

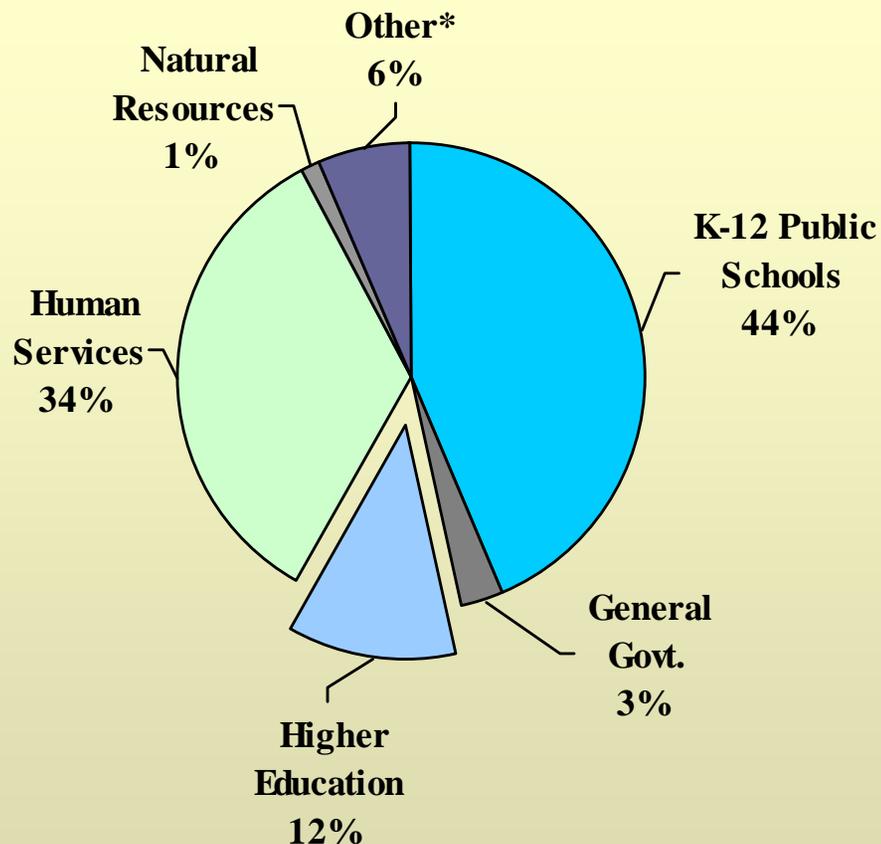
Higher Education Budget Overview



Senate Ways and Means Committee

January 20, 2005

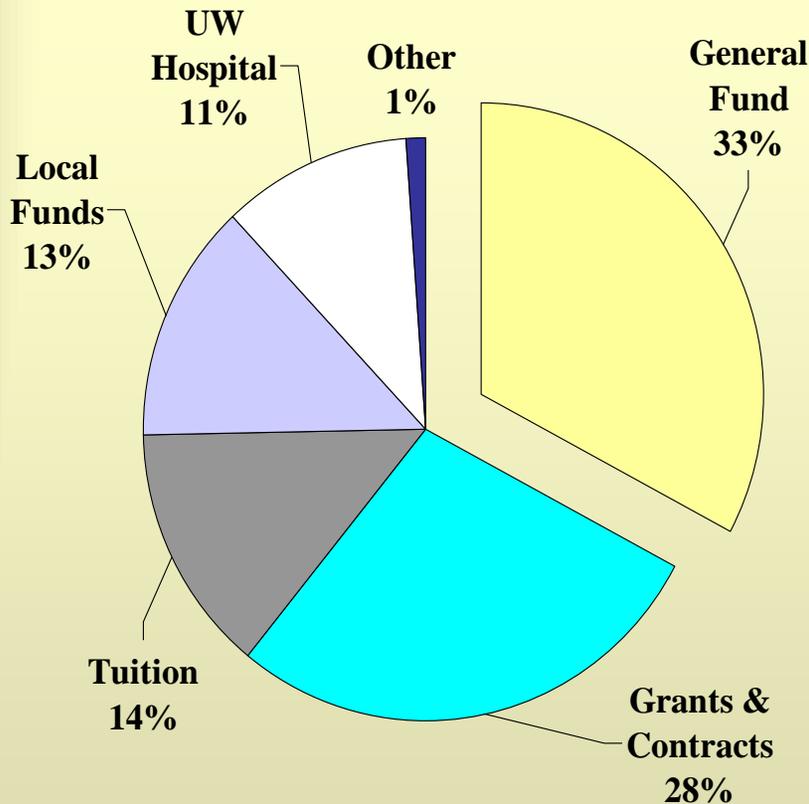
Higher Education is the largest part of the state general fund budget that is not case-load driven



<u>2003-05 Biennium</u>	
<u>\$ in Millions</u>	
K-12 Public Schools	\$10,165
General Govt.	629
Higher Education	2,699
Human Services	7,960
Natural Resources	333
Other*	<u>1,459</u>
Total	\$23,246

* Includes debt service, pensions, other education, transportation, and special appropriations.

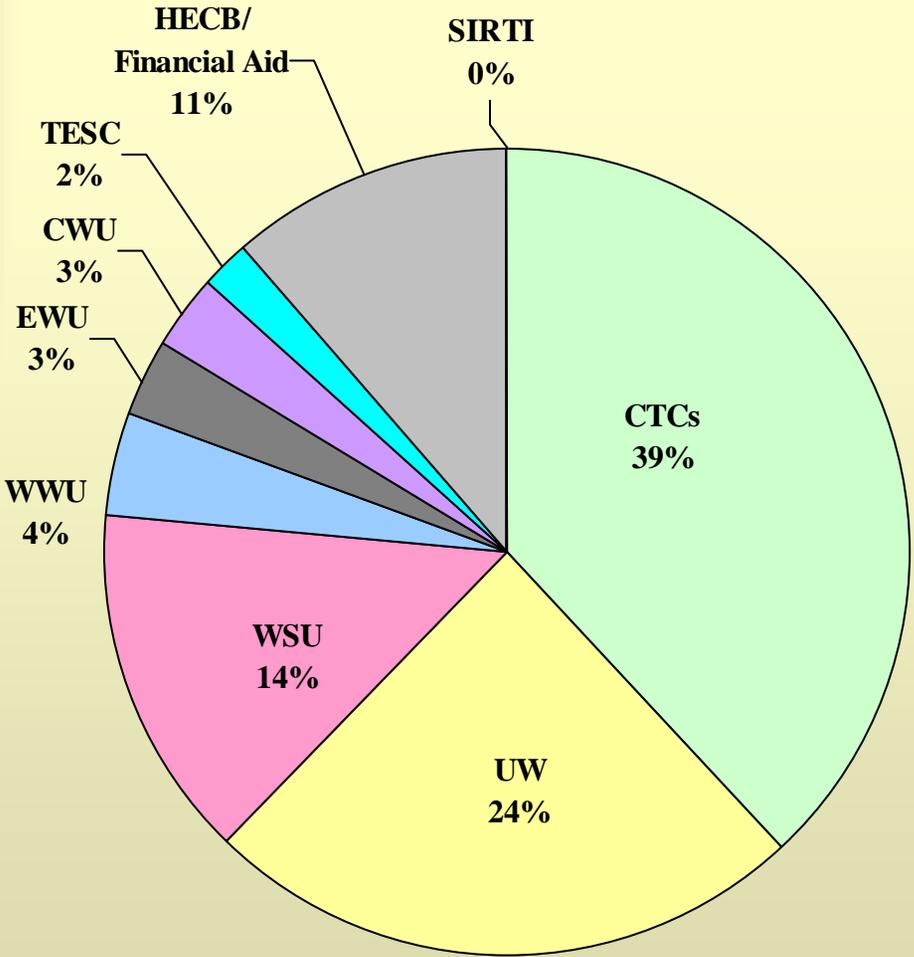
And, the general fund is the largest source for higher education operations



