



2019-21

# HIGHER EDUCATION ADDENDUM TO THE OPERATING BUDGET INSTRUCTIONS



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2019-21

# HIGHER EDUCATION ADDENDUM

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This higher education addendum expands upon the Office of Financial Management’s (OFM) 2019–21 biennial operating budget instructions.

Key tasks and deadlines:

- ✓ Submit an electronic copy of the higher education budget forms [template](#) with your operating budget submittal in September 2018. This includes attachments A through C. For operating budget/higher education form deadlines, see [Appendix 1](#).
- ✓ Submit electronic copies of each negotiated collective bargaining agreement between the institution and each bargaining unit by **October 1, 2018**.
- ✓ Fill out the tuition and enrollment change model (TECM) template and email it to [Kevin.Feltus](mailto:Kevin.Feltus) by **October 17, 2018**.

OFM and the Legislature need this additional information to:

1. Understand the level of undergraduate student indebtedness at graduation and how each campus uses financial aid and tuition waivers.
2. Update the TECM, which is used to estimate: (a) the financial impact of any 2019–21 tuition changes, and (b) the extent to which tuition revenues will offset instructional costs for new enrollments.
3. Assist the collective bargaining process by helping OFM certify the financial feasibility of agreements reached with bargaining units and to better understand changes in faculty salaries.
4. Provide clear guidance regarding requests for maintenance and operations (M&O) funding.
5. Update our information on nonappropriated and local accounts (145, 148, 149, etc.) and ensure accurate expenditure levels for these accounts in the budget system.

## Recommendation summary

When completing the recommendation summary (RecSum) view of your budget, please submit detail for each institution and each campus showing all budgeted funds (see list below).

### Budgeted accounts

001	General Fund	443	Data Processing Account
08A	Education Legacy Trust Account	489	Pension Funding Stabilization Account
120	Administrative Contingency Account	505	University of Washington – University Hospital Account
143	Federal Appropriations Account	608	Accident Account
145	Grants and Contracts Account	609	Medical Aid Account
148	Dedicated Local Account	788	Advanced College Tuition Payment Program Account
149	Operating Fees Account		

## Salary, pension and insurance reports (A forms)

### Attachment A-1 (Locally authorized salary increases)

Section 601 of the biennial appropriations acts requires that all locally funded salary increases in excess of the state-supported increases authorized by those acts be excluded from the compensation base used for calculation of future state-supported salary increases. Unfortunately, the compensation impact model (CIM) design and instructions do not readily accommodate compliance with this statutory requirement.

Please identify the estimated fiscal year 2018 **cumulative** value of such increases on Attachment A-1. On the form, show only (a) the estimated locally authorized incremental cost that (b) was reported as a General Fund-State or tuition-funded cost on your institution's most recent CIM submission.

You can find the higher education budget form template with attachments A through C on OFM's forms [webpage](#).

### Attachment A-2a and Attachment A-2b (Non-faculty and classified CBA summaries)

**Collective bargaining agreements – classified employees.** For any collective bargaining agreement not negotiated by the OFM Labor Relations Unit, OFM must certify that the cost is financially feasible for the state. To provide this certification, OFM needs the following from the institution:

1. A copy of the agreement reached between the institution and each bargaining unit, in electronic format, by **October 1, 2018**. Email to [Jane Sakson](#) and [Breann Boggs](#).
2. Each negotiated bargaining agreement as a separate decision package with a brief statement showing the various components of the agreement and the cost estimate for each component.
  - a. Label recommendation summary titles with the name of the bargaining unit.
  - b. Show four years of costs for the agreements that will be in effect during the 2019-21 biennium.
  - c. Include contact information for a person who can discuss these calculations with OFM.
3. The cost of each individual component of each agreement shown separately by fund and fiscal year based on actuals. **See Attachment A-2b (Classified CBA summary)** for an electronic template.
4. Provide a crosswalk from the higher education job classification to the State Human Resources (State HR) list of approved job classes, if the bargaining unit contains any job classes that do not appear on the State HR list of approved classes. Provide crosswalks in an Excel spreadsheet or delimited text file. Job class code 99999999 and others used exclusively for exempt employees are exceptions to the crosswalk requirement. See State HR's job classes and salaries [webpage](#) for a list of job classes.
5. Complete **Attachments A-2a (Non-faculty exempt CBA template)** and **Attachment A-2b (Classified CBA summary)** for each agreement.

For other types of compensation changes or for additional information, please contact [Jane Sakson](#) at 360-902-0549 or [Pam Davidson](#) at 360-902-0550.

### **Attachment A-3 (Faculty collective bargaining summary)**

**Collective bargaining agreements – faculty.** To better understand how faculty salaries have changed in recent years, OFM and the Legislature need information on collective bargaining agreements that institutions have negotiated with faculty (if applicable).

For each negotiated agreement currently in effect — or that has been negotiated but has not yet taken effect — provide a completed A-3 worksheet and cost information for each individual component of the agreement.

To put these contracts in context, we also require cost information for the **previous** faculty contract. Thus, provide salary base, fund source and component cost summaries on the A-3 worksheet.

Provide a copy of each agreement reached between the institution and each bargaining unit, in electronic format, for all agreements in place between fiscal year 2016 and fiscal year 2019, where applicable.

