

**VII. STANDING COMMITTEES****A. Finance, Audit and Facilities Committee**

*in Joint Session with*

**B. Academic and Student Affairs Committee****University of Washington Fiscal Year 2009 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 2009 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 2009 operating budget, including funds to provide faculty salary increases;
- Establishes tuition rates for all tuition categories for the 2008-09 academic year; and,
- Adopts the Fiscal Year 2009 capital budget.

## **Financial Context for the Proposed FY 2009 Operating and Capital Budgets**

The FY 2009 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 2009 proposed operating budget is summarized in Table 1; the FY 2009 proposed capital budget is presented in Table 5. The financial context for FY 2009 is different for the Core Education, Restricted Programs, Academic Enhancement/Support, and Capital Budgets.

Core Education Budget Financial Context. The context for the FY 2009 Core Education budget is primarily set by two factors: actions affecting FY 2009 that were taken by the state legislature in the 2007-09 biennial and supplemental budgets, and tuition setting decisions for the 2008-09 academic year for all tuition categories that will be made by the Board of Regents as part of their adoption of the FY 2009 budget.

In the 2007-09 biennial budget, state funding was provided for a 2.0 percent salary increase for faculty, professional staff and librarians for FY 2009. Note that for faculty, professional staff and librarians, the university can use local funds to supplement the salary increases funded by the state. Teaching and research assistants will receive a 2.5 percent increase in accordance with their labor contract. Represented classified staff was provided different increases, depending on their bargaining units. These increases were either a 3 percent COLA, or a 2 percent COLA plus the addition of a new top step that employees at the top step in their classification would be eligible for based on the bargaining unit contract.

The state provided new funds for general undergraduate and graduate enrollments at all three campuses as well as new funds for enrollments in math, science and engineering.

The legislature provided the university the authority to raise undergraduate resident tuition by up to 7 percent for FY 2009. 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 2008-09 academic year will be the sixth year in which undergraduate non-resident, graduate and professional tuition levels are established using this authority. Tuition setting authority will need to be renegotiated in the 2009-11 state budgeting process.

Restricted Operating Budget Financial Context. The outlook for the FY 2009 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 both to slightly higher direct expenditures on grants and to the transition of old grants to new and higher indirect cost rates. 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 2009. 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 2009.

Capital Budget Financial Context. The proposed UW Capital Budget for FY 2009 reflects actions taken by the legislature in the adoption of both the original 2007-09 and 2008 supplemental state capital budgets, as well as local funds from enterprise units, donors, indirect cost recovery and local bonds.

## Approach to FY 2009 Budget Decisions

The FY 2009 annual budget development process was guided by the university's vision statement and core values below:

*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 2009 budget is based on three overriding 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 2009 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 2009 Core Education Budget Discussion**

The proposed FY 2009 Core Education Budget is presented in Table 2; proposed temporary investments from fund balance are shown in Table 3. Proposed tuition increases for the 2008-09 academic year are presented in Appendix 4.

### Changes in Revenues

The changes in revenues supporting the FY 2009 Core Education Budget are summarized below:

<u>Revenue Source</u>	<u>FY 2008 Adopted</u>	<u>FY 2009 Proposed</u>	<u>Change</u>
State General Fund	390,664,000	401,707,000	11,043,000
Tuition Operating Fee	272,000,000	295,500,000	23,500,000
<u>Designated Operating Fund</u>	<u>53,095,000</u>	<u>57,215,000</u>	<u>4,120,000</u>
Subtotal: Ongoing Core Ed Revenues	715,759,000	754,422,000	38,663,000
<u>Use of Fund Balance for Temp Exp</u>	<u>1,000,000</u>	<u>3,000,000</u>	<u>2,000,000</u>
<b>TOTAL REVENUES</b>	<b>716,759,000</b>	<b>757,422,000</b>	<b>40,663,000</b>

### Comments on Changes in Revenues

Budgeted ongoing revenues in the proposed FY 2009 Core Education Budget are 5 percent higher than budgeted revenues that supported this budget in FY 2008. State General Fund revenues (which in this presentation also includes the Education Legacy Trust Account) increase by \$11,043,000. This includes a temporary \$16,701,000 reduction in the state portion of employee health benefits in FY 2009, due to a one-time savings. This funding will be restored in the state 2009-11 biennial budget.

The overall increase in state funding from FY 2008 to FY 2009 is 2.8 percent. Tuition operating fee revenues increase by \$23,500,000 and Designated Operating Fund revenues increase by \$4,120,000. Use of Fund Balance increases from \$1,000,000 in FY 2008 to \$3,000,000 in FY 2009. These proposed changes in revenues for FY 2009 are discussed below.

State General Fund. State General Fund revenue for FY 2009 reflects actions taken by the state legislature in both the 2007-09 and 2008 supplemental budgets. The increased funding available in FY 2009 is dedicated to specific purposes – salary 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 2009 Core Education Budget assumes that the proposed tuition increases for the 2008-09 academic year shown in Appendix 4 are adopted. Appendix 4 shows the proposed tuition charge for all tuition categories for the 2008-09 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 2008-09 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 2008-09 academic year, the administration is recommending that:

Undergraduate Resident tuition be increased by 7 percent;

Undergraduate Non-Resident tuition be increased by 5 percent;

Graduate Tier 1 Resident tuition be increased by 7 percent;

Graduate Tier 1 Non-Resident tuition be increased by 5 percent;

The tuition differential between Graduate Tier II and Graduate Tier I remain at \$500 (for both the resident and non-resident categories);

The tuition differential between Graduate Tier III and Graduate Tier II remain at \$500 (for both the resident and non-resident categories);

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

A new cohort-based tuition category be created for Public Affairs Masters Degrees; resident tuition for the incoming cohort be \$11,000 for resident and \$22,500 for non-resident; and students already in the program continue at Tier III;

Nursing Masters/DNP Degrees tuition be increased by 10 percent for both resident and non-resident students at UW/Seattle and by 7 percent for resident and 5 percent 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 10 percent for both resident and non-resident students for the incoming cohort of students at UW/Seattle, by 5 percent for

resident students at UW/Bothell for the incoming cohort of students, and by 9 percent 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 III 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 2009.

