

HIGHER EDUCATION

Enrollment Increases

A one-time supplement of \$4 million from the state general fund and \$2.6 million from the State Administrative Contingency Account is provided to expand two-year college enrollment in workforce training by 1,320 full-time equivalent students. This enhancement is made in response to substantially increased demands for retraining from dislocated workers affected by restructuring and layoffs in the Washington State economy.

Financial Aid

A supplement of \$2.2 million from the state general fund is added to the State Need Grant Program to help support higher tuition charges expected in the second year. The Higher Education Coordinating Board is directed to adjust awards, where necessary, to ensure that students who meet the eligibility requirements of 55 percent of the state's median family income are served. Budget savings of \$2.4 million in state financial aid are realized by restricting new Promise scholarship awards to a maximum of \$1,000 a year.

College and University Operations

In enacting a supplemental budget, the Legislature approved \$53.9 million in undesignated, across-the-board reductions to operations supported by the general fund. The cuts amount to 5 percent of original, fiscal year 2003 appropriations to each four-year university and 3 percent of original, fiscal year 2003 appropriations to the State Board on behalf of community and technical colleges. Additional reductions for internal agency services, travel, and equipment are described in the Special Appropriations Section of this document.

Compensation

A cost-of-living adjustment (COLA) is increased from 3.1 percent to 3.6 percent effective July 1, 2002. This increase is funded with a \$1.3 million supplemental appropriation from the general fund for employees of state community and technical colleges who are covered by Initiative 732. Eliminating a 2.6 percent COLA budgeted for state employees not covered by Initiative 732 accounts for savings of \$21.5 million during fiscal year 2003.

The 2002 Legislature intended to make \$6 million in state general funds available for competitively awarded salary adjustments by four-year universities and The Evergreen State College to recruit and retain key faculty and professional staff. The Governor vetoed the recruitment and retention appropriations. For faculty at state community and technical colleges, increment increases during fiscal year 2003 are eliminated, resulting in general fund savings of \$1.2 million.

Benefit savings of \$6.6 million to the general fund are realized by approving new actuarial valuations that change contributions to pensions and by increasing the employee's assumed share of rising health benefit premiums at the state level. Additionally, a one-time appropriation of \$9.5 million from the state general fund and \$2.5 million from the College Faculty Awards Account provide for the settlement costs of a lawsuit involving retirement contributions for part-time instructors employed by state community and technical colleges during the years 1977 to 1999.

Tuition Policy

Governing boards of each institution and the State Board for Community and Technical Colleges are granted authority to decide the appropriate level of tuition for enrolled students during academic year 2002-03. Limits apply to tuition increases, but only for **undergraduates** as follows:

- For residents attending the University of Washington or Washington State University, no greater increase than 16 percent over current year rates;

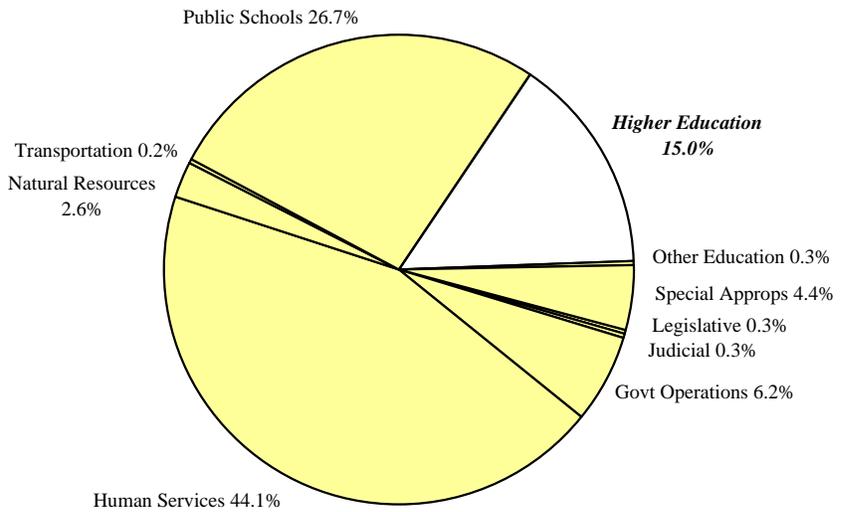
- For residents attending the regional universities of Eastern, Western, Central, or The Evergreen State College, no greater increase than 14 percent over current year rates;
- For residents attending state community and technical colleges, no greater increase than 12 percent over current year rates.

