

VII. STANDING COMMITTEES

A. Finance, Audit and Facilities Committee

in Joint Session with

B. Academic and Student Affairs Committee

University of Washington Fiscal Year 2008 Operating and Capital Budgets

RECOMMENDED ACTION

It is the recommendation of the administration, the Finance, Audit, and Facilities Committee and the Academic and Student Affairs Committee that the Board of Regents, pursuant to its authority under RCW 28B.20.130, the Bylaws of the Board of Regents, and Board of Regents Standing Order No. 1, approve the Fiscal Year 2008 operating and capital budgets for the University of Washington that are presented in the following text and tables. In this action item, the Board of Regents, in its sole and independent discretion:

- Adopts the Fiscal Year 2008 operating budget, including funds to provide faculty salary increases;
- Establishes tuition rates for all tuition categories for the 2007-08 academic year; and,
- Adopts the Fiscal Year 2008 capital budget.

Status of FY 2008 Operating and Capital Budget Development

The proposed FY 2008 operating and capital budgets and the proposed tuition rates for the 2007-08 academic year were discussed at a joint meeting of the Finance, Audit and Facilities Committee and the Academic and Student Affairs Committee in May 2007.

No substantive changes were made to the allocations proposed in this budget based on the discussion with the joint committee in May.

Financial Context for the Proposed FY 2008 Operating and Capital Budgets

The FY 2008 budget proposal that is being presented to the Board of Regents is divided into four areas:

- The three parts of the Operating Budget:
 - the Core Education Budget;
 - the Restricted Programs Budget;
 - the Academic Enhancement/Support Budget; and
- The Capital Budget.

The FY 2008 proposed operating budget is summarized in Table 1; the FY 2008 proposed capital budget is presented in Table 5. The financial context for FY 2008 is different for the Core Education, Restricted Programs, Academic Enhancement/Support, and Capital Budgets.

Core Education Budget Financial Context. The context for the FY 2008 Core Education budget is primarily set by two factors: actions affecting FY 2008 that were taken by the state Legislature in the 2007-09 biennial budget; and tuition setting decisions for the 2007-08 academic year for all tuition categories that will be made by the Board of Regents as part of their adoption of the FY 2008 budget.

In the 2007-09 biennial budget, state funding was provided for a 3.2% salary increase for all employee groups for FY 2008. Note that for faculty, professional staff, librarians and teaching and research assistants, the university can use local funds to supplement the salary increases funded by the state. The state provided new funds for health benefits, general undergraduate and graduate enrollments at all three campuses as well as new funds for enrollments in math, science and engineering.

A number of significant initiatives were funded, including operations and maintenance support for the UW Tower; teaching and research activities in the Department of Global Health; expansion of the WWAMI program to include a first-year WWAMI site in Spokane; and a new Regional Initiative in Dental Education (RIDE) program through the UW School of Dentistry with an initial site in Spokane.

The Legislature provided the University the authority to raise undergraduate resident tuition by up to 7% for each year of the 2007-09 biennium. In the 2003 legislative session, the Board of Regents was given local authority to set tuition for all tuition categories except undergraduate resident. This authority was granted for six years and the 2007-08 academic year will be the fifth year in which undergraduate non-resident, graduate and professional tuition levels are established using this authority.

Restricted Operating Budget Financial Context. The outlook for the FY 2008 Restricted Programs Budget projects a small increase in direct costs for grant and contract activity. This forecast reflects a flattening out of sponsored research activity at the University due to the leveling off of growth in federal research budgets. Indirect costs are expected to increase due to implementation of increased indirect cost rates on grants funded on July 1, 2005 and thereafter. Spending from gift and endowment accounts is predicted to increase as a result of continued positive returns for the Consolidated Endowment Fund and continued success in obtaining gifts to the University. State Restricted Funds will increase slightly based on legislative actions.

Academic Enhancement/Support Budget Financial Context. The University's Academic Enhancement/Support functions have a stable outlook for FY 2008. The University's large auxiliary business enterprises (UW Medical Center, Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services) are all financially stable and continued growth is expected in FY 2008.

Capital Budget Financial Context. The proposed UW Capital Budget for FY 2008 reflects actions taken by the Legislature in the 2007 legislative session, as well as local funds from enterprise units, donors, indirect cost recovery and local bonds. State capital resources provided in the 2007-09 biennial capital budget support the third phase of the Seattle campus' Restore the Core program of major building renovations, and planning and design for capacity and program growth at the Seattle, Tacoma, and Bothell campuses. The 2007-09 state capital allocation to the University of Washington is the highest level of state funding in almost ten years, and the highest level to the Seattle campus since 1993. This funding level moves the University toward the benchmark goals that guided the development of the 2007-09 state request. Continued progress in the future will still be required to achieve the University's goals for funding facilities depreciation, reducing the backlog of deferred renewal and modernization, and supporting planned institutional capacity and program growth.

Approach to FY 2008 Budget Decisions

The FY 2008 annual budget development process was guided by the principles contained in the University's new vision statement and core values developed over the past year by the administration and the Board of Regents. The vision statement reads:

The University of Washington educates a diverse student body to become responsible global citizens and future leaders through a challenging learning environment informed by cutting-edge scholarship.

Discovery is at the heart of our university.

We discover timely solutions to the world's most complex problems and enrich the lives of people throughout our community, the state of Washington, the nation, and the world.

The core values are:

Integrity ~ Diversity ~ Excellence ~ Collaboration ~ Innovation ~ Respect

In keeping with the vision and values, the FY 2008 budget is based on three over-riding themes:

- maintaining the UW standard of excellence;
- being world leaders in research; and
- being a public university.

The more specific budget goals addressed in the proposed FY 2008 budget include:

- attracting and retaining an outstanding and diverse faculty and staff;
- attracting a diverse and excellent student body and providing a rich learning experience;
- investing in new leadership of both academic and administrative units;
- expanding the reach of the UW across the globe;
- strengthening interdisciplinary research and scholarship to tackle "grand challenge" problems that will benefit society and stimulate economic development, and
- insuring the highest level of integrity, compliance and stewardship.

FY 2008 Core Education Budget Discussion

The proposed FY 2008 Core Education Budget is presented in Table 2; the temporary investment from fund balance is shown in Table 3. Proposed tuition increases for the 2007-08 academic year are presented in Appendix 4.

Changes in Revenues

The changes in revenues supporting the FY 2008 Core Education Budget are summarized below:

| <u>Revenue Source</u> | <u>FY 2007 Adopted</u> | <u>FY 2008 Proposed</u> | <u>Change</u> |
|---|----------------------------|-----------------------------|--------------------|
| State General Fund | 360,892,000 | 390,664,000 | 29,772,000 |
| Tuition Operating Fee | 240,800,000 | 272,000,000 | 31,200,000 |
| <u>Designated Operating Fund</u> | <u>51,079,000</u> | <u>53,095,000</u> | <u>2,016,000</u> |
| Subtotal: Ongoing Core Ed Revenues | 652,771,000 | 715,759,000 | 62,988,000 |
| | | | |
| <u>Use of Fund Balance for Temp Exp</u> | <u>3,550,000</u> | <u>1,000,000</u> | <u>(2,550,000)</u> |
| | | | |
| TOTAL REVENUES | 656,321,000 | 716,759,000 | 60,438,000 |

Comments on Changes in Revenues

Budgeted ongoing revenues in the proposed FY 2008 Core Education Budget are \$62,988,000 higher than budgeted revenues that supported this budget in FY 2007. State General Fund revenues (which in this presentation also includes the Education Legacy Trust Account and the Pension Funding Stabilization Account) increase by \$29,772,000 – this includes a \$1,912,000 budget reduction. The overall increase in state funding from FY 2007 to FY 2008 is 8 percent. Tuition operating fee revenues increase by \$31,200,000 and Designated Operating Fund revenues increase by \$2,016,000. In the FY 2007 Core Education Budget, \$3,550,000 in fund balance was used to support selected one-time or time-limited investments. In FY 2008, the administration is proposing to use only \$1,000,000 of fund balance to support the third year of a five year commitment. These proposed changes in revenues for FY 2008 are discussed below.