FY 2004 Actuals

Source	(dollars in thousands)
General Fund	\$1,317,794
Grants & Contracts	\$1,125,975
Tuition	\$552,732
Local Funds	\$529,992
UW Hospital	\$437,674
Other	\$45,168
Total	\$4,009,335

State general fund appropriations total \$2.76 billion in the 2003-05 biennium



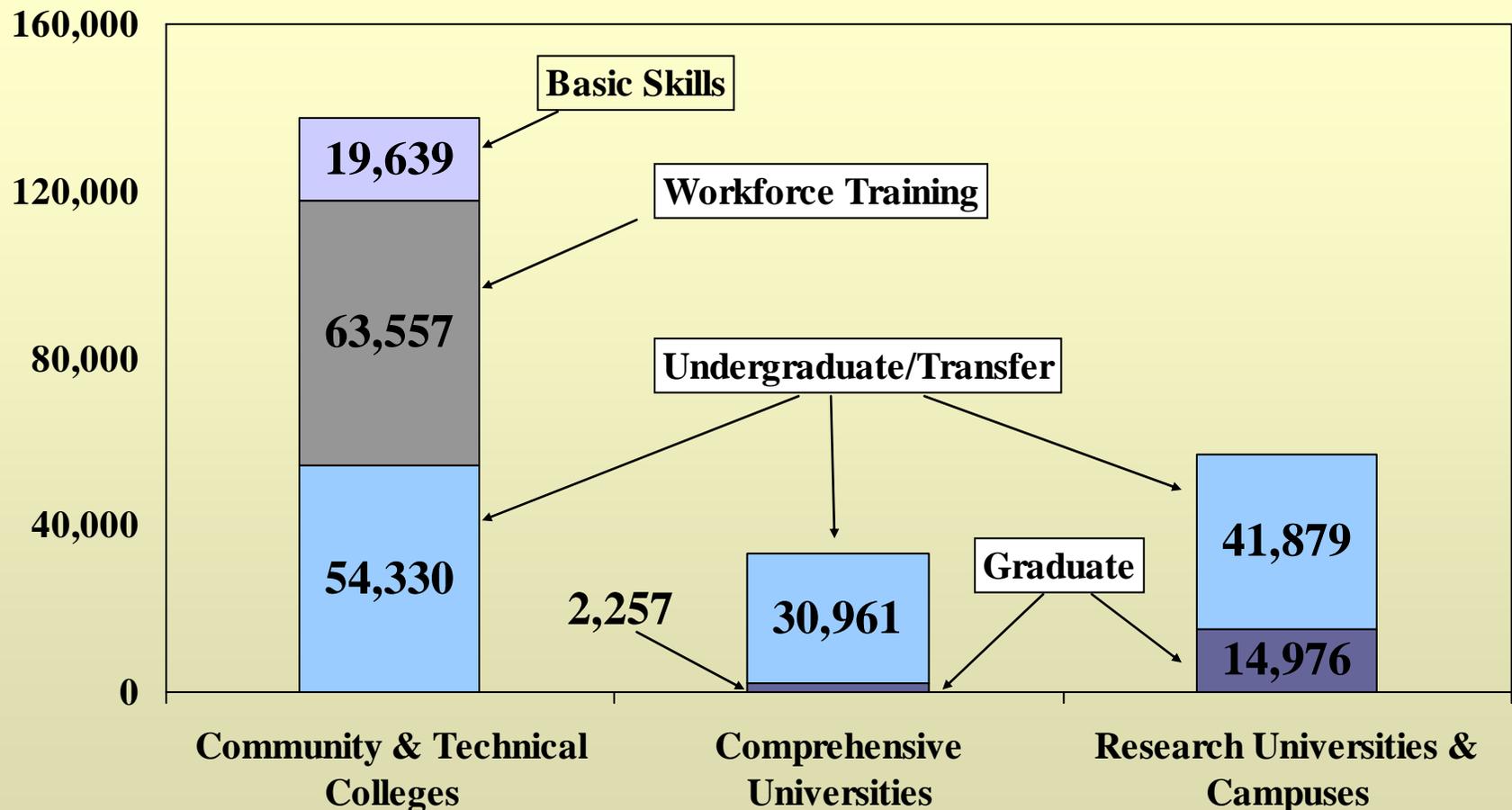
CTCs	1,053,244
UW	659,634
WSU	391,401
WWU	114,699
EWU	87,945
CWU	86,387
TESC	48,168
HECB/Financial Aid	313,607
SIRTI	2,822
Total Higher Education	\$2,757,907

GF-S debt service on higher ed projects adds \$549 million (20%) to this total

Research schools and community colleges dominate enrollments – resulting in an “hour-glass” shape to the higher ed system

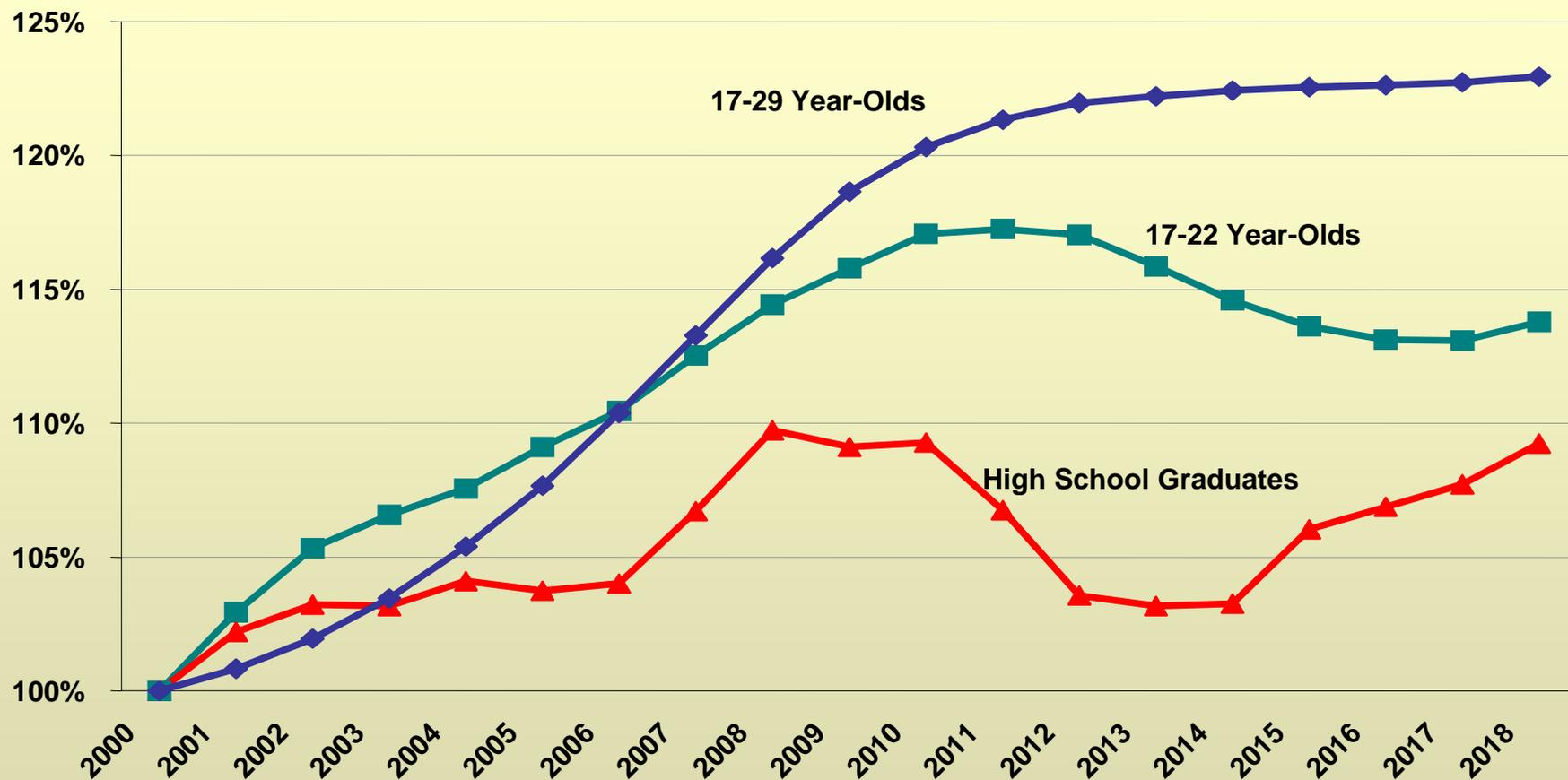
Sector	Institutions	2004-05 Budgeted Enrollments	Percent
Research	UW, WSU and Branch Campuses	56,049	25.9%
Comprehensive / Regional	CWU, EWU, TESC, WWU	31,590	14.6%
Community & Technical Colleges	29 Community, 5 Technical	128,885	59.5%
Total		216,524	100%

