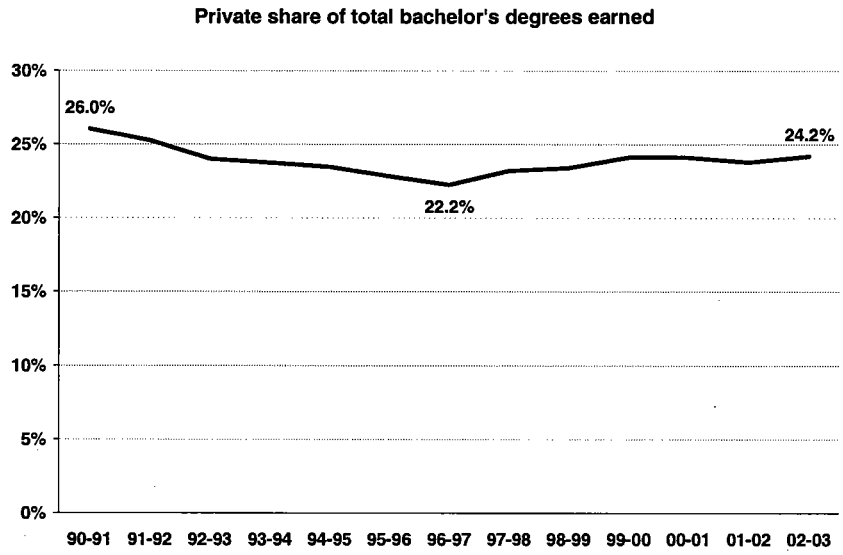
[1] Bachelor's degrees earned in 2002-03: Seattle University (845), Pacific Lutheran University (785), Gonzaga University (667), Seattle Pacific University (641), University of Puget Sound (586), Whitworth College (425), Whitman College (378), Saint Martin's College (282), Walla Walla College (279), and Heritage College (76).

[2] Bachelor's degrees earned in 2002-03: City University (345), Northwest College of the Assemblies of God (227), Cornish College of the Arts (118), Antioch University-Seattle (94), Bastyr University (79), Henry Cogswell College (49), Trinity Lutheran College (20), Puget Sound Christian College (10), and Faith Evangelical Lutheran Seminary (3).

[3] Bachelor's degrees earned in 2003: University of Phoenix-Washington (221), ITT Technical Institute-Seattle (68), Digipen Institute of Technology (34), Crown College (32), and Northwest College of Art (17).

The share of bachelor's degrees being earned at Washington's private institutions reached a low of 22% in 1997 and has increased to 24% since then

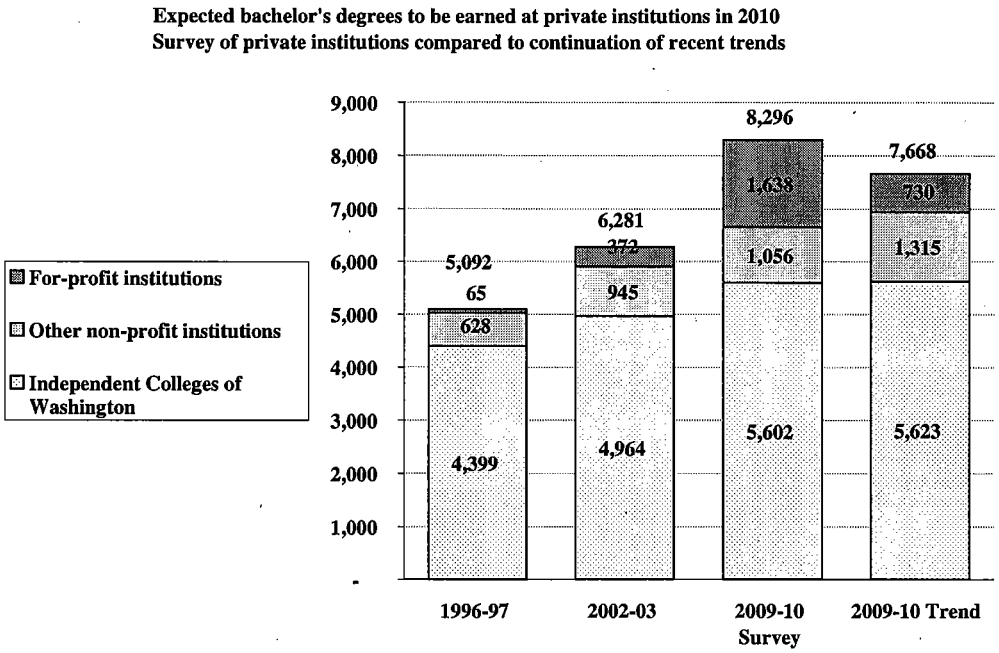


In spring 2004, the HECB surveyed the non-profit and for-profit baccalaureate institutions in Washington. These colleges were asked how many bachelor's degrees they expected to award in 2010. This response was compared to the trend from 1997 to 2003. Overall, the institutions' expectations totaled nearly 8,300 bachelor's degrees, or 28 percent of the HECB's 30,000 bachelor's degree goal for 2010. If the past trends continued, the total would be 7,700, or 26 percent of the goal.

The share of degrees issued by the Independent Colleges of Washington would remain constant at 19 percent. The survey results and the trend analysis yield similar results. The other non-profit institutions would remain at 4 percent of the total. There is a difference of 300 degrees between the survey results and the trend data – due to the fact that the two institutions that had the greatest growth between 1997 and 2003 did not participate in the 2004 survey (for this survey they were assumed to have no growth; the trend analysis assumed they would grow as in the past). The for-profits could range from 2 percent (trend) to 5 percent (survey) of the total bachelor's degree goal. This range was influenced by one institution that issued no bachelor's degrees in 2003 but said it expected to issue 900 in 2010.

For the purposes of this budget recommendation, it is assumed that private institutions in Washington would provide 25 percent of the bachelor's degrees earned in 2005-06 and 2006-07. This is midway between the actual results for 2002-03 and a reasonable expectation for 2009-10. The expectation is that 6,875 bachelor's degrees in 2005-06 and 7,000 bachelor's degrees in 2006-07 would be earned at private institutions. There are no strategies contained in this recommendation that would purport to alter this trend.

By 2010 the private baccalaureate institutions expect to produce 7,700 to 8,300 bachelor's degrees



Degree and performance goals for public institutions

This budget recommendation sets interim targets for degrees to be earned (associate, bachelor's and graduate degrees) and several performance measures (high-demand completions, workforce ready, and adult literacy). These targets can be converted into the educational activity that needs to take place to produce the results. For example, over the four years from 1999-00 to 2002-03, the comprehensive universities (CWU, EWU, TESC, and WWU) provided 5.2 million undergraduate student credit hours. One student credit hour is one student taking one hour of instruction per week. A full-time equivalent student takes 45 credit hours over the course of an academic year. During this four-year period, the comprehensive universities awarded nearly 30,000 bachelor's degrees. On average, then, over this four-year period, there was one bachelor's degree earned for every 175 student credit hours of instruction.[4] Or, this can be stated as one bachelor's degree earned per 3.89 full-time equivalent students.

[4] This average is less than what normally is required to earn a bachelor's degree – 180 credits. There are many factors that influence this average. Students taking extra courses, dropping classes, dropping out of school, failing and retaking courses, etc., would push the average upwards. Students importing credits from other colleges, such as transfer students from community colleges, would lower the average.

Full-Time Equivalent Enrollments per Degree
1999-00 to 2002-03

Bachelor's Degrees	
UW-All Campuses	3.40
WSU-All Campuses	4.05
Research Average	3.62
CWU	3.73
EWU	4.54
TESC	3.13
WWU	3.94
Comprehensive Average	3.89
Total All Public Four-Years	3.73

Graduate Degrees (Masters, Doctorates, and Professional)	
UW-All Campuses	3.14
WSU-All Campuses	4.06
Research Average	3.35
CWU	1.64
EWU	2.05
TESC	2.41
WWU	1.59
Comprehensive Average	1.87
Total All Public Four-Years	3.05

Source: HECB analysis using enrollment data from OFM and degree data from IPEDS

New public enrollments

As stated in the introduction, it may be too late to make decisions to ensure that the degree targets for the 2005-07 are met. However it is imperative that the enrollments be added so that the 2007-09 and 2009-11 targets can be met. The requested enrollments are allocated between the community and technical college, baccalaureate, and graduate sectors. The additional enrollment for bachelor's degrees and graduate degrees are not earmarked for particular institutions. Instead, parameters are provided on how many full-time equivalent students will be provided per expected degree and a cost per student. Institutions are then free to negotiate with

the legislature on whether these conditions are adequate and the number of additional students they are willing to accept, and the accompanying degrees.