State General Fund. State General Fund revenue for FY 2008 reflects actions taken by the state Legislature in the 2007-09 state biennial budget. The increased funding available in FY 2008 is dedicated to specific purposes – salary and benefit increases, new general undergraduate and graduate enrollments, new enrollments in math, science and engineering, and a number of specific program allocations.

Tuition Operating Fee. The proposed FY 2008 Core Education Budget assumes that the proposed tuition increases for the 2007-08 academic year shown in Appendix 4 are adopted. Appendix 4 shows the proposed tuition charge for all tuition categories for the 2007-08 academic year; for informational purposes, both the percentage increase and the dollar increase recommended for each tuition category are shown. Appendix 4 also shows how the proposed

tuition and fees for the university would compare to the projected 2007-08 academic year tuition and fee rates for the Higher Education Coordinating Board 24 Comparison Group.

During the 2007 session, the Legislature passed 2SSB 5806 which implements the major higher education recommendations from the Governor's Washington Learns Initiative. The bill imposes a cap on tuition increases for resident undergraduates of no more than 7 percent per year through academic year 2016-17 and directs that annual increases will be set in the operating budget bill. The Legislature established a 7 percent maximum tuition increase for undergraduate resident tuition at research institutions in the 2007-09 biennial operating budget bill. Under a bill passed by the state Legislature in May 2003, the Board of Regents has authority to set tuition for all tuition categories except for undergraduate resident tuition through the 2008-09 academic year.

For the 2007-08 academic year, the administration is recommending that:

Undergraduate Resident tuition be increased by 7%;

Undergraduate Non-Resident tuition be increased by 4%;

Graduate Tier 1 Resident tuition be increased by 7%;

Graduate Tier 1 Non-Resident tuition be increased by 4%;

The tuition differential between Graduate Tier II and Graduate Tier I be increased from \$250 to \$500 (for both the resident and non-resident categories);

The tuition differential between Graduate Tier III and Graduate Tier II be increased from \$250 to \$500 (for both the resident and non-resident categories);

Both Public Affairs masters and Public Health and Community Medicine masters be moved from Graduate Tier II to Graduate Tier III;

Both resident and non-resident tuition for Pharm.D., Law, Medicine, Dentistry be increased by 10%;

Nursing Masters/DNP Degrees be increased by 14% for both resident and non-resident students at UW/Seattle and by 9.7% for resident and 5.2% for non-resident students at UW/Bothell and UW/Tacoma (the Masters in Nursing tuition at UW/Bothell and UW/Tacoma has been set at the same rate as Graduate Tier 2 tuition for a number of years);

Business Masters Degree tuition be increased by 11.6% for resident and 7.4% for non-resident students for the incoming cohort of students at UW/Seattle, by 11% for resident students at UW/Bothell for the incoming cohort of students, and by 7% for both resident and non-resident students at UW/Tacoma; and

Tuition charges for post-baccalaureate and non-matriculated students be adjusted consistent with the policy that has been used for tuition for these students since these tuition categories were established. Under this policy, post-baccalaureate and non-matriculated students taking undergraduate courses pay at the resident or non-resident undergraduate tuition rate established for that academic year; post-baccalaureate and non-matriculated students taking one or more graduate courses pay at the resident or non-resident Graduate Tier 3 tuition rate established for that academic year.

For Business Masters programs, starting with the FY 2007 academic year students at both UW/Seattle and UW/Bothell have cohort-based pricing and pay the same tuition rate for both years of the program. As a result, there is no tuition increase for continuing Business Masters students at either UW/Seattle or UW/Bothell in FY 2008.

Designated Operating Fund. The Designated Operating Fund revenues that support the Core Education Budget are shown in the table below:

| <u>Revenue Source</u> | <u>FY 2007 Adopted</u> | <u>FY 2008 Proposed</u> | <u>Change</u> |
|---------------------------|----------------------------|-----------------------------|------------------|
| Summer Quarter Tuition | 25,150,000 | 26,150,000 | 1,000,000 |
| Investment Income | 18,000,000 | 18,000,000 | 0 |
| Miscellaneous Fees | 4,189,000 | 4,300,000 | 111,000 |
| UWB & UWT Admin Overhead | 3,085,000 | 3,990,000 | 905,000 |
| Administrative Allowances | 655,000 | 655,000 | 0 |
| TOTAL REVENUES | 51,079,000 | 53,095,000 | 2,016,000 |

Although Summer Quarter enrollments have declined over the past four years, Summer Quarter tuition revenue is projected to increase by \$1,000,000 for FY 2008 due to increased tuition rates and an increase in non-resident enrollees. Given market conditions in the short-term investment markets, the investment income revenue estimate for FY 2008 is unchanged from the FY 2007 level. The “miscellaneous fees” category is projected to increase by \$111,000 due to moderate increases in fee revenue. Overhead revenue from the UW/Bothell and UW/Tacoma campuses is projected to increase by \$905,000 due to growth in the UW/Bothell and UW/Tacoma budgets resulting from state enrollment and salary allocations and increased tuition revenue. The expected revenue from administrative allowances related to certain financial aid programs are not anticipated to increase for FY 2008.

Use of Fund Balance. The proposed FY 2008 budget uses \$1,000,000 in fund balance to support a previous commitment for a limited duration investment.

FY 2008 Core Education Budget Allocations

The new allocations in the FY 2008 Core Education Budget are summarized below:

| <u>Core Education Budget</u> | <u>FY 2008 Allocations</u> |
|--|----------------------------|
| <u>Workplace of Choice - Competitive Compensation</u> | |
| Salaries | 25,284,000 |
| Benefits | 3,865,000 |
| <hr/> | |
| Subtotal | 29,149,000 |
| <u>Attract a Diverse and Excellent Student Body</u> | |
| New Enrollment Allocations | |
| UW/Seattle | 1,500,000 |
| WWAMI/RIDE (Legislative Action) | 1,095,000 |
| UW/Bothell | 1,779,000 |
| UW/Tacoma | 1,895,000 |
| Attract/Retain Diverse Students | 1,180,000 |
| <hr/> | |
| Subtotal | 7,449,000 |
| <u>Academic Program and Research Excellence</u> | |
| Investments in Academic Excellence | 9,554,000 |
| Global Health Teaching & Research (Legislative Action) | 2,900,000 |
| Strengthening Cross-College Programs | 1,650,000 |
| <hr/> | |
| Subtotal | 14,104,000 |
| <u>Integrity/Compliance/Stewardship Investments</u> | |
| UW Tower Operations (Legislative Action) | 1,282,000 |
| Integrity/Compliance/Stewardship | 6,383,000 |
| <hr/> | |
| Subtotal | 7,665,000 |
| <u>Required Cost Increases/Adjustments</u> | 6,243,000 |
| <u>Miscellaneous Legislative Actions</u> | 1,798,000 |
| <u>Use of Fund Balance</u> | 1,000,000 |

Comments on FY 2008 Core Education Budget Allocations

The incremental FY 2008 Core Education Budget allocations are listed in the table above and are discussed in more detail below.

Workplace of Choice – Competitive Compensation. A high priority goal of the administration is to bring faculty and staff salaries closer to those of our peer institutions. The administration is proposing to commit significant local resources in addition to the 3.2% salary increases funded by the state for faculty, professional staff, and librarians. Appendix 1 presents details regarding

the salary and benefits allocations that are included in the proposed FY 2008 budget. For salaries, this proposal assumes:

For faculty: a 2% regular merit increase effective September 1, 2007; a 2.5% additional merit/compression/inequities increase effective September 1, 2007; a 1% increase for unit adjustments (requires a 1:1 match from college/school funds) for selected colleges or departments whose salaries are most significantly behind those at comparable institutions; funding of promotions; an allocation for recruitment and for unique retention opportunities that may arise.

For teaching and research assistants: a 3.2% increase effective July 1, 2007.

For professional staff and librarians: a 4.5% increase, based on merit, effective September 1, 2007 and a recruitment and retention allocation.

For represented classified staff: a 3.2% cost of living increase effective July 1, 2007; in addition to this cost of living increase, market adjustments are provided for job classifications below 80% of market; and note that classified staff who are not at the top step of their classification receive annual two-step (5%) pay increases in addition to the cost of living increase.

