

VII. STANDING COMMITTEES

A. Academic & Student Affairs Committee

In Joint Session with

B. Finance, Audit & Facilities Committee

Fiscal Year 2011 Proposed Operating Budget and Tuition 2010-2011

The FY 2011 Operating and Capital Budgets are being presented as an information item at the May 2010 joint meeting of the Finance, Audit and Facilities Committee and the Academic and Student Affairs Committee. These budgets will be presented as an action item at the June 2010 joint meeting of the Finance, Audit and Facilities Committee and the Academic and Student Affairs Committee.

Attachment

Proposed FY 2011 Operating and Capital Budgets

ATTACHMENT

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Preview of the June 2010 Action Item

The June 2010 action item adopting the FY 2011 Operating and Capital Budgets will ask the Board of Regents to do five things:

- Adopt the FY 2011 Operating Budget;
- Establish tuition rates for all tuition categories for the 2010-11 academic year;
- Approve certain fee increases for implementation during FY 2011;
- Specify 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.
- Adopt the FY 2011 Capital Budget;

Financial Context for the 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:

Revenue Source	FY 2010 Adopted	Changes	FY 2011 Proposed
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	39,118,000	369,676,000
Designated Operating Fund	55,502,000	3,400,000	58,902,000
Subtotal: Ongoing Core Education Revenues	706,687,000	40,413,000	747,100,000
Use of Fund Balance for Temporary Expenditures	11,000,000	(1,000,000)	10,000,000
TOTAL REVENUES	717,687,000	39,413,000	757,100,000

Comments on Changes in Revenues

Budgeted ongoing revenues in the proposed FY 2011 Core Education Budget are \$40,413,000 (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 \$39,118,000 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);

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:

Revenue Source	FY 2010 Adopted	FY 2011 Proposed	Change
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
TOTAL REVENUES	55,502,000	58,902,000	3,400,000

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>
<u>UW Seattle Budget Reductions:</u>	
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)
<u>UW Bothell Budget Reductions</u>	
FY 2011 Reductions	(1,037,000)
Subtotal for UW Bothell Budget Reductions	(1,037,000)
<u>UW Tacoma Budget Reductions</u>	
FY 2011 Reductions	(1,329,000)
Subtotal for UW Tacoma Budget Reductions	(1,329,000)
TOTAL BUDGET REDUCTIONS	(27,955,000)
<u>Incremental Tuition Allocation to Academic Units</u>	
UW Seattle Academic Units	21,522,000
UW Bothell	5,235,000
UW Tacoma	3,137,000
Subtotal	29,894,000
<u>Incremental Tuition Allocation to the Provost</u>	
Strategic Investments	3,000,000
Mitigation of Academic Unit Budget Reductions	3,000,000
Administrative Unit Investments	3,500,000
Subtotal	9,500,000
<u>Compensation Adjustments</u>	
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
<u>Other Adjustments</u>	
Required Cost Increases/Adjustments	7,582,000
Legislative Actions	5,788,000
Subtotal	13,370,000
<u>Use of Fund Balance</u>	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

	FY2010 Adopted	FY 2011 Proposed	Difference
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
Total All Grants/Waivers	\$93,113,000	\$101,138,000	\$8,025,000

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
TOTAL REVENUES	1,201,664,000	1,280,693,000	79,029,000

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.

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

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:

Revenue Source	FY 2010 Adopted	FY 2011 Proposed	Change
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
TOTAL REVENUES	1,206,641,000	1,254,776,000	48,135,000

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:

<u>Project Name</u>	<u>Debt Payment Source</u>	<u>Debt Funds</u>
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
TOTAL		55,700,000

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 \$6,685,000 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.

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

Budget Category	FY 2010 Adopted	FY 2011 Proposed
CORE EDUCATION BUDGET		
Core Education Budget		
Revenues		
State General Fund	320,627,000	318,522,000
Tuition Operating Fee	330,558,000	369,676,000
Designated Operating Fund	55,502,000	58,902,000
Subtotal: Ongoing Core Education Revenues	706,687,000	747,100,000
Use of Fund Balance for Temporary Expenditures	11,000,000	10,000,000
Total Revenues	717,687,000	757,100,000
Expenditures		
Ongoing Core Education Expenditures	706,687,000	747,100,000
One-time/temporary Expenditures	11,000,000	10,000,000
Total Expenditures	717,687,000	757,100,000
RESTRICTED OPERATING BUDGET		
Revenues		
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
State Restricted Funds	6,855,000	6,884,000
Total Revenues	1,201,664,000	1,280,693,000
Expenditures	1,201,664,000	1,280,693,000
ACADEMIC ENHANCEMENT/SUPPORT BUDGET		
Revenues		
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
Institutional Overhead	15,768,000	16,268,000
Total Revenues	1,206,641,000	1,254,776,000
Expenditures	1,206,641,000	1,254,776,000
TOTAL OPERATING BUDGET		
Revenues	3,125,992,000	3,292,569,000
Expenditures	3,125,992,000	3,292,569,000

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

	FY 2010 Adopted	FY 2011 Proposed	Comment
<u>REVENUES</u>			
State General Fund	320,627,000	318,522,000	
Tuition Operating Fee	330,558,000	369,676,000	
Designated Operating Fund	55,502,000	58,902,000	
Subtotal: Ongoing Core Ed Revenues	706,687,000	747,100,000	
Use of Fund Balance for Temporary Expenditures	11,000,000	10,000,000	
TOTAL REVENUES	717,687,000	757,100,000	
<u>EXPENDITURES</u>			
<u>Adjusted Base Budget</u>	717,687,000	706,537,000	
<u>UW Seattle Budget Reductions:</u>			
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)	
<u>UW Bothell Budget Reductions</u>			
FY 2011 Reductions		(1,037,000)	
Subtotal for UW Bothell Budget Reductions		(1,037,000)	
<u>UW Tacoma Budget Reductions</u>			
FY 2011 Reductions		(1,329,000)	
Subtotal for UW Tacoma Budget Reductions		(1,329,000)	
TOTAL BUDGET REDUCTIONS		(27,955,000)	
<u>Incremental Tuition Allocation to Academic Units</u>			
UW Seattle Academic Units		21,522,000	
UW Bothell		5,235,000	
UW Tacoma		3,137,000	
Subtotal		29,894,000	
<u>Incremental Tuition Allocation to the Provost</u>			
Strategic Investments		3,000,000	
Mitigation of Academic Unit Budget Reductions		3,000,000	
Administrative Unit Investments		3,500,000	
Subtotal		9,500,000	
<u>Compensation Adjustments</u>			
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	
<u>Other Adjustments</u>			
Required Cost Increases/Adjustments		7,582,000	<i>See Appendix 1</i>
Legislative Actions		5,788,000	<i>See Appendix 1</i>
Subtotal		13,370,000	
SUBTOTAL: CORE EDUCATION EXPENDITURES		747,100,000	
<u>Use of Fund Balance</u>		10,000,000	<i>See Table 3</i>
TOTAL EXPENDITURES		757,100,000	

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>
TOTAL EXPENDITURES	10,000,000	

Table 4
Proposed Budget
Restricted Programs Budget for Fiscal Year 2011

	FY 2010 Adopted	FY 2011 Proposed	Comments
<u>REVENUES</u>			
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	
TOTAL REVENUES	1,201,664,000	1,280,693,000	
<u>EXPENDITURES</u>			
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	
<u>Indirect Cost Recovery:</u>			
<u>Adjusted Base ICR Budget</u>	211,000,000	211,000,000	
<u>Compensation Adjustments</u>			
FY 2011 Health Benefit Increase		1,229,000	
<u>Investments in Research Excellence</u>			
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	
<u>Required Cost Increases/Adjustments</u>		1,788,000	<i>See Appendix 1</i>
TOTAL INDIRECT COST RECOVERY BUDGET		230,000,000	
TOTAL EXPENDITURES		1,280,693,000	

Table 5
Proposed Capital Budget for Fiscal Year 2011

FY 2010 Capital Budget Proposal	FY 2010 Adopted	FY 2011 Proposed
REVENUE		
Funding for FY 2009 Projects		
Projects Approved in FY 2009	356,836,123	
Substantially Completed Projects	21,238,000	
Previously Approved Continuing Projects	335,598,123	
Funding for FY 2010 and 2011 Projects		
State Funds	65,500,000	(24,097,000)
Non-State Funds		
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	
Subtotal, Non-State Funds	501,976,013	103,937,500
Total, New Funds	567,476,013	79,840,500
TOTAL REVENUE	903,074,136	79,840,500
EXPENDITURE COMMITMENTS		
Previously Approved Continuing Projects	335,598,123	
Proposed FY 2010 Projects		
Major Projects		
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
Subtotal, Major Projects	502,351,513	58,975,000
Minor Projects		
Minor Works - Facility Preservation	34,175,000	
Minor Works - Program	18,037,000	13,037,000
Subtotal, Minor Projects	52,212,000	13,037,000
Preventative Facility Maintenance and Building System Repairs	12,912,500	7,828,500
Total, New Projects for FY 10 and FY 11	567,476,013	79,840,500
TOTAL EXPENDITURE COMMITMENTS	903,074,136	79,840,500

Appendix 1
Required Cost Increases/Adjustments for Fiscal Year 2011

Item	FY 2011 Change	FY 2011 Amount to Core Educ.	FY 2011 Amount to ICR
<u>Institutional Budgets</u>			
Utilities:			
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
Other institutional budgets:			
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)
<u>Debt Service</u>			
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
<u>UW Tower</u>			
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

Item	FY 2011 Change	FY 2011 Amount to Core Educ.	FY 2011 Amount to ICR
<u>Other Issues</u>			
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
Subtotal Required Cost Increases	9,370,000	7,582,000	1,788,000
<u>Research Cost Recovery Policy Allocation</u>			
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
<u>Dedicated Indirect Cost Recovery Dollars</u>			
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
Subtotal RCR & Dedicated Indirect Cost Recovery	10,691,000	0	10,691,000
<u>Legislative Actions (From 2009 and 2010 sessions)</u>			
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
TOTAL REQUIRED COST INCREASES/ADJUSTMENTS	25,849,000	13,370,000	12,479,000

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	2010-11 Proposed Tuition and Fees		Estimated Fees	Proposed Tuition & Fees	2009-10 Peer Tuition & Fees	2010-11 Peer Tuition & Fees	2009-10 Peer Percent Increase
Undergraduate			Dollar Increase	Percent Increase					
Undergraduate Resident	7,125	8,122	997	14%	567	8,689	9,297	9,819	5.61%
Undergraduate Nonresident	23,800	24,750	950	4%	567	25,317	24,997	26,041	4.18%
Graduate									
Graduate Tier I Resident	10,160	10,870	710	7%	567	11,437	10,755	11,200	4.14%
Graduate Tier I Nonresident	23,500	24,210	710	3%	567	24,777	22,720	23,237	2.28%
Graduate Tier II Resident	10,660	11,410	750	7%	567	11,977			
Graduate Tier II Nonresident	24,000	24,750	750	3%	567	25,317			
Graduate Tier III Resident	11,160	11,940	780	7%	567	12,507			
Graduate Tier III Nonresident	24,500	25,280	780	3%	567	25,847			
Master of Library and Information Science Resident	11,540	12,350	810	7%	567	12,917			
Master of Library and Information Science Nonresident	25,260	27,030	1,770	7%	567	27,597			
Master of Public Affairs Resident (<i>incoming</i>)	12,100	13,790	1,690	14%	567	14,357			
Master of Public Affairs Nonresident (<i>incoming</i>)	24,750	27,230	2,480	10%	567	27,797			
Master of Public Affairs Resident (<i>continuing</i>)	11,000	12,100			567	12,667			
Master of Public Affairs Nonresident (<i>continuing</i>)	22,500	24,570			567	25,137			
College of Built Environment Master Degrees Resident	12,130	13,830	1,700	14%	567	14,397			
College of Built Environment Master Degrees Nonresident	26,540	30,260	3,720	14%	567	30,827			
Doctor of Pharmacy Resident	15,620	17,810	2,190	14%	567	18,377	18,423	19,176	4.09%
Doctor of Pharmacy Nonresident	30,920	33,080	2,160	7%	567	33,647	32,966	34,017	3.19%
Master of Law and Law (JD) Resident	21,700	23,760	2,060	9%	567	24,327	23,762	24,976	5.11%
Master of Law and Law (JD) Nonresident	32,210	36,720	4,510	14%	567	37,287	36,558	38,176	4.43%

