

Date: March 11, 2022 **[UPDATED April 15, 2022]**
Subject: Final Compromise - 2022 Supplemental Operating and Capital Budgets (Making Changes to 2021-23 Biennial Budgets)

The legislature ended their work on time on Thursday, March 10 after adopting compromise 2022 supplemental [operating](#) and [capital](#) budgets. Previous 2022 supplemental budget proposals are described in the OPB briefs on [this page](#). The compromise supplemental budgets include significant appropriation changes to the underlying 2021-23 biennial operating and capital budgets, which were approved last April. The Governor vetoed one provision that applied to the University in the operating budget, and we also received clarification about a capital appropriation for the Clean Energy Institute. We have updated the previous version of this brief to reflect any changes, which are **highlighted**.

The outcomes of the final supplemental operating budget will be incorporated into the UW's Fiscal Year 2023 (FY23) operating budget, which will be presented to the Board of Regents as an information item in May and as an action item in June.

For more information regarding the UW's requests for state funding, please see our 2022 operating and capital submissions on [this page](#).

OPERATING BUDGET

The onset of the COVID-19 pandemic drastically changed the economic outlook in Washington state. The [June 2020 Revenue Forecast](#), released by the Economic and Revenue Forecast Council (ERFC), forecasted a precipitous economic decline as a result of the shutdown that spring and early summer. Fortunately, by the end of the 2021 legislative session, the [March 2021 forecast](#) showed a nearly full recovery, and lawmakers approved 2021-23 biennial budgets that did not reduce state appropriations as originally expected. Forecasts have continued to improve, and the most recent [February 2022 forecast](#) increased revenue projections by an additional \$1.4 billion in the current biennium.

The February forecast, which lawmakers used for this budget, is an update to the November forecast, which Governor Inslee used for his budget proposal. The February forecast cited high inflation rates, stronger personal income, and continued growth in retail sales and real estate market activity as major driving factors for positive revenue projections.

Direct Impacts to the UW

Overall, the compromise supplemental budget reflects an increase of **\$20.8 million** over the 2021-23 biennial budget. This increase is largely attributed to additional funding for compensation in FY23. Table 1 shows the total Near General Fund State (NGF-S) appropriations over the 2021-23 biennium. The final compromise 2021-23 operating budget reflects funding levels approved in the 2021 legislative session, and the 2022 supplemental budget proposals would make changes to those enacted funding levels.

Table 1: UW State Funding - 2022 Supplemental Operating Budget Proposals
Near General Fund State (in \$1,000s)

Budget	FY1	FY2	Total
<i>Final Compromise 2021-23 Biennial Operating Budget</i>	437,371	446,600	883,971
Governor's Proposed 2022 Supplemental Budget	438,647	468,633	907,280
Senate Proposed 2022 Supplemental Budget	434,926	473,522	908,448
House Proposed 2022 Supplemental Budget	434,927	467,761	902,688
Final 2022 Supplemental Budget	434,927	469,852	904,779

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. In several cases, other state agencies receive funding amounts and are required to contract with the University. This list of provisos includes only appropriations provided directly to the University, and line items are described in more detail in the following pages.

Table 2: 2022 Supplemental Operating Budget Proposals
Near General Fund State (in \$1,000s)

