

Date: February 24, 2022 **[Updated March 1, 2022 with version as passed the Senate, updates highlighted]**
Subject: Senate & House Leadership 2022 Supplemental Budget Proposals (making changes to 2021-23 biennial budgets)

Leadership in the Senate Ways & Means committee released their 2022 supplemental [capital](#) budget proposal on February 16 and their [operating](#) budget proposal on February 21. Leadership in the House Appropriations and the Capital Budget committees also released their supplemental [operating](#) and [capital](#) budget proposals on February 21. These initial proposals from the legislature follow the release of the [Governor's proposals](#) in December. This brief covers legislative versions as of February 24, as approved by fiscal committees. As a reminder, the 2022 session began on January 10 and is scheduled to end on March 10. **Major changes to the original brief are highlighted in yellow.**

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

At the onset, 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 full 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 over \$1.4 billion in the current biennium.

The February forecast 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. The Senate and House budget proposals have taken these revenue assumptions into consideration.

Direct Impacts to the UW

Overall, the Senate and House supplemental budget proposals reflect an increase of **\$24.5 million** and \$18.7 million over the 2021-23 biennial budget, respectively. The increase in both budgets is largely attributed to additional funding for compensation in FY23. Table 1, below, 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

Table 2, below, shows a line-by-line breakdown of the funding levels and policy changes proposed by the Senate and House in their supplemental operating budgets. Frequently, other state agencies receive state funding amounts and are required to contract with the University. This list of provisos includes only appropriations directly to the University. UW 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 Proposed	Senate			House		
		2021-23 Total	FY22	FY23	2021-23 Total	FY22	FY23	2021-23 Total
2021-23 Biennial Budget (base funding)		883,971	437,371	446,600	883,971	437,371	446,600	883,971
Maintenance Level Changes		3,229	1,522	2,332	3,854	1,522	2,346	3,868
	Maintenance & Operations (ML+PL)	621	-	607	607	-	621	621
	Tuition Backfill Inflation Adjustment	2,295	1,387	1,591	2,978	1,387	1,591	2,978
	ML Central Service Adjs.	48	2	2	4	2	2	4
	Worker's Compensation	265	133	132	265	133	132	265
Policy Level Changes		20,080	(3,967)	24,590	20,623	(3,966)	18,815	14,849
	PL Central Service Adjs.	630	33	154	187	34	228	262
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	5,456	-	2,098	2,098
	Total Employee Benefits Changes	1,189	-	2,888	2,888	-	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	800	-	-	-
	Prepare Future Doctors	500	-	500	500	-	-	-
	Clean Energy Battery Testbeds	3,250	-	3,250	3,250	-	3,250	3,250
	HMC Fund Transfer from HCA	-	(4,000)	(4,000)	(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	107	-	-	-
	5597 Voting Rights	-	-	89	89	-	-	-
	5626 Water System Plans/Climate	-	-	116	116	-	-	-
	5644 Behavioral Health Co-response	-	-	277	277	-	-	-
	5723 Diversity in Clinical Trials	-	-	1,543	1,543	-	-	-
	5764 Apprenticeships & Higher Ed	-	-	18	18	-	-	-
	5874 Military Student Residency	-	-	15	15	-	-	-
	5884 Behavioral Health Support	-	-	102	102	-	-	-
	Environmental Forensic Science	-	-	232	232	-	-	-
	Center for Human Rights	-	-	205	205	-	-	-
	Center for an Informed Public	-	-	500	500	-	-	-
	Business Certificate - Bothell	-	-	-	-	-	1,000	1,000
	Culturally Responsive Mental Health	-	-	-	-	-	400	400

1751 Hazing Prevention	-	-	-	-	-	121	121
Nursing Education	-	-	-	-	-	1,242	1,242
Training for Nurse Examiners	-	-	-	-	-	122	122
Computer Science Startup Program	-	-	-	-	-	455	455
1181 Veterans & Military Suicide	-	-	-	-	-	16	16
Public Service Grad. Aid	-	-	-	-	-	100	100
Death with Dignity Act Study	-	-	-	-	-	200	200
Total Funding	907,280	434,926	473,522	908,448	434,927	467,761	902,688

2022 Supplemental Operating Budget

Tuition Policy

As expected, the supplemental budget proposals assume the continuation of current tuition policy ([2ESSB 5954](#), 2015), which allows for inflationary increases 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 Senate and House budget proposals would both result in nearly \$3 million in additional funding over the biennium, as compared to \$2.3 million in the Governor's budget.

