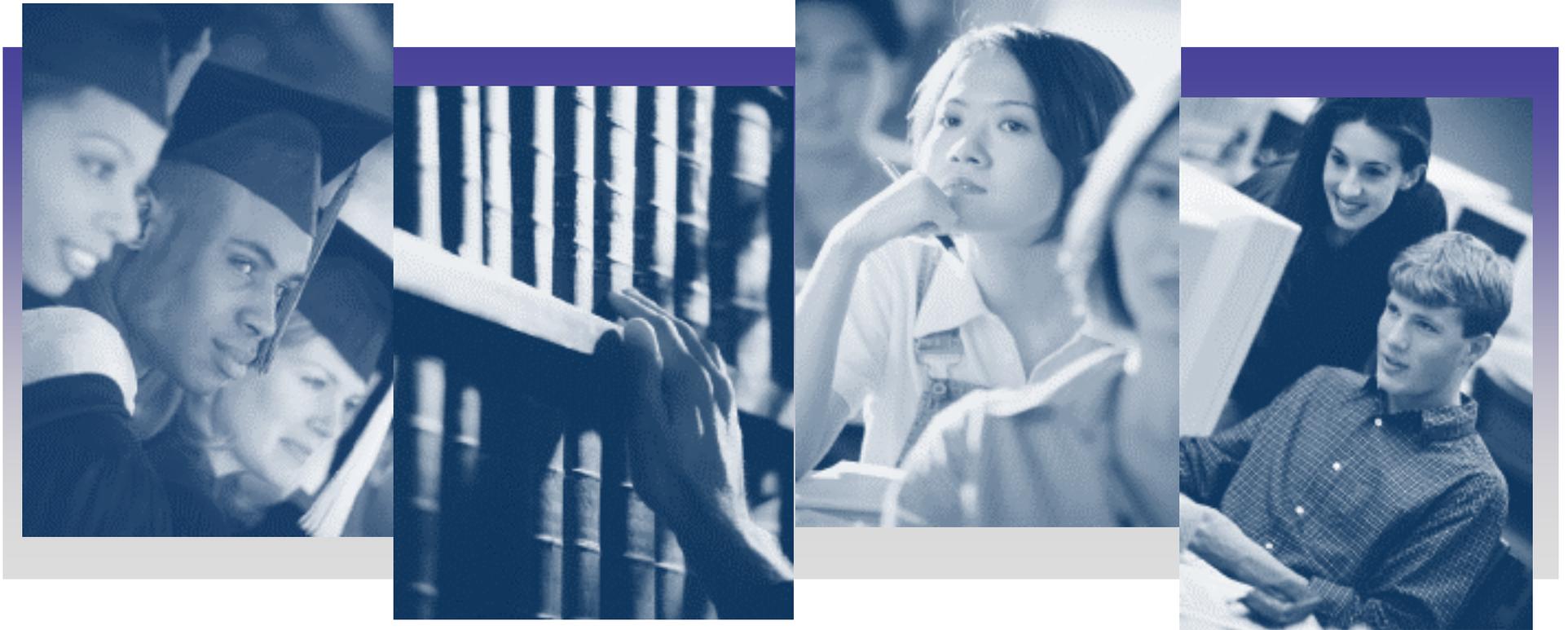


Review of the Governor's proposed 2003-05 higher education operating budget



**Senate Higher Education
Committee**

January 20, 2003

W A S H I N G T O N
**H I G H E R
E D U C A T I O N**
C O O R D I N A T I N G B O A R D

Higher Education Operating Budgets

Governor Proposed 2003-05 Biennium

State General Fund - Dollars in Millions

Part 1: Institutions (4-Year & 2-Year)		
2001-03 Biennium	\$2,470.0	
2003-05 Maintenance Level	\$2,495.0	
Governor Proposed 2003-05 Biennium	\$2,343.1	
Change from 2001-03	-\$126.9	-5.1%
Change from 2003-05 Maintenance Level	-\$151.9	-6.1%
Elements of Change from 2003-05 Maintenance Level:		
GF-S reduction to be offset by a 9% tuition increase	-\$138.6	
2.5% non-instructional activities reduction	-\$39.8	
Eliminate I-732 COLA for CTC faculty	-\$16.5	
Remove inflation adjustment	-\$7.6	
Pension rate changes	-\$4.8	
Revolving funds	-\$1.0	
Self-insurance premiums	\$3.2	
Part-time faculty compensation increases (CTC)	\$5.0	
Recruitment & retention of faculty and staff (4-yr)	\$10.0	
<u>Employee-related cost adjustments</u>	<u>\$38.1</u>	
Total	-\$151.9	