Community and technical colleges

The State Board for Community and Technical Colleges prepared its budget request by linking its performance targets with the additional students needed to meet these targets. Built into this request are expected efficiency improvements. It is expected that ratios between degrees, certificates, and program completions compared to full-time students will be reduced. The SBCTC request is for an additional 5,000 FTE students in 2005-06 and another 5,000 FTE students in 2006-07, for a total of an additional 10,000 FTE students during the 2005-07 biennium.

Four-year undergraduate students

The budgeted enrollment level at the four-year institutions for 2004-05 is 87,639 FTE students. This is for both undergraduate and graduate students. Based on the split between actual undergraduate and graduate enrollments in 2002-03, the estimated number of budgeted undergraduates in 2004-05 is 70,616. The number of degrees that would be earned from this level of enrollments, using the four-year average of degrees per FTE student, would be 18,936.

The public sector bachelor's degree target is 20,625 in 2005-06 and 21,000 in 2006-07. These targets represent growth of nearly 1,700 degrees in 2005-06 over the "budgeted" level from 2004-05 and another 400 in 2006-07. At the comprehensive university average of 3.89 FTE students per bachelor's degree, the budgeted enrollment growth needed to meet the bachelor's degree targets is 6,600 in 2005-06 and another 1,400 in 2006-07. The 2005-07 biennium total budgeted enrollment growth is 8,000 FTE students.

Four-year graduate students

The estimated number of budgeted graduate students in 2004-05 is 17,000. Over three-fifths of these students are at the University of Washington, with another quarter at Washington State University. The number of graduate degrees that would be earned from this level of budgeted enrollments, using the four-year average of graduate degrees per FTE student by institution, would be 5,565.

The public sector graduate degree targets are 6,150 in 2005-06 and 6,260 in 2006-07. Using the average number of FTE students required per degree at each institution, the required number of additional FTE students is 1,800 in 2005-07 and another 300 in 2006-07. The total budgeted FTE enrollment growth over the 2005-07 biennium is 2,100.

Funding for new enrollments/degrees at peer level ($236 million)

The question of what is the "right amount" to spend on higher education is key to the discussion of higher education funding. States generally choose one of two methods to fund public higher education: (1) funding formulas or (2) cost per student. Formulas spell out student-faculty ratios, faculty teaching loads, administrative overhead, etc. Benchmark institutions are chosen to determine the "right" ratios, loads, and percentages. The "right" amount for a Washington institution is what is done at other institutions of a similar nature. Looking at the cost per student, the step of developing formulas is dropped. The "right" amount per student is what occurs at other similar institutions – the formulas are implied. These similar institutions are "peer" institutions.

The current lists of Washington public four-year institutions' peers were established in 1988 when the legislature expressed concern about the narrowness of the peer lists then in use. A Special Joint Study Group (JSG) on Higher Education was formed composed of members of both houses of the legislature, the executive branch, and the board. This group endorsed a new set of peer institutions and recommended using these new peer groups as external benchmarks to measure the adequacy of financial support for higher education. The JSG also established a funding goal for Washington institutions to achieve the 75th percentile level of the comparison groups over four biennia, beginning in 1989.

The criteria used to establish the peer groups reflect a national perspective. The peer groups include institutions that are similar in size, program offerings, student mix, and research orientation. More specifically, the Carnegie Commission's classification of institutions is used as the basis for selecting comparison groups (peer group numbers include the Washington institutions):

- The national comparison group for the University of Washington is all public institutions in the Carnegie classification "Research Universities category 1 with medical schools" (25 institutions).
- The national comparison group for Washington State University is all public land grant universities in the Carnegie classification "Research Universities categories 1 and 2 with veterinary schools" (23 institutions).
- The national comparison group for Central, Eastern, and Western Washington Universities is all public institutions in the Carnegie classification "Comprehensive Colleges and Universities category 1" (278 institutions). For these budget recommendations, The Evergreen State College is included in this comparison.

In FY 2003, the peer institutions for the University of Washington were funded at an average rate per student 30 percent higher than for the UW. The peer institutions for Washington State University were funded at an average rate 14 percent higher than WSU. The peer group for the comprehensive institutions was funded 16 percent higher than the Washington institutions. The budget recommendations for funding new students at the baccalaureate institutions are based on increasing the average appropriation for 2004-05 by the amount indicated in the peer analysis.

Governmental Funding Per FTE Enrollment
Washington Institutions Compared to their Peers
Based on Fall FTE Enrollments

	FY2001	FY2002	FY2003
UW-All Campuses	$9,223	$9,046	$8,673
Peer Average	$12,148	$12,071	$11,310
Percent Difference	32%	33%	30%
WSU-All Campuses	$9,737	$9,761	$9,250
Peer Average	$11,283	$11,138	$10,587
Percent Difference	16%	14%	14%
Comprehensives (average)	$5,350	$5,363	$4,998
Peer Average	$6,254	$6,222	$5,789
Percent Difference	17%	16%	16%

Bachelor's degree programs ($92 million)

For undergraduate programs, the recommendation is based on funding levels at the comprehensive institutions. The average state appropriation to the comprehensive institution for 2004-05 is $5,434 per FTE enrollment. Increasing this amount by 16 percent to reflect the higher appropriations at peer institutions results in a funding level of $6,303 per student.

Graduate degree programs ($59.0 million)

For graduate programs, a weighted average is used for current state expenditures at the research and comprehensive institutions. This weighted average was increased by an amount equal to the average per-student funding gap between the UW and WSU and their respective peer institutions. The average amount of $15,000 per graduate FTE enrollment was used in this recommendation.

Community and technical college programs ($84.8 million)

Citing an analysis performed by the HECB for the 2003-05 biennium operating budget request, the SBCTC has requested that new community and technical college enrollments be funded at an average of $5,650 per FTE enrollment. This amount is based on the average level governmental spending per student at community colleges in the western states.

Faculty and staff salaries ($240 million)

As is done with funding per student, comparisons are made with peer institutions regarding faculty salaries. Average faculty salaries at the peer institutions are 3 percent to 18 percent higher than at Washington institutions.

2003-04 Faculty Salaries
Washington Institutions Compared to Their Peers

	UW-Seattle	WSU-All Campuses	CWU	EWU	TESC	WWU
Professors						
Average Salary	$93,181	$80,022	$64,470	$62,596	$57,686	$67,700
Peer Average (Mean)	$101,797	$94,907	$75,770	$75,770	$75,770	$75,770
Percent Difference	9%	19%	18%	21%	31%	12%
Associate Professors						
Average Salary	$66,717	$60,327	$52,472	$51,232	$44,418	$53,651
Peer Average (Mean)	$69,276	$67,331	$59,923	$59,923	$59,923	$59,923
Percent Difference	4%	12%	14%	17%	35%	12%
Assistant Professors						
Average Salary	$63,231	$55,011	$44,195	$46,109	$39,701	$46,564
Peer Average (Mean)	$59,598	$58,146	$49,955	$49,955	$49,955	$49,955
Percent Difference	-6%	6%	13%	8%	26%	7%
All Professors (3 Ranks Combined)						
Average Salary	$79,894	$65,974	$54,607	$54,745	$54,995	$57,224
Peer Average (Mean)	$82,453	$77,810	$62,158	$62,158	$62,158	$62,158
Percent Difference	3%	18%	14%	14%	13%	9%

Cost-of-living adjustment ($97.0 million)

The salary recommendation has two steps. The first is to provide all staff with a cost-of-living adjustment equal to what unionized staff has negotiated with the institutions and the state. This would be 3.2 percent in the first year of the biennium and 1.6 percent in the second year. The estimated cost for the biennium is $97 million.

Additional salary increase for faculty and exempt staff ($143 million)

The HECB recommends additional funding to provide the equivalent of annual salary increases of 5 percent for faculty and exempt staff at the two-year and four-year colleges and universities in an attempt to bring salaries in Washington closer to the average of the peer institutions. The form of the salary increases could vary by the needs of the institution: across-the-board increases, recruitment and retention funds, part-time faculty salary improvements, etc.

