

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

*in Joint Session with*

**B. Finance, Audit and Facilities****Proposed FY 2012 Operating and Capital Budgets****INFORMATION ITEM:**

The FY 2012 Operating and Capital Budgets are being presented as an *information* item for the May 2011 joint meeting of the Finance, Audit and Facilities Committee and the Academic and Student Affairs Committee. These budgets will also be presented as an *information* item at the June 2011 joint meeting of the Finance, Audit and Facilities Committee and the Academic and Student Affairs Committee as we anticipate that the Legislature may not complete the special session by June 9, 2011. Additionally, if SHB 1795 passes and the Regents are granted tuition setting authority, additional tuition information items will be presented for consideration in June before *action* is taken on budgets and tuition rates in July.

**PREVIEW OF THE JUNE 2011 INFORMATION ITEM**

This information item previews the June 2011 information item of the FY 2012 (FY12) Operating and Capital Budgets. In July, the Board of Regents will be asked to do four things:

1. Adopt the FY 2012 Operating Budget
2. Establish tuition rates for all tuition categories for the 2011-12 and 2012-13 academic years
3. Approve certain fee increases for implementation during FY12
4. Adopt the FY12 Capital Budget

***Attachments***

1. Executive Summary – Fiscal Year 2012 Operating and Capital Budgets
2. UW 10 Year Capital Plan Update

## Executive Summary – Fiscal Year 2012 Operating and Capital Budgets

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The proposed operating and capital budgets presented in this information item mark the beginning of a new legislative biennium. While the University of Washington's state funding continues to fall precipitously, the state general fund appropriation for FY12 is nearly 35 percent lower than the previous year, other areas of the budget are expected to grow.

Note that several key developments differentiate the UW Administration's proposed FY12 operating and capital budgets from previous budgets:

- All documents and presentations have been redesigned to facilitate transparency, ease understanding, and more effectively highlight the most relevant information.
- All UW Health System clinics and hospital operations are now displayed in the budgeted operating revenues and expenses of the University.
- The capital budget includes an introduction of the One Capital Plan. The plan is an effort to integrate strategic academic program planning created by UW's Colleges and Schools – and characterized as College Precinct Plans – with prioritized short, mid, and long term space and capital needs.

Finally, please note that both proposed budgets assume that the **Washington State Senate's engrossed budget prevails during conference negotiations**. A conference budget may be completed in time to include final capital and operating appropriations in the June Regent's budget item but if SHB 1795 passes and the Regents are granted tuition setting authority, Regents will not be asked to set tuition rates until July.

### Timeline:

- Thursday, May 12, 2011:** Information Item: **Draft** Operating, Capital, and Tuition Items
- Thursday, June 9, 2011:** Information Item: **Semi-Completed Capital and Operating** Items (depending on whether conference budgets are completed in Olympia) and **Tuition Flexibility Item** in the event that SHB 1795 passes
- Thursday, July 21, 2011:** **Action Item:** Operating and Capital Budgets

## Operating Budget - Revenues and Expenditures by Fund and Category

Budgeted revenues and expenditures for the coming fiscal year are \$5.1 billion, a 6 percent increase over the prior fiscal year. Note that the inclusion of budgeted operating funds for the medical system is a new feature, and that including these funds increases the FY11 adopted budget.

<b>TABLE 1: Revenues and Expenditures by Area</b>	<b>FY 2011 Adopted</b>	<b>FY 2012 Proposed</b>	<b>Change FY11 to FY12 (\$)</b>	<b>Change FY11 to FY12 (%)</b>
<b>University Operating Resources</b>				
State General Fund*	318,522,000	207,760,000	(110,762,000)	-35%
Tuition Operating Fee Revenue	369,897,000	455,047,000	85,150,000	23%
Use of Fund Balance for Temporary Expenditures	10,000,000	0	(10,000,000)	-
Designated Operating Fund	58,902,000	66,442,000	7,540,000	13%
Indirect Cost Recovery	230,000,000	230,000,000	0	-
Institutional Overhead	16,268,000	17,288,000	1,020,000	6%
<b>TOTAL REVENUES</b>	<b>1,003,589,000</b>	<b>976,537,000</b>	<b>(27,052,000)</b>	<b>-3%</b>
<b>TOTAL EXPENDITURES</b>	<b>1,003,589,000</b>	<b>976,537,000</b>		
<b>Research Enterprise</b>				
Grants and Contracts Direct Costs	958,994,000	1,150,898,000	191,904,000	20%
<b>TOTAL REVENUES</b>	<b>958,994,000</b>	<b>1,150,898,000</b>	<b>191,904,000</b>	<b>20%</b>
<b>TOTAL EXPENDITURES</b>	<b>958,994,000</b>	<b>1,150,898,000</b>		
<b>Restricted Funds</b>				
Gift Income & Endowment Distributions	184,630,000	192,630,000	8,000,000	4%
State Restricted Funds	6,884,000	6,931,000	47,000	1%
<b>TOTAL REVENUES</b>	<b>191,514,000</b>	<b>199,561,000</b>	<b>8,047,000</b>	<b>4%</b>
<b>TOTAL EXPENDITURES</b>	<b>191,514,000</b>	<b>199,561,000</b>		
<b>UW Health System</b>				
UW Medical Center	725,600,000	827,700,000	102,100,000	14%
Harborview Medical Center**	755,900,000	729,500,000	(26,400,000)	-3%
NW Hospital	240,000,000	244,000,000	4,000,000	2%
UW Physicians	231,400,000	245,400,000	14,000,000	6%
UW Neighborhood Clinics	25,100,000	26,800,000	1,700,000	7%
Airlift NW	36,600,000	36,900,000	300,000	1%
<b>TOTAL REVENUES</b>	<b>2,014,600,000</b>	<b>2,110,300,000</b>	<b>95,700,000</b>	<b>5%</b>
<b>TOTAL EXPENDITURES</b>	<b>2,014,600,000</b>	<b>2,110,300,000</b>		
<b>Auxiliary Activities</b>				
Housing and Dining	63,500,600	68,680,000	5,179,400	8%
Intercollegiate Athletics	63,664,000	71,872,000	8,208,000	13%
Educational Outreach	73,292,249	85,225,117	11,932,868	16%
Parking	33,224,226	35,151,671	1,927,445	6%
Other Auxiliary Activities	402,193,685	402,193,685	0	-
<b>TOTAL REVENUES</b>	<b>635,874,760</b>	<b>663,122,473</b>	<b>27,247,713</b>	<b>4%</b>
<b>TOTAL EXPENDITURES</b>	<b>635,874,760</b>	<b>663,122,473</b>		
<b>Total Revenues</b>	<b>4,804,571,760</b>	<b>5,100,418,473</b>	<b>295,846,713</b>	<b>6.16%</b>
<b>Total Expenditures</b>	<b>4,804,571,760</b>	<b>5,100,418,473</b>	<b>295,846,713</b>	<b>6.16%</b>