Compensation and Benefits

Compensation:

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

- For represented staff, both the Senate and House proposals would approve the amendments to 2021-23 collective bargaining agreements (CBAs) submitted by the University for the supplemental session, which reflect a 3 percent increase and one-time payments for represented staff in those unions that reached agreements (SEIU 925, WFSE, and SEIU 1199).
- For UW non-represented faculty and staff, both the Senate and House proposals would allocate \$7.6 million and authorize a 3.25 percent salary increase in FY23. However, the biggest difference in the proposals is the "funding split" between state funding and assumed tuition revenue.
 - The Senate provides \$5.5 million in additional compensation support so that 66 percent of the total cost is provided by the state, and the remaining 34 percent would be covered by tuition revenue.
 - The House provides \$2.1 million for additional compensation support so that approximately 50 percent of the total cost is provided through state funding. The total compensation funding proposed by the House is the same as the Governor's proposal.
 - Both proposals for non-represented faculty and staff compensation present 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 only covers a portion of what is needed to cover the cost of salary increases for faculty and professional staff. These salary increases are paid by the combination of state funding and tuition revenue (our General Operating Fund) only and account for a small fraction of our employee base. Salary increases for all other employees would need to be funded from other sources of revenue.

Benefits:

The House proposal would update 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 proposal would update caps to \$1,184 in FY23 (a \$93 increase over the current FY23 amount). 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

The Senate budget proposal included funding for all UW budget requests, while the House budget proposal included funding for all except the Institute for Health Metrics and Evaluation Spokane request. Both proposals included several new items, and detail about each is below:

UW Budget Requests:

- **Maintenance & Operations for Milgard Hall at UW Tacoma (all budgets):** The House would provide \$621,000 in FY23 to fully fund the University's request in the first year. The Senate would provide \$607,000 due to a slightly lower funding per square foot amount. Funding is expected to ramp up into FY24 and will be ongoing.
- **Computer Science & Engineering Expansion (all budgets):** 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 (all budgets):** \$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.
- **Institute for Health Metrics and Evaluation Spokane (Senate budget only):** \$800,000 in FY23 and \$2.76 million total over three years for an intensive study of community health metrics, disparities, and drivers in rural and Eastern Washington by the Institute for Health Metrics and Evaluation (IHME).

Included in Senate and House Budget Proposals:

- **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 one-time in FY23 in the House budget proposal and ongoing in the Senate. 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 one-time in FY23 in the House budget proposal and ongoing in the Senate.
- **Dental Workforce Reporting:** \$225,000 in FY23 to support a public-private partnership between the Center for Health Workforce Studies and dental health stakeholders 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.

Senate Budget Only:

- **Prepare Future Doctors/Medical Careers:** \$500,000 in FY23 to collaborate with the Office of the Superintendent of Public Instruction and state commissions to provide mentoring, preparation, and career awareness for students of color in grades 6+. This item was also in the Governor's budget, and is expected to be one-time funding.
- **Verifiable Credentials:** \$107,000 in FY23 for the implementation of [SB 5534](#). This is expected to be one-time funding.
- **Voting Rights:** \$89,000 in FY23 for the implementation of [SB 5597](#), which establishes a data repository to assist jurisdictions and researchers in election best practices. This is expected to be ongoing funding.

- **Water System Plans/Climate:** \$116,000 in FY23 for the implementation of [SB 5626](#). Funding is expected to continue through FY24 at a lower amount.
- **Behavioral Health Co-Response:** \$277,000 in FY23 for the implementation of [SB 5644](#). This is expected to be ongoing funding.
- **Diversity in Clinical Trials:** \$1.5 million in FY23 for the implementation of [SB 5723](#). 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 for the implementation of [SB 5884](#). Funding is expected to continue through FY24 at a lower amount.
- **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:** \$500,000 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 was added as a floor amendment and is expected to be one-time funding.

House Budget Only:

- **Business Certificate - Bothell:** \$1 million in FY23 for stipends to students during the business certificate program at the Bothell campus. 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 to work in collaboration with the Latino Center for Health 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. This is expected to 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 CSE 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.

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 Senate and House budgets would not make as significant of a change. 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:** Both Senate and House budget proposals pull back the \$4 million per year that was transferred from Health Care Authority (HCA) to Harborview Medical Center (HMC) in the biennial budget. The Senate budget would direct the HCA to establish a program that would provide for an enhanced federal Medicaid match for outpatient services provided to Medicaid patients at UWMC and HMC.

Financial Aid

Table 3, on the next page, outlines some of the major financial aid provisions for the Washington Student Achievement Council (WSAC) in the House and Senate supplemental budget proposals. At a high-level:

- The Senate and House proposals adjust appropriations for the Washington College Grant Program to reflect lower forecasted caseloads (-\$85.7 million); however, their approaches differed. The Senate proposal reduced the appropriations from the Workforce Education Investment Account (WEIA), but the House proposal achieves this by reducing appropriations from both the General Fund-State and WEIA while increasing appropriations from the Washington Opportunity Pathways Account.
- Both the House and Senate proposals increase the state match for the Opportunity Scholarship Program (\$8.6 million)
- Both budget proposals provide \$3.6 million for health care simulation lab grants for nursing programs, \$1 million each for career launch grants, and \$850,000 for administrative support to Washington College Grant-Apprenticeship recipients, and Washington Award for Vocational Excellence Program (WAVE) support.
- The Senate proposal provides \$6 million to implement [SB 5789](#) the Washington Career and College Pathways Innovation Challenge Program, \$2.8 million in one-time funding for King County-based nonprofit organizations to expand college services to support underserved students, and \$25,000 in one-time funding to convene a workgroup to develop recommendations regarding residency statutes, ensuring equity in accessing student residency.
- The House proposal provides \$300 million to implement [HB 1736](#) (implementing a State Student Loan Program), \$45.3 million to implement [HB 1659](#) (Higher Education Grants), \$3.2 million to implement [HB 1835](#) (FAFSA outreach initiatives), \$3 million to implement [HB 2007](#) (Nurse Educator Loan Repayment Program), and \$2 million in one-time funding for the Behavioral Health Loan Repayment Program.

Please note, in the table on the next page, 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 Proposals (Detail by biennium in \$1,000s)

	Governor's Proposal	Senate Proposal	House Proposal
College Grant Caseload Adjustment	-59,000	-85,695	-85,691
Career and College Pathways Grants	16,600		
Opportunity Scholarship State Match	7,138	8,551	8,551
Healthcare Simulation Labs	3,600	3,600	3,600
Enrollment Advising Fellowship	1,000		
Career Launch Grants	1,000	1,000	1,000
College Access Expansion	932		
WA College Grants-Apprentices	850	850	850
Homeless College Student Support	372	492	
SB 5789 Innovation Challenge Program		6,000	
College Services Support		2,800	
SB 5764 Apprenticeships & Higher Ed		275	
WAVE Program Support	175	234	175
Student Healthcare Access		80	
Student Residency Workgroup		25	
HB 1736 State Student Loan Program			300,000
HB 1659 WCG MFI Expansion and Bridge Grants			45,342
HB 1835 FAFSA Outreach/Initiatives			3,200
HB 2007 Nurse Educator Loan Repayments			3,000
Behavioral Health Workforce			2,000

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

CAPITAL BUDGET

The [Senate](#) released their supplemental capital budget proposal last Wednesday and the [House](#) released their supplemental capital budget proposal on Monday; these proposals follow [Governor Inslee's proposal](#) from December. Overall, the Senate and House proposals would fund UW requests and interests, with some differences in funding amounts and sources:

- **Major Infrastructure - Seismic Improvements:** The Senate and House both proposed \$2 million from the State Building Construction Account to help stabilize buildings and make them less vulnerable to seismic events. The Governor proposed fully funding this \$10 million UW request, which would be used to backfill \$10 million that was reallocated from the UW Building Account during the last legislative session for critical repairs to the UW Power Plant.
- **Clean Energy Testbeds:** The Senate proposed \$7.5 million from federal funds for the UW Clean Energy Institute to establish an open-access battery fabrication testbed facility and to enhance imaging and analysis capabilities. The House also proposed \$7.5 million for clean energy testbeds, but from state funds.
- **Behavioral Health Teaching Facility (BHTF):** The Senate proposed \$10 million of the Coronavirus State Fiscal Fund-Federal appropriation for the UW BHTF construction to help mitigate unprecedented materials inflation and schedule impacts due to the concrete delivery driver strike in King County, allocated through a new Inflation and Contingency Fund. The House proposed adjusting the BHTF appropriation from \$200.75 million in the 2021-23 budget to \$206.95 million, an increase in \$6.2 million in new state funds for the same purpose.

Table 4: 2022 Supp Capital Budget Proposals (in \$1,000s)	Final UW Request	Governor's Budget	Senate Budget		House Budget
Appropriations (Requested Projects)	State Funds	State Funds	State Funds	Federal Funds ¹	State Funds ²
Major Infrastructure (Seismic Improvements)	10,000	10,000	2,000		2,000
Clean Energy Testbeds		7,500		7,500	7,500
Behavioral Health Teaching Facility ³				10,000	6,200
Subtotal:	10,000	17,500	2,000	17,500	15,700

1 The Clean Energy Institute would be funded from the General Fund-Federal Account, 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, while Major Infrastructure and BHTF would be funded from the State Building Construction Account. The Governor's budget and UW request utilize just the State Building Construction Account.

3 While not part of the University's supplemental capital budget request, which was due in September, the University is currently seeking 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](#).