Program enhancements ($80 million)

In addition to increasing faculty salaries to bring funding levels in Washington more in line with funding levels at similar institutions in other states, there are other programmatic needs. This funding pool is designed cover non-salary enhancements that will improve the quality of the institutions.

- **Increasing enrollments in high-demand fields ($30 million)**

The strategic master plan and the agency's budget request included specific funding for increased high-demand enrollments at the two-year and four-year institutions. The 2005-07 biennium request is for $30 million.

Funding for competitive grants to the public baccalaureate institutions and community and technical colleges complements general enrollment funding that is appropriated directly to the institutions. The funds requested will support high-demand enrollments at an average of $11,000 per FTE at the four-year institutions and at an average of $5,650 per FTE in the two-year system. Enrollments funded through this program will respond to the economic development needs of the state and its regions by increasing the number of highly skilled students who earn degrees or certificates in key occupational fields, such as biotechnology and health care.

The evolution of Washington's economy from one based on manufacturing to one that rewards knowledge, skills, and education has been well documented. However, state higher education funding to help Washington residents benefit from growth in knowledge-intensive, high-income sectors has been stagnant at best. Inflation-adjusted per-student funding for the state's colleges and universities has steadily eroded since the early 1990s.

In this environment, it is critical for the state to align its limited resources for public higher education with the needs of the economy. Traditional liberal arts education must remain a core component feature of the state's higher education system because the skills it imparts are central to business and career success. However, the state also must respond to student and employer demands in fields where current or projected job creation outpaces the capacity of the higher education system to produce trained graduates. This means targeting new funds and program development efforts to health care, biotechnology, and other fields that address statewide and regional opportunities and priorities.

High-demand programs have two primary elements: (1) instructional programs or fields in which student enrollment applications exceed available slots and (2) career fields in which employers are unable to find enough skilled graduates to fill available jobs. This definition recognizes both excess student demand for a program and high societal need for graduates in given fields. Satisfying both elements is critical. Fulfilling student demand without subsequent placement with employers will quickly lead to flooding the job market with unemployed graduates. Expanding programs because of employer demand without a queue of students will lead to unused capacity. Plus, a shortage of workers is not necessarily the result of limited

instructional capacity but could be symptomatic of the working conditions and/or wages in the occupation – problems that need to be addressed by other means.

High Demand Funding Proposal and Outcomes

Dollars in Millions

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Grants to HECB, SBCTC and/or institutions	$10	$20	$10	$20	$10	$20
"Carryforward" appropriations to institutions and/or SBCTC			$20	$20	$40	$40
Total GF-S	$10	$20	$30	$40	$50	$60
Biennial Total		**$30**		**$70**		**$110**
Average state cost per FTE	$10,000					
FTEs in high-demand programs	1,000	2,000	3,000	4,000	5,000	6,000
Completers		**600**	**900**	**1,200**	**1,500**	**1,800**

- **Keeping tuition affordable and predictable**

Tuition and fees should not increase by more than 31 percent during any consecutive four-year period (average increases of 7 percent compounded). Annual tuition increases should be spread as evenly as possible over this four-year period and no annual increase should exceed 10 percent.

- **Expanding student financial aid ($160 million)**

The strategic master plan and the agency's budget request included expansion of several financial aid programs to attain the board's long-term financial aid goals and also the creation of a new pilot program to aid adults who attend college part-time while working full-time. The cost estimates for these program improvements have been developed assuming tuition increases of 7 percent per year during the 2005-07 biennium.

State Need Grant ($125.8 million)

The board's goal is to extend a State Need Grant (SNG) to all students whose family incomes are no more than 65 percent of the state's median income, with grants equal to the full value of public sector tuition.

By removing the cost of tuition as a barrier to access, grants will go to the state's lowest-income students – meeting the full cost of tuition at public institutions; allowing students to enroll and persist in college; and improving their likelihood of earning degrees.

Service would be provided to about 66,200 students, representing an increase of about 12,100 over the current service level. About 54,100 students received tuition based SNG awards in 2003-04.

The State Need Grant is Washington's primary student aid program for low-income students. It helps resident students afford to go to Washington's public and independent colleges and universities, as well as private vocational schools. The board partners with the institutions of higher education to deliver the SNG program in a manner that minimizes administrative costs and delivers maximum benefit to students and the state.

The HECB's primary policy goals for the program are to serve students whose family incomes are no greater than 65 percent of the state's median family income (MFI), with grants equal to the full value of public sector tuition and fees. Currently, the effective service level is at 55 percent MFI. This is equal to annual income of about $36,500 per year for a family of four. At 65 percent, the annual income cutoff for a family of four would be about $43,000.

State Work Study – maintain purchasing power ($9.2 million)

Washington has done more than any other state to make work opportunities a part of how financially needy students meet college costs. The State Work Study program (SWS) is the state's investment in "self-help" for low- and middle-income families and provides a significant alternative to student borrowing. This proposal would maintain State Work Study's purchasing power, based on a model that estimates the influence of increased college costs while maintaining the number of students served at nearly 9,500 students and serving new enrollments in the same proportion as the current SWS program.

The SWS program provides financially needy students from low- and middle-income families with the opportunity to work in fields related to their academic and vocational interests. It pairs students with businesses willing to employ and pay the students while receiving a partial reimbursement for the instruction, training, and supervision they provide.

State Work Study – opportunities in high-demand fields ($600,000)

Employers frequently report that practical experience is a critical element to success in high-demand fields. The funds requested would be available to needy State Work Study students who enroll or seek to enroll in high-demand academic and training programs. This proposal would enable colleges to help students find part-time work placements that respond to local and statewide high-demand priorities and would enable students to affirm their interests in these fields earlier in their college careers – which has been found to increase student persistence. The funds would be used to reimburse employers for a portion of the wages paid to student employees.

The requested funds would be administered in a competitive manner among participating colleges and universities proposing student employment efforts to connect students enrolled or

interested in enrolling in high-demand fields with relevant student employment opportunities. The request should assist approximately 90 students in FY 2006 and 180 in FY 2007.

Educational Opportunity Grant ($1.5 million)

Washington state ranks 33rd in the nation in the number of baccalaureate degrees earned per 1,000 residents in the 20-29 age group. An investment in EOG-eligible community college transfer students is an efficient way to increase the number of placebound Washington students who earn bachelor's degrees. This proposal directly supports the HECB master plan goal to increase the number of baccalaureate graduates by increasing the number of EOG recipients, by 50 percent, over the next two years. This equates to serving 300 more students by the end of the 2005-07 biennium.

The state has made significant investments to create opportunities for its residents to complete two-year degrees through its funding of a robust community college system. The EOG program was created as one way for the state to capitalize on this investment by giving these financially needy "placebound" students an incentive to complete a four-year degree. The incentive would take the form of a $2,500 grant that would be designed to reduce student borrowing and would be renewable for one more year. "Placebound" students are understood to be those students with family, medical, employment, or financial barriers to overcome and are often understood to be older "non-traditional" students.

Washington Scholars ($630,000)

The purpose of the Washington Scholars program is to recognize and honor the accomplishments of outstanding high school seniors. The program is intended to stimulate the recruitment of outstanding students to Washington public and private colleges and universities by providing a financial incentive for Washington's best and brightest students to go to college in Washington. The financial incentive is a scholarship worth the value of tuition and fees at any of the state's public colleges and universities and up to the value of research institution tuition and fees, if the recipient attends a private four-year college. It can be received for up to four academic years.

This proposal maintains the purchasing power of the Washington Scholars program. Funding increases for Washington Scholars are linked to tuition and fee increases. As tuition increases, so should the scholarship, on a dollar-for-dollar basis.

Washington Award for Vocational Excellence ($39,000)

The Washington Award for Vocational Excellence (WAVE) is the state's merit-based award for outstanding vocational student achievement. The Workforce Education and Training Coordinating Board administers the program. The HECB is the fiscal agent for the program. Both boards recommend the scholarship be fully funded.

This proposal maintains the purchasing power of the program. Funding increases for the WAVE are linked to tuition and fee increases. This proposal assumes a 7 percent per year increase in tuition. As tuition increases, so should the scholarship, on a dollar-for-dollar basis.

Washington Promise Scholarship ($20.4 million)

Funds are requested to increase the amount of each Promise Scholarship to the value of community college tuition and fees. Consistent funding and predictable awards will improve the linkage between the K-12 system and higher education by motivating students in middle and high school to study hard and prepare for college. The effectiveness of the program to motivate student performance is dependent on both the predictability and value of the monetary award.