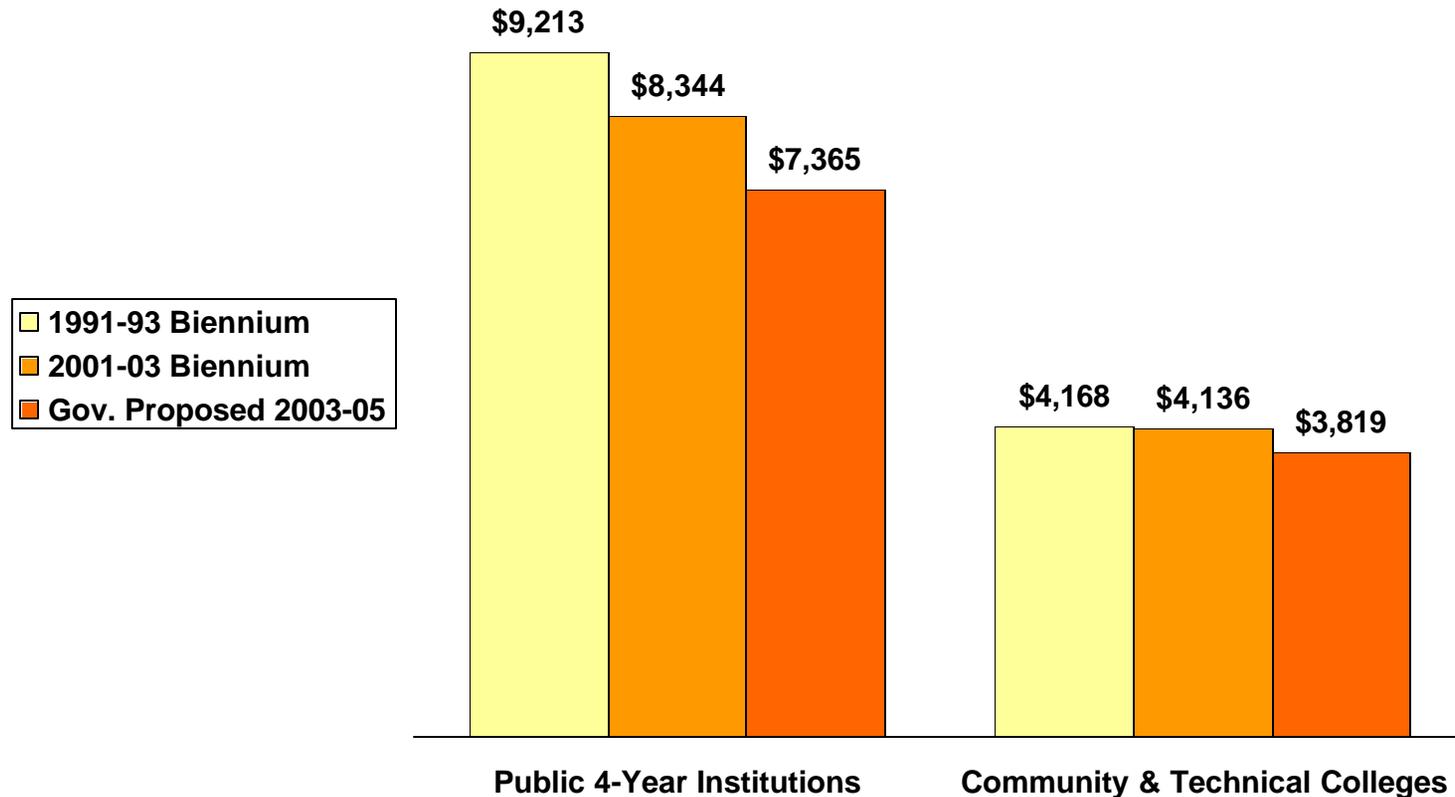
Higher Education Operating Budgets
Governor Proposed 2003-05 Biennium
 State General Fund - Dollars in Millions