*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		
	2010-11 Proposed Tuition and Fees								
Graduate	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
Medicine Resident	20,430	22,470	2,040	10%	567	23,037	28,635	30,013	4.81%
Medicine Nonresident	49,470	51,450	1,980	4%	567	52,017	46,819	48,422	3.42%
Dentistry Resident	20,430	23,290	2,860	14%	567	23,857	29,427	31,321	6.44%
Dentistry Nonresident	49,470	49,470	-	0%	567	50,037	49,735	52,205	4.97%
Master of Nursing and Doctor of Nursing Practice									
UW Seattle									
Master of Nursing/Doctor of Nursing Practice Resident	15,250	17,390	2,140	14%	567	17,957			
Master of Nursing/Doctor of Nursing Practice Nonresident	30,190	34,420	4,230	14%	567	34,987			
Master of Nursing (Satellite Campuses)									
UW Bothell/UW Tacoma									
Master of Nursing Resident	10,660	11,410	750	7%	528	11,938			
Master of Nursing Nonresident	24,000	24,750	750	3%	528	25,278			
Business Administration Master Degrees									
UW Seattle									
Master of Business Administration Resident (<i>incoming</i>)	23,350	24,520	1,170	5%	567	25,087	22,434	23,250	3.64%
Master of Business Administration Nonresident (<i>incoming</i>)	35,090	36,840	1,750	5%	567	37,407	33,141	34,146	3.03%
Master of Business Administration Resident (<i>continuing</i>)	21,230	23,350			567	23,917			
Master of Business Administration Nonresident (<i>continuing</i>)	31,900	35,090			567	35,657			
UW Bothell									
Master of Business Administration Resident (<i>incoming</i>)	19,890	20,880	990	5%	450	21,330			
Master of Business Administration Nonresident (<i>incoming</i>)	26,450	27,770	1,320	5%	450	28,220			
Master of Business Administration Resident (<i>continuing</i>)	18,587	19,890			450	20,340			
Master of Business Administration Nonresident (<i>continuing</i>)	24,717	26,450			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 Tuition	Proposed Tuition	2010-11 Proposed Tuition and Fees			Proposed Tuition & Fees	2009-10 Peer Tuition & Fees	2010-11 Peer Tuition & Fees	2009-10 Peer Percent Increase
Graduate			Dollar Increase	Percent Increase	Estimated Fees				
UW Tacoma									
Master of Business Administration Resident (<i>incoming</i>)	15,780	17,360	1,580	10%	528	17,888			
Master of Business Administration Nonresident (<i>incoming</i>)	28,700	31,570	2,870	10%	528	32,098			
Master of Business Administration Resident (<i>continuing</i>)	15,780	16,570	790	5%	528	17,098			
Master of Business Administration Nonresident (<i>continuing</i>)	28,700	30,140	1,440	5%	528	30,668			
Post-baccalaureate and Non-matriculated									
Post- baccalaureate Resident									
taking only undergraduate courses	7,125	8,122	997	14%	567	8,689			
taking one or more graduate courses	11,160	11,940	780	7%	567	12,507			
Post- baccalaureate Nonresident									
taking only undergraduate courses	23,800	24,750	950	4%	567	25,317			
taking one or more graduate courses	24,500	25,280	780	3%	567	25,847			
Non-matriculated Resident									
taking only undergraduate courses	7,125	8,122	997	14%	567	8,689			
taking one or more graduate courses	11,160	11,940	780	7%	567	12,507			
Non-matriculated Nonresident									
taking only undergraduate courses	23,800	24,750	950	4%	567	25,317			
taking one or more graduate courses	24,500	25,280	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.

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

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

In Joint Session with

B. Finance, Audit and Facilities Committee

Information Item

Background Information Related to Proposed Tuition Increases for
Academic Year 2010-11

F-21/205-10
5/13/10

Content of This Item

The proposed fiscal year 2011 University of Washington budget will be discussed in the May 2010 joint session of the Academic and Student Affairs Committee and the Finance, Audit and Facilities Committee. As part of that discussion, additional background information relating to the proposed tuition increases for the 2010-11 academic year is provided within this item.

History of Tuition Setting Authority

On May 12, 2003, the state legislature passed Engrossed Substitute Senate Bill (ESSB) 5448 giving the Board of Regents authority to set tuition for all tuition categories except undergraduate resident tuition. The bill granted tuition setting authority for a six year time period, through the 2008-09 academic year. The legislature reserved the right to establish limits for tuition increases for undergraduate resident students in future biennial budget bills.

In 2007, the legislature passed Second Senate Substitute Bill (SSSB) 5806 which implements the major higher education recommendations resulting from the Governor's Washington Learns Initiative. Specifically, the bill:

- Established the "Global Challenge States" as the official benchmark for comparing per student funding for higher education institutions in the state.
- Set a goal of bringing per student funding for all higher education institutions to at least the 60th percentile of peer schools in the Global Challenge States within at least ten years.
- Imposed a cap on tuition increases for resident undergraduates of no more than 7 percent per year through the 2016-17 academic year.
- Required tuition statements for public colleges to clearly display the state taxpayer subsidy along with other relevant costs.

During the 2009 legislative session, the state legislature passed SSB 5734 which gave the Board of Regents authority to set tuition for all tuition categories except undergraduate resident tuition. This bill extended tuition setting authority for a four year time period, through the 2012-13 academic year. In the 2009-11 State Operating Budget bill, the legislature authorized the UW to increase undergraduate resident tuition by up to 14% in fiscal year 2010 and fiscal year 2011.

The Board of Regents first utilized this tuition setting authority in June 2003 when it established tuition rates for the 2003-04 academic year for the undergraduate non-resident category and for all of the graduate and professional tuition categories.

The Board of Regents had an extensive discussion of tuition setting policy in February and March 2004 as part of the adoption of tuition rates for the 2004-05 academic year.

This discussion was revisited in February 2005 when proposed tuition rates for the 2005-06 academic year were considered. During the process of adopting the University of Washington's fiscal year 2006 budget, the President recommended, and the Board of Regents agreed, to move the discussion and approval of tuition rates for fiscal year 2007 and subsequent years to May and June, after the state legislative session was completed.

For the tuition comparisons included in this document, the University of Washington continues to compare itself to institutions included in the Higher Education Coordinating Board 24 comparison group for consistency with past presentations. There are only ten universities on the list of Global Challenge State peer institutions, so overall it is a much smaller comparison group. In addition, many of these ten universities do not have all of the academic programs offered by the University of Washington, so for some tuition comparisons, the comparison groups are quite limited.

Supporting Information in Appendices

Supporting tuition-related information is provided in appendices at the end of this information item:

- Appendix 1: Current Tuition Category Structure
- Appendix 2: Factors Considered When Tuition Increases are Proposed
- Appendix 3: Tuition and Fee Waiver Summary for Academic Years 2004-05 through 2008-09
- Appendix 4: Financial Aid Grant Summary for Fiscal Years 2005 Through 2009
- Appendix 5: Financial Aid Grants from Gift/Endowment Funds for Fiscal Years 2005 through 2008
- Appendix 6: Loan Debt at Graduation (for Various Degree Categories) For Academic Years 2004-05 through 2008-09
- Appendix 7: Federal and State Funding for Academic years 2008-09 and 2009-10
- Appendix 8: State Funding Per Student FTE for Academic Year 2007-08
- Appendix 9: Annual Tuition and Fee Comparison (summary) for Academic Years 2005-06 through 2009-10
- Appendix 10: Annual Tuition and Fee Comparison for Academic Years 2009-10

A few comments on some of the data included in these appendices are provided below.

Comments on Appendix 3

Information on tuition and fee waivers that were awarded over the fiscal year 2005 through 2009 time period is shown in Appendix 3. Note that in fiscal year 2009, a total of \$78,814,584 in tuition and fees was waived with \$66,379,658 (84 percent of the total) going to graduate/professional students and \$12,434,926 (16 percent of the total) going to undergraduate students. Over this five-year time period, the amount of tuition and fees waived increased by \$27,391,607.

Comments on Appendix 4

State law requires that 3.5 percent of the tuition dollars actually collected be used to provide financial aid grants to students. Information on the total amount of financial aid grants provided over the fiscal year 2005 through 2009 time period is provided in

Appendix 4. In fiscal year 2009, \$8,294,007 in financial aid grants were provided to undergraduate students and \$3,666,634 to graduate and professional students for a total amount of financial aid grants of \$11,960,641. Over this five year period, the amount of financial aid grants from this source of funds increased by \$3,814,161, a 68 percent increase over the five year period!

Comments on Appendix 5

Financial aid grants are provided to many students through gift/endowment funds. Information on the total amount of financial aid grants from gift/endowment funds by tuition category in fiscal years 2005 through 2009 is provided in Appendix 5. In fiscal year 2009, \$46,458,358 in financial aid grants were provided to students from gift/endowment funds with \$28,494,903 (61 percent) of this total going to undergraduate students. Over the same five year period, the amount of financial aid grants provided annually to students increased by \$17,142,951, a 63 percent increase. Financial aid grants provided to graduate and professional students grew significantly over this time period although the percentage increase began to slow during fiscal year 2007.

Comments on Appendix 6

Information on loan debt at graduation for various degree categories is provided in Appendix 6, with five years of historical data shown in this table. A few comments on interpreting the information in Appendix 6 are needed. First, while both *mean* and *median* loan debt figures are presented, given the characteristics of the data the median loan debt figures are probably the best measure of average loan debt. Second, it is important to look at both the average loan debt and the percentage of students getting degrees in a particular category who graduate with debt.

For undergraduate students receiving degrees at the end of the 2008-09 academic year, median loan debt increased by \$1,125 compared to a decrease of \$133 in the previous year; the percentage of students graduating with debt decreased slightly to 47.1 percent compared to 48.1 percent the previous year. Students receiving degrees in most graduate and professional tuition categories saw increases in median loan debt for the 2008-09 academic year.

Comments on Appendix 7

The Federal and State funding allocated for student funding award packages is displayed in Appendix 7.

Comments on Appendix 8

Information on the level of state funding per student FTE at the Higher Education Coordinating Board 24 comparison institutions for the 2007-08 academic year is provided in Appendix 7; this is the most recent year for which comparison data are available. The average state funding per student FTE at the HEC Board 24 comparison institutions for the 2007-08 academic year was \$12,398 per student FTE compared to the University of Washington average FTE of \$9,920 for the same year. In the 2007-08

academic year, the HEC Board 24 comparison group institutions on average received \$2,479 more in state funding per student FTE than did the University of Washington.

Comments on Appendices 9 and 10

Appendices 8 and 9 present tuition and fee comparisons with the Higher Education Coordinating (HEC) Board 24 comparison institutions. Note that when the HEC Board established this comparison group many years ago they used two criteria: 1) the institution had to be a “flagship” public university in the state it was located and 2) the institution had to have a medical school.

Appendix 8 presents five years of HEC Board 24 and University of Washington tuition and fee averages for each tuition category and displays the gap between the University of Washington and the comparison group. Appendix 9 provides more detailed tuition and fee information, first for the Global Challenge States undergraduate resident and nonresident category, and, for the HEC Board 24 comparison institutions, all reported tuition categories.