However, system-wide more than half of students are enrolled in or are preparing and intending to enroll in baccalaureate programs



The number of high school graduates peaks in 2008, but growth in the college-age population continues for another four or five years

High School Graduation and Population Age Cohort Forecasts; Indexed to 2000=100



Data Source: OFM Chart by HECB, October 2004

The cost to provide a 4-year degree varies with the route taken by the student

Resident Undergraduate Incremental Cost of Instruction FY 2005 (GF-S only)

	2plus2 @ CC and Branch Campus	2plus2 @ CC and Comprehensive	Comprehensive	Research
Lower Division*	\$3,688	\$3,688	\$2,953	\$1,764
Upper Division*	\$9,387	\$6,608	\$6,608	\$7,873
Annual Average**	\$6,537	\$5,148	\$4,664	\$4,367

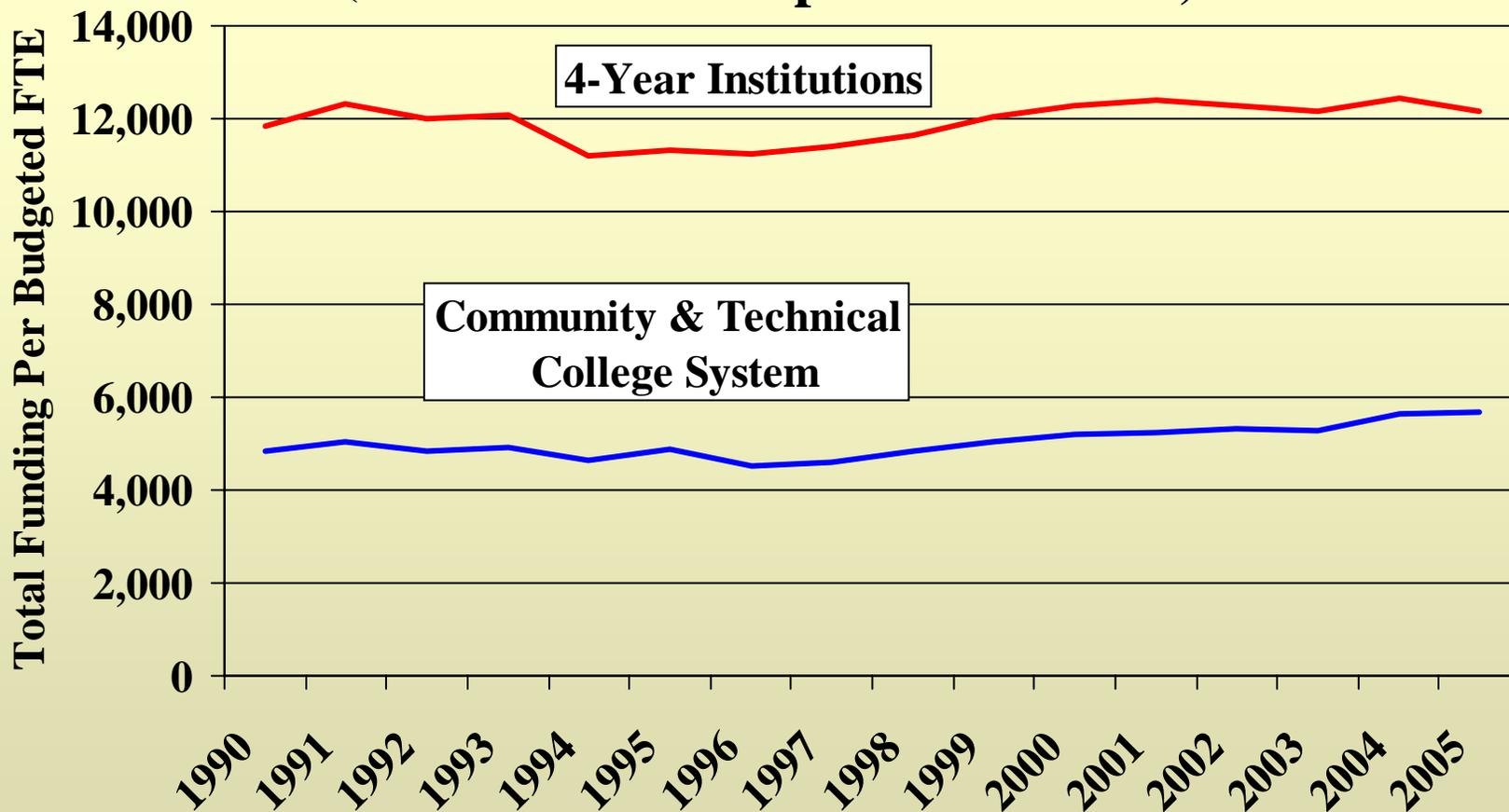
* Reported by Institutions; **Bold is basis for incremental state funding**

** Calculated for 2plus2 approaches; reported for Comprehensive and Research

Source: HECB

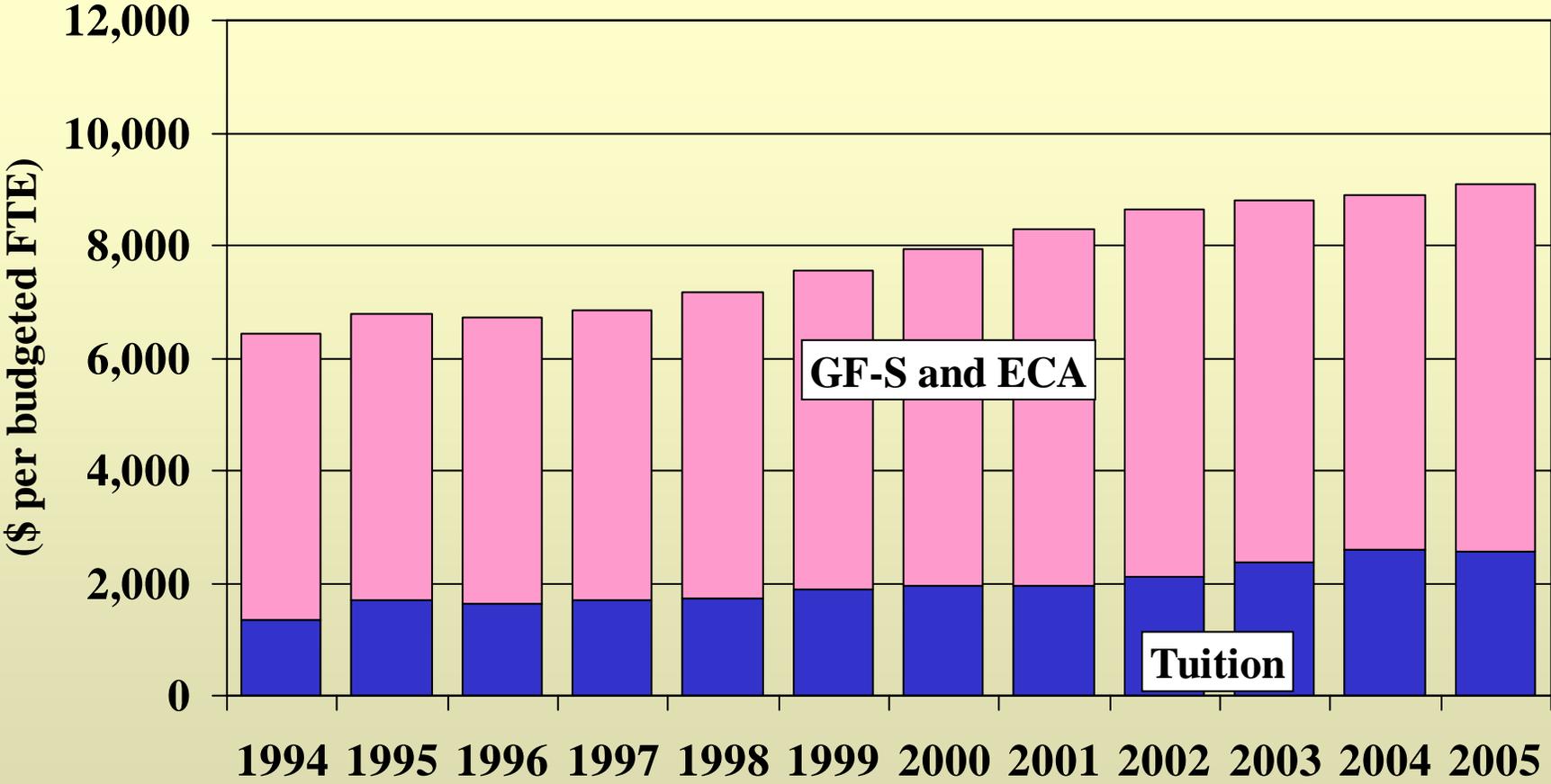
Since 1990, core funding (GF-S and tuition) per FTE has increased by 3.5% for the 4-years and 17.1% for the 2-year system