The Promise Scholarship program is intended to be a commitment to K-12 students from low- and middle-income families – that if they meet certain academic and other requirements, the state will help pay for their college costs. To be eligible, a student must graduate in the top 15 percent of his or her high school class, meet an income cutoff of 135 percent of the state's median family income (for 2004-05, that equals about $89,900 for a family of four), and attend an accredited college in the state of Washington. Students may also meet the academic criteria by scoring 1,200 or better on the Scholastic Aptitude Test I (SAT), or 27 or better on the ACT.

The program provides a two-year grant for outstanding graduating high school students. The program has operated since FY 2000. In FY 2004, about 7,000 students received awards and an estimated 7,500 students will receive awards in FY 2005. In the 2005-07 biennium, the number of recipients is expected to grow to about 7,625.

The maximum grant award authorized by statute is equal to community and technical college tuition and fees. The actual grant award is a prorated amount dependent upon the number of enrolled students and the available appropriation. For 2004-05, the award is equal to slightly more than 51 percent of community college tuition.

Funding for the program as a percentage of two-year college tuition has been inconsistent and compromises the ability of the program to act as a positive influence to encourage superior academic performance in high school. The opportunity presented by this proposal is to raise the grant amount to the full value of community and technical college tuition, thereby greatly improving the predictability that there will be a significant award for high academic achievement.

Pilot financial aid project for low-income full-time workers ($2 million)

Financial aid for full-time workers to pursue part-time education will enable more workers to gain valuable skills, thereby improving the quality of Washington's workforce. In 2000, some 953,000 Washington residents over 25 years old had a high school diploma, but no additional post-secondary education. Many of these workers do not have enough income to pay for part-time courses. Because they are working full-time, they do not usually have time to take the

minimum six credits currently required to qualify for financial aid. A pilot program would allow the state to serve this population, assess demand, and evaluate its impact.

The Washington financial aid community, state higher education agencies, and representatives from employers and labor would collaboratively design a pilot grant program for select institutions or regions within the following general criteria:

- Eligibility. The program would be for low-income workers who have dependents and who work at least 35 hours per week. Recipients would have to demonstrate financial need according to the federal methodology used for other state financial aid programs.
- Enrollment. Recipients would qualify if attending a college for five credits or less. (Students enrolled for six or more credits are already eligible for federal, state, and institutional aid.)
- Grant amount. Total grant assistance would equal the cost of tuition and required fees at a public institution, plus an allowance for books and supplies. Recipients could use the grant at private institutions, but the grant amount would be linked to public tuition and fees.

• Helping transfer students earn bachelor's degrees ($1.6 million)

The board's strategic master plan and the agency's budget request include a proposal to develop a statewide course equivalency system that would help students learn which two-year college courses they should take for specific majors at each four-year college and university.

A statewide advising system would help improve transfer efficiency. It would include a single Web site where students can enter a course taken at any college and determine its equivalent at any other college in the state. Students would also have the ability to send their transcripts electronically and have them evaluated for applicability toward a specific degree.

House Bill 2382, enacted in 2004, identified a need for improved efficiency in student transfer. The legislation directed the HECB to establish a work group to assist it in creating a statewide course equivalency system. The board is scheduled to make a progress report in January 2005 and the cost estimate for the equivalency system may be revised at that time.

• Measuring student success with an improved data system ($0.5 million)

The strategic master plan and the agency's budget request include a proposal to develop a student-focused data system to evaluate progress toward state goals and to identify and eliminate barriers to student success. In addition, House Bill 3103, enacted in 2004, directs the HECB to make policy decisions based on objective data analysis and to assemble an advisory group to determine data needs and cost-effective methods for accessing data. The HECB's goal is to create a data warehouse similar to one managed by the two-year college system, with student-level data for analysis and eventual linking with other data sources.

- **Research ($100 million)**

The University of Washington and Washington State University have made a joint proposal for new and expanded research initiatives. Their proposal would cost $20.5 million in the 2005-07 biennium. The joint proposal has three basic elements:

(1) Research initiatives:

- University of Washington

  -- Support the development of expertise in selected research areas that has the potential to benefit the state. These areas include nanotechnology, photonics and opto-electronic, cyber-science and data mining, proteomics, integrative environmental research, global human health, and large science projects.
  -- Provide optional support (operations and maintenance) for research facilities.

- Washington State University

  -- The university proposes to develop and use new technologies for health and job creation by investing in several targeted areas, including biomedical genomic sciences, health-related bioproducts, infectious diseases and pests, and sustainable food systems.

(2) Coordinated Technology Transfer: The proposal also would support coordinated UW Tech Transfer (formerly the Office of Intellectual Property and Technology Transfer) and WSU Office of Research Activities to enhance the transfer of university-based discoveries to benefit the state's economy.

(3) Joint Project: Policy Consensus Center: The proposal would permanently fund a jointly sponsored UW/WSU Policy Consensus Center.

In addition, the HECB believes that an additional $80 million should be made available for future research proposals in the 2005-07 and ensuing biennia.

Section 4

Capital Budget Recommendations

October 2004

October 2004

2005-07 Higher Education Capital Budget Recommendations

Policy Context – A New Approach

In adopting the 2003-05 capital budget, the legislature enacted two laws that have had a significant influence on how the state responds to the future capital budget needs of the higher education system:

- ESSB 5908: Building Washington's Future Act
- ESHB 2151: Prioritization of Higher Education Capital Project Requests

ESSB 5908: Building Washington's Future Act

The legislature enacted Engrossed Substitute Senate Bill 5908, the "Building Washington's Future Act" in response to the Gardner-Evans "Higher Education Leadership Project" (HELP) proposal. The legislation authorizes the State Finance Committee to issue, subject to legislative appropriation, approximately $750 million in general obligation bonds over three biennia, beginning in 2003-05, to provide additional capital funding for higher education.

In adopting ESSB 5908, the legislature established a clear intent for the additional capital funding:

> *"(the) new source of funding not displace funding levels for the capital and operating budgets of the institutions of higher education. It is instead intended that the new funding will allow the institutions, over the next three biennia, to use the current level of capital funding to provide for many of those urgent preservation, replacement, and maintenance needs that have been deferred. This approach is designed to maintain or improve the current infrastructure of our institutions of higher education, and simultaneously to provide new instruction and research capacity... This new source of funding may also be used for major preservation projects that renovate, replace, or modernize facilities to enhance capacity/access by maintaining or improving the usefulness of existing space for important instruction and research programs."*[5]

[5] Engrossed Substitute Senate Bill 5908.

ESHB 2151: Prioritization of Higher Education Capital Project Requests

Engrossed Substitute House Bill 2151 recognized that clear priorities for capital project expenditures would be needed to support significant future investments in higher education facilities.

In adopting ESHB 2151, the legislature stated that:

> *"... a capital investment in higher education facilities is needed over the next several biennia to adequately preserve, modernize, and expand the capacity of the state's public two-year and four-year colleges and universities. This investment is needed to responsibly preserve and restore existing facilities and to provide additional space for new students. Further, the legislature finds that capital appropriations will need to respond to each of these areas of need in a planned, balanced, and prioritized manner so that access to a quality system of higher education is ensured.*
>
> *It is the intent of the legislature that a methodology be developed that will guide capital appropriation decisions by rating and individually ranking, in sequential, priority order, all major capital projects proposed by the two-year and four-year public universities and colleges. Further, it is the intent of the legislature that this rating, ranking, and prioritization of capital needs will reflect the state's higher education policies and goals including the comprehensive master plan for higher education as submitted by the higher education coordinating board and as adopted by the legislature."*[6]

Specifically, ESHB 2151 did the following:

- **Directed the public four-year institutions,** beginning in the 2005-07 biennium, to work with the Higher Education Coordinating Board (HECB) and the Council of Presidents (COP) to prepare a single prioritized individual ranking of institutional capital projects.
- **Directed the State Board for Community and Technical Colleges (SBCTC)** to continue to submit a single prioritized ranking of proposed community and technical college capital projects.
- **Directed the HECB** to develop criteria for the prioritization of these projects and include them in the board's 2005-07 Capital Budget Guidelines.

[6] Engrossed Substitute House Bill 2151.