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 2008 Adopted</u>	<u>FY 2009 Proposed</u>	<u>Change</u>
Summer Quarter Tuition	26,150,000	27,270,000	1,120,000
Investment Income	18,000,000	20,000,000	2,000,000
Miscellaneous Fees	4,300,000	4,800,000	500,000
UWB & UWT Admin Overhead	3,990,000	4,490,000	500,000
Administrative Allowances	655,000	655,000	0
<b>TOTAL REVENUES</b>	<b>53,095,000</b>	<b>57,215,000</b>	<b>4,120,000</b>

Summer Quarter tuition revenue is projected to increase by \$1,120,000 for FY 2009 due to increased tuition rates. The investment income revenue estimate for FY 2009 is increased by \$2,000,000 over the FY 2008 level. The “miscellaneous fees” category is projected to increase by \$500,000 due to moderate increases in fee revenue. Overhead revenue from the UW/Bothell and UW/Tacoma campuses is projected to increase by \$500,000 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 2009.

Use of Fund Balance. The proposed FY 2009 budget uses \$1,000,000 in fund balance to support year four of a five-year commitment to establish the Chief Investment Office pilot and \$2,000,000 for startup funds for selected new faculty.

## FY 2009 Core Education Budget Allocations

The new allocations in the FY 2009 Core Education Budget are summarized below:

<u>Core Education Budget</u>	<u>FY 09 Allocations</u>
<b><u>Workplace of Choice - Competitive Compensation</u></b>	
Salaries	23,568,000
Benefits	3,056,000
Subtotal	26,624,000
<b><u>Expand Access to UW</u></b>	
UW Seattle	9,435,000
UW Bothell	4,302,000
UW Tacoma	5,225,000
Subtotal	18,962,000
<b><u>Attract a Diverse and Excellent Student Body</u></b>	
Attract/Retain Diverse Students	1,509,000
Subtotal	1,509,000
<b><u>Academic Program Excellence</u></b>	
Academic Program Support	1,980,000
Strengthening Interdisciplinary Programs	1,650,000
Subtotal	3,630,000
<b><u>Integrity/Compliance/Stewardship Investments</u></b>	
General Administrative Support	1,902,000
Administrative Computing System Investments	3,000,000
Subtotal	4,902,000
<b><u>Other Adjustments</u></b>	
Required Cost Increases/Adjustments	1,194,000
Miscellaneous Legislative Actions	498,000
	1,692,000
<b><u>Use of Fund Balance</u></b>	3,000,000

## Comments on FY 2009 Core Education Budget Allocations

The incremental FY 2009 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 2.0 percent 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 2009 budget. For salaries, this proposal assumes:

For faculty: a 2.0 percent regular merit increase effective September 1, 2008; a 2.0 percent additional merit/compression/equity increase effective September 1, 2008; a 0.5 percent increase to each unit to address retention issues; \$650,000 to fund promotional increases; a \$1,783,000 pool 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; and adjustments to faculty positions below the minimum salary level.

For teaching and research assistants: a 2.5 percent increase effective July 1, 2008.

For professional staff and librarians: a 4.0 percent increase, based on merit, effective September 1, 2008; 0.5 percent to address retention issues; and a small amount for adjustments to staff positions below market minimum salary levels.

For represented classified staff: either a 3.0 percent cost of living increase or a 2.0 percent cost of living increase plus the addition of a new top step that employees at the top step in their classification would be eligible for.

For non-represented classified staff: a 2.0 percent cost of living increase effective September 1, 2008.

Taken together, the salary and benefits allocations in the proposed FY 2009 Core Education Budget total \$26,624,000.

#### Expand Access to UW.

The proposed FY 2009 Core Education Budget expands enrollment at all three University of Washington campuses:

105 graduate FTE and 240 undergraduate math, science and engineering student FTE are added at the UW/Seattle campus;

220 general undergraduate FTE; 30 graduate FTE; and 5 undergraduate math, science and engineering student FTE are added at the UW/Bothell campus; and

240 general undergraduate FTE; 30 graduate FTE; and 5 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 College of Architecture and Urban Planning's construction management program, the College of Arts & Sciences math and science programs, and the College of Engineering programs. The state budget provides \$1,640,000 in additional funding for expansion of Medicine's WWAMI program and Dentistry's RIDE program at the Spokane site and \$500,000 to expand the Global Health Department's teaching and research programs.

Program support is provided for a number of colleges and schools, including \$2,524,000 for Arts and Sciences, \$1,000,000 for Engineering, \$1,000,000 for Nursing, \$672,000 for Pharmacy, \$40,000 for Public Health's undergraduate courses, \$90,000 for Dentistry's implementation of an upgraded clinic management system, and \$40,000 for Education's early childhood program.

Revenue from tuition increases for the academic year plus summer quarter for UW/Bothell and UW/Tacoma total \$5,865,000, and investments will be made at each of those campuses in their budgeting processes.

#### Attract a Diverse and Excellent Student Body.

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: \$112,000 for Student Counseling Office staffing; \$100,000 for Admissions Office staffing; \$100,000 for Financial Aid Office scholarship awards staffing; \$670,000 in permanent funds to convert a temporary commitment to provide teaching assistants in Arts & Science's introductory or bottleneck courses; \$375,000 approved in the state budget for international learning opportunities; \$60,000 to Undergraduate Academic Affairs for the honors program and to expand experiential learning opportunities; \$62,000 to the Office of Minority Affairs for operations support for various programs; and \$30,000 to the Office of Minority Affairs' Instructional Center for additional tutoring support to increase access to high demand majors. These proposed investments total \$1,509,000 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 2009 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 2009 budget are shown in the table below:

**Increases in Financial Aid Allocations for FY 2009**  
 (Based on the Application of Current Financial Aid Policy  
 and the Tuition Increases in the Proposed FY 2009 Budget)

	FY 2008 Adopted	FY 2009 Proposed	Difference
Undergraduate Merit/Need Waivers	6,850,000	7,473,000	623,000
Undergraduate Financial Aid Grants	6,788,000	7,352,000	564,000
<b>Subtotal: Undergraduate Merit/Need Waivers &amp; Grants</b>	<b>13,638,000</b>	<b>14,825,000</b>	<b>1,187,000</b>
Graduate Merit/Need Waivers	4,198,000	4,580,000	382,000
Graduate Financial Aid Grants	4,160,000	4,506,000	346,000
<b>Subtotal: Graduate Professional Merit/Need Waivers &amp; Grants</b>	<b>8,358,000</b>	<b>9,086,000</b>	<b>728,000</b>
TA/RA Tuition Waivers	47,496,000	49,760,000	2,264,000
Other Tuition Waivers	11,528,000	12,414,000	886,000
<b>Subtotal: Teaching/Research &amp; other Tuition Waivers</b>	<b>59,024,000</b>	<b>62,174,000</b>	<b>3,150,000</b>
<b>Total All Sources:</b>	<b>81,020,000</b>	<b>86,085,000</b>	<b>5,065,000</b>

The UW's current financial aid policy of utilizing 3.5 percent of tuition operating fee collections for financial aid grants and providing merit/need tuition waivers equal to 4 percent of tuition costs will provide \$1,187,000 in additional financial aid resources to needy undergraduate resident students in the 2008-09 academic year.