		Governor	Senate	House	Final Supplemental Budget (with Gov Veto)		
		2021-23 Total	2021-23 Total	2021-23 Total	FY22	FY23	2021-23 Total
2021-23 Biennial Budget (base funding)		883,971	883,971	883,971	437,371	446,600	883,971
Maintenance Level Changes		3,229	3,854	3,868	1,522	2,346	3,868
	Maintenance & Operations (ML+PL)	621	607	621	-	621	621
	Tuition Backfill Inflation Adjustment	2,295	2,978	2,978	1,387	1,591	2,978
	ML Central Service Adjs.	48	4	4	2	2	4
	Worker's Compensation	265	265	265	133	132	265
Policy Level Changes		20,080	20,623	14,849	(3,966)	20,906	16,940
	PL Central Service Adjs.	630	187	262	34	137	171
Comp	SEIU 925	944	755	755	-	755	755
	WFSE	904	723	723	-	723	723
	SEIU 1199	17	14	14	-	14	14
	Non-Rep General Wage Increases	9,341	7,616	7,616	-	7,616	7,616
	Compensation Support	-	5,456	2,098	-	3,777	3,777
	Total Employee Benefits Changes	1,189	2,888	1,245	-	1,245	1,245
	Computer Science & Engineering	2,000	2,000	2,000	-	2,000	2,000
	Pharmacy Behavioral Health	505	505	505	-	505	505
	IHME Spokane	800	800	-	-	-	-
	Prepare Future Doctors	500	500	-	-	-	-
	Clean Energy Battery Testbeds	3,250	3,250	3,250	-	3,250	3,250
	HMC Fund Transfer from HCA	-	(8,000)	(8,000)	(4,000)	(4,000)	(8,000)
	Arboretum Park Inventory	-	300	300	-	300	300
	Dementia Friends Program	-	100	100	-	100	100
	Dental Workforce Reporting	-	225	225	-	225	225
	Burke Museum - Remote Ed	-	100	100	-	100	100
	5534 Verifiable Credentials	-	107	-	-	-	-
	Voting Rights	-	89	-	-	89	89
	5626 Water System Plans/Climate	-	116	-	-	-	-
	5644 Behavioral Health Co-response	-	277	-	-	277	277
	5723 Diversity in Clinical Trials	-	1,543	-	-	-	-
	5764 Apprenticeships & Higher Ed	-	18	-	-	18	18
	5874 Military Student Residency	-	15	-	-	15	15

Behavioral Health Support	-	102	-	-	102	102
Environmental Forensic Science	-	232	-	-	232	232
Center for Human Rights	-	205	-	-	205	205
Center for an Informed Public	-	500	-	-	167	167
Business Certificate - Bothell	-	-	1,000	-	500	500
Culturally Responsive Mental Health	-	-	400	-	400	400
1751 Hazing Prevention	-	-	121	-	121	121
Nursing Education	-	-	1,242	-	1,242	1,242
Training for Nurse Examiners	-	-	122	-	122	122
Computer Science Startup Program	-	-	455	-	455	455
1181 Veterans & Military Suicide	-	-	16	-	16	16
Public Service Grad. Aid	-	-	100	-	100	100
Death with Dignity Act Study	-	-	200	-	200	200
Total Funding	907,280	908,448	902,688	434,927	469,852	904,779

2022 Supplemental Operating Budget

Tuition Policy

As expected, the compromise supplemental budget assumes the continuation of current tuition policy ([2ESSB 5954](#), 2015), which allows for inflationary increases to resident undergraduate tuition based on a formula that has allowed increases of 2.2 to 2.8 percent per year (for FY22, the allowable increase was 2.8 percent). Part of that policy requires an inflationary adjustment to tuition backfill amounts provided in previous budgets. The backfill adjustment in the compromise supplemental budget results in nearly \$3 million in additional funding over the biennium.

Compensation and Benefits

Compensation:

Salary increases for faculty and staff were the University's highest priority requests for the 2022 supplemental budget.

- For represented staff, the compromise budget approves the amendments to 2021-23 collective bargaining agreements (CBAs) submitted by the University for the supplemental session. These updated agreements include a 3 percent increase, one-time payments, and other provisions for represented staff in those unions that reached agreements (SEIU 925, WFSE, and SEIU 1199).
- For UW non-represented faculty and staff, the compromise budget allocates \$7.6 million and authorizes a 3.25 percent salary increase in FY23. The compromise supplemental budget strikes a balance between the House and Senate proposals in which 58 percent of the total cost is funded by the state, and the remaining 42 percent would be covered by assumed tuition revenue (the Senate proposed 66 percent state funding, and the House proposed 50 percent). This funding split is an improvement over the current funding split and fulfills the University's request that at least half of the cost be covered by the state.
- It is important to note that compensation funding provided by the state covers only a portion of what is needed to pay for salary increases for faculty and professional staff. These state-supported increases apply to employees paid by state funding and tuition revenue (our General Operating Fund), and account for a small fraction of our employee base. Salary increases for all other employees need to be funded from other sources of revenue.