HECB's 2005-07 Capital Budget Guidelines: Priorities, Framework, and Methodology

The HECB adopted its 2003-05 capital budget guidelines and distributed them to the higher education institutions in December 2003. The guidelines call for the capital investments to support the goals and strategies of the board's Strategic Master Plan for Higher Education and outline the following priorities for capital projects:

- Are needed for life/safety or immediate repairs to facilities, systems, and infrastructure.
- Reduce the backlog of preservation, renewal, and replacement needs of higher education facilities, systems, and infrastructure.
- Improve the functionality and efficient use of academic spaces (instructional, research, support), which are essential to the role and mission of the institution.
- Provide additional capacity at community and technical colleges to alleviate critical space deficiencies and overcrowding.
- Allow for the completion of major new capacity projects at the comprehensive institutions and the continued development of the branch campuses and off-campus centers for higher education.
- Provide capacity for delivering high-demand programs.

These priorities are closely aligned to the priorities identified by the House Capital Budget Committee's 2002 Interim Work Group on Higher Education Capital Budget and Facilities.[7] The work group identified the following priorities: (1) reduce the preservation backlog; (2) provide new space to increase access at the community and technical colleges; (3) fund renovations and replacements that are critical to preserving access to current instruction space or to the mission of the institution; and (4) address unique access and mission issues as high priorities for capital appropriations.

In addition to fiscal priorities, the guidelines also outlined a framework and methodology for the two-year and four-year institutions to use in preparing their prioritized lists of capital projects.

- **Two-year institutions:** The guidelines directed the SBCTC to use its existing process to evaluate, prioritize, and rank capital projects for the two-year institutions. This system has been in place for many years and is familiar to state policy-makers.

[7] The work group was chaired by Representative McIntire and included Representatives Esser, Kenney, and Cox. Additionally, members of the Senate Capital Budget Subcommittee and Senate Higher Education Committee participated on an ad-hoc basis. Work group participants included representatives of the HECB, the Office of Financial Management, the Council of Presidents, the public four- and two-year institutions, the State Board for Community and Technical Colleges, and staff of the Joint Legislative Audit and Review Committee.

- **Four-year institutions:** The board recognized that many considerations lead to the determination of the relative priority of a capital project. In addition to assessments of a facility's physical condition or estimates of space need, other considerations shape an institution's biennial capital budget request. These considerations include an institution's role and mission, long-term strategic plan, and areas of current program emphasis and priority.

Summary of the 2005-07 Higher Education Capital Budget Request

Table I summarizes the higher education capital appropriations authorized for the 2003-05 biennium and the capital funding level requested by the two-year and four-year institutions for the 2005-07 biennium. The institutions are requesting a total of $1.2 billion, including $720.6 million for the four-year institutions and $470.4 million for the community and technical colleges.

Attachment A displays the specific project requests of the community and technical colleges and the four-year institutions.

Table I

Summary of 2003-2005 Higher Education Capital Appropriations and 2005-2007 Capital Budget Request

	2003-2005 Capital Appropriations	2005-2007 Capital Budget Request
Higher Education		
State Funds	$749,803,932	$1,039,524,737
Local Capital Accounts	$124,555,526	$120,654,000
Other	$0	$30,800,506
Total	**$874,359,458**	**$1,190,979,243**
Four-Year Institutions		
State Funds	$367,383,154	$629,970,000
Local Capital Accounts	$81,016,500	$71,650,000
Other	$0	$19,000,000
Total	**$448,399,654**	**$720,620,000**
Community & Technical Colleges		
State Funds	$382,420,778	$409,554,737
Local Capital Accounts	$43,539,026	$49,004,000
Other	$0	$11,800,506
Total	**$425,959,804**	**$470,359,243**

HECB's 2005-07 Capital Budget Recommendations

Table II summarizes the board's 2005-07 capital budget recommendations. The board is recommending a total of $1.04 billion, which includes $586.7 million for the four-year institutions and $450.2 million for the community and technical colleges.

The board's recommendation is based on the following revenue goals and assumptions:

- Higher education will receive nearly one-half of all new general state bonds authorized in the 2005-07 biennium;
- One-half of the remaining balance of the Gardner-Evans Bonds will be authorized; and
- $53 million from the Education Construction Fund will be appropriated for higher education capital projects.

These revenue goals and assumptions provide the ability to fund the most critically needed projects of both the four-year institutions and the community and technical colleges. The board believes that the prioritized projects of the two-year and four-year institutions are consistent with its priorities for capital spending and reflect careful and thoughtful decisions at the institutional level.

Attachment A displays the board's recommended funding for specific projects.

Table II

Summary of HECB Capital Budget Recommendations

	Amount	% of Request
Four-Year Institutions		
General State Bonds	$341,420,297	
Gardner-Evans Bonds	$116,325,046	
Education Construction Fund [1]	$26,500,000	
Local Capital Accounts	$90,650,000	
Transportation Budget	$11,800,506	
Total	**$586,695,849**	**81%**
Community & Technical Colleges		
General State Bonds	$246,579,197	
Gardner-Evans Bonds	$116,325,046	
Education Construction Fund [1]	$26,500,000	
Local Capital Accounts	$49,004,000	
Transportation Budget	$11,800,506	
Total	**$450,208,749**	**96%**
Total Higher Education		
General State Bonds	$587,999,494	
Gardner-Evans Bonds	$232,650,092	
Education Construction Fund [1]	$53,000,000	
Local Capital Accounts	$139,654,000	
Transportation Budget	$23,601,012	
Total	**$1,036,904,598**	**87%**

[1]Assumes these funds will solely be used for capital projects.

Public Four-Year Institutions
2005-2007 HECB Capital Budget Recommendations

			Institution Request		HECB Recommendation	
Priority	Institution	Description	Amount	Cumulative	Amount	Cumulative
1	UW	Minor Works - Preservation "A" (State)	$42,000,000	$42,000,000	$39,717,573	$39,717,573
1	WSU	Minor Works - Preservation "A" (State)	$36,000,000	$78,000,000	$34,043,634	$73,761,207
1	CWU	Minor Works - Preservation "A" (State)	$9,000,000	$87,000,000	$8,510,909	$82,272,116
1	EWU	Minor Works - Preservation "A" (State)	$18,700,000	$105,700,000	$17,683,777	$99,955,892
1	WWU	Minor Works - Preservation "A" (State)	$10,000,000	$115,700,000	$9,456,565	$109,412,457
1	TESC	Minor Works - Preservation "A" (State)	$2,700,000	$118,400,000	$2,553,273	$111,965,730
2	UW	Minor Works - Program "A" (State)	$5,000,000	$123,400,000	$4,728,283	$116,694,012
2	WSU	Minor Works - Program "A" (State)	$10,000,000	$133,400,000	$9,456,565	$126,150,577
2	CWU	Minor Works - Program "A" (State)	$0	$133,400,000	$0	$126,150,577
2	EWU	Minor Works - Program "A" (State)	$7,000,000	$140,400,000	$6,619,596	$132,770,173
2	WWU	Minor Works - Program "A" (State)	$2,000,000	$142,400,000	$1,891,313	$134,661,486
2	TESC	Minor Works - Program "A" (State)	$3,600,000	$146,000,000	$3,404,363	$138,065,849
3	TESC	Evans Building Phase II	$22,300,000	$168,300,000	$22,300,000	$160,365,849
4	WWU	Academic Instructional Center	$51,500,000	$219,800,000	$51,500,000	$211,865,849
5	WSU	Biotechnology Life Sciences Building	$57,100,000	$276,900,000	$57,100,000	$268,965,849
6	EWU	Restoration Phase I	$7,000,000	$283,900,000	$7,000,000	$275,965,849
7	CWU	Dean Hall	$17,600,000	$301,500,000	$17,600,000	$293,565,849
8	UW	Restoration Phase II	$63,000,000	$364,500,000	$63,000,000	$356,565,849
9	UW	UW Bothell Campus Capacity Expansion	$14,000,000	$378,500,000	$14,000,000	$370,565,849
10	UW	UW Tacoma Campus Capacity Expansion	$13,000,000	$391,500,000	$13,000,000	$383,565,849
11	WSU	Wastewater Reclamation	$12,700,000	$404,200,000	$12,700,000	$396,265,849
12	WSU	Tri-Cities Bioproducts	$13,100,000	$417,300,000	$13,100,000	$409,365,849
13	CWU	Hogue Design	$3,000,000	$420,300,000	$3,000,000	$412,365,849
14	UW	Computing & Communications Upgrades	$20,000,000	$440,300,000	$20,000,000	$432,365,849
15	WWU	Miller Hall Renovation	$3,800,000	$444,100,000	$3,800,000	$436,165,849
16	WSU	Biomedical Sciences	$7,400,000	$451,500,000	$7,400,000	$443,565,849
17	EWU	Patterson Hall	$2,000,000	$453,500,000	$2,000,000	$445,565,849
18	WWU	Carver Complex Renovation	$380,000	$453,880,000	$380,000	$445,945,849
19	CWU	Flight Technology	$2,500,000	$456,380,000	$2,500,000	$448,445,849
20	WSU	Spokane Riverpoint Nursing Center	$31,600,000	$487,980,000	$31,600,000	$480,045,849
21	WSU	Major Utility Upgrades	$6,000,000	$493,980,000	$6,000,000	$486,045,849