For non-represented classified staff: a 3.2% cost of living increase effective September 1, 2007; in addition to this cost of living increase, market adjustments are provided for job classifications below 80% of market. Note that classified staff who are not at the top step of their classification receive annual two-step (5%) pay increases in addition to the cost of living increase.

Taken together, the salary and benefits allocations in the proposed FY 2008 Core Education Budget total \$29,149,000.

Attract a Diverse and Excellent Student Body. The proposed FY 2008 Core Education Budget expands enrollment at all three University of Washington campuses:

30 general undergraduate FTE; 105 graduate FTE and 220 undergraduate math, science and engineering student FTE are added at the UW/Seattle campus;

205 general undergraduate FTE; 30 graduate FTE; and 15 undergraduate math, science and engineering student FTE are added at the UW/Bothell campus; and

225 general undergraduate FTE; 30 graduate FTE; and 15 undergraduate math, science and engineering student FTE are added at the UW/Tacoma campus.

At the UW/Seattle campus, new enrollment investments are proposed in the undergraduate honors program, the College of Architecture and Urban Planning's construction management program, the College of Arts & Sciences, and the College of Engineering.

A number of investments related to attracting and retaining diverse students are included in this proposed budget. These investments are listed in Appendix 2 and include: \$75,000 for graduate and professional student services; \$240,000 to Undergraduate Academic Affairs for second year advising; \$240,000 to Arts & Sciences for undergraduate advising; \$375,000 approved in the state budget for international learning opportunities; and \$250,000 approved in the state budget for undergraduate retention and completion programs. These proposed investments total \$1,180,000 in allocations related to attracting and retaining diverse students.

The level of financial aid that the university can offer to students is an important component of its ability to attract a diverse and excellent student body. The proposed FY 2008 Core Education Budget increases financial aid allocations for both undergraduate and graduate/professional students by providing both additional financial aid grants and additional tuition waivers. The total amount of financial aid provided from these two sources and the incremental increase in the FY 2008 budget are shown in the table below:

Increases in Financial Aid Allocations for FY 2008
(Based on the Application of Current Financial Aid Policy
and the Tuition Increases in the Proposed FY 2008 Budget)

| Financial Aid Category | FY 2007 Adopted | FY 2008 Proposed | Change |
|---|----------------------------|-----------------------------|------------------|
| Undergraduate Merit/Need Tuition Waivers | 6,283,000 | 6,823,000 | 511,000 |
| Undergraduate Financial Aid Grants | 6,971,000 | 7,457,000 | 515,000 |
| Subtotal: Undergrad Merit/Need Waivers & Grants | 13,254,000 | 14,280,000 | 1,026,000 |
| Graduate/Professional Merit/Need Tuition Waivers | 3,770,000 | 4,048,000 | 307,000 |
| Graduate/Professional Financial Aid Grants | 2,988,000 | 3,238,000 | 221,000 |
| Subtotal: Grad/Prof Merit/Need Waivers & Grants | 6,758,000 | 7,286,000 | 528,000 |
| Teaching/Research Assistant Tuition Waivers | 42,106,000 | 43,769,000 | 1,663,000 |
| Other Tuition Waivers | 8,572,000 | 8,572,000 | 0 |
| Subtotal: Teaching/Research & Other Tuition Waivers | 50,678,000 | 52,341,000 | 1,663,000 |
| Total All Sources: | 70,690,000 | 73,907,000 | 3,217,000 |

The UW's current financial aid policy of utilizing 3.5% of tuition operating fee collections for financial aid grants and providing merit/need tuition waivers equal to 4% of tuition costs will provide \$1,026,000 in additional financial aid resources to needy undergraduate resident students in the 2007-08 academic year.

The 7% increase in the undergraduate resident tuition for the 2007-08 academic year will generate \$740,000 in additional unfunded need for undergraduate students in the 2007-08 academic year. The Regents have adopted a policy of meeting 55% of this additional need through financial aid grants and tuition waivers. To meet this policy goal next year given a 7% increase in undergraduate resident tuition, \$407,000 in additional grant and tuition waiver financial aid has to be made available to undergraduate resident students next year. The increase

of \$1,026,000 in financial aid grants and tuition waivers available for undergraduate students in FY 2008 exceeds the commitment made by the Regents by \$619,000.

Given the proposed tuition levels for the 2007-08 academic year, graduate appointees qualifying for the non-resident tuition differential waiver and for the operating fee tuition waiver will have \$1,663,000 in additional tuition waiver benefit in FY 2008. In addition, the UW's current financial aid policy of utilizing 3.5% of tuition operating fee collections for financial aid grants and providing merit/need tuition waivers equal to 4% of tuition will make \$528,000 of additional financial aid available to graduate and professional students in the 2007-08 academic year.

Academic Program and Research Excellence. As shown in Table 2, the proposed FY 2008 core Education Budget allocates \$14,104,000 toward academic and research program excellence. Program enhancement investments are made in a number of schools and colleges and the specific allocations are listed in Appendix 2. The state budget provides \$2,900,000 in funding for the newly established Department of Global Health's teaching and research programs. A significant investment of \$1,650,000 is proposed to strengthen cross-college, interdisciplinary programs. Dean reappointment allocations are proposed, and continuing investments are made in three colleges (Architecture and Urban Planning, Business and Engineering) where new deans have been hired. An allocation of \$540,000 is made to Arts & Sciences for teaching assistants; an allocation is made for Title VI outreach centers; and funding is provided to the UW Libraries and the Law Library to help cover inflationary cost increases for the purchase of library materials.

Revenue from tuition increases for the academic year plus summer quarter for UW/Bothell and UW/Tacoma total \$5,350,000 and investments will be made at each of those campuses in their budgeting processes.

Integrity/Compliance/Stewardship Investments. The FY 2008 state budget provides \$1,282,000 for University Tower operations and maintenance. A number of proposed investments in the University's administrative oversight activities are listed in Appendix 2 and total \$6,383,000. Among these investments are: Office of Information Management; expansion of the University's external affairs, state relations, and news and information services activities; External Affairs support for the RCO project; growth in the offices of the provost, academic personnel and the faculty senate; global activities staffing; investments in the minority affairs office; human resources staffing and establishment of a citizenship office within the student life office.

Allocations to enhance work-life include investment in the leadership, community and values initiative, child care referral service enhancements, priority or reserved child care spaces to assist with a small number of critical faculty hires, and growth in the counseling/disability services in student life. Expansion of the University's police department is proposed to add staffing for the UW Tower, incident prevention teams, the NightWalk safety service, and a one-time allocation to replace radios.

A number of allocations are made for information technology needs, including: technology security enhancements, academic technology investments, allocations that may support either a human resources system scoping study, a budget/general ledger system replacement scoping

study, additional support for the university's data warehouse program, or investment in the financial aid tracking system.

Several investments related to compliance are proposed. Among these investments are: bio-safety and asbestos compliance staffing, campus health service issues related to HIPPA compliance, and internal audit staffing. Finally, an allocation is provided to assist with campus grounds maintenance. In total, \$7,665,000 in new funding is proposed for investments related to integrity/compliance/stewardship in the FY 2008 Core Education Budget.

Required Cost Increases/Adjustments. The proposed FY 2008 Core Education Budget includes \$6,243,000 for required cost increases and adjustments – specific allocations are listed in Appendix 3. The largest budget increase is to cover the rising costs of natural gas; the largest decrease is in the cost of electricity. A number of other “institutional” budgets that pay for contractual or other required activities have either upward or downward annual adjustments.

Miscellaneous Legislative Actions. The proposed FY 2008 Core Education Budget includes a total investment of \$1,798,000 for miscellaneous legislative actions that were not included in the University's original state budget request. The largest ongoing investment is for the Burke Museum to create new educational programs. The largest one-time investment is provided for the Law School's Repayment Assistance Program to assist lawyers choosing to pursue careers in public interest legal positions (of the \$500,000 provided for this, \$250,000 is contingent upon matching private sector funds).