(Constant dollars per actual FTE)



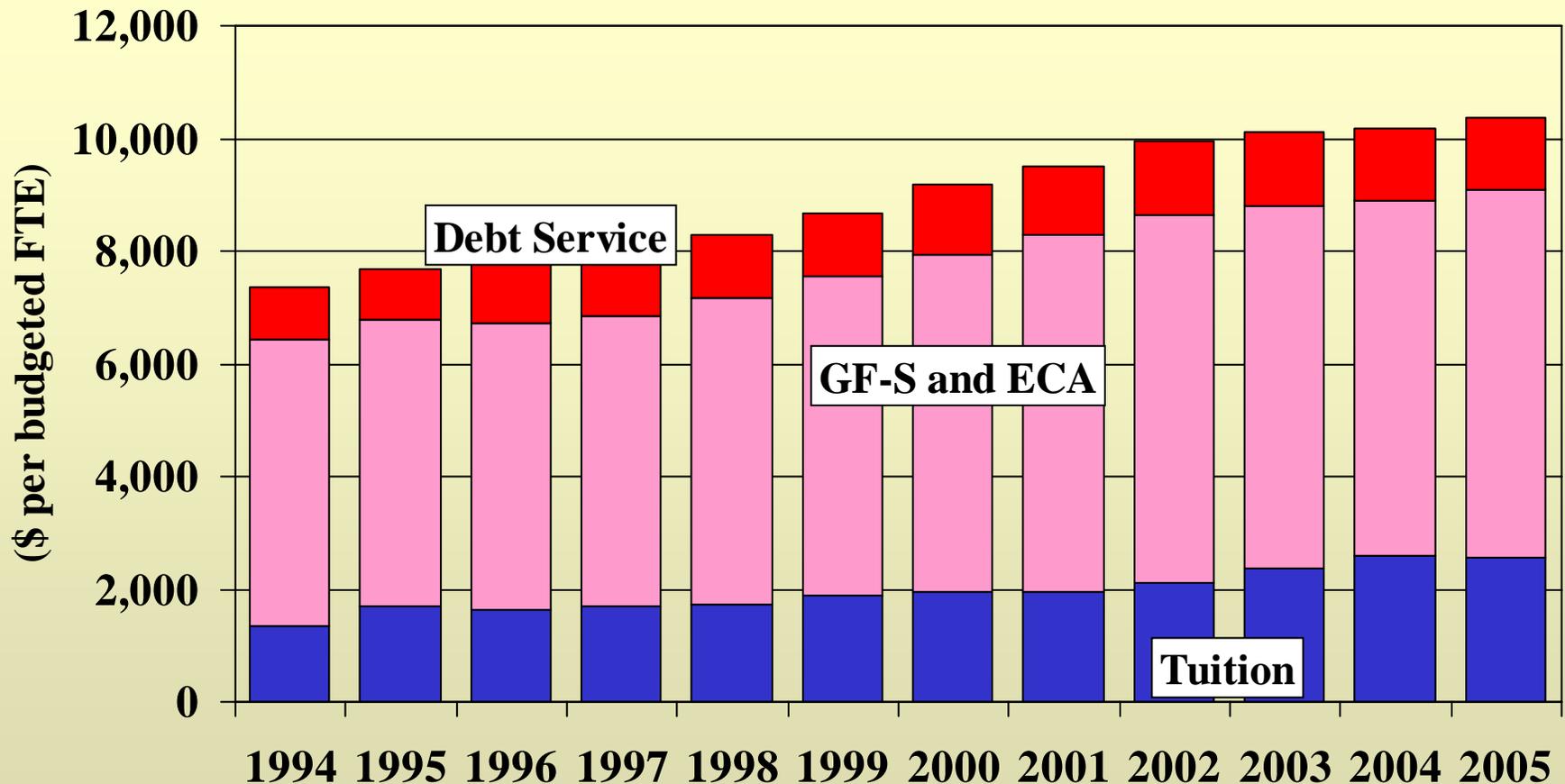
Source: LEAP Historical Expenditure Data

While tuition has increased more quickly, the state general fund dominates the per student costs



Source: LEAP Historical Data

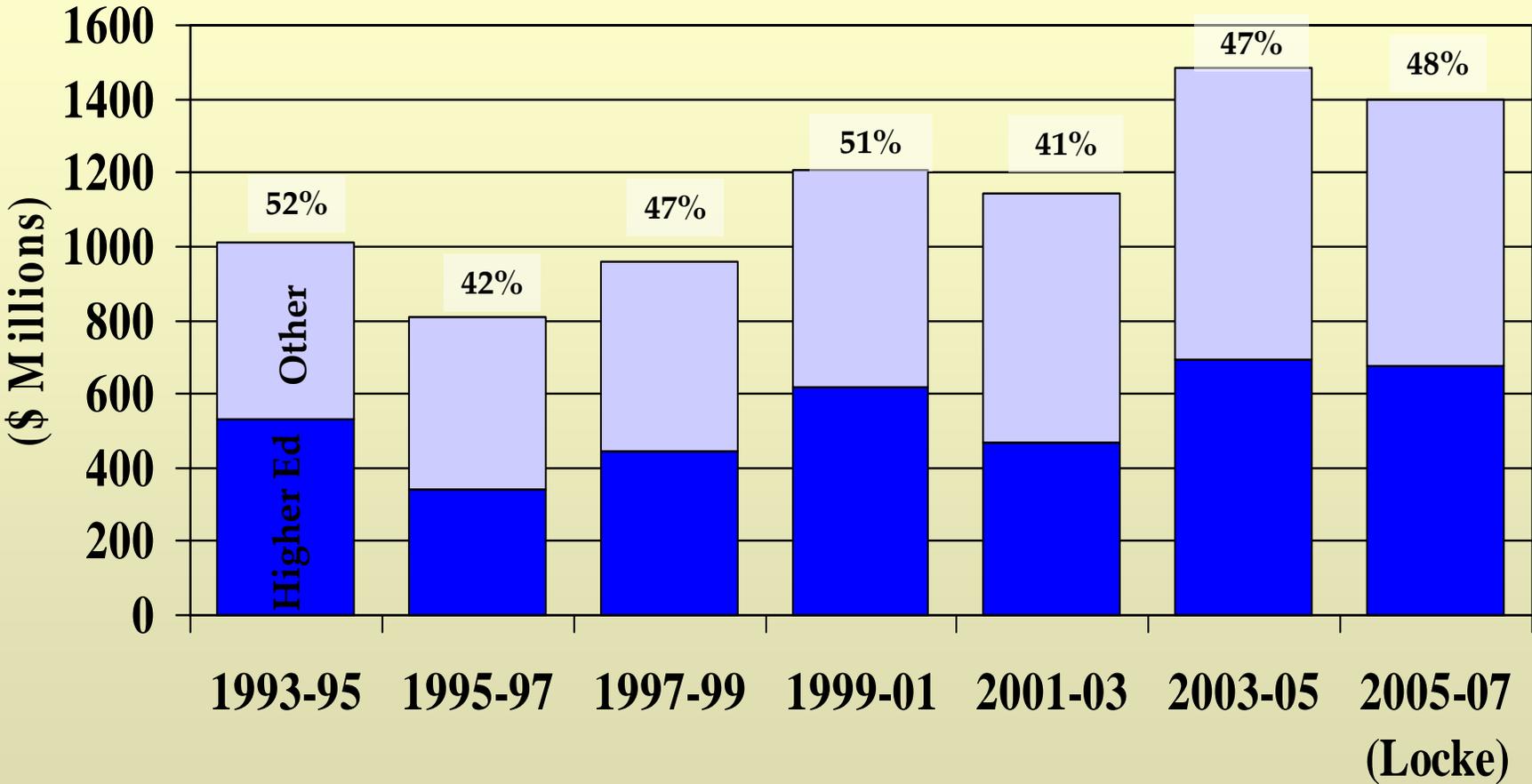
This becomes more pronounced when you add in the state general fund payment of debt service on capital projects built with state bonds



