

**VII. STANDING COMMITTEES****A. Academic and Student Affairs Committee**

*In Joint Session with*

**B. Finance, Audit and Facilities Committee****University of Washington Fiscal Year 2011 Operating and Capital Budgets****RECOMMENDED ACTION:**

It is the recommendation of the administration that the Board of Regents, pursuant to its authority under RCW 28B.20.130, the Bylaws of the Board of Regents, and the Board of Regents Standing Order No. 1, approve the Fiscal Year 2011 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 2011 Operating Budget;
- Establishes tuition rates for all tuition categories for the 2010-11 academic year;
- Changes selected fees for Fiscal Year 2011;
- Specifies that academic fee increases that are implemented under authority that the Board of Regents has delegated to the president and provost that are consistent with the limitations the Board has specified are reasonable and necessary; and
- Adopts the Fiscal Year 2011 Capital Budget;

*Attachment*

Proposed FY 2011 Operating and Capital Budgets

## **Proposed FY 2011 Operating and Capital Budgets**

The FY 2011 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 2011 proposed operating budget is summarized in Table 1; the FY 2011 proposed capital budget is presented in Table 5. The financial context for FY 2011 is different for the Core Education, Restricted Programs, Academic Enhancement/Support, and Capital Budgets.

Core Education Budget Financial Context. The financial context for the FY 2011 Core Education Budget is shaped by two actions of the state legislature. First, the state legislature previously authorized the UW to increase undergraduate resident tuition by up to 14% for FY 2011. Second, the 2010 State Supplemental Budget included a cut of \$20,559,000 in State General Fund support for the UW.

Restricted Operating Budget Financial Context. One of the few bright spots in the FY 2011 budget is the grant-related part of this budget. Direct expenditures on grants and contracts are projected to increase dramatically in FY 2011. Much of the increase can be attributed to the federal stimulus program which provided a substantial increase to both the NSF and NIH research budgets. As a result, both the direct expenditures on grants and contracts and the associated indirect cost recovery are predicted to have increases in FY 2011.

Expenditures from gift and endowment budgets are predicted to remain constant in FY 2011.

State restricted funds change slightly in FY 2011 based on legislative actions (small appropriations to the Accident Fund and the Medical Aid Fund that support certain public health-related activities as well as a small decrease in the state appropriation for bio-toxin monitoring).

Academic Enhancement/Support Budget Financial Context. The University's Academic Enhancement/Support functions have generally fared well during a period of difficult state and local economic conditions. In most areas, demand for the services provided by these units continues to be strong. 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 slow growth is expected in FY 2011.

Capital Budget Financial Context. Work on a number of previously approved capital projects continues. The changes in the proposed UW Capital Budget for FY 2011 are primarily related to projects supported from state appropriated resources. In their 2010 session, the legislature authorized the UW to proceed with a few projects, changed funding sources for one project, and revised an operating to capital shift that has been part of the State Capital Budget for a number of years.

## Approach to FY 2011 Budget Decisions

The annual budget development process is always 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*

After much discussion and analysis (both of which will continue), in the Fiscal Year 2011 budget the UW is beginning a transition to an activity based budgeting model. The current plan is to have a "soft launch" of one element of an activity based budgeting model in FY 2011 with the full implementation of the model planned for the FY 2012 budget. In the proposed FY 2011 Core Education Budget, 70% of the incremental revenue from tuition increases will be allocated back to the academic units that generate this revenue; 30% of the incremental revenue from tuition increases will be maintained centrally and will be utilized for strategic investments, mitigation of academic unit budget cuts and selected administrative unit investments. Unfortunately, because of reductions in state support, most of the incremental tuition revenue allocated to colleges and schools in FY 2011 will be utilized to offset budget cuts.

The current outlook for the State General Fund budget for the 2011-13 biennium projects a significant deficit. The Provost has told deans, chancellors, vice provosts and vice presidents that their planning should consider the strong possibility of further reductions in state support in FY 2012 and FY 2013.

## FY 2011 Core Education Budget Discussion

The proposed FY 2011 Core Education Budget is presented in Table 2; proposed temporary investments from fund balance are shown in Table 3. Proposed tuition increases for the 2010-11 academic year are presented in Appendix 2.

### Changes in Revenues

The changes in revenues supporting the FY 2011 Core Education Budget are summarized below:

<u>Revenue Source</u>	<u>FY 2010 Adopted</u>	<u>Changes</u>	<u>FY 2011 Proposed</u>
State General Fund	320,627,000		
FY 2011 State Budget Cut		(20,559,000)	
New Funds for Health Benefits		10,194,000	
Capital to Operating Fund Shift		5,084,000	
Miscellaneous Budget Adjustments		603,000	
2009- 11 Technical Changes		2,573,000	
Subtotal: State General Fund	320,627,000	(2,105,000)	318,522,000
Tuition Operating Fee	330,558,000	39,339,000	369,897,000
Designated Operating Fund	55,502,000	3,400,000	58,902,000
Subtotal: Ongoing Core Education Revenues	706,687,000	40,634,000	747,321,000
Use of Fund Balance for Temporary Expenditures	11,000,000	(1,000,000)	10,000,000
<b>TOTAL REVENUES</b>	<b>717,687,000</b>	<b>39,634,000</b>	<b>757,321,000</b>

### Comments on Changes in Revenues

Budgeted ongoing revenues in the proposed FY 2011 Core Education Budget are \$40,634,000 (5.7%) higher than budgeted revenues that supported this budget in FY 2010. In FY 2011 State General Fund revenue decreases by \$2,105,000, tuition operating fee revenue increases by \$39,339,000 and Designated Operating Fund revenue increases by \$3,400,000. These proposed changes in revenues for FY 2011 are discussed below.

**State General Fund.** The “State General Fund” numbers include the sum of State General Fund, Education Legacy Trust Fund, and Federal Stimulus resources. State General Fund support for the UW in FY 2011 is \$2,105,000 less than in FY 2010. State General Fund support in FY 2011 reflects a \$20,559,000 reduction in State General Fund support for the UW that was implemented in the 2010 State Supplemental Budget. New State General Fund resources are provided in FY 2011 for four purposes: to pay for a large increase in the cost of health care for employees; as a result of a fund shift of building operations and maintenance costs from the capital budget to the operating budget; for a number of special allocations to particular programs (presented in Appendix 1); and technical changes related to employee benefit costs. None of the additions of State General Fund dollars in FY 2011 provide flexible funds – all of the funds are to pay for either specific cost increases or for the cost of specific activities or programs.

Tuition Operating Fee. The proposed FY 2011 Core Education Budget assumes that the proposed tuition increases for the 2010-11 academic year shown in Appendix 2 are adopted. Consistent with legislative direction, a portion of the incremental revenue generated by the proposed 14% tuition increase for undergraduate resident students in FY 2011 has been set aside for financial aid for undergraduate resident students; specifically, \$1,660,000 in tuition revenue is set aside for financial aid. The tuition operating fee estimate for FY 2011 is the estimated revenue after this additional set aside for financial aid.

Appendix 2 shows the proposed tuition change for all tuition categories for the 2010-11 academic year; for informational purposes, both the percentage increase and the dollar increase recommended for each tuition category are shown. Appendix 2 also shows how the proposed tuition and fees for the university would compare to the projected 2010-11 academic year tuition and fee rates for the Higher Education Coordinating Board 24 Comparison Group.

In the 2009-11 state operating budget bill, the legislature limited the amount that undergraduate resident tuition could be increased for the 2010-11 academic year to 14%. In the 2009 legislative session, the legislature passed Substitute Senate Bill 5734 which granted the Board of Regents authority to set tuition for the undergraduate non-resident category as well as all graduate and professional tuition categories for the 2009-10 academic year through the 2012-13 academic year.

