

# Higher Education

## **Enrollment Increases**

The amount of \$34.5 million from the state general fund is provided to address increasing enrollment demand primarily in high demand fields for which there is a shortage of qualified graduates. Targeted enrollment increases will also go to assist qualified residents seeking to transfer to public baccalaureate institutions and for unemployed workers seeking new job skills.

College access is specifically expanded to support an additional 1,296 full-time equivalent (FTE) student enrollments: 500 enrollments in a high demand pool to be allocated by the Higher Education Coordinating Board to the baccalaureate institutions; 400 enrollments in a transfer student pool to be allocated to the baccalaureate institutions by the Office of Financial Management; 196 enrollments restored to Central Washington University's budgeted enrollment base; 32 resident enrollments in veterinary medicine at Washington State University to replace Oregon students; and 168 enrollments at Clark and Lower Columbia Community Colleges to prepare students for direct transfer into a new Engineering and Science Institute at the Vancouver branch campus of Washington State University.

The State Board for Community and Technical Colleges received \$12.6 million in response to enrollment pressures and will provide information to the Legislature by 2004 on the level of high demand and worker retraining state FTEs being serviced by the two-year colleges with the pooled funds made available.

## **Job Skills**

The Job Skills Program, administered by the State Board for Community and Technical Colleges, is expanded by \$1.8 million. Job Skills provides grants for customized job training for workers of existing companies or firms that might expand or locate in the state. Grants are matched in cash or in kind, dollar for dollar, by employers who may opt to partner with an educational service district, a university, college, or career school in Washington.

## **Financial Aid**

A total of \$27.9 million from the state general fund is provided for student financial aid through the State Need Grant, Washington Scholars, and Washington Award for Vocational Excellence programs. Current legislative policy is maintained with respect to grants for undergraduate students from families with incomes up to 55 percent of the state's median, and full tuition grants are restored for state merit scholars with this budget.

## **College and University Operations**

A state general fund operating reduction totaling \$131 million is made to all public higher education institutions. This reduction may be partially offset by higher tuition collected from enrolled students. Higher education institutions are given the management flexibility to determine how to best implement this reduction.

## **Compensation**

The Legislature provided \$10 million from the state general fund for competitive salary adjustments by four-year institutions to recruit and retain key faculty and professional staff. Institutions may supplement this salary pool with tuition funds at their own discretion. Additionally, \$2.5 million from the state general fund is provided to the State Board for Community and Technical Colleges to address salary equity for part-time faculty, as well as \$2.5 million from the state general fund for incremental salary adjustments for full-time faculty. Salary turnover savings may also be used for increments.

**Tuition**

Governing boards of each institution and the State Board for Community and Technical Colleges will decide the maximum level of tuition for all students, except resident undergraduates, for the next six academic years. This authority is delegated under Chapter 232, Laws of 2003 (ESSB 5448), and leaves the decision on resident undergraduate rates to the state operating budget. For the 2003-04 and 2004-05 academic years, the Legislature has granted institutions the authority to increase tuition up to 7 percent each year over rates charged to resident undergraduate students at that institution during the prior academic year.

The authority for public colleges and universities to grant tuition waivers is lowered by \$5.6 million for the second academic year of the 2003-05 biennium. This instructional support either will be replaced with tuition collected from enrolled students, or local funds at the discretion of each institution.

**Facility Stewardship**

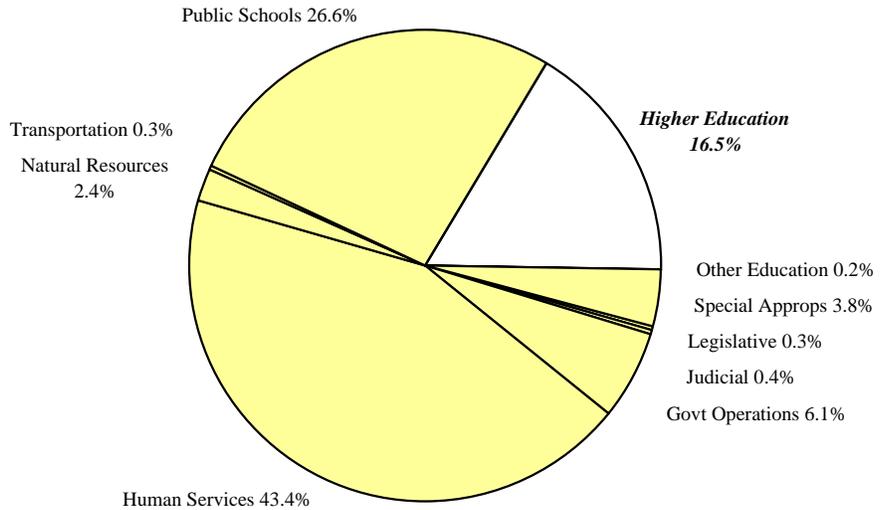
Responding to findings and recommendations of the Joint Legislative Audit and Review Committee, the Legislature sharpened its focus on building preservation needs for higher education for the 2003-05 biennium. State general funds totaling \$11.4 million are provided for plant operations and maintenance to protect and prolong the life of public facilities; another \$14.5 million increase to the base is provided for this same purpose at maintenance level.