Part 2: Financial Aid/HECB		
2001-03 Biennium	\$264.3	
2003-05 Maintenance Level	\$272.1	
Governor Proposed 2003-05 Biennium	\$324.1	
Change from 2001-03	\$59.8	22.6%
Change from 2003-05 Maintenance Level	\$52.0	19.7%
Elements of Change from 2003-05 Maintenance Level:		
5% policy & planning reduction	-\$0.2	
Employee-related and internal service cost adj.	-\$0.1	
High-demand enrollments	\$20.2	
State need grant increase	\$32.1	
Total	\$52.0	

Part 3: Total Higher Education		
2001-03 Biennium	\$2,734.3	
2003-05 Maintenance Level	\$2,767.1	
Governor Proposed 2003-05 Biennium	\$2,667.2	
Change from 2001-03	-\$67.1	-2.5%
Change from 2003-05 Maintenance Level	-\$100.0	-3.7%

State support per higher education student continues to decline in the Governor's proposed budget

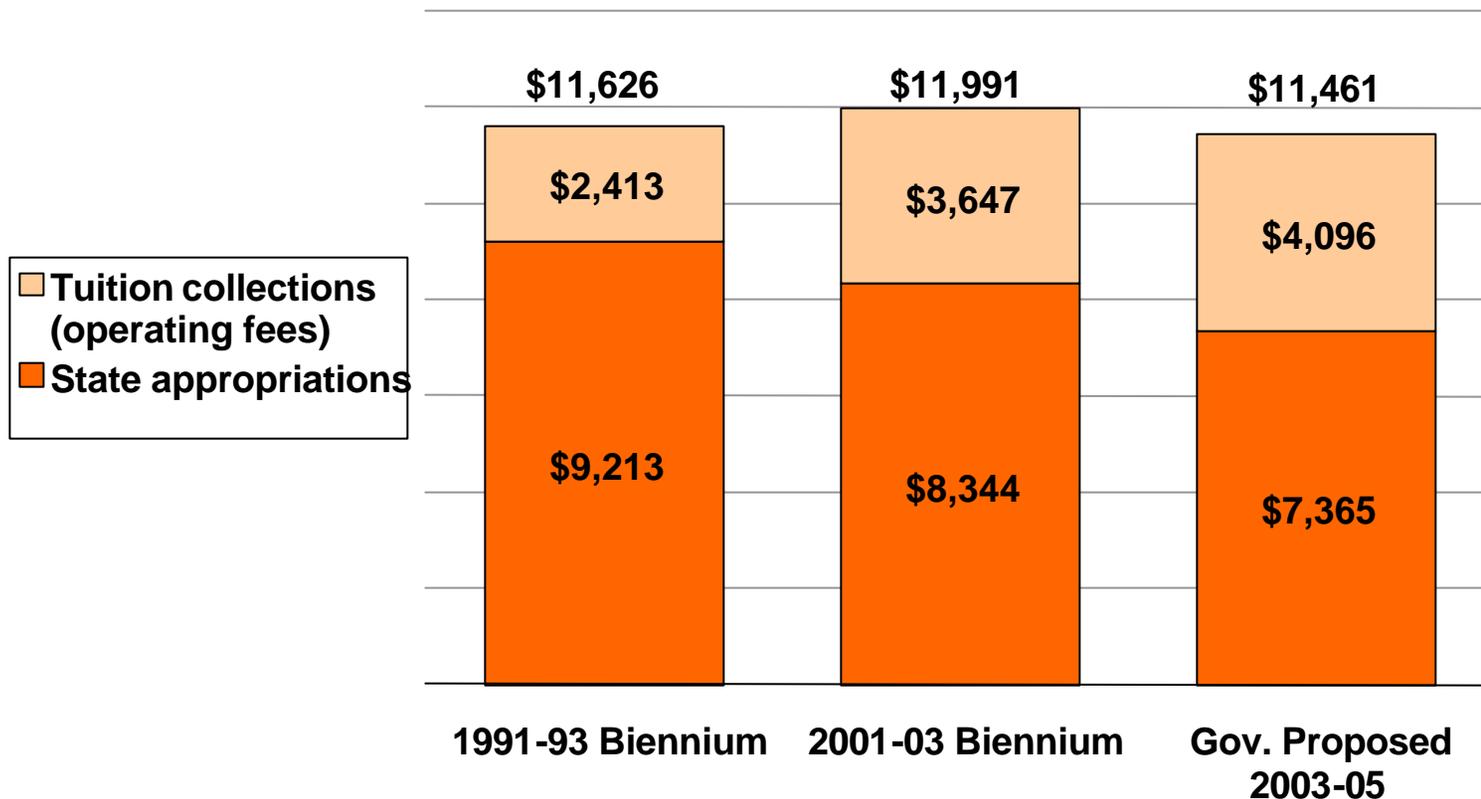
State General Fund Appropriations per Budgeted FTE Student
Adjusted for Inflation (2001-03 dollars)