\* Units already took a permanent reduction midyear in FY11 which is carried forward and included in the reduction for FY12 above.

\*\*Harborview Medical Center is managed by UW Medicine, but appears on King County's financial statement.

## Significant Considerations for FY12

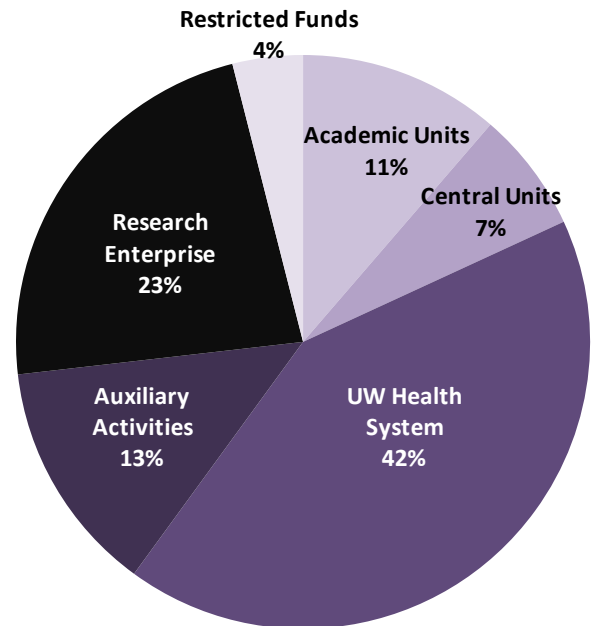
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### The UW's FY12 budget, combining all sources of revenue, is anticipated to be \$5.1 billion.

Primary revenue sources in FY12 include those from the UW's Health System, federal grants and contracts, and tuition operating fees.

**Health System:** Because most of the UW's Health System was not previously included in the Regents budget, the FY11 adopted budget has been retroactively adjusted by \$1.5 billion so that it can be accurately compared against the FY12 budget proposal. Note, however, that Valley Medical Center is not reflected in this presentation because final Regental action on the Center is not expected until June 2011. Also note that while Harborview is reflected, it does not appear on the UW's audited financial statements.

**Tuition operating fees:** Tuition revenue now comprises 68 percent of the University's general operating fund resources (state funds plus tuition revenue). Slow economic recovery continues to stunt the state's general fund resulting in another significant state funding reduction for higher education. The UW's **state funding reduction** for the biennium, before tuition increases, is expected to be approximately 35 percent. Tuition revenue continues to supplant state general fund support.

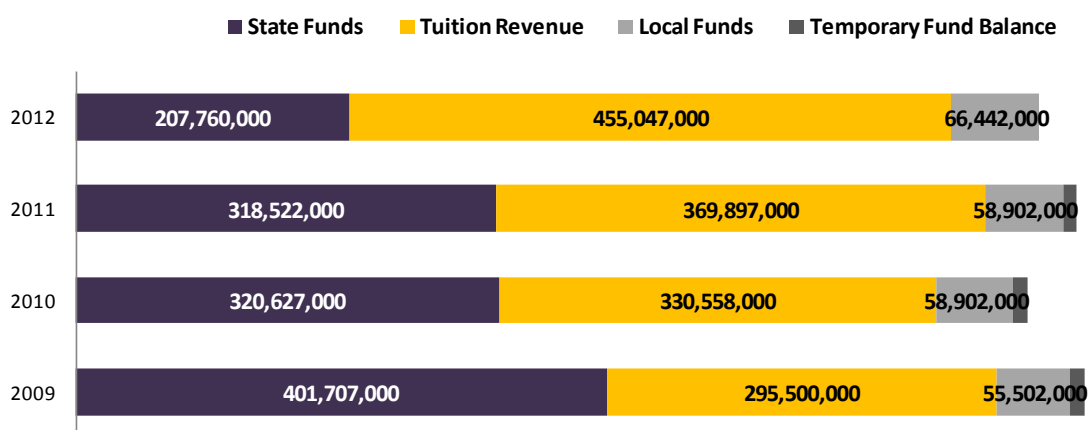


### Important Considerations Implicit in the FY12 Budget:

1. UW Administration developed these budget recommendations according to the priorities and principles developed during broad cross-campus consultation (including in depth discussion with unit leadership and consultation of both qualitative and quantitative data).
  - **Quality with regard to our mission: learning, discovery, and engagement**
  - **Impact on the student experience and on the faculty experience**
  - **Affordability and leverage**
  - **Positioning the University for the future**
2. Under the guidelines of Activity Based Budgeting (ABB), tuition revenue flows back to where it is produced. Tuition revenue has been distributed this way between UW's campuses. Additionally, on the Seattle campus, 70 percent of the incremental revenue from tuition increases will be allocated back to the **academic units** that generate tuition revenue while 30 percent will be maintained centrally to be utilized for central costs like payroll, facilities maintenance and for strategic investments such as the Provost's Reinvestment Funds.
3. FY12 budget recommendations are presented in a new format, as the UW Administration seeks to streamline this document to increase transparency and understanding. As a result, some FY11 adopted numbers have revised from those previously shown in the FY11 adopted budget for comparison purposes.