The 7 percent increase in the undergraduate resident tuition for the 2008-09 academic year will generate \$210,000 in additional unfunded need for undergraduate students in the 2008-09 academic year. The Regents have adopted a policy of meeting 55 percent of this additional need through financial aid grants and tuition waivers. To meet this policy goal next year given a 7 percent increase in undergraduate resident tuition, \$116,000 in additional grant and tuition waiver financial aid has to be made available to undergraduate resident students next year. The increase of \$1,187,000 in financial aid grants and tuition waivers available for undergraduate students in FY 2009 exceeds the commitment made by the Regents by \$1,071,000.

Given the proposed tuition levels for the 2008-09 academic year, graduate appointees qualifying for the non-resident tuition differential waiver and for the operating fee tuition waiver will have \$2,264,000 in additional tuition waiver benefits in FY 2009. In addition, the UW's current financial aid policy of utilizing 3.5 percent of tuition operating fee collections for financial aid grants and providing merit/need tuition waivers equal to 4 percent of tuition will make \$728,000 of additional financial aid available to graduate and professional students in the 2008-09 academic year.

Academic Program Excellence. As shown in Table 2, the proposed FY 2009 core Education Budget allocates \$3,630,000 toward academic program excellence. The detailed allocations

appear in Appendix 2. The state provided \$1,000,000 to create an e-Science Institute. Funding is provided to the UW Libraries and the Law Library to help cover inflationary cost increases for the purchase of library materials, totaling \$780,000. A significant investment of \$1,650,000 is proposed to strengthen interdisciplinary programs. An allocation of \$50,000 is made to Global Affairs for international scholarship programs, and \$200,000 in matching funds is provided for Title VI grant-funded outreach centers.

Integrity/Compliance/Stewardship Investments. A number of investments are proposed in three specific areas: \$1,192,000 for research administration support, which will be funded out of the Restricted Budget, \$1,815,000 for general administrative support and \$3,000,000 for administrative computing system investments. Details appear in Appendix 2.

Investments in general administrative support investments include: \$450,000 to support operations costs related to the 685-SAFE hotline; \$80,000 for Academic Human Resources Office staffing; \$186,000 to increase staffing in Human Resources, and \$200,000 to increase staffing in the Internal Audit Office. The Office of Information Management will receive \$289,000 for staffing increases plus \$100,000 to cover ongoing maintenance costs of system modifications related to civil service reform and benefits management. The Office of External Affairs will receive \$130,000 for a public records imaging system. Funds are proposed to increase staffing for the Office of Planning and Budgeting upon arrival of the new Vice Provost and \$300,000 in temporary consulting funds to conduct an activity-based budgeting analysis for the UW.

The proposed budget includes \$3,000,000 to implement technology investment recommendations made by the Information Management Advisory Committee (IMAC).

Required Cost Increases/Adjustments. The proposed FY 2009 Core Education Budget includes \$1,194,000 for required cost increases and adjustments – specific allocations are listed in Appendix 3. Significant reductions in natural gas and risk management costs provided \$3,500,000 in savings. The largest increase is in operations and maintenance for the UW Tower; the state provided \$1,337,000 and the UW is providing an additional \$1,500,000. 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 2009 Core Education Budget includes a total investment of \$498,000 for miscellaneous legislative actions that were not included in the university’s original state budget request. The detail is listed in Appendix 2.

## **FY 2009 Restricted Operating Budget Discussion**

The proposed FY 2009 Restricted Programs Budget is presented in Table 4.

### Changes in Revenues

The changes in revenues supporting the FY 2009 Restricted Programs Budget are summarized below:

<b>Revenue Source</b>	<b>FY 2008 Proposed</b>	<b>FY 2009 Proposed</b>	<b>Change</b>
Grant and Contract Direct Costs	816,080,000	832,402,000	16,322,000
Grant and Contract Indirect Costs	196,000,000	203,000,000	7,000,000
Gifts	125,466,000	130,485,000	5,019,000
State Restricted Funds	6,627,000	6,742,000	115,000
<b>TOTAL REVENUES</b>	<b>1,144,173,000</b>	<b>1,172,629,000</b>	<b>28,456,000</b>

### Comments on Changes in Revenues

Budgeted revenues in the proposed FY 2009 Restricted Programs Budget increase by \$28,456,000 over the FY 2008 budgeted level: grant and contract direct cost increases by \$16,322,000; grant and contract indirect cost increases by \$7,000,000; gift and endowment revenue is projected to increase by \$6,019,000; and State Restricted Funds increase by \$115,000. 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 2 percent in FY 2009 – an increase of \$16,322,000 over the current fiscal year.

Grant and Contract Indirect Cost. As direct costs for grants and contracts are projected to be slightly higher in FY 2009 than in FY 2008, 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 percent over the budgeted level for FY 2008.

Gifts. Revenues to gift and endowment spending accounts are projected to increase by \$5,019,000 in FY 2009. 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 2009 (an increase of \$115,000 over FY 2008) for these State Restricted Funds simply reflect changes in state appropriations.

## FY 2009 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 2009. 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 2009 supported by indirect cost recovery resources are summarized below.

<b><u>Restricted Budget - Indirect Cost Recovery</u></b>	<b>FY 2009 Allocations</b>
<b><u>Workplace of Choice - Competitive Compensation</u></b>	
Salaries	2,443,000
Benefits	200,000
<hr/> Subtotal	<hr/> 2,643,000
<b><u>Investments in Research Excellence</u></b>	
Research Cost Recovery Allocation Change	550,000
Dedicated Indirect Cost Recovery Changes	2,278,000
Library Materials Inflation	250,000
<hr/> Subtotal	<hr/> 3,078,000
<b><u>Integrity/Compliance/Stewardship Investments</u></b>	
Research Administration Support	1,192,000
General Administrative Support	43,000
<hr/> Subtotal	<hr/> 1,235,000
<b><u>Required Cost Increases/Adjustments</u></b>	2,152,000

### Comments on FY 2009 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, totaling \$2,643,000. There will be a \$2,108,000 temporary decrease in benefits costs due to a one-time savings in health care costs. This decrease will be restored in FY 2010.