Sources: LEAP (historical appropriation FTE data); OFM (Gov. 2003-05 budget request); and Office of the Forecast Council (inflation).

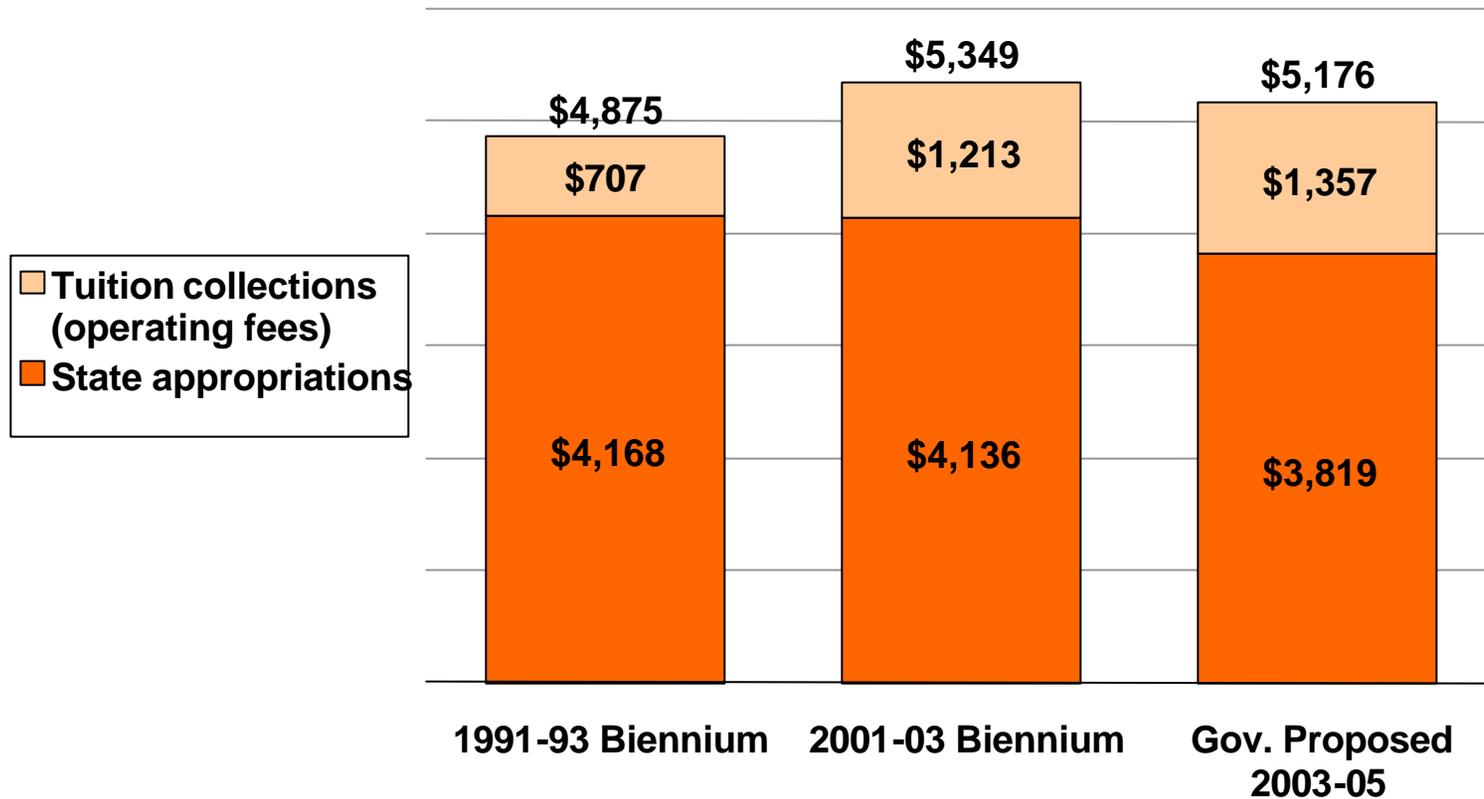
At the four-year schools, total revenue per higher education student would be down slightly in the Governor's proposal