Benefits:

The compromise supplemental budget follows the House's proposal and updates monthly employer contribution caps to \$936 in FY22 and \$1,130 in FY23 (compared to \$936 and \$1,091 in the biennial budget, so a \$39 increase in FY23). The Senate proposed a much larger increase. These benefit assumptions can represent significant costs across all UW activities, and we are working to analyze and determine the full impact of this proposal.

Policy Level Changes

Of the UW's official budget requests, the compromise supplemental budget does not include funding for a request to fund an intensive study of community health metrics, disparities, and drivers in rural and Eastern Washington through the Institute for Health Metrics and Evaluation (IHME). All other UW requests are funded, and the compromise funded most of the other provisos that were proposed by the House and the Senate. Each proviso listed in the compromise budget is detailed below (see previous briefs for explanations of items not included):

UW Budget Requests:

- **Maintenance & Operations for Milgard Hall at UW Tacoma:** The compromise budget provides \$621,000 in FY23 to fully fund the University's request in the first year. Funding is expected to ramp up into FY24 and will be ongoing.
- **Computer Science & Engineering Expansion:** An additional \$2 million in FY23 from the Workforce Education Investment Account (WEIA) would expand computer science and engineering enrollments by the degree targets assumed in the 2021-23 biennial budget. This is expected to be ongoing funding.
- **Pharmacy Behavioral Health Residencies:** \$505,000 in FY23 for a joint request between the UW School of Pharmacy and Washington State University (WSU) College of Pharmacy to create four new residency positions to address mental and behavioral health across Washington state. This amount would support two residency training positions and 1.0 FTE behavioral health faculty at the UW, and a separate allocation to WSU would create similar positions. This is expected to be ongoing funding.

Other Provisos:

- **Clean Energy Battery Testbeds:** \$3.25 million in FY23 for the UW Clean Energy Institute (CEI) to build a community resource for creating, testing, and validating technologies, while developing the resources and partnerships needed to accelerate a scalable clean energy future. Funding is expected to be ongoing. **See also the capital appropriation for CEI in the capital budget section below.**
- **Arboretum Park Inventory:** \$300,000 in FY23 for a community inventory to help align the Washington Park Arboretum's future planning with the diverse needs and priorities of the community. This is expected to be one-time funding.
- **Dementia Friends Program:** \$100,000 in FY23 for the Memory and Brain Wellness Center to support statewide expansion of the Dementia Friends program. Funding is expected to be ongoing.
- **Dental Workforce Reporting:** \$225,000 in FY23 for the Center for Health Workforce Studies to develop a dental workforce reporting program. This is expected to be one-time funding.
- **Burke Museum – Remote Ed:** \$100,000 in FY23 for the Burke Museum (in addition to current proviso funding) to make education programs offered by the museum accessible to more students across the state. This will include remote offerings with a focus on students in underserved schools and locations. This is expected to be ongoing funding.
- **Voting Rights:** \$89,000 in FY23 to establish a data repository to assist jurisdictions and researchers in election best practices. This was previously included in the Senate's budget proposal for the implementation of [SB 5597](#); however, the bill did not pass the House. This is expected to be ongoing funding.
- **Behavioral Health Co-Response:** \$277,000 in FY23 for the implementation of [SB 5644](#). This is expected to be ongoing funding.
- **Apprenticeships & Higher Ed:** \$18,000 in FY23 for the implementation of [SB 5764](#). This is expected to be ongoing funding.

