

Date: February 28, 2020

Subject: Senate & House Leadership 2020 Supplemental Budget Proposals (Making Changes to 2019-21 Enacted Biennial Budgets)

Leadership in the Senate Ways & Means committee released their 2020 supplemental [capital](#) budget proposal on February 19 and their [operating](#) budget proposal on February 24. Leadership in the House Appropriations and Capital Budget committees released their supplemental operating and capital budget proposals on February 24. These initial proposals from the legislature follow the release of the [Governor's proposals](#) in December. This brief covers legislative versions as of February 27, as passed fiscal committees. As a reminder, the 2020 session began on January 13 and is scheduled to end on March 12.

The outcomes of the state supplemental budgets 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.

OPERATING BUDGET

The UW's highest operating budget priority for the 2020 legislative session is Maintenance & Operations (M&O) funding for the new Hans Rosling Center for Population Health. Thus far, this request has not been funded in the Governor, House, or Senate proposals. Other priorities include additional support for the University of Washington Division of the Attorney General's Office, a funding transfer to provide represented employees with one-time payments, and other no-impact fund transfers. While none of the proposals released would fund the Population Health M&O or Attorney General requests, both would enact the one-time payments and fund transfers.

The Senate and House operating budget proposals assume revenue projections in the [February revenue forecast](#) from the Economic and Revenue Forecast Council. The February forecast is an update to the November forecast, which Governor Inslee used for his budget proposals.

UW Appropriations

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.

Table 1: UW State Funding - 2020 Supplemental Operating Budget Proposals Near General Fund State (including Pension Funding Stabilization Acct* & Workforce Education Investment Account**), (in \$1,000s)			
Budget	FY1	FY2	Total
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

Table 2, on the next page, shows a line-by-line breakdown of the funding levels and policy changes proposed by the House and Senate in their proposed supplemental operating budgets. Line items in the table are described in more detail below.

Table 2: 2020 Supp. Operating Budget Proposals Near General Fund State, (including PFSA* & WEIA**) (in \$1,000s)		Gov. Proposed	House Appropriations			Senate Ways & Means		
		2019-21 Total	FY20	FY21	'19-21 Total	FY20	FY21	'19-21 Total
Total Enacted 2019-21 Funding:		811,312	397,552	413,760	811,312	397,552	413,760	811,312
Maintenance Level Changes		(209)	(178)	(135)	(313)	(178)	(37)	(215)
Comp.	Maintenance & Operations (ML+PL)	-	-	-	-	-	-	-
	Tuition Backfill Inflation Adjustment (College Afford. Program)	41	-	41	41	-	41	41
	Maintenance Lvl Ctrl Service Adjs.	(424)	(215)	(215)	(430)	(215)	(215)	(430)
	Worker's Compensation	73	36	37	73	36	37	73
	Statutory Minimum Wage	3	1	2	3	1	2	3
	Updated PEBB Rate	98	-	-	-	-	98	98
Policy Level Changes		1,663	(2,890)	6,176	3,286	(2,929)	5,409	2,480
Comp.	Policy Level Central Service Adjs. (including OFM)	1,926	2	1,893	1,895	3	1,448	1,451
	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 Other Employee Benefits Changes	15	-	-	-	-	37	37
	Removal of UW Contingent Wage Increases***	(6,963)	(2,387)	(4,576)	(6,963)	(2,387)	(4,576)	(6,963)
	DECOD - Clinic Funding Transfer	(500)	(250)	(250)	(500)	(250)	(250)	(500)
	Telemedicine Training - SSB 6061	-	-	-	-	-	60	60
	Math Improvement Pilot - fund shift	-	(95)	95	-	(95)	95	-
	Higher Ed. Common App - SSB 6142	-	-	-	-	-	320	320
	Biorefinery Feasibility Study - fund shift	-	(200)	200	-	(200)	100	(100)
	Center for Human Rights	-	-	-	-	-	205	205
	Paramedic Training Program	-	-	-	-	-	450	450
	Burke Museum	-	-	-	-	-	100	100
	Forensic Anthropologist	-	-	-	-	-	143	143
	Veteran Mental Health	-	-	-	-	-	64	64
	Washington MESA	-	-	135	135	-	135	135
	Air Quality Study	-	-	50	50	-	-	-
	Cannabis Study Frameworks	-	-	100	100	-	-	-
	Contracting Changes - ESSHB 1521	-	-	135	135	-	-	-
	Death with Dignity Act Study - SHB 2419	-	-	134	134	-	-	-
	Training for Nurse Examiners	-	-	300	300	-	-	-
	Addressing Sexual Misconduct- ESHB 2327	-	-	562	562	-	-	-
	Special Purpose District Study	-	40	85	125	-	-	-
Total Funding		819,729	396,871	424,249	821,120	396,832	423,815	820,647

* 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 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. All budget proposals include 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. All three budget proposals would fulfill that request, and also include 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 increase the FY21 rate to \$980. The House proposal would not modify the FY21 rate.