FY 2008 Restricted Operating Budget Discussion

The proposed FY 2008 Restricted Programs Budget is presented in Table 4.

Changes in Revenues

The changes in revenues supporting the FY 2008 Restricted Programs Budget are summarized below:

| <u>Revenue Source</u> | <u>FY 2007 Adopted</u> | <u>FY 2008 Proposed</u> | <u>Change</u> |
|-----------------------------------|----------------------------|-----------------------------|-------------------|
| Grant and Contract Direct Costs | 808,000,000 | 816,080,000 | 8,080,000 |
| Grant and Contract Indirect Costs | 189,000,000 | 196,000,000 | 7,000,000 |
| Gifts | 120,640,000 | 125,466,000 | 4,826,000 |
| <u>State Restricted Funds</u> | <u>6,342,000</u> | <u>6,627,000</u> | <u>285,000</u> |
| TOTAL REVENUES | 1,123,982,000 | 1,144,173,000 | 20,191,000 |

Comments on Changes in Revenues

Budgeted revenues in the proposed FY 2008 Restricted Programs Budget increase by \$20,191,000 over the FY 2007 budgeted level: grant and contract direct cost increases by \$8,080,000; grant and contract indirect cost increases by \$7,000,000; gift and endowment revenue is projected to increase by \$4,826,000; and State Restricted Funds increase by \$285,000. These proposed changes in revenues are discussed below.

Grant and Contract Direct Cost. Direct costs for grants and contracts are projected to increase by a modest 1% in FY 2008 – an increase of \$8,080,000 over the current fiscal year. This estimate assumes grant and contract awards for the current fiscal year will be at or slightly above the previous fiscal year.

Grant and Contract Indirect Cost. As direct costs for grants and contracts are projected to be slightly higher in FY 2008 than in FY 2007, and as new indirect cost rates are phasing in, grant and contract indirect cost recovery is expected to increase by \$7,000,000 - an increase of 3.6% over the budgeted level for the current fiscal year.

Gifts. Revenues to gift and endowment spending accounts are projected to increase moderately (by just under \$4,826,000) in FY 2008. This increase reflects both continued fund raising success and strong returns for the Consolidated Endowment Fund for the past few years.

State Restricted Funds. The School of Public Health and Community Medicine receives a small amount of appropriated State funding from the Accident Account and the Medical Aid Account for specific activities performed by the Department of Environmental Health. Changes in revenues for FY 2008 (an increase of \$285,000 over the current fiscal year) for these State Restricted Funds simply reflect changes in state appropriations.

FY 2008 Restricted Programs Budget Allocations

The discussion in this section is limited to how the administration proposes to allocate additional indirect cost recovery resources that are anticipated in FY 2008. Expenditures for grant and contract direct cost, almost all gifts, and state restricted funds budgets can only be used for the purposes specified by the granting agency, donor or legislature. Thus, annual expenditures for these areas are assumed to be equal to budgeted levels. The University does have discretion over how indirect cost recovery revenues are allocated.

The new allocations in FY 2008 supported by indirect cost recovery resources are summarized below.

| <u>Restricted Budget - Indirect Cost Recovery</u> | <u>FY 2008 Allocations</u> |
|---|---------------------------------------|
| <u>Workplace of Choice - Competitive Compensation:</u> | |
| Salaries | 466,000 |
| Benefits | 122,000 |
| <hr/> | |
| Subtotal | 588,000 |
| <u>Investments in Research Excellence</u> | |
| Research Cost Recovery Allocation Change | 692,000 |
| Dedicated Indirect Cost Recovery Changes | 1,250,000 |
| <hr/> | |
| Subtotal | 1,942,000 |
| <u>Integrity/Compliance/Stewardship Investments</u> | 1,442,000 |
| <u>Required Cost Increases/Adjustments</u> | 3,028,000 |

Comments on FY 2008 Indirect Cost Recovery Budget Allocations

Workplace of Choice – Competitive Compensation. The indirect cost recovery budget picks up the calculated share of the salary and benefit costs of employees who are funded from indirect cost recovery resources.

Investments in Research Excellence. A number of investments are made to support the University's research enterprise. By policy, the University allocates the portion of indirect cost recovery revenues that is associated with college/school grant administration back to the colleges/schools based on their actual grant activity in the prior fiscal year. This allocation is called the "research cost recovery" allocation and it will increase by \$692,000 in FY 2008. This amount is calculated based on a formula and the increase in the allocation for FY 2008 is a function of both anticipated research spending in the current year and a revision in the calculation formula so that the formula is based on the University's most recent indirect cost study.

Annual adjustments to certain indirect cost recovery budgets that are dedicated to specific purposes (such as the Primate Center "A" and "B" rates) or to pay for the operations and

maintenance costs of particular buildings (Harborview Research and Training, other Harborview research space, etc.) are also included in this category and are shown in Appendix 3. The largest variance in this area is the result of a \$1,000,000 increase in indirect cost recovery allocated for the Brotman building operations and maintenance costs.

Integrity/Compliance/Stewardship Investments. Five investments are proposed in the integrity/compliance/stewardship area (and are listed in Appendix 2): \$380,000 for additional staff support for the Animal Care and Use Committee; \$67,000 for bio-safety and asbestos compliance staffing; \$295,000 for additional staffing in the Office of Research, \$200,000 for consulting costs to assist with the development of the indirect cost rate proposal; and \$500,000 toward the development of a new faculty effort certification system (the first year of a multi-year development project).

Required Cost Increases/Adjustments. The indirect cost recovery budget picks up a share of estimated cost increases for utilities, risk management and for other critical institutional investments approved by the President and Provost – these allocations are shown in Appendix 3. The largest increases are associated with new research buildings. There is an increase of \$2,582,000 to cover increased debt service for debt issued to support construction of the Foege building and the Benjamin Hall building and a \$100,000 increase in the annual operating costs for the Benjamin Hall building. Finally, \$142,000 is proposed to pay for part of the cost of locating research related servers in the Sabey Data Center.

FY 2008 Academic Enhancement/Support Budget Discussion

There are four areas included in the Academic Enhancement/Support Budget: UW Medical Center; auxiliary enterprises; auxiliary educational activities; and institutional overhead activities that support the other functions. Auxiliary enterprises include: Housing and Food Services; Intercollegiate Athletics; Parking; internal service units (Stores, Motor Pool, Publication Services, etc.); Student Government; Recreational Sports; and miscellaneous other activities. Auxiliary educational activities include: continuing education; conferences; the medical resident program; the WWAMI Program in the School of Medicine; and miscellaneous activities. The University charges institutional overhead to all of these activities to recover the cost of central services utilized by these academic enhancement/support activities.

The projected changes in revenue for academic enhancement/support activity are shown in the table below:

| Revenue Source | FY 2007 Adopted | FY 2008 Proposed | Change |
|----------------------------------|----------------------------|-----------------------------|-------------------|
| UW Medical Center | 589,680,000 | 613,267,000 | 23,587,000 |
| Auxiliary Enterprises | 293,187,000 | 304,915,000 | 11,728,000 |
| Auxiliary Educational Activities | 175,814,000 | 182,847,000 | 7,033,000 |
| Institutional Overhead | 14,366,000 | 14,750,000 | 384,000 |
| TOTAL REVENUES | 1,073,047,000 | 1,115,779,000 | 42,732,000 |

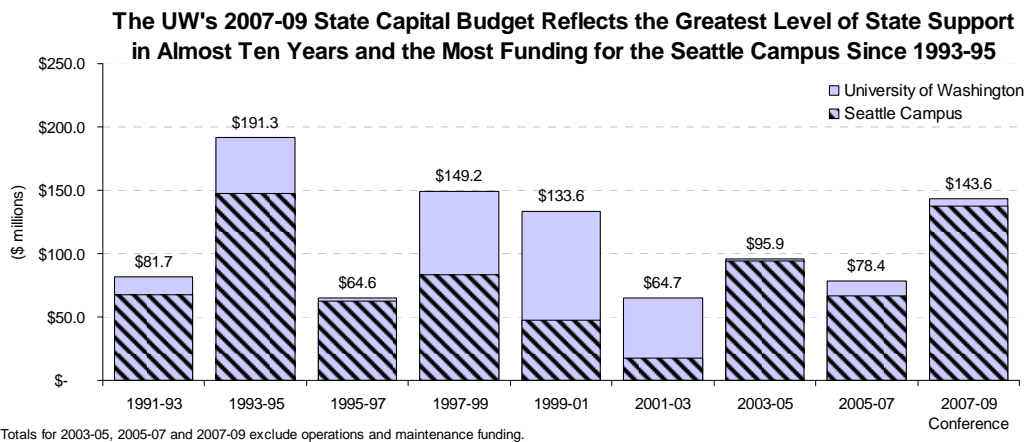
Based on financial results over the last few years, inflationary increases in revenues have been projected for FY 2008 for UW Medical Center, auxiliary enterprise, and auxiliary educational activities. The projected increase in institutional overhead revenue is based on both actual collections in the current fiscal year and projected revenue increases for those units that pay institutional overhead.

