

Date: February 8, 2017

Subject: Governor Inslee’s Proposed 2017-19 Biennial Operating Budget – “Errata” Version

After Governor Inslee released his proposed 2017-19 biennial operating and capital budgets on December 14, 2016 (see the [OPB brief](#) for details), the Governor’s Office of Financial Management (OFM) identified several methodology and appropriation errors in the original operating budget. To correct those errors and accurately reflect the Governor’s original intent, OFM released an “Errata” version of the Governor’s budget in the form of budget detail documents. No new budget *bill* was released to articulate the changes.

This brief describes the adjustments that relate to the University of Washington and provides new tables to reflect updated appropriations. Moving forward, all Senate and House budget proposals will be compared to the Errata version, rather than to the original Governor’s budget.

High-level Comparison of Budget Proposals

Table 1 shows the total funding provided over the 2015-17 biennium (FYs 2016 and 2017), the assumed carryforward level (which is the cost of continuing appropriations from the previous biennium into the new biennium), the total funding provided in the Governor’s original operating budget proposal, and the total funding provided in the “Errata” budget. As detailed below, correcting an error in the methodology for calculating faculty and professional staff salary increases has resulted in a reduction of \$24.9 million over the biennium.

Table 1: UW State Funding - Comparison of 2017-19 Operating Budget Proposals Near General Fund State, (in \$1,000s)*

Budget	FY 1	FY 2	Total
<i>2015-17 Biennial Budget Total Funding</i>	292,933	332,343	625,276
<i>2017-19 Carryforward Level</i>	333,151	332,225	665,376
Governor's Proposed 2017-19 Operating Budget	360,883	389,541	750,424
Governor's Proposed 2017-19 Operating Budget "Errata"	354,010	371,835	725,845

*See footnotes below Table 2

Detailed Comparison of the Budget Proposals

Table 2, on the next page, shows a line-by-line breakdown of the funding levels and policy changes proposed by the Governor. The line items that changed between the Governor’s original budget proposal and the “Errata” budget proposal are shown in **bold red** and are described in more detail on page 3.

Table 2: 2017-19 Operating Budget Proposals Near General Fund State (in \$1,000s)

	Governor's ORIGINAL 2017-19 Operating Budget Proposal	Governor's "ERRATA" 2017-19 Operating Budget Proposal
	2017-19 Total	2017-19 Total
2017-19 Carryforward Level	665,376	665,376
Maintenance Level Changes	5,802	6,026
Maintenance & Operations for New Buildings	2,801	2,801
Tuition Backfill Inflation Adjustment	2,696	2,696
Initiative 1433 Minimum Wage	151	151
Archives/Records Management	16	16
Audit Services	11	11
Legal Services	(319)	11
CTS Central Services	326	350
OFM Central Services*	(1,114)	(1,244)
Workers' Compensation Changes	558	558
Pension and DRS Rate Changes	676	676
Policy Level Changes	79,246	54,443
Policy Level Central Service Adjustments	83	178
Tuition Revenue Backfill	15,500	15,500
WWAMI Spokane Continuation	5,000	5,000
WWAMI Spokane Expansion	5,000	5,000
Center for Human Rights	250	250
Special Olympics USA Games	2,000	2,000
Compensation	Public Employee Benefits Rate**	4,558
	Represented Employee Benefits Rate**	1,352
	Non-Rep Employee General Wage Inc.	37,994
	Non-Rep Targeted Pay Increases	2
	Agreement with WFSE	3,351
	Agreement with Teamsters (Police)	369
	Agreement with SEIU 925	3,658
	Agreement with WFSE Police Mgmt	129
Total 2017-19 Funding:	750,424	725,845

Items in **bold red** have been corrected since the Governor's original budget release

*Charges for OFM central services were vetoed by the Governor. This represents a net-zero impact. See below.

**These adjustments reflect higher limits on employer contributions to benefits, and are presumed to have a net-zero impact.

Changes in the “Errata” Version of the Governor’s Operating Budget (GF-S):

- **Compensation:** The Governor’s budget assumes the following compensation increases: a 2 percent increase in FY18 and *two* 2 percent increases in FY19 (one on July 1, 2018 and the other on January 1, 2019). In total, the Governor’s original budget provided \$38.0 million in state support for these increases. After the Governor’s budget came out, we heard from OFM that an error had resulted in certain institutions getting significantly *more* compensation funding than OFM had intended and other institutions getting less. The UW was among the institutions that received more compensation support than OFM intended. The “Errata” version of the budget corrected this amount to \$13.1 million over the biennium (\$3.7 million in FY18, and \$9.4 million in FY19), and assumed the difference (\$24.9 million) would be covered by new tuition revenue. There were no changes to appropriations for collective bargaining agreements or employee benefits.
- **Tuition Backfill:** In the Governor’s original proposal, the budget bill and supplementary documents were not consistent as to the appropriation amount for FY19. In the budget bill, the amount for FY19 was \$898,000 *more than* the FY18 amount. However, in accompanying budget materials, the amount for FY19 was lower than the amount for FY18. The latter was an error, and all documents are now consistent.
- **Legal Services:** The Governor’s original budget reduced the UW’s appropriation for legal services by \$319,000 over the biennium. After accounting for increases in the current biennium that should have carried forward into the 2017-19 biennium, OFM corrected the amount to a small positive inflationary adjustment.
- **Other central services (CTS, OFM, and others):** OFM corrected issues with central service calculations, resulting in slight adjustments at the maintenance and policy levels.

Other State Funds (non-GF-S):

- **Marijuana Research Funding** – The Governor’s original budget proposal included an additional \$799,000 per year from the Dedicated Marijuana Account to reflect funding authorized under 2E2SHB 2136 (2015), which resulted in a total allocation for marijuana research of \$1,026,000 per fiscal year for the 2017-19 biennium. This amount was adjusted slightly to \$794,000 per year, for a total allocation of \$1,021,000 per fiscal year for the 2017-19 biennium.

Per usual, budget updates will be provided on OPB’s [website](#) and [blog](#). For information about the operating budget, contact [Jed Bradley](#) or [Becka Johnson Poppe](#).