The 2002 Legislature chose not to limit tuition action by institutions with respect to **non-resident students and graduate students** for the coming academic year. For the remainder of the biennium, the Legislature encourages state colleges and universities to reduce waiver activity recognizing the need to preserve the quality of academic programs supported by tuition.

2001-03 Washington State Omnibus Operating Budget Total Budgeted Funds

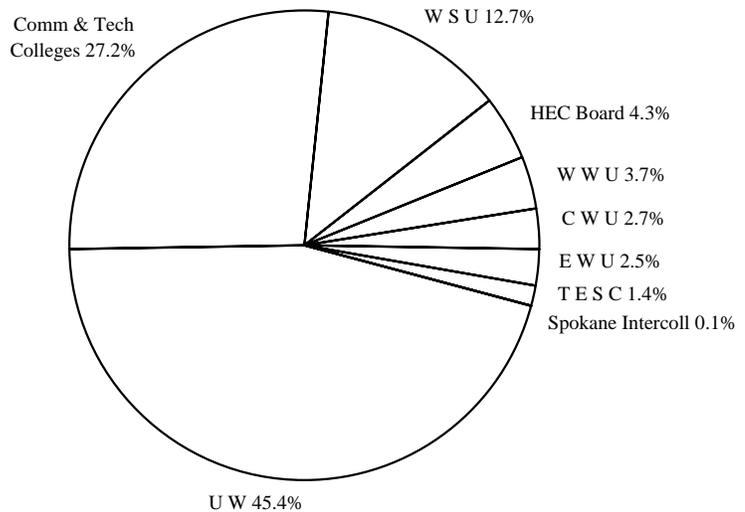
(Dollars in Thousands)

Legislative	136,110
Judicial	140,864
Governmental Operations	2,649,413
Human Services	18,976,685
Natural Resources	1,102,464
Transportation	105,690
Public Schools	11,503,685
Higher Education	6,439,607
Other Education	110,984
Special Appropriations	1,904,368
Statewide Total	43,069,870



Washington State

Univ of Washington	2,925,540
Community/Tech Colleges	1,750,405
Washington State Univ	817,324
Higher Ed Coord Bd	279,943
Western Washington Univ	235,470
Central Washington Univ	175,149
Eastern Washington Univ	162,729
The Evergreen State Coll	88,824
Spokane Intercoll	4,223
Higher Education	6,439,607

