

Date: March 13, 2026
Subject: Final Compromise 2026 Supplemental Operating and Capital Budgets

INTRODUCTION

The state legislature reached a compromise on the state's 2026 supplemental operating and capital budgets and approved them on the last day of the legislative session. As a result, the legislature ended their work on time, on Thursday, March 12.

Previous legislative proposals are described in previous briefs on the [FPB's brief page](#). The outcomes of the state budgets will be incorporated into the UW's Fiscal Year 2027 (FY27) operating and capital budgets, which will be presented to the Board of Regents as an information item in May and an action item in June.

For a review of the 2025-27 biennial budgets, please see the [FPB's brief page](#) on our website. For more information regarding the UW's current requests for state funding, please see our 2026 supplemental operating and capital submissions on [FPB's State Budget Information page](#).

EXECUTIVE SUMMARY

At a high level, the compromise budget would make adjustments that appropriate \$1.0 billion over the biennium, which represents a direct state funding decrease of \$67.9 million, compared to the enacted 2025-27 biennial budget.

Removing a net-neutral shift described below, **total operating budget funding would increase by \$17.6 million**, largely attributed to funding for the Center for Behavioral Health and Learning (CBHL). In addition to funding levels, here are the key takeaways:

- The compromise budget would reduce state funding to the University by \$85.6 million (GF-S and WEIA) in FY27 but offset the total amount with UW Building Account funds, which are then backfilled by state bonds. This is a net-neutral shift of funding from the state's capital budget to the operating budget that reflects the legislature's creative efforts to avoid additional cuts to the UW's operating budget. This is a one-time shift in FY27 and is not expected to continue into the next biennium.
- The compromise budget implements a reduction to administrative spending totaling \$1.25 million. This represents a reduction in administrative spending of roughly 1.5%.
- The University requested \$18.34 million in ongoing funding for the Frank Chopp Center for Behavioral Health and Learning (CBHL), consistent with prior agreements among state leaders to fully fund CBHL operations. The compromise budget would provide \$15 million in ongoing funding for the CBHL, partially meeting this request.
- The compromise capital budget funds the University's \$47.5 million Climate Commitment Account (CCA) request for the Power Plant Electrification and Campus Hot Water Loop – Phase 1 project.

OPERATING BUDGETS

At the end of the 2025 legislative session, the Legislature passed a balanced operating budget for the upcoming 2025-27 biennium. The budget relied on a mix of tax and fee increases and spending cuts to close a projected \$12-16 billion deficit over four years. Revenue projections since then have shown modest changes. The most recent [February 2026 Revenue Forecast](#) estimated that revenue projections would increase by \$827.4 million for the current 2025-27 biennium and \$1.03 billion for the 2027-29 biennium compared to the previous forecast.

While the recent forecast was positive, there remains a projected deficit over the four-year budget period, and state law requires that lawmakers approve a balanced budget over a four-year period. Balancing the budget can be achieved through a mix of budget cuts and revenue increases. The proposed compromise operating budget would rely largely on agency budget cuts and shifts in fund sources to close the deficit. Specifically, the UW would be subject to a 1.5% (\$1.25 million) reduction in administrative spending. Additionally, for FY27, \$85.6 million would be shifted from state funding sources to UW Building Account revenue, which, in turn, would be backfilled by state bonds in the capital budget. This translates into a net neutral funding shift for the University but creates operating budget savings for the state offset by additional bond issuance.

Direct Impacts to the UW

Table 1 shows the total funding in the proposed 2026 supplemental budgets compared to the enacted 2025-27 biennial budget.

**Table 1: UW State Funding - 2026 Supplemental Operating Budget Proposals
Near General Fund State (in \$1,000s) ¹**

| Budget | FY1 | FY2 | Total |
|---|---------|---------|------------------|
| <i>Enacted 2025-27 Biennial Operating Budget</i> | 542,261 | 527,278 | 1,069,539 |
| <i>Governor's Proposed 2026 Supplemental Budget</i> | 543,814 | 534,810 | 1,078,624 |
| <i>Senate Proposed 2026 Supplemental Budget</i> | 545,109 | 543,924 | 1,089,033 |
| <i>House Proposed 2026 Supplemental Budget</i> | 543,777 | 542,777 | 1,086,554 |
| Compromise 2026 Supplemental Budget | 543,714 | 543,456 | 1,087,170 |

Table 2 shows a line-by-line breakdown of the funding levels and policy changes proposed in the 2026 supplemental operating budgets, amending the 2025-27 biennial budget for the remainder of FY26 and FY27.