For the 2010-11 academic year, the administration is recommending that:

Undergraduate resident tuition increase by 14% (an increase of \$997);

Undergraduate non-resident tuition increase by 4% (an increase of \$950);

Resident tuition for Graduate Tier 1 increase by 7%;

Non-resident tuition for Graduate Tier 1 increase by 3%;

The tuition differential between Graduate Tier II and Graduate Tier I is \$540 (for both the resident and non-resident categories);

The tuition differential between Graduate Tier III and Graduate Tier II is \$530 (for both the resident and non-resident categories);

Resident and non-resident tuition for Master of Library and Information Science increase by 7%;

Resident and non-resident tuition for Law increase by 9% and 14% respectively;

Resident and non-resident tuition for Pharm D. increase by 14% and 7% respectively;

Resident and non-resident tuition for Medicine increase by 10% and 4% respectively;

Resident tuition for Dentistry increase by 14%;

Both the resident and the non-resident tuition for incoming students in Public Affairs Master increase by 14% and 10% respectively (this is a program that has a cohort-based tuition model; as a result, there is no tuition increase for continuing students);

At UW Seattle, both resident and the non-resident tuition for the Master of Nursing/Doctor of Nursing Practice increase by 14%;

The tuition for the Master of Nursing programs at UW Bothell and UW Tacoma continue to be set at the Graduate Tier 2 level;

At UW Seattle, both resident and non-resident tuition for incoming students in the Business Administration Master category increase by 5% (this is a program that has a cohort-based tuition model; as a result, there is no tuition increase for continuing students);

At UW Bothell, both resident and non-resident tuition for incoming students in the Business Administration Master category increase by 5% (this is a program that has a cohort-based tuition model; as a result, there is no tuition increase for continuing students);

UW Tacoma proposes a cohort model for their MBA program, and resident and non-resident tuition for the Business Administration Master category increase by 10% for incoming students and 5% for continuing students;

The College of Built Environments has proposed all master degrees reside in the College of Built Environments Master tuition category, which they recommend increasing both resident and non-resident by 14%. (Currently, Master degree programs in Architecture, Landscape Architecture and Urban Planning are in this category, the move would shift the Master of Science in Real Estate and Master of Construction Management from Tier III);

The School of Public Health has proposed moving the Master of Public Health and the Master of Health Administration out of Tier III and creating separate tuition categories. The corresponding tuition rates would be \$1,000 above the Tier III resident and non-resident rates for the MPH and \$2,000 above the Tier III resident and non-resident rates for the MHA.

Tuition charges for post-baccalaureate and non-matriculated students adjust 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;

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

<b>Revenue Source</b>	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Change</b>
Summer Quarter Tuition	29,997,000	32,997,000	3,000,000
Investment Income	15,000,000	15,000,000	0
Miscellaneous Fees	5,595,000	5,795,000	200,000
UWB & UWT Admin Overhead	4,255,000	4,455,000	200,000
Administrative Allowances	655,000	655,000	0
<b>TOTAL REVENUES</b>	<b>55,502,000</b>	<b>58,902,000</b>	<b>3,400,000</b>

Summer Quarter tuition revenue is projected to increase by \$3,000,000 for FY 2011 due to increased tuition rates. The investment income revenue estimate remains constant for FY 2011. Overhead revenue from the UW/Bothell and UW/Tacoma campuses is projected to increase by \$200,000. The expected revenue from administrative allowances related to certain financial aid programs is not anticipated to increase for FY 2011.

The “miscellaneous fees” category is projected to increase by \$200,000 due to increases in the graduate application fee from \$65 to \$75.

Use of Fund Balance. The proposed FY 2011 budget uses \$10 million of fund balance that will be used to bridge the impact of budget reductions on our academic mission.

## FY 2011 Core Education Budget Allocations

The new allocations in the FY 2011 Core Education Budget are summarized below:

<u>Core Education Budget</u>	<u>FY 2011 Proposed</u>
<b><u>UW Seattle Budget Reductions:</u></b>	
FY 2011 Reductions - Academic Units	(17,047,000)
FY 2011 Reductions - Administrative Units	(8,542,000)
<u>Subtotal for UW Seattle Budget Reductions</u>	<u>(25,589,000)</u>
<b><u>UW Bothell Budget Reductions</u></b>	
FY 2011 Reductions	(1,037,000)
<u>Subtotal for UW Bothell Budget Reductions</u>	<u>(1,037,000)</u>
<b><u>UW Tacoma Budget Reductions</u></b>	
FY 2011 Reductions	(1,329,000)
<u>Subtotal for UW Tacoma Budget Reductions</u>	<u>(1,329,000)</u>
TOTAL BUDGET REDUCTIONS	(27,955,000)
<b><u>Incremental Tuition Allocation to Academic Units</u></b>	
UW Seattle Academic Units	21,677,000
UW Bothell	5,235,000
UW Tacoma	3,137,000
<u>Subtotal</u>	<u>30,049,000</u>
<b><u>Incremental Tuition Allocation to the Provost</u></b>	
Strategic Investments	2,000,000
Mitigation of Academic Unit Budget Reductions	3,000,000
Administrative Unit Investments	4,566,000
<u>Subtotal</u>	<u>9,566,000</u>
<b><u>Compensation Adjustments</u></b>	
FY 2011 Health Benefit Increase (GOF)	10,194,000
FY 2011 Health Benefit Increase (DOF)	410,000
Other Benefit Budget Adjustments	4,500,000
Faculty Promotions	650,000
<u>Subtotal</u>	<u>15,754,000</u>
<b><u>Other Adjustments</u></b>	
Required Cost Increases/Adjustments	7,582,000
Legislative Actions	5,788,000
<u>Subtotal</u>	<u>13,370,000</u>
<b><u>Use of Fund Balance</u></b>	10,000,000



## Comments on FY 2011 Core Education Budget Allocations

The incremental FY 2011 Core Education Budget changes are listed in the table above and are discussed in more detail below. The base budget against which these changes are applied is the Regents adopted budget for FY 2010.

UW Seattle Budget Reductions. The total budget reduction for the UW Seattle campus is \$25,589,000. This value represents a 5% budget reduction from the permanent base budget held by units as of the end of December 2009. The percent of budget reduction is an across the board figure. Strategic reductions were completed at the beginning of FY 2010 and this supplemental reduction is uniform in regards to percentage. The value of the reduction is to cover the reduced state funding and increases to fixed costs. Budget discussions with the Provost have been completed and the UW is beginning to plan for future budget reductions in state support in FY 2012 and FY 2013.

UW Bothell Budget Reductions. The total budget reduction for the UW Bothell campus is \$1,037,000. The Chancellor's Office at the UW Bothell campus will determine how these cuts will be distributed between academic and administrative functions.

UW Tacoma Budget Reductions. The total budget reduction for the UW Tacoma campus is \$1,329,000. The Chancellor's Office at the UW Tacoma campus will determine how these cuts will be distributed between academic and administrative functions.

Compensation Adjustments. The increase in this category of \$15,104,000, represents the benefit cost change from FY2010 and FY2011 in both near general funds and local funds. Over \$10M is for the near general funds and the remaining is local funds.

Only one pay increase allocation is made in this proposed budget. Funding of \$650,000 is provided for faculty promotions.

Other Adjustments. This category includes \$13,139,000 in adjustments in the FY 2011 budget. Of that total, \$5,788,000 is associated with specific legislative budget allocations and \$7,351,000 is associated with changes in various institutional budgets. Details of the specific allocations for both of these subcategories are provided in Appendix 1 and are discussed below.

There were a number of specific budget actions that the State legislature took in the 2009-11 state operating budget and the FY2010 supplemental budget. The largest of these actions was a building operations and maintenance – capital to operating shift in the amount of \$5,084,000. The other items are relatively smaller allocations for telecommunication regulations, CINTRAFOR, WWAMI expansion and health care system planning, and funding for tax increment financing cost/benefit analysis. These smaller items total \$704,000.

FY 2011 changes for various institutional budgets are shown in Appendix 1. "Institutional" budgets include cost changes for utilities, property rentals, debt service and other institutional budgets. In FY 2011, \$1,638,000 is provided for increased utility costs, \$1,078,000 is provided for property rentals and other institutional budgets, \$578,000 is provided for increased debt service costs, \$360,000 for UW Tower Data Center electricity, and \$3,728,000 for other issues including previous Dean/VP commitments.

Use of Fund Balance for Temporary Expenditures. The proposed budget for FY 2011 includes a temporary allocation of \$10,000,000 of fund balance. As part of the FY 2011 budget, the President and Provost are proposing that \$10 million in fund balance be used to bridge the impact of budget reductions on our academic mission. This will be the second instance of this support. The allocation will be allocated across academic units at the same level funding was provided in FY2010. Deans will be directed to utilize this temporary allocation to fund teaching assistants, lecturers, and other academic positions that would have otherwise been eliminated in FY 2011 and to assist with alleviating further budget reductions. This one-time allocation will give academic units some additional time to transition to a lower permanent funding level.