Public Four-Year Institutions
2005-2007 HECB Capital Budget Recommendations
(continued)

			Institution Request		HECB Recommendation	
Priority	Institution	Description	Amount	Cumulative	Amount	Cumulative
22	EWU	Campus Security System	$2,000,000	$495,980,000	$2,000,000	$488,045,849
23	WWU	College Hall Renovation	$3,000,000	$498,980,000	$3,000,000	$491,045,849
24	WWU	Wilson Library Renovation	$300,000	$499,280,000	$300,000	$491,345,849
25	WWU	Art Annex Renovation	$4,700,000	$503,980,000	$4,700,000	$496,045,849
26	All Institutions (Local)	Local Minor Preservation "A"	$25,150,000	$529,130,000	$25,150,000	$521,195,849
27	All Institutions (Local)	Local Minor Program "A"	$46,500,000	$575,630,000	$46,500,000	$567,695,849
28	Non-Appropriated	Local Minor Preservation "B"	$19,000,000	$594,630,000	$19,000,000	$586,695,849
29	All Institutions (Local)	Local Minor Program "B"	$0	$594,630,000	$0	$586,695,849
30	UW	Minor Works - Preservation "B" (State)	$17,000,000	$611,630,000	$0	$586,695,849
31	WSU	Minor Works - Preservation "B" (State)	$17,000,000	$628,630,000	$0	$586,695,849
32	CWU	Minor Works - Preservation "B" (State)	$2,700,000	$631,330,000	$0	$586,695,849
33	EWU	Minor Works - Preservation "B" (State)	$0	$631,330,000	$0	$586,695,849
34	WWU	Minor Works - Preservation "B" (State)	$5,000,000	$636,330,000	$0	$586,695,849
35	TESC	Minor Works - Preservation "B" (State)	$2,650,000	$638,980,000	$0	$586,695,849
36	UW	Minor Works - Program "B" (State)	$0	$638,980,000	$0	$586,695,849
37	WSU	Minor Works - Program "B" (State)	$0	$638,980,000	$0	$586,695,849
38	CWU	Minor Works - Program "B" (State)	$2,750,000	$641,730,000	$0	$586,695,849
39	EWU	Minor Works - Program "B" (State)	$0	$641,730,000	$0	$586,695,849
40	WWU	Minor Works - Program "B" (State)	$3,000,000	$644,730,000	$0	$586,695,849
41	TESC	Minor Works - Program "B" (State)	$1,100,000	$645,830,000	$0	$586,695,849
42	EWU	Washington Street Boulevard	$7,000,000	$652,830,000	$0	$586,695,849
43	UW	Classroom Improvements	$4,000,000	$656,830,000	$0	$586,695,849
44	WSU	Vancouver Student Services Center	$10,600,000	$667,430,000	$0	$586,695,849
45	WSU	Campus Support Facilities	$9,200,000	$676,630,000	$0	$586,695,849
46	CWU	Psychology Renovation	$4,600,000	$681,230,000	$0	$586,695,849
47	WWU	Campus Roadway Development	$3,240,000	$684,470,000	$0	$586,695,849
48	EWU	Campus Network	$2,000,000	$686,470,000	$0	$586,695,849
49	WSU	Hospital Renovation	$9,700,000	$696,170,000	$0	$586,695,849
50	CWU	Michaelson Renovation	$4,900,000	$701,070,000	$0	$586,695,849

Public Four-Year Institutions
2005-2007 HECB Capital Budget Recommendations
(continued)

Priority	Institution	Description	Institution Request Amount	Institution Request Cumulative	HECB Recommendation Amount	HECB Recommendation Cumulative
51	EWU	Campus Communication Center	$2,000,000	$703,070,000	$0	$586,695,849
52	CWU	Campus Chiller Replacement	$2,000,000	$705,070,000	$0	$586,695,849
53	CWU	Preservation Backlog	$4,250,000	$709,320,000	$0	$586,695,849
54	UW	New Academic Building	$8,000,000	$717,320,000	$0	$586,695,849
55	CWU	Renovate Old Hospital	$3,300,000	$720,620,000	$0	$586,695,849
	Total		**$720,620,000**		**$586,695,849**	
	State Funds		$629,970,000		NA	
	Local Funds		$90,650,000		NA	
	General State Bonds		NA		$341,420,297	
	Gardner-Evans Bonds		NA		$116,325,046	
	Education Construction Fund		NA		$26,500,000	
	Local Capital Accounts		NA		$90,650,000	
	Transportation Budget		NA		$11,800,506	

Community and Technical Colleges
2005-2007 HECB Capital Budget Recommendations

			Institution Request		HECB Recommendation	
Priority	College	Description	Amount	Cumulative	Amount	Cumulative
1	Statewide	Emergency Repairs and Improvements	$14,000,000	$14,000,000	$14,000,000	$14,000,000
2	Grays Harbor	Ilwaco Education Center	$350,000	$14,350,000	$350,000	$14,350,000
3	Walla Walla	Clarkston Center	$1,000,000	$15,350,000	$1,000,000	$15,350,000
5	South Seattle	Landscape/Horticulture Building	$557,000	$15,907,000	$557,000	$15,907,000
6	Green River	Skills Support Center	$800,000	$16,707,000	$800,000	$16,707,000
7	Highline	Marine Science Pier Building Repair	$500,000	$17,207,000	$500,000	$17,207,000
8	Yakima	Center for Workforce Education - Grandview	$1,000,000	$18,207,000	$1,000,000	$18,207,000
9	Everett	Paine Field Technical Center	$1,000,000	$19,207,000	$1,000,000	$19,207,000
10	Columbia Basin	Diversity Initiative - Technology Complex	$1,000,000	$20,207,000	$1,000,000	$20,207,000
11	Seattle Central	Greenhouse/Educational Gardens	$250,000	$20,457,000	$250,000	$20,457,000
12	Olympic College	Bremer Student Center	$600,000	$21,057,000	$600,000	$21,057,000
13	Peninsula	Cultural Arts Center	$250,000	$21,307,000	$250,000	$21,307,000
14	Statewide	Roof Repairs	$8,840,000	$30,147,000	$8,840,000	$30,147,000
15	Statewide	Facility Repairs	$22,327,000	$52,474,000	$22,327,000	$52,474,000
16	Statewide	Site Repairs	$3,837,000	$56,311,000	$3,837,000	$56,311,000
17	Yakima	Classroom Building Replacement (C)	$28,645,152	$84,956,152	$28,645,152	$84,956,152
18	Peninsula	Science and Technology (C)	$22,423,200	$107,379,352	$22,423,200	$107,379,352
19	Skagit Valley	Science Replacement (D)	$2,693,000	$110,072,352	$2,693,000	$110,072,352
20	Lower Columbia	Performing Arts Replacement (C)	$20,333,976	$130,406,328	$20,333,976	$130,406,328
21	Renton	Replace Portables (D)	$2,426,235	$132,832,563	$2,426,235	$132,832,563
22	Centralia	Science Replacement (D)	$3,247,000	$136,079,563	$3,247,000	$136,079,563
23	Spokane Falls	Business and Social Science (C)	$18,512,385	$154,591,948	$18,512,385	$154,591,948
24	South Seattle	Duwamish Training Center (C)	$9,272,283	$163,864,231	$9,272,283	$163,864,231
25	Wenatchee	Allied Health and Classrooms (C)	$23,042,145	$186,906,376	$23,042,145	$186,906,376
26	Olympic College	Replace Humanities Building (D)	$3,499,000	$190,405,376	$3,499,000	$190,405,376
27	Green River	Humanities and Classroom Building (P)	$137,000	$190,542,376	$137,000	$190,542,376
28	Columbia Basin	Business Classrooms	$4,037,000	$194,579,376	$4,037,000	$194,579,376