Total funding per FTE student
Public 4-year
Adjusted for inflation (2001-03 dollars)



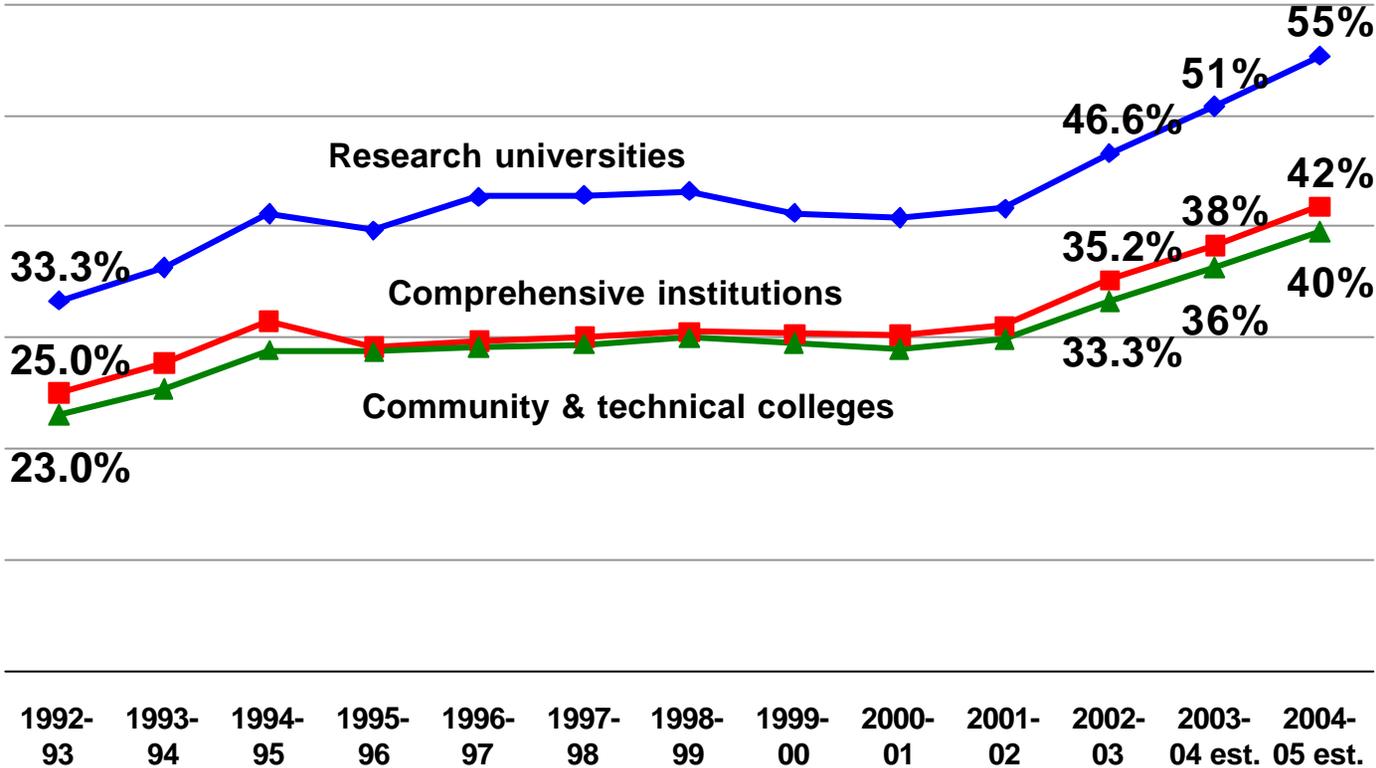
And at the two-year colleges, available revenue per student would be down even more

Total funding per FTE student
Public 2-year
Adjusted for inflation (2001-03 dollars)