### **Increases in Financial Aid Allocations for FY 2011**

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 2011 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 2011 budget are shown in the table below:

#### **Increases in Financial Aid Allocations for FY 2011**

	<b>FY2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Difference</b>
Undergraduate Merit/Need Waivers	\$9,040,000	\$10,776,000	\$1,736,000
Undergraduate Financial Aid Grants	\$9,090,000	\$10,479,000	\$1,389,000
Subtotal: Undergraduate Merit/Need Waivers & Grants	\$18,130,000	\$21,255,000	\$3,125,000
Graduate Merit/Need Waivers	\$4,352,000	\$4,618,000	\$266,000
Graduate Financial Aid Grants	\$3,896,000	\$4,491,000	\$595,000
Subtotal: Graduate Merit/Need Waivers & Grants	\$8,248,000	\$9,109,000	\$861,000
TA/RA Tuition Waivers	\$53,204,000	\$54,115,000	\$911,000
Other Tuition Waivers	\$13,531,000	\$16,659,000	\$3,128,000
Subtotal: Teaching/Research & Other Tuition Waivers	\$66,735,000	\$70,774,000	\$4,039,000
<b>Total All Grants/Waivers</b>	<b>\$93,113,000</b>	<b>\$101,138,000</b>	<b>\$8,025,000</b>

The UW's current financial aid policy of utilizing 3.5 percent of net tuition revenue for financial aid grants and providing merit/need tuition waivers equal to 4 percent of the resident portion of tuition will provide \$3,125,000 in additional financial aid resources to needy undergraduate resident students in the 2010-11 academic year.

The 14 percent increase in undergraduate resident tuition for the 2010-11 academic year will generate \$3,610,000 in additional unfunded need for undergraduate resident students in the 2010-11 academic year. The Regents have adopted a policy of meeting at least 55 percent of this additional need through financial aid grants and tuition waivers. To meet this policy goal next year given a 14 percent increase in undergraduate resident tuition, \$1,990,000 in additional grant

and tuition waiver financial aid must be made available. The increase of \$3,125,000 in financial aid grants and tuition waivers available for undergraduate students in FY 2011 exceeds the commitment made by the regents by \$1,135,000. Note that these figures do not include an additional \$1,660,000 in financial aid grants that will be provided to needy undergraduate resident students as a result of the legislative requirement to utilize a portion of the tuition revenue generated by the undergraduate resident tuition increase for financial aid grants.

Given the proposed tuition levels for the 2010-11 academic year, graduate appointees qualifying for the non-resident tuition differential waiver and for the operating fee tuition waiver will have \$911,000 in additional tuition waiver benefits in FY 2011. 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 \$861,000 of additional financial aid available to graduate and professional students in the 2010-11 academic year.

## **FY 2011 Restricted Operating Budget Discussion**

The proposed FY 2011 Restricted Programs Budget is presented in Table 4.

### Changes in Revenues

The changes in revenues supporting the FY 2011 Restricted Programs Budget are summarized below:

<u>Revenue Source</u>	<u>FY 2010 Adopted</u>	<u>FY 2011 Proposed</u>	<u>Change</u>
Grant and Contract Direct Costs	898,994,000	958,994,000	60,000,000
Grant and Contract Indirect Costs	211,000,000	230,000,000	19,000,000
Gifts	84,815,000	84,815,000	0
State Restricted Funds	6,855,000	6,884,000	29,000
<b>TOTAL REVENUES</b>	<b>1,201,664,000</b>	<b>1,280,693,000</b>	<b>79,029,000</b>

### Comments on Changes in Revenues

Budgeted revenues in the proposed FY 2011 Restricted Programs Budget increase by \$79,029,000 over the FY 2010 budgeted level: grant and contract direct cost increases by \$60,000,000; grant and contract indirect cost increases by \$19,000,000; gift and endowment revenue is projected to remain constant; and State Restricted Funds increase by \$29,000. These proposed changes in revenues are discussed below.

Grant and Contract Direct Cost. Direct costs for grants and contracts are projected to increase by 6.67 percent in FY 2011 – an increase of \$60,000,000 over the current fiscal year. The budgeted level of grant and contract direct costs for FY 2010 did not include any upward adjustment to reflect additional spending associated with grant activity funded by federal stimulus dollars. The FY 2011 budgeted level is consistent with the projection for actual grant and contract direct costs for FY 2010.

Grant and Contract Indirect Cost. As direct costs for grants and contracts are projected to be higher in FY 2011 than in FY 2010, and as the effect of the federal stimulus funds are evident, grant and contract indirect cost recovery is expected to increase by \$19,000,000 - an increase of 9 percent over the budgeted level for FY 2010.

Gifts. Revenues to gift and endowment spending accounts are projected to remain constant in FY 2011.

State Restricted Funds. The School of Public Health 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. In addition, there is a small appropriation from the Bio-toxin Account that is part of this category. Changes in revenues for FY 2011 (an increase of \$29,000 over FY 2010) for these State Restricted Funds simply reflect changes in state appropriations.

## FY 2011 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 2011. 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 2011 supported by indirect cost recovery resources are summarized below.

<b><u>Restricted Budget - Indirect Cost Recovery</u></b>	<b><u>FY 2011 Proposed</u></b>
<b><u>Compensation Adjustments</u></b>	
FY 2011 Health Benefit Increase	1,229,000
<b><u>Investments in Research Excellence</u></b>	
Research Support Activities	1,292,000
Allocation to Capital - Research Support Facilities	4,000,000
Research Cost Recovery Allocation Change	7,191,000
Dedicated Indirect Cost Recovery Changes	3,500,000
<u>Subtotal</u>	<u>15,983,000</u>
<b><u>Required Cost Increases/Adjustments</u></b>	<b>1,788,000</b>

### Comments on FY 2011 Indirect Cost Recovery Budget Allocations

Compensation Adjustments. The change in this category, an increase of \$1,229,000, reflects an increase in health care benefits per employee.

Investments in Research Excellence. Many administrative offices provide essential support for research activities. These areas include Grant and Contract Accounting, the Office of Sponsored Programs, the Human Subjects Division, Environmental Health and Safety and many other groups. The budget allocation for “research support activities” will be used by the Provost to make targeted investments in some of these critical research support activities.

The allocation to the capital budget for research support facilities will provide additional funding that the Provost can target toward renewal or enhancement of key equipment/facilities that support research (e.g., building cooling systems, animal care facilities, fume hoods, electrical capacity improvements, etc.).

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 increased by \$7,191,000 in FY 2011 in order to get the budgeted level equal to the actual research cost recovery allocation for FY 2010, and anticipated allocations for FY2011.

Annual adjustments to certain budgets that are dedicated to specific purposes, such as paying for the operations and maintenance costs of particular buildings (South Lake Union buildings, Harborview Research and Training, other Harborview research space, etc.), are also included in this category. As research activity at the South Lake Union 2 building has been ramping up, the allocation of revenue to support operations and maintenance of that building has been increased.

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 1.

## FY 2011 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 2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Change</b>
UW Medical Center	663,310,000	689,842,000	26,532,000
Auxiliary Enterprises	329,796,000	342,988,000	13,192,000
Auxiliary Educational Activities	197,767,000	205,678,000	7,911,000
Institutional Overhead	15,768,000	16,268,000	500,000
<b>TOTAL REVENUES</b>	<b>1,206,641,000</b>	<b>1,254,776,000</b>	<b>48,135,000</b>

Based on financial results over the last few years, inflationary increases in revenues have been projected for FY 2011 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.

## **Academic Fee Increases for FY 2011 Implemented Under Delegated Authority**

Initiative 960 was passed by the voters of the State of Washington in November 2007. Under Initiative 960, all state agency fee increases (including tuition) must receive legislative approval prior to implementation. The state legislature has chosen to utilize a two-step process for approving fee increases. First, as part of the normal legislative budget process, state agencies submit information about expected increases for various categories of fees that have been defined by the State Office of Financial Management and the state legislature. In July 2008 as part of their approval of the University of Washington's 2009-11 state operating and capital budget request, the Board of Regents approved a framework that set limits on increases for various academic fee categories for Fiscal Year 2010 and Fiscal Year 2011.

The legislative approval for fee increases is included in Section 603 of the 2009-11 state biennial operating budget. The language in this section sets a specific increase level for undergraduate resident tuition. For all other fee increase categories, the Board of Regents is authorized to increase fees "by amounts judged reasonable and necessary by the governing board." For many fees (tuition rates for the state-subsidized academic program, services and activities fees, etc.), the Board of Regents specifically approves fee increases. For fee increases that are implemented under authority that the Board of Regents has delegated to the president and provost, the Board of Regents determines (as part of their action in adopting the annual UW budget) that fee increases that are consistent with the limitations the Board has specified are reasonable and necessary.



## Fiscal Year 2011 Capital Budget Discussion

The proposed FY 2011 Capital Budget is presented in Table 5 and reflects actions taken in the 2010 legislative session that include a reduction of \$24,097,000 in state capital funding and appropriation of UW building account funds. The FY 2011 Capital Budget includes \$103,937,500 in non-state funds from the UW building account, indirect cost recovery, unrestricted operating funds and UW bonds. Given the decrease in state funding, total capital funds for FY 2011 from both state and non-state sources is \$79,840,500.