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 is expected to increase by \$550,000 in FY 2009. This amount is calculated based on a formula and the increase in the allocation for FY 2009 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 paying 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. An allocation of \$1,000,000 is projected to cover an increase in O&M for the Brotman Building, and another \$1,000,000 to cover O&M on the South Lake Union 2 building that will be completed and occupied early in FY 2009. An allocation of \$250,000 is also proposed to provide a portion of the funds to cover library materials inflation.

#### Integrity/Compliance/Stewardship Investments

Five investments are proposed in research administration support (and are listed in Appendix 2): \$115,000 to increase staffing in Environment Health and Safety for compliance monitoring, \$30,000 to support the ongoing faculty grants management training program, \$400,000 to increase staffing in Grant & Contract Accounting, \$300,000 in temporary funds to Management Accounting and Analysis for ICR cost study preparation costs; and \$347,000 to increase staffing in the Office of Sponsored Programs and the Human Subjects Office to support internal review board activities. Finally, a portion of the total funds allocated to increase staffing in the Internal Audit Office will come from the restricted budget.

#### Required Cost Increases.

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 budget for the institutional budgets decreased overall by \$309,000, due to large reductions in natural gas and risk management costs and relatively small increases in other items. The largest increase is associated with an extensive upgrade planned for animal facilities in the Health Sciences Center to address issues raised in the AALAC accreditation review. An allocation of \$1,375,000 is proposed to cover the debt service on the bonds to finance these upgrades, and an additional allocation of \$826,000 is needed for debt service associated with the construction of the part of the UW Tower Data Center that will support research activities. Debt service for the Benjamin Hall and Foege buildings increases by \$260,000 because variable rate debt has been replaced with fixed rate debt.

## FY 2009 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:

<b>Revenue Source</b>	<b>FY 2008 Proposed</b>	<b>FY 2009 Proposed</b>	<b>Change</b>
UW Medical Center	613,267,000	637,798,000	24,531,000
Auxiliary Enterprises	304,915,000	317,112,000	12,197,000
Auxiliary Educational Activities	182,847,000	190,161,000	7,314,000
Institutional Overhead	14,750,000	15,268,000	518,000
<b>TOTAL REVENUES</b>	<b>1,115,779,000</b>	<b>1,160,339,000</b>	<b>44,560,000</b>

Based on financial results over the last few years, inflationary increases in revenues have been projected for FY 2009 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 2009 Capital Budget Discussion**

The proposed FY 2009 Capital Budget is presented in Table 5 and includes approval of \$16,212,500 in state capital funding appropriated in the 2007-09 legislative session and 2008 supplemental legislative session. The FY 2009 Capital Budget also includes \$333,923,623 in non-state funds from donors, indirect cost recovery, enterprise unit funds, transfers from unrestricted operating funds, UW local bonds, and Sound Transit mitigation funds, for a total of \$350,136,123 in capital funds for FY 2009 from both state and non-state sources.

### Restore the Core

\$1,338,000 in UW local funds for unanticipated cost escalation in the Playhouse Theater project is included in the FY 2009 capital budget.

### Capacity Expansion, New Program and Infrastructure Investments

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 \$11,300,000 in UW revenue bond funds.

Funding of \$26,124,000 is included for the improvements to animal care facilities. The fund sources include \$25,000,000 in UW revenue bond funds, and \$1,124,000 in UW local funds.

Construction funding in the amount of \$166,000,000 for the proposed expansion of the UW Medical Center is included in the FY 2009 budget.

The FY 2009 Capital Budget provides a total of \$95,000,000 for construction of PACCAR Hall. Funding sources include \$75,000,000 in donor funds, and \$20,000,000 in UW revenue bond funds.

West Campus Garage Construction funding of \$17,900,000 for West Campus Garage is also included in the FY 2009 Capital Budget. The funding sources include \$10,000,000 in Sound Transit mitigation funds; \$5,100,000 in UW revenue bond funds approved in 2004; and \$2,800,000 in new UW revenue bond funds.

### Supplemental 08 Appropriations

The FY 2009 Capital Budget includes \$ 2,000,000 in state funding for UW Tacoma Land Acquisition, and \$1,000,000 for Tacoma soils remediation. \$300,000 in state funds is also provided for predesign for the Burke Museum.

### Minor Works

In addition to the major projects described above, non-appropriated local funds will provide almost \$13,900,000 in FY 2009 for facilities modernization, facilities preservation, and safety and utilities improvements.

**Table 1  
University of Washington Fiscal Year 2009 Proposed Operating Budget**

<b>Budget Category</b>	<b>FY 2008 Adopted</b>	<b>FY 2009 Proposed</b>
<b>CORE EDUCATION BUDGET</b>		
<b>Core Education Budget</b>		
<b>Revenues</b>		
State General Fund	390,664,000	401,707,000
Tuition Operating Fee	272,000,000	295,500,000
Designated Operating Fund	53,095,000	57,215,000
<u>Subtotal: Ongoing Core Education Revenues</u>	<u>715,759,000</u>	<u>754,422,000</u>
Use of Fund Balance for Temporary Expenditures	1,000,000	3,000,000
<b>Total Revenues</b>	<b>716,759,000</b>	<b>757,422,000</b>
<b>Expenditures</b>		
Ongoing Core Education Expenditures	715,759,000	754,422,000
One-time/temporary Expenditures	1,000,000	3,000,000
<b>Total Expenditures</b>	<b>716,759,000</b>	<b>757,422,000</b>
<b>RESTRICTED OPERATING BUDGET</b>		
<b>Revenues</b>		
Grant and Contract Direct Costs	816,080,000	832,402,000
Grant and Contract Indirect Costs	196,000,000	203,000,000
Gifts	125,466,000	130,485,000
State Restricted Funds	6,627,000	6,742,000
<b>Total Revenues</b>	<b>1,144,173,000</b>	<b>1,172,629,000</b>
<b>Expenditures</b>	<b>1,144,173,000</b>	<b>1,172,629,000</b>
<b>ACADEMIC ENHANCEMENT/SUPPORT BUDGET</b>		
<b>Revenues</b>		
UW Medical Center	613,267,000	637,798,000
Auxiliary Enterprises	304,915,000	317,112,000
Auxiliary Educational Activities	182,847,000	190,161,000
Institutional Overhead	14,750,000	15,268,000
<b>Total Revenues</b>	<b>1,115,779,000</b>	<b>1,160,339,000</b>
<b>Expenditures</b>	<b>1,115,779,000</b>	<b>1,160,339,000</b>
<b>TOTAL OPERATING BUDGET</b>		
<b>Revenues</b>	<b>2,976,711,000</b>	<b>3,090,390,000</b>
<b>Expenditures</b>	<b>2,976,711,000</b>	<b>3,090,390,000</b>