With this budget, \$52.7 million of general fund support for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. Operating appropriations are replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them. Through this action, approximately 85 percent of building systems annual expenses once assigned to the state general fund will be newly met with state capital funds.

## 2003-05 Washington State Operating Budget Total Budgeted Funds

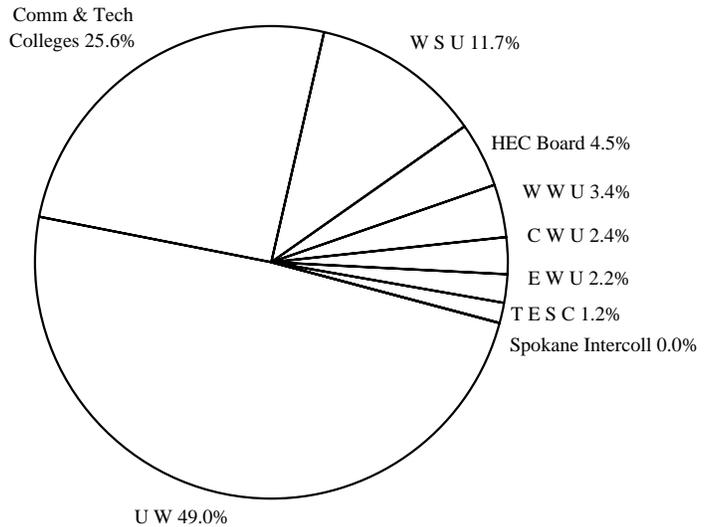
(Dollars in Thousands)

Legislative	136,394
Judicial	162,179
Governmental Operations	2,726,495
Human Services	19,457,885
Natural Resources	1,091,562
Transportation	123,957
Public Schools	11,906,608
<b>Higher Education</b>	<b>7,400,500</b>
Other Education	99,594
Special Appropriations	1,690,584
<b>Statewide Total</b>	<b>44,795,758</b>



### Washington State

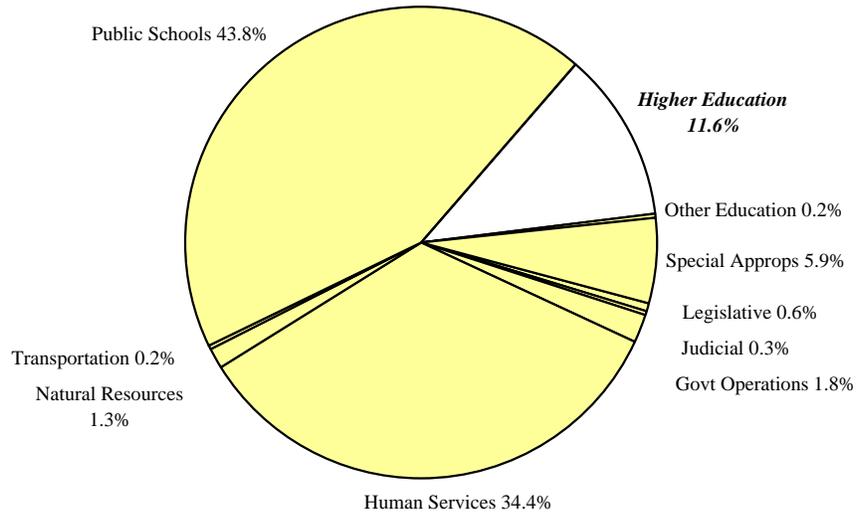
Univ of Washington	3,624,733
Community/Tech Colleges	1,892,613
Washington State Univ	864,579
Higher Ed Coord Bd	329,640
Western Washington Univ	254,158
Central Washington Univ	181,036
Eastern Washington Univ	160,199
The Evergreen State Coll	90,620
Spokane Intercoll	2,922
<b>Higher Education</b>	<b>7,400,500</b>



## 2003-05 Washington State Operating Budget General Fund-State

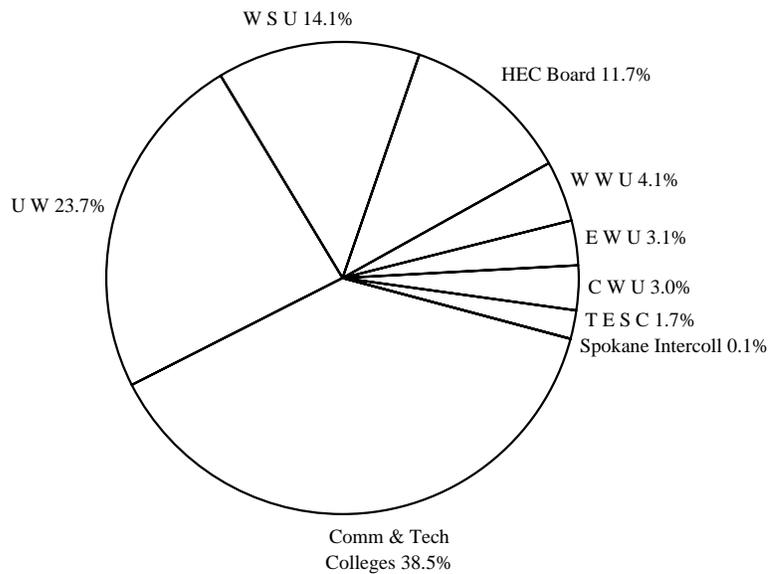
(Dollars in Thousands)