The student share of the cost of instruction continues to increase in the Governor's budget proposal

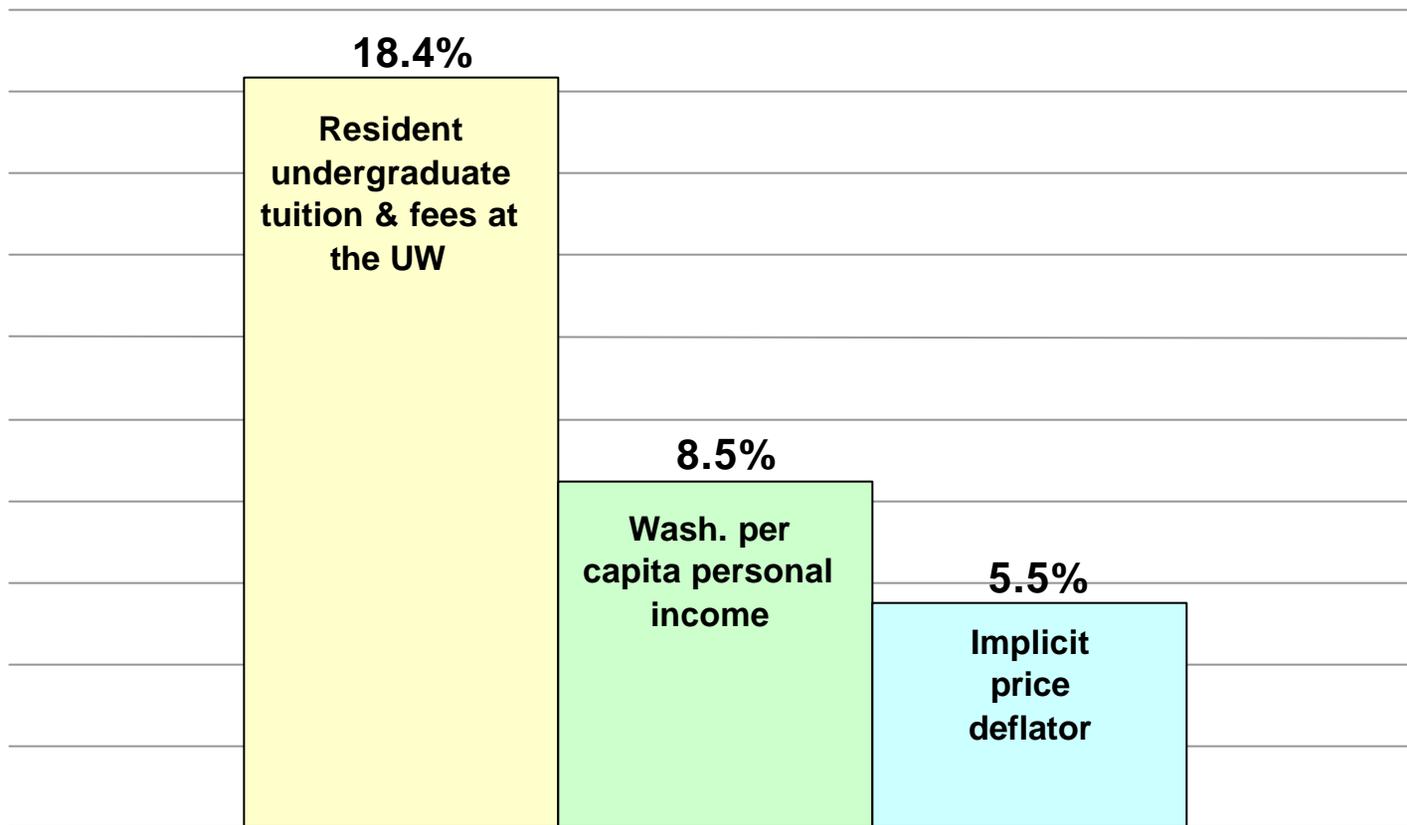
Resident Undergraduate Tuition (operating & building fees)
As a Percentage of Undergraduate Instructional Costs



Source: HECB analysis.