**Table 2**  
**Proposed Budget**  
**Core Education Operating Budget for Fiscal Year 2009**

	FY 2008 Adopted	FY 2009 Proposed	Comment
<b><u>REVENUES</u></b>			
State General Fund	390,664,000	401,707,000	
Tuition Operating Fee	272,000,000	295,500,000	
Designated Operating Fund	53,095,000	57,215,000	
Subtotal: Ongoing Core Ed Revenues	715,759,000	754,422,000	
Use of Fund Balance for Temporary Expenditures	1,000,000	3,000,000	
<b>TOTAL REVENUES</b>	<b>716,759,000</b>	<b>757,422,000</b>	
<b><u>EXPENDITURES</u></b>			
<b><u>Adjusted Base Budget</u></b>	716,759,000	713,734,000	
<b><u>Workplace of Choice - Competitive Compensation</u></b>			
Salaries		23,568,000	<i>See Appendix 1</i>
Benefits		3,056,000	<i>See Appendix 1</i>
Subtotal		26,624,000	
Temporary Reduction in Health Benefits Costs (Legislative Action)		(16,631,000)	
<b><u>Expand Access to UW</u></b>			
UW Seattle		9,435,000	<i>See Appendix 2</i>
UW Bothell		4,302,000	<i>See Appendix 2</i>
UW Tacoma		5,225,000	<i>See Appendix 2</i>
Subtotal		18,962,000	
<b><u>Attract a Diverse and Excellent Student Body</u></b>			
Attract/Retain Diverse Students		1,509,000	<i>See Appendix 2</i>
Subtotal		1,509,000	
<b><u>Academic Program Excellence</u></b>			
Academic Program Support		1,980,000	<i>See Appendix 2</i>
Strengthening Interdisciplinary Programs		1,650,000	
Subtotal		3,630,000	
<b><u>Integrity/Compliance/Stewardship Investments</u></b>			
General Administrative Support		1,902,000	<i>See Appendix 2</i>
Administrative Computing System Investments		3,000,000	<i>See Appendix 2</i>
Subtotal		4,902,000	
<b><u>Other Adjustments</u></b>			
Required Cost Increases/Adjustments		1,194,000	<i>See Appendix 3</i>
Miscellaneous Legislative Actions		498,000	<i>See Appendix 2</i>
<b>SUBTOTAL: ONGOING CORE EDUCATION EXPENDITURES</b>		<b>754,422,000</b>	
<b><u>Use of Fund Balance</u></b>		3,000,000	<i>See Table 3</i>
<b>TOTAL EXPENDITURES</b>		<b>757,422,000</b>	

**Table 3**  
**Core Education Budget**  
**Proposed Temporary Investments from Fund Balance for Fiscal Year 2009**

<u>Temporary Investments</u>	<u>FY 2009 Proposed</u>	<u>Comments</u>
Chief Investment Office Pilot Project	1,000,000	<i>Fourth year of five-year commitment</i>
Start-up Packages for selected new faculty positions	2,000,000	
<b>TOTAL EXPENDITURES</b>	<b>3,000,000</b>	

**Table 4  
Proposed Budget  
Restricted Programs Budget for Fiscal Year 2009**

	<b>FY 2008 Adopted</b>	<b>FY 2009 Proposed</b>	<b>Comments</b>
<b><u>REVENUES</u></b>			
Grant and Contract Direct Cost	816,080,000	832,402,000	
Grant and Contract Indirect Cost	196,000,000	203,000,000	
Gifts	125,466,000	130,485,000	
State Restricted Funds	6,627,000	6,742,000	
<b>TOTAL REVENUES</b>	<b>1,144,173,000</b>	<b>1,172,629,000</b>	
<b><u>EXPENDITURES</u></b>			
Grant and Contract Direct Cost	816,080,000	832,402,000	
Gifts	125,466,000	130,485,000	
State Restricted Funds	6,627,000	6,742,000	
Subtotal	948,173,000	969,629,000	
<b><u>Indirect Cost Recovery:</u></b>			
<b><u>Adjusted Base ICR Budget</u></b>	196,000,000	196,000,000	
<b><u>Workplace of Choice - Competitive Compensation:</u></b>			
Salaries		2,443,000	<i>See Appendix 1</i>
Benefits		200,000	<i>See Appendix 1</i>
Subtotal		2,643,000	
Temporary Reduction in Health Benefits Costs		(2,108,000)	
<b><u>Investments in Research Excellence</u></b>			
Research Cost Recovery Allocation Change		550,000	<i>See Appendix 3</i>
Dedicated Indirect Cost Recovery Changes		2,278,000	<i>See Appendix 3</i>
Library Materials Inflation		250,000	<i>See Appendix 2</i>
Subtotal		3,078,000	
<b><u>Integrity/Compliance/Stewardship Investments</u></b>			
Research Administration Support		1,192,000	<i>See Appendix 2</i>
General Administrative Support		43,000	<i>See Appendix 2</i>
Subtotal		1,235,000	
<b><u>Required Cost Increases/Adjustments</u></b>			
		2,152,000	<i>See Appendix 3</i>
<b>TOTAL INDIRECT COST RECOVERY BUDGET</b>		<b>203,000,000</b>	
<b>TOTAL EXPENDITURES</b>		<b>1,172,629,000</b>	