Legislative	129,628
Judicial	78,492
Governmental Operations	411,360
Human Services	7,933,222
Natural Resources	297,097
Transportation	48,834
Public Schools	10,104,649
<b>Higher Education</b>	<b>2,667,195</b>
Other Education	39,932
Special Appropriations	1,370,972
<b>Statewide Total</b>	<b>23,081,381</b>



### Washington State

Community/Tech Colleges	1,025,814
Univ of Washington	631,212
Washington State Univ	375,219
Higher Ed Coord Bd	312,297
Western Washington Univ	109,182
Eastern Washington Univ	83,044
Central Washington Univ	81,156
The Evergreen State Coll	46,449
Spokane Intercoll	2,822
<b>Higher Education</b>	<b>2,667,195</b>



**Higher Education**  
**FTE Student Enrollment History**  
 By Academic Year

	Actual Enrollment							Budgeted	
	1996-97 <sup>1</sup>	1997-98 <sup>1</sup>	1998-99 <sup>1</sup>	1999-00 <sup>1</sup>	2000-01 <sup>1</sup>	2001-02 <sup>1</sup>	2002-03 <sup>1</sup>	2003-04	2004-05
<b>Community &amp; Technical Colleges</b>	<b>118,653</b>	<b>117,925</b>	<b>121,302</b>	<b>125,131</b>	<b>128,093</b>	<b>133,962</b>	<b>139,753</b>	<b>126,070</b>	<b>126,070</b>
General Enrollment <sup>(2)</sup>	111,129	110,808	114,885	117,623	120,830	124,850	127,604	119,840	119,840
Dislocated Workers <sup>(2)</sup>	7,524	7,117	6,417	7,508	7,263	9,112	12,149	6,200	6,200
Two-plus-Two <sup>(3)</sup>	0	0	0	0	0	0	0	30	30
<b>Four-Year Schools</b>	<b>79,435</b>	<b>80,458</b>	<b>81,814</b>	<b>82,734</b>	<b>84,784</b>	<b>87,969</b>	<b>89,511</b>	<b>86,148</b>	<b>86,418</b>
University of Washington	32,858	33,398	33,592	34,058	34,966	36,647	36,963	35,146	35,146
Washington State University	18,594	18,584	19,148	18,983	19,473	19,955	20,311	19,710	19,726
Eastern Washington University	6,945	6,907	7,244	7,712	8,081	8,421	8,700	8,017	8,017
Central Washington University	7,448	7,474	7,471	7,463	7,287	7,672	8,106	7,666	7,666
The Evergreen State College	3,489	3,728	3,822	3,697	3,786	4,009	4,054	3,837	3,837
Western Washington University	10,101	10,367	10,537	10,821	11,191	11,265	11,377	11,126	11,126
Jr-Class Standing Transfers (OFM)	0	0	0	0	0	0	0	400	400
High Demand Programs (HECB)	0	0	0	0	0	0	0	246	500
HECB Timber Workers <sup>(4)</sup>	139	148	177	45	48	0	0	0	0
<b>Total Higher Education</b>	<b>198,227</b>	<b>198,531</b>	<b>203,293</b>	<b>207,910</b>	<b>212,925</b>	<b>221,931</b>	<b>229,264</b>	<b>212,218</b>	<b>212,488</b>

(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. Since 1997-98, the Community and Technical College System has been authorized to enroll up to 7,200 FTEs in the Dislocated Workers Program. Budgeted levels are corrected going into the 2003-04 academic year to reflect service levels actually supported by the colleges with available funds. The 2003 Legislature appropriated funds to expand access to high demand training which may result in dislocated worker FTEs beyond the 6,200 budgeted service level shown here for the 2003-04 and 2004-05 academic years. The State Board has discretion to assign \$12.6 million of instructional funds to either "general enrollment" or "dislocated worker" categories (or both) for FTE tracking purposes.

(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 1996-97 and 1998-99 include Pullman extended degree students. The program itself was allowed to sunset being replaced by a rural community development grant program at the start of the 2001-03 biennium.

Data Source :

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

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

**Higher Education**  
**Budgeted Enrollment Increases**  
 By Academic Year

	FTE Student Enrollment				
	Budgeted Level 2002-2003	Increase for 2003-2004	Total Budgeted 2003-2004	Increase for 2004-05	Total Budgeted 2004-2005
<b>Community &amp; Technical Colleges</b>	<b>128,222</b>	<b>-2,152</b>	<b>126,070</b>	<b>0</b>	<b>126,070</b>
General Enrollments	119,672	168	119,840	0	119,840
Dislocated Workers <sup>(1)</sup>	8,520	-2,320	6,200	0	6,200
Two-plus-Two	30	0	30	0	30
<b>Four-Year Schools</b>	<b>85,290</b>	<b>858</b>	<b>86,148</b>	<b>270</b>	<b>86,418</b>
University of Washington	35,146	0	35,146	0	35,146
Seattle <sup>(2)</sup>	32,427	0	32,427	0	32,427
Bothell <sup>(2)</sup>	1,235	0	1,235	0	1,235
Tacoma <sup>(2)</sup>	1,484	0	1,484	0	1,484
Washington State University	19,694	16	19,710	16	19,726
Pullman <sup>(2)</sup>	17,332	16	17,348	16	17,364
Spokane <sup>(2)</sup>	593	0	593	0	593
Tri-Cities <sup>(2)</sup>	616	0	616	0	616
Vancouver <sup>(2)</sup>	1,153	0	1,153	0	1,153
Eastern Washington University	8,017	0	8,017	0	8,017
Central Washington University	7,470	196	7,666	0	7,666
The Evergreen State College	3,837	0	3,837	0	3,837
Western Washington University	11,126	0	11,126	0	11,126
High Demand Programs (HECB)	0	246	246	254	500
Jr-Class Standing Transfers (OFM)	0	400	400	0	400
<b>Total Higher Education</b>	<b>213,512</b>	<b>-1,294</b>	<b>212,218</b>	<b>270</b>	<b>212,488</b>