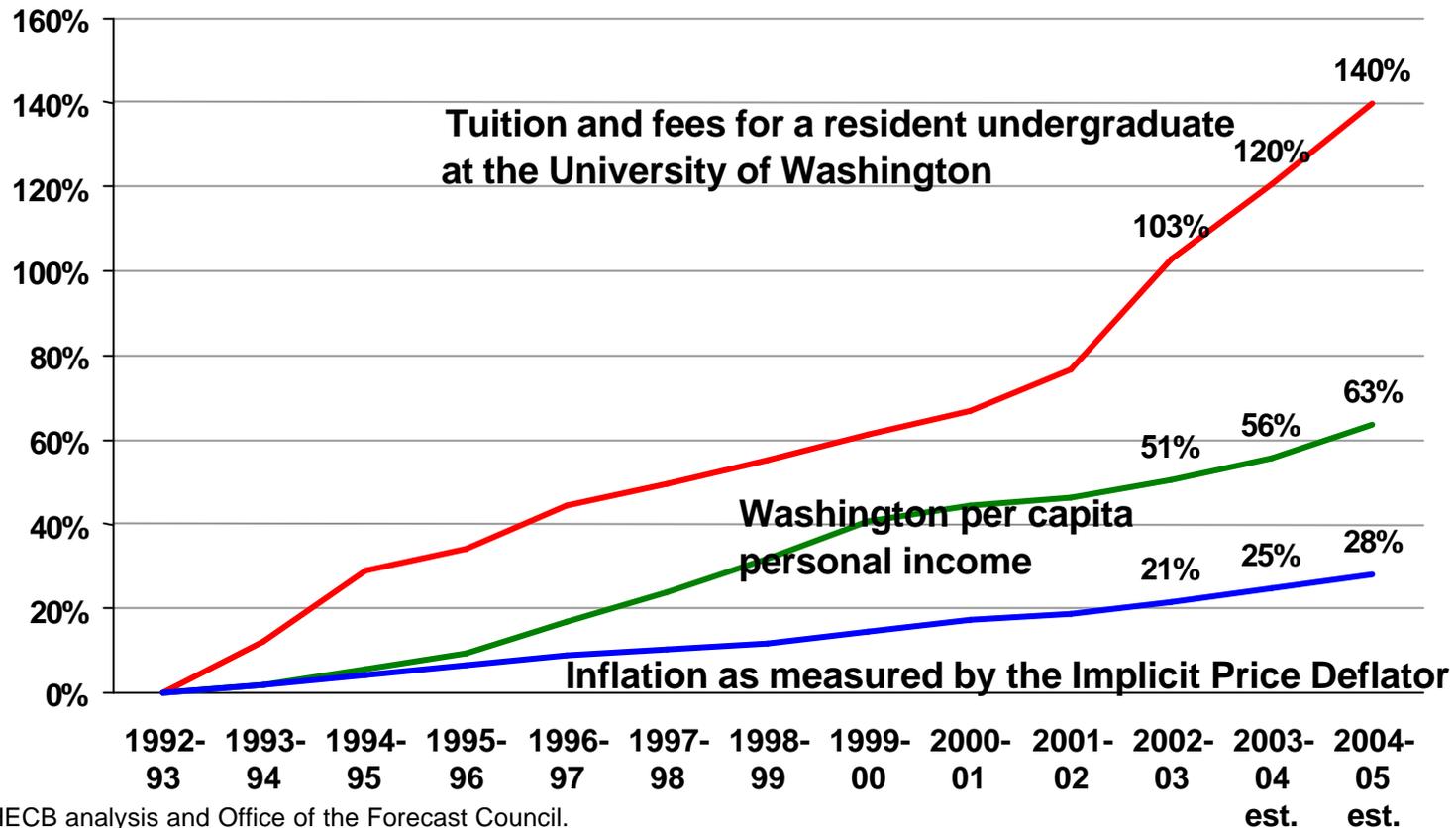
Tuition again would outpace per capita income growth and inflation in the 2003-05 biennium

Estimated growth in the 2003-05 biennium



Over a 12-year period, tuition increases will be significantly more than per capita income growth or inflation

Cumulative percentage change



Sources: HECB analysis and Office of the Forecast Council.