**Table 5**  
**Proposed Capital Budget for Fiscal Year 2009**

<b>FY 2009 Capital Budget Proposal</b>	<b>FY 2008 Proposed</b>	<b>FY 2009 Planned</b>
<b>REVENUE</b>		
<b>Funding for FY 2007 Projects</b>		
Projects Approved in FY 2007	378,280,308	
Substantially Completed/Cancelled Projects	<u>(140,094,835)</u>	
<b>Previously Approved Continuing Projects</b>	<b>238,185,473</b>	
<b>Funding for FY 2008 and 2009 Projects</b>		
<b>State Funds</b>	156,535,500	16,212,500
<b>Non-State Funds</b>		
UW Building Account - Local Funds	31,000,000	
Donor/ICR - Local Funds	10,900,000	90,723,623
Enterprise Unit Funds	4,000,000	6,000,000
Transfer from Unrestricted Local Funds	3,000,000	3,000,000
UW Bonds	24,050,377	224,200,000
Federal Grants/ Sound Transit		10,000,000
<b>Subtotal, Non-State Funds</b>	<b>72,950,377</b>	<b>333,923,623</b>
<b>Total, New Funds</b>	<b>229,485,877</b>	
<b>TOTAL REVENUE</b>	<b>467,671,350</b>	<b>350,136,123</b>
<b>EXPENDITURES</b>		
<b>Previously Approved Continuing Projects</b>	<b>238,185,473</b>	
<b>Proposed FY 2009 Projects</b>		
<b>Major Projects</b>		
Savery Hall - C	54,910,000	
Clark Hall - C	15,554,000	
Playhouse Theater - C	6,578,000	1,338,000
MHSC H - Wing - C	16,412,000	
Denny Hall - P/D	4,000,000	
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	13,661,623
Animal Facilities Improvements	2,000,000	26,124,000
UWMC Expansion/Renovation	4,000,000	166,000,000
PACCAR Hall - Business School Bldg, Phase I		95,000,000
West Campus Parking Garage		17,900,000
Tacoma Land Acquisition		2,000,000
Tacoma Soils Remediation		1,000,000
Burke Museum - P		300,000
<b>Subtotal, Major Projects</b>	<b>172,673,377</b>	<b>323,323,623</b>
<b>Minor Projects</b>		
Minor Works - Facility Preservation "A"	23,000,000	
Minor Works - Program "A"	18,900,000	13,900,000
<b>Subtotal, Minor Projects</b>	<b>41,900,000</b>	<b>13,900,000</b>
<b>Preventative Facility Maintenance and Building System Repairs</b>	<b>12,912,500</b>	<b>12,912,500</b>
<b>Total, New Projects for FY 08 and FY 09</b>	<b>227,485,877</b>	<b>350,136,123</b>
<b>TOTAL EXPENDITURES</b>	<b>465,671,350</b>	<b>350,136,123</b>
P - Planning, D-Design, C-Construction		

**Appendix 1**

**WORKPLACE OF CHOICE: COMPETITIVE COMPENSATION FOR FISCAL YEAR 2009**

<b>Item</b>	<b>FY 2009 Change</b>	<b>FY 2009 Amount to Core Educ.</b>	<b>FY 2009 Amount to ICR</b>
<b><u>SALARIES</u></b>			
<b>Faculty</b>			
2% regular merit (eff 9/1/08)	5,381,000	5,381,000	0
2% merit/compression/equity (eff 9/1/08)	5,381,000	5,381,000	0
.5% college/school retention	1,345,000	1,345,000	0
Unit adjustments	1,783,000	1,783,000	0
Promotions	650,000	650,000	0
Faculty Floor Adjustments	50,000	50,000	0
<b>Professional Staff/Librarians</b>			
4% merit/compression/equity (eff 9/1/08)	6,793,000	5,222,000	1,571,000
.5% college/school retention	850,000	653,000	197,000
Grade 5-10 market minimums	50,000	50,000	0
<b>Teaching/Research Assistants</b>			
2.5% continuing merit (eff 7/1/08)	573,000	573,000	0
<b>Represented Classified Staff (eff. 7/1/08) 3.0 or 2.0 plus 2.5 top step, based on bargaining unit</b>	<b>2,768,000</b>	<b>2,127,000</b>	<b>641,000</b>
<b>Non-Rep Classified Staff 3% (eff. 9/1/08)</b>	<b>305,000</b>	<b>271,000</b>	<b>34,000</b>
<b>Classification Revisions/Salary Survey</b>	<b>2,000</b>	<b>2,000</b>	<b>0</b>
<b>Library Hourly Minimum Wage</b>	<b>80,000</b>	<b>80,000</b>	<b>0</b>
<b>Total Salaries</b>	<b>26,011,000</b>	<b>23,568,000</b>	<b>2,443,000</b>
<b><u>BENEFITS</u></b>			
<b>Employer share of health benefits</b>			
Benefits	1,902,000	1,902,000	0
<b>Other</b>			
TA/RA Health Insurance	252,000	252,000	0
Pension Plan 1 COLA Funding	1,000	1,000	0
PERS pension change	851,000	851,000	0
Adjustment to DOF Benefit Budgets	250,000	50,000	200,000
<b>Total Benefits</b>	<b>3,256,000</b>	<b>3,056,000</b>	<b>200,000</b>
<b><u>TOTAL COMPENSATION</u></b>			
	<b>29,267,000</b>	<b>26,624,000</b>	<b>2,643,000</b>
One time Benefit Rate Reduction (Legislative Action)	(16,071,000)	(16,071,000)	0
Comparable benefit rate reduction (Local)	(2,668,000)	(560,000)	(2,108,000)

**Appendix 2**  
**INVESTMENTS IN ACADEMIC PROGRAM AND RESEARCH EXCELLENCE**

<b>Item</b>	<b>FY 2009 Change</b>	<b>FY 2009 Amount to Core Educ.</b>	<b>FY 2009 Amount to ICR</b>
<b><u>Expand Access to UW</u></b>			
<b>UW Seattle</b>			
Medicine/Dentistry expansion (WWAMI/RIDE)	1,640,000	1,640,000	0
Expand access - UG construction management	45,000	45,000	0
Expand access - UG A&S math and science	800,000	800,000	0
Expand access - UG Engineering programs	1,084,000	1,084,000	0
Program support - Arts & Sciences	2,524,000	2,524,000	0
Program support - Engineering	1,000,000	1,000,000	0
Program support - Nursing	1,000,000	1,000,000	0
Program support - Pharmacy	672,000	672,000	0
Program support - Public Health (UG courses)	40,000	40,000	0
Program support - Dentistry	90,000	90,000	0
Program support - Education (early childhood prog)	40,000	40,000	0
Global Health Dept expansion (Legislative Action)	500,000	500,000	0
<b>Subtotal</b>	<b>9,435,000</b>	<b>9,435,000</b>	<b>0</b>
<b>UW Bothell</b>			
Expand access - UG high demand programs	47,000	47,000	0
Expand access - UG general enrollments	1,276,000	1,276,000	0
Expand access - Graduate programs	450,000	450,000	0
FY 09 tuition increase revenue	2,079,000	2,079,000	0
Summer Qtr tuition allocation	450,000	450,000	0
<b>Subtotal</b>	<b>4,302,000</b>	<b>4,302,000</b>	<b>0</b>
<b>UW Tacoma</b>			
Expand Access - UG high demand programs	47,000	47,000	0
Expand access - UG general enrollments	1,392,000	1,392,000	0
Expand access - Graduate programs	450,000	450,000	0
FY 09 tuition increase revenue	2,786,000	2,786,000	0
Summer Qtr tuition allocation	550,000	550,000	0
<b>Subtotal</b>	<b>5,225,000</b>	<b>5,225,000</b>	<b>0</b>
<b><u>Attract/Retain Diverse Students</u></b>			
Student Counseling Office staffing	112,000	112,000	0
Admissions Office staffing	100,000	100,000	0
Financial Aid office staffing - Scholarship awards	100,000	100,000	0
Teaching assistants for intro/bottleneck courses (A&S)	670,000	670,000	0
International learning opportunities	375,000	375,000	0
Expand experiential learning opportunities	30,000	30,000	0
Honors program	30,000	30,000	0
Minority Affairs operations	62,000	62,000	0
Instructional Center - additional tutoring support	30,000	30,000	0
<b>Subtotal</b>	<b>1,509,000</b>	<b>1,509,000</b>	<b>0</b>