Appendix 1

University of Washington Current Tuition Category Structure

The UW currently has a number of tuition categories and there is a resident/non-resident distinction within each category. The tuition categories are:

Undergraduate
Graduate Tier I
Graduate Tier II
Graduate Tier III
Information School: Master of Library and Information Science
Evans School of Public Affairs: Master of Public Affairs
College of Built Environments: Masters of Architecture, Landscape Architecture,
and Urban Planning
Foster School of Business: Master of Business Administration
School of Nursing: Nursing Master and Doctor of Nursing Practice
School of Pharmacy: Doctor of Pharmacy
School of Law: Law Master and Professional
School of Medicine: Medical Professional
School of Dentistry: Dental Professional

In the Business Administration Master and Nursing Master categories, there are some differences in tuition levels across the Seattle, Bothell and Tacoma campuses. The Board of Regents also establishes tuition rates for post baccalaureate and non-matriculated students.

The current graduate tuition “tier” categorizations are listed below. The tier categorizations for some masters programs recognize differences in the cost of some programs and in the personal value of the degree to the graduates.

Tier I	PhD programs not specified below Master degrees not specified below
Tier II	College of Education: All masters College of the Environment: Forest Resources masters, Ocean & Fishery Sciences masters [<i>Master of Marine Affairs, (GTTL) and Master of Marine Affairs</i>] School of Medicine: Non-professional masters UW Bothell: Master of Nursing, Master of Policy Studies UW Tacoma: Master of Nursing
Tier III	College of Engineering: All master and doctorate (PhD) degrees School of Nursing: Master of Science and PhD in Nursing Science School of Public Health: Master of Public Health UW Tacoma: Master in Computing and Software Systems

Appendix 2

University of Washington

Factors Considered When Tuition Increases are Proposed

As has been discussed with the Board of Regents over the last few years, a variety of factors are considered when tuition increases are proposed. The factors considered when proposing tuition increases include, but are not limited to:

- What is the institution's current competitive funding situation?

Tuition is a significant component of the funding that supports the UW's Core Education Budget. Decisions about proposed tuition increases need to be linked to decisions that the state makes on the level of General Fund support for the UW. In order to offer competitive programs, the UW must be competitively funded. Both General Fund support and student-paid tuition need to increase; how much tuition will increase depends on General Fund support increases. Greater increases in General Fund support put less pressure on tuition increases, smaller increases in General Fund support put more pressure on tuition.

- What is the program's quality goal and is it achieving that goal?
- What does it cost to deliver the program?
- What is the program's current competitive position?
- What is the value of the program to students?
- What is the market demand for graduates of the program?
- What is the student demand for the program?
- What is the average loan debt of students graduating from the program?
- How much financial aid are colleges/schools able to offer students in their programs?
- To what extent can we make tuition predictable for students?

These factors are not considered on any formulaic basis, but rather evaluated more subjectively as whole.

Appendix 3

University of Washington
TUITION AND FEE WAIVER SUMMARY
 Academic Years 2004-05 through 2008-09

Waiver Category	2004-05	2005-06	2006-07	2007-08	2008-09
Graduate/Professional					
TA/RA Operating Fee	12,556,658	13,922,766	14,946,296	15,792,628	17,586,471
TA/RA NonResident Differential	23,565,252	27,310,677	30,365,107	31,175,516	33,536,043
ICA Gender Equity	1,722				
Grad/Prof Residency Classification		953,606	1,566,587	2,492,159	2,923,954
WWAMI Interstate Agreement	3,120,122	3,355,915	3,680,312	4,230,175	5,005,471
WICHE Prof Student Exchange	125,034	115,614	121,645	139,194	135,953
Over 18 Credit Hours	199,091	182,419	205,025	220,045	627,831
International Exchange	1,030,555	1,032,581	1,246,177	1,343,156	1,208,400
University Faculty/Staff - Nonresident	135,558	94,128	113,700	155,740	111,188
Faculty/Staff Dependents - Nonresident	65,700	40,668	39,410	30,562	15,482
Veteran's Waivers			34,648	324,509	540,282
4% Merit/Need Graduate/Professional	3,020,420	3,204,813	3,635,553	4,152,559	4,688,584
Subtotal	43,820,111	50,213,186	55,954,460	60,056,243	66,379,658
Undergraduate					
ICA Gender Equity	1,458,451	1,584,626	1,704,282	1,846,227	1,996,736
Grad/Prof Residency Classification					0
Washington Achievement Award	158,610	231,332	252,500	116,502	10,834
International Exchange	464,330	596,097	591,849	652,587	792,319
University Faculty/Staff - Nonresident	9,683	4,766	10,199		9,848
Faculty/Staff Dependents - Nonresident	8,420	4,765	24,778	5,249	27,923
Children of Police/Firefighters	27,888	23,503	42,650	37,019	30,353
Veteran's Waivers	10,562	243,378	670,293	1,128,548	1,429,470
TA/RA Operating Fee	0	12,566		3,782	3,111
TA/RA NonResident Differential	0	9,531	3,941		
4% Merit/Need Undergraduate	5,464,922	5,845,779	6,329,413	7,185,692	8,134,332
Subtotal	7,602,866	8,556,342	9,629,904	10,975,605	12,434,926
TOTAL	51,422,977	58,769,529	65,584,365	71,031,848	78,814,584

This data does NOT include summer quarter waivers

Appendix 4

University of Washington
FINANCIAL AID GRANT SUMMARY
Fiscal Years 2005 through 2009

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Undergraduate	5,443,672	5,478,112	6,252,639	7,589,582	8,294,007
Graduate	2,702,808	2,844,617	3,082,126	3,466,647	3,666,634
TOTAL	8,146,480	8,322,729	9,334,765	11,056,229	11,960,641

This data does NOT include summer quarter financial aid
Financial aid represents 3.5 percent of actual collected tuition

Appendix 5

University of Washington
FINANCIAL AID GRANTS FROM GIFT/ENDOWMENT FUNDS
 Fiscal Years 2005 through 2008

Degree	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Business Administration (<i>graduate</i>)	2,011,832	3,094,655	2,235,364	2,806,118	3,215,374
Dentistry (<i>doctor</i>)	138,200	188,600	213,045	253,405	277,825
Law (<i>juris doctor</i>)	432,628	560,827	512,287	775,161	1,061,330
Medicine (<i>doctor</i>)	1,199,053	1,158,393	1,220,712	1,605,686	2,078,478
Nursing (<i>graduate</i>)	312,896	339,033	373,570	527,047	562,879
Pharmacy (<i>doctor</i>)	185,850	199,429	254,220	254,249	245,592
All Other Graduate Programs	6,973,651	8,373,085	9,032,817	9,790,834	10,521,978
Undergraduate	18,061,296	18,582,963	21,105,005	23,380,472	28,494,903
TOTAL	29,315,407	32,496,986	34,947,021	39,392,974	46,458,358

Appendix 6

University of Washington LOAN DEBT AT GRADUATION

Bachelor Degrees

Academic Year	Total Students	Students with Loan Debt	Percentage with Loan Debt	Mean Debt at Graduation	Median Debt at Graduation
2004-05	8,005	4,019	50.2	15,669	13,356
2005-06	7,771	3,749	48.2	15,948	13,358
2006-07	7,789	3,796	48.7	16,116	13,758
2007-08	7,646	3,679	48.1	16,481	13,625
2008-09	7,906	3,726	47.1	17,808	14,750

Graduate Degrees*

Academic Year	Total Students	Students with Loan Debt	Percentage with Loan Debt	Mean Debt at Graduation	Median Debt at Graduation
2004-05	2,787	1,480	53.1	33,258	27,557
2005-06	2,941	1,411	48.0	36,735	30,224
2006-07	2,894	1,563	54.0	36,619	30,000
2007-08	2,909	1,541	53.0	36,369	28,298
2008-09	2,387	1,368	57.3	40,449	32,429

*Master and PhD degrees in fields other than Medicine, Dentistry, Law, Nursing, Pharmacy and Business

Medicine Degrees

Academic Year	Total Students	Students with Loan Debt	Percentage with Loan Debt	Mean Debt at Graduation	Median Debt at Graduation
2004-05	158	151	95.6	91,276	99,207
2005-06	183	173	94.5	104,656	110,205
2006-07	166	145	87.3	106,083	114,441
2007-08	169	156	92.3	118,809	129,187
2008-09	180	166	92.2	128,140	139,082

Dentistry Degrees

Academic Year	Total Students	Students with Loan Debt	Percentage with Loan Debt	Mean Debt at Graduation	Median Debt at Graduation
2004-05	54	49	90.7	113,128	119,630
2005-06	53	50	94.3	130,149	133,273
2006-07	56	52	92.9	143,154	145,254
2007-08	51	49	96.1	144,328	146,409
2008-09	54	49	90.7	137,901	148,531

Appendix 6 (continued)

University of Washington
LOAN DEBT AT GRADUATION

Law Degrees

Academic Year	Total Students	Students with Loan Debt	Percentage with Loan Debt	Mean Debt at Graduation	Median Debt at Graduation
2004-05	162	145	89.5	57,637	54,646
2005-06	176	140	79.5	64,206	64,400
2006-07	178	145	81.5	65,507	65,846
2007-08	168	133	79.2	68,662	66,523
2008-09	160	131	81.9	77,723	73,572

Nursing Degrees

Academic Year	Total Students	Students with Loan Debt	Percentage with Loan Debt	Mean Debt at Graduation	Median Debt at Graduation
2004-05	141	61	43.3	30,617	29,612
2005-06	127	55	43.3	32,157	30,930
2006-07	165	79	47.9	38,298	32,595
2007-08	142	81	57.0	38,846	33,586
2008-09	143	72	50.3	46,847	33,542

MBA Degrees

Academic Year	Total Students	Students with Loan Debt	Percentage with Loan Debt	Mean Debt at Graduation	Median Debt at Graduation
2004-05	356	150	42.1	36,028	37,000
2005-06	414	169	40.8	38,013	37,218
2006-07	397	165	41.6	36,769	37,000
2007-08	415	176	42.4	32,705	33,854
2008-09	423	179	42.3	48,759	44,296

Pharmacy Degrees

Academic Year	Total Students	Students with Loan Debt	Percentage with Loan Debt	Mean Debt at Graduation	Median Debt at Graduation
2004-05	96	72	75.0	54,112	51,890
2005-06	102	79	77.5	63,196	68,709
2006-07	90	75	83.3	69,762	72,510
2007-08	110	74	67.3	63,869	70,259
2008-09	99	76	76.8	76,991	79,849

Appendix 7

University of Washington Federal and State Funding

Pell and State Need Grant Funding

	2008-09 Actual Awards			2009-10 Actual Awards		
	Number of Students	Percent of Undergraduate Enrollment	Amount Awarded	Number of Students	Percent of Undergraduate Enrollment	Amount Awarded
Pell/TRIO (Undergraduate)	8,246	24%	24,706,960	8,600	25%	37,989,000
State Need Grant Funding	6,761	20%	37,459,114	7,000	20%	41,487,000

Husky Promise

	2008-09			2009-10		
	Husky Promise	Percent of Undergraduate Eligibility	Autumn 2008 Enrollment	Husky Promise	Percent of Undergraduate Eligibility	Autumn 2009 Enrollment
Seattle	4,998	85%	22,583	5,635	25%	22,794
Bothell	293	5%	1,704	434	21%	2,103
Tacoma	560	10%	2,284	727	30%	2,445

Appendix 8

University of Washington State Funding per Student FTE Academic Year 2007-08

<u>Institution</u>	<u>2007-08 State & Local Appropriations</u>	<u>2007-08 Student FTE</u>	<u>2007-08 State Support per Student FTE</u>
Cornell University	225,820,311	19,775	11,419
University of North Carolina at Chapel Hill	543,291,852	24,902	21,817
University of California-Los Angeles	672,298,000	36,657	18,340
University of California-Davis	474,468,000	28,786	16,483
University of Kentucky	341,172,161	23,410	14,574
University of Minnesota-Twin Cities	661,322,554	41,286	16,018
University of Florida	662,574,000	47,138	14,056
University of Hawaii at Manoa	259,747,192	16,229	16,005
University of New Mexico-Main Campus	318,896,465	20,417	15,619
University of Iowa	339,785,000	25,410	13,372
University of California-San Diego	318,902,000	26,410	12,075
University of Arizona	445,018,000	33,110	13,441
University of Illinois at Chicago	245,188,954	22,822	10,744
University of Utah	294,907,000	22,310	13,219
Texas A & M University	469,082,073	43,309	10,831
University of California-Irvine	261,677,000	25,784	10,149
University of Wisconsin-Madison	391,637,016	38,384	10,203
Ohio State University-Main Campus	442,434,248	48,239	9,172
University of Missouri-Columbia	239,605,057	25,533	9,384
Michigan State University	385,748,300	42,305	9,118
University of Michigan-Ann Arbor	353,058,000	39,078	9,035
University of Pittsburgh-Main Campus	186,599,437	23,999	7,775
University of Virginia-Main Campus	165,980,197	21,748	7,632
University of Cincinnati-Main Campus	174,470,402	24,638	7,081
Peer Group Average	369,736,801	30,070	12,398
University of Washington-Seattle Campus	388,485,367	39,163	9,920
Amount UW would need to increase tuition to reach peer average			2,479

Appendix 9

ANNUAL TUITION AND FEE COMPARISON SUMMARY University of Washington and HECB 24 Universities



	Academic Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Undergraduate Resident					
HEC BOARD 24 Group Average	7,041	7,532	8,093	8,665	9,297
Washington	5,610	5,985	6,385	6,802	7,692
Gap	1,431	1,547	1,708	1,863	1,605
Undergraduate Nonresident					
HEC BOARD 24 Group Average	19,653	20,764	22,065	23,137	24,997
Washington	19,907	21,283	22,131	23,219	24,367
Gap	(254)	(519)	(66)	(82)	630
Graduate Resident					
HEC BOARD 24 Group Average	8,509	9,059	9,420	10,043	10,755
Washington	8,257	8,818	9,417	10,047	10,727
Gap	252	241	3	(4)	28
Graduate Nonresident					
HEC BOARD 24 Group Average	19,252	19,862	20,489	21,302	22,720
Washington	19,307	20,641	21,464	22,519	24,064
Gap	(55)	(779)	(975)	(1,217)	(1,344)
MBA Resident					
HEC BOARD 24 Group Average	16,737	17,590	18,611	20,528	22,434
Washington	15,287	17,825	19,843	21,782	23,917
Gap	1,450	(235)	(1,232)	(1,254)	(1,483)
MBA Nonresident					
HEC BOARD 24 Group Average	26,771	27,950	29,119	30,626	33,141
Washington	25,224	27,525	29,543	32,452	35,657
Gap	1,547	425	(424)	(1,826)	(2,516)
PharmD Resident					
HEC BOARD 24 Group Average	13,428	14,436	15,319	16,376	18,423
Washington	11,177	12,262	13,454	14,754	16,187
Gap	2,251	2,174	1,865	1,622	2,236
PharmD Nonresident					
HEC BOARD 24 Group Average	26,048	27,682	28,763	30,157	32,966
Washington	21,627	23,757	26,098	28,663	31,487
Gap	4,421	3,925	2,665	1,494	1,479

Appendix 9 (continued)

ANNUAL TUITION AND FEE COMPARISON SUMMARY
University of Washington and HECB 24 Universities



	Academic Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Law Resident					
HEC BOARD 24 Group Average	16,490	17,711	19,192	20,990	23,762
Washington	14,807	16,255	17,846	19,585	22,267
Gap	1,683	1,456	1,346	1,405	1,495
Law Nonresident					
HEC BOARD 24 Group Average	27,932	29,550	31,297	33,597	36,557
Washington	21,737	23,878	26,231	28,809	32,777
Gap	6,195	5,672	5,066	4,788	3,780
Dentistry Resident					
HEC BOARD 24 Group Average	20,923	22,397	24,230	27,084	29,427
Washington	14,459	15,872	17,425	19,122	20,997
Gap	6,464	6,525	6,805	7,962	8,430
Dentistry Nonresident					
HEC BOARD 24 Group Average	38,574	40,626	42,792	46,702	49,735
Washington	34,297	37,694	41,429	45,527	50,037
Gap	4,277	2,932	1,363	1,175	(302)
Medicine Resident					
HEC BOARD 24 Group Average	21,595	22,739	24,478	26,243	28,635
Washington	14,459	15,872	17,425	19,122	20,997
Gap	7,136	6,867	7,053	7,121	7,638
Medicine Nonresident					
HEC BOARD 24 Group Average	37,450	39,263	40,912	43,381	46,819
Washington	34,297	37,694	41,429	45,527	50,037
Gap	3,153	1,569	(517)	(2,146)	(3,218)

Appendix 10

University of Washington
Annual Tuition and Fee Comparison
University of Washington and Global Challenge States

Tuition Category **UNDERGRADUATE RESIDENT**
Academic Year 2009-10

	2009-10 Tuition and Fe
University of Massachusetts	11,917
Rutgers University	11,886
University of California Davis	9,943
University of Connecticut	9,886
University of Virginia	9,872
University of California San Diego	9,377
University of California Irvine	9,303
University of California Los Angeles	8,851
University of Maryland College Park and Baltimore	8,053
University of Colorado Boulder and Denver	7,932
University of Washington	7,692

University of Washington Ranking	11 of 11
Global Challenge Group Average	9,702
Global Challenge States Median	9,625

University of Washington tuition and fees would have to increase by \$2,010 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington **Annual Tuition and Fee Comparison** University of Washington and Global Challenge States

Tuition Category	UNDERGRADUATE NONRESIDENT	
Academic Year	2009-10	
		2009-10
		Tuition and Fees
University of California Davis		32,660
University of California San Diego		32,094
University of California Irvine		32,020
University of Virginia		31,872
University of California Los Angeles		31,568
University of Colorado Boulder and Denver		28,186
University of Connecticut		25,486
University of Washington		24,367
University of Maryland College Park and Baltimore		23,990
University of Massachusetts		23,414
Rutgers University		22,518

University of Washington Ranking	8 of 11
Global Challenge Group Average	28,381
GCS MEDIAN	28,186

University of Washington tuition and fees would have to increase by \$4,014 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

NOTE: Data presented includes mid-year increases at the University of California campuses.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	UNDERGRADUATE RESIDENT	
Academic Year	2009-10	2009-10 Tuition and Fees
Cornell University State Statutory Colleges		21,814
University of Pittsburgh Main Campus		14,154
University of Michigan		12,400
University of Illinois Chicago		12,028
Michigan State University		11,383
University of Minnesota Twin Cities		11,293
University of California Davis		9,943
University of Virginia		9,672
University of Cincinnati Main Campus		9,399
University of California San Diego		9,377
University of California Irvine		9,303
University of California Los Angeles		8,851
Ohio State University Main Campus		8,706
University of Missouri Columbia		8,501
University of Wisconsin Madison		8,314
Texas A&M University Main Campus		8,177
University of Kentucky		8,123
University of Washington		7,692
University of Hawaii at Manoa		7,167
University of Arizona		6,855
University of Iowa		6,824
University of Utah		5,745
University of North Carolina		5,625
University of New Mexico Albuquerque		5,101
University of Florida		4,373
University of Washington Ranking		18 of 25
HEC BOARD 24 Group Average		9,297

University of Washington tuition and fees would have to increase by \$1,605 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	UNDERGRADUATE NONRESIDENT	2009-10
Academic Year	2009-10	Tuition and Fees
Cornell University State Statutory Colleges		37,954
University of Michigan		36,163
University of California Davis		32,660
University of California San Diego		32,094
University of California Irvine		32,020
University of Virginia		31,672
University of California Los Angeles		31,568
Michigan State University		27,781
University of Illinois Chicago		24,418
University of Washington		24,367
University of Cincinnati Main Campus		23,922
University of Pittsburgh Main Campus		23,852
University of Florida		23,744
University of North Carolina		23,513
University of Wisconsin Madison		23,063
Texas A&M University Main Campus		22,607
Ohio State University Main Campus		22,278
University of Arizona		22,264
University of Iowa		22,198
University of Missouri Columbia		19,592
University of Hawaii at Manoa		19,215
University of Utah		18,136
University of New Mexico Albuquerque		17,253
University of Kentucky		16,678
University of Minnesota Twin Cities		15,293
University of Washington Ranking		10 of 25
HECB 24 Group Average		24,997

University of Washington tuition and fee would have to increase by \$630 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	GRADUATE RESIDENT	
Academic Year	2009-10	2009-10 Tuition and Fees
Cornell University State Statutory Colleges		20,870
University of Michigan		17,475
University of Pittsburgh Main Campus		17,092
University of Minnesota Twin Cities		13,401
University of Virginia		12,628
University of Illinois Chicago		12,558
University of Cincinnati Main Campus		12,354
University of California Irvine		11,961
Michigan State University		11,948
University of California Davis		11,632
University of California San Diego		11,045
University of California Los Angeles		10,769
University of Washington		10,727
Ohio State University Main Campus		10,708
University of Wisconsin Madison		10,518
University of Florida		9,476
University of Kentucky		8,778
University of Missouri Columbia		8,187
Texas A&M University Main Campus		7,983
University of Iowa		7,863
University of Arizona		7,645
University of North Carolina		7,162
University of Hawaii at Manoa		7,115
University of Utah		4,705
University of New Mexico Albuquerque		4,248
University of Washington Ranking		13 of 25
HECB 24 Group Average		10,755

University of Washington tuition and fees would have to increase by \$28 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	GRADUATE NONRESIDENT	
Academic Year	2009-10	2009-10 Tuition and Fees
University of Michigan		35,133
University of Pittsburgh- Main Campus		29,384
University of California- Irvine		27,003
University of Florida		26,870
University of California- Davis		26,674
University of California-San Diego		26,087
Ohio State University - Main Campus		25,948
University of California-Los Angeles		25,811
University of Wisconsin- Madison		25,072
University of Illinois- Chicago		24,556
University of Washington		24,064
Michigan State University		23,666
University of Virginia		22,628
University of Arizona		22,557
University of Cincinnati- Main Campus		22,385
University of North Carolina		21,560
University of Iowa		21,467
Cornell University State Statutory Colleges		20,870
University of Minnesota-Twin Cities		20,499
University of Missouri- Columbia		19,527
University of Kentucky		18,089
University of Hawaii at Manoa		16,583
University of Utah		14,835
Texas A&M University -Main Campus		14,727
University of New Mexico- Albuquerque		13,349
University of Washington Ranking		11 of 25
HECB 24 Group Average		22,720

University of Washington tuition and fees would have to decrease by \$1,344 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	MASTER OF BUSINESS ADMINISTRATION RESIDENT
Academic Year	2009-10
	2009-10 Tuition and Fees
Cornell University Statutory	NA
University of Virginia	43,500
University of Michigan	42,989
University of California Los Angeles	36,434
University of Minnesota Twin Cities	30,459
University of California Irvine	30,108
University of California San Diego	29,941
University of California Davis	29,570
Ohio State University Main Campus	24,100
University of Washington	23,917
University of North Carolina	23,424
University of Pittsburgh Main Campus	22,498
Michigan State University	21,690
University of Illinois Chicago	20,982
University of Utah	20,919
Texas A&M University Main Campus	20,558
University of Cincinnati Main Campus	17,904
University of Arizona	17,145
University of Iowa	17,105
University of Hawaii at Manoa	14,103
University of Kentucky	13,387
University of Wisconsin Madison	11,974
University of New Mexico Albuquerque	9,526
University of Florida	9,476
University of Missouri Columbia	8,187
University of Washington Ranking	9 of 24
HECB 24 Group Average	22,434

University of Washington tuition and fees would have to decrease by \$1,483 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington **Annual Tuition and Fee Comparison** University of Washington and HECB 24 Universities

Tuition Category	MASTER OF BUSINESS ADMINISTRATION NONRESIDENT
Academic Year	2009-10
	2009-10 Tuition and Fees
Cornell University Statutory	NA
University of Virginia	48,500
University of Michigan	47,989
University of California Los Angeles	44,675
University of North Carolina	43,949
University of Minnesota Twin Cities	42,123
University of California Davis	41,815
University of California Irvine	41,137
Ohio State University Main Campus	39,340
University of California San Diego	38,834
University of Washington	35,657
Michigan State University	33,000
University of Illinois Chicago	32,980
University of Pittsburgh Main Campus	32,254
University of Arizona	32,057
Texas A&M University Main Campus	30,818
University of Iowa	30,669
University of Florida	26,870
University of Wisconsin Madison	26,696
University of Kentucky	23,189
University of Cincinnati Main Campus	22,038
University of New Mexico Albuquerque	21,792
University of Hawaii at Manoa	21,627
University of Utah	20,359
University of Missouri Columbia	19,527
University of Washington Ranking	10 of 24
HECB 24 Group Average	33,141

University of Washington tuition and fees would have to decrease by \$2,516 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	DOCTOR OF PHARMACY RESIDENT	
Academic Year	2009-10	2009-10
		Tuition and Fees
University of California Davis		NA
University of California Irvine		NA
University of California Los Angeles		NA
Cornell University		NA
University of Hawaii at Manoa		NA
Michigan State University		NA
Texas A&M University Main Campus		NA
University of Virginia		NA
University of California San Francisco		26,639
University of California San Diego		25,894
University of Illinois Chicago		22,348
University of Pittsburgh Main Campus		21,094
University of Minnesota Twin Cities		20,823
University of Kentucky		20,345
University of Michigan		19,651
University of Iowa		19,070
University of Utah		18,571
University of Missouri Kansas City		17,146
Ohio State University Main Campus		16,633
University of Washington		16,187
University of Arizona		15,945
University of Florida		15,079
University of North Carolina		14,520
University of Wisconsin Madison		13,926
University of New Mexico Albuquerque		12,785
University of Cincinnati Main Campus		12,723
University of Washington Ranking		12 of 18
HECB 24 Group Average		18,423

University of Washington tuition and fees would have to increase by \$2,236 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	DOCTOR OF PHARMACY NONRESIDENT
Academic Year	2009-10
	2009-10 Tuition and Fees
University of California Davis	NA
University of California Irvine	NA
University of California Los Angeles	NA
Cornell University	NA
University of Hawaii at Manoa	NA
Michigan State University	NA
Texas A&M University Main Campus	NA
University of Virginia	NA
University of California San Francisco	38,884
University of Florida	38,222
University of California San Diego	38,139
University of Kentucky	37,034
University of Missouri Kansas City	36,616
University of Michigan	36,133
University of Utah	35,299
University of Iowa	34,526
Ohio State University Main Campus	32,833
University of Illinois Chicago	32,436
University of Minnesota Twin Cities	32,211
University of North Carolina	31,672
University of Washington	31,487
University of New Mexico Albuquerque	31,220
University of Arizona	30,857
University of Wisconsin Madison	26,383
University of Pittsburgh Main Campus	24,910
University of Cincinnati Main Campus	23,055
University of Washington Ranking	13 of 18
HECB 24 Group Average	32,966

University of Washington tuition and fees would have to increase by \$1,479 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington Annual Tuition and Fee Comparison University of Washington and HECB 24 Universities

Tuition Category	LAW RESIDENT	
Academic Year	2009-10	2009-10
		Tuition and Fees
University of California San Diego		NA
University of Illinois Chicago		NA
Michigan State University		NA
Texas A&M University Main Campus		NA
University of Michigan		43,199
University of Virginia		38,800
University of California Irvine		36,199
University of California Los Angeles		35,907
University of California Davis		34,528
University of Minnesota Twin Cities		28,670
University of Pittsburgh Main Campus		25,058
Ohio State University Main Campus		22,458
University of Washington		22,267
University of Iowa		21,432
University of Arizona		20,895
University of Cincinnati Main Campus		19,942
University of Utah		17,949
University of Wisconsin Madison		16,426
University of Kentucky		16,021
University of North Carolina		16,014
University of Hawaii at Manoa		15,581
University of Missouri Columbia		15,554
University of Florida		14,228
University of New Mexico Albuquerque		12,619
University of Washington Ranking		9 of 20
HECB 24 Group Average		23,762

University of Washington tuition and fees would have to increase by \$1,495 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

NOTE: UC Irvine School of Law opened its inaugural class in August 2009

Appendix 10 (continued)

University of Washington Annual Tuition and Fee Comparison University of Washington and HECB 24 Universities

Tuition Category	LAW NONRESIDENT	
Academic Year	2009-10	2009-10 Tuition and Fees
University of California San Diego		NA
University of Illinois Chicago		NA
Michigan State University		NA
Texas A&M University Main Campus		NA
University of California Irvine		46,839
University of California Los Angeles		46,547
University of Michigan		46,199
University of California Davis		45,474
University of Virginia		43,800
University of Iowa		39,138
University of Minnesota Twin Cities		38,072
Ohio State University Main Campus		37,408
University of Wisconsin Madison		36,350
University of Arizona		35,807
University of Cincinnati Main Campus		34,776
University of Utah		34,045
University of Florida		33,592
University of Pittsburgh Main Campus		33,054
University of Washington		32,777
University of Missouri Columbia		29,589
University of North Carolina		29,332
University of Hawaii at Manoa		28,565
University of New Mexico Albuquerque		28,235
University of Kentucky		27,758
University of Washington Ranking		15 of 20
HECB 24 Group Average		36,557

University of Washington tuition and fees would have to increase by \$3,780 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

NOTE: UC Irvine School of Law opened its inaugural class in August 2009

Appendix 10 (continued)

University of Washington **Annual Tuition and Fee Comparison** University of Washington and HECB 24 Universities

Tuition Category	DENTISTRY RESIDENT
Academic Year	2009-10
	2009-10 Tuition and Fees
University of Arizona	NA
University of California Davis	NA
University of California Irvine	NA
University of California San Diego	NA
University of Cincinnati Main Campus	NA
Cornell University	NA
University of Hawaii at Manoa	NA
Michigan State University	NA
University of Missouri Columbia	NA
University of New Mexico Albuquerque	NA
Texas A&M University Main Campus	NA
University of Utah	NA
University of Virginia	NA
University of Wisconsin Madison	NA
University of Minnesota Twin Cities	38,033
University of Pittsburgh Main Campus	35,798
University of Illinois Chicago	31,702
University of Iowa	31,187
University of California Los Angeles	31,130
University of Michigan	29,457
Ohio State University Main Campus	27,913
University of Florida	26,694
University of Kentucky	23,910
University of Washington	20,997
University of North Carolina	18,443
University of Washington Ranking	10 of 11
HECB 24 Group Average	29,427

University of Washington tuition and fees would have to increase by \$8,430 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	DENTISTRY NONRESIDENT
Academic Year	2009-10
	2009-10 Tuition and Fees
University of Arizona	NA
University of California Davis	NA
University of California Irvine	NA
University of California San Diego	NA
University of Cincinnati Main Campus	NA
Cornell University	NA
University of Hawaii at Manoa	NA
Michigan State University	NA
University of Missouri Columbia	NA
University of New Mexico Albuquerque	NA
Texas A&M University Main Campus	NA
University of Utah	NA
University of Virginia	NA
University of Wisconsin Madison	NA
University of Minnesota Twin Cities	62,450
University of Illinois Chicago	61,968
Ohio State University Main Campus	59,188
University of Florida	53,175
University of Iowa	50,397
University of Washington	50,037
University of Kentucky	48,789
University of Michigan	46,013
University of Pittsburgh Main Campus	43,102
University of California Los Angeles	40,947
University of North Carolina	31,325
University of Washington Ranking	6 of 11
HECB 24 Group Average	49,735

University of Washington tuition and fees are equal to decrease by \$302 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington
Annual Tuition and Fee Comparison
 University of Washington and HECB 24 Universities

Tuition Category	MEDICINE RESIDENT
Academic Year	2009-10
	2009-10 Tuition and Fees
Texas A&M University Main Campus	NA
Cornell University (Endowed)	47,455
University of Pittsburgh Main Campus	37,442
University of Virginia	35,150
University of Minnesota Twin Cities	33,747
University of Illinois Chicago	33,080
Michigan State University	32,142
University of California Irvine	30,535
University of California Davis	30,247
Ohio State University Main Campus	29,428
University of Cincinnati Main Campus	29,385
University of Kentucky	29,233
University of Florida	28,652
University of Iowa	27,749
University of Michigan	27,473
University of California San Diego	26,969
University of California Los Angeles	26,693
University of Hawaii at Manoa	25,205
University of Utah	25,138
University of Missouri Columbia	24,889
University of Wisconsin Madison	23,598
University of Arizona	22,699
University of Washington	20,997
University of New Mexico Albuquerque	18,345
University of North Carolina	13,360
University of Washington Ranking	22 of 24
HECB 24 Group Average	28,635

University of Washington tuition and fees would need to increase by \$7,638 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.

Appendix 10 (continued)

University of Washington Annual Tuition and Fee Comparison University of Washington and HECB 24 Universities

Tuition Category	MEDICINE NONRESIDENT	
Academic Year	2009-10	
		2009-10 Tuition and Fees
University of Arizona		NA
Texas A&M University Main Campus		NA
Michigan State University		69,609
University of Illinois Chicago		66,456
University of Florida		57,893
University of Kentucky		53,639
University of Hawaii at Manoa		51,293
University of Washington		50,037
University of Missouri Columbia		48,400
Cornell University (Endowed)		47,455
University of New Mexico Albuquerque		47,085
University of Utah		46,881
University of Virginia		45,150
University of Cincinnati Main Campus		45,135
Ohio State University Main Campus		44,938
University of Michigan		43,827
University of Iowa		43,563
University of California Irvine		42,780
University of California Davis		42,502
University of Minnesota Twin Cities		41,655
University of Pittsburgh Main Campus		41,462
University of California San Diego		39,214
University of California Los Angeles		38,938
University of North Carolina		37,426
University of Wisconsin Madison		34,722
University of Washington Ranking		6 of 23
HECB 24 Group Average		46,819

University of Washington tuition and fees would need to decrease by \$3,318 to be at the average level of this comparison group.

The dollar figures shown include tuition and fees paid by all students.



FY 2011 Proposed Budget and UW Funding Trends

May, 2010

UW Vision and Values provides the framework that guides investments.



The UW's vision and strategic priorities must consider the characteristics which make us successful and unique, and must reflect our core values and culture.

***integrity ~ diversity ~
excellence ~ collaboration ~
innovation ~ respect***

An overview of the core components of the UW budget.



- ❖ Capital Budget

- ❖ Operating Budget

- *Core Education Budget* (State General Fund, Tuition Operating Fee, and Designated Operating Fund)
- *Restricted Operating Budget* (Grant and Contract Direct Costs, Grant and Contract Indirect Costs, Gifts and State Restricted Funds)
- *Academic Enhancement/Support Budget* (UW Medical Center, Auxiliary Enterprises, Auxiliary Educational Activities, Institutional Overhead)

State support for the capital budget was reduced by \$24.1m in FY 2011.



- ❖ For FY 2011 state reductions include:
 - \$3.2m reduction in \$34m appropriated for UW Tacoma Phase 3 Joy building (\$17.2m in state funds were replaced by \$14m from building account)
 - \$6.9m reduction in facility minor repair funding (also replaced by UW building account funds)
 - Plus, \$5.1m moved from capital to operating for facility maintenance

- ❖ For FY 2011 state authorized debt-funded projects include:
 - \$42.8m for Balmer Hall Reconstruction (debt payment source: building fee)
 - \$7.45m for UW Tacoma Phase 3 (debt payment source: building fee)

- ❖ For FY 2011 additional funds for UW Tacoma Phase 3
 - \$5.45m ILP debt (debt payment source: unrestricted operating funds)
 - \$4.5m reserves from unrestricted operating funds

- ❖ Total capital funds from state and non-state 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 of construction funding
 - Demolition of Balmer Hall and new construction of 63,000 gross square foot (GSF) building

- ❖ UW Tacoma Phase 3: \$14.2 million for Jefferson Building construction
 - Additional funds to construct 40,000 GSF building

- ❖ UW Tacoma Land Acquisition: \$2 million

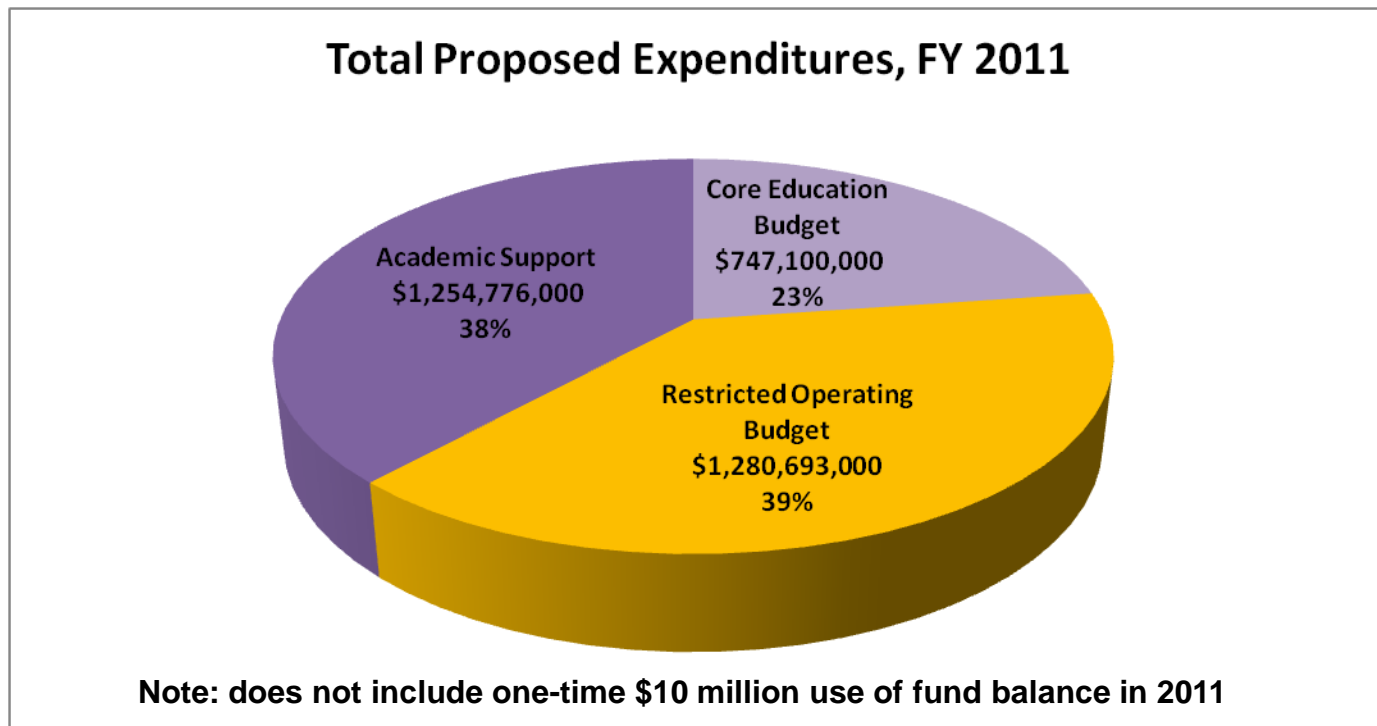
- ❖ Minor Repair Projects: \$13 million

- ❖ 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



The UW will continue to struggle in a difficult economic climate in FY 2011 and beyond.



❖ Upcoming UW FY 2011

- Reduction in the State General Fund allocation by another \$20.5 million for FY 2011.*
- Offsetting resources of \$39m due to a 14% tuition increase for resident undergraduates, and increases for graduate and professional students ranging from 3-14%.

❖ Upcoming 2011-13 state biennial budget

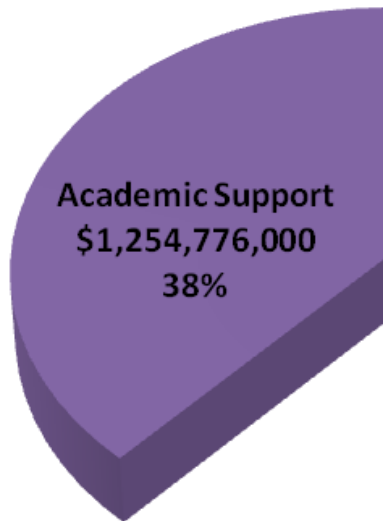
- Potential loss of \$3 billion federal stimulus support
- Slow revenue recovery
- Basic education funding requirements
- Case load cost increases

****Note that cross referencing numbers between the state biennial budget and the UW budget is complicated. For the purpose of this presentation we are looking at incremental budget changes compared to the adopted UW budget for FY 2010.**

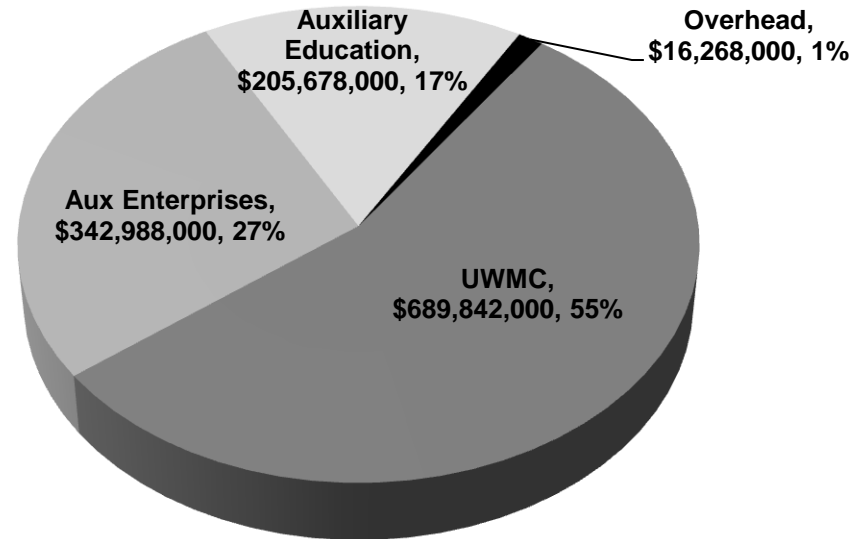


The Academic Support budget has a stable outlook for FY 2011.

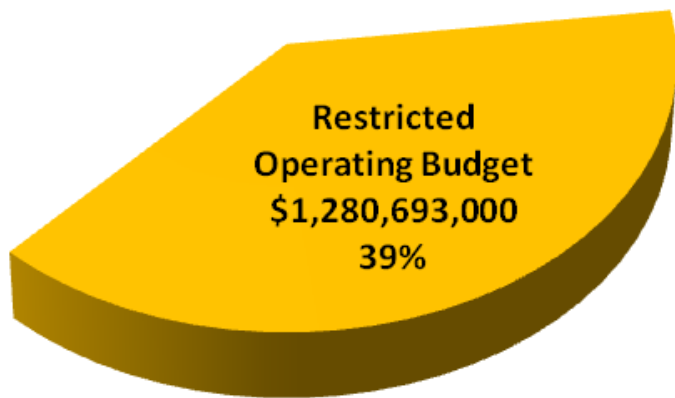
- ❖ Continued stable growth is expected through FY 2011 for the UW's auxiliary business enterprises, including the UW Medical Center, Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services.



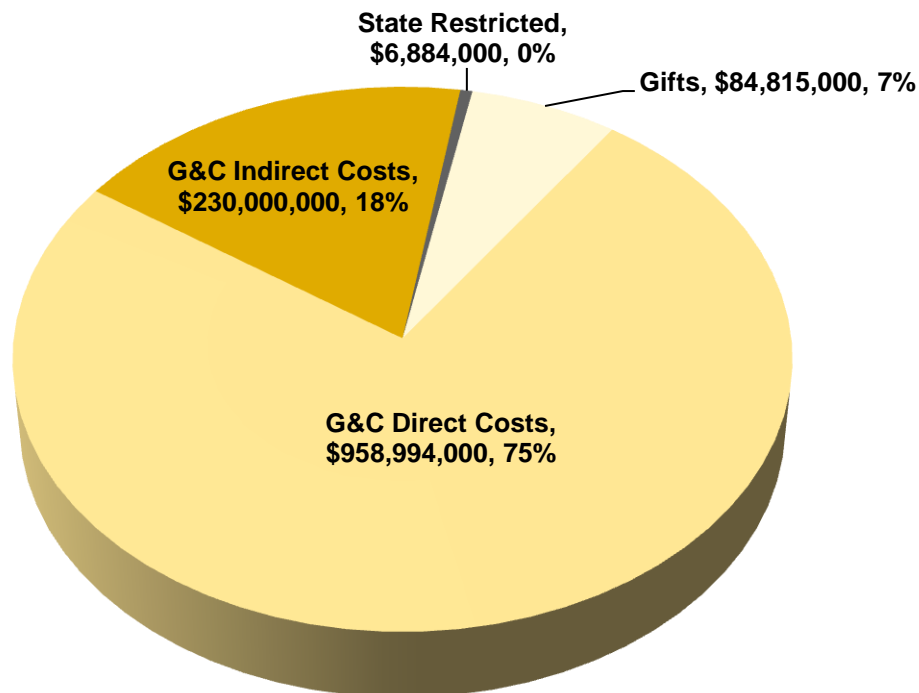
Proposed Academic Enhancement/Support Budget, FY 2011



The UW Restricted Operating budget will experience 6% growth in 2011.



Proposed Restricted Operating Budget, FY 2011



Projected growth in grants and contracts, and flat gift revenue in 2011.

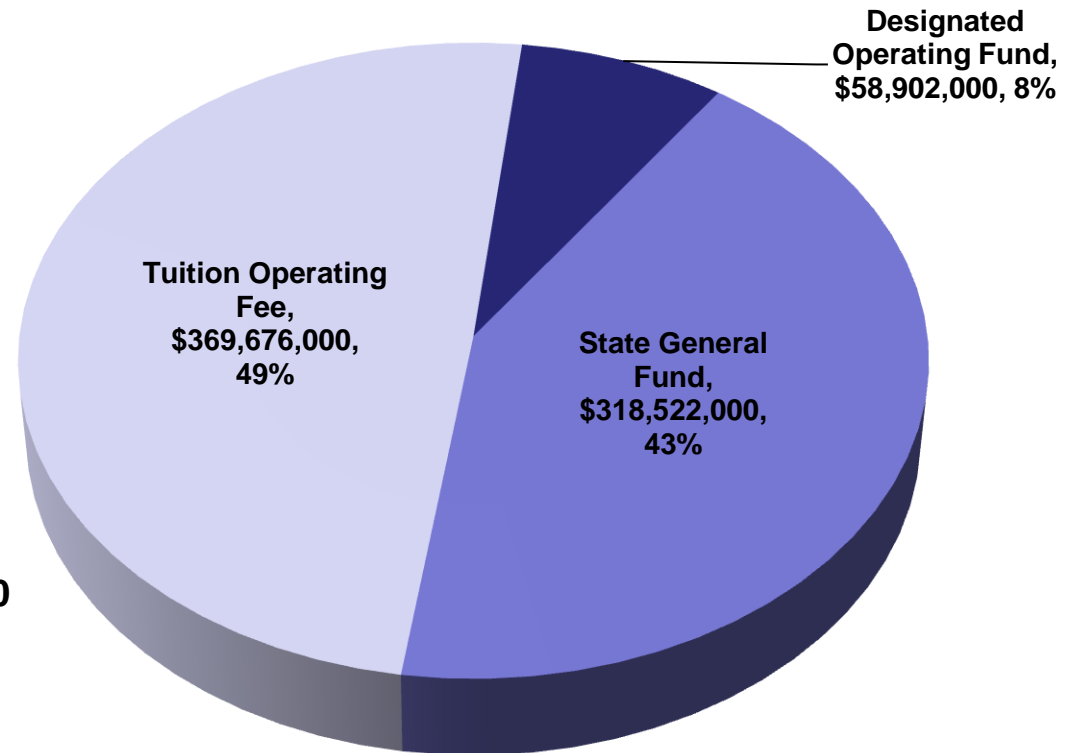
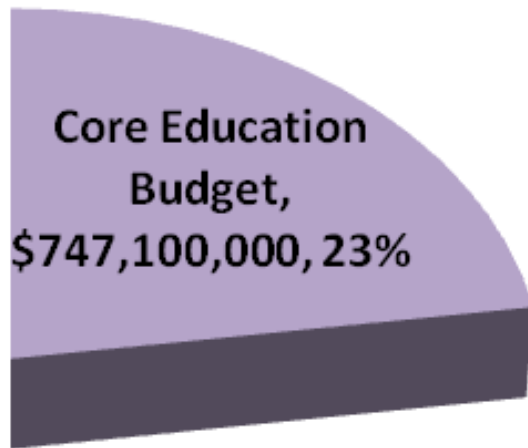


- ❖ Federal stimulus funding has led to an increase in direct expenditures on grants and contracts in FY 2011, helping to boost direct costs by \$60m (or 6%).
- ❖ Indirect cost recovery is expected to increase by about \$19m (or 8%) in 2011 with increased grants and contracts.
- ❖ Revenues to gift and endowment spending accounts are projected to see no growth in FY 2011.
- ❖ There will be a very small increase in state appropriations related to state revenues received from the Accident and Medical Aid Account, as well as the Bio-toxin account.

The UW Core Education budget revenues will increase 4.1% in FY 2011.



Proposed Core Education Budget, FY 2011



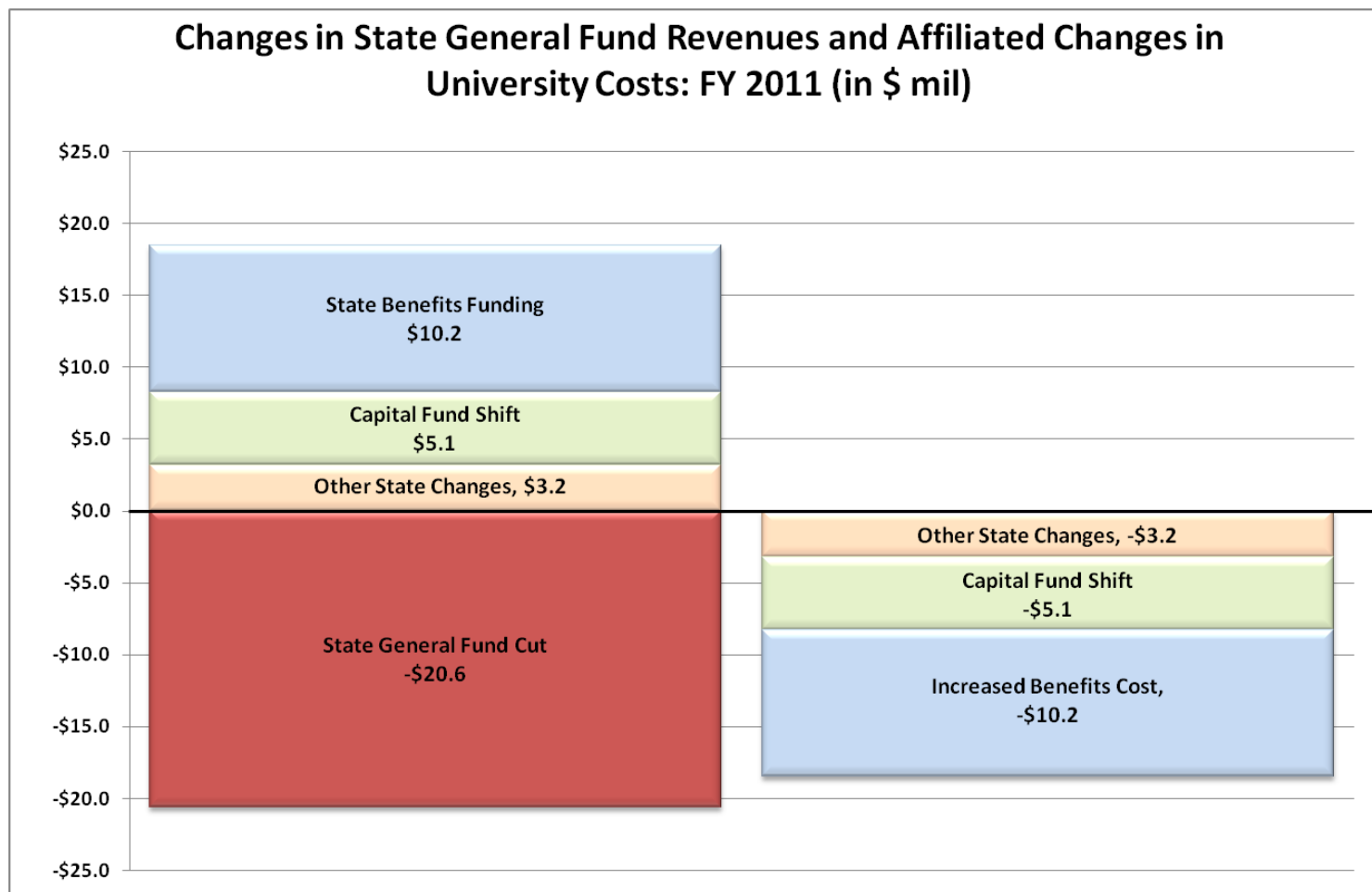
Note: does not include one-time \$10 million use of fund balance in 2011

2011 summary: reduced state support, increased tuition revenue, required costs, and use of fund balance.



- ❖ \$20.6m cut in state funds.
- ❖ Projected \$39m (12%) increase in tuition revenue.
- ❖ Projected increase of \$3.4m (6%) in Designated Operating Funds based on:
 - Constant investment income compared to previous year
 - Projected \$3.0 million increase in summer quarter tuition revenue
 - \$400,000 in miscellaneous fees
- ❖ Increased required costs including utilities, PACCAR Hall building operations, AFRS Interface, debt service (e.g. Physics/Astronomy building), UW-Tower support, and legislative actions (e.g. WWAMI/RIDE).
- ❖ Substantial increases in student financial aid expenditures.
- ❖ In addition, the provost will distribute \$10m as a one-time use of fund balance to help mitigate the impact of multi-year budget reductions on our academic mission.

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



Guiding principles for implementing budget reductions at the UW.



- ❖ To absorb budget reductions in a manner consistent with our vision and values and minimize the impact on students, the following principles were established and continue to guide budget reduction decisions:
 - Strive to ensure access to excellence for new and continuing students.
 - Promote and enable cutting-edge research and scholarship.
 - Avoid reductions that will impact other units and consult with them when this is unavoidable
 - Explore further efficiencies
 - Continue to invest strategically and opportunistically to position the UW as a world leader.

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.

Proposed tuition increases for the 2010-11 academic year.

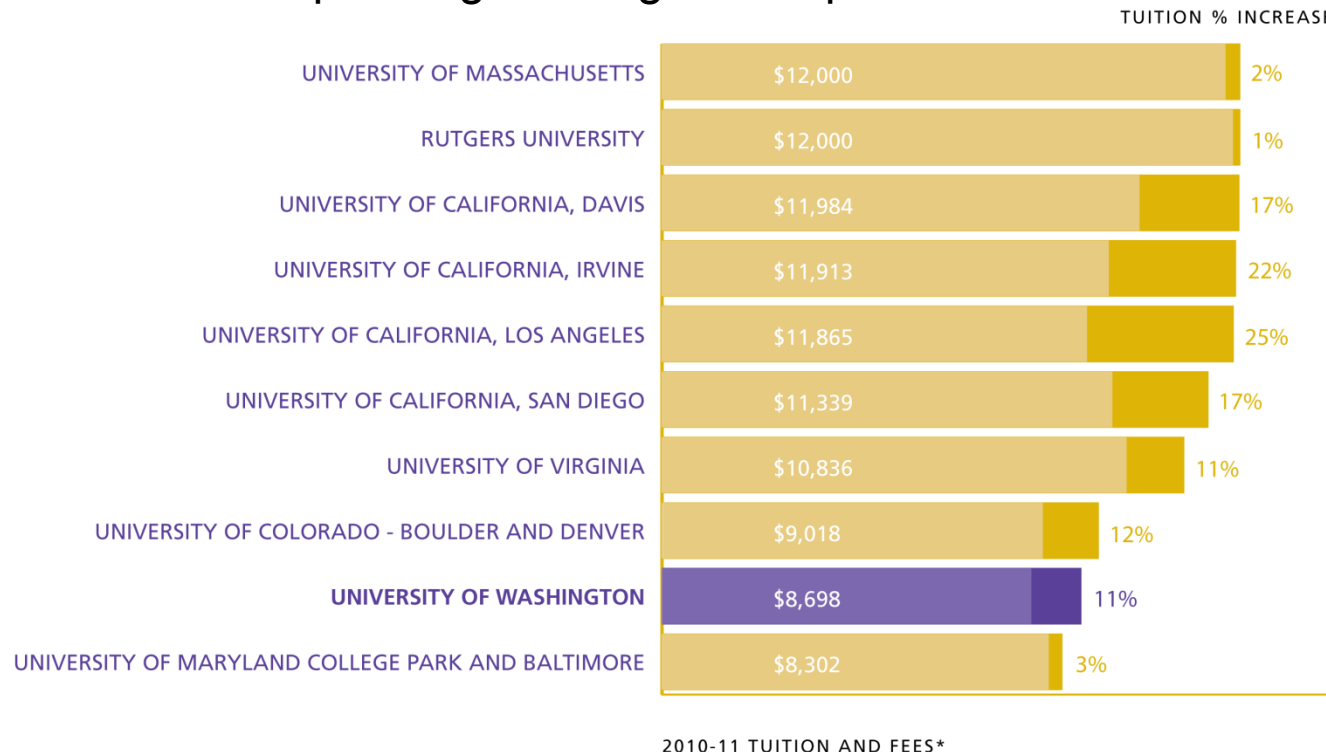


- ❖ The Legislature limited the amount that undergraduate resident tuition could be increased by 14 percent for both 2009-10 and 2010-11.
- ❖ The Legislature extended authority to set tuition for all other tuition categories through 2012-13.
- ❖ For 2010-11, the administration is recommending the following tuition increases:
 - 14% (\$997) for undergraduate residents
 - 4% (\$950) for non-resident undergraduates
 - 3-14% 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.

Very preliminary estimates of tuition increases among Global Challenge peers for 2010-11.



- ❖ Note: for comparison purposes, these are total tuition and fees, so a 14% increase in UW operating/building fees equals an 11% increase overall.

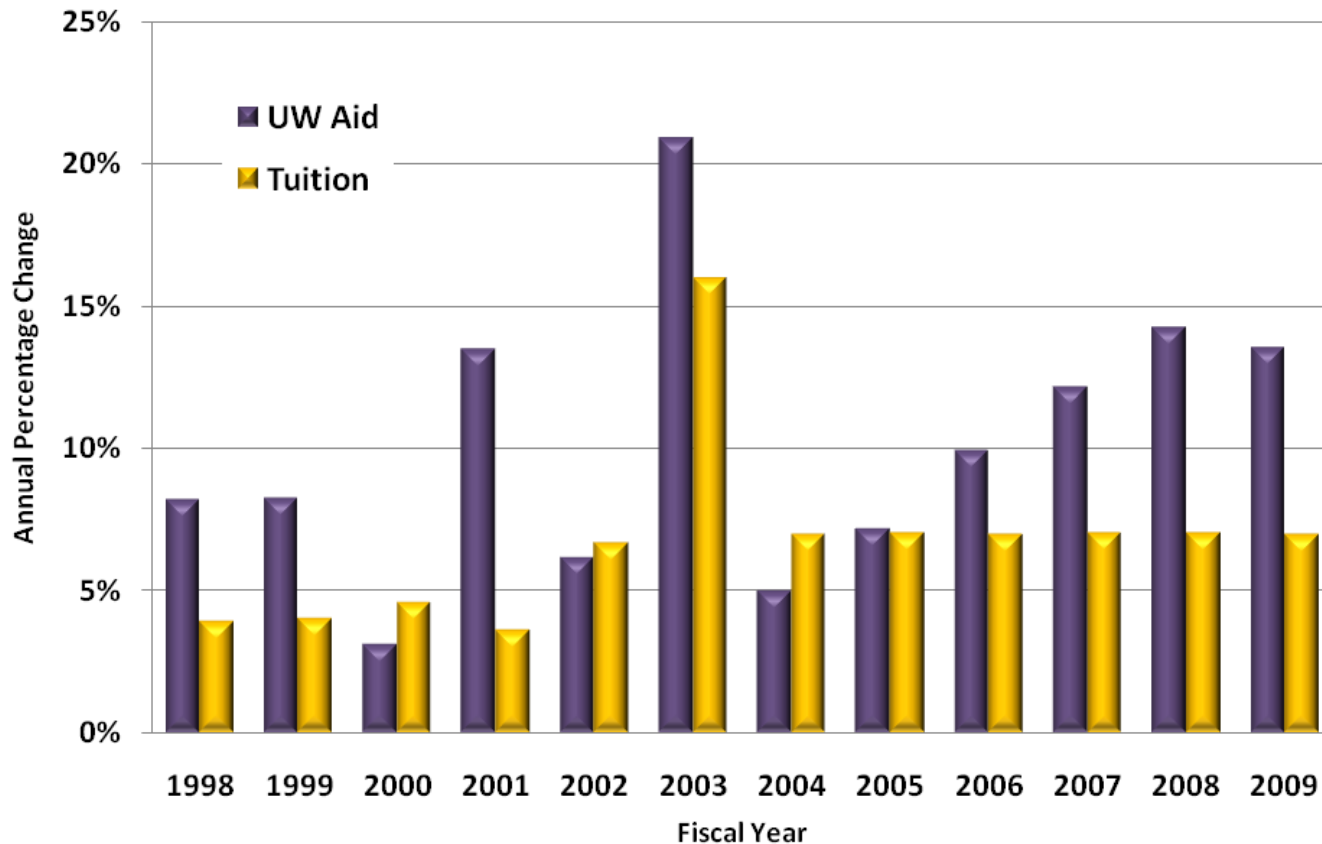


* Estimated - based on preliminary state information or previous year increase Source: Universtiy, Legislative and News websites

As tuition has gone up, the UW has made investments in aid to ensure a diverse student economic profile.



Annual Percentage Change in Undergraduate Resident Tuition and UW/Endowment Funding of Financial Aid for Undergraduate Residents



The proposed FY 2011 budget includes substantial financial aid increases.



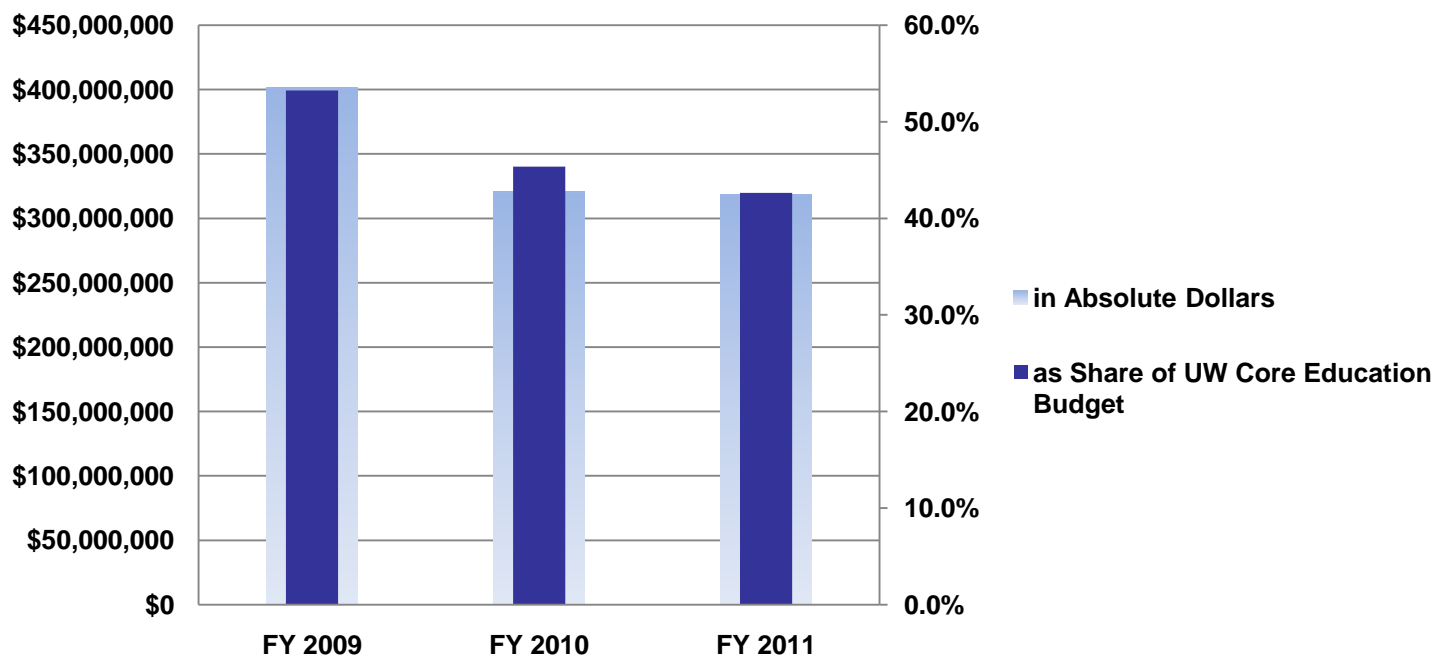
- ❖ Tuition increases will provide an additional **\$3,125,200** in financial aid revenue for needy undergraduate resident students.
- ❖ The Legislature also requires that 1/7 (14 percent) of tuition revenue beyond what would have been generated by a 7% increase be used for financial aid grants for undergraduates. 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.

The changing role of state support and tuition in the UW budget.



- ❖ FY 2010 marked the first time that tuition revenue accounted for a higher percentage of the Core Education Budget than State General Fund support; a trend that continues in FY 2011.

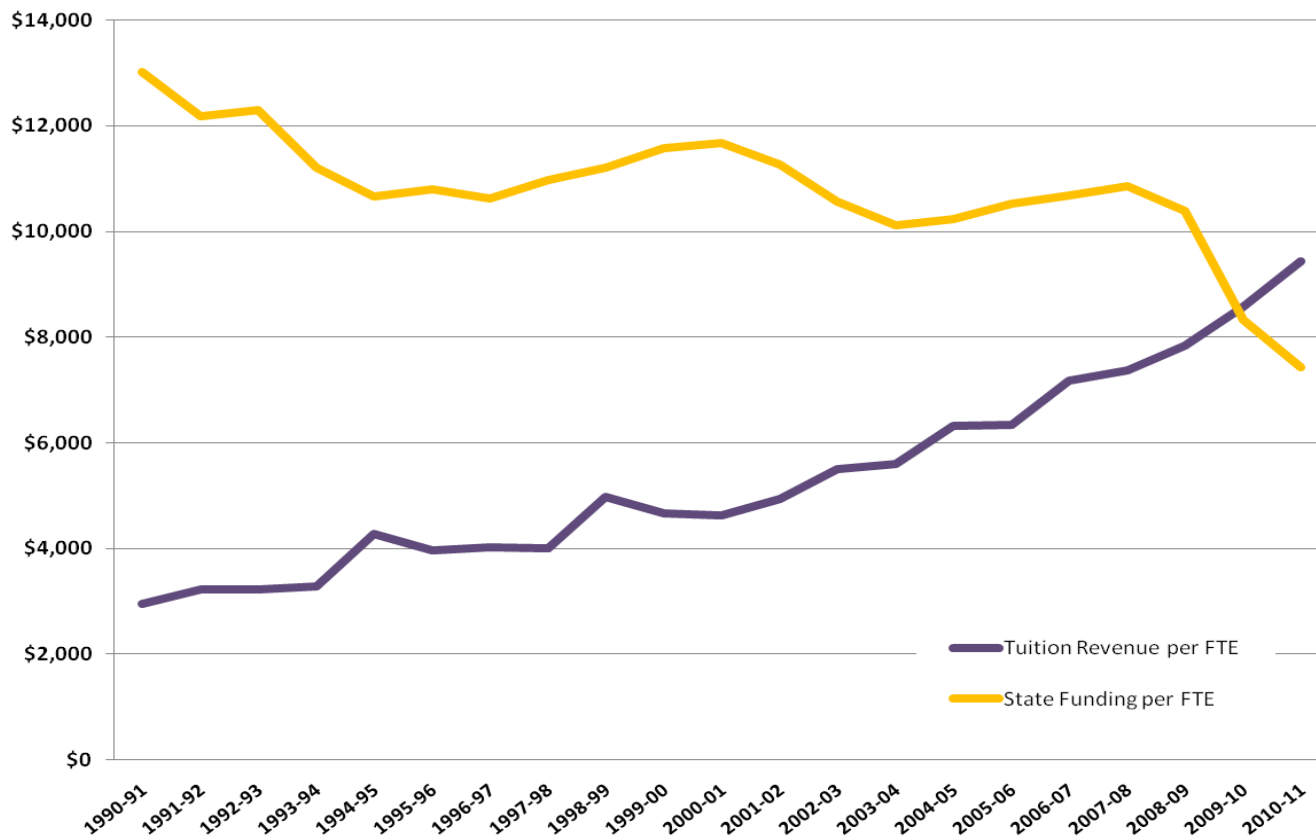
State General Fund, Appropriations to UW



The burden of educational cost continues to shift to students and families.



Funding per FTE Student
(in 2009 Dollars)





Next Steps.

❖ June Regents' Meeting

- Approval of FY11 operating budget
- Approval of FY11 tuition and fee increases
- Approval of FY11 capital budget
- Information Item on FY11-13 state operating and capital budget request

❖ July Regents' Meeting

- Approval of FY11-13 state operating and capital budget request