

Date: December 17, 2013

Subject: Governor Inslee's Supplemental Budget Proposal (Making Changes to the 2013-15 Biennial Budget)

Governor Jay Inslee released his supplemental operating and capital budgets today, both of which propose technical corrections and appropriation changes to the current 2013-15 biennial budgets (FY14 and FY15). This budget release marks the first step of the 2014 legislative season – set to begin on Monday, January 13, 2014. As a reminder, both legislative bodies will propose their own supplemental budgets throughout this short 60-day session as they work towards compromise budgets.

Governor Inslee's budget would invest new funds in strategic commercialization opportunities at the state's research universities, make changes to the College Bound program, and provide additional funds to entice Boeing to produce the 777x and its carbon fiber wing in Washington.

Supplemental Operating Budget – Higher Education Overview

As predicted, relatively few new investments in higher education were made in this budget. However, the two research universities received targeted funding for research and commercialization activities.

- The **University of Washington** received **\$1 million for its Institute for Protein Design** and **\$500,000 for an Advanced Materials Manufacturing Facility** plan, associated with the ongoing attempt to keep Boeing's production of the 777x and its carbon fiber wing in Washington.
- **Washington State University (WSU)** received **\$750,000 for an Air Transportation Center of Excellence for Alternative Jet Fuels and the Environment**. WSU also received **\$500,000 for a School of Advanced Manufacturing on the University Center of North Puget Sound**. Related to this appropriation, the Governor transferred funds from the State Board for Community and Technical Colleges to WSU for operation of the University Center of North Puget Sound.

However, all institutions, and all state agencies generally, received reductions based on FTE (full-time equivalent personnel) for reduced costs in health care expenses. These reductions are apparently due to overall positive claims experience on the health plans lowering overall costs. OPB will continue to analyze this issue in conjunction with the Office of State Relations and UW Benefits. It is not clear at this stage how this reduction, if it ultimately passes, would be dealt with on a UW departmental basis. The UW reduction is approximately \$4 million for FY15.

Other Higher Education Budget Provisions

Other areas of the budget could affect the UW's funding levels; these include:

- **Entrepreneurs-In-Residence:** Partial funding of \$750,000 for FY15 was restored for this program through the Department of Commerce. Funding supports entrepreneurial researchers at the UW and WSU.
- **College Bound:** A number of funding adjustments were made to the College Bound program. The first of these was for caseload adjustments to account for more qualifying students than originally anticipated. The others were to add funding for College Bound students to attend college during summer quarter and to correct

inadequate funding for the first year of the biennium. All told, the College Bound program would have \$11.2 million in additional expenditure authority for the current biennium.

- **State Need Grant:** No funding or policy changes were applied to the State Need Grant program.

Supplemental Capital Budget – Higher Education Overview

The Governor’s 2014 supplemental capital budget does not include additional funding for the UW. The University submitted three requests for capital funding. These included:

- Full state construction account funding of Denny Hall to replace the \$20 million in authorized UW debt funding;
- Pre-design and design for a Health Sciences Education instructional facility to support the continued success of all six healthcare-related academic programs; and,
- Pre-design and design funding of an interdisciplinary engineering building to support the growth in demand for engineering graduates from students, industry, and the state.

The Governor focused supplemental funding on critical ‘must-do’ projects and as a general rule, did not fund pre-design or design requests. As an example, the Governor would provide funding for the following non-UW projects:

- Renton Aerospace Training Center (\$10 million);
- Prison Capacity Predesign (\$1.8 million);
- Ecology HQ Emergency Generator Replacement (\$5 million);
- Boating Facilities Program (\$2 million);
- Central Washington University’s Buried Oil Storage Tank Remediation (\$2 million); and,
- Western Washington University’s Carver Academic Renovation (\$5 million).

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 [Sarah Hall](#). For information about the capital budget, please contact [John Seidelmann](#).