For FY 2011 debt-funded projects, the payment source for debt service is shown in the table below:

<b>Project Name</b>	<b>Debt Payment Source</b>	<b>Debt Funds</b>
Balmer Hall Reconstruction	Building Fee	42,800,000
UW Tacoma Phase 3	Building Fee	7,450,000
UW Tacoma Phase 3	Unrestricted operating funds	5,450,000
<b>TOTAL</b>		<b>55,700,000</b>

### Business School Facilities Phase 2 – Balmer Hall Reconstruction

The legislature approved debt service from the UW building account for \$42.8 million of UW debt for the reconstruction of Balmer Hall.

#### UW Tacoma

State funding of \$34 million appropriated in the 2009 legislative session for a portion of UW Tacoma Phase 3 (the renovation of the Joy Building) was reduced in the 2010 legislative session by \$17.2 million and replaced with \$14 million of UW building account funds - a budget cut of \$3.2 million. The 2010 legislative session also authorized debt service from the UW building account for UW debt of \$7,450,000 to complete Phase 3 (construction of the Jefferson Building). Additional sources to complete Phase 3 include UW debt of \$5.45 million with the debt service to be paid from UW Tacoma rental income from leases and \$4.5 million of UW Tacoma unrestricted operating funds. The legislature also appropriated funding of \$2 million for UW Tacoma land acquisition from the UW building account.

In addition to the major projects described above, in FY 2011, state funding for facility preservation was reduced \$6,865,000 and replaced by UW building account funds. The appropriation for preventative facility maintenance and building system repairs was also reduced from \$12,912,000 to \$7,828,500. This \$5,084,000 reduction in the capital budget was offset by an increase in state funding in the operating budget.

**Table 1**  
**University of Washington Fiscal Year 2011 Proposed Operating Budget**

<b>Budget Category</b>	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>
<b>CORE EDUCATION BUDGET</b>		
<b>Core Education Budget</b>		
<b>Revenues</b>		
State General Fund	320,627,000	318,522,000
Tuition Operating Fee	330,558,000	369,897,000
Designated Operating Fund	55,502,000	58,902,000
<u>Subtotal: Ongoing Core Education Revenues</u>	<u>706,687,000</u>	<u>747,321,000</u>
 Use of Fund Balance for Temporary Expenditures	 11,000,000	 10,000,000
<b>Total Revenues</b>	<b>717,687,000</b>	<b>757,321,000</b>
<b>Expenditures</b>		
Ongoing Core Education Expenditures	706,687,000	747,321,000
<u>One-time/temporary Expenditures</u>	<u>11,000,000</u>	<u>10,000,000</u>
<b>Total Expenditures</b>	<b>717,687,000</b>	<b>757,321,000</b>
<b>RESTRICTED OPERATING BUDGET</b>		
<b>Revenues</b>		
Grant and Contract Direct Costs	898,994,000	958,994,000
Grant and Contract Indirect Costs	211,000,000	230,000,000
Gifts	84,815,000	84,815,000
<u>State Restricted Funds</u>	<u>6,855,000</u>	<u>6,884,000</u>
<b>Total Revenues</b>	<b>1,201,664,000</b>	<b>1,280,693,000</b>
<b>Expenditures</b>	<b>1,201,664,000</b>	<b>1,280,693,000</b>
<b>ACADEMIC ENHANCEMENT/SUPPORT BUDGET</b>		
<b>Revenues</b>		
UW Medical Center	663,310,000	689,842,000
Auxiliary Enterprises	329,796,000	342,988,000
Auxiliary Educational Activities	197,767,000	205,678,000
<u>Institutional Overhead</u>	<u>15,768,000</u>	<u>16,268,000</u>
<b>Total Revenues</b>	<b>1,206,641,000</b>	<b>1,254,776,000</b>
<b>Expenditures</b>	<b>1,206,641,000</b>	<b>1,254,776,000</b>
<b>TOTAL OPERATING BUDGET</b>		
<b>Revenues</b>	<b>3,125,992,000</b>	<b>3,292,790,000</b>
<b>Expenditures</b>	<b>3,125,992,000</b>	<b>3,292,790,000</b>

**Table 2**  
**Proposed Budget**  
**Core Education Operating Budget for Fiscal Year 2011**

	FY 2010 Adopted	FY 2011 Proposed	Comment
<b>REVENUES</b>			
State General Fund	320,627,000	318,522,000	
Tuition Operating Fee	330,558,000	369,897,000	
Designated Operating Fund	55,502,000	58,902,000	
Subtotal: Ongoing Core Ed Revenues	706,687,000	747,321,000	
Use of Fund Balance for Temporary Expenditures	11,000,000	10,000,000	
<b>TOTAL REVENUES</b>	<b>717,687,000</b>	<b>757,321,000</b>	
<b>EXPENDITURES</b>			
<b>Adjusted Base Budget</b>	717,687,000	706,537,000	
<b>UW Seattle Budget Reductions:</b>			
FY 2011 Reductions - Academic Units		(17,047,000)	
FY 2011 Reductions - Administrative Units		(8,542,000)	
Subtotal for UW Seattle Budget Reductions		(25,589,000)	
<b>UW Bothell Budget Reductions</b>			
FY 2011 Reductions		(1,037,000)	
Subtotal for UW Bothell Budget Reductions		(1,037,000)	
<b>UW Tacoma Budget Reductions</b>			
FY 2011 Reductions		(1,329,000)	
Subtotal for UW Tacoma Budget Reductions		(1,329,000)	
<b>TOTAL BUDGET REDUCTIONS</b>		(27,955,000)	
<b>Incremental Tuition Allocation to Academic Units</b>			
UW Seattle Academic Units		21,677,000	
UW Bothell		5,235,000	
UW Tacoma		3,137,000	
Subtotal		30,049,000	
<b>Incremental Tuition Allocation to the Provost</b>			
Strategic Investments		2,000,000	
Mitigation of Academic Unit Budget Reductions		3,000,000	
Administrative Unit Investments		4,566,000	
Subtotal		9,566,000	
<b>Compensation Adjustments</b>			
FY 2011 Health Benefit Increase (GOF)		10,194,000	
FY 2011 Health Benefit Increase (DOF)		410,000	
Other Benefit Budget Adjustments		4,500,000	
Faculty Promotions		650,000	
Subtotal		15,754,000	
<b>Other Adjustments</b>			
Required Cost Increases/Adjustments		7,582,000	See Appendix 1
Legislative Actions		5,788,000	See Appendix 1
Subtotal		13,370,000	
<b>SUBTOTAL: CORE EDUCATION EXPENDITURES</b>		<b>747,321,000</b>	
<b>Use of Fund Balance</b>		10,000,000	See Table 3
<b>TOTAL EXPENDITURES</b>		<b>757,321,000</b>	

**Table 3**  
**Core Education Budget**  
**Proposed Temporary Investments from Fund Balance for Fiscal Year 2011**

<u>Temporary Investments</u>	<u>FY 2011 Proposed</u>	<u>Comments</u>
One-time Funding for Academic Programs	10,000,000	<i>Bridge funding for FY2011 reduction</i>
<b>TOTAL EXPENDITURES</b>	<b>10,000,000</b>	

**Table 4**  
**Proposed Budget**  
**Restricted Programs Budget for Fiscal Year 2011**

	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Comments</b>
<b><u>REVENUES</u></b>			
Grant and Contract Direct Cost	898,994,000	958,994,000	
Grant and Contract Indirect Cost	211,000,000	230,000,000	
Gifts	84,815,000	84,815,000	
State Restricted Funds	6,855,000	6,884,000	
<b>TOTAL REVENUES</b>	<b>1,201,664,000</b>	<b>1,280,693,000</b>	
<b><u>EXPENDITURES</u></b>			
Grant and Contract Direct Cost	898,994,000	958,994,000	
Gifts	84,815,000	84,815,000	
State Restricted Funds	6,855,000	6,884,000	
Subtotal	990,664,000	1,050,693,000	
<b><u>Indirect Cost Recovery:</u></b>			
<b><u>Adjusted Base ICR Budget</u></b>	211,000,000	211,000,000	
<b><u>Compensation Adjustments</u></b>			
FY 2011 Health Benefit Increase		1,229,000	
<b><u>Investments in Research Excellence</u></b>			
Research Support Activities		1,292,000	
Allocation to Capital - Research Support Facilities		4,000,000	
Research Cost Recovery Allocation Change		7,191,000	<i>See Appendix 1</i>
Dedicated Indirect Cost Recovery Changes		3,500,000	<i>See Appendix 1</i>
Subtotal		15,983,000	
<b><u>Required Cost Increases/Adjustments</u></b>		1,788,000	<i>See Appendix 1</i>
<b>TOTAL INDIRECT COST RECOVERY BUDGET</b>		<b>230,000,000</b>	
<b>TOTAL EXPENDITURES</b>		<b>1,280,693,000</b>	