Source: LEAP Historical Data

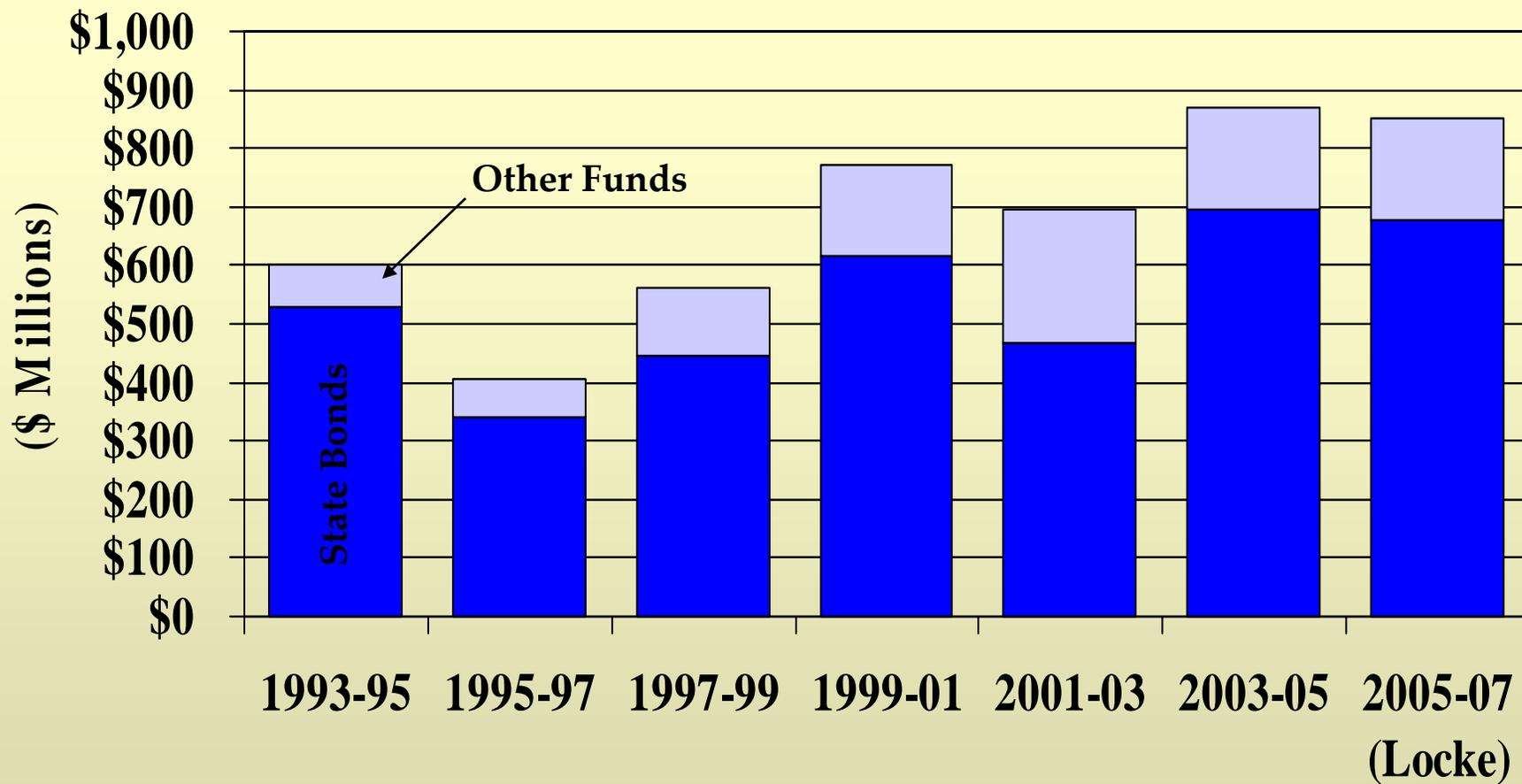
About half of state bonds go to higher education