## University Operating Resources

As the chart below demonstrates, state funds, tuition revenue, and designated funds are used to fund university operations. Over time, activity (academic) units have experienced growth in tuition revenue and designated funds, while state funds have declined. Note that because the Legislature is currently in special session and a conference budget is not yet available, we modeled the **Senate engrossed budget** in this budget item. The Senate engrossed operating budget affects the university operating resource budget in the following ways: first, the budget **authorizes 16 percent resident undergraduate tuition** rate increases in both FY12 and FY13; second, the **budget reduces state funding by \$101 million in FY12**; and third, the budget stipulates that the **UW maintain student FTEs** at current levels.



The proposed FY 2012 University Operating Resources budget is presented in Table 2 below and proposed tuition increases for the 2011-12 academic year are presented in Table 3. Greater detail and policy considerations are available in Appendix items 1 and 2.

**TABLE 2: University Operating Resources**

Revenues	FY 2011 Adopted	FY 2012 Proposed
<b>University Operating Resources</b>		
State General Fund	318,522,000	207,760,000
Tuition Operating Fees	369,897,000	455,047,000
Use of Fund Balance for Temporary Expenditures	10,000,000	0
Designated Operating Fund	58,902,000	66,442,000
Indirect Cost Recovery	230,000,000	230,000,000
Institutional Overhead	16,268,000	17,288,000
<b>TOTAL REVENUES</b>	<b>1,003,589,000</b>	<b>976,537,000</b>
<b>TOTAL EXPENDITURES</b>	<b>1,003,589,000</b>	<b>976,537,000</b>

## Potential Tuition Rates

The following rate changes are presented for review. As mentioned, **the Senate budget increases for resident undergraduate students are presented for information only. Regents may ultimately set tuition rates without caps from the Legislature and the rates and revenue amounts presented in tables 1 and 2 would change.**

**TABLE 3: Potential Tuition Rate Changes for 2011-12 and 2012-13**

2011-12 and 2012-13 Tuition Rates to be Approved								
Tuition Category	2011-12				2012-13			
	Resident		Nonresident		Resident		Nonresident	
	Percent Increase	Annual Tuition	Percent Increase	Annual Tuition	Percent Increase	Annual Tuition	Percent Increase	Annual Tuition
<b>Undergraduate</b>								
Undergraduate	16.0% *	9,422	10.00%	27,230	16.0% *	10,930	10.0%	29,950
<b>Graduate Tiers</b>								
Graduate Tier I	11.0%	12,070	3.0%	24,940	11.0%	13,398	3.0%	25,688
Graduate Tier II	10.5%	12,610	3.0%	25,480	10.5%	13,938	2.9%	26,228
Graduate Tier III	10.0%	13,140	3.0%	26,010	10.1%	14,468	2.9%	26,758
<b>Other Graduate</b>								
Master of Library and Information Science <i>(moving to Educational Outreach FY13)</i>	7.0%	13,220	7.0%	28,930	<i>moving to fee based (EO)</i>			
Master of Public Affairs <i>(incoming)</i>	15.0%	15,860	15.0%	31,320	15.0%	18,240	15.0%	36,020
Master of Public Affairs <i>(continuing)</i>		13,790		27,230		15,860		31,320
Master of Public Health	10.0%	14,240	10.0%	28,910	10.0%	15,660	10.0%	31,800
College of Built Environments	14.0%	15,770	14.0%	34,500	14.0%	17,980	14.0%	39,330
Dental Professional (year 1)	14.0%	26,560	0.0%	49,470	14.0%	30,280	0.0%	49,470
Dental Professional (years 2,3,4)	10.0%	25,620	0.0%	49,470	10.0%	28,190	0.0%	49,470
Nursing Master and Doctor of Nursing Practice	12.0%	19,480	12.0%	38,550	12.0%	21,820	12.0%	43,180
Doctor of Pharmacy	12.0%	19,950	12.0%	37,050	10.0%	21,950	10.0%	40,760
Medical professional	10.0%	24,720	4.4%	53,700	10.0%	27,190	4.6%	56,170
Law (JD) <i>(note title change)</i>	8.5%	25,780	8.5%	39,850	8.0%	27,850	8.0%	43,030
Master of Laws (LLM) <i>(formerly Asian Law at Tier III)</i>	25.0%	14,930	25.0%	31,600	5.0%	15,680	5.0%	33,180
Master of Business Administration <i>(incoming)</i>	4.0%	25,510	2.0%	37,580	5.0%	26,790	5.0%	39,460
Master of Business Administration <i>(continuing)</i>		24,520		36,840		25,510		37,580
Master of Social Work	22.0%	13,270	8.0%	26,150	10.0%	14,600	3.0%	26,940
Master of Nursing, Bothell <i>(remaining at Tier II)</i>	10.5%	12,610	3.0%	25,480	10.5%	13,938	2.9%	26,228
Master of Business Admin Bothell <i>(incoming)</i>	4.0%	21,720	2.0%	28,330	5.0%	22,810	5.0%	29,750
Master of Business Admin Bothell <i>(continuing)</i>		20,880		27,770		21,720		28,330
Master of Nursing, Tacoma <i>(remaining at Tier II)</i>	10.5%	12,610	3.0%	25,480	10.5%	13,938	2.9%	26,228
Master of Business Admin Tacoma <i>(incoming)</i>	4.5%	18,150	0.0%	31,570	5.0%	19,060	5.0%	33,150
Master of Business Admin Tacoma <i>(continuing)</i>		17,360		31,570		18,150		31,570
<b>Category Changes</b>								
School of Public Health								
Master of Science and PhD <i>(from Tier I to Tier III)</i>	8.9%	13,140	4.0%	26,010	10.1%	14,468	2.9%	26,758
School of Social Work								
PhD of Social Work <i>(from Tier I to Tier II)</i>	4.5%	12,610	2.0%	25,480	10.5%	13,938	2.9%	26,228
<b>Post Baccalaureate</b>								
Post Baccalaureate/Non-Matriculated taking undergraduate courses only	16.0%	9,422	7.5%	26,606	16%	10,930	7.50%	28,610
Post Baccalaureate/Non-Matriculated taking graduate courses only	10.0%	13,140	3.00%	26,010	10.1%	14,468	2.9%	26,758