- (1) The State Board for Community and Technical Colleges is authorized to enroll up to 8,520 FTEs in the Dislocated Workers Program in academic year 2002-03, and not less than 6,200 FTEs per academic year for the 2003-05 biennium. Also see note (2) on the FTE Student Enrollment History page of this document. Of the reduction shown above, -1,320 FTEs reflects 2002 supplemental funds made available on a one-time basis by the Legislature and -1,000 FTE corrects the budget to reflect actual service expectations when the State Board allocates \$28.7 million annually to the colleges to support seats in training classes and sections of benefit to dislocated workers.
- (2) Subject to reporting requirements, the research universities may reassign budgeted FTEs from a main campus (Seattle, Pullman) to any of its respective branch campuses at the start of an academic year.

## 2003-2005 New Tuition and Services and Activities Fee Authority \*

	Current Rate	Maximum New Rate	
	2002-2003	2003-2004	2004-2005
<b>Research Universities</b>			
Resident Undergraduate	4,488	4,802	5,138
Resident Graduate - Business (UW)	8,288	TBD	TBD
Resident Graduate - Business (WSU)	6,088	TBD	TBD
Resident Graduate - All Other	6,333	TBD	TBD
Resident Law	10,049	TBD	TBD
Resident MD/DDS/DVM	11,148	TBD	TBD
Nonresident Undergraduate	13,713	TBD	TBD
Nonresident Graduate - Business (UW)	17,388	TBD	TBD
Nonresident Graduate - Business (WSU)	14,918	TBD	TBD
Nonresident Graduate - All Other	15,291	TBD	TBD
Nonresident Law	17,788	TBD	TBD
Nonresident MD/DDS/DVM	27,393	TBD	TBD
<b>Regional Universities</b>			
Resident Undergraduate	3,407	3,645	3,901
Resident Graduate - Business	5,261	TBD	TBD
Resident Graduate - All Other	5,261	TBD	TBD
Nonresident Undergraduate	11,729	TBD	TBD
Nonresident Graduate - Business	15,917	TBD	TBD
Nonresident Graduate - All Other	15,917	TBD	TBD
<b>Community &amp; Technical Colleges</b>			
Resident Undergraduate	1,983	2,121	2,270
Nonresident Undergraduate	7,191	TBD	TBD

\* 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. Pursuant to Chapter 232, Laws of 2003 (ESSB 5448), only undergraduate tuition fees for residents are capped. The maximum annual increase governing boards may adopt for undergraduate study by residents during the 2003-05 biennium is 7 percent. For graduate and non-resident students, institutional governing boards have full discretion to adjust tuition fees as deemed appropriate each academic year through the 2008-09 academic year. Except for resident undergraduates, tuition reductions or increases may be made for all or portions of an institution's programs, campuses, courses, or students. To use state resources efficiently, governing boards are encouraged to adjust full-time operating fees for any student category based upon factors like 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 tuition fees for resident undergraduate students. 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
<b>2001-03 Expenditure Authority</b>	<b>1,047,641</b>	<b>702,764</b>	<b>1,750,405</b>
<b>2003-05 Maintenance Level</b>	<b>1,070,702</b>	<b>838,580</b>	<b>1,909,282</b>
<b>Policy Changes</b>			
1. Waive Less Tuition	-3,553	3,553	0
2. Job Skills Program	-1,135	2,950	1,815
3. Pension Reduction Correction	168	0	168
4. Alliance for Corporate Education	0	250	250
5. High Demand	12,609	0	12,609
6. Wine Industry Education Partnership	197	0	197
7. General Inflation	-2,236	-6,053	-8,289
8. Initiative 732 COLA	-16,791	0	-16,791
9. Part-Time Faculty Compensation	2,500	0	2,500
10. Facility Maintenance and Operations	4,489	0	4,489
11. Faculty Salary Increments	2,500	0	2,500
12. Operating Cost Reduction	-44,235	27,519	-16,716
13. Building Maintenance to Capital	-17,754	0	-17,754
14. Pension Funding Change	-2,034	0	-2,034
15. Pipeline to BS-Engineer & Sci-Tech	1,350	0	1,350
16. Health Benefits	17,095	0	17,095
17. Revolving Funds	-154	0	-154
18. Self-Insurance Premiums	2,096	0	2,096
<b>Total 2003-05 Biennium</b>	<b>1,025,814</b>	<b>866,799</b>	<b>1,892,613</b>
Fiscal Year 2004 Total	507,960	423,107	931,067
Fiscal Year 2005 Total	517,854	443,692	961,546