**Appendix 2**  
**INVESTMENTS IN ACADEMIC PROGRAM AND RESEARCH EXCELLENCE**

<b>Item</b>	<b>FY 2009 Change</b>	<b>FY 2009 Amount to Core Educ.</b>	<b>FY 2009 Amount to ICR</b>
<b><u>Academic Program Support</u></b>			
e-Science Institute (Legislative Action)	1,000,000	1,000,000	0
Library materials inflation	750,000	500,000	250,000
Law library materials	30,000	30,000	0
Title VI outreach centers - grant matches	200,000	200,000	0
Global Affairs - international scholarship programs	50,000	50,000	0
WWAMI offset (assuming 10% tuition incr)	200,000	200,000	0
Subtotal	2,230,000	1,980,000	250,000
<b><u>Integrity/Compliance/Stewardship</u></b>			
<b>Research Administration Support</b>			
EH&S Compliance monitoring staff	115,000	0	115,000
Faculty grants management training	30,000	0	30,000
Grant & Contract Accounting Staffing	400,000	0	400,000
ICR study preparation costs	300,000	0	300,000
OSP & IRB staffing	347,000	0	347,000
Subtotal	1,192,000	0	1,192,000
<b>General Administrative Support</b>			
685-SAFE operations costs	450,000	450,000	0
Academic HR staffing	80,000	80,000	0
Human Resources staffing	186,000	186,000	0
Internal Audit staffing	200,000	157,000	43,000
Office of Information Management staffing	289,000	289,000	0
Information Management - DRS/CSR system support	100,000	100,000	0
Public Records imaging system	130,000	130,000	0
Planning & Budgeting staffing	210,000	210,000	0
Consultant - Activity based budgeting analysis	300,000	300,000	0
Subtotal	1,945,000	1,902,000	43,000
<b>Administrative Computing System Investments</b>			
IMAC technology investment recommendations	3,000,000	3,000,000	0
<b><u>Miscellaneous Legislative Actions</u></b>			
Greenhouse Gas Emissions	76,000	76,000	0
Disabilities Research Grants	50,000	50,000	0
ILABS - brain & learning institute	150,000	150,000	0
Ruckelshaus Center Land Use Study	125,000	125,000	0
Ruckelshaus Center Patient Safety Study	97,000	97,000	0
Subtotal	498,000	498,000	0
<b>TOTAL INVESTMENTS IN ACADEMIC PROGRAM &amp; RESEARCH EXCELLENCE</b>	29,336,000	27,851,000	1,485,000

**Appendix 3**  
**REQUIRED COST INCREASES/ADJUSTMENTS**

<b>Item</b>	<b>FY 2009 Change</b>	<b>FY 2009 Amount to Core Educ.</b>	<b>FY 2009 Amount to ICR</b>
<b><u>Institutional Budgets</u></b>			
<b>Utilities:</b>			
Electricity	559,000	439,000	120,000
Natural gas	(3,000,000)	(2,355,000)	(645,000)
Water/sewer	460,000	361,000	99,000
Solid waste	(126,000)	(99,000)	(27,000)
Power plant operations	30,000	24,000	6,000
<b>Subtotal utilities:</b>	<b>(2,077,000)</b>	<b>(1,630,000)</b>	<b>(447,000)</b>
<b>Other institutional budgets:</b>			
Property rentals-general	(600,000)	(471,000)	(129,000)
Prop. rental-Sand Point central	(150,000)	(118,000)	(32,000)
Prop. rental-Sand Point unassigned	30,000	24,000	6,000
Wellington Hills	(40,000)	(40,000)	0
AFRS interface expense	600,000	471,000	129,000
Institutional financial audit	88,000	69,000	19,000
Institutional overhead offset	(518,000)	(518,000)	0
Risk management	(1,716,000)	(1,286,000)	(430,000)
Transportation subsidy	(349,000)	(274,000)	(75,000)
Campus Mailing Services operations - UW Tower	130,000	130,000	0
Combined Fund Drive operations	100,000	100,000	0
GOF revolving fund budget adjustments	80,000	80,000	0
Adjustments to correct carryforward budget level	1,300,000	650,000	650,000
<b>Subtotal other institutional budgets:</b>	<b>(1,045,000)</b>	<b>(1,183,000)</b>	<b>138,000</b>
<b><u>Debt Service</u></b>			
Animal facilities upgrades debt service	1,375,000	0	1,375,000
Data center debt service	826,000	0	826,000
Benjamin Hall & Foege Building debt service	260,000	0	260,000
<b>Subtotal Debt Service</b>	<b>2,461,000</b>	<b>0</b>	<b>2,461,000</b>
<b><u>UW Tower</u></b>			
UW Tower Operations (Legislative Action)	1,337,000	1,337,000	0
UW Tower Operations (Additional UW Funding)	1,500,000	1,500,000	0
UW Tower Parking Lots - Debt Svc	900,000	900,000	0
<b>Subtotal UW Tower</b>	<b>3,737,000</b>	<b>3,737,000</b>	<b>0</b>
<b><u>Other Issues</u></b>			
Benjamin Hall O&M payment	(430,000)	(430,000)	0
Summer quarter cost increase	700,000	700,000	0
<b>Subtotal Other Issues</b>	<b>270,000</b>	<b>270,000</b>	<b>0</b>
<b>Subtotal Required Cost Increases</b>	<b>3,346,000</b>	<b>1,194,000</b>	<b>2,152,000</b>