With the exception of institutional overhead resources, the Academic Enhancement/Support Budget resources can only be spent for specified purposes and annual expenditures are assumed to be equal to budgeted levels

Fiscal Year 2008 Capital Budget Discussion

The proposed FY 2008 Capital Budget is presented in Table 5 and includes approval of \$156,535,500 in new state capital funding appropriated during the 2007-09 legislative session, with the balance of \$12,912,500 in state capital funds to be approved in FY 2009. The FY 2008 Capital Budget also includes \$72,950,377 in non-state funds from the UW Building Account, donors, indirect cost recovery, enterprise unit funds, transfers from unrestricted operating funds, and UW local bonds, for a total of \$229,485,877 in new capital funds for FY 2008 from both state and non-state sources. An additional \$201,900,000 in non-state funds is planned for approval in FY 2009, which along with the planned \$12,912,500 in state funds would result in additional capital funds of \$214,812,500 in FY 2009.

The 2007-09 state capital budget represents the highest level of state funding in almost ten years, and provides 72% of the University's original capital budget request.



The FY 2008 Capital Budget is consistent with, and supportive of the goals and benchmarks that guided the development of the 2007-09 state operating and capital requests, including continued investments to improve the condition of our existing facilities. While the proposed FY 2008 capital funding level moves toward our goals for funding facilities depreciation and reducing the backlog of deferred renewal and modernization, continued progress in the future is required to achieve the benchmark funding goals.

Restore the Core

The proposed FY 2008 Capital Budget provides full funding for Phase III of the Restore the Core program of major building renovations on the Seattle campus, including \$94,042,000 in state funds, and \$3,000,000 in appropriated local funds for a total of \$97,042,000. Phase III includes construction funding for Savery Hall, Clark Hall, the Playhouse Theater, and the final state-appropriated contribution to the MHSC H-Wing Renovation project. In addition, Phase III Restore the Core funding includes pre-design/design funds for the next phase of construction including Lewis Hall, Denny Hall, and Balmer Hall (which is proposed to be demolished and replaced as part of the overall business school facilities plan).

Capacity Expansion, New Program and Infrastructure Investments

The FY 2008 Capital Budget includes pre-design funding for Phase 3 of the UW Bothell campus, pre-design/design funding for Phase 3 of the UW Tacoma campus, and pre-design/design for a new Molecular Engineering Building on the Seattle campus. This unusually accelerated schedule for the Molecular Engineering Building reflects the importance of developing facilities to support this high priority program. The FY 2008 Capital Budget also includes \$13,281,000 in state funding for improvements to student services facilities and classrooms, including renovation and improvement of the classrooms and class labs that will support the WWAMI/RIDE program expansion.

The FY 2008 Capital Budget provides a total of \$32,500,000 for construction of a new data center in Building C of the UW Tower properties. Funding for the Building C Data Center will include a \$12,000,000 local revenue bond, \$500,000 previously allocated from local minor works funds for planning and pre-design, and \$20,000,000 in state capital funds. The Building C Data Center is one component of the university's strategic plan for centrally managed distributed data center facilities aimed at minimizing risk and providing a flexible and reliable server housing utility. An additional \$5,000,000 in state funds is also included in the 2007-09 state capital budget to complete general computing and communications connectivity improvements.

Design funding for the proposed expansion of the UW Medical Center is included in the FY 2008 budget, with construction funding in the amount of \$155,000,000 planned for FY 2009. A multi-year program of improvements to animal care facilities is also being initiated with an investment of \$2,000,000 in the FY 2008 budget and additional planned funding of \$20,000,000 in FY 2009.

Building 25, the former headquarters building at the Sand Point property, will be renovated to serve as office and clinic space for revenue-based pediatric dentistry programs. In a joint venture between Children's Hospital and UW Pediatric Dentistry, the 28,000 square foot building will be modernized using a combination of \$6,000,000 in funds from Children's Hospital and \$10,638,377 in UW revenue bond funds.

Minor Works, Construction Cost Escalation

In addition to the major projects described above, a combination of appropriated and non-appropriated local funds will provide almost \$41,900,000 in FY 2008 for facilities modernization, facilities preservation, and safety and utilities improvements, with an additional \$13,900,000 planned for FY 2009. The Legislature also increased the minor works threshold from \$1,000,000 to \$2,000,000, and provided a state matching fund of \$3,237,000 that can provide up to \$750,000 per project to respond unanticipated construction cost escalation.

Capital Studies and Processes

The 2007-09 state capital budget includes additional provisions affecting the University of Washington. The state capital budget directs the University of Washington to work with the Governor's Office of Financial Management to assess options and make recommendations

regarding the siting and operations of a new branch campus in the Snohomish, Island, and Skagit County region and to report back to the legislature by November 15, 2007. The 2007-09 state capital budget also continues the requirement for the public baccalaureate institutions to develop a prioritized capital projects list, and adds new language increasing the role of the Higher Education Coordinating Board and requiring more prescriptive quantitative scoring methods.

Other Legislation

The University of Washington and Washington State University received expanded local borrowing authority, allowing the UW to issue bonds or other forms of debt for any University purpose to be paid by locally controlled fees and revenues. This new debt authority is expected to result in significant cost savings on long-term financing for the UW Tower properties and other University projects.

Table 1

University of Washington Fiscal Year 2008 Proposed Operating Budget

| Budget Category | FY 2007 Adopted | FY 2008 Proposed |
|--|----------------------|----------------------|
| CORE EDUCATION BUDGET | | |
| Revenues | | |
| State General Fund | 360,892,000 | 390,664,000 |
| Tuition Operating Fee | 240,800,000 | 272,000,000 |
| Designated Operating Fund | 51,079,000 | 53,095,000 |
| Subtotal: Ongoing Core Education Revenues | 652,771,000 | 715,759,000 |
| Use of Fund Balance for Temporary Expenditures | 3,550,000 | 1,000,000 |
| Total Revenues | 656,321,000 | 716,759,000 |
| Expenditures | | |
| Ongoing Core Education Expenditures | 652,771,000 | 715,759,000 |
| One-time/temporary Expenditures | 3,550,000 | 1,000,000 |
| Total Expenditures | 656,321,000 | 716,759,000 |
| RESTRICTED OPERATING BUDGET | | |
| Revenues | | |
| Grant and Contract Direct Costs | 808,000,000 | 816,080,000 |
| Grant and Contract Indirect Costs | 189,000,000 | 196,000,000 |
| Gifts | 120,640,000 | 125,466,000 |
| State Restricted Funds | 6,342,000 | 6,627,000 |
| Total Revenues | 1,123,982,000 | 1,144,173,000 |
| Expenditures | 1,123,982,000 | 1,144,173,000 |
| ACADEMIC ENHANCEMENT/SUPPORT BUDGET | | |
| Revenues | | |
| UW Medical Center | 589,680,000 | 613,267,000 |
| Auxiliary Enterprises | 293,187,000 | 304,915,000 |
| Auxiliary Educational Activities | 175,814,000 | 182,847,000 |
| Institutional Overhead | 14,366,000 | 14,750,000 |
| Total Revenues | 1,073,047,000 | 1,115,779,000 |
| Expenditures | 1,073,047,000 | 1,115,779,000 |
| TOTAL OPERATING BUDGET | | |
| Revenues | 2,853,350,000 | 2,976,711,000 |
| Expenditures | 2,853,350,000 | 2,976,711,000 |