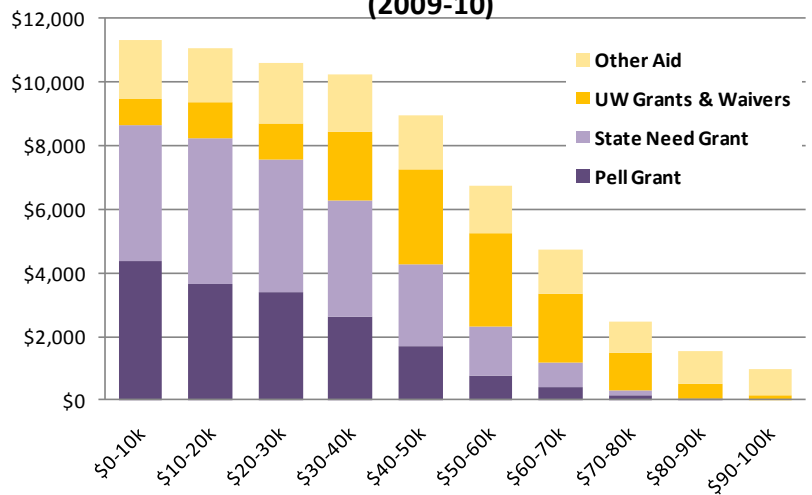
\*16% resident undergraduate tuition increases are representative of the Senate budget only. These rate increases may change.

Note: Cohort model tuition allows students to pay the same tuition from program entry until graduation (assuming the student has continuous attendance)

## Financial Aid Policy Alternatives

Potential tuition increases are best evaluated alongside financial aid data. Eligible resident undergraduate students receive Pell and State Need Grants, and the University allocates the additional funds necessary to ensure that these students do not pay tuition, fees, and other educational costs (depending on need) as part of Husky Promise. Of graduate students in the tier tuition categories, 54% receive tuition waivers associated with their academic responsibilities.

**Figure A: UW Resident Undergraduates with Need (2009-10)**



**TABLE 4: Pell, State Need Grant, and Husky Promise Data**

Pell & State Need Grant		2009-10 Actual Awards			2010-11 Actual Awards		
	Number of Students	Percent of Undergrad Enrollment	Amount Awarded	Number of Students	Percent of Undergrad Enrollment	Amount Awarded	
Pell Grant Funding	8,600	25%	\$37,989,000	10,450	32%	\$43,215,000	
State Need Grant Funding	7,000	20%	\$41,487,000	7,500	23%	\$39,390,500	
Husky Promise Data		2009-10 Actual Awards			2010-11 Actual Awards		
	Number of Students	Percent of Undergrad Enrollment	Autumn 2009 Enrollment	Number of Students	Percent of Undergrad Enrollment	Amount Awarded	
Seattle	5,635	25%	22,794	6,440	25%	25,534	
Bothell	434	21%	2,103	610	25%	2,437	
Tacoma	727	30%	2,445	960	36%	2,633	

The legislative process is ongoing and it is possible that Regents may set resident undergraduate tuition rates without caps from the Legislature for 2011-12 and 2012-13. If that occurs, several financial aid policies would be under consideration. Those policies are highlighted below. If SHB 1795 passes, and Regents set **all tuition categories**, the mandated financial aid set aside would increase to **5%**; this increase is presented in **table 5** below for rate increases of 20 and 25 percent.

- I. **Current Aid Policy Updated for FY12** – Based on current financial aid and waiver policy, a **16 percent increase in undergraduate resident tuition would maintain the institutional investment in resident student financial aid (the ‘return to aid’) at an amount equivalent to 11 percent of resident undergraduate tuition revenue.** Note that high student demand and inadequate state funding for the State Need Grant created a \$5.6 million shortfall in Husky Promise funding in FY11. The UW used institutional funds to cover this shortfall and anticipates carrying this cost forward in all future years.