### **Other budget reports**

#### **Local fund summaries**

For Account 148, report each revenue source separately.

#### **Fund balance management**

Provide a narrative summary of the historic management and uses of accounts 148 and 149, including an explanation of any reserve or working capital policies that govern fund balances in these accounts. If your institution does not have a reserve or working capital policy, explain why.

### **Tuition waivers, financial aid and student debt (B forms)**

#### **Tuition waivers and student debt**

1. On **Attachment B-1 (Waivers – state supported)**, provide actual headcount recipients and operating fee (Account 149-6) dollars waived by primary waiver purpose, RCW citation where applicable, level of study (graduate/undergraduate) and residency status. For the most part, state-supported waivers are outlined in RCW [28B.15.910](#)(1), (2) and (4). Waiver recipients often qualify for waivers for multiple reasons; for example, the surviving child of a veteran may also have financial need and be an outstanding student. In such cases, count the recipient and the dollars waived just once.
2. On **Attachment B-2 (Waivers – nonstate supported)**, provide the same information, as described above. Nonstate supported waivers are described in RCW [28B.15.915](#) and [28B.15.910](#)(3).
3. On **Attachment B-3 (Financial aid from nonstate sources)**, provide actual headcount recipients and grants and loans disbursed from federal and private financial aid sources packaged for state-supported students by your institution's financial aid office.
4. On **Attachment B-4 (Student loan debt)**, report cumulative student loan debt at graduation for undergraduates receiving baccalaureate degrees in the 2016-17 and 2017-18 academic years.

Include an electronic copy of forms B-1 and B-2 with your TECM data submission to [Kevin Feltus](#) at LEAP.

## Maintenance and operations for new buildings coming online in 2019-21 (C form, formerly known as E form)

1. Provide the information requested on Attachment C (formerly known as Attachment E) separately for maintenance level (ML) and policy level (PL) requests, if any.
  - a. At ML, institutions may propose state support for operations and maintenance costs associated with facilities coming online in 2019–21 that were constructed or expanded with direct financial support from the state capital budget.
  - b. At PL, institutions may request state support for instructional or research facilities that were constructed with non-state funds, particularly those for which prior authorization has been provided in a previous capital or operating budget.

Include the state capital project number assigned to each facility for which funding is requested.

2. At the bottom of Attachment C, show the proposed cost per square foot by component (utilities, maintenance, custodial and grounds, and facilities support) and explain the basis for that estimate.
3. If facility square footage or intended use differs measurably from amounts identified on the capital project request report (CBS002), include a complete explanation for the variance in your decision package and a justification for why any amounts higher than identified on the capital project request report should be supported.
4. If funding is being requested for a facility that is replacing older space, net out the M&O cost of the facility being replaced. On Attachment E, show the total gross square feet that are being replaced, calculate the estimated total cost of maintaining and operating that space at your institution's actual average fiscal year 2018 average M&O cost per square foot and deduct that cost from the calculated M&O cost of the new replacement space.
5. If funding is being requested for a renovated facility, explain why M&O of the renovated facility is expected to be more expensive than the old.

## Tuition and enrollment change model (TECM) data

### Data for updating the TECM

TECM data should include 2017-18 student data and an annualized average for the 2017-18 academic year based on 10<sup>th</sup> day enrollment.

1. Fill out the TECM template, available on OFM's budget forms [webpage](#); and
2. Send an electronic copy of the TECM, B-1 and B-2 forms to [Kevin Feltus](#) at LEAP by **October 17, 2018**.

**Enrollment information.** Include all students enrolled in state-supported courses, including students who are enrolled under non state-supported waivers. For the purpose of the tuition model, state-supported means courses for which operating fee revenue is deposited into Account 149.

Include the following information in your submittal:

- **Actual 2018–19 academic year headcount distribution** for students enrolled in courses for which operating fee revenue was deposited in Account 149. List this information by credit hour, campus, student category, residency status (resident vs. nonresident) and term. Reference the data template for more detail.
- **Annualized average 2019-20 academic year headcount distributions based on 10<sup>th</sup> day enrollment reporting** for students enrolled in courses for which operating fee revenue was deposited into Account 149. List this information by credit hour, campus, student category and residency status. Reference the data template for more detail. “Annualized average” means fall, winter and spring terms, but not summer.

**Revenue information.** Include the following information in your submittal:

- **Gross actual Account 149 revenue collections for the 2017-18 academic year.** Provide information by campus and student type. In this case, there are only two student types – resident undergraduate and all other students.
- **Net operating fees.** These are fees actually deposited into Account 149 *after* waivers and the diversion of tuition collections into the institutional aid fund and *before* adding interest earnings and making bond payment transfers.
- **Total operating fee waived for the 2017-18 academic year.** Use OFM budget forms B-1 and B-2. Data should be at the student-category level for both resident and nonresident students. Use the same student categories as used to report enrollment information.
- **Cost per credit hour for the 2017-18 and 2018-19 academic years.** List operating, building, and service and activity fees separately. Reference the data template for more detail. Data should be at the student-category level for both resident and nonresident students. Use the same student categories as used to report enrollment information.