**Table 5**  
**Proposed Capital Budget for Fiscal Year 2011**

<b>FY 2010 Capital Budget Proposal</b>	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>
<b>REVENUE</b>		
<b><u>Funding for FY 2009 Projects</u></b>		
Projects Approved in FY 2009	356,836,123	
Substantially Completed Projects	21,238,000	
<b>Previously Approved Continuing Projects</b>	<b>335,598,123</b>	
<b><u>Funding for FY 2010 and 2011 Projects</u></b>		
<b>State Funds</b>	<b>65,500,000</b>	<b>(24,097,000)</b>
<b>Non-State Funds</b>		
UW Building Account - Local Funds	34,087,500	30,700,500
ICR - Local Funds	10,000,000	10,000,000
Enterprise Unit Funds	5,437,513	
Transfer from Unrestricted Local Funds	3,037,000	7,537,000
UW Debt	381,014,000	55,700,000
Federal Stimulus Grants	68,400,000	
<b>Subtotal, Non-State Funds</b>	<b>501,976,013</b>	<b>103,937,500</b>
<b>Total, New Funds</b>	<b>567,476,013</b>	<b>79,840,500</b>
<b>TOTAL REVENUE</b>	<b>903,074,136</b>	<b>79,840,500</b>
<b>EXPENDITURE COMMITMENTS</b>		
<b>Previously Approved Continuing Projects</b>	<b>335,598,123</b>	
<b><u>Proposed FY 2010 Projects</u></b>		
<b>Major Projects</b>		
Anderson Hall - P/D	200,000	
House of Knowledge Longhouse - P/D	300,000	
Molecular Engineering Building Phase I - C	83,900,000	
Safe Campus	8,000,000	
Tacoma Phase 3 - C	34,000,000	14,175,000
Bothell Phase 3 - P	5,000,000	
Animal Facilities Improvements	30,000,000	
MHSc Center J-1/J-2 Microbiology Renovation	15,000,000	
Guthrie Hall Renovation	6,000,000	
BSL-3 Labs Renovation	7,000,000	
Student Housing - New Residence Hall Ph I	158,300,000	
HUB Renovation and Expansion	128,300,000	
Hall Health Remodel	10,851,513	
Ethnic Cultural Center Expansion	15,500,000	
Balmer Hall Phase 2		42,800,000
UW Tacoma Land Acquisition		2,000,000
<b>Subtotal, Major Projects</b>	<b>502,351,513</b>	<b>58,975,000</b>
<b>Minor Projects</b>		
Minor Works - Facility Preservation	34,175,000	
Minor Works - Program	18,037,000	13,037,000
<b>Subtotal, Minor Projects</b>	<b>52,212,000</b>	<b>13,037,000</b>
<b>Preventative Facility Maintenance and Building System Repairs</b>	<b>12,912,500</b>	<b>7,828,500</b>
<b>Total, New Projects for FY 10 and FY 11</b>	<b>567,476,013</b>	<b>79,840,500</b>
<b>TOTAL EXPENDITURE COMMITMENTS</b>	<b>903,074,136</b>	<b>79,840,500</b>

P - Planning, D-Design, C-Construction

**Appendix 1**  
**Required Cost Increases/Adjustments for Fiscal Year 2011**

<b>Item</b>	<b>FY 2011 Change</b>	<b>FY 2011 Amount to Core Educ.</b>	<b>FY 2011 Amount to ICR</b>
<b><u>Institutional Budgets</u></b>			
<b>Utilities:</b>			
Electricity	2,495,000	1,921,000	574,000
Natural gas	(903,000)	(649,000)	(254,000)
Water/sewer	776,000	598,000	178,000
Solid waste	(45,000)	(35,000)	(10,000)
Power Plant	4,000	3,000	1,000
Subtotal utilities:	2,327,000	1,838,000	489,000
<b>Other institutional budgets:</b>			
Property rentals-general	(551,000)	(424,000)	(127,000)
Property rental-Sand Point centrally supported space	7,000	5,000	2,000
Property rental-Sand Point unassigned space	(282,000)	(217,000)	(65,000)
Wellington Hills	134,000	103,000	31,000
Conservation Project Loan Payments	85,000	65,000	20,000
Institutional overhead offset	(500,000)	(500,000)	0
Judgments/Settlements/Litigation	126,000	97,000	29,000
Investment Management Fees	115,000	115,000	0
AFRS Interface Expense	355,000	355,000	0
Residential Parking Zone	(9,000)	(7,000)	(2,000)
Transportation subsidy	87,000	67,000	20,000
Institutional financial audits	(62,000)	(48,000)	(14,000)
Revolving fund budget adjustments	300,000	300,000	0
PACCAR Hall - Building Operations Expenses	950,000	950,000	0
Friday Harbor Lab Utilities	21,000	17,000	4,000
Disabled Student Services	200,000	200,000	0
Subtotal other institutional budgets:	976,000	1,078,000	(102,000)
<b><u>Debt Service</u></b>			
Animal facilities upgrades debt service	110,000	0	110,000
Molecular Engineering Building - ICR supported debt	289,000	0	289,000
Physics/Astronomy Building	578,000	578,000	0
UW Tower Data Center	12,000	0	12,000
Subtotal Debt Service	989,000	578,000	411,000
<b><u>UW Tower</u></b>			
UW Tower Operations	750,000	0	750,000
UW Tower Data Center Electricity	600,000	360,000	240,000
Subtotal UW Tower	1,350,000	360,000	990,000

**Appendix 1 (continued)**  
**Required Cost Increases/Adjustments for Fiscal Year 2011**

<b>Item</b>	<b>FY 2011 Change</b>	<b>FY 2011 Amount to Core Educ.</b>	<b>FY 2011 Amount to ICR</b>
<b><u>Other Issues</u></b>			
WWAMI offset (assuming 10% tuition incr)	250,000	250,000	0
Previous Dean/VP Commitments	3,000,000	3,000,000	0
Summer quarter cost increase	378,000	378,000	0
UW Bothell - FY11 Summer Qtr Tuition Increase Allocation	50,000	50,000	0
UW Tacoma - FY11 Summer Qtr Tuition Increase Allocation	50,000	50,000	0
Subtotal Other Issues	3,728,000	3,728,000	0
<b>Subtotal Required Cost Increases</b>	<b>9,370,000</b>	<b>7,582,000</b>	<b>1,788,000</b>
<b><u>Research Cost Recovery Policy Allocation</u></b>			
RCR adjustment to FY 2010 actual	1,575,000	0	1,575,000
RCR adjustment for College of Environment Transition	616,000	0	616,000
FY 2011 Projected RCR change	5,000,000	0	5,000,000
Subtotal Policy Application	7,191,000	0	7,191,000
<b><u>Dedicated Indirect Cost Recovery Dollars</u></b>			
Harborview Research and Training Building	1,000,000	0	1,000,000
Harborview - Other Research Space	500,000	0	500,000
Rosen Building	500,000	0	500,000
Brotman Building & South Lake Union Phase 2	1,500,000	0	1,500,000
Subtotal Dedicated Indirect Cost Recovery	3,500,000	0	3,500,000
<b>Subtotal RCR &amp; Dedicated Indirect Cost Recovery</b>	<b>10,691,000</b>	<b>0</b>	<b>10,691,000</b>
<b><u>Legislative Actions (From 2009 and 2010 sessions)</u></b>			
WWAMI / Ride Expansion - Incremental Funding	244,000	244,000	0
CINTRAFOR - Incremental Funding	2,000	2,000	0
WWAMI / Ride - Health Care System Planning	250,000	250,000	0
Telecommunication Regulations	183,000	183,000	0
Tax Increment Financing Cost/Benefit Analysis	25,000	25,000	0
Building Operations & Maintenance - Capital to Operating Shift	5,084,000	5,084,000	0
Subtotal Legislative Actions	5,788,000	5,788,000	0
<b>TOTAL REQUIRED COST INCREASES/ADJUSTMENTS</b>	<b>25,849,000</b>	<b>13,370,000</b>	<b>12,479,000</b>



Appendix 2  
University of Washington  
**2010-11 Proposed Tuition and Mandatory Fees**

