

Review of the 2003-05 higher education operating budget



Presentation July 30, 2003

HECB Meeting

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

Higher Education Operating Budgets
Final 2003-05 Biennium (as signed by Governor)
 State General Fund - Dollars in Millions

Part 1: Institutions (4-Year & 2-Year)		
2001-03 Biennium	\$2,470.0	
2003-05 Maintenance Level	\$2,481.0	
Final 2003-05 Biennium (6/26/03)	\$2,358.4	
Change from 2001-03	-\$111.6	-4.5%
Change from 2003-05 Maintenance Level	-\$122.6	-4.9%
Elements of Change from 2003-05 Maintenance Level:		
Operating cost reduction (partially replaced with tuition)	-\$131.0	
Building maintenance to capital budget (fund shift)	-\$52.7	
Eliminate I-732 COLA for CTC faculty	-\$16.8	
Other reductions and fund shifts	-\$19.4	
Subtotal reductions and fund shifts		-\$219.9
CTC high demand programs (1,000 - 1,200 FTEs)	\$12.6	
Transfer students (OFM) (400 FTEs)	\$6.3	
Institutional specific enhancements	\$10.2	
Faculty salary pools	\$15.0	
Administrative enhancements, including employee health benefits	\$53.3	
Subtotal program and employee enhancements		\$97.3
Total	-\$122.6	

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Part 2: Financial Aid/HECB		
2001-03 Biennium	\$264.3	
2003-05 Maintenance Level	\$276.0	
Final 2003-05 Biennium (6/26/03)	\$312.3	
Change from 2001-03	\$48.0	18.1%
Change from 2003-05 Maintenance Level	\$36.3	13.7%
Elements of Change from 2003-05 Maintenance Level:		
HECB agency reductions	-\$0.3	
Jefferson County pilot	\$0.4	
High demand enrollments (4-years) (500 FTEs)	\$8.3	
Financial aid	\$27.9	
Total	\$36.3	

Part 3: Total Higher Education		
2001-03 Biennium	\$2,734.3	
2003-05 Maintenance Level	\$2,757.0	
Final 2003-05 Biennium (6/26/03)	\$2,670.7	
Change from 2001-03	-\$63.6	-2.3%
Change from 2003-05 Maintenance Level	-\$86.3	-3.2%

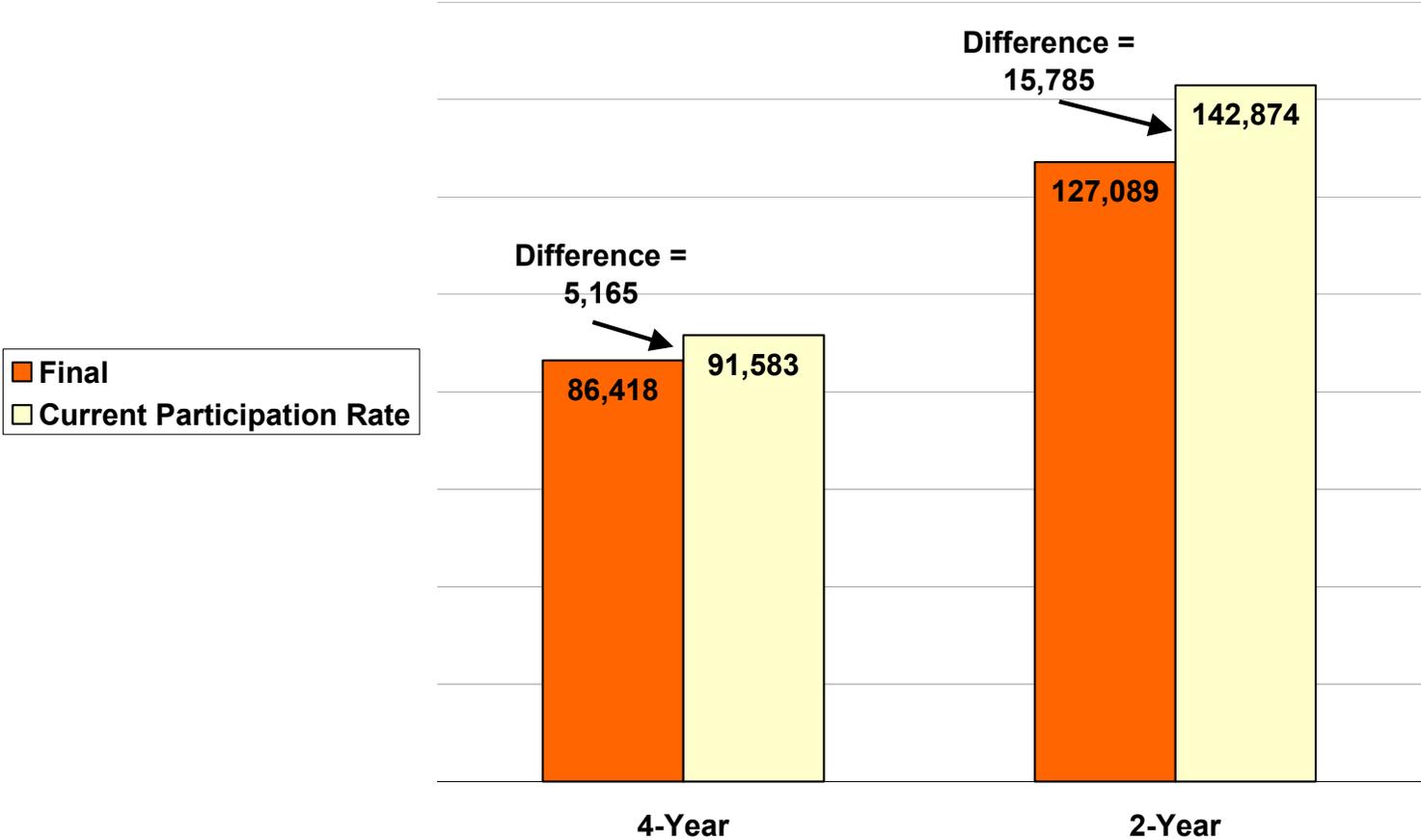
Higher Education Operating Budgets Final 2003-05 Biennium (as signed by Governor)

Part 4: FTE Student Changes

	2004-05
WSU - Veterinary student enrollment	32
CWU - Enrollment stabilization	196
OFM - Transfer students	400
HECB - High demand enrollments (4-years)	500
CTC - High demand programs	1,000 - 1,200
Engineering & science institute (CC pipeline)	168
Reduction of one-time workforce training slots	-1,320
Net change from 2002-03	976 - 1,176

The final budget contains fewer enrollments than needed to maintain the 2002-03 level of service

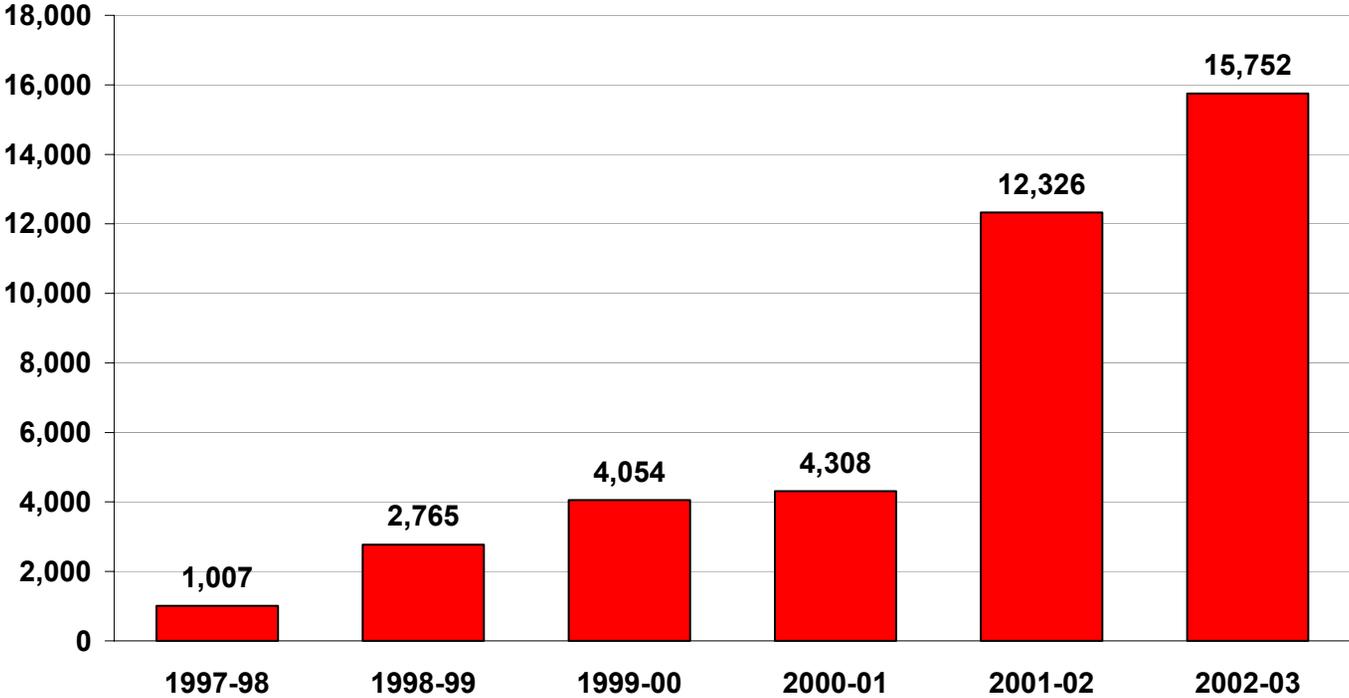
Proposed Enrollments in 2004-05 Compared to Forecasts



Sources: 2003-05 Operating Budget and Office of Financial Management

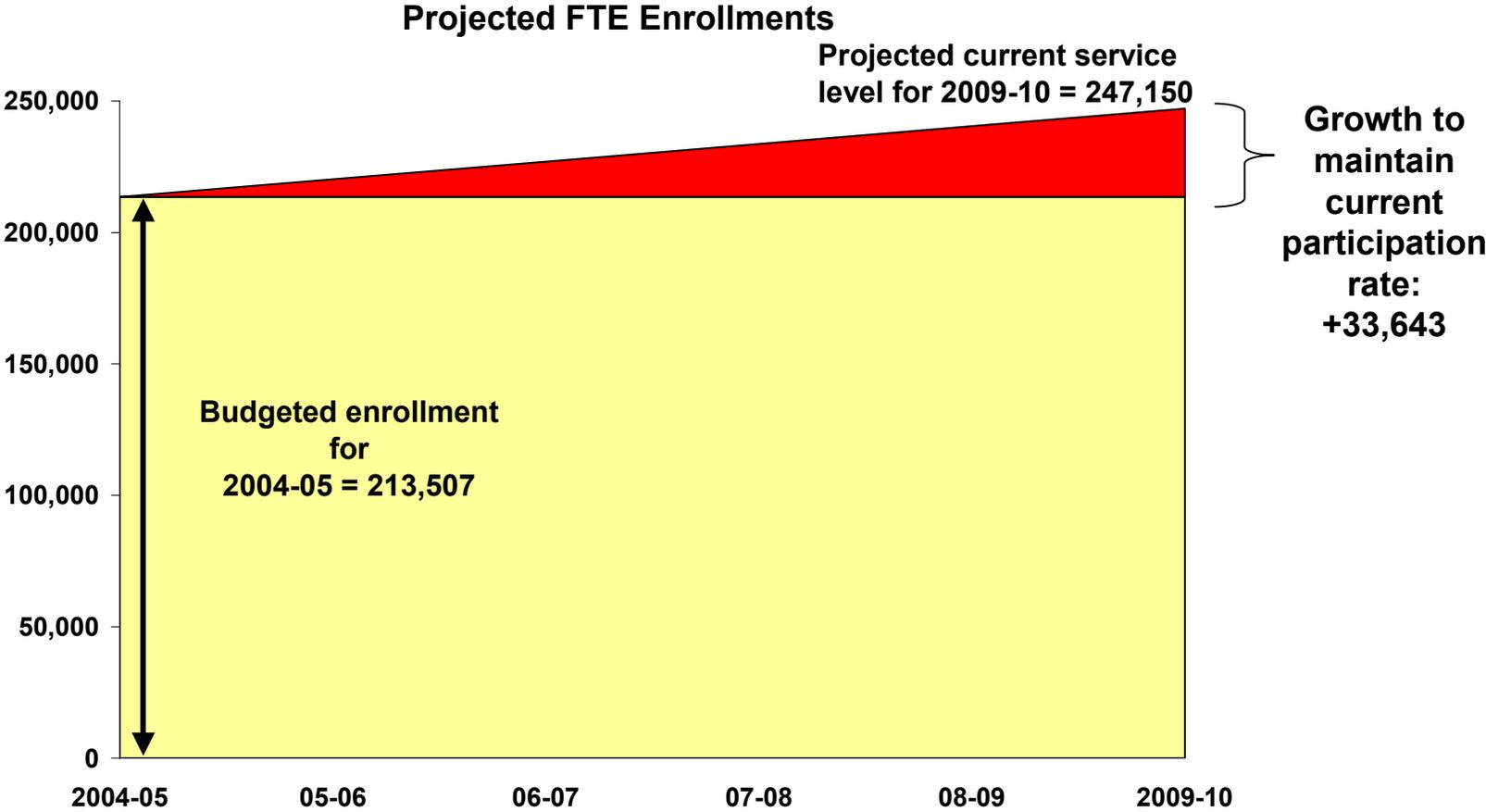
The public 2-year and 4-year colleges and universities are enrolling more students than budgeted

Public Higher Education
FTE Enrollment Variance
Actual Compared to Budgeted



Source: Office of Financial Management

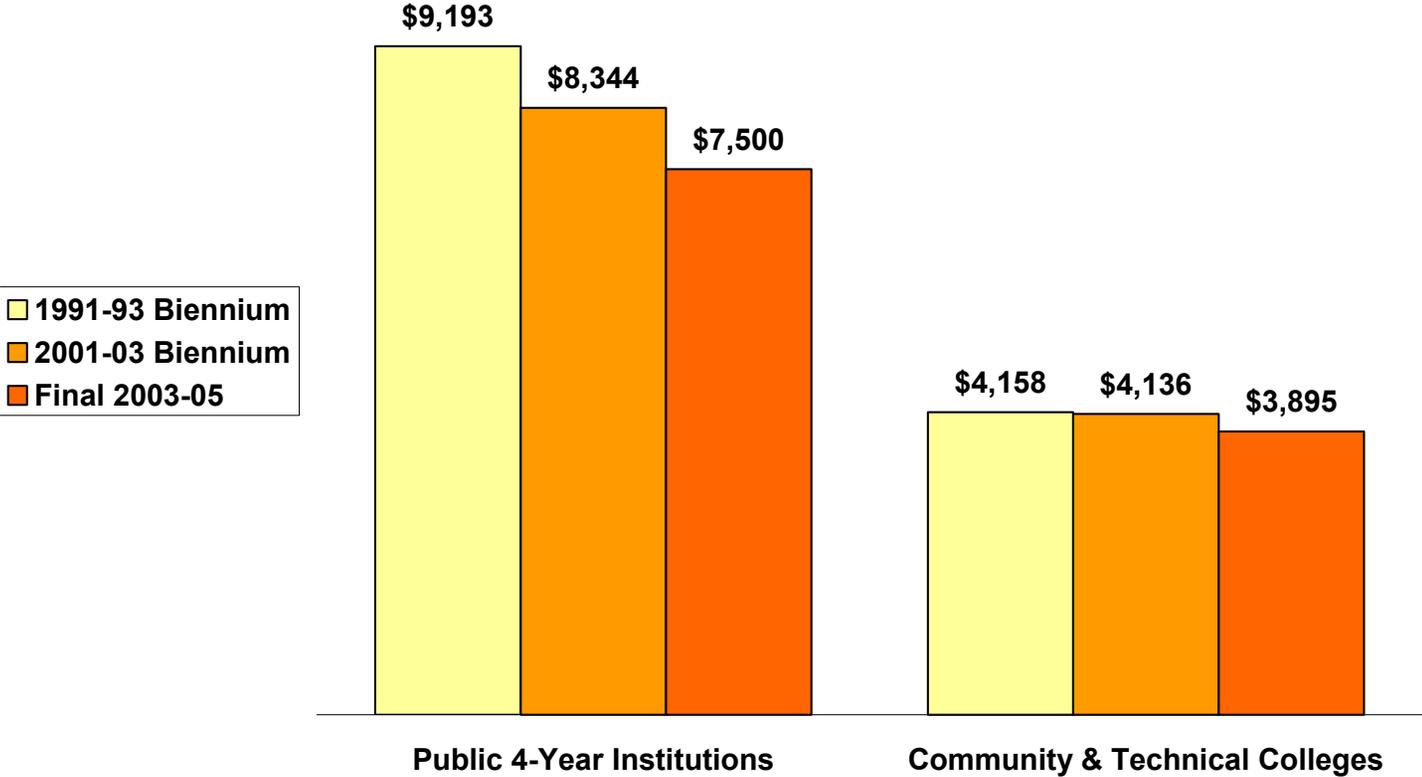
Maintaining the 2002 public higher education participation rates will require more than 33,000 additional enrollment slots by 2010



Sources: 2003-05 Operating Budget and Office of Financial Management

State support per higher education student continues to decline in the 2003-05 operating budget

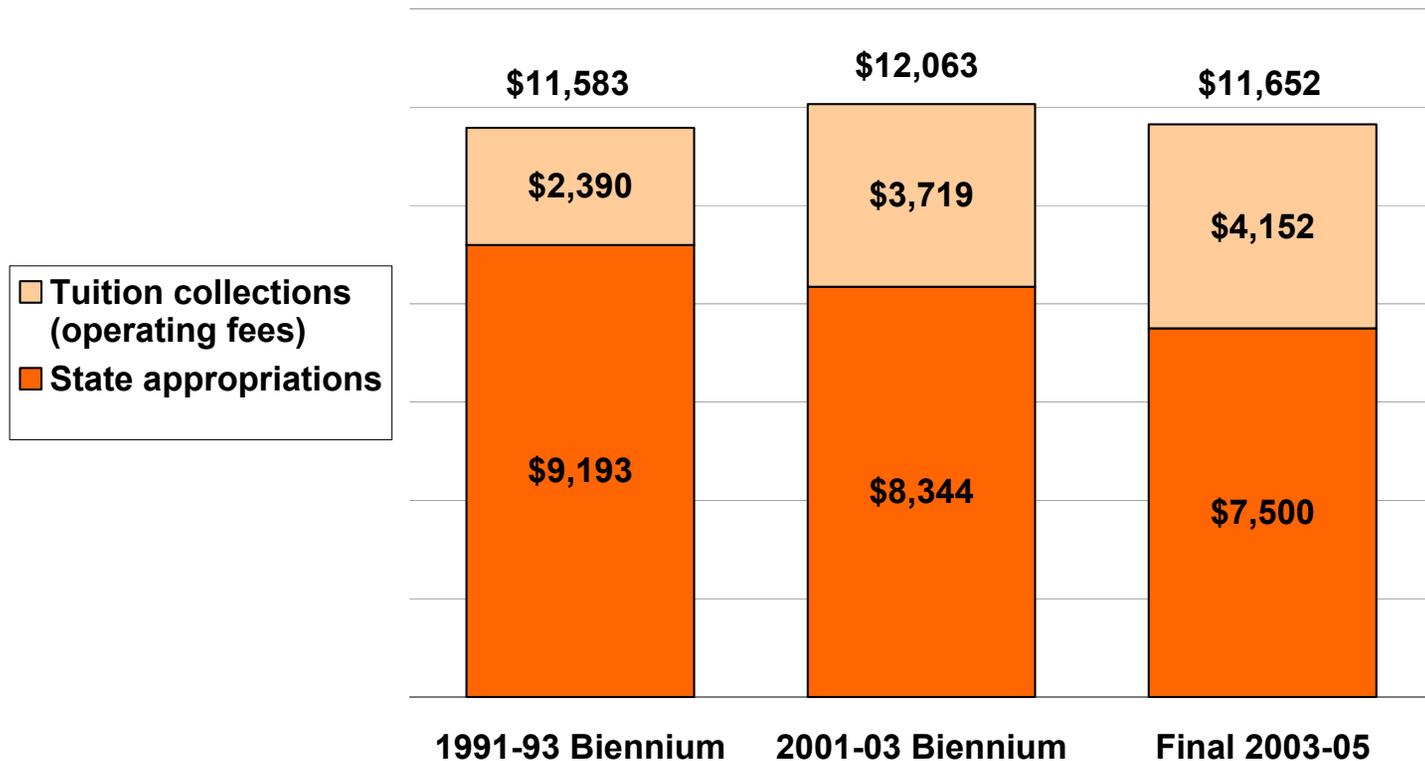
State General Fund Appropriations per Budgeted FTE Student Adjusted for Inflation (2001-03 dollars)



Sources: LEAP (historical appropriation FTE data); 2003-05 Operating Budget; and Office of the Forecast Council (inflation)

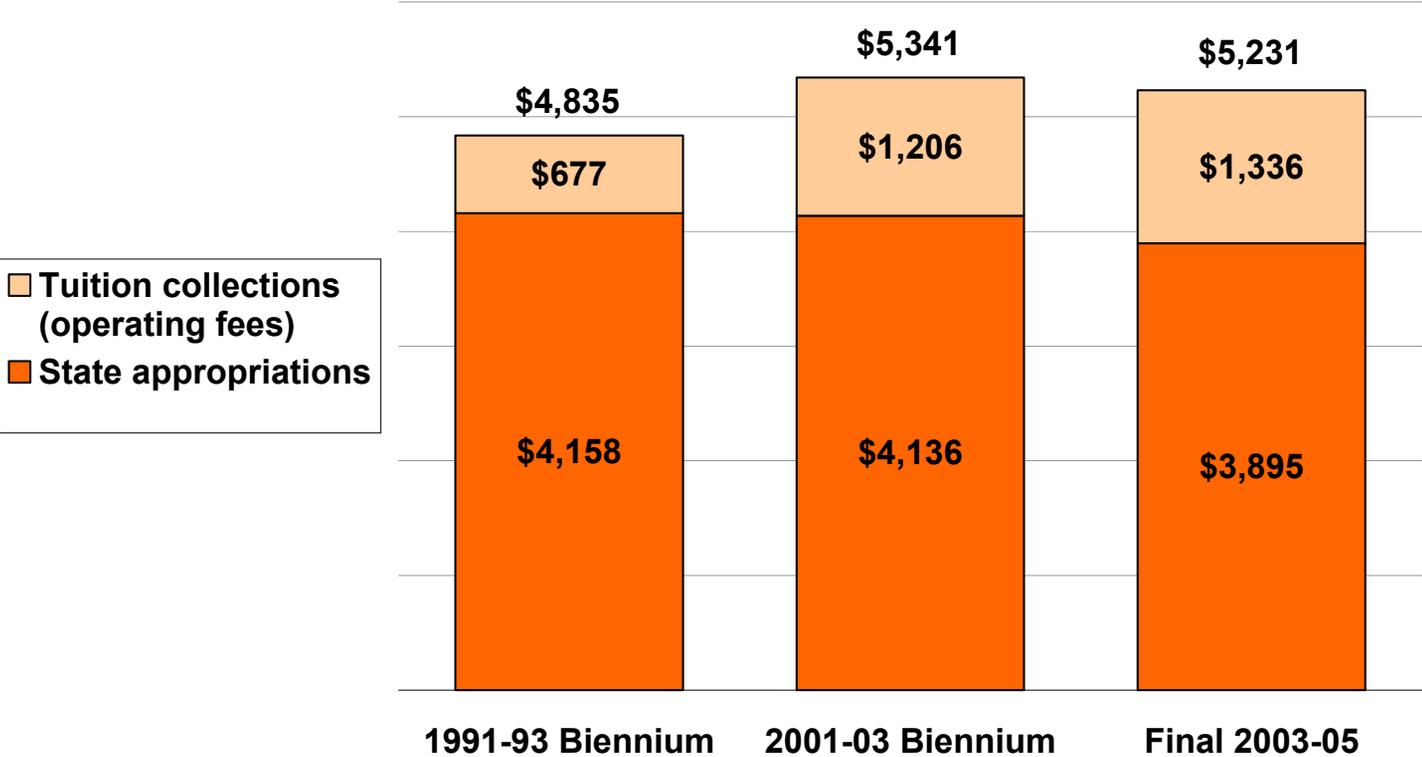
At the 4-year schools, average revenue collection per student will decline in the 2003-05 biennium

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



And at the 2-year colleges, average revenue collection per student will be down slightly

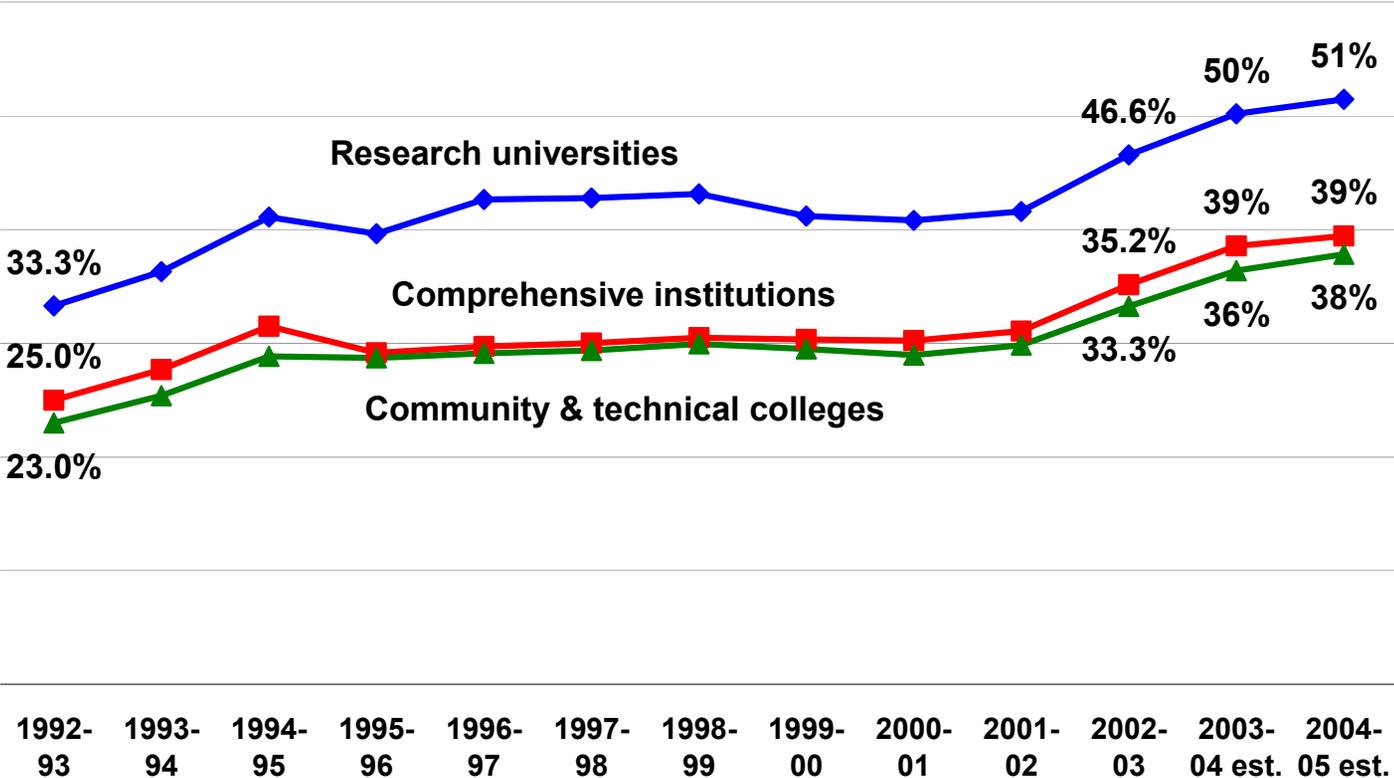
Total funding per FTE student
Public 2-year
Adjusted for inflation (2001-03 dollars)



Sources: LEAP (historical appropriation FTE data); 2003-05 Operating Budget; and Office of the Forecast Council (inflation)

The student share of the cost of instruction continues to increase

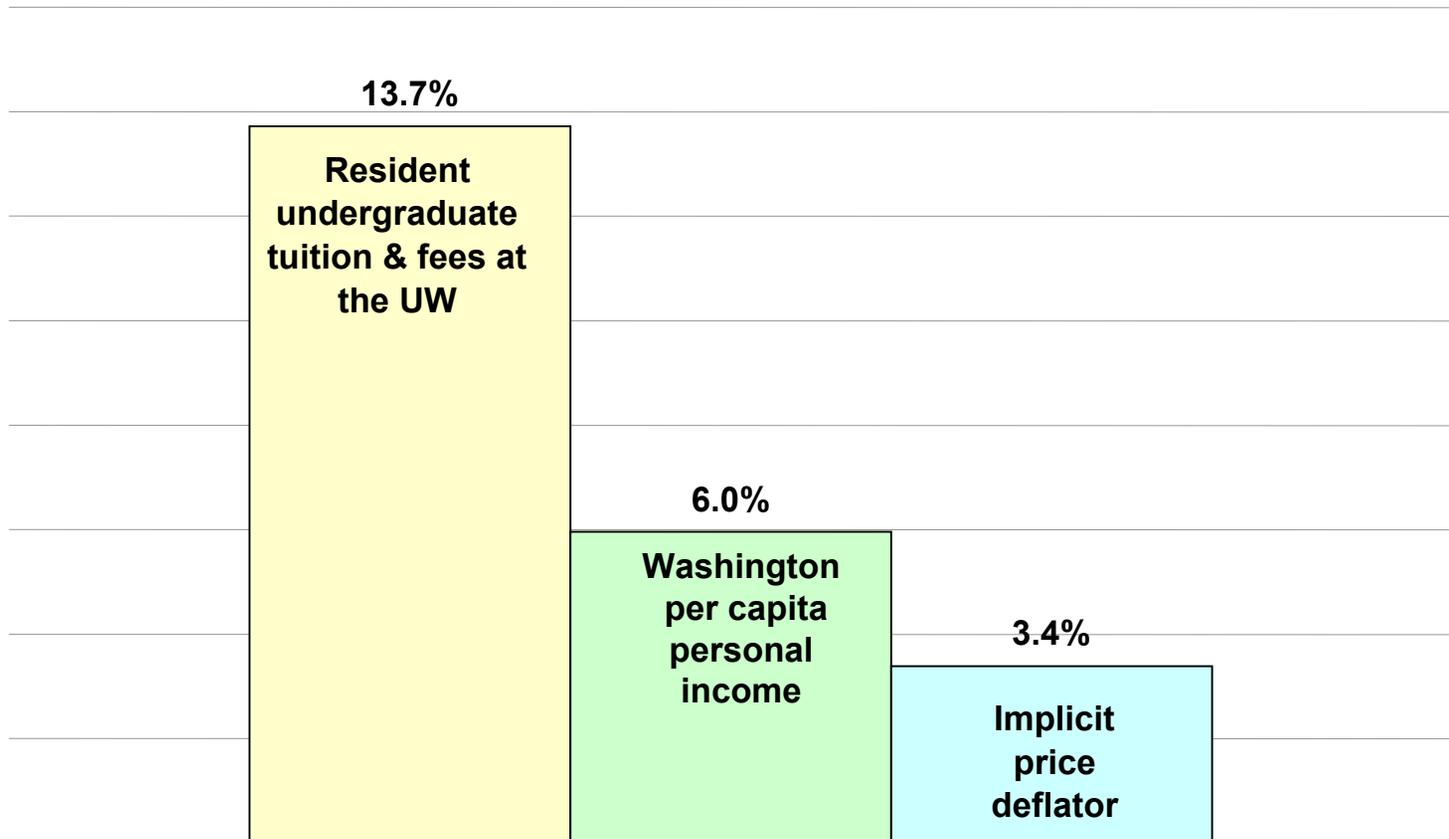
Resident Undergraduate Tuition (operating & building fees)
As a Percentage of Undergraduate Instructional Costs



Source: HECB analysis

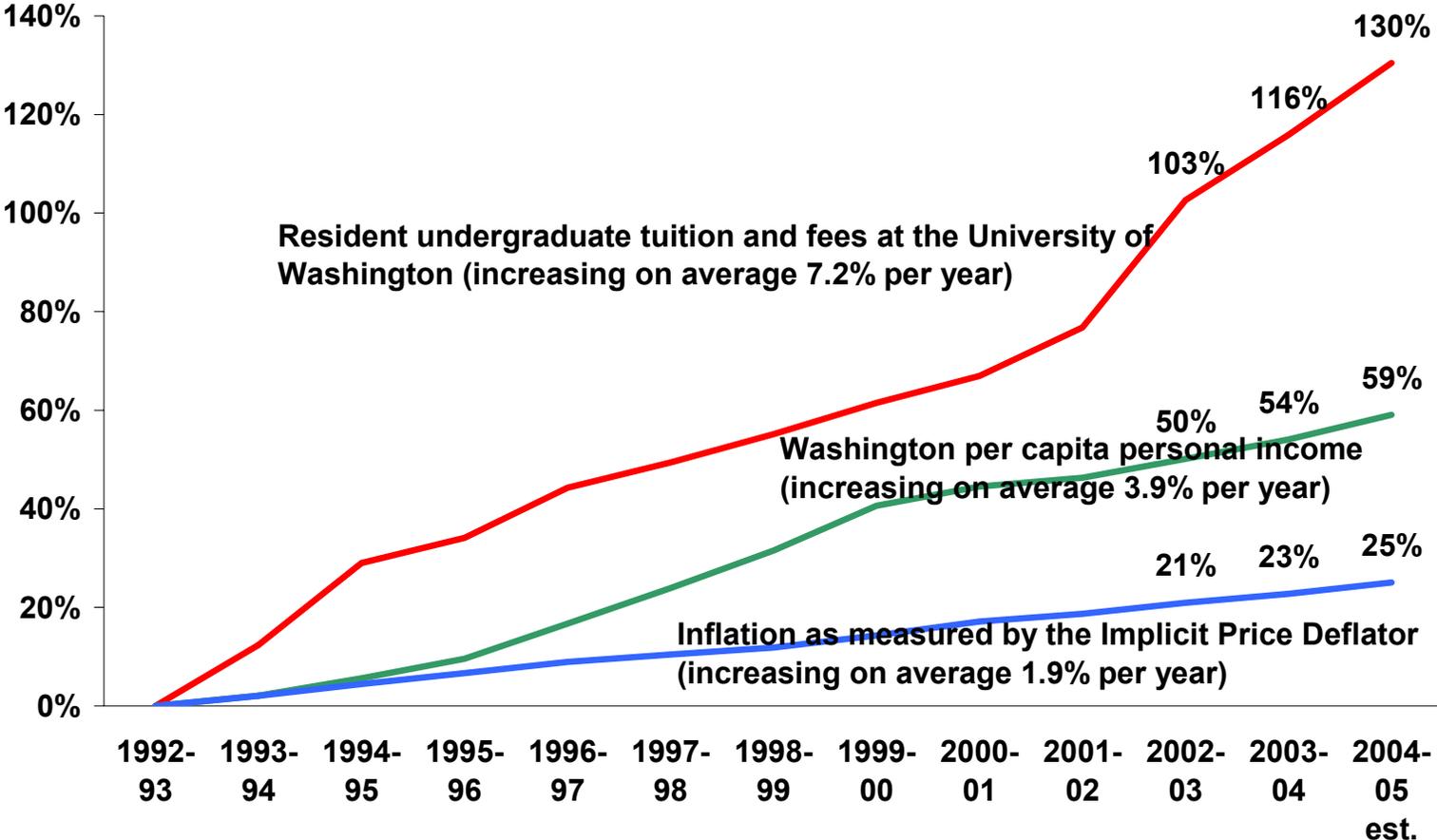
Tuition will again outpace per capita income growth and inflation in the 2003-05 biennium

Estimated growth in the next two years



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

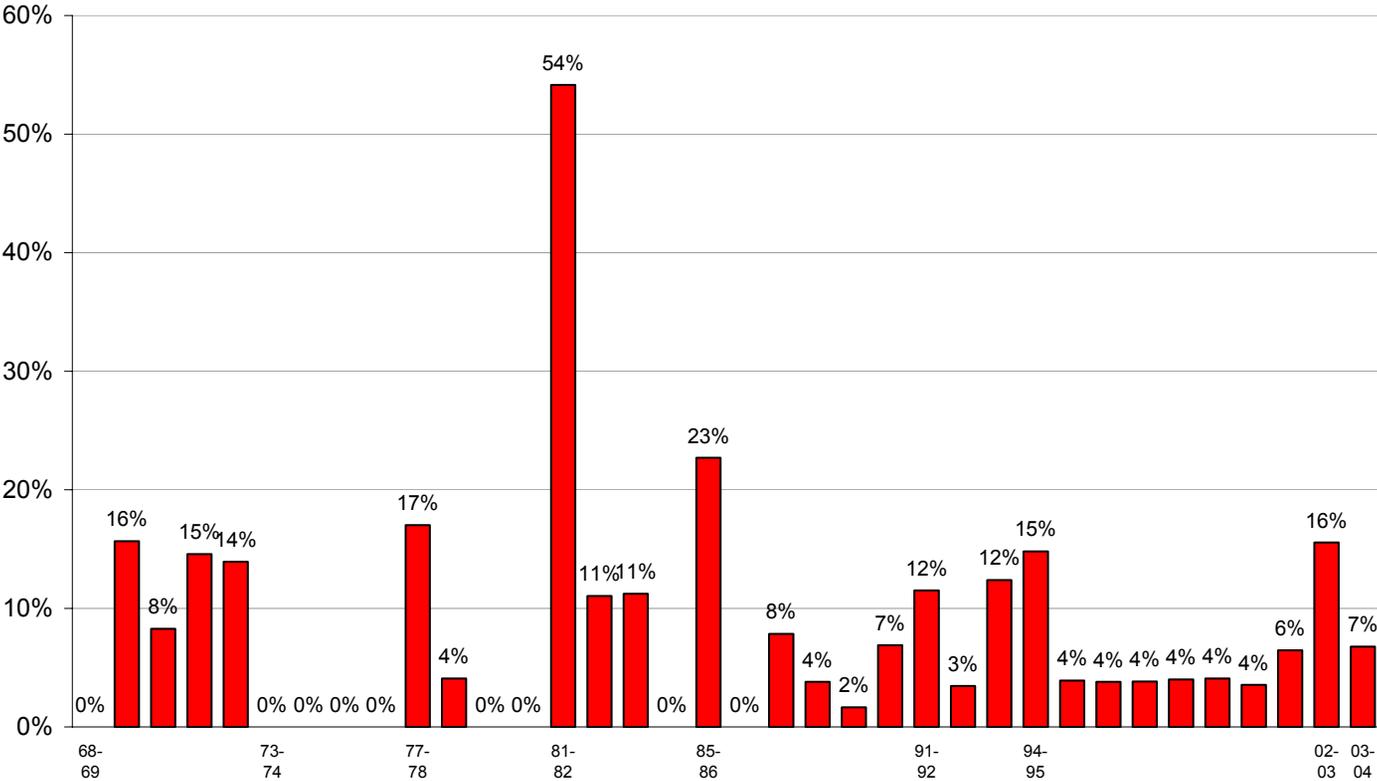
Cumulative percentage change over 12 years



Sources: HECB analysis and Office of the Forecast Council

Over the past 35 years, annual tuition increases have ranged from zero to 54%

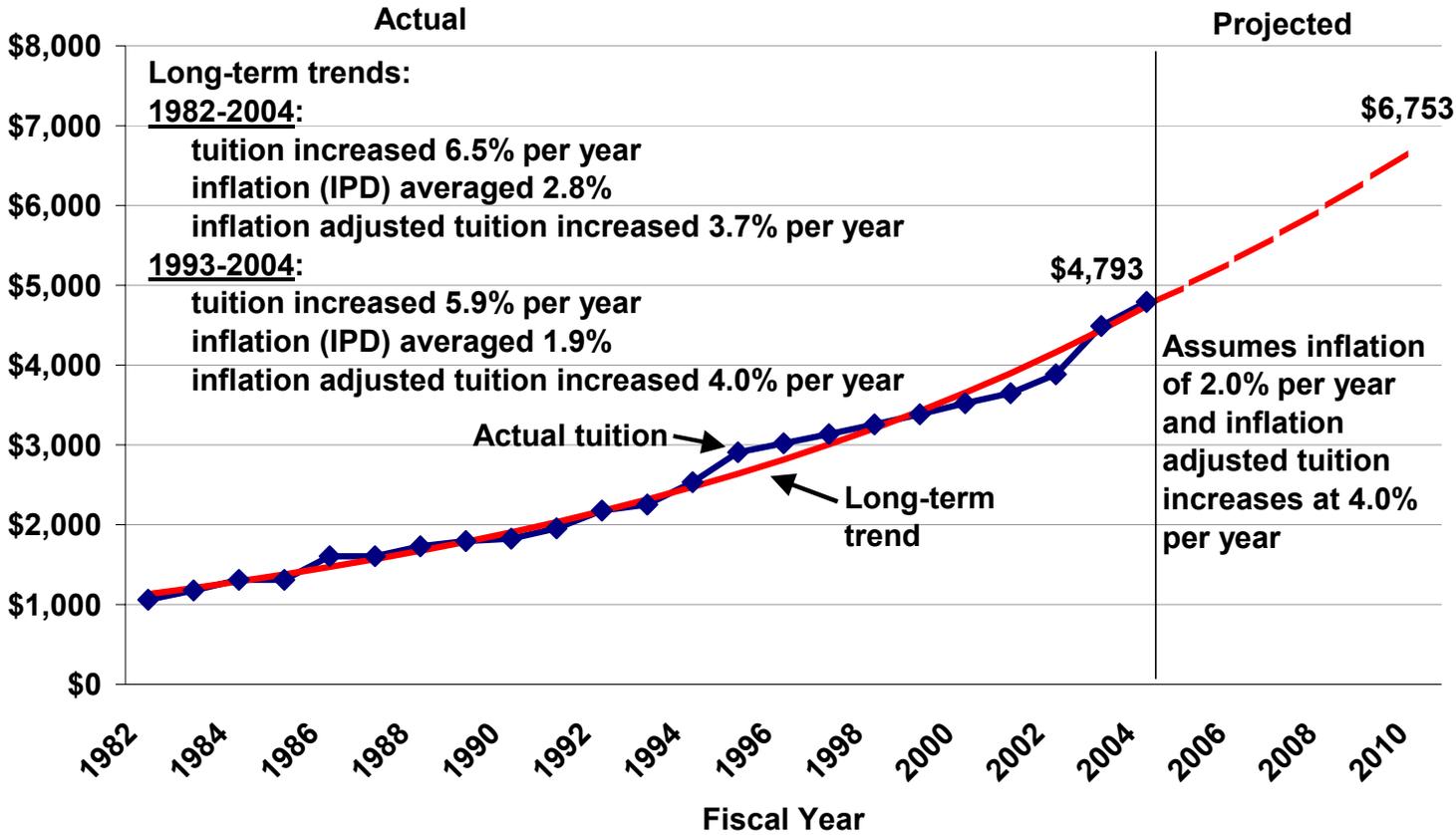
Annual percentage change in tuition and fees: Resident undergraduate at research universities



Source: HECB

If past trends continue, resident undergraduate tuition at a research university may reach \$6,750 by 2009-10

Resident Undergraduate Tuition & Fees
Research Universities



Source: HECB analysis