**TABLE 5: Current Aid Policy**

Return to Aid - Current Policy	2010-11	2011-12 Increase	2011-12 Tuition Increase		
		13%	16%	20%	25%
Net Operating Fee Revenue	\$182,145,000	\$208,527,000	\$214,075,000	\$221,442,000	\$230,673,000
Incremental Revenue		\$26,382,000	\$31,930,000	\$39,297,000	\$48,528,000
<b>State Mandated</b>					
3.5% Set-Aside	\$6,606,000	\$7,563,000	\$7,764,000	\$8,032,000	\$8,366,000
2009-11 1/7th Set Aside	\$2,960,000	\$2,960,000	\$2,960,000	\$2,960,000	\$2,960,000
Return to Aid - State Mandated	4.8%	4.6%	4.6%	4.5%	4.5%
<b>Current University Policy</b>					
3% Need/1% Merit Waivers	\$8,118,000	\$9,118,000	\$9,361,000	\$9,683,000	\$10,087,000
Husky Promise/SNG shortfall - UW Investment	\$5,658,000	\$5,658,000	\$5,658,000	\$5,658,000	\$5,658,000
Return to Aid - UW Policy	6.9%	6.5%	6.4%	6.3%	6.2%
<b>Total Current Return to Aid</b>	<b>11.7%</b>	<b>11.1%</b>	<b>11.0%</b>	<b>10.9%</b>	<b>10.7%</b>
<b>Change to 5% Set-Aside</b>					
5% Set-Aside				\$11,474,000	\$11,952,000
Total Return to Aid				12.3%	12.2%

- II. **Potential Financial Aid Policy Currently Under Legislative Consideration** – Two alternative financial aid options are being considered by the Legislature. The first option would increase the statutorily mandated set aside of 3.5 percent (noted above) to 5 percent. Assuming a 16 percent tuition increase, this policy would increase the UW’s total return to aid commitment to more than 12 percent. The second option under consideration is a stepped waiver program with student eligibility being dependent on household income and financial need. The 3.5 percent mandated set aside would remain, but waivers would increase. This policy would **increase the UW’s total return to aid in FY12 to 15.5 percent at a 16 percent undergraduate resident tuition increase, and 18.4 percent at a 25 percent tuition increase.**
- III. **Tuition Setting Authority** – An additional financial aid policy to consider is one that would be implemented should the Regents receive authority from the Legislature to set resident undergraduate tuition. The Regents could decide to divert a set amount of incremental revenue for every percent increase over 16 percent. Depending on the actual tuition rate increase, a policy such as this would likely result in a return to aid rate between 12 and 15 percent. In this case, Husky Promise would be fully covered and depending on the need expressed by Husky Promise students, some financial aid would be extended to students in middle income brackets. **Note that even under current policy, students in middle income brackets at the UW receive some financial aid** (see figure A on page 7).



## 2011-12 Proposed Fee Increases Requiring Legislative Authorization

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Under terms of Initiative 1053, all agency fee increases (including tuition) must receive legislative approval prior to implementation. This approval is currently provided in Section 603 of the **Senate engrossed operating budget**. The language includes a specific increase level for undergraduate resident tuition. For all other fee categories, the Board of Regents is authorized to increase fees “by amounts judged reasonable and necessary by the governing board.”

Tuition rates for state-subsidized academic programs, service and activities fees, technology fees, and others are specifically approved by the Regents. For fee increases that are implemented under authority that the Regents have delegated to the President and Provost, the Regents must determine that fee increases in those categories are reasonable and necessary.

## Campus Budget Reductions and Tuition Allocation

Budget reduction and tuition revenue allocations in the FY12 Central University Operations budget are summarized below.

**TABLE 6: Budget Reductions and New Allocations for FY12 (Senate Proposal)**

<b><u>CAMPUS BUDGET REDUCTIONS</u></b>	
Seattle FY12 Reductions	(101,231,000)
Bothell FY12 Reductions	(4,823,000)
Tacoma FY12 Reductions	(6,184,000)
<b>Total Budget Reductions</b>	<b>(112,238,000)</b>
<b><u>TOTAL INCREMENTAL TUITION ALLOCATION TO UNITS</u></b>	
UW Seattle Academic Units	47,520,000
UW Seattle Provost Reinvestment Funds	20,366,000
UW Bothell	9,606,000
UW Tacoma	7,658,000
<b>Total Incremental Revenue Allocated to Units</b>	<b>85,150,000</b>
<b><u>NET REDUCTIONS/INCREASES BY CAMPUS</u></b>	
UW Seattle	(33,345,000)
UW Bothell	4,783,000
UW Tacoma	1,474,000
<b>Total UW Net Reduction</b>	<b>(28,562,000)</b>

The total **budget reduction for the UW Seattle campus is \$101,231,000 under the Senate budget, which includes \$15,000,000 of required cost increases for FY12** to compensate for expenses that all units will experience.

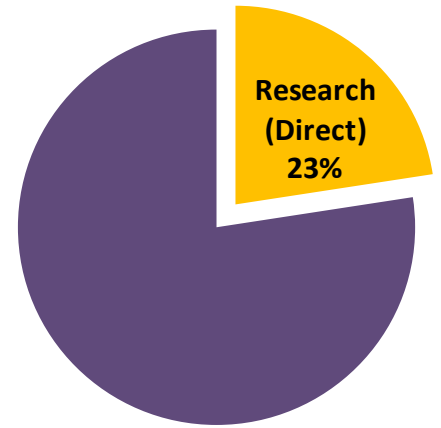
Under the Senate budget, UW Bothell's and UW Tacoma's estimated budget reductions are **\$4,823,000 and \$6,184,000, respectively.** Bothell and Tacoma's required cost increases will be

implemented locally. The Chancellors for UW Bothell and UW Tacoma will conduct a process to determine how budget reductions will be distributed at each campus.

These reductions are representative of budget reductions before any increases in designated operating fund revenues are applied.