- **Cannabis Revenue – Research:** \$53,000 in FY23, which increases the total appropriation to \$300,000 for research on short-term and long-term effects of marijuana use, as provided in [SB 5796](#). This funding is not included in the table above due to funding source (Dedicated Marijuana Account-State).
- **Cannabis Revenue – Edu Materials:** \$5,000 in FY23, which increases the total appropriation to \$25,000 for the Alcohol Drug Abuse Institute for web-based education materials, as provided in [SB 5796](#). This funding is not included in the table above due to funding source (Dedicated Marijuana Account-State).
- **Military Student Residency:** \$15,000 for the implementation of [SB 5874](#). This is expected to be ongoing funding.
- **Behavioral Health Support:** \$102,000 in FY23 to collaborate with the Department of Health and the Health Care Authority to develop a licensure and regulatory program for behavioral health support specialist. This was previously included in the Senate's budget proposal for the implementation of [SB 5884](#); however, the bill did not pass the House. Funding is expected to continue through FY24 at a lower amount. (Governor veto)
- **Environmental Forensic Science:** \$232,000 in FY23 for the Center for Environmental Forensic Science to procure an AccuTOF DART mass spectrometry system to perform rapid forensic wood identification to combat illegal logging and associated trade. This is expected to be one-time funding.
- **Center for Human Rights:** \$205,000 in FY23 for the Center for Human Rights (in addition to current proviso funding in the 2021-23 budget of the same amount). This is expected to be ongoing funding.
- **Center for an Informed Public:** \$167,000 in FY23 for the Center for an Informed Public to identify new technologies and strategies to resist strategic misinformation in collaboration with Finnish higher education institutions and organizations. This is expected to be one-time funding.
- **Business Certificate - Bothell:** \$500,000 in FY23 for stipends to students during the business certificate program at the Bothell campus in partnership with the MLK Gandhi Empowerment Initiative. This is expected to be one-time funding.
- **Culturally Responsive Mental Health:** \$400,000 in FY23 for the CoLab for Community and Behavioral Health Policy and allies to convene a community coalition and design team to develop recommendations for the expansion of culturally responsible community mental health services focused on children and adolescents in Washington. This is expected to be one-time funding.
- **Hazing Prevention:** \$121,000 in FY23 for the implementation of [HB 1751](#). This is expected to be ongoing funding at a slightly lower amount in FY24 and beyond.
- **Nursing Education:** \$1.2 million in FY23 for additional nursing slots and graduates in the existing accelerated BSN program at the Seattle campus. Of the amount provided, \$273,000 in FY23 is for the School of Nursing and Healthcare Leadership at the Tacoma campus. This is expected to ramp up into the upcoming biennium and be ongoing funding.
- **Training for Nurse Examiners:** \$122,000 in FY23 for additional sexual assault nurse examiner training. This is expected to be ongoing funding.
- **Computer Science Startup Program:** \$455,000 in FY23 for the Paul G. Allen School of Computer Science and Engineering startup program. This is expected to be one-time funding.
- **Veterans & Military Suicide:** \$16,000 in FY23 for the implementation of [HB 1181](#) which extends and modifies the Suicide-Safer Homes Task Force and provides for various outreach and services related to preventing suicide among veterans and military service members. This is expected to be ongoing funding (matches fiscal note estimates).
- **Public Service Grad. Aid:** \$100,000 in FY23 (in addition to current proviso funding in the 2021-23 budget) to provide aid for students in fee-based public service-oriented graduate and professional degree programs. This is expected to be one-time funding.
- **Death with Dignity Act Study:** \$200,000 in FY23 to conduct a study, in consultation with the Department of Health, on the barriers with the Death with Dignity Act. This is expected to be one-time funding.