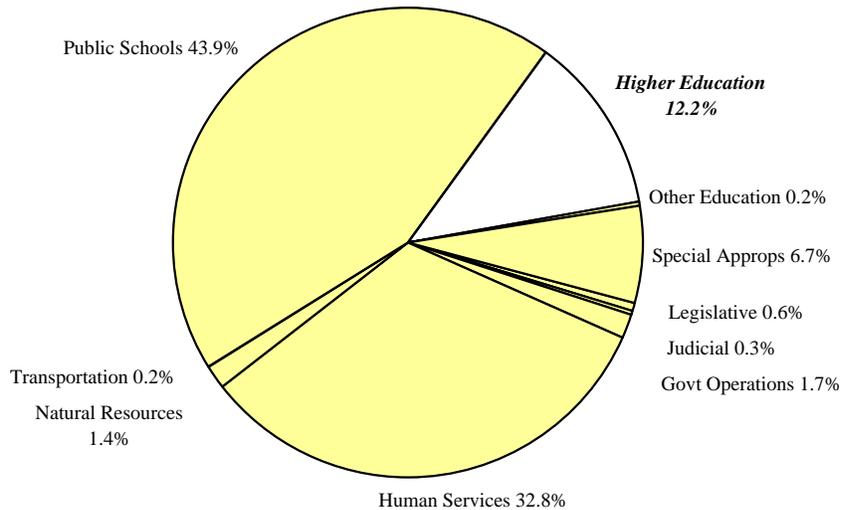


Higher Education

2001-03 Washington State Omnibus Operating Budget General Fund-State

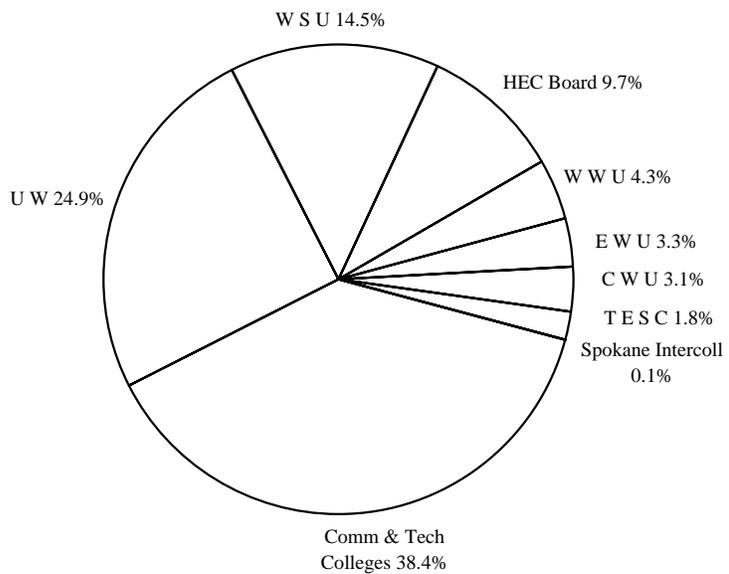
(Dollars in Thousands)

Legislative	129,818
Judicial	73,294
Governmental Operations	383,769
Human Services	7,361,197
Natural Resources	315,637
Transportation	40,166
Public Schools	9,854,332
Higher Education	2,731,564
Other Education	54,473
Special Appropriations	1,506,941
Statewide Total	22,451,191



Washington State

Community/Tech Colleges	1,047,641
Univ of Washington	679,674
Washington State Univ	395,169
Higher Ed Coord Bd	264,158
Western Washington Univ	117,700
Eastern Washington Univ	89,241
Central Washington Univ	85,572
The Evergreen State Coll	49,513
Spokane Intercoll	2,896
Higher Education	2,731,564



Higher Education

Higher Education
FTE Student Enrollment History
 By Academic Year

	Actual Enrollment							Budgeted	
	1994-95 ¹	1995-96 ¹	1996-97 ¹	1997-98 ¹	1998-99 ¹	1999-00 ¹	2000-01 ¹	2001-02	2002-03
Community & Technical Colleges	113,609	118,075	118,653	117,925	121,302	125,131	128,093	125,082	128,222
General Enrollment ⁽²⁾	113,609	109,907	111,129	110,808	114,885	117,623	120,830	117,852	119,672
Dislocated Workers ⁽²⁾	0	8,168	7,524	7,117	6,417	7,508	7,263	7,200	8,520
Two-plus-Two ⁽³⁾	0	0	0	0	0	0	0	30	30
Four-Year Schools	77,305	77,977	79,435	80,458	81,814	82,734	84,784	84,523	85,290
University of Washington	31,493	31,811	32,858	33,398	33,592	34,058	34,966	34,820	35,146
Washington State University	18,007	18,425	18,594	18,584	19,148	18,983	19,473	19,570	19,694
Eastern Washington University	7,605	7,364	6,945	6,907	7,244	7,712	8,081	7,933	8,017
Central Washington University	7,337	7,339	7,448	7,474	7,471	7,463	7,287	7,470	7,470
The Evergreen State College	3,377	3,387	3,489	3,728	3,822	3,697	3,786	3,754	3,837
Western Washington University	9,486	9,651	10,101	10,367	10,537	10,821	11,191	10,976	11,126
HECB Timber Workers ⁽⁴⁾	104	118	139	148	177	45	48	0	0
Total Higher Education	191,018	196,170	198,227	198,531	203,293	207,910	212,925	209,605	213,512

(1) Actual enrollments were greater than budgeted levels in these years. Institutions are permitted to enroll over budgeted levels and to support the additional student FTEs with tuition and fees.