## Research Enterprise

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Direct expenditures on grants and contracts are projected to increase in FY12 over the budgeted level in FY11 by about 20 percent. FY11 projections were projected too low last June given our success rate securing American Recovery and Reinvestment Act (ARRA) grants. The budgeted level of grant and contract direct costs will probably decline in FY12 as about 90 percent of the funding the UW received from ARRA grant awards will have been spent. In addition, it is reasonably likely that there may be further reductions in National Institutes of Health and National Science Foundation research budgets in the federal budget process for FY12.

Indirect cost recovery revenue is now presented on Table 1 along with other university operating resources. This is to account for the fact that the University uses these funds for general operations as well as general institutional expenses to support the research, public service and research functions of the University. For comparison purposes, FY11 totals in Table 1 have been adjusted to reflect this change.

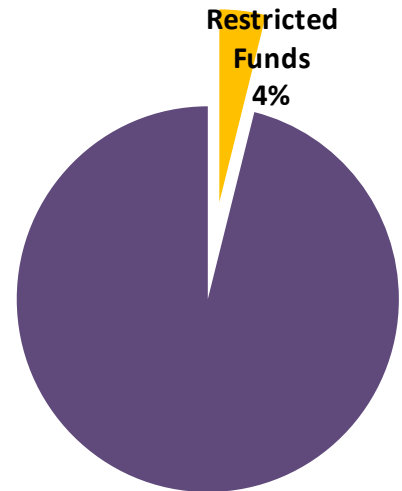
**TABLE 7: Research Enterprise**

Revenues	FY 2011 Adopted	FY 2012 Proposed
<b>Research Enterprise</b>		
Grants and Contracts Direct Costs	958,994,000	1,150,898,000
<b>TOTAL REVENUES</b>	<b>958,994,000</b>	<b>1,150,898,000</b>
<b>TOTAL EXPENDITURES</b>	<b>958,994,000</b>	<b>1,150,898,000</b>

## Restricted Funds

Expenditures for nearly all gifts and state restricted funds 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.

State restricted funds are primarily appropriations from the Accident and Medical Aid accounts, which benefit the School of Public Health for specific activities performed by the Department of Environmental Health. In addition, there is a small appropriation from the Bio-Toxin and Geoduck accounts that are included in this category.



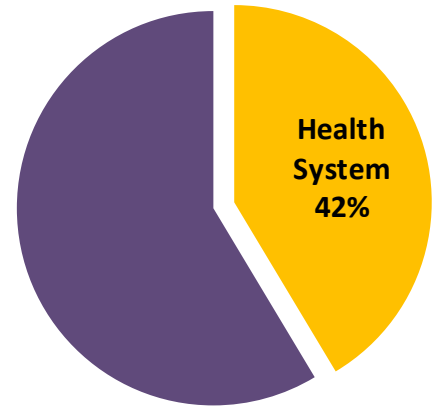
Note that gift income and endowment distributions projected for FY12 are based on revenue for these budgets, not expenditures. This is a departure from prior budget presentations as we attempt to standardize budgeting methods across all units.

**TABLE 8: Restricted Funds**

Revenues	FY 2011 Adopted	FY 2012 Proposed
<b>Restricted Funds</b>		
Gift Income & Endowment Distributions	184,630,000	192,630,000
State Restricted Funds	6,884,000	6,931,000
<b>TOTAL REVENUES</b>	<b>191,514,000</b>	<b>199,561,000</b>
<b>TOTAL EXPENDITURES</b>	<b>191,514,000</b>	<b>199,561,000</b>

## UW Health System

In past budget items, revenue and expenditures from the University of Washington Medical Center were presented for information only. As part of the Administration's ongoing effort to illuminate the full UW revenue landscape, all six components of the UW Health System are now included in Table 1 above and in Table 9 below.



**TABLE 9: UW Health System**

Revenues	FY 2011 Adopted	FY 2012 Proposed
<b>UW Health System</b>		
UW Medical Center	725,600,000	827,700,000
Harborview Medical Center	755,900,000	729,500,000
NW Hospital	240,000,000	244,000,000
UW Physicians	231,400,000	245,400,000
UW Neighborhood Clinics	25,100,000	26,800,000
Airlift NW	36,600,000	36,900,000
<b>TOTAL REVENUES</b>	<b>2,014,600,000</b>	<b>2,110,300,000</b>
<b>TOTAL EXPENDITURES</b>	<b>2,014,600,000</b>	<b>2,110,300,000</b>

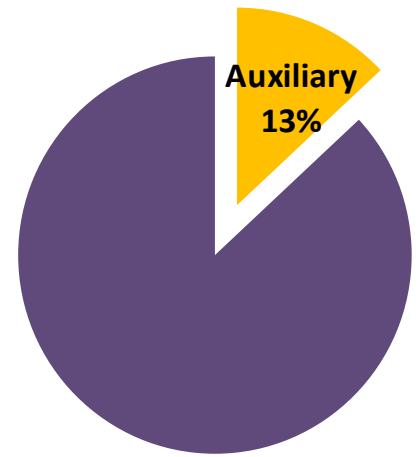
## Auxiliary Units

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The University's large, self-sustaining auxiliary business enterprises (Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services) are all financially stable and slow growth is expected in FY 2012.

Auxiliary enterprises also include internal service units (Stores, Motor Pool, Publication Services, etc.), Student Government, Recreational Sports, and miscellaneous other activities.

The University charges institutional overhead to all of these units to recover the cost of central services utilized by these academic enhancement and support activities.