Table 2
Proposed Budget
Core Education Operating Budget for Fiscal Year 2008

| | FY 2007 Adopted | FY 2008 Proposed | Comment |
|--|--------------------|---------------------|-----------------------|
| REVENUES | | | |
| State General Fund | 360,892,000 | 390,664,000 | |
| Tuition Operating Fee | 240,800,000 | 272,000,000 | |
| Designated Operating Fund | 51,079,000 | 53,095,000 | |
| Subtotal: Ongoing Core Ed Revenues | 652,771,000 | 715,759,000 | |
| Use of Fund Balance for Temporary Expenditures | 3,550,000 | 1,000,000 | |
| TOTAL REVENUES | 656,321,000 | 716,759,000 | |
| EXPENDITURES | | | |
| Adjusted Base Budget | 656,321,000 | 649,351,000 | |
| Workplace of Choice - Competitive Compensation | | | |
| Salaries | | 25,284,000 | <i>See Appendix 1</i> |
| Benefits | | 3,865,000 | <i>See Appendix 1</i> |
| Subtotal | | 29,149,000 | |
| Attract a Diverse and Excellent Student Body | | | |
| New Enrollment Allocations | | | |
| UW/Seattle | | 1,500,000 | <i>See Appendix 2</i> |
| WWAMI/RIDE (Legislative Action) | | 1,095,000 | |
| UW/Bothell | | 1,779,000 | |
| UW/Tacoma | | 1,895,000 | |
| Attract/Retain Diverse Students | | 1,180,000 | <i>See Appendix 2</i> |
| Subtotal | | 7,449,000 | |
| Academic Program and Research Excellence | | | |
| Investments in Academic Excellence | | 9,554,000 | <i>See Appendix 2</i> |
| Global Health Teaching & Research (Legislative Action) | | 2,900,000 | |
| Strengthening Cross-College Programs | | 1,650,000 | |
| Subtotal | | 14,104,000 | |
| Integrity/Compliance/Stewardship Investments | | | |
| UW Tower Operations (Legislative Action) | | 1,282,000 | |
| Integrity/Compliance/Stewardship | | 6,383,000 | <i>See Appendix 2</i> |
| Subtotal | | 7,665,000 | |
| Required Cost Increases/Adjustments | | 6,243,000 | <i>See Appendix 3</i> |
| Miscellaneous Legislative Actions | | 1,798,000 | <i>See Appendix 2</i> |
| SUBTOTAL: ONGOING CORE EDUCATION EXPENDITURES | | 715,759,000 | |
| Use of Fund Balance | | 1,000,000 | <i>See Table 3</i> |
| TOTAL EXPENDITURES | | 716,759,000 | |

Table 3

**Core Education Budget
Proposed Temporary Investments from Fund Balance for Fiscal Year 2008**

| <u>Temporary Investments</u> | <u>FY 2008 Proposed</u> | <u>Comments</u> |
|---------------------------------------|------------------------------------|---|
| Chief Investment Office Pilot Project | 1,000,000 | <i>Third year of five-year commitment</i> |
| TOTAL EXPENDITURES | 1,000,000 | |

Table 4

Proposed Budget
 Restricted Programs Budget for Fiscal Year 2008

| | FY 2008 Proposed | Comments |
|---|----------------------|-----------------------|
| <u>REVENUES</u> | | |
| Grant and Contract Direct Cost | 816,080,000 | |
| Grant and Contract Indirect Cost | 196,000,000 | |
| Gifts | 125,466,000 | |
| State Restricted Funds | 6,627,000 | |
| TOTAL REVENUES | 1,144,173,000 | |
| <u>EXPENDITURES</u> | | |
| Grant and Contract Direct Cost | 816,080,000 | |
| Gifts | 125,466,000 | |
| <u>State Restricted Funds</u> | 6,627,000 | |
| Subtotal | 948,173,000 | |
| <u>Indirect Cost Recovery:</u> | | |
| <u>Adjusted Base ICR Budget</u> | 189,000,000 | |
| <u>Workplace of Choice - Competitive Compensation:</u> | | |
| Salaries | 466,000 | <i>See Appendix 1</i> |
| Benefits | 122,000 | <i>See Appendix 1</i> |
| Subtotal | 588,000 | |
| <u>Investments in Research Excellence</u> | | |
| Research Cost Recovery Allocation Change | 692,000 | <i>See Appendix 3</i> |
| Dedicated Indirect Cost Recovery Changes | 1,250,000 | <i>See Appendix 3</i> |
| Subtotal | 1,942,000 | |
| <u>Integrity/Compliance/Stewardship Investments</u> | 1,442,000 | <i>See Appendix 2</i> |
| <u>Required Cost Increases/Adjustments</u> | 3,028,000 | <i>See Appendix 3</i> |
| TOTAL INDIRECT COST RECOVERY BUDGET | 196,000,000 | |
| TOTAL EXPENDITURES | 1,144,173,000 | |

**Table 5
Proposed Capital Budget for Fiscal Year 2008**

| FY 2008 Capital Budget Proposal | FY 2008 Proposed | FY 2009 Planned |
|--|--------------------|--------------------|
| REVENUE | | |
| <u>Funding for FY 2007 Projects</u> | | |
| Projects Approved in FY 2007 | 378,280,308 | |
| Substantially Completed/Cancelled Projects | (140,094,835) | |
| Previously Approved Continuing Projects | 238,185,473 | |
| <u>Funding for FY 2008 and 2009 Projects</u> | | |
| State Funds | 156,535,500 | 12,912,500 |
| Non-State Funds | | |
| UW Building Account - Local Funds | 31,000,000 | |
| Donor/ICR - Local Funds | 10,900,000 | 16,900,000 |
| Enterprise Unit Funds | 4,000,000 | |
| Transfer from Unrestricted Local Funds | 3,000,000 | 3,000,000 |
| UW Bonds | 24,050,377 | 182,000,000 |
| Subtotal, Non-State Funds | 72,950,377 | 201,900,000 |
| Total, New Funds | 229,485,877 | |
| TOTAL REVENUE | 467,671,350 | 214,812,500 |
| EXPENDITURES | | |
| Previously Approved Continuing Projects | 238,185,473 | |
| <u>Proposed FY 2008 Projects</u> | | |
| Major Projects | | |
| Savery Hall - C | 54,910,000 | |
| Clark Hall - C | 15,554,000 | |
| Playhouse Theater - C | 6,578,000 | |
| MHSC H - Wing - C | 16,412,000 | |
| Denny Hall - P/D | 4,000,000 | |
| Lewis Hall - P/D | 2,000,000 | |
| Balmer Hall - P/D | 4,000,000 | |
| Interdisciplinary Academic Bldg. (Molecular Engineering) - P/D | 5,000,000 | |
| Comp. & Comm./Data Center - C | 37,000,000 | |
| UW Aggreg. Intermed. Student Services & Classroom Improv. | 13,281,000 | |
| Tacoma Phase 3 - P/D | 6,150,000 | |
| Bothell Phase 3 - P | 150,000 | |
| Sand Point Bldg. 25 Pediatric Dentistry | 3,638,377 | 13,000,000 |
| Animal Facilities | 2,000,000 | 20,000,000 |
| UWMC Expansion/Renovation | 4,000,000 | 155,000,000 |
| Subtotal, Major Projects | 174,673,377 | 188,000,000 |
| Minor Projects | | |
| Minor Works - Facility Preservation "A" | 23,000,000 | |
| Minor Works - Program "A" | 18,900,000 | 13,900,000 |
| Subtotal, Minor Projects | 41,900,000 | 13,900,000 |
| Preventative Facility Maintenance and Building System Repairs | 12,912,500 | 12,912,500 |
| Total, New Projects for FY 08 and FY 09 | 229,485,877 | 214,812,500 |
| TOTAL EXPENDITURES | 467,671,350 | 214,812,500 |