The Governor proposes keeping higher education enrollments flat during the 2003-05 biennium

Budgeted Full-time Equivalent Enrollments

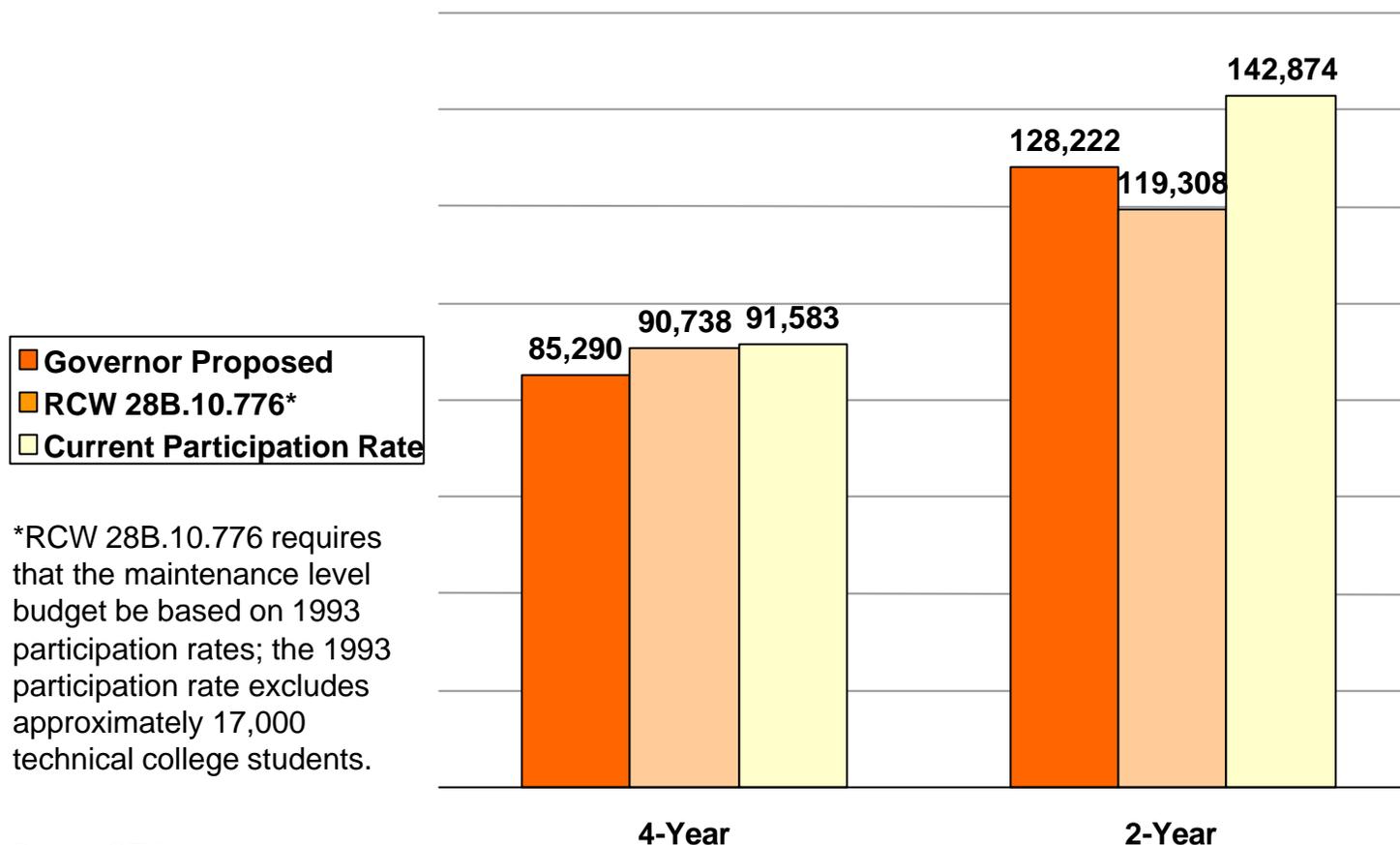
	2002-03	Gov. Proposed	
		FY 2004	FY 2005
4-year	85,290	85,290	85,290
2-year	128,222	126,872	126,872
High-demand		550	1,550
Total	213,512	212,712	213,712

Projected actual enrollments in 2002-03 exceed budgeted enrollments by 16,641; 4,217 in the four-year system and 12,424 in the two-year system.

Source: OFM

The Governor is proposing fewer enrollments than needed to maintain the current level of service

Proposed Enrollments in 2004-05 Compared to Forecasts



Source: OFM