¹ Amounts included in the House, Senate, and Compromise Supplemental Budgets include \$42.8 million in each fiscal year transferred from the UW Building Account to the Operating Fees Account. These funds are not GF-S, but because the shift is net-neutral to total operating resources, we are reflecting this amount in Tables 1 and 2.

Table 2: 2026 Operating Budget Proposals Near General Fund State (in \$1,000s)¹

| | Governor Proposed | Senate | House | Legislative Compromise | | |
|--|-------------------|------------------|------------------|------------------------|----------|------------------|
| | 25-27 Total | 25-27 Total | 25-27 Total | FY26 | FY27 | 2025-27 Total |
| 2025-27 Biennial Budget (base funding) | 1,069,539 | 1,069,539 | 1,069,539 | 542,261 | 527,278 | 1,069,539 |
| Maintenance Level Changes | 3,326 | 3,289 | 3,289 | 1,498 | 1,791 | 3,289 |
| Tuition Backfill Inflation Adjustment | 1,149 | 1,149 | 1,149 | 411 | 738 | 1,149 |
| ML Central Service Adjs. | 57 | 20 | 20 | 28 | (8) | 20 |
| Worker's Compensation | 1,812 | 1,812 | 1,812 | 905 | 907 | 1,812 |
| College in the High School | 308 | 308 | 308 | 154 | 154 | 308 |
| Policy Level Changes | 5,759 | 16,205 | 13,726 | (45) | 14,387 | 14,342 |
| PL Central Service Adjs. | 897 | 622 | 870 | (45) | 883 | 838 |
| Total Employee Benefits Changes | (304) | (619) | (496) | - | (496) | (496) |
| Across the Board Reduction | (15,818) | - | - | - | - | - |
| Administrative Reduction | (3,516) | (1,298) | (1,205) | - | (1,250) | (1,250) |
| Higher Ed Adjust. (reduce GF-S/WEIA) | - | (85,575) | (85,575) | (42,787) | (42,788) | (85,575) |
| Higher Ed Adjust. (backfill with UW Blding Acct) | - | 85,575 | 85,575 | 42,787 | 42,788 | 85,575 |
| Electronic Health Record | 9,500 | 2,000 | - | - | - | - |
| CBHL Support | 15,000 | 15,000 | 15,000 | - | 15,000 | 15,000 |
| Center for Biotech Innovation/Training | - | 250 | - | - | 250 | 250 |
| Latino Center for Health | - | 250 | - | - | - | - |
| Environmental Forensic Science Center | - | - | (443) | - | - | - |
| Total Funding | 1,078,624 | 1,089,033 | 1,086,554 | 543,714 | 543,456 | 1,087,170 |

Tuition Policy

The compromise budget assumes the continuation of current tuition policy (enacted by [2ESSB 5954](#), 2015), which has allowed resident undergraduate tuition increases of approximately 2.2-3.3% each year. The allowable increase for the 2026-27 academic year will be 3.3%. Part of that policy requires an inflationary adjustment to tuition backfill amounts provided in previous budgets. The backfill adjustment in the compromise proposal would result in an additional \$1.1 million over the biennium.

2026 Supplemental Budget

Compensation and Benefits

Compensation:

Compensation funding provided by the state only covers a portion of what is needed to provide salary increases for UW employees. These salary increases are paid for 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 are funded from other sources of revenue. For non-represented faculty and staff, the current biennial budget authorized salary increases of up to 3% in FY26 and 2% in FY27. The compromise budget would not change underlying assumptions or approval of any collective bargaining agreements. Any cuts to overall state funding make salary increases progressively more challenging for the University to afford given the state’s partial funding of those increases in combination with funding cuts implemented in the biennial budget.

Benefits:

The compromise budget would update monthly employer health care contribution caps in FY27 from \$1,350 in the current biennial budget to \$1,334, a reduction of \$16. Benefit assumptions represent significant costs across all UW activities and are passed through to unit budgets via benefit load rates.

Maintenance Level Changes

- **College in the High School (CHS) Adjustment:** \$154,000 was added to CHS funding in both FY26 and FY27 to meet changes in caseloads. OFM and legislative staff will continue to adjust CHS funding annually, and adjustments will be carried forward in each fiscal year thereafter.

*Policy Level Changes***UW Budget Requests:**

Given the state's budget situation, the UW did not make any policy-level budget requests. However, we did request ongoing funding for the Frank Chopp Center of Behavioral Health and Learning (CBHL) as a maintenance level request.

- **Center for Behavioral Health and Learning (CBHL, formerly BHTF):** As was the case with the Senate budget, the compromise budget allocates \$15 million in ongoing funding starting in FY27 from the Workforce Education Investment Account (WEIA) to support the costs of delivering behavioral health care to patients in long-term civil commitment beds at the CBHL. This funding was requested at \$18.34 million ongoing to meet operating costs, so the compromise budget would partially fund this amount. The state partnered with UW Medicine to build this facility and previously committed to full funding for the operation of these beds.

Budget Reductions:

- **Administrative Reduction:** The compromise budget includes an ongoing "administrative reduction" of \$1.25 million, similar to reductions included in the Senate and House budgets. This represents a roughly 1.5 percent annual reduction in administrative spending. The compromise budget specifies that institutions must prioritize retaining staff that provide direct student support when making administrative reductions.

Included in Compromise Budget:

- **Center for Biotech Innovation and Training:** \$250,000 in FY27 is allocated to support the Center for Biotech Innovation and Training at the Bothell campus, consistent with the House budget proposal. Funding is expected to be one-time from WEIA.
- **Thriving Communities:** The compromise budget eliminates \$263,000 in funding provided in the 2024 supplemental budget for two grant writers to offer technical assistance through the Thriving Communities Technical Assistance Program. This ongoing appropriation was funded from the Climate Commitment Account and thus is not included in Table 2 above.

Other Notable Changes:

- **Noise Reduction Study:** The compromise supplemental transportation budget reduces funding for the UW Department of Engineering and the Department of Transportation to conduct a study on noise reduction measures for bridge expansion joints on SR 520, from \$657,000 to \$400,000.
- **Existing Proviso Language Change:** As was the case with the House and Senate budget proposals, the compromise budget does not change proviso language. This is in contrast to the Governor's operating budget proposal, which amended existing proviso language for each of the University's current provisos written into the

budget bill. It did so by striking the word “solely” from each line indicating the purpose of each proviso (e.g., \$100,000 solely for the Center for...).

- **Increases to Agency Charges:** The compromise budget would increase amounts other agencies are able to bill the University, which are partially funded: Workers’ Compensation (approximately \$4.3 million over the biennium, \$1.8 million funded) and OFM Central Services (approximately \$1.9 million in FY27, \$807k funded).
- **State Board for Community and Technical Colleges (SBCTC) Structural Report:** The compromise budget requires that SBCTC submit a report with recommendations for reducing redundancy and expenses and that do not affect student success. While the UW is not directly involved with this study, the recommendations may have implications for higher education institutions more broadly.
- **Center for Real Estate Research:** Spending authority increased from \$415,000 to \$825,000. This reflects additional revenue generated due to the passage of HB 1552 in the 2025 legislative session. This bill increased real estate broker and managing broker license fees and directed additional funding to the Center.
- **Committee on Budget Transparency and Fiscal Sustainability:** The compromise budget creates the Joint Legislative-Executive Committee on Budget Transparency and Fiscal Sustainability, which is tasked with providing recommendations for promoting budget transparency, fiscal sustainability, program accountability, and equitable outcomes. UW would not be directly impacted by the work of the committee, but the committee's recommendations may have ramifications for the UW in the future.

Financial Aid

Policy level adjustments to the Washington Student Achievement Council (WSAC):

- The compromise budget includes a targeted reduction of \$521,000 (1.5%) to WSAC’s overall budget.
- The compromise budget fully funds [Senate Bill 5963](#), which establishes that individuals who are eligible for the Passport to Careers Program qualify as income eligible under the Washington College Grant.

Overall, WSAC’s total budget for the biennium increases by approximately \$146 million under the compromise budget. This increase is driven by changes at the maintenance level and policy level.

| Table 3: 2026 Supp. Operating Budget Proposals for WSAC Near General Fund State (in \$1,000s) | House | Senate | Compromise |
|--|----------------|----------------|-------------------|
| Target Reduction to WSAC Budget | (1,700) | - | (521) |
| Administrative Spending Reduction | - | (117) | - |
| Scholarships for Private Four-Year Not-for-Profit Institutions | - | 3,303 | - |
| Total Funding | 144,516 | 149,437 | 145,895 |

For information about the operating budget, contact [Jed Bradley](#), [Christine Leibbrand-Lapinsky](#) or [Lauren Hatchett](#). For more information about financial aid, please contact [Alex Beard](#).

CAPITAL BUDGET

Overview

The House and Senate passed the proposed compromise supplemental capital budget on Wednesday, March 11. The compromise budget appropriates \$889.7 million in total funds, of which \$435.1 million is from debt limit bonds and \$454.6 million is from other state and federal accounts. Included in these appropriations is \$47.5 million from the Climate Commitment Act (CCA) to support the UW's request for the Power Plant Electrification & Campus Hot Water Loop - Phase 1 project, which helps us begin our decarbonization efforts in earnest.

Bond Capacity

The budget includes \$436.4 million in bond capacity, composed of \$355.6 million in remaining capacity from the 2025 session and \$80.8 million in bond authority adjustments. These adjustments result from projects completed with less funding than the amounts budgeted, and from newly appropriated projects from prior biennia to allow these projects to continue moving forward. The proposed budget appropriates \$435.1 million in bonds (as previously mentioned), leaving a balance of \$1.3 million in remaining bond capacity.

Climate Commitment Act Funding

The proposed budget also appropriates \$839.9 million from CCA accounts. Of this total, \$300 million is used for new capital budget appropriations, including clean energy grants, building decarbonization (such as the UW's request), salmon recovery, and habitat restoration and conservation. The use of the remaining \$539.9 million in CCA spending is described in the section below related to the proposed operating budget.

Account Changes Related to the Proposed 2026 Supplemental Operating Budget

The proposed compromise capital budget contains various account changes to appropriations in the Natural Resources and Higher Education functional areas, as well as to Public Works Assistance Account (PWAA) appropriations. These account changes offset statewide operating budget reductions, including the \$85.6 million mentioned in the Executive Summary related to the UW. In summary, the account changes consist of the following actions:

1. \$539.9 million of CCA funding is used to refinance \$539.9 million in bond-funded projects in the Natural Resources area of the enacted 2025-27 biennial capital budget;
2. \$539.9 million in bonds under 1) is then used to refinance \$239.9 million in higher education building accounts-funded projects and \$300 million of PWAA projects; and
3. \$239.9 million in higher education building accounts revenue and \$375 million in PWAA funding are then used to fund the proposed supplemental operating budget. In aggregate, the account changes to the Natural Resources and Higher Education functional areas of the Proposed Compromise net to zero. Funding available in the PWAA is reduced by \$75 million because of these actions.

Reappropriation Adjustments

The budget also adjusts the reappropriation values for UW Clean Energy Testbeds and Infrastructure Renewal (23-25) projects to reflect actual expenditures for the 2023-25 biennium.

Table 4 provides a comparison of the UW's capital budget request to the amounts that would directly be allocated to the UW in the compromise budget. Amounts in previous budget proposals are available in other FPB briefs.

**Table 4: 2026 Supp. Capital Budget Proposals
(in \$1,000s)**

| UW Capital Projects | UW 2026 Supplemental Request | | | Compromise Budget | | |
|---|------------------------------|---------------------|---------------|-------------------|---------------------|---------------|
| | State Bonds | UW Building Account | CCA | State Bonds | UW Building Account | CCA |
| Power Plant Electrification & Campus Hot Water Loop - Phase 1 | - | - | 47,500 | - | - | 47,500 |
| Infrastructure Renewal 25-27 | - | - | - | 39,350 | (39,350) | - |
| UW Bothell - Asset Preservation (Minor Works) 25-27 | - | - | - | 4,530 | (4,530) | - |
| UW Major Infrastructure | - | - | - | 10,300 | (10,300) | - |
| UW Seattle - Asset Preservation (Minor Works) 25-27 | - | - | - | 22,080 | (22,080) | - |
| UW Tacoma - Asset Preservation (Minor Works) 25-27 | - | - | - | 5,415 | (5,415) | - |
| UW Tacoma - Campus Power Repairs (Phase 3) | - | - | - | 3,900 | (3,900) | - |
| Total Funding | - | - | 47,500 | 85,575 | (85,575) | 47,500 |

For more information about the capital budget, contact [John Wetzel](#).