(2) General Enrollment includes technical college and Distressed Economic Community program enrollments. For 1994-95, actual enrollment includes dislocated worker FTEs funded through the Employment and Training Trust Fund. Since 1997-98, the Community and Technical College System has been authorized to enroll up to 7,200 FTEs in the Dislocated Workers Program.

(3) Specific funding has been provided since 2000-01 for Olympic Community College to facilitate the delivery of upper division courses by accredited, four-year guest institutions for 30 FTE students. Because the supporting funds do not generate lower division enrollment, there are no actual FTE to report for the two-year college system.

(4) Actual Timber Worker enrollments reported for 1994-95, 1995-96, 1996-97 and 1998-99 include Pullman extended degree students.

Data Source :

Community and Technical College data from the State Board for Community and Technical Colleges.

Four Year Schools data from the Higher Education Enrollment Report (HEER) from the OFM Forecasting Division.

HECB Timber Worker data from the Higher Education Coordinating Board (HECB).

Higher Education
Budgeted Enrollment Increases
 By Academic Year

	FTE Student Enrollment				
	Budgeted Level 2000-2001	Increase for 2001-2002	Total Budgeted 2001-2002	Increase for 2002-03	Total Budgeted 2002-2003
Community & Technical Colleges	123,762	1,320	125,082	3,140	128,222
General Enrollments	116,032	1,820	117,852	1,820	119,672
Dislocated Workers ⁽¹⁾	7,200	0	7,200	1,320	8,520
Timber Workers	500	(500)	0	0	0
Two-plus-Two	30	0	30	0	30
Four-Year Schools	84,855	(332)	84,523	767	85,290
University of Washington	34,688	132	34,820	326	35,146
Seattle ⁽²⁾	32,266	55	32,321	106	32,427
Bothell ⁽²⁾	1,136	33	1,169	66	1,235
Tacoma ⁽²⁾	1,286	44	1,330	154	1,484
Washington State University	19,847	(277)	19,570	124	19,694
Main	17,609	(277)	17,332	0	17,332
Spokane ⁽²⁾	551	0	551	42	593
Tri-Cities	616	0	616	0	616
Vancouver ⁽²⁾	1,071	0	1,071	82	1,153
Eastern Washington University	7,864	69	7,933	84	8,017
Central Washington University	7,867	(397)	7,470	0	7,470
The Evergreen State College	3,713	41	3,754	83	3,837
Western Washington University	10,826	150	10,976	150	11,126
HECB Timber Workers	50	(50)	0	0	0
Total Higher Education	208,617	988	209,605	3,907	213,512

(1) The State Board for Community and Technical Colleges is authorized to enroll up to 7,200 FTEs in the Dislocated Workers Program in academic year 2001-02, and up to 8,520 FTEs in academic year 2002-03.

(2) Subject to reporting requirements, the research universities may reallocate up to 10 percent of newly budgeted FTEs to a campus other than that designated by lawmakers to focus on high demand areas.

2001-2003 New Tuition and Services and Activities Fee Authority ⁽¹⁾

	Current Rate	Maximum New Rate	
	2000-2001	2001-2002	2002-2003
Research Universities			
Resident Undergraduate	3,650	3,898	4,522
Resident Graduate - Business (UW)	5,642	6,490	TBD
Resident Graduate - Business (WSU)	5,642	6,319	TBD
Resident Graduate - All Other	5,642	6,022	TBD
Resident Law	6,099	6,834	TBD
Resident MD/DDS/DVM	9,338	9,963	TBD
Nonresident Undergraduate	11,456	12,225	TBD
Nonresident Graduate - Business (UW)	14,018	16,119	TBD
Nonresident Graduate - Business (WSU)	14,018	15,703	TBD
Nonresident Graduate - All Other	14,018	14,955	TBD
Nonresident Law	15,207	17,034	TBD
Nonresident MD/DDS/DVM	23,462	25,035	TBD
Regional Universities			
Resident Undergraduate	2,831	3,019	3,442
Resident Graduate - Business	4,532	5,075	TBD
Resident Graduate - All Other	4,532	4,834	TBD
Nonresident Undergraduate	9,966	10,634	TBD
Nonresident Graduate - Business	13,674	15,315	TBD
Nonresident Graduate - All Other	13,674	14,591	TBD
Community & Technical Colleges			
Resident Undergraduate	1,641	1,751	1,961
Nonresident Undergraduate	6,459	6,893	TBD