Tuition Category	University of Washington						HECB 24 Comparison Group		
	2009-10 Tuition	Proposed Tuition	Dollar Increase	Percent Increase	Estimated Fees	Proposed Tuition & Fees	2009-10 Peer Tuition & Fees	2010-11 Peer Tuition & Fees	2009-10 Peer Percent Increase
<b>Undergraduate</b>									
Undergraduate Resident	7,125	<b>8,122</b>	997	14%	567	8,689	9,297	9,819	5.61%
Undergraduate Nonresident	23,800	<b>24,750</b>	950	4%	567	25,317	24,997	26,041	4.18%
<b>Graduate</b>									
Graduate Tier I Resident	10,160	<b>10,870</b>	710	7%	567	11,437	10,755	11,200	4.14%
Graduate Tier I Nonresident	23,500	<b>24,210</b>	710	3%	567	24,777	22,720	23,237	2.28%
Graduate Tier II Resident	10,660	<b>11,410</b>	750	7%	567	11,977			
Graduate Tier II Nonresident	24,000	<b>24,750</b>	750	3%	567	25,317			
Graduate Tier III Resident	11,160	<b>11,940</b>	780	7%	567	12,507			
Graduate Tier III Nonresident	24,500	<b>25,280</b>	780	3%	567	25,847			
Master of Library and Information Science Resident	11,540	<b>12,350</b>	810	7%	567	12,917			
Master of Library and Information Science Nonresident	25,260	<b>27,030</b>	1,770	7%	567	27,597			
Master of Public Affairs Resident ( <i>incoming</i> )	12,100	<b>13,790</b>	1,690	14%	567	14,357			
Master of Public Affairs Nonresident ( <i>incoming</i> )	24,750	<b>27,230</b>	2,480	10%	567	27,797			
Master of Public Affairs Resident ( <i>continuing</i> )	11,000	<b>12,100</b>			567	12,667			
Master of Public Affairs Nonresident ( <i>continuing</i> )	22,500	<b>24,570</b>			567	25,137			
College of Built Environment Master Degrees Resident	12,130	<b>13,830</b>	1,700	14%	567	14,397			
College of Built Environment Master Degrees Nonresident	26,540	<b>30,260</b>	3,720	14%	567	30,827			
Master of Public Health Resident	11,160	<b>12,940</b>	1,780	15%	567	13,507			
Master of Public Health Nonresident	24,500	<b>26,280</b>	1,780	7%	567	26,847			
Master of Health Administration Resident	11,160	<b>13,940</b>	2,780	24%	567	14,507			
Master of Health Administration Nonresident	24,500	<b>27,280</b>	2,780	11%	567	27,847			
Doctor of Pharmacy Resident	15,620	<b>17,810</b>	2,190	14%	567	18,377	18,423	19,176	4.09%
Doctor of Pharmacy Nonresident	30,920	<b>33,080</b>	2,160	7%	567	33,647	32,966	34,017	3.19%

All percentages are rounded down  
2009-10 HECB 24 projections are based on five-year trend estimates

Appendix 2  
University of Washington  
**2010-11 Proposed Tuition and Mandatory Fees**

Tuition Category	University of Washington						HECB 24 Comparison Group		
	2009-10 Tuition	2010-11 Proposed Tuition	Dollar Increase	Percent Increase	Estimated Fees	Proposed Tuition & Fees	2009-10 Peer Tuition & Fees	2010-11 Peer Tuition & Fees	2009-10 Peer Percent Increase
<b>Graduate</b>									
Master of Law and Law (JD) Resident	21,700	<b>23,760</b>	2,060	9%	567	24,327	23,762	24,976	5.11%
Master of Law and Law (JD) Nonresident	32,210	<b>36,720</b>	4,510	14%	567	37,287	36,558	38,176	4.43%
Medicine Resident	20,430	<b>22,470</b>	2,040	10%	567	23,037	28,635	30,013	4.81%
Medicine Nonresident	49,470	<b>51,450</b>	1,980	4%	567	52,017	46,819	48,422	3.42%
Dentistry Resident	20,430	<b>23,290</b>	2,860	14%	567	23,857	29,427	31,321	6.44%
Dentistry Nonresident	49,470	<b>49,470</b>	-	0%	567	50,037	49,735	52,205	4.97%
<b>Master of Nursing and Doctor of Nursing Practice</b>									
<b>UW Seattle</b>									
Master of Nursing/Doctor of Nursing Practice Resident	15,250	<b>17,390</b>	2,140	14%	567	17,957			
Master of Nursing/Doctor of Nursing Practice Nonresident	30,190	<b>34,420</b>	4,230	14%	567	34,987			
<b>Master of Nursing (Satellite Campuses)</b>									
<b>UW Bothell/UW Tacoma</b>									
Master of Nursing Resident	10,660	<b>11,410</b>	750	7%	528	11,938			
Master of Nursing Nonresident	24,000	<b>24,750</b>	750	3%	528	25,278			
<b>Business Administration Master Degrees</b>									
<b>UW Seattle</b>									
Master of Business Administration Resident ( <i>incoming</i> )	23,350	<b>24,520</b>	1,170	5%	567	25,087	22,434	23,250	3.64%
Master of Business Administration Nonresident ( <i>incoming</i> )	35,090	<b>36,840</b>	1,750	5%	567	37,407	33,141	34,146	3.03%
Master of Business Administration Resident ( <i>continuing</i> )	21,230	<b>23,350</b>			567	23,917			
Master of Business Administration Nonresident ( <i>continuing</i> )	31,900	<b>35,090</b>			567	35,657			
<b>UW Bothell</b>									
Master of Business Administration Resident ( <i>incoming</i> )	19,890	<b>20,880</b>	990	5%	450	21,330			
Master of Business Administration Nonresident ( <i>incoming</i> )	26,450	<b>27,770</b>	1,320	5%	450	28,220			
Master of Business Administration Resident ( <i>continuing</i> )	18,587	<b>19,890</b>			450	20,340			
Master of Business Administration Nonresident ( <i>continuing</i> )	24,717	<b>26,450</b>			450	26,900			

All percentages are rounded down  
2009-10 HECB 24 projections are based on five-year trend estimates

Appendix 2  
University of Washington  
**2010-11 Proposed Tuition and Mandatory Fees**

Tuition Category	University of Washington						HECB 24 Comparison Group		
	2009-10	Proposed	2010-11 Proposed Tuition and Fees		Estimated	Proposed	2009-10 Peer	2010-11 Peer	2009-10 Peer
Graduate	Tuition	Tuition	Dollar Increase	Percent Increase	Fees	Tuition & Fees	Tuition & Fees	Tuition & Fees	Percent Increase
<b>UW Tacoma</b>									
Master of Business Administration Resident ( <i>incoming</i> )	15,780	<b>17,360</b>	1,580	10%	528	17,888			
Master of Business Administration Nonresident ( <i>incoming</i> )	28,700	<b>31,570</b>	2,870	10%	528	32,098			
Master of Business Administration Resident ( <i>continuing</i> )	15,780	<b>16,570</b>	790	5%	528	17,098			
Master of Business Administration Nonresident ( <i>continuing</i> )	28,700	<b>30,140</b>	1,440	5%	528	30,668			
<b>Post-baccalaureate and Non-matriculated</b>									
<b>Post-baccalaureate Resident</b>									
taking only undergraduate courses	7,125	<b>8,122</b>	997	14%	567	8,689			
taking one or more graduate courses	11,160	<b>11,940</b>	780	7%	567	12,507			
<b>Post-baccalaureate Nonresident</b>									
taking only undergraduate courses	23,800	<b>24,750</b>	950	4%	567	25,317			
taking one or more graduate courses	24,500	<b>25,280</b>	780	3%	567	25,847			
<b>Non-matriculated Resident</b>									
taking only undergraduate courses	7,125	<b>8,122</b>	997	14%	567	8,689			
taking one or more graduate courses	11,160	<b>11,940</b>	780	7%	567	12,507			
<b>Non-matriculated Nonresident</b>									
taking only undergraduate courses	23,800	<b>24,750</b>	950	4%	567	25,317			
taking one or more graduate courses	24,500	<b>25,280</b>	780	3%	567	25,847			

*College of Built Environments* has requested to have all master degrees in its tuition category "College of Built Environments Master." Previously, Master of Architecture, Master of Urban Planning, and Master of Landscape Architecture were in this category while Master of Science in Real Estate and Master of Construction Management were in Tier III.

*School of Public Health* has requested new tuition categories for Master of Public Health and Master of Health Administration. Both were previously in Graduate Tier III.

*UW Tacoma* has requested a cohort model for their MBA program. For the 2010-11 academic year incoming student will be charged 10 percent above the 2009-10 rate, and continuing students will be charged 5 percent above 2009-10 rates.