Community and Technical Colleges
2005-2007 HECB Capital Budget Recommendations
(continued)

Priority	College	Description	Institution Request Amount	Institution Request Cumulative	HECB Recommendation Amount	HECB Recommendation Cumulative
29	Clark	Gaiser Hall Renovation	$8,374,000	$202,953,376	$8,374,000	$202,953,376
30	Grays Harbor	Vocational Labs	$5,371,199	$208,324,575	$5,371,199	$208,324,575
31	Seattle Central	Technology Labs/Classrooms	$8,096,000	$216,420,575	$8,096,000	$216,420,575
32	Peninsula	Library	$14,000,000	$230,420,575	$14,000,000	$230,420,575
33	South Seattle	Vocational Labs	$1,972,300	$232,392,875	$1,972,300	$232,392,875
34	Statewide	Minor Improvements - Program Related	$20,002,598	$252,395,473	$20,002,598	$252,395,473
35	Bates South	LRC/Vocational	$15,169,058	$267,564,531	$15,169,058	$267,564,531
36	Edmonds	Instructional Labs	$14,490,832	$282,055,363	$14,490,832	$282,055,363
37	Green River	Replace Science Building	$27,407,344	$309,462,707	$27,407,344	$309,462,707
38	Tacoma	Replace Science Building	$29,517,238	$338,979,945	$29,517,238	$338,979,945
39	Walla Walla	Laboratory Addition	$6,569,000	$345,548,945	$6,569,000	$345,548,945
40	Everett	Replace Glacer/Pilchuck	$17,633,300	$363,182,245	$17,633,300	$363,182,245
41	Clark	East County Satellite	$2,392,000	$365,574,245	$2,392,000	$365,574,245
42	Bellevue	Science Technology Building	$7,647,600	$373,221,845	$7,647,600	$373,221,845
43	Pierce Puyallup	Communication & Allied Health	$1,946,716	$375,168,561	$1,946,716	$375,168,561
44	Everett	Undergraduate Education Ctr	$7,363,700	$382,532,261	$7,363,700	$382,532,261
45	Cascadia	Center for the Arts, Tech, Comm	$3,031,000	$385,563,261	$3,031,000	$385,563,261
46	SPSCC	Science Complex Expansion	$3,160,500	$388,723,761	$3,160,500	$388,723,761
47	Pierce Ft. Steilacoom	Science & Technology Building	$1,986,447	$390,710,208	$1,986,447	$390,710,208
48	Spokane Falls	General Classrooms/Early Learning	$82,000	$390,792,208	$82,000	$390,792,208
49	Lake Washington	Allied Health	$87,000	$390,879,208	$87,000	$390,879,208
50	SPSCC	Learning Resource Center	$197,000	$391,076,208	$197,000	$391,076,208
51	Clover Park	Allied Health	$160,000	$391,236,208	$160,000	$391,236,208
52	Edmonds	Briar Hall Renovation	$5,133,020	$396,369,228	$5,133,020	$396,369,228
53	Lake Washington	Gross Anatomy/Health Science Labs	$1,758,237	$398,127,465	$1,758,237	$398,127,465
54	Big Bend	Performing Arts/Fine Arts Addition	$3,698,000	$401,825,465	$3,698,000	$401,825,465
55	Clover Park	Building 8 Personal Care Services	$6,499,000	$408,324,465	$6,499,000	$408,324,465

Community and Technical Colleges
2005-2007 HECB Capital Budget Recommendations
(continued)

Priority	College	Description	Institution Request Amount	Institution Request Cumulative	HECB Recommendation Amount	HECB Recommendation Cumulative
56	Wenatchee	Brown Library Renovation	$2,404,300	$410,728,765	$2,404,300	$410,728,765
57	Shoreline	Annex Remodel (2900) Cosmetology	$2,739,000	$413,467,765	$2,739,000	$413,467,765
58	Yakima	Library Renovation	$4,168,350	$417,636,115	$4,168,350	$417,636,115
59	Green River	Physical Education Renovation	$477,000	$418,113,115	$477,000	$418,113,115
60	Pierce Ft Steilacoom	Cascade Core	$1,350,622	$419,463,737	$1,350,622	$419,463,737
61	Highline	West Primary Power Feed Branch	$1,717,000	$421,180,737	$1,717,000	$421,180,737
62	Skagit Valley	Campus Fire Loop	$1,634,000	$422,814,737	$1,634,000	$422,814,737
63	Green River	Relace Campus Water System	$1,951,000	$424,765,737	$1,951,000	$424,765,737
64	Seattle Central	Bulkhead, Pier and Harbor Dredging	$1,856,000	$426,621,737	$1,856,000	$426,621,737
65	Statewide	Essential Roof Repairs	$4,613,000	$431,234,737	$4,613,000	$431,234,737
66	Statewide	Essential Facility Repairs	$24,264,000	$455,498,737	$7,173,506	$438,408,243
67	Statewide	Essential Site Repairs	$2,060,000	$457,558,737	$0	$438,408,243
68	Cascadia	South Access Road	$11,800,506	$469,359,243	$11,800,506	$450,208,749
	Total		**$469,359,243**		**$450,208,749**	
	General State Bonds		$230,641,780		$246,579,197	
	Gardner-Evans Bonds		$146,975,957		$116,325,046	
	Education Construction Fund		$30,937,000		$26,500,000	
	Local Capital Accounts		$49,004,000		$49,004,000	
	Transportation Budget		$11,800,506		$11,800,506	

Section 5

Highlights of Institutional Requests

September 2004

Supplement 1

Highlights of 2005-07 Biennium Operating Budget Requests

SUMMARY OF HIGHER EDUCATION
Highlights of 2005-07 Biennium
Operating Budget Request
General Fund - State
(dollars in millions)

	2003-05 Current Biennium	Maintenance Level	Performance Level Increases	2005-07 Total Proposed Budget	% Increase 2005-07 over 2003-05
UW	$636.8	$680.3	$101.7	$782.0	22.8%
WSU	$375.6	$404.1	$75.2	$479.3	27.6%
CWU	$81.9	$90.6	$14.9	$105.5	28.9%
EWU	$87.9	$87.9	$13.3	$101.2	15.1%
TESC	$46.8	$49.3	$9.6	$58.9	25.9%
WWU	$107.6	$116.0	$10.5	$126.5	17.6%
NSIS	$2.0	$2.0	$0.9	$2.9	45.0%
Subtotal	**$1,338.6**	**$1,430.2**	**$226.1**	**$1,656.3**	**23.7%**
CTCs	$1,033.9	$1,102.1	$212.3	$1,314.4	**27.1%**
HECB	$325.1	$329.9	$149.3	$479.2	**47.4%**
Total	**$2,697.6**	**$2,862.2**	**$587.7**	**$3,449.9**	**27.9%**

SUMMARY OF HIGHER EDUCATION - REVISED
Highlights of 2005-07 Biennium
Operating Budget Request
FTE REQUESTS

	Budgeted FY 2005	Request FY 2006	Request FY 2007	Request 2005-2007 Biennium	%	Total FTEs FY 2007
UW	35,666	505	532	1,037	6%	36,703
WSU	20,383	515	515	1,030	6%	21,413
CWU	7,999	890	-	890	5%	8,889
EWU	8,269	900	-	900	6%	9,169
TESC	3,933	200	-	200	1%	4,133
WWU	11,389	120	120	240	1%	11,629
NSIS		50	-	50	-	50
Subtotal	87,639	3,180	1,167	4,347	27%	91,986
HECB high-demand		1,000	1,000	2,000	12%	2,000
CTCs	128,946	5,000	5,000	10,000	61%	138,946
TOTAL	**216,585**	**9,180**	**7,167**	**16,347**	**100%**	**232,932**

University of Washington

Highlights of 2005-07 Biennium Operating Budget Request

General Fund - State

		$ Millions
Current Biennium		636.8
Maintenance Level (amount to continue current services)		680.3
Performance Level Increases		
Core Education Support	75.0	
To advance per student funding to the average of competing states		
Research and Technology Transfer - Joint Investment UW & WSU	13.4	
Create state alliance with WSU to develop state-funded research and technology transfer programs		
Enrollment	13.3	
1,037 FTEs funded at an average of $8,613 each		
Subtotal Performance Level		101.7
Total Proposed Budget		782.0

	Enrollment FTEs	
FY 2005 budgeted enrollment		35,666
FY 2006 enrollment increase request	505	
FY 2007 enrollment increase request	532	
2005-07 biennium enrollment increase		1,037
Total budgeted enrollment request end of FY 2007		36,703
FY 2004 over-enrollment		*1,129*

Note: 2005 budgeted enrollment includes high-demand.