(1) These are average tuition and fees rates by sector; individual institutions may vary slightly from these averages. "TBD" reflects rates yet to be determined by the governing boards of the respective institutions. See notes below.

Notes:

The budget grants institutions' governing boards the flexibility to increase tuition rates up to certain limits set out in section 601 of the act. The tuition and fee levels above illustrate the maximum amounts that could be set by institutions where caps exist. For most students, tuition fees could not increase by more than 6.7 percent in academic year 2001-02. For academic year 2002-03, only undergraduate tuition fees for residents are capped. The maximum increase governing boards may adopt for undergraduate study by residents is 12 percent at state community and technical colleges, 14 percent at state regional universities of Eastern, Western, Central and The Evergreen State College, and 16 percent at state research universities of Washington State and the University of Washington. For graduate and non-resident students, institutional governing boards have full discretion to raise tuition fees as deemed appropriate in the 2002-03 academic year. Institutions may adopt tuition rate increases that vary by student category. Institutions may also adjust tuition rates based upon time of day, day of week, delivery method, or campus.

Services and activities (S&A) fees included in the figures above are estimated at the highest levels permissible under tuition statutes. S&A fees are set by institutions' governing boards, and they may be increased from one year to the next by a percentage not to exceed the annual percentage increase in student tuition fees for any tuition category. If the institution has dedicated a portion of the S&A fees to repay bonded debt, then that portion of the S&A fees may not be increased.

Community & Technical College System

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,058,130	697,664	1,755,794
Total Maintenance Changes	1,357	0	1,357
Policy Changes			
1. Health Benefits Changes	-1,905	0	-1,905
2. Operating Cost Reduction	-16,312	0	-16,312
3. Pension Rate Change	-1,295	0	-1,295
4. Expand Worker Retraining Program	4,000	2,600	6,600
5. No 2nd Year COLA	-4,644	0	-4,644
6. No 2nd Year Increments	-1,190	0	-1,190
7. Mader Settlement	9,500	2,500	12,000
Total Policy Changes	-11,846	5,100	-6,746
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2001-03 Revised Appropriations	1,047,641	702,764	1,750,405
Fiscal Year 2002 Total	514,141	338,961	853,102
Fiscal Year 2003 Total	533,500	363,803	897,303

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 3 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Expand Worker Retraining Program** - In response to increased layoffs during the present economic downturn, 1,320 full-time equivalent (FTE) enrollments are added on a one-time basis for worker retraining efforts by the colleges. Funding is

provided at \$5,000 per student. (General Fund-State, Administrative Contingency Account-State)

5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

6. **No 2nd Year Increments** - No further increments are assumed for faculty during the remainder of the biennium. A reduction is taken in FY 2003 to reflect this change.

7. **Mader Settlement** - Provides for the settlement of a lawsuit (Mader v. Health Care Authority) involving retirement contributions for part-time faculty employed by State colleges. (General Fund-State, College Faculty Awards Trust Account)

University of Washington

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	707,088	2,245,885	2,952,973
Policy Changes			
1. Health Benefits Changes	-1,150	-14	-1,164
2. Operating Cost Reduction	-18,056	0	-18,056
3. Pension Rate Change	-353	-5	-358
4. Recruitment & Retention	2,774	0	2,774
5. No 2nd Year COLA	-7,855	0	-7,855
6. Governor Veto	-2,774	0	-2,774
Total Policy Changes	-27,414	-19	-27,433
2001-03 Revised Appropriations	679,674	2,245,866	2,925,540
Fiscal Year 2002 Total	345,904	1,099,768	1,445,672
Fiscal Year 2003 Total	333,770	1,146,098	1,479,868

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.
5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.
2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.
6. **Governor Veto** - The Governor vetoed Section 604(10) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention (see item above).
3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782). (General Fund-State, Death Investigations Account, Accident Account, Medical Aid Account)

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now. (General Fund-State, Accident Account, Medical Aid Account)

4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional and research faculty and staff.