**Comments:**

- 1. **Waive Less Tuition** - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
- 2. **Job Skills Program** - Non-general funding is provided to expand the availability of job skills grants during the 2003-05 biennium. The Job Skills Program supports up to half of the total cost of customized training, with participating companies providing a dollar-for-dollar cash or in-kind match. The State Board shall provide an annual report by January 1 of each fiscal year to the Governor and the appropriate policy and fiscal committees of the Legislature on the implementation of this appropriation and distribution of state funds by educational sector and region of the state. (General Fund-State, Administrative Contingency Account-State)
- 3. **Pension Reduction Correction** - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.
- 4. **Alliance for Corporate Education** - One-time funding is provided to seed the creation of a partnership between 17 college districts who have formed an alliance to simplify and provide a single source of contact for corporations seeking to out source job skills training. (Administrative Contingency Account-State)
- 5. **High Demand** - Funding is provided solely to expand enrollment in high-demand fields. High-demand fields include health services, viticulture and enology, applied science and engineering, and expansion of worker retraining programs. The State Board will manage a competitive process for awarding high-demand resources.
- 6. **Wine Industry Education Partnership** - Funding is provided for allocation to Walla Walla, Yakima Valley, and Wenatchee college districts for equipment and supply purchases (one-time), student labor, field work, and related travel, as well as orchard program adaptations (one-time) to develop a comprehensive, more expansive viticulture (grape growing) and enology (wine making) higher education program supporting career-path opportunities for Washington residents. The colleges are encouraged to apply for a portion of high-demand enrollments--permanent funding made available on a competitive basis

## Community & Technical College System

through the State Board--to address their respective need for additional instructors or professional staff.

7. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)
8. **Initiative 732 COLA** - Implementation of Initiative 732 cost-of-living adjustment (COLA) increases for selected community and technical college staff are suspended for the 2003-05 biennium. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
9. **Part-Time Faculty Compensation** - Funding is provided to increase the statewide average compensation of part-time faculty at state community and technical colleges. The State Board will report on the distribution of state funds and wage adjustments for part-time faculty to the fiscal and higher education committees of the Legislature by January 30, 2004.
10. **Facility Maintenance and Operations** - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium, as well as for newly-authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005. Funds are also provided to maintain and operate new facilities whose construction was principally financed with local or private funds for which the state provided matching funds through the capital budget.
11. **Faculty Salary Increments** - Funding is provided for incremental salary adjustments for community and technical college faculty. State general fund appropriations may be used in combination with turnover savings for this purpose.
12. **Operating Cost Reduction** - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
13. **Building Maintenance to Capital** - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.
14. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
15. **Pipeline to BS-Engineer & Sci-Techn** - Funding is provided for allocation to Clark and Lower Columbia College to enroll and prepare 168 FTE associate degree students for transfer to engineering and applied science-technology degree programs offered by Washington State University in Vancouver. Preparation of students may be accomplished together with other private or border-state accredited post-secondary institutions.
16. **Health Benefits** - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.
17. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
18. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Community and Technical College's self-insurance premium in the 2003-05 biennium.

## University of Washington

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>679,674</b>	<b>2,245,866</b>	<b>2,925,540</b>
<b>2003-05 Maintenance Level</b>	<b>678,037</b>	<b>3,001,064</b>	<b>3,679,101</b>
<b>Policy Changes</b>			
1. Waive Less Tuition	-1,251	1,251	0
2. Pension Reduction Correction	134	0	134
3. High Demand - Research Match	2,500	0	2,500
4. General Inflation	-3,818	-24,399	-28,217
5. Recruitment and Retention	4,622	0	4,622
6. Facility Maintenance and Operations	4,777	0	4,777
7. Operating Cost Reduction	-41,927	15,218	-26,709
8. Building Maintenance to Capital	-20,108	0	-20,108
9. Pension Funding Change	-1,076	-10	-1,086
10. Shellfish Biotoxin Monitoring	0	300	300
11. Health Benefits	9,498	153	9,651
12. Revolving Funds	-176	-56	-232
<b>Total 2003-05 Biennium</b>	<b>631,212</b>	<b>2,993,521</b>	<b>3,624,733</b>
Fiscal Year 2004 Total	311,628	1,493,485	1,805,113
Fiscal Year 2005 Total	319,584	1,500,036	1,819,620

**Comments:**

1. **Waive Less Tuition** - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
2. **Pension Reduction Correction** - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.
3. **High Demand - Research Match** - Funding is provided as state match to attract or retain federal research grants in high-demand and technologically-advanced fields.
4. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)
5. **Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.
6. **Facility Maintenance and Operations** - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.
7. **Operating Cost Reduction** - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
8. **Building Maintenance to Capital** - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.
9. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, Medical Aid Account-State, Accident Account-State)
10. **Shellfish Biotoxin Monitoring** - Funding is provided for shellfish biotoxin monitoring by the Olympic Region Harmful Algal Bloom Program of the Olympic Natural Resources Center pursuant to Chapter 263, Laws of 2003 (SSB 6073). (General Fund-Local)

## University of Washington

11. **Health Benefits** - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits. (General Fund-State, Medical Aid Account-State, Accident Account-State)
12. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Institutions of Higher Education Dedicated Local Account-Non-Appropriated)