HECB 24 Comparison refers to the 2009-10 UW - HECB 24 Tuition Comparison prepared by the Office of Planning and budgeting. Complete peer tuition comparison information can be found at the [Planning and Budgeting website](#).

All percentages are rounded down  
2009-10 HECB 24 projections are based on five-year trend estimates



# University of Washington Fiscal Year 2011 Budget Summary

# Summary of changes from May information item.



1. The School of Public Health has proposed moving the Master of Public Health and the Master of Health Administration out of Tier III and creating separate tuition categories resulting in tuition totaling:
  - ❖ \$1,000 above the Tier III resident and non-resident rates for the MPH.
  - ❖ \$2,000 above the Tier III resident and non-resident rates for the MHA.
2. The tuition revenue estimate increased \$132,000 as a result of this change.



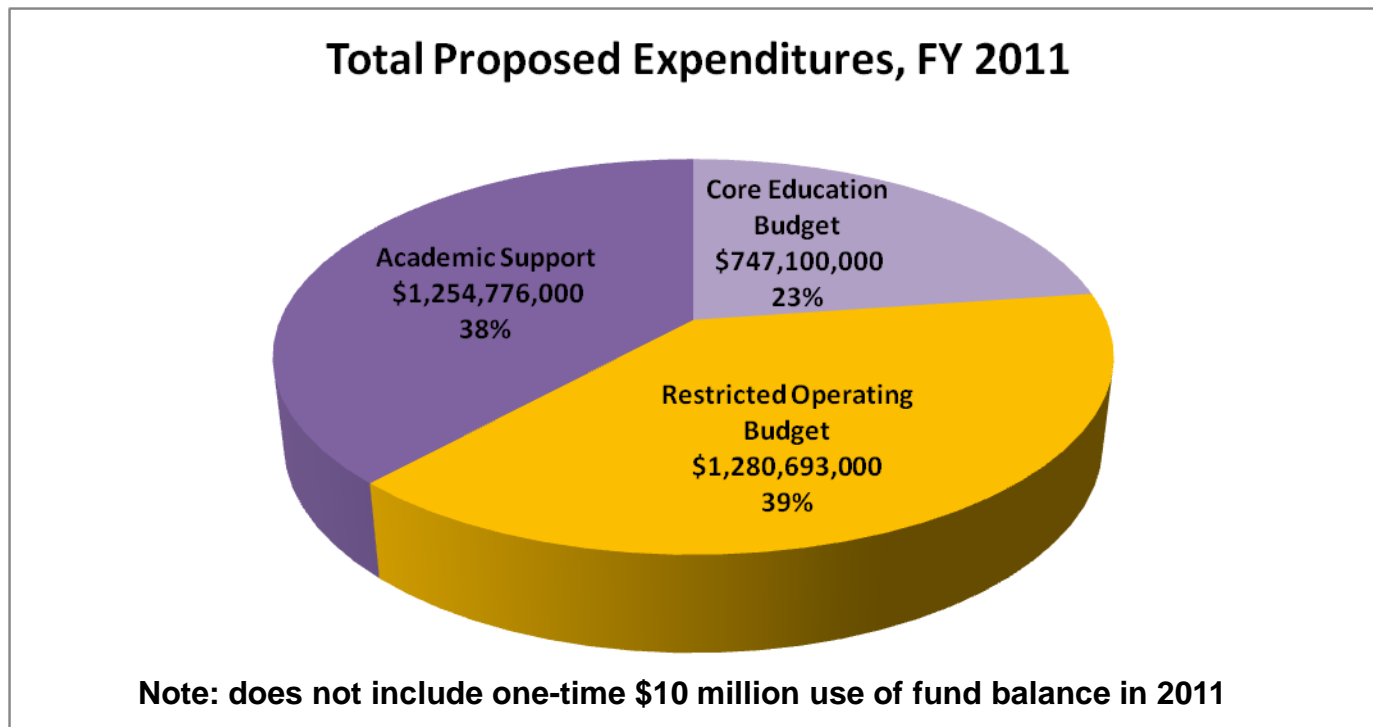
# FY 2011 Capital Budget Summary

- ❖ Total capital funds from all sources is \$79.8 for FY 2011.
  - \$103.9m in non-state funds
  - \$-24.1m in state funds
  
- ❖ UW projects funded from FY 2011 capital budget of \$79.8m:
  - Balmer Hall Reconstruction: \$42.8 million
  - UW Tacoma Phase 3: \$14.2 million for Jefferson Building
  - UW Tacoma Land Acquisition: \$2 million
  - Minor Repair Projects: \$13 million
  - Facility Maintenance: \$7.8 million

# The proposed UW operating budget for FY 2011 totals \$3.3 billion, an increase of 5% over FY 2010.



- ❖ A net increase of 4.1 percent for the Core Education Budget
- ❖ An increase of 6.6 percent in the Restricted Operating Budget
- ❖ An increase of 4.0 percent in the Academic Support Budget



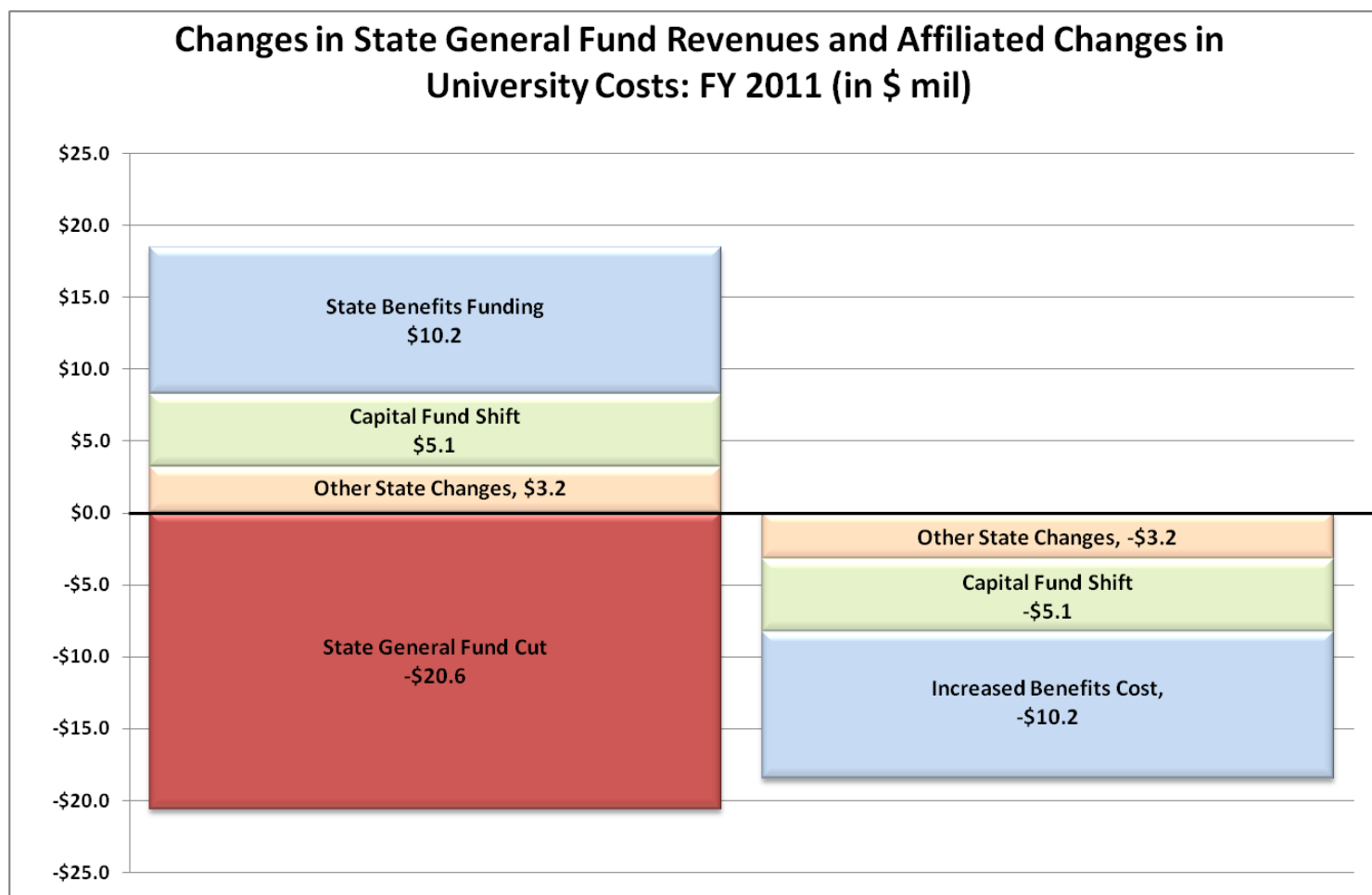
# FY 2011 Operating Budget Summary



- ❖ **Academic Support budget (4.0% growth):** continued stable growth is expected through FY 2011 for the UW's auxiliary business enterprises, including the UW Medical Center, Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services.
- ❖ **Restricted Operating Budget (6.6% growth):** a 6% increase is projected for direct grants and contracts expenditures alongside a corresponding 8% increase in indirect cost recovery due to the federal stimulus. Gift revenue is expected to remain flat.
- ❖ **Core Education Budget (4.1% growth):** a 12% increase in tuition revenue, plus \$3m in additional summer quarter tuition boost the core education budget by about 4% over last year despite a state cut of \$20.6m, unfunded increases in fixed costs, and substantial increases in financial aid costs.