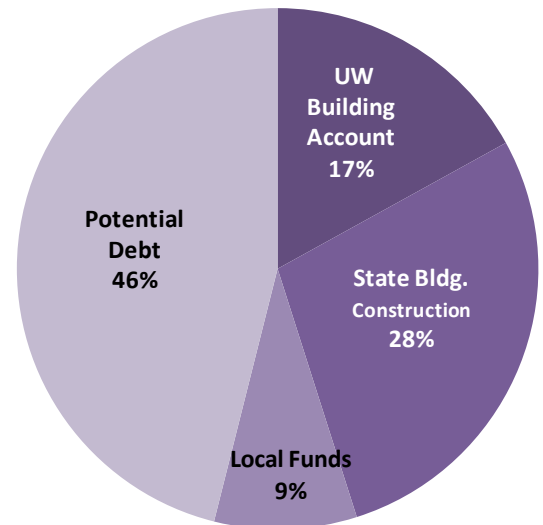
**TABLE 10: Auxiliary Units**

Revenues	FY 2011 Adopted	FY 2012 Proposed
<b>Auxiliary Activities</b>		
Housing and Dining	63,500,600	68,680,000
Intercollegiate Athletics	63,664,000	71,872,000
Educational Outreach	73,292,249	85,225,117
Parking	33,224,226	35,151,671
Other Auxiliary Activities	402,193,685	402,193,685
<b>TOTAL REVENUES</b>	<b>635,874,760</b>	<b>663,122,473</b>
<b>TOTAL EXPENDITURES</b>	<b>635,874,760</b>	<b>663,122,473</b>

## Capital Budget

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The proposed FY 2012 University of Washington Capital Budget presented on the following page reflects several years of integrated program and infrastructure planning resulting in a capital investment prioritization approach - UW's One Capital Plan. Due to the timing of the current legislative special session, the State of Washington Building Construction and UW Building Fee accounts displayed below represent the **Senate's funding approach** as of mid-April 2011.



UW's **One Capital Plan** is an effort to integrate strategic academic program planning created by UW's Colleges and Schools – and characterized as College Precinct Plans – with prioritized short, mid, and long term space and capital needs. The integration of these rigorously developed academic program needs with the university's need to target recapitalization investments in our current capital space and infrastructure assets, results in a comprehensive plan of capital projects/programs identified in the One Capital Plan. The capital projects summary identified in the One Capital Plan appendix endeavors to **identify capital projects, programs, potential fund sources, and chronology in one place; while the summary is not exhaustive, it represents a current-to-date summary of key potential future capital investment opportunities for Regental consideration.**

**State Funding:** The Senate's proposed 2011-2013 capital budget includes \$41,362,000 in State Building Construction Account funds for minor capital building systems renewal and major infrastructure improvements, and supports new investments including design and construction funding for Phase I of the Odegaard Undergraduate Learning Center and the Intellectual House project. Design phase funding from the UW Building Account was also proposed for Anderson Hall. Additionally, the Senate budget proposed appropriating \$23,875,000 from the UW Building Account for minor capital building systems renewal projects and major infrastructure improvements.

**Local Funding:** \$13,000,000 of UW Local funds, primarily from sponsored research indirect cost recovery, are proposed for critical minor capital program improvements and continued precinct planning activities for the College of Arts and Sciences Life Sciences, UW Health Sciences, the UW's Energy Future infrastructure assessment, West of 15th Avenue planning, and the permanent relocation of the UW Police to a more secure location.

**Debt Funding:** Potential debt of \$67,800,000 is proposed to implement a comprehensive capital investment program to support critical core research facilities. The investment program would include multiple concurrent projects that will allow UW's core biomedical research mission to be successful. The revenue source for this large capital program's debt service is proposed to be from an allocation of indirect cost recovery funds from the operating budget.

While state capital resources remain a critical component of the UW's capital resource planning future, the ability of the public to fund major capital investments will remain very limited for the foreseeable future. As we bring greater rigor and clarity to our long range academic program and campus infrastructure needs, and identify those components most critical to success in both the short and long

term, our capital needs will continue to require much more than the State can reasonably support - particularly our infrastructure and the burgeoning deferred maintenance recapitalization requirements necessary to support our core teaching and research missions.

Our planning activities include review of several potential **revenue generating partnerships** critical to fulfilling the capital investment approaches and priorities in UW's One Capital Plan. Future opportunities that must be explored include targeted philanthropy, enhancement of the Metropolitan Tract contributions to UW Seattle capital asset development, and innovative public/private partnerships particularly related to recapitalization of our infrastructure assets.

Finally, included as a budget shift from capital to operating resources in the 2009-11 State capital appropriation, House and Senate budget proposals continue the 2009-11 precedent by providing \$25,825,000 for the UW's preventative facility maintenance operating budget funded from the UW Building Account. Note that we display the FY12 amount of building fee for facility maintenance and building system repairs of \$12,912,500.

For FY12, the Administration recommends the following summary for your review and consideration:

<b>Capital Budget- FY 2012</b>	<b>UW Building Account</b>	<b>State Building Construction Account</b>	<b>Local Funds</b>	<b>Potential Debt</b>	<b>TOTAL</b>
<b>Infrastructure</b>					
College of Arts & Sciences- Life Sciences Precinct Plan			100,000		100,000
Major Infrastructure - Improvement Projects	2,125,000	2,725,000			4,850,000
Major Infrastructure - UW Energy Future			500,000		500,000
Minor Capital Repair - Building Systems Renewal	21,750,000	17,962,000			39,712,000
Minor Capital Repair - Program			11,500,000		11,500,000
UW Health Sciences Precinct Plan			350,000		350,000
West of 15th Avenue Plan			250,000		250,000
<b>Instruction</b>					
Anderson Hall Renovation	1,100,000	1,400,000			2,500,000
Odegaard Undergraduate Learning Center - Phase 1		16,575,000			16,575,000
<b>Research</b>					
Core Research Facilities Improvement Program					
E Wing 6th Floor Renovation				2,200,000	2,200,000
Foegle East				10,000,000	10,000,000
Guthrie Renovation				14,000,000	14,000,000
NHP I Wing				20,800,000	20,800,000
SLU Brotman Building Renovation				3,800,000	3,800,000
Western Building Renovation				3,000,000	3,000,000
T Wing Level 1 Renovation				14,000,000	14,000,000
Biological & Environmental Sciences Building			200,000		200,000
<b>Student Life</b>					
Intellectual House		2,700,000			2,700,000
UW Police Department Relocation			100,000		100,000
<b>TOTAL CAPITAL INVESTMENTS</b>	<b>24,975,000</b>	<b>41,362,000</b>	<b>13,000,000</b>	<b>67,800,000</b>	<b>147,137,000</b>
<b>Facility Maintenance and Operations</b>					
Fund shift capital to operating	12,912,500				12,912,500