## Washington State University

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>395,169</b>	<b>422,155</b>	<b>817,324</b>
<b>2003-05 Maintenance Level</b>	<b>392,682</b>	<b>482,737</b>	<b>875,419</b>
<b>Policy Changes</b>			
1. Waive Less Tuition	-564	564	0
2. Pension Reduction Correction	74	0	74
3. Veterinary Student Enrollment	1,521	323	1,844
4. Wine Industry Education Partnership	837	150	987
5. General Inflation	-1,313	-3,893	-5,206
6. Recruitment and Retention	2,876	0	2,876
7. Facility Maintenance and Operations	1,236	0	1,236
8. Operating Cost Reduction	-20,678	9,479	-11,199
9. Building Maintenance to Capital	-7,876	0	-7,876
10. Pension Funding Change	-662	0	-662
11. Engineering & Science Institute	1,350	0	1,350
12. Health Benefits	5,833	0	5,833
13. Revolving Funds	-142	0	-142
14. Self-Insurance Premiums	45	0	45
<b>Total 2003-05 Biennium</b>	<b>375,219</b>	<b>489,360</b>	<b>864,579</b>
Fiscal Year 2004 Total	185,265	240,255	425,520
Fiscal Year 2005 Total	189,954	249,105	439,059

**Comments:**

1. **Waive Less Tuition** - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
2. **Pension Reduction Correction** - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.
3. **Veterinary Student Enrollment** - Due to declining participation by Oregon State University, funding is provided to expand the size of the entering professional veterinary medicine class by 16 resident students each academic year during the 2003-05 biennium. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
4. **Wine Industry Education Partnership** - Funding is provided to develop a comprehensive viticulture (grape growing) and enology (wine making) program that supports career path opportunities for Washington residents. Washington State University's (WSU's) share of this \$1 million state investment (also see Agency 699 - State Board for Community & Technical Colleges) is primarily for extension field personnel and services on an ongoing basis. One-time support of \$477,000 is provided in FY 2004 to serve as a bridge so that WSU may hire and make joint faculty appointments for the benefit of programs in Pullman and the Tri-Cities until permanent funding is secured by a successful application for high-demand instructional support from the Higher Education Coordinating Board. Building funds are appropriated to equip and renovate a Tri-Cities branch campus wet lab. (General Fund-State, Washington State University Capital Projects Account-State)
5. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)
6. **Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.
7. **Facility Maintenance and Operations** - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium. Additional funds are also provided for newly-authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.
8. **Operating Cost Reduction** - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate

## Washington State University

students. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)

9. **Building Maintenance to Capital** - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.
10. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
11. **Engineering & Science Institute** - Operating support is provided to enable WSU-Vancouver, Clark College, and Lower Columbia Community College to execute a regional partnership that will create an Institute for Engineering & Science in southwest Washington. Additional resources have been appropriated to the State Board for Community and Technical Colleges (see Agency 699) to prepare 168 FTE associate degree students for eventual transfer completion of baccalaureate degree programs in applied science, technology, and engineering.
12. **Health Benefits** - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.
13. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
14. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the University's self-insurance premium in the 2003-05 biennium.

## Eastern Washington University

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>89,241</b>	<b>73,488</b>	<b>162,729</b>
<b>2003-05 Maintenance Level</b>	<b>88,103</b>	<b>73,969</b>	<b>162,072</b>
<b>Policy Changes</b>			
1. Waive Less Tuition	-85	85	0
2. Pension Reduction Correction	18	0	18
3. General Inflation	-207	-481	-688
4. Recruitment and Retention	751	0	751
5. Facility Maintenance and Operations	318	0	318
6. Operating Cost Reduction	-6,006	3,582	-2,424
7. Building Maintenance to Capital	-1,726	0	-1,726
8. Pension Funding Change	-154	0	-154
9. Health Benefits	1,438	0	1,438
10. Revolving Funds	-22	0	-22
11. Self-Insurance Premiums	616	0	616
<b>Total 2003-05 Biennium</b>	<b>83,044</b>	<b>77,155</b>	<b>160,199</b>
Fiscal Year 2004 Total	40,861	37,140	78,001
Fiscal Year 2005 Total	42,183	40,015	82,198

**Comments:**

1. **Waive Less Tuition** - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
2. **Pension Reduction Correction** - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.
3. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)
4. **Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.
5. **Facility Maintenance and Operations** - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium. Additional funds are also provided for newly-authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.
6. **Operating Cost Reduction** - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
7. **Building Maintenance to Capital** - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.
8. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
9. **Health Benefits** - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

## Eastern Washington University

10. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
11. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the University's self-insurance premium in the 2003-05 biennium.