# Net change in state revenue is **-\$2.1m**, not accounting for new mandatory costs using up 'additional funds'.



# Planned approach to budget reductions in FY 2011.



- ❖ State budget reduction will be proportionately distributed to the three campuses.
  
- ❖ Seattle academic and administrative units all asked to take a 5% reduction.
  - Incremental tuition will be allocated by the Provost to mitigate the impact of the 5% reduction, especially for academic units.
    - 70% allocated to Academic Units based on recommendations included in the draft Activity Based Budgeting report.
    - 30% allocated by the provost for further mitigation of cuts to academic units, key administrative support functions and strategic investments.



# Tuition and Financial Aid

# Proposed tuition increases for the 2010-11 academic year.



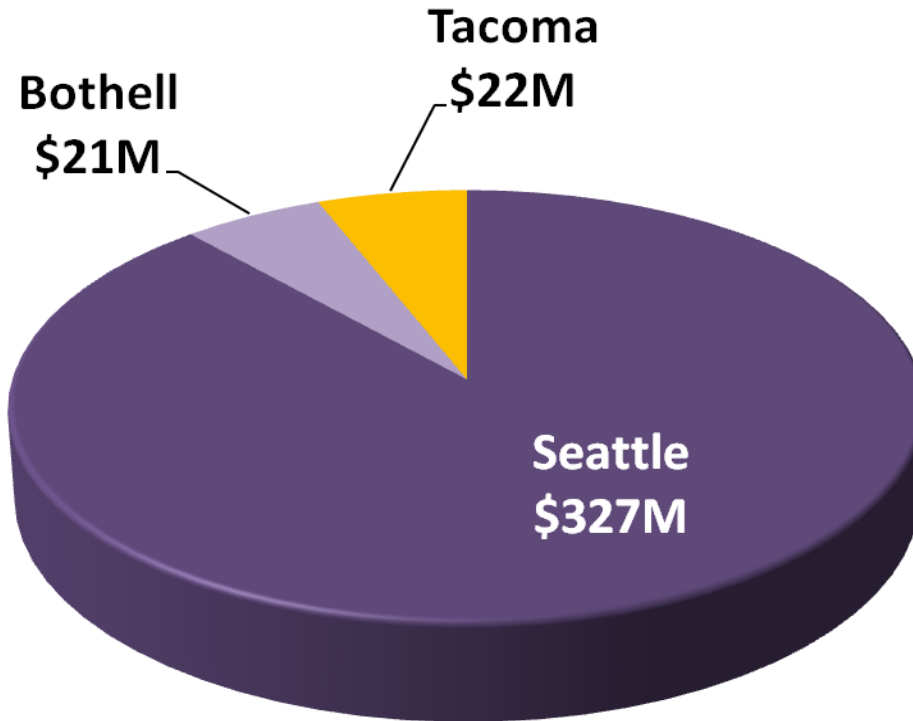
- ❖ The Legislature limited the amount that undergraduate resident tuition could be increased by 14 percent for both 2009-10 and 2010-11.
- ❖ The Legislature extended authority to set tuition for all other tuition categories through 2012-13.
- ❖ For 2010-11, the administration is recommending the following tuition increases:
  - 14% (\$997) for undergraduate residents
  - 4% (\$950) for non-resident undergraduates
  - 0-14% for graduate and professional students, depending on program.
- ❖ UW tuition will continue to be more affordable than our peer institutions in almost all tuition categories.

# The proposed FY 2011 budget includes substantial financial aid increases.



- ❖ Tuition increases will provide an additional **\$3,125,200** in financial aid revenue for needy undergraduate resident students.
- ❖ The Legislature also requires that 1/7 (14 percent ) of tuition revenue beyond what would have been generated by a 7% increase be used for financial aid grants for undergraduates. This is equivalent to **\$1,660,000**.
- ❖ Increased tuition levels will increase the value of tuition waivers granted to graduate students by over **\$4.0 million**, plus make an additional **\$861,000** available to graduate and professional students through grants or waivers.
- ❖ The federal Pell grant, plus the State Need Grant will combine with increases in UW aid to further offset tuition increases for needy students.
- ❖ An expanded federal tax credit will continue to help offset tuition increases for many middle class students who do not typically qualify for financial aid.

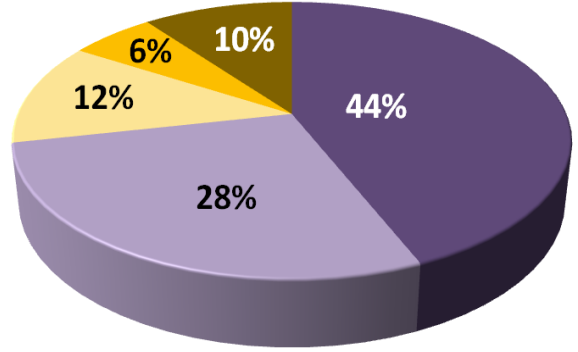
**It is projected that net tuition revenue in FY 2011 will be \$370 million**





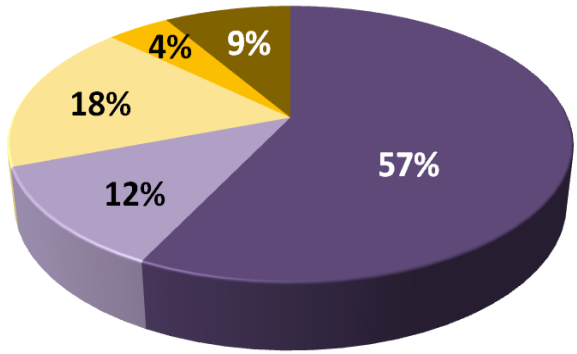
**Undergraduates are in the majority and provide the largest amount of tuition; nonresident undergraduates contribute disproportionately to revenue.**

**2010-11 Projected Revenue by Tuition Category (\$327.4 million total)**



- Undergraduate Resident
- Undergraduate Nonresident
- Graduate Tiers
- Professional Masters
- Professional (Med, Dent, Law, Pharm)

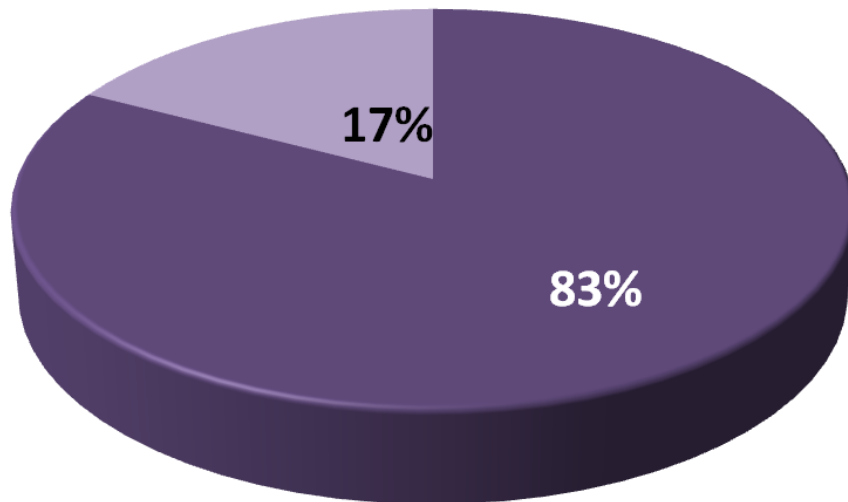
**2010-11 Projected FTE by Tuition Category (34,067)**



# Nonresident undergraduate enrollment will be increasing



Seattle Campus Undergraduate FTE  
2010-11



- While 17 percent of undergraduate FTE enrollment is nonresident, it is planned that 4,000 resident and 1,500 nonresident freshmen will enter in Fall 2010.