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 has not been funded in the Governor, House, or Senate proposals.

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. Of that amount, the budget ***assumes that the UW will use \$3.4 million per year in student tuition revenue to support OFM instead of the University's academic mission.*** The Senate budget proposal would have slightly lower costs in FY21 of approximately \$4 million per year, with approximately \$2.7 million assumed from tuition. If unchanged, these amounts would increase significantly over time as the state implements One Washington, its new core financial system.
- **DECOD funding transfer** – All three budget proposals would transfer 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.
- **Biorefinery Study - fund shift** – The enacted 2019-21 budget included funding for a biorefinery study (\$300,000 in FY 2020). The UW requested that the funding be shifted to allocate \$100,000 in each FY20, FY21, and FY22. The Senate budget would fulfill that request, but the House budget would transfer \$200,000 to FY21 rather than provide any amount in FY22.
- **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, both the House and Senate proposals would shift \$95,000 of this funding into FY21.

- **Washington MESA Expansion: Yakima** – Both House and Senate budgets would provide \$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.

Specific to the House Proposal

- **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 Engrossed Second Substitute House Bill 1521 (government contracting).
- **Death with Dignity Act Study** – \$134,000 in one-time funding is provided in FY21 to implement Substitute House Bill 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** – \$562,000 in ongoing funding is provided starting in FY21 to implement Engrossed Substitute House Bill 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.

Specific to the Senate Proposal

- **Telemedicine Training** – \$60,000 is provided in one-time funding for FY21 for implementation of SSB 6061 (telemedicine training).
- **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).
- **Higher Ed Common Application** – \$320,000 is provided in FY21 for implementation of SSB 6142 (higher ed. common application). This is significantly less than was estimated in the fiscal notes completed for this bill.
- **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, accessible to more students across the state, especially students in underserved schools and locations.
- **Forensic Anthropologist** – \$143,000 in ongoing funding is provided in FY21 for the UW to establish the state forensic anthropologist. The University will work in conjunction with, and provide full funding directly to, the King County Medical Examiner's Office.
- **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.

Other Major Changes:

- **Higher Education Budget Reporting** – The House budget would require that institutions of higher education report significant additional budget, expenditure, and revenue data to the Education Research and Data Center (ERDC).

- **Partnership Access Line** – Both budgets 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. Below, Table 3 outlines some of the major financial aid provisions and other allocations for the Washington Student Achievement Council (WSAC). At a high level, each of the proposals from the Governor, House, and Senate would 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.

Table 3: Comparison of Financial Aid Funding in 2020 Supplemental Budget Proposals (Detail by biennium in \$1000s)	Governor's Proposal	House Proposal	Senate Proposal
Washington College Grant Caseload	28,083	14,824	20,824*
Career Connected Learning Marketing Strategy (E2SHB 2158)	1,132	150	250
College Bound Scholarship Expanded Eligibility (HB 1311)	33	33	33
Student Health Care Task Force		100	
Rural Jobs Program		500	
Sexual Misconduct at Postsecondary Institutions (HB 2327)		124	
Health Sciences and Services Authorities (HB 1659)		49	
Passport to Career Program Scholarships			1,500
National Guard Education Grant (HB 1201/SB 5197)		833	833
Higher Education Access Expansion (SB 6141)			161
Undocumented Student Support (2SSB 6561)			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 Senate released their capital budget [proposal](#) last Thursday and the House released their capital budget [proposal](#) on Monday of this week.

The Governor and Senate proposals 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 House proposal does not include any funding for this request.

The Senate 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 Senate operating proposal created the UW Behavioral Health Hospital Account, and transferred \$100 million to the account. This funding will be used to support design and construction of the UW Behavioral Health Hospital, which was initiated in the 2019-21 biennial budget. This funding cannot be spent by the University until funds are appropriated from the account.

Table 4: 2020 Supplemental Capital Budget Proposals (in \$1,000s)	Final UW 2020 Request	Governor	Senate	House
Appropriations (Requested Projects)	State Funds	State Funds	State Funds	State Funds
Magnuson Health Sciences Phase II- Renovation/Replacement	1,000	1,000	1,000	0

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