## Central Washington University

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>85,572</b>	<b>89,577</b>	<b>175,149</b>
<b>2003-05 Maintenance Level</b>	<b>83,837</b>	<b>96,596</b>	<b>180,433</b>
<b>Policy Changes</b>			
1. Waive Less Tuition	-53	53	0
2. Pension Reduction Correction	16	0	16
3. General Inflation	-29	-551	-580
4. Recruitment and Retention	624	0	624
5. Facility Maintenance and Operations	67	0	67
6. Operating Cost Reduction	-5,390	3,782	-1,608
7. Building Maintenance to Capital	-1,886	0	-1,886
8. Enrollment Stabilization & Recovery	2,100	0	2,100
9. Pension Funding Change	-120	0	-120
10. Health Benefits	1,568	0	1,568
11. Revolving Funds	-50	0	-50
12. Self-Insurance Premiums	472	0	472
<b>Total 2003-05 Biennium</b>	<b>81,156</b>	<b>99,880</b>	<b>181,036</b>
Fiscal Year 2004 Total	39,765	48,584	88,349
Fiscal Year 2005 Total	41,391	51,296	92,687

**Comments:**

- |  |   |
|--|---|
| <p>1. <b>Waive Less Tuition</b> - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)</p> <p>2. <b>Pension Reduction Correction</b> - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.</p> <p>3. <b>General Inflation</b> - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)</p> <p>4. <b>Recruitment and Retention</b> - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.</p> <p>5. <b>Facility Maintenance and Operations</b> - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.</p> <p>6. <b>Operating Cost Reduction</b> - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate</p> | <p>students. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)</p> <p>7. <b>Building Maintenance to Capital</b> - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.</p> <p>8. <b>Enrollment Stabilization &amp; Recovery</b> - Funding is provided to partially restore state funded full-time equivalent (FTE) students that were deducted from the budgeted base in 2001, because enrollment has been fully recovered. This funding will provide for 196 additional FTE students during the 2003-05 biennium.</p> <p>9. <b>Pension Funding Change</b> - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.</p> <p>10. <b>Health Benefits</b> - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to</p> |
|--|---|

## Central Washington University

average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

11. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
12. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the University's self-insurance premium in the 2003-05 biennium.

## The Evergreen State College

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>49,513</b>	<b>39,311</b>	<b>88,824</b>
<b>2003-05 Maintenance Level</b>	<b>49,767</b>	<b>42,948</b>	<b>92,715</b>
<b>Policy Changes</b>			
1. Waive Less Tuition	-33	33	0
2. Pension Reduction Correction	8	0	8
3. General Inflation	0	-356	-356
4. Recruitment and Retention	376	0	376
5. Facility Maintenance and Operations	260	0	260
6. Operating Cost Reduction	-4,389	1,546	-2,843
7. Building Maintenance to Capital	-584	0	-584
8. Pension Funding Change	-109	0	-109
9. Charter Schools Study	50	0	50
10. Juvenile Offender Sentencing	26	0	26
11. Standards for Release of Offenders	24	0	24
12. WSIPP Youth Intervention Study	110	0	110
13. Prison Capacity Study	100	0	100
14. Health Benefits	907	0	907
15. Revolving Funds	-14	0	-14
16. Lapse - 2ESSB 5012	-50	0	-50
<b>Total 2003-05 Biennium</b>	<b>46,449</b>	<b>44,171</b>	<b>90,620</b>
Fiscal Year 2004 Total	22,856	21,799	44,655
Fiscal Year 2005 Total	23,593	22,372	45,965

**Comments:**

1. **Waive Less Tuition** - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
2. **Pension Reduction Correction** - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.
3. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Various funds)
4. **Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.
5. **Facility Maintenance and Operations** - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.
6. **Operating Cost Reduction** - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
7. **Building Maintenance to Capital** - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.
8. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
9. **Charter Schools Study** - Funding is provided for the implementation of 2ESSB 5012 (Charter Schools) which provides for the establishment of a limited number of charter

## The Evergreen State College

schools. Specifically, the Washington State Institute for Public Policy (WSIPP) was directed to conduct an evaluation of the process used to establish charter schools, as well as outcomes. Because the bill was not enacted by June 30, 2003, the appropriation lapsed. See item 16.

10. **Juvenile Offender Sentencing** - Funding is provided for WSIPP to develop adherence and outcome standards for measuring the effectiveness of treatment programs referred to in Chapter 378, Laws of 2003, Partial Veto (ESSB 5903). The Institute shall present its conclusions and recommend standards to the Governor and Legislature by no later than January 1, 2004.
11. **Standards for Release of Offenders** - Funding is provided for WSIPP to study the results of the changes in "earned release" under Chapter 379, Laws of 2003 (ESSB 5990). The study shall determine whether the new policy affects the rate of recidivism or the type of offenses committed by persons whose release dates were affected by the new law. The Institute shall report its findings to the Governor and appropriate legislative committees by no later than December 1, 2008.
12. **WSIPP Youth Intervention Study** - Funding is provided for WSIPP to review research assessing the effectiveness of prevention and early intervention programs concerning children and youth, including programs designed to reduce the at-risk behaviors for children and youth identified in RCW 70.190.010(4).
13. **Prison Capacity Study** - Funding is provided for WSIPP to conduct a study of the relationship between prison overcrowding and construction and the current state criminal sentencing structure. The Institute will present preliminary findings to the Governor and to the Legislature by December 15, 2003, and a final report by March 15, 2004.
14. **Health Benefits** - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.
15. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
16. **Lapse - 2ESSB 5012** - Funding was provided to evaluate the process used to establish charter schools and related outcomes contingent upon enactment of 2ESSB 5012 (Charter Schools) by June 30, 2003. Because the bill was not passed by the Legislature, the appropriation lapsed.