Other Notable Changes:

- **OFM Central Services:** The Governor's budget would have increased charges for OFM Central Services in FY23 by \$1.4 million (\$493,000 in state appropriations and \$918,000 paid by tuition revenue). The compromise supplemental budget increases these charges by a negligible amount. The 2021-23 budget fixed a previous formula that would have resulted in significant charges to the University (see previous briefs for more information).
- **HMC Fund Transfer from HCA:** The compromise supplemental budget pulls back the \$4 million per year that was transferred from Health Care Authority (HCA) to Harborview Medical Center (HMC) in the biennial budget.
- **Outpatient Directed Payment Program:** The compromise supplemental budget directs the Health Care Authority to seek federal approval to create a Medicaid Outpatient Directed Payment Program (ODPP) for hospital outpatient services. If approved, ODPP would provide additional funding for Medicaid managed care outpatient services at UWMC and Harborview, up to the average commercial reimbursement rate.
- **Appropriations to Other State Agencies to Work with the UW:** Several agencies would receive funding to contract with faculty and staff at the UW. These include:
 - **Evidence-based Training for Law Enforcement:** \$500,000 in FY23 for the HCA to contract with the Addictions, Drug and Alcohol Institute to develop, refine, and pilot a new evidence-based training for law enforcement to improve interactions with individuals who use drugs. This is expected to be ongoing funding.
 - **Ballot Rejection Rates Review:** \$250,000 in FY23 for the Office of the Secretary of State to contract with the Evans School of Public Policy & Governance to review data used in the 2022 state performance audit of ballot rejection rates in Washington. This is expected to be one-time funding.
 - **School of Environmental Health:** \$125,000 in FY23 for the Department of Health to contract with the UW's Department of Environmental and Occupational Health Services to develop a report on school environmental health policies. This is expected to be one-time funding.

Financial Aid

Table 3 outlines some of the major financial aid provisions for the Washington Student Achievement Council (WSAC) in the compromise supplemental operating budget. At a high-level, the budget:

- Adjusts appropriations for the Washington College Grant Program to reflect lower forecasted caseloads (-\$79.0 million).
- Provides \$34.3 million in funding to increase award levels for Washington College Grant recipients and implement a new Bridge Grant program for the lowest-income students.
- Increases the state match for the Opportunity Scholarship Program (\$8.6 million)
- Provides \$3.6 million for health care simulation lab grants for nursing programs, \$2.8 million in one-time funding for King County-based nonprofit organizations to expand college services to support underserved students, \$2 million in one-time funding for the Behavioral Health Loan Repayment Program, \$1.0 million for career launch grants, and \$850,000 for administrative support to Washington College Grant-Apprenticeship recipients, and \$175,000 Washington Award for Vocational Excellence Program (WAVE) support, and \$25,000 in one-time funding to convene a workgroup to develop recommendations regarding residency statutes, ensuring equity in accessing student residency.
- Funds \$150 million to implement [HB 1736](#) (implementing a State Student Loan Program), , \$6 million to implement [SB 5789](#) the Washington Career and College Pathways Innovation Challenge Program, \$3 million to implement [HB 2007](#) (Nurse Educator Loan Repayment Program), and \$1.2 million to implement [HB 1835](#) (FAFSA outreach initiatives).
- Modifies the thresholds for students receiving the Washington College Grant in Sec. 949 of the supplemental operating budget, so that for the 2022-23 academic year only, students with families in the 56 percent to 60 percent range of Median Family Income (MFI) would receive a full award amount, rather than the 70 percent award in current law.

Please note, in Table 3, not all funding would be from the State General Fund. Some items would be funded from other sources or through a mix of funds.