P - Planning, D-Design, C-Construction

Appendix 1

WORKPLACE OF CHOICE: COMPETITIVE COMPENSATION FOR FISCAL YEAR 2008

| Item | FY 2008 Change | FY 2008 Amount to Core Educ. | FY 2008 Amount to ICR |
|---|---------------------------|---|--------------------------------------|
| <u>SALARIES</u> | | | |
| Faculty | | | |
| 2% regular merit (eff. 9/1/07) | 4,926,000 | 4,926,000 | 0 |
| 2.5% additional merit/compress/inequities (eff. 9/1/07) | 6,158,000 | 6,158,000 | 0 |
| 1% unit adjustments (1:1 match by school req'd) | 2,000,000 | 2,000,000 | 0 |
| Promotions | 500,000 | 500,000 | 0 |
| Recruitment and Retention | 963,000 | 963,000 | 0 |
| Exec/Professional Staff/Lib recruit/retention | 250,000 | 250,000 | 0 |
| Teaching/Research Assistants 3.2% (eff. 7/1/07) | 708,000 | 708,000 | 0 |
| Professional Staff/Librarians 4.5% (eff. 9/1/07) | 6,734,000 | 6,425,000 | 309,000 |
| Represented Classified Staff 3.2% (eff. 7/1/07) | | | |
| Classified staff -- GOF | 2,040,000 | 2,040,000 | 0 |
| Classified staff -- DOF | 784,000 | 666,000 | 118,000 |
| Non-Rep Classified Staff 3.2% (eff. 9/1/07) GOF/DOF | 260,000 | 221,000 | 39,000 |
| Classification Revisions/Salary Survey | 277,000 | 277,000 | 0 |
| Library Hourly Minimum Wage | 150,000 | 150,000 | 0 |
| Total Salaries | 25,750,000 | 25,284,000 | 466,000 |
| <u>BENEFITS</u> | | | |
| Employer share of health benefits | | | |
| Benefits -- GOF | 2,077,000 | 2,077,000 | 0 |
| Benefits -- DOF | 348,000 | 296,000 | 52,000 |
| Others | | | |
| TA/RA Health Insurance | 526,000 | 526,000 | 0 |
| Social Sec base change | 0 | 0 | 0 |
| Workers comp change | (543,000) | (543,000) | 0 |
| PERS pension change-GOF | 1,113,000 | 1,113,000 | 0 |
| PERS pension change-DOF | 466,000 | 396,000 | 70,000 |
| Total Benefits | 3,987,000 | 3,865,000 | 122,000 |
| <u>TOTAL COMPENSATION</u> | 29,737,000 | 29,149,000 | 588,000 |

Appendix 2

INVESTMENTS IN ACADEMIC PROGRAM AND RESEARCH EXCELLENCE

| Item | FY 2008 Change | FY 2008 Amount to Core Educ. | FY 2008 Amount to ICR |
|---|---------------------------|---|--------------------------------------|
| <u>UW Seattle Enrollment Allocations</u> | | | |
| Arch & Urban Planning - construction mgmt | 200,000 | 200,000 | 0 |
| Arts & Sciences | 700,000 | 700,000 | 0 |
| Engineering | 300,000 | 300,000 | 0 |
| <u>Undergraduate honors program</u> | <u>300,000</u> | <u>300,000</u> | <u>0</u> |
| | 1,500,000 | 1,500,000 | 0 |
| <u>Attract/Retain Diverse Students</u> | | | |
| Graduate/professional student services | 75,000 | 75,000 | 0 |
| Undergrad Acad Affairs - 2nd year advising | 240,000 | 240,000 | 0 |
| Arts & Sciences - undergrad advising | 240,000 | 240,000 | 0 |
| Int'l learning opportunities (Legislative Action) | 375,000 | 375,000 | 0 |
| <u>Retention/completion prog (Legislative Action)</u> | <u>250,000</u> | <u>250,000</u> | <u>0</u> |
| | 1,180,000 | 1,180,000 | 0 |
| <u>Academic Program Excellence</u> | | | |
| Engineering | 1,360,000 | 1,360,000 | 0 |
| Architecture | 350,000 | 350,000 | 0 |
| Business | 400,000 | 400,000 | 0 |
| Arts & Sciences - teaching assistants | 540,000 | 540,000 | 0 |
| Dean reappointments | 724,000 | 724,000 | 0 |
| Library materials inflation | 400,000 | 400,000 | 0 |
| Law library materials | 30,000 | 30,000 | 0 |
| Title VI outreach centers | 200,000 | 200,000 | 0 |
| WWAMI offset (assuming 10% tuition incr) | 200,000 | 200,000 | 0 |
| Summer quarter tuition (UWB-UWT) | 950,000 | 950,000 | 0 |
| UW/Bothell (tuition increase revenue) | 1,900,000 | 1,900,000 | 0 |
| <u>UW/Tacoma (tuition increase revenue)</u> | <u>2,500,000</u> | <u>2,500,000</u> | <u>0</u> |
| | 9,554,000 | 9,554,000 | 0 |
| <u>Integrity/Compliance/Stewardship</u> | | | |
| Animal care committee staffing | 380,000 | 0 | 380,000 |
| Bio-safety & asbestos compliance staffing | 225,000 | 158,000 | 67,000 |
| Campus health service-HIPPA compliance | 89,000 | 89,000 | 0 |
| Child care referral service enhancements | 32,000 | 32,000 | 0 |
| Child care priority/reserved spaces | 25,000 | 25,000 | 0 |
| Internal Audit staffing | 385,000 | 385,000 | 0 |
| Student Life - citizenship office | 165,000 | 165,000 | 0 |
| Student Life - counseling/disability services | 144,000 | 144,000 | 0 |
| Office of Information Management staffing | 290,000 | 290,000 | 0 |
| Provost/Academic Personnel/Faculty Senate | 278,000 | 278,000 | 0 |
| Minority Affairs office support | 100,000 | 100,000 | 0 |

Appendix 2

INVESTMENTS IN ACADEMIC PROGRAM AND RESEARCH EXCELLENCE

| Item | FY 2008 Change | FY 2008 Amount to Core Educ. | FY 2008 Amount to ICR |
|---|---------------------------|---|--------------------------------------|
| Office of Research staffing | 295,000 | 0 | 295,000 |
| Leadership, community & values initiative | 100,000 | 100,000 | 0 |
| Human Resources staffing | 200,000 | 200,000 | 0 |
| Global activities staffing | 100,000 | 100,000 | 0 |
| Enterprise risk management | 100,000 | 100,000 | 0 |
| External Affairs/State Relations/News & Info | 400,000 | 400,000 | 0 |
| External Affairs - support for RCO project | 150,000 | 150,000 | 0 |
| UWPD staffing for UW Tower | 372,000 | 372,000 | 0 |
| UWPD incident prevention teams | 75,000 | 75,000 | 0 |
| UWPD NightWalk safety service | 190,000 | 190,000 | 0 |
| UWPD replacement radios (1 time funding) | 200,000 | 200,000 | 0 |
| ICR rate proposal - consultant costs (1 time) | 200,000 | 0 | 200,000 |
| IMAC - faculty effort certification system | 500,000 | 0 | 500,000 |
| IMAC - other recommended IT investments | 1,400,000 | 1,400,000 | 0 |
| IT security investments | 480,000 | 480,000 | 0 |
| Academic technology investments | 700,000 | 700,000 | 0 |
| Maintenance of campus grounds | 250,000 | 250,000 | 0 |
| | 7,825,000 | 6,383,000 | 1,442,000 |
| <u>Miscellaneous Legislative Actions</u> | | | |
| Law School loan repayment prog (1 time) | 500,000 | 500,000 | 0 |
| Adult family home certification | 54,000 | 54,000 | 0 |
| Burke Museum | 500,000 | 500,000 | 0 |
| ILABS - brain & learning institute | 150,000 | 150,000 | 0 |
| Puget Sound science panel | 30,000 | 30,000 | 0 |
| Olympic Natural Resource Center | 25,000 | 25,000 | 0 |
| Autism parent support | 30,000 | 30,000 | 0 |
| Autism training DVD | 65,000 | 65,000 | 0 |
| Safe log hauling cost analysis | 150,000 | 150,000 | 0 |
| William Ruckelshaus Center | 125,000 | 125,000 | 0 |
| Washington Academy of Science | 85,000 | 85,000 | 0 |
| State climatologist | 84,000 | 84,000 | 0 |
| | 1,798,000 | 1,798,000 | 0 |