Washington State University

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	411,355	422,155	833,510
Policy Changes			
1. Health Benefits Changes	-648	0	-648
2. Operating Cost Reduction	-10,497	0	-10,497
3. Pension Rate Change	-274	0	-274
4. Recruitment & Retention	1,726	0	1,726
5. No 2nd Year COLA	-4,767	0	-4,767
6. Governor Veto	-1,726	0	-1,726
Total Policy Changes	-16,186	0	-16,186
2001-03 Revised Appropriations	395,169	422,155	817,324
Fiscal Year 2002 Total	201,362	207,976	409,338
Fiscal Year 2003 Total	193,807	214,179	407,986

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

6. **Governor Veto** - The Governor vetoed Section 605(4) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention (see item above).

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional and research faculty and staff.

5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education

Eastern Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	92,914	73,488	166,402
Policy Changes			
1. Health Benefits Changes	-166	0	-166
2. Operating Cost Reduction	-2,369	0	-2,369
3. Pension Rate Change	-73	0	-73
4. Recruitment & Retention	450	0	450
5. No 2nd Year COLA	-1,065	0	-1,065
6. Governor Veto	-450	0	-450
Total Policy Changes	-3,673	0	-3,673
2001-03 Revised Appropriations	89,241	73,488	162,729
Fiscal Year 2002 Total	45,517	35,973	81,490
Fiscal Year 2003 Total	43,724	37,515	81,239

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

6. **Governor Veto** - The Governor vetoed a portion of Section 606 of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention (see item above).

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional faculty and staff.

5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education

Central Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	89,140	89,577	178,717
Policy Changes			
1. Health Benefits Changes	-180	0	-180
2. Operating Cost Reduction	-2,249	0	-2,249
3. Pension Rate Change	-85	0	-85
4. Enrollment Recovery	350	0	350
5. Recruitment & Retention	374	0	374
6. No 2nd Year COLA	-1,054	0	-1,054
7. Governor Veto	-724	0	-724
Total Policy Changes	-3,568	0	-3,568
2001-03 Revised Appropriations	85,572	89,577	175,149
Fiscal Year 2002 Total	44,147	44,119	88,266
Fiscal Year 2003 Total	41,425	45,458	86,883

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Enrollment Recovery** - Support is provided to assist with Central Washington University's enrollment recovery efforts.

5. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment

and retention salary offers to attract and preserve quality instructional faculty and staff.

6. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

7. **Governor Veto** - The Governor vetoed Section 607(1) and (2) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for enrollment recovery as well as recruitment and retention (see items above).

The Evergreen State College

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	51,594	39,311	90,905
Policy Changes			
1. Health Benefits Changes	-97	0	-97
2. Operating Cost Reduction	-1,304	0	-1,304
3. Pension Rate Change	-44	0	-44
4. Recruitment & Retention	226	0	226
5. WSIPP Studies	60	0	60
6. No 2nd Year COLA	-636	0	-636
7. Governor Veto	-286	0	-286
Total Policy Changes	-2,081	0	-2,081
2001-03 Revised Appropriations	49,513	39,311	88,824
Fiscal Year 2002 Total	25,325	18,990	44,315
Fiscal Year 2003 Total	24,188	20,321	44,509

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.
5. **WSIPP Studies** - Funding is provided for the Washington State Institute for Public Policy (WSIPP) to conduct the following studies: At-Risk Youth Prevention Programs, Drug Sentencing Changes (under Chapter 290, Laws of 2002 - 2SHB 2338), Research University Branch Campus Study, and Higher Education Coordinating Board Study. In recognition of fiscal constraints the state faces, the Institute will conduct these studies with limited new funding along with available resources. For more information, see language contained in section 608 of the 2002 Supplemental Operating Budget Act.
2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.
6. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.
3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).
7. **Governor Veto** - The Governor vetoed Section 608(1) and (11) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention and studies to be conducted by WSIPP (see items above).
4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional faculty and staff.

