

Date: December 21, 2015

Subject: Governor Inslee’s Supplemental Budget Proposal (Making Changes to the 2015-17 Biennial Budget)

Governor Jay Inslee released his supplemental operating and capital budget proposals on Thursday, both of which include technical corrections and minor appropriation changes to the current 2015-17 biennial budgets (fiscal years 2016 and 2017). This budget release marks the first step of the 2016 legislative session – set to begin on Monday, January 11, 2016. As a reminder, the House and the Senate will propose their own supplemental budgets throughout this short 60-day session as they work toward a compromise budget.

Despite moderate growth predicted in the [November Revenue Forecast](#), lawmakers in Olympia will have a difficult job balancing the budget due to an increase in caseload costs for state services, a costly wildfire season, and other complications including the Washington Supreme Court decision in *McCleary v. State of Washington* and the passage of Initiative 1366. For more information about the revenue forecast and budgetary challenges, please visit our [blog](#). Governor Inslee’s proposal reflects this budgetary reality, offering only minor changes in overall funding for higher education institutions compared to the original 2015-17 biennial budget. In addition, the Governor’s proposal retains tuition reductions from the original compromise budget, which we summarized [here](#).

Supplemental Operating Budget Proposal – UW Overview

As predicted, Governor Inslee’s budget offers very few changes to ongoing appropriations. See below for a breakdown of funding changes for the UW:

Table 1: 2016 Governor Supplemental Proposal (making changes to the 2015-17 Operating Budget) Detail by Fiscal Year (in \$1000s) Near General Fund State

	FY16	FY17	Total
Total 2015-17 Funding:	291,886	327,686	619,572
Governor Supplemental Carryforward Changes	-103	857	754
Governor Supplemental Maintenance Changes		250	250
Audit Services	-42	-47	-89
Legal Services	-75	-76	-151
CTS Central Services	1	1	2
Time, Leave, Attendance System	13		13
Workers' Compensation Changes		979	979
MESA STEM Pre-College Program		250	250
Total 2015-17 Funding:	291,783	328,793	620,576

Apart from minor changes at the carryforward and maintenance levels, the Governor’s supplemental budget is relatively consistent with the University’s current state appropriation levels. In response to the UW’s request, the Governor’s proposal provides increased expenditure authority for ongoing shellfish biotoxin monitoring work by the UW’s Olympia Regional Harmful Algal Bloom Program, beginning in FY17 (Biotoxin Account-State, not included in NGFS chart above). If this budget prevailed, the University would also receive \$250,000 in additional ongoing funding for the Mathematics,

Engineering, and Science Achievement (MESA) program beginning in FY17. MESA currently has a budget of approximately \$1.5 million per year.

A significant factor in this Governor's supplemental budget is a preliminary allocation of settlement costs related to *Moore et al. v. Health Care Authority and the State of Washington*. The Governor proposes a total of \$80 million in state funding to cover the settlement by transferring various amounts from agencies' dedicated and local accounts. Should this allocation schedule prevail, the UW's share of the settlement would be \$15.6 million, sourced from a variety of local funds. As more information about this settlement becomes available, we will provide updates through these budget briefing materials.

Regarding compensation, the budget proposal does not make specific mention of higher education general wage increases, employer health care contribution limits, or collective bargaining agreements (CBAs) for UW employees. Thus, this proposal makes no changes to the compensation assumptions of the final conference budget.

Other Higher Education Budget Provisions

Other areas of the budget that are potentially relevant to higher education include:

- The Washington Student Achievement Council (WSAC) received \$200,000 to process an alternative financial aid application system.
- The STEM Alliance received extended funding past June 2016 (when funding is currently set to end).
- The Aerospace Training Student Loan program received more funding to allow two additional higher education institutions to participate.

Supplemental Capital Budget

The Governor's 2016 supplemental capital budget proposal offers limited additional capital funding for projects around the state. Higher education institutions, including UW, did not receive any additional funds.

Please stay tuned as we provide additional information about the budgets throughout legislative session. As usual, briefs will be provided to campus partners and posted on OPB's [website](#) and on our [blog](#).

For information about the operating budget, please contact [Jed Bradley](#) or [Becka Johnson Poppe](#). For information about the capital budget, please contact [John Seidelmann](#).