**Appendix 1  
Proposed Budget  
University Operating Resources for Fiscal Year 2012**

	<b>FY 2011 Adopted</b>	<b>FY 2012 Proposed</b>	<b>Comment</b>
<b>REVENUES</b>			
State General Fund	318,522,000	207,760,000	<i>Based on Senate Adopted Budget</i>
Tuition Operating Fee	369,897,000	455,047,000	
Designated Operating Fund	58,902,000	66,442,000	
Institutional Overhead	16,268,000	17,288,000	
Indirect Cost Recovery	230,000,000	230,000,000	
Subtotal: Ongoing University Operating Revenues	993,589,000	976,537,000	
Use of Fund Balance for Temporary Expenditures	10,000,000	0	
<b>TOTAL REVENUES</b>	<b>1,003,589,000</b>	<b>976,537,000</b>	
<b>EXPENDITURES</b>			
<b>Adjusted Base Budget</b>	1,003,589,000	976,869,000	
<b>UW Seattle Budget Reductions:</b>			
FY 2012 Reductions		(101,231,000)	
Subtotal for UW Seattle Budget Reductions		(101,231,000)	
<b>UW Bothell Budget Reductions</b>			
FY 2012 Reductions		(4,823,000)	
Subtotal for UW Bothell Budget Reductions		(4,823,000)	
<b>UW Tacoma Budget Reductions</b>			
FY 2012 Reductions		(6,184,000)	
Subtotal for UW Tacoma Budget Reductions		(6,184,000)	
<b>TOTAL BUDGET REDUCTIONS</b>		(112,238,000)	
<b>Incremental Tuition Allocation to Academic Units</b>			
UW Seattle Academic Units		47,520,000	
UW Bothell		9,606,000	
UW Tacoma		7,658,000	
Subtotal		64,784,000	
<b>Incremental Tuition Allocation to the Provost</b>			
Strategic Investments		20,366,000	
Subtotal		20,366,000	
<b>Compensation Adjustments</b>			
UW Seattle - Academic Units - Benefits Adjustments		4,779,000	
UW Seattle - Administrative Units - Benefit Adjustments		2,439,000	
Faculty Promotions		650,000	
Subtotal		7,868,000	
<b>Other Adjustments</b>			
Required Cost Increases/Adjustments		16,558,000	<i>See Appendix 2</i>
Research Cost Recovery Allocation Change		950,000	
Dedicated Indirect Cost Recovery Changes		500,000	
Legislative Actions		880,000	<i>See Appendix 2</i>
Subtotal		18,888,000	
<b>TOTAL EXPENDITURES</b>		<b>976,537,000</b>	

**Appendix 2**  
**Required Cost Increases/Adjustments for Fiscal Year 2012**

Item	FY 2012 Change
<b><u>Institutional Budgets</u></b>	
<b>Utilities:</b>	
Electricity	(100,000)
Natural gas	72,000
Water/sewer	625,000
Solid waste disposal	(285,000)
Solid waste staff	13,000
Power Plant	165,000
<hr/>	
Subtotal utilities:	490,000
<b>Other institutional budgets:</b>	
Property rentals-general	1,300,000
State Department of Personnel Cost	40,000
Property rental-Sand Point unassigned space	126,000
Wellington Hills	(120,000)
Hazardous Materials Mitigation (Asbestos)	100,000
University Risk Financing	205,000
Investment Management Fees	150,000
Residential Parking Zone	35,000
Transportation subsidy	51,000
Sound Transit coordination (Brooklyn Station)	30,000
State audit misc	(25,000)
UW Tower Data Center Electricity	280,000
Disability Accommodations	200,000
<hr/>	
Subtotal other institutional budgets:	2,372,000
<b><u>Debt Service</u></b>	
6th Floor Health Sciences Renovations Debt Service	120,000
Molecular Engineering Building - ICR supported debt	331,000
J Wing Floors 1&2 Renovation	200,000
Physics/Astronomy Building	400,000
Health Sciences K Wing	200,000
<hr/>	
Subtotal Debt Service	1,251,000

**Appendix 2, continued**  
**Required Cost Increases/Adjustments for Fiscal Year 2012**

**Other Issues**

WWAMI funding differential	250,000
Mainframe Financing agreement	850,000
Previous Dean/VP Commitments	2,000,000
So. Lake Union Research Facilities - O&M Support	4,500,000
UW Bothell increase to ICR	190,000
UW Tacoma increase to ICR	190,000
Summer quarter cost increase	1,186,000
UW Bothell - FY12 Net Summer Qtr Tuition	1,688,000
UW Tacoma - FY12 Net Summer Qtr Tuition	1,591,000
<hr/>	
Subtotal Other Issues	12,445,000

**Subtotal Required Cost Increases** **16,558,000**

**Research Cost Recovery Policy Allocation**

FY 2012 Projected RCR change	950,000
<hr/>	
Subