

**Date:** March 13, 2020 [UPDATED April 6, 2020 for final budgets due to Governor Action]

**Subject:** 2020 State Supplemental Operating and Capital Budgets (Making Changes to 2019-21 Enacted Biennial Budgets)

Leadership in the House and Senate reached a compromise on the state's 2020 biennial [operating](#) and [capital](#) budgets in the last days of the legislative session. As a result, the legislature ended their work on time, on Thursday, March 12. Previous 2020 budget proposals are described in OPB briefs on [this page](#). Due to the ongoing COVID-19 pandemic, the Governor took significant action to veto many of the additional funding items in the final compromise budgets. We have updated the previous version of the brief to reflect the Governor's vetoes and other developments, which are all [highlighted](#).

The outcomes of the state operating budget will be incorporated into the UW's Fiscal Year 2021 (FY21) operating budget, which will be presented to the Board of Regents as an information item in May and as an action item in June. [The legislature will likely reconvene after the next revenue forecast in June. Depending on the timing of the special session and the magnitude of changes to the UW's state funding, additional budget action may be required.](#) Regardless, the legislature will pass a new operating budget for the 2021-2023 biennium in the next legislative session, beginning in January 2021.

## OPERATING BUDGET

In addition to the policy and budget decisions described in this brief specific to the UW, the legislature also passed an emergency \$200 million funding package to support state and local agency responses to COVID-19. This included \$175 million to support the state's public health response, and \$25 million for increased unemployment insurance. The University's research and medical systems are already proving to be an integral part of the state's response to the virus, and [the University has received an initial allocation of \\$10 million for virus testing at UW Medicine](#). University leadership is working closely with state and federal partners on the response generally, and with regard to cost reimbursement specifically.

### *UW Appropriations Prior to June 2020 Forecast and Potential Special Session*

Table 1 shows total Near General Fund State (NGF-S) appropriations over the 2019-21 biennium. The assumed carryforward level reflects the cost of continuing the 2017-19 budget into the 2019-21 biennium. The 2019-21 enacted operating budget reflects funding levels approved in the 2019 legislative session. The 2020 supplemental budget proposals would make changes to those enacted funding levels.

<b>Table 1: UW State Funding - 2020 Supplemental Operating Budget Proposals</b>			
<b>Near General Fund State (including Pension Funding Stabilization Acct &amp; Workforce Education Investment Account), (in \$1,000s)</b>			
<b>Budget</b>	<b>FY1</b>	<b>FY2</b>	<b>Total</b>
2019-21 Base Funding (2017-19 + Carryforward Level)*	365,776	364,864	730,640
2019-21 Enacted Operating Budget (approved in 2019 session)	397,552	413,760	811,312
Governor's Proposed 2019-21 Biennial Operating Budget	397,128	422,601	819,729
House Floor	396,871	424,249	821,120
Senate Floor	396,832	423,815	820,647
<b>Final Compromise</b>	<b>396,838</b>	<b>424,977</b>	<b>821,815</b>
<b>Final 2020 Supplemental Budgets (with Governor action)</b>	<b>396,798</b>	<b>423,093</b>	<b>819,891</b>

Table 2 shows a line-by-line breakdown of the funding levels and policy changes proposed in the compromise supplemental operating budget compared to previous proposals. Line items in the table are described in more detail below.

Table 2: 2020 Supplemental Operating Budget Proposals Near General Fund State, (including PFSA* & WEIA**) (in \$1,000s)		Governor Proposed	House Floor	Senate Floor	Final Supplemental Budget (with Gov Vetoes)		
		2019-21 Total	2019-21 Total	2019-21 Total	FY20	FY21	2019-21 Total
<b>Total Enacted 2019-21 Funding:</b>		811,312	811,312	811,312	397,552	413,760	811,312
<b>Maintenance Level Changes</b>		(209)	(313)	(215)	(178)	(135)	(313)
	Maintenance & Operations (ML+PL)	-	-	-	-	-	-
	Tuition Backfill Inflation Adjustment (College Afford. Program)	41	41	41	-	41	41
	Maintenance Lvl Ctrl Service Adjs.	(424)	(430)	(430)	(215)	(215)	(430)
	Worker's Compensation	73	73	73	36	37	73
Comp	Statutory Minimum Wage	3	3	3	1	2	3
	Updated PEBB Rate	98	-	98	-	-	-
<b>Policy Level Changes</b>		1,663	3,158	2,587	(2,963)	4,892	1,912
	Policy Level Central Service Adjs. (incl. OFM Central Svcs)	1,926	1,895	1,451	(31)	1,442	1,411
Comp	SEIU 925 (one-time)	4,242	4,242	4,242	-	4,242	4,242
	WFSE (one-time)	2,599	2,599	2,599	-	2,599	2,599
	SEIU 1199 (one-time)	27	27	27	-	27	27
	Classified Non-Rep (one-time)	95	95	95	-	95	95
	Balance for One-Time Salary Adjustments	222	222	222	-	222	222
	Total Employee Benefits Changes	15	-	37	-	37	37
	Removal of UW Contingent Wage Increases***	(6,963)	(6,963)	(6,963)	(2,387)	(4,576)	(6,963)
	DECOD - Clinic Funding Transfer	(500)	(500)	(500)	(250)	(250)	(500)
	Telemedicine Training - SSB 6061	-	-	60	-	60	60
	Math Improvement Pilot - fund shift	-	-	-	(95)	95	-
	Higher Ed. Common App- SSB 6142	-	-	320	-	320	320
	Biorefinery Feasibility Study - fund shift	-	-	(100)	(200)	100	(100)
	Center for Human Rights	-	-	205	-	205	205
	Paramedic Training Program	-	-	450	-	450	450
	Burke Museum	-	-	100	-	100	100
	Forensic Anthropologist	-	-	143	-	143	143
	Veteran Mental Health	-	-	64	-	64	64
	Washington MESA	-	135	135	-	135	135
	Air Quality Study	-	50	-	-	50	50
	Cannabis Study Frameworks	-	100	-	-	100	100
	Contracting Changes - ESSHB 1521	-	135	-	-	135	135
	Death with Dignity Act Study - HB 2419	-	134	-	-	232	232
	Training for Nurse Examiners	-	300	-	-	300	300
	Addressing Sexual Misconduct- ESHB 2327	-	562	-	-	364	364
	Special Purpose District Study	-	125	-	40	85	125
<b>Total Funding*</b>		819,729	821,120	820,647	396,798	423,093	819,891

\* In the 2017-19 Biennium, the state temporarily shifted approximately \$51 million off of the State General Fund and onto the Pension Funding Stabilization Account (PFSA). PFSA amounts are included in these totals.

\*\*In 2019, the legislature passed HB 2158, which appropriated funding from a newly created "Workforce Education Investment Account - State." Totals are included above due to significance, though the account is not considered Near-General Fund-State.

\*\*\* These amounts were not counted in the budget table for the biennial budget brief. Amounts are shown but not counted here because of the shift in funding to provide one-time increases to represented employees.

### Tuition Policy:

As expected, the compromise supplemental budget assumes the continuation of current tuition policy (2ESSB 5954), which allows resident undergraduate tuition increases of roughly 2 percent each year, based on a 14-year rolling average of median hourly wage in the state. In line with budget proposals, the final compromise includes a small funding increase in FY21 to reflect an inflationary adjustment to backfill amounts to offset previous tuition reductions.

### Compensation:

- The enacted 2019-21 compromise budget included an additional \$7.2 million intended to partially fund 1 percent increases in each year for all General Operating Fund (GOF)-paid employees, contingent on the University implementing increases for represented employees. These increases were not financially feasible for the University, and funding was returned to the state. As part of our 2020 supplemental budget request, the University bargained with employee unions (SEIU 925, WFSE, SEIU 1199 R/HH) and agreed to provide one-time payments in FY21 to eligible employees, contingent upon the state redirecting original amounts for that purpose. The final compromise budget fulfills that request, and also includes one-time payments for classified non-union employees under a certain salary threshold.
- The enacted 2019-21 budget set the employer monthly funding rate caps for insurance benefits at \$939 in FY20 and \$976 in FY21. The Governor and Senate supplemental budget proposals would have increased the FY21 rate to \$980. The House proposal would not modify the FY21 rate. The compromise budget aligned with the House proposal and did not modify rates.

### Select Maintenance Level Changes:

- **Population Health Maintenance & Operations** – The University requested an additional \$3.84 million for maintenance and operations for the Hans Rosling Center for Population Health. This request was not funded in any budget proposals or the final compromise.

### Policy Level Changes:

- **OFM Central Service Charges** – In the 2017-19 biennium, the state began charging the UW and other state agencies to support the budget of the Governor's Office of Financial Management (OFM). The original cost of \$4.5 million per biennium has increased significantly over time. The Governor and House supplemental budget proposals would increase those charges by an additional \$5.2 million per year beginning in FY21 to support One Washington, the state's new core financial system. Of that amount, the budgets assumed that the UW would use \$3.4 million per year in student tuition revenue to cover the charges. The Senate budget proposal would have slightly lower costs in FY21 of approximately \$3.86 million per year, with approximately \$2.5 million assumed from tuition. The compromise budget matched the Senate proposal, so approximately \$2.5 million per year will be redirected to support OFM instead of the University's academic mission. If unchanged, these amounts would increase significantly over time into the next biennium as the effort to implement One Washington ramps up.
- **DECOD funding transfer** – The compromise budget transfers funding for the Dental Education in Care of Persons with Disabilities program (DECOD) within the School of Dentistry to the Health Care Authority. In doing so, these funds will be eligible for a federal match that will increase the total funds available for the program. The original appropriation and matching funds will be used for education and clinical training for dental professionals and students who treat people with disabilities.
- **Telemedicine Training** – \$60,000 is provided in one-time funding for FY21 for implementation of SSB 6061 (telemedicine training).
- **Math Improvement Pilot - fund shift** – The enacted 2019-21 budget included funding for a math improvement pilot (\$190,000 in FY20). As requested by the UW, the compromise proposal would shift \$95,000 of this funding into FY21.
- **Higher Ed Common Application** – \$320,000 is provided in FY21 for implementation of SSB 6142 (higher ed. common application). This is significantly less than the necessary amount estimated in the fiscal note for this bill.

- **Biorefinery Study - fund shift** – The enacted 2019-21 budget included funding for a biorefinery study (\$300,000 in FY 2020). In line with the UW request, the compromise budget shifts funding to allocate \$100,000 in each FY20, FY21, and FY22.
- **Center for Human Rights** – \$205,000 in ongoing funding is provided in FY21 to supplement the base budget for the Center for Human Rights. This funding must not supplant the Center's other funding sources.
- **Paramedic Training Program** – \$450,000 in one-time funding is provided in FY21 to the University of Washington Medical Center for the development of a simulator training device at the Harborview Medical Center's Paramedic Training Program.
- **Burke Museum** – \$100,000 in ongoing funding is provided to the Burke Museum to make education programs offered by the museum more accessible to students across the state, especially students in underserved schools and locations.
- **Forensic Anthropologist** – \$143,000 in ongoing funding is provided in FY21 to establish the state forensic anthropologist. The University will provide full funding directly to the King County Medical Examiner's Office for this work.
- **Veteran Mental Health** – \$64,000 in ongoing funding is provided in FY21 for one full-time mental health counselor who has experience and training specifically related to working with active members of the military or military veterans.
- **Washington MESA Expansion: Yakima** – \$135,000 of ongoing funding, beginning in FY21, for the expansion of the Washington Mathematics, Engineering, Science Achievement program to First Nations in the Yakima Valley.
- **Air Quality Study** – \$50,000 in one-time funding is provided in FY21 for an air quality study focusing on indoor and outdoor ultrafine particle air quality at sites with vulnerable populations, such as schools or locations underneath flight paths within ten miles of Sea Tac Airport, and addressing filtration systems.
- **Cannabis Study Frameworks** – \$100,000 in one-time funding is provided in FY21 for the Center for Cannabis Research to collaborate with the Washington State University Collaboration on Cannabis Policy, Research, and Outreach to create frameworks for future cannabis studies.
- **Contracting Changes** – \$135,000 in ongoing funding is provided starting in FY21 to implement EESSHB 1521 (government contracting).
- **Death with Dignity Act Study** – \$232,000 in one-time funding is provided in FY21 to implement SHB 2419 (death with dignity barriers).
- **Training for Nurse Examiners** – \$300,000 in one-time funding is provided in FY21 for increased training for sexual assault nurse examiners in rural areas and for web-based services.
- **Addressing Sexual Misconduct** – \$364,000 in ongoing funding is provided starting in FY21 to implement ESHB 2327 (sexual misconduct/postsecondary education).
- **Special Purpose District Study** – \$40,000 in one-time funding is provided in FY20, and \$85,000 is provided in FY21 for a study focusing on special purpose district elections.
- **Aerospace Tech. Innovation** – Ongoing funding is provided for the continuation of the Joint Center for Aerospace Technology Innovation, pursuant to 2SSB 6139 (aerospace tech. innovation), which changes the sunset date to July 1, 2030. This funding is not included in the table above due to funding source (Economic Development Strategic Reserve Account-State).

## Other Major Changes:

- **Higher Education Budget Reporting** – The final budget would require that institutions of higher education report significant additional budget, expenditure, and revenue data to the Education Research and Data Center (ERDC). OPB is working with colleagues at OFM to clarify the requirements. The Governor vetoed the requirements of higher education institutions, but the overall requirement for ERDC to update the dashboard remains.
- **Partnership Access Line** – The compromise budget would provide \$587,000 in state and federal funding to the Health Care Authority (HCA) to partner with the UW Department of Psychiatry and Behavioral Sciences and Seattle Children's Hospital to extend the Partnership Access Lines for moms and Partnership Access Line for kids referral assistance services programs.

## Financial Aid

OPB continues to work with the Office of Student Financial Aid to analyze the potential effects of the House and Senate budget proposals on financial aid programs at the UW. Table 3 outlines some of the major financial aid provisions and other allocations for the Washington Student Achievement Council (WSAC). At a high level, the final budget passed by the legislature originally included transfer funds from General Fund-State to the Workforce Education Investment Account (WEIA) to ensure it remains solvent for the 2019-21 biennium, largely to cover increased caseload for the Washington College Grant. However, the Governor vetoed this transfer, which may complicate available funding in the account for previously committed allocations.

Table 3: Comparison of Financial Aid Funding in 2020 Supplemental Budget Proposals (Detail by biennium in \$1000s)	Governor	House	Senate	Final Budget (with Gov Vetoes)
Washington College Grant Caseload	28,083	14,824	20,824*	14,824
Washington College Grant Support				211
Opportunity Scholarship State Match		4,432		4,432
Child Savings Account Program Study				76
Career Connected Learning Marketing Strategy (E2SHB 2158)	1,132	150	250	250
Career Connected Learning Statewide Directory (E2SHB 2158)				150
College Bound Scholarship Expanded Eligibility (E2SHB 1311)	33	33	33	33
Student Health Care Task Force		100		100
Rural Jobs Program State Match		500		500
Sexual Misconduct at Postsecondary Institutions (HB 2327)		124		
Health Sciences and Services Authorities (HB 1659)		49		
Passport to Career Program Scholarships			1,500	1,500
National Guard Education Grant (SB 5197)		833	833	833
Higher Education Access Expansion (ESSB 6141)			161	161
Undocumented Student Support (2SSB 6561)			396	396

\*includes an additional \$6 million for apprenticeships beyond the February 2020 caseload forecast

For information about the operating budget, contact [Jed Bradley](#) or [Jessie Friedmann](#).

## CAPITAL BUDGET

The [compromise budget](#) would appropriate and fully fund the UW's request for \$1 million in new state funding for the Magnuson Health Sciences Phase II – Renovation/Replacement. Funding is provided for a predesign to study a multi-phased approach to renovate or replace portions of the Magnuson Health Sciences Center. New space will accommodate the growing demands of education space for the health sciences schools, including space for interdisciplinary innovation and collaboration.

The compromise proposal also includes \$100,000 in new state funding through the Department of Commerce for renovation of the [ASUW Shell House](#). These funds would assist with the UW Recreation capital campaign to restore the historic site. The budget also amends language related to the Behavioral Health Teaching Facility, state agency and higher education predesign requirements, and a UW transfer of property to the City of Seattle; these were anticipated language changes. The Governor did not take any action to modify the capital budget, so the Final Compromise version was enacted.

Table 4: 2020 Supplemental Capital Budget Proposals (in \$1,000s)	Governor	Senate	House	Final Compromise
Magnuson Health Sciences Phase II- Renovation/Replacement	1,000	1,000	0	1,000

For information about the capital budget, contact [Kelsey Rote](#).