Capital Budget - Bonds



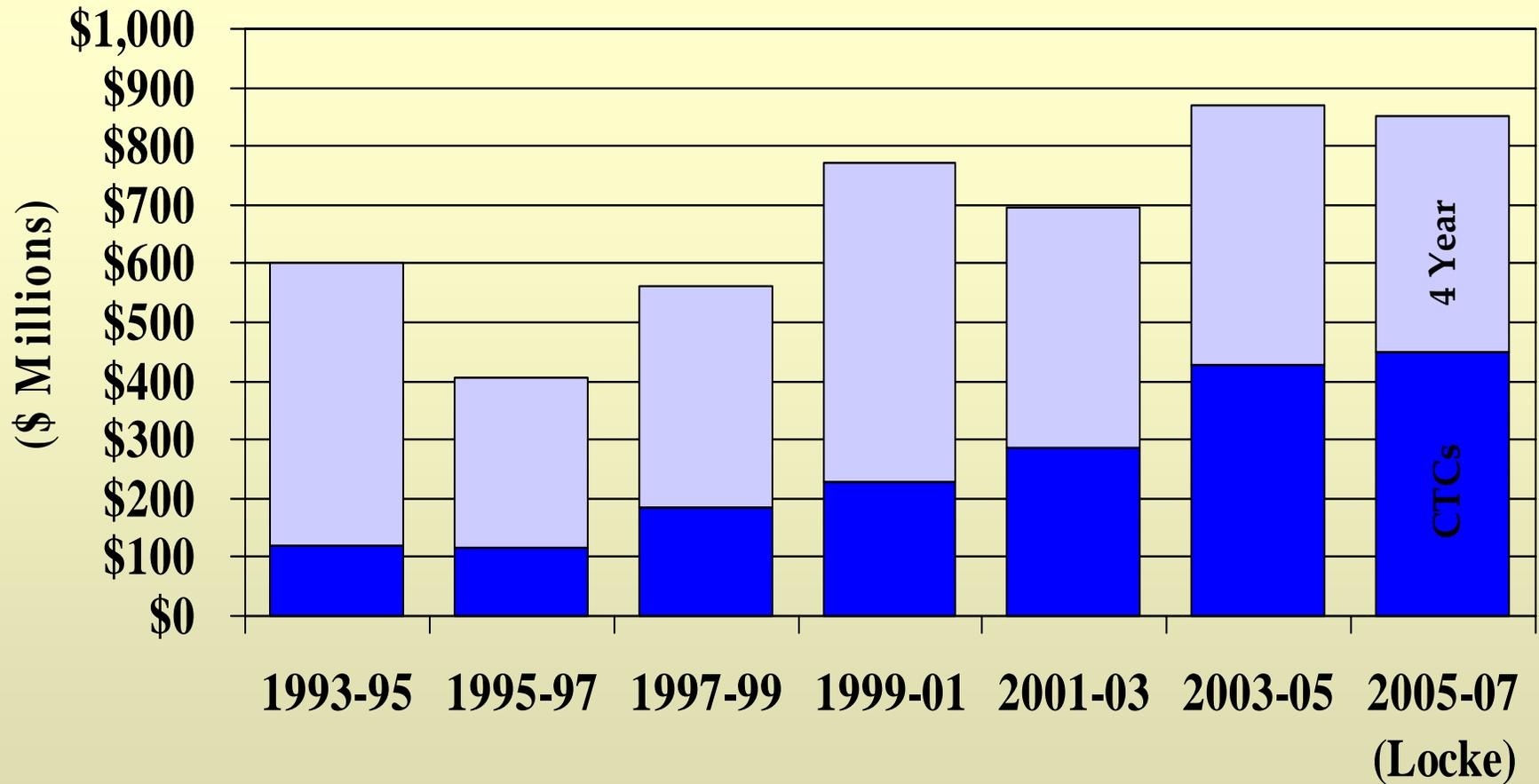
Source: LEAP Historical Data

Most of higher education construction is financed with bonds. Student fees and trust revenues provide less than 20%.



Source: LEAP Historical Data

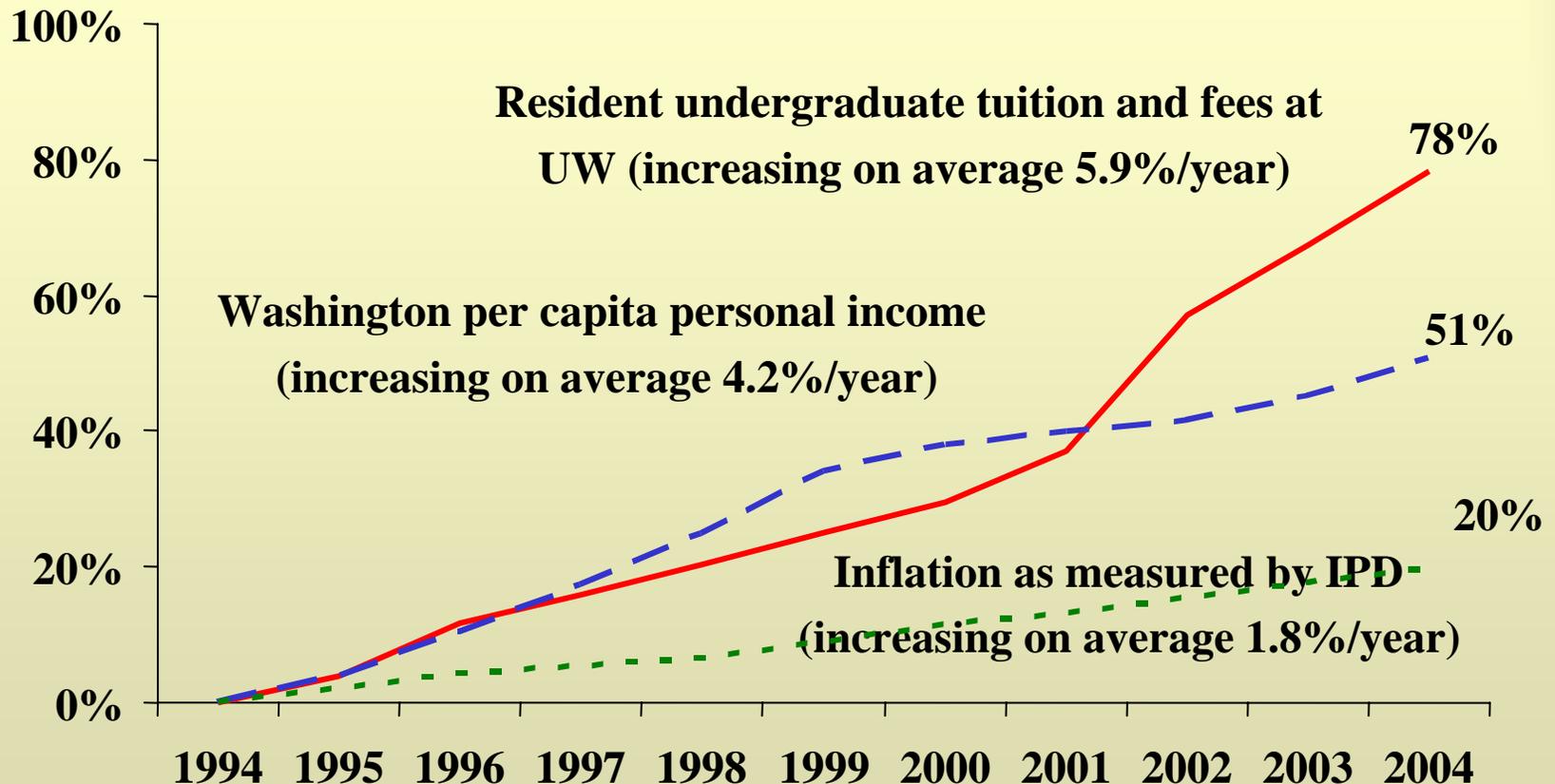
CTC construction has increased as a portion of the higher education capital budget, growing from less than a third to about one half