**Appendix 3**  
**REQUIRED COST INCREASES/ADJUSTMENTS**

<b>Item</b>	<b>FY 2009 Change</b>	<b>FY 2009 Amount to Core Educ.</b>	<b>FY 2009 Amount to ICR</b>
<b><u>Research Cost Recovery Policy Allocation</u></b>			
RCR adjustment to FY08 actual	200,000	0	200,000
FY09 RCR change	350,000	0	350,000
<b>Subtotal Policy Application</b>	<b>550,000</b>	<b>0</b>	<b>550,000</b>
<b><u>Dedicated Indirect Cost Recovery Dollars</u></b>			
Brotman Bldg (815 Mercer)	1,000,000	0	1,000,000
South Lake Union 2	1,000,000	0	1,000,000
Other Buildings with dedicated ICR	278,000	0	278,000
<b>Subtotal Dedicated Indirect Cost Recovery</b>	<b>2,278,000</b>	<b>0</b>	<b>2,278,000</b>
<b>TOTAL REQUIRED COST INCREASES/ADJUSTMENTS</b>	<b>6,174,000</b>	<b>1,194,000</b>	<b>4,980,000</b>

**Academic Year 2008-09 Tuition Rate Proposals**

	HECB 24 Comparison Group Projection (from 2007-08 Comparison)									
	2007-08 Tuition	2008-09			Proposed UW Tuition & Fees	2007-08 Peer Tuition & Fees	2008-09 Projected Comparison Group Tuition & Fees <sup>2</sup>	2008-09 Projected Comparison Group Percent Increase		
		\$ Increase	% Increase	Proposed Tuition					Estimated Fees	
<b>Undergraduate Resident</b>	5,842	408	7%	6,250	543	6,793	8,093	8,720	7.7%	
<b>Undergraduate Nonresident</b>	21,588	1,079	5%	22,667	543	23,210	22,065	23,523	6.6%	
<b>Graduate Tier I Resident</b>	8,874	621	7%	9,495	543	10,038	9,661	10,401	7.7%	
<b>Graduate Tier I Nonresident</b>	20,921	1,046	5%	21,967	543	22,510	21,028	22,307	6.1%	
<b>Graduate Tier II Resident</b>	9,374	621	7%	9,995	543	10,538				
<b>Graduate Tier II Nonresident</b>	21,421	1,046	5%	22,467	543	23,010				
<b>Graduate Tier III Resident</b>	9,874	621	6%	10,495	543	11,038				
<b>Graduate Tier III Nonresident</b>	21,921	1,046	5%	22,967	543	23,510				
<b>Public Affairs Masters Resident</b>				11,000	543	11,543				
<b>Public Affairs Masters Nonresident</b>				22,500	543	23,043				
<b>PharmD Resident</b>	12,911	1,291	10%	14,202	543	14,745	15,882	17,200	8.7%	
<b>PharmD Nonresident</b>	25,555	2,556	10%	28,111	543	28,654	29,260	31,196	6.6%	
<b>Law Resident</b>	17,303	1,730	10%	19,033	543	19,576	19,178	20,798	8.4%	
<b>Law Nonresident</b>	25,688	2,569	10%	28,257	543	28,800	31,283	33,265	6.3%	
<b>Medicine Resident</b>	16,882	1,688	10%	18,570	543	19,113	24,763	26,545	7.2%	
<b>Medicine Nonresident</b>	40,886	4,089	10%	44,975	543	45,518	41,512	43,571	5.0%	
<b>Dentistry Resident</b>	16,882	1,688	10%	18,570	543	19,113	24,230	26,302	8.6%	
<b>Dentistry Nonresident</b>	40,886	4,089	10%	44,975	543	45,518	42,792	45,470	6.3%	
<b>Nursing Masters and Doctoral Degrees</b>										
<b>UW Seattle</b>										
<b>Nursing Masters/DNP Resident</b>	12,164	1,216	10%	13,380	543	13,923				
<b>Nursing Masters/DNP Nonresident</b>	24,077	2,408	10%	26,485	543	27,028				
<b>UW Bothell/UW Tacoma</b>										
<b>Nursing Masters Resident</b>	9,374	621	7%	9,995	405	10,400				
<b>Nursing Masters Nonresident</b>	21,421	1,046	5%	22,467	405	22,872				
<b>Business Masters Degrees</b>										
<b>UW Seattle</b>										
<b>Business Masters Resident (incoming)</b>	19,300	1,930	10%	21,230	543	21,773	19,027	20,814	9.4%	
<b>Business Masters Nonresident (incoming)</b>	29,000	2,900	10%	31,900	543	32,443	29,791	31,965	7.3%	
<sup>1</sup> <b>Business Masters Resident (continuing)</b>	17,300	2,000	12%	19,300	543	19,843	19,027			
<sup>1</sup> <b>Business Masters Nonresident (continuing)</b>	27,000	2,000	7%	29,000	543	29,543	29,791			

**Academic Year 2008-09 Tuition Rate Proposals**

	HECB 24 Comparison Group Projection (from 2007-08 Comparison)									
	2007-08 Tuition	2008-09			Proposed UW Tuition & Fees	2007-08 Peer Tuition & Fees	2008-09 Projected Comparison Group Tuition & Fees <sup>2</sup>	2008-09 Projected Comparison Group Percent Increase		
		\$ Increase	% Increase	Proposed Tuition					Estimated Fees	
<b>Business Masters Degrees (continued)</b>										
<b>UW Bothell</b>										
<b>Business Masters</b> Resident (incoming)	17,702	885	5%	18,587	405	18,992	19,027	20,814	9.4%	
<b>Business Masters</b> Nonresident (incoming)	24,717	1,236	5%	25,953	405	26,358	29,791	31,965	7.3%	
<sup>1</sup> <b>Business Masters</b> Resident (continuing)	15,948	-	0%	15,948	405	16,353	19,027			
<sup>1</sup> <b>Business Masters</b> Nonresident (continuing)	24,717	-	0%	24,717	405	25,122	29,791			
<b>UW Tacoma</b>										
<b>Business Masters</b> Resident (incoming)	14,048	702	5%	14,750	459	15,209	19,027	20,814	9.4%	
<b>Business Masters</b> Nonresident (incoming)	25,541	1,277	5%	26,818	459	27,277	29,791	31,965	7.3%	
<b>Post-baccalaureate and Non-matriculated Students</b>										
<b>Post- baccalaureate Resident</b>										
taking only undergraduate courses	5,842	409	7%	6,251	543					
taking 1 or more graduate courses	9,874	494	5%	10,368	543					
<b>Post- baccalaureate Nonresident</b>										
taking only undergraduate courses	21,588	1,511	7%	23,099	543					
taking 1 or more graduate courses	21,921	1,096	5%	23,017	543					
<b>Non-matriculated Resident</b>										
taking only undergraduate courses	5,842	409	7%	6,251	543					
taking 1 or more graduate courses	9,874	494	5%	10,368	543					
<b>Non-matriculated Nonresident</b>										
taking only undergraduate courses	21,588	1,511	7%	23,099	543					
taking 1 or more graduate courses	21,921	1,096	5%	23,017	543					