Western Washington University

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	122,636	117,770	240,406
Policy Changes			
1. Health Benefits Changes	-204	0	-204
2. Operating Cost Reduction	-3,144	0	-3,144
3. Pension Rate Change	-115	0	-115
4. Recruitment & Retention	450	0	450
5. No 2nd Year COLA	-1,473	0	-1,473
6. Governor Veto	-450	0	-450
Total Policy Changes	-4,936	0	-4,936
2001-03 Revised Appropriations	117,700	117,770	235,470
Fiscal Year 2002 Total	59,732	57,761	117,493
Fiscal Year 2003 Total	57,968	60,009	117,977

Comments:

1. **Health Benefits Changes** - The appropriation is reduced to reflect a change in the monthly employer funding rate from \$497.69 per eligible employee to \$482.38. However, a separate appropriation is provided to the Office of Financial Management (OFM) that restores part of this reduction. (See Agency 713 - State Employee Compensation Adjustments.) Specific impacts upon employee medical benefits and cost sharing will be determined by the Public Employees' Benefits Board during the summer after reviewing the price quotations submitted by participating insurance plans.

employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

6. **Governor Veto** - The Governor vetoed Section 609(2) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for recruitment and retention (see item above).

Solely by way of example and taking into consideration the appropriation to OFM, this level of funding would be adequate if: a) office visit co-pays for employees enrolled in managed care plans were increased to \$15 from their current level of \$10; and b) the average employee paid \$53 of their family's monthly medical premium next year compared to \$37 per month now.

2. **Operating Cost Reduction** - The FY 2003 General Fund-State appropriation is reduced by 5 percent. Budgeted enrollment increases for the 2002-03 academic year are maintained.

3. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).

4. **Recruitment & Retention** - Funding is provided for competitive faculty and exempt professional staff recruitment and retention salary offers to attract and preserve quality instructional faculty and staff.

5. **No 2nd Year COLA** - No further cost-of-living adjustments (COLAs) are funded except for those higher education

Higher Education Coordinating Board

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	264,603	15,089	279,692
Total Maintenance Changes	361	696	1,057
Policy Changes			
1. Operating Cost Reduction	-120	0	-120
2. HECB Admin of Financial Aid	-416	0	-416
3. State Need Grant	2,180	0	2,180
4. Promise Scholarships	-2,450	0	-2,450
Total Policy Changes	-806	0	-806
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2001-03 Revised Appropriations	264,158	15,785	279,943
Fiscal Year 2002 Total	125,990	7,246	133,236
Fiscal Year 2003 Total	138,168	8,539	146,707

Comments:

1. **Operating Cost Reduction** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by the Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.
2. **HECB Admin of Financial Aid** - The Higher Education Coordinating Board (HECB) allowance for state-level administration of Financial Aid is reduced from the present, indirect rate of 2.1 percent of program appropriations to 1.8 percent beginning in FY 2003.
3. **State Need Grant** - Funds are provided to support tuition increases in FY 2003. HECB is directed to adjust grant levels as necessary to ensure that as many students as possible who meet the financial criteria of 55 percent of median family income are served.
4. **Promise Scholarships** - Promise Scholarships awarded to new student recipients for the 2002-03 academic year shall be valued at no more than \$1,000 a year.

Spokane Intercollegiate Research & Technology Inst

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	3,000	1,327	4,327
Policy Changes			
1. Operating Cost Reduction	-100	0	-100
2. Pension Rate Change	-4	0	-4
Total Policy Changes	-104	0	-104
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2001-03 Revised Appropriations	2,896	1,327	4,223
Fiscal Year 2002 Total	1,499	771	2,270
Fiscal Year 2003 Total	1,397	556	1,953

Comments:

1. **Operating Cost Reduction** - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by the Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2. **Pension Rate Change** - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54 percent to 1.10 percent and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75 percent to 1.05 percent as provided under Chapter 7, Laws of 2002 (HB 2782).