Washington State University

Highlights of 2005-07 Biennium Operating Budget Request

General Fund - State

		$ Millions
Current Biennium		375.6
Maintenance Level (amount to continue current services)		404.1
Performance Level Increases		
Core Funding	51.0	
To advance per student funding to the average of competing states		
Preserving Veterinary Medicine	2.0	
Second increment of funding to restore the DVM program after OSU withdrawal from program		
Research & Technology Transfer- Joint Investment WSU & UW	7.1	
Create state alliance with UW to develop state-funded research and technology transfer programs		
Enrollment	15.0	
1,030 FTEs including branch campus and 200 high-demand; funded at an average of $9,740 each		
Subtotal Performance Level		75.2
Total Proposed Budget		479.3

	Enrollment FTEs	
FY 2005 budgeted enrollment		20,383
FY 2006 enrollment increase request	515	
FY 2007 enrollment increase request	515	
2005-07 biennium enrollment increase		1,030
Total budgeted enrollment request end of FY 2007		21,413
FY 2004 over-enrollment		*652*

Note: 2005 budgeted enrollment includes high-demand.

Central Washington University

Highlights of 2005-07 Biennium Operating Budget Request

General Fund - State

		$ Millions
Current Biennium		81.9
Maintenance Level (amount to continue current services)		90.6
Performance Level Increases		
Faculty & Staff Cost-of-Living Adjustments & Benefits		
Requests cost-of-living and maintenance of current health benefits		
Core Funding	12.3	
890 FTEs funded at $6,916 each		
Faculty & Staff Recruitment & Retention		
Costing dependent on completion of faculty bargaining negotiations		
Tuition Waiver Authority	2.0	
Increase waiver authority from 8% to 11% to provide equity with other Washington institutions		
Connections Program	1.0	
Increase scholarships for first-generation students		
Classified Staff Collective Bargaining		
(No collective bargaining agreements have been reached)		
Risk Management	(0.4)	
Reduction in cost of self-insurance		
Subtotal Performance Level		14.9
Total Proposed Budget		105.5

	Enrollment FTEs	
FY 2005 budgeted enrollment		7,999
FY 2006 enrollment increase request	890	
FY 2007 enrollment increase request	-	
2005-07 biennium enrollment increase		890
Total budgeted enrollment request end of FY 2007		8,889
FY 2004 over-enrollment		*848*

Note: 2005 budgeted enrollment includes high-demand.

Eastern Washington University

Highlights of 2005-07 Biennium Operating Budget Request

General Fund - State

		$ Millions
Current Biennium		87.9
Maintenance Level (amount to continue current services)		87.9
Performance Level Increases		
Faculty salaries		
A 5% FY 2006 and 3% in FY 2007 faculty salary increases would cost $3.0 million		
New enrollment request	12.6	
900 FTEs funded at $6,972 each		
Collective bargaining unit #1		
Under negotiation		
Collective bargaining unit #2		
Under negotiation		
Self insurance premium	0.7	
Subtotal Performance Level		13.3
Total Proposed Budget		101.2

	Enrollment FTEs	
FY 2005 budgeted enrollment		8,269
FY 2006 enrollment increase request	900	
FY 2007 enrollment increase request	-	
2005-07 biennium enrollment increase		900
Total budgeted enrollment request end of FY 2007		9,169
FY 2004 over-enrollment		*806*

Note: 2005 budgeted enrollment includes high-demand.

The Evergreen State College

Highlights of 2005-07 Biennium Operating Budget Request

General Fund - State

		$ Millions
Current Biennium		46.8
Maintenance Level (amount to continue current services)		49.3
Performance Level Increases		
Faculty & Staff Recruitment & Retention	1.0	
3 FTE staff positions for faculty training & development		
Core Support for Student Success	4.5	
To maintain the quality of existing programs and initiatives		
Stewardship & Sustainability	1.9	
To address maintenance backlog including 13 new FTE facilities staff		
Enrollment	2.2	
200 FTEs funded at $5,475 each		
Subtotal Performance Level		9.6
Total Proposed Budget		58.9

	Enrollment FTEs	
FY 2005 budgeted enrollment		3,933
FY 2006 enrollment increase request	200	
FY 2007 enrollment increase request	-	
2005-07 biennium enrollment increase		200
Total budgeted enrollment request end of FY 2007		4,133
FY 2004 over-enrollment		*228*

Note: 2005 budgeted enrollment includes high-demand.

Western Washingon University

Highlights of 2005-07 Biennium Operating Budget Request

General Fund - State

		$ Millions
Current Biennium		107.6
Maintenance Level (amount to continue current services)		116.0
Performance Level Increases		
Faculty and exempt compensation		
Each 1% per year adjustment would cost $1.7 million		
Bargaining unit A - classified clerical staff		
Bargaining unit B - classified trades staff		
Bargaining unit C - classified professional staff		
Bargaining unit D - classified supervisory staff		
Bargaining unit E - classified supervisory unit b staff		
Continue managing enrollment growth	2.8	
240 FTE funded at an average of $7,677 each		
Student mix of 80% upper-division and 20 percent graduate		
Add faculty positions	2.8	
10 new FTE faculty per year		
Address core funding issues	3.6	
To advance per student funding to average of WWU's peer institutions		
General education program	0.4	
Implement streamlining of GERs for undergraduates		
Economic parterships	0.3	
Continuation of development of local and regional community partnerships		
Expand fundraising partnerships	0.6	
Use of state dollars to leverage private donations for student financial aid and faculty support		
Subtotal Performance Level		10.5
Total Proposed Budget		126.5

	Enrollment FTEs	
FY 2005 budgeted enrollment		11,389
FY 2006 enrollment increase request	120	
FY 2007 enrollment increase request	120	
2005-07 biennium enrollment increase		240
Total budgeted enrollment request end of FY 2007		11,629
FY 2004 over-enrollment		*263*

Note: 2005 budgeted enrollment includes high-demand.

North Snohomish, Island, and Skagit Counties (NSIS) Higher Education Consortium

Highlights of 2005-07 Biennium Operating Budget Request

General Fund - State

		$ Millions
Current Biennium		2.0
Maintenance Level (amount to continue current services)		2.0
Performance Level Increases		
NSIS enrollment	0.9	
50 FTEs at Everett Station		
Subtotal Performance Level		0.9
Total Proposed Budget		2.9

	Enrollment FTEs	
FY 2006 enrollment increase request	50	
FY 2007 enrollment increase request	-	
2005-07 biennium enrollment increase		50

State Board for Community and Technical Colleges

Highlights of 2005-07 Biennium Operating Budget Request

General Fund - State

		$ Millions
Current Biennium		1,033.9
Maintenance Level (amount to continue current services)		1,102.1
Performance Level Increases		
New General Enrollments	84.8	
10,000 FTEs funded at $5,650 each		
ABE/ESL Enhanced Funding	10.0	
Adds $250 per FTE for more than 19,000 ABE/ESL students		
Job Skills Program	10.0	
Increases total training grants from $2.95 million to $10 million, all from the state's general fund		
COLAs	48.5	
Salary increases of 4.9% for FY 2006 and an additional 1.4% in FY 2007		
Recruitment & Retention	33.3	
Faculty and exempt staff salary enhancements		
Part-time Faculty Salary Improvements	20.0	
To bring part-time faculty salaries to 65% of average full-time faculty		
Faculty Mix	5.7	
Increase the amount of total teaching effort by full-time faculty by 1% - would increase the percentage of full-time faculty to 59%		
Subtotal Performance Level		212.3
Total Proposed Budget		1,314.4

	Enrollment FTEs	
FY 2005 budgeted enrollment		128,946
FY 2006 enrollment increase request	5,000	
FY 2007 enrollment increase request	5,000	
2005-07 biennium enrollment increase		10,000
Total budgeted enrollment request end of FY 2007		138,946
FY 2004 over-enrollment		*11,052*