Source: LEAP Historical Data

Growth in tuition has exceeded growth in income and inflation

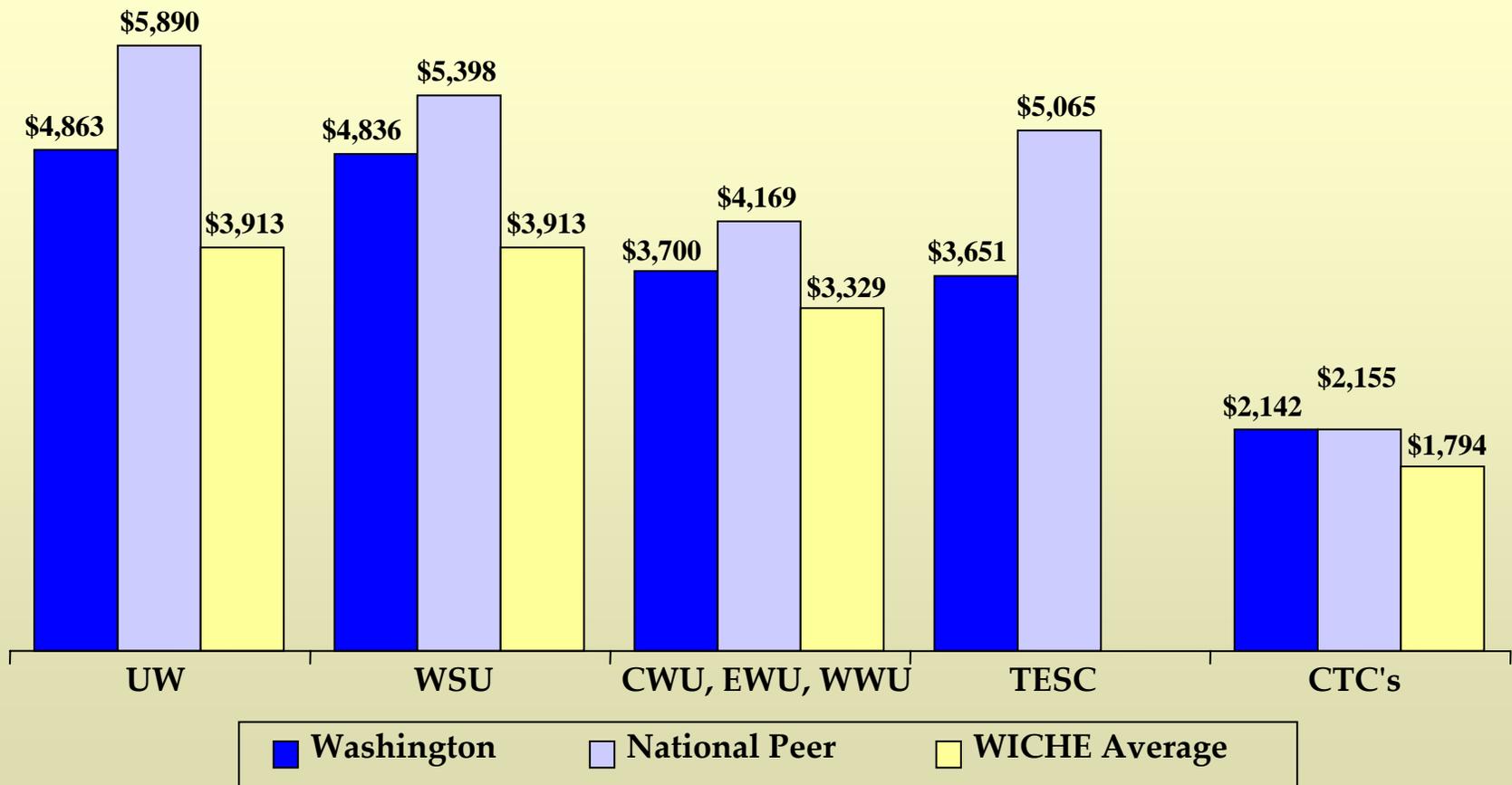
Cumulative percentage change



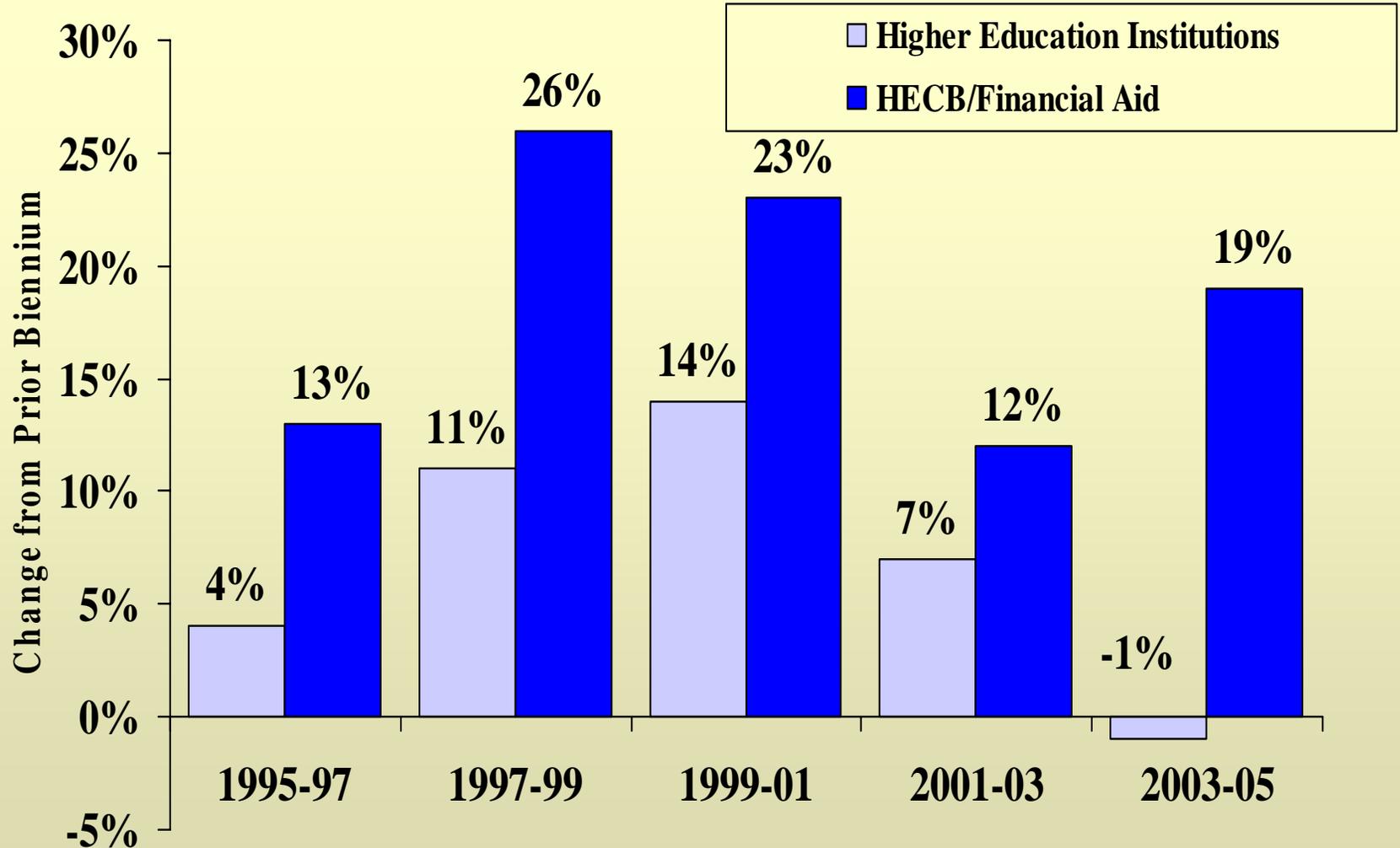
Source: HECB analysis

Tuition at Washington public institutions is less than national peers, but is greater than other western states

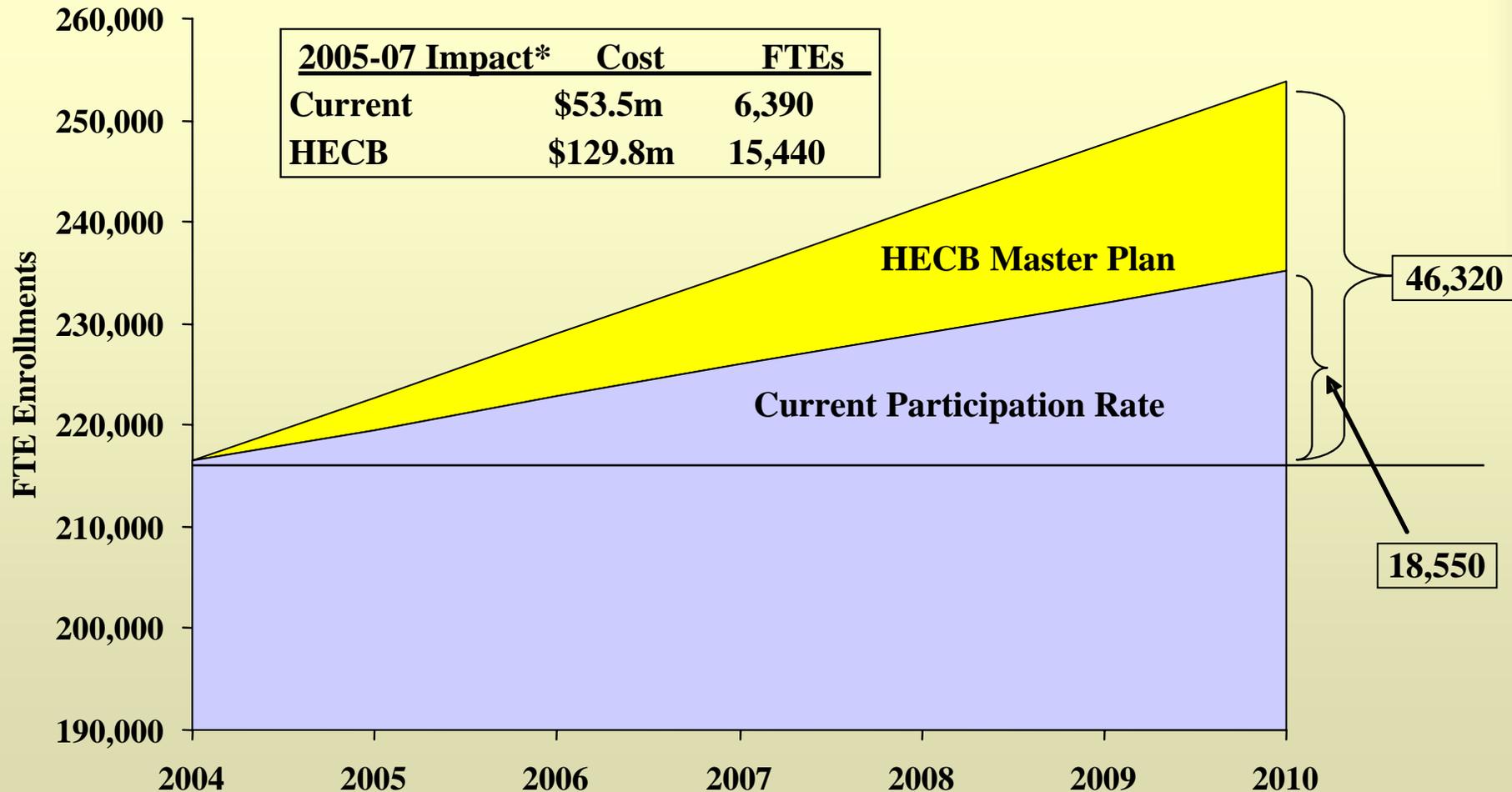
2003-04 Academic Year



On a percentage basis, funding for financial aid has increased faster than funding for the higher education institutions