**Table 3: Financial Aid Funding in 2022
Supplemental Operating Budget
(Detail by biennium in \$1,000s)**

	Governor's Proposal	Senate Proposal	House Proposal	Final Budget
College Grant Caseload Adjustment	(59,000)	(85,695)	(85,691)	(79,041)
Career and College Pathways Grants	16,600			
Opportunity Scholarship State Match	7,138	8,551	8,551	8,551
Healthcare Simulation Labs	3,600	3,600	3,600	3,600
Enrollment Advising Fellowship	1,000			
Career Launch Grants	1,000	1,000	1,000	1,000
College Access Expansion	932			
WA College Grants-Apprentices	850	850	850	850
Homeless College Student Support	372	492		246
SB 5789 Innovation Challenge Program		6,000		6,000
College Services Support		2,800		2,800
SB 5764 Apprenticeships & Higher Ed		275		275
WAVE Program Support	175	234	175	175
Student Healthcare Access		80		80
Student Residency Workgroup		25		25
HB 1736 State Student Loan Program			300,000	150,000
WCG Expansion and Bridge Grants Program			45,342	34,277
HB 1835 FAFSA Outreach/Initiatives			3,200	1,200
HB 2007 Nurse Educator Loan Repayments			3,000	3,000
Behavioral Health Workforce			2,000	2,000

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

CAPITAL BUDGET

The legislature introduced a [compromise capital budget](#) on Tuesday and passed an amended version the following day. Table 4 compares capital budget proposals to the UW's requests. Overall, the supplemental compromise budget funds UW requests and interests from a mix of state and federal funding:

- **Major Infrastructure - Seismic Improvements:** \$2 million from state funds (State Building Construction Account) to support our multi-biennia project that helps stabilize buildings and make them less vulnerable to seismic events. Only the Governor proposed fully funding this \$10 million UW request, which was requested to backfill \$10 million that was reallocated from the UW Building Account during the last legislative session for emergent, critical repairs to the UW Power Plant.
- **Clean Energy Testbeds:** \$7.5 million in expenditure authority from assumed federal funds for the UW Clean Energy Institute to establish an open-access battery fabrication testbed facility and to enhance imaging and analysis capabilities. This is not an appropriation, rather an authorization to seek federal funding, which is not typically needed. We are working with the Governor's office and legislature to understand and rectify this approach.
- **Behavioral Health Teaching Facility (BHTF):** \$10 million from state funds (Capital Community Assistance Account-State) for BHTF construction to help mitigate unprecedented materials inflation and schedule impacts due to the ongoing concrete delivery driver strike in King County.

The compromise budget would also allocate an additional \$8 million to OFM for an "inflation and contingency fund." It is possible that the UW could seek some of this funding for other projects that have experienced inflation during construction.

	Final UW Request	Governor's Budget	Senate Budget¹		House Budget²	Final Compromise Budget³	
Appropriations (Requested Projects)	State Funds	State Funds	State Funds	Federal Funds	State Funds	State Funds	Federal Funds
Major Infrastructure (Seismic Improvements)	10,000	10,000	2,000		2,000	2,000	
Clean Energy Testbeds		7,500		7,500	7,500		7,500
Behavioral Health Teaching Facility ⁴				10,000	6,200	10,000	
Subtotal:	10,000	17,500	2,000	10,000	15,700	12,000	0

¹ The Clean Energy Institute would be granted expenditure authority by the state under the assumption that the UW will apply for and receive federal grants through the Infrastructure Investment and Jobs Act (IIJA), while the BHTF inflation/delay funding would be provided from the Coronavirus State Fiscal Recovery Fund-Federal Account through the Inflation and Contingency Fund.

² The Clean Energy Institute would be funded from the Capital Community Assistance Account-State account, while Major Infrastructure and BHTF would be funded from the State Building Construction Account.

³ The Clean Energy Institute will be granted expenditure authority by the state under the assumption that the UW will apply for and receive federal grants through the IIJA (i.e. no funding is provided), while the BHTF inflation/delay funding will be provided from Capital Community Assistance Account-State account. Seismic improvements will be funded from the State Building Construction Account.

⁴ While not part of the University's supplemental capital budget request, which was due in September, the University sought up to \$13 million in funding to address both unusually high construction cost escalation and impacts from the ongoing concrete delivery drivers strike in King County.

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