Appendix 3

REQUIRED COST INCREASES/ADJUSTMENTS

| Item | FY 2008 Change | FY 2008 Amount to Core Educ. | FY 2008 Amount to ICR |
|---|---------------------------|---|--------------------------------------|
| <u>Institutional Budgets</u> | | | |
| Utilities: | | | |
| Electricity | (800,000) | (760,000) | (40,000) |
| Natural gas | 2,000,000 | 1,900,000 | 100,000 |
| Water/sewer | 300,000 | 285,000 | 15,000 |
| Solid waste | 380,000 | 361,000 | 19,000 |
| Power plant operations | 500,000 | 475,000 | 25,000 |
| Subtotal utilities: | 2,380,000 | 2,261,000 | 119,000 |
| Other institutional budgets: | | | |
| Property rentals-general | (175,000) | (175,000) | 0 |
| Prop. rental-Sand Point central | 50,000 | 50,000 | 0 |
| Prop. rental-Sand Point unassigned | 20,000 | 20,000 | 0 |
| Sabey Data Center - research servers | 142,000 | 0 | 142,000 |
| Sabey Data Center - C&C servers | 152,000 | 152,000 | 0 |
| Wellington Hills | 40,000 | 40,000 | 0 |
| University Way security | 40,000 | 40,000 | 0 |
| Employee service awards | 10,000 | 10,000 | 0 |
| AFRS interface expense | 155,000 | 155,000 | 0 |
| Institutional financial audit | 11,000 | 11,000 | 0 |
| Investment management/custodial/consultant fees | 200,000 | 200,000 | 0 |
| Institutional overhead offset | (384,000) | (384,000) | 0 |
| Risk management | 760,000 | 722,000 | 38,000 |
| Transportation subsidy | 50,000 | 48,000 | 2,000 |
| Services for disabled students/employees | 75,000 | 75,000 | 0 |
| FY07 salary increase carryforward/benefit bgt | 1,500,000 | 1,500,000 | 0 |
| State revolving fund changes (Legislative Action) | 974,000 | 974,000 | 0 |
| DOF revolving fund budgets | 289,000 | 289,000 | 0 |
| Subtotal other institutional budgets: | 3,909,000 | 3,727,000 | 182,000 |
| <u>Other Issues</u> | | | |
| Internet connectivity cost increases | 200,000 | 155,000 | 45,000 |
| Summer quarter cost increase | 100,000 | 100,000 | 0 |
| Foege Building debt service | 552,000 | 0 | 552,000 |
| Benjamin Hall O&M payment | 100,000 | 0 | 100,000 |
| Benjamin Hall Building debt service | 2,030,000 | 0 | 2,030,000 |
| Subtotal Other Issues | 2,982,000 | 255,000 | 2,727,000 |
| Subtotal Required Cost Increases | 9,271,000 | 6,243,000 | 3,028,000 |

Appendix 3

REQUIRED COST INCREASES/ADJUSTMENTS

| Item | FY 2008 Change | FY 2008 Amount to Core Educ. | FY 2008 Amount to ICR |
|--|---------------------------|---|--------------------------------------|
| <u>Research Cost Recovery Policy Allocation</u> | | | |
| RCR adjustment to FY07 actual | 339,000 | 0 | 339,000 |
| FY08 RCR change | 353,000 | 0 | 353,000 |
| Subtotal Policy Application | 692,000 | 0 | 692,000 |
| <u>Dedicated Indirect Cost Recovery Dollars</u> | | | |
| Brotman Bldg (815 Mercer) | 1,000,000 | 0 | 1,000,000 |
| Other Buildings with dedicated ICR | 250,000 | 0 | 250,000 |
| Subtotal Dedicated Indirect Cost Recovery | 1,250,000 | 0 | 1,250,000 |
| TOTAL REQUIRED COST INCREASES/ADJUSTMENT | 11,213,000 | 6,243,000 | 4,970,000 |

University of Washington
Academic Year 2007-08 Tuition Rate Proposals

HECB 24 Comparison Group
Projected 2007-08 Tuition & Fees

| | 2006-07 Tuition | \$ Increase | 2007-08 % Increase | Proposed Estimated Tuition | Fees | 2006-07 Peer Tuition & Fees | 2007-08 Projected Comparison Group Tuition & Fees* | 2007-08 Projected Comparison Group % Increase |
|---|--------------------|----------------|--------------------------|----------------------------------|------|-----------------------------------|---|--|
| | | | | | | | | |
| <u>Business Masters Degrees</u> | | | | | | | | |
| <u>UW/Seattle</u> | | | | | | | | |
| Business Masters Res. (Incoming) | 17,300 | + 2,000 | 11.6% | 19,300 | 540 | 17,590 | 19,377 | 10.2% |
| Business Masters Non-Res (Inc.) | 27,000 | + 2,000 | 7.4% | 29,000 | 540 | 27,950 | 30,124 | 7.8% |
| Business Masters Res. (Continuing) | 17,300 | + 0 | 0.0% | 17,300 | 540 | 17,590 | 19,377 | 10.2% |
| Business Masters Non-Res (Cont.) (no increase- 2nd Yr of cohort pricing) | 27,000 | + 0 | 0.0% | 27,000 | 540 | 27,950 | 30,124 | 7.8% |
| <u>UW/Bothell</u> | | | | | | | | |
| Business Masters Res. (Incoming) | 15,948 | + 1,754 | 11.0% | 17,702 | 405 | 17,590 | 19,377 | 10.2% |
| Business Masters Non-Res (Inc.) | 24,717 | + 0 | 0.0% | 24,717 | 405 | 27,950 | 30,124 | 7.8% |
| Business Masters Res. (Continuing) | 14,780 | + 0 | 0.0% | 15,948 | 405 | 17,590 | 19,377 | 10.2% |
| Business Masters Non-Res (Cont.) (no increase- 2nd Yr of cohort pricing) | 24,717 | + 0 | 0.0% | 24,717 | 405 | 27,950 | 30,124 | 7.8% |
| <u>UW/Tacoma</u> | | | | | | | | |
| Business Masters Resident | 13,129 | + 919 | 7.0% | 14,048 | 459 | 17,590 | 19,377 | 10.2% |
| Business Masters Non-Res | 23,870 | + 1,671 | 7.0% | 25,541 | 459 | 27,950 | 30,124 | 7.8% |
| <u>Post-baccalaureate and Non-matriculated Students</u> | | | | | | | | |
| <u>Post-baccalaureate Resident</u> | | | | | | | | |
| taking only undergraduate courses | 5,460 | + 382 | 7.0% | 5,842 | 540 | 6,382 | 6,382 | |
| taking 1 or more graduate courses | 8,793 | + 1,081 | 12.3% | 9,874 | 540 | 10,414 | 10,414 | |
| <u>Post-baccalaureate Non-resident</u> | | | | | | | | |
| taking only undergraduate courses | 20,758 | + 830 | 4.0% | 21,588 | 540 | 22,128 | 22,128 | |
| taking 1 or more graduate courses | 20,616 | + 1,305 | 6.3% | 21,921 | 540 | 22,461 | 22,461 | |
| <u>Non-matriculated Resident</u> | | | | | | | | |
| taking only undergraduate courses | 5,460 | + 382 | 7.0% | 5,842 | 540 | 6,382 | 6,382 | |
| taking 1 or more graduate courses | 8,793 | + 1,081 | 12.3% | 9,874 | 540 | 10,414 | 10,414 | |
| <u>Non-matriculated Non-Resident</u> | | | | | | | | |
| taking only undergraduate courses | 20,758 | + 830 | 4.0% | 21,588 | 540 | 22,128 | 22,128 | |
| taking 1 or more graduate courses | 20,616 | + 1,305 | 6.3% | 21,921 | 540 | 22,461 | 22,461 | |

* Peer projections based on 5-Year Least Squares Trend Estimate