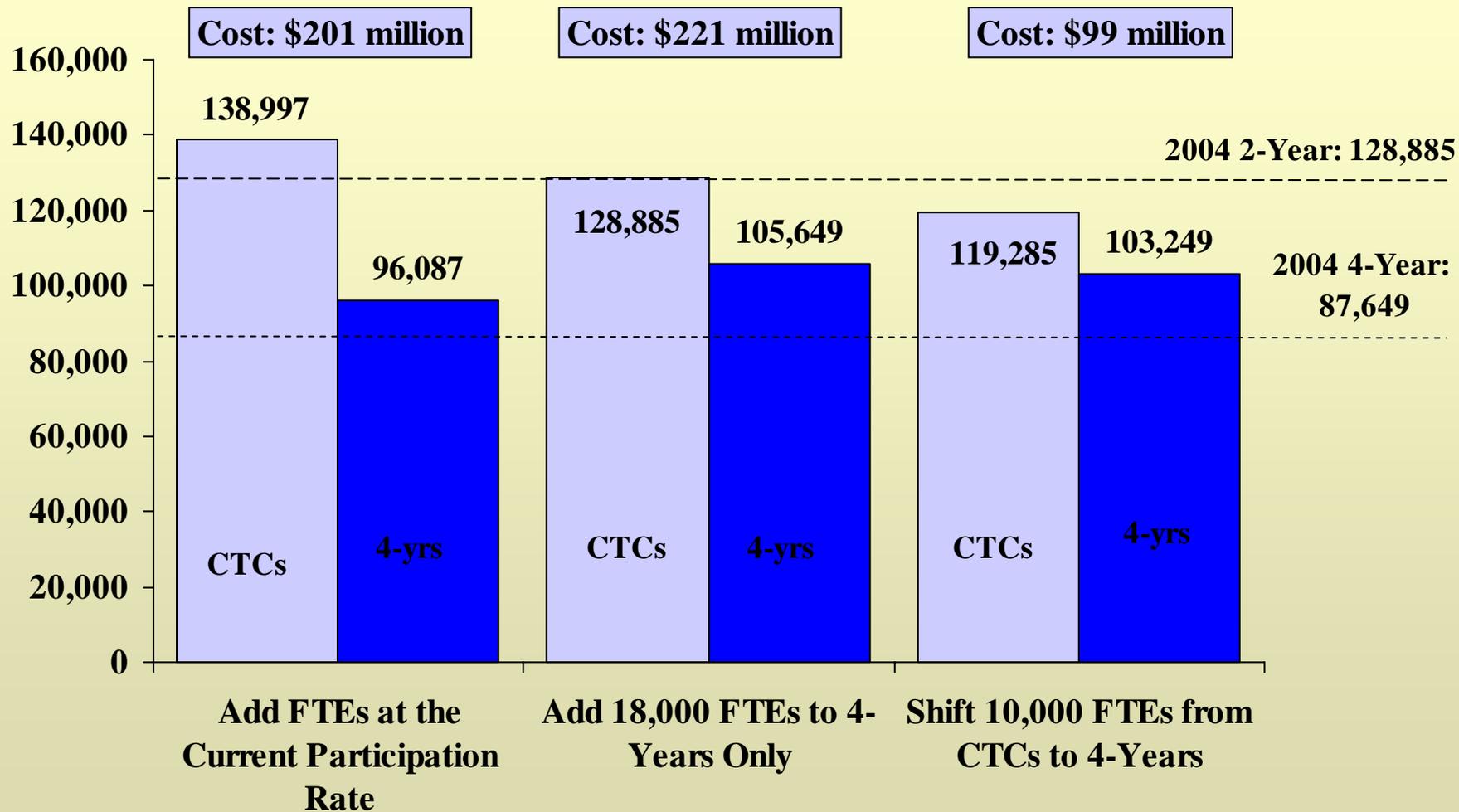


Maintaining the current participation rate would add 18,550 students by 2010; the HECB Master Plan calls for adding 46,320



Changing the shape of the system could occur by shifting or adding enrollments

2009-11 Biennium Cost; Dollars in millions; Includes Financial Aid



Facilities at 4-year schools are under utilized.
 CTC facilities are over utilized

		Planned Capacity		(Over)/Under Utilization	
	FTE Students	Utilization Standard	Current Utilization	Utilization Standard	Current Utilization
At Current Enrollment					
4 – Year	87,639	134,988	99,553	47,349	11,914
CTCs	128,885	94,171	143,180	(34,714)	14,295
Total	216,524	229,159	242,734	12,635	26,210

The biggest capacity for growth is reaching the utilization standard at 4-year schools

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Total	216,524	229,159	242,734	12,635	26,210

Planned capacity can accommodate growth under current participation rates

		Planned Capacity		(Over)/Under Utilization	
	FTE Students	Utilization Standard	Current Utilization	Utilization Standard	Current Utilization
Grow at Current Participation Rate					
4 – Year	96,087	134,988	99,553	38,901	3,466
CTCs	138,997	94,171	143,180	(44,826)	4,183

Planned capacity can accommodate steady participation rate if all new enrollments are at 4-year schools

		Planned Capacity		(Over)/Under Utilization	
	FTE Students	Utilization Standard	Current Utilization	Utilization Standard	Current Utilization
Add 18,000 FTEs at 4-Year Schools					
4 – Year	105,649	134,988	99,553	29,339	6,096
CTCs	128,885	94,171	143,180	(34,714)	14,295

Planned capacity at 4-year schools can accommodate a shift of enrollments CTCs to 4-years schools

		Planned Capacity		(Over)/Under Utilization	
	FTE Students	Utilization Standard	Current Utilization	Utilization Standard	Current Utilization
Some Growth with Shift of 10,000 from CTCs to 4-Years					
4 – Year	103,249	134,988	99,553	31,739	3,696
CTCs	119,285	94,171	143,180	(25,114)	23,895

Governor Locke's "Current Revenue" Budget Increases Higher Education Funding by \$136 million

- **No reductions** in Governor Locke's current revenue budget
- Tuition – increases of 5% per year; institutions may increase an additional 4% each year, provided that financial aid impacts are borne by the colleges and universities
- Financial Aid -- \$20.7 million is provided for the State Need Grant to increase the grant award amount sufficient to offset tuition increases of 5% per year
- No funding is provided for new enrollments

Governor Locke's current law budget provides \$89 million for salaries and \$49 million for health benefits

Salaries and Health Benefits	(Dollars in millions)
15 Separate Collective Bargaining Agreements	20.3
COLA for Non-Represented staff (3.2%/1.6%)	63.1
Health Benefits	48.7
Other Compensation	5.7
Total	137.8

Governor Locke provides \$9.7 million for I-732 salary increases for CTC faculty and technical college classified staff (1.1%/1.4%)

Closing Questions:

- How many enrollments do you want to add?
- What kind and where?

Higher Education Community:

- What is the effect of Governor Locke's current revenue budget?