## Western Washington University

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>117,700</b>	<b>117,770</b>	<b>235,470</b>
<b>2003-05 Maintenance Level</b>	<b>117,852</b>	<b>140,221</b>	<b>258,073</b>
<b>Policy Changes</b>			
1. Waive Less Tuition	-107	107	0
2. Pension Reduction Correction	22	0	22
3. General Inflation	0	-949	-949
4. Recruitment and Retention	751	0	751
5. Facility Maintenance and Operations	272	0	272
6. Operating Cost Reduction	-8,389	5,597	-2,792
7. Building Maintenance to Capital	-2,814	0	-2,814
8. Pension Funding Change	-225	0	-225
9. Health Benefits	1,852	0	1,852
10. Revolving Funds	-32	0	-32
<b>Total 2003-05 Biennium</b>	<b>109,182</b>	<b>144,976</b>	<b>254,158</b>
Fiscal Year 2004 Total	53,645	71,157	124,802
Fiscal Year 2005 Total	55,537	73,819	129,356

**Comments:**

1. **Waive Less Tuition** - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
2. **Pension Reduction Correction** - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.
3. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Various funds)
4. **Recruitment and Retention** - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.
5. **Facility Maintenance and Operations** - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium. Additional funds are also provided for newly-authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.
6. **Operating Cost Reduction** - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
7. **Building Maintenance to Capital** - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.
8. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
9. **Health Benefits** - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.
10. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

## Higher Education Coordinating Board

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>264,158</b>	<b>15,785</b>	<b>279,943</b>
2003 Supplemental *	-29	0	-29
<b>Total 2001-03 Biennium</b>	<b>264,129</b>	<b>15,785</b>	<b>279,914</b>
<hr/>			
<b>2003-05 Maintenance Level</b>	<b>276,037</b>	<b>17,357</b>	<b>293,394</b>
<b>Policy Changes</b>			
1. Jefferson County Pilot Project	350	0	350
2. State Need Grant Increase	26,145	0	26,145
3. Washington Scholars	1,286	0	1,286
4. Washington Award for Voc Excellence	489	0	489
5. Reduction	-232	0	-232
6. High Demand Enrollments	8,275	0	8,275
7. Pension Funding Change	-43	-14	-57
8. Revolving Funds	-10	0	-10
<hr/>			
<b>Total 2003-05 Biennium</b>	<b>312,297</b>	<b>17,343</b>	<b>329,640</b>
Fiscal Year 2004 Total	150,169	8,454	158,623
Fiscal Year 2005 Total	162,128	8,889	171,017

**Comments:**

- |  |  |
|--|--|
| <p>1. <b>Jefferson County Pilot Project</b> - Continued funding is provided for a demonstration project to increase opportunities and participation in post-secondary education in rural areas of Jefferson County.</p> <p>2. <b>State Need Grant Increase</b> - Funding is provided for new state budgeted, full-time equivalent (FTE) student enrollments and to keep pace with tuition increases that state universities and colleges may adopt under limits proposed for undergraduate study during the 2003-05 biennium. The effective income cutoff for need grants is 55 percent of the state's median family income.</p> <p>3. <b>Washington Scholars</b> - Funding is provided to support increased use of state merit awards (24 each year) by students at Washington higher education institutions (\$259,000) and to restore awards to full tuition and fee scholarships (\$1,027,000) for all recipients.</p> <p>4. <b>Washington Award for Voc Excellence</b> - Funding is provided to support increased use of excellence awards in vocational arts by students enrolling at Washington higher education institutions (\$76,000) and to restore awards to full tuition and fee scholarships (\$413,000) for all recipients.</p> <p>5. <b>Reduction</b> - The policy and coordination function within the Higher Education Coordinating Board is reduced.</p> <p>6. <b>High Demand Enrollments</b> - The Board will manage a competitive process to award 500 FTE student enrollments in high-demand fields. Public baccalaureate institutions are eligible to apply for funding and may submit proposals that include cooperative partnerships with private institutions. State funds are budgeted at an average rate of \$11,000 per FTE for instruction. Enrollment contracts will be awarded principally</p> | <p>to prepare undergraduates for careers in nursing and other health services, applied science and engineering, teaching and speech pathology, computing and information technology, and viticulture (grape growing) and enology (wine making).</p> <p>7. <b>Pension Funding Change</b> - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal, Advanced College Tuition Payment Program Account-Non-Appropriated)</p> <p>8. <b>Revolving Funds</b> - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.</p> |
|--|--|

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Spokane Intercollegiate Research & Technology Inst

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>2,896</b>	<b>1,327</b>	<b>4,223</b>
<b>2003-05 Maintenance Level</b>	<b>2,835</b>	<b>102</b>	<b>2,937</b>
<b>Policy Changes</b>			
1. General Inflation	-21	-2	-23
2. Pension Funding Change	-14	0	-14
3. Health Benefits	24	0	24
4. Revolving Funds	-2	0	-2
<b>Total 2003-05 Biennium</b>	<b>2,822</b>	<b>100</b>	<b>2,922</b>
Fiscal Year 2004 Total	1,403	50	1,453
Fiscal Year 2005 Total	1,419	50	1,469

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, Institutions of Higher Education Dedicated Local Account-Non-Appropriated)
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
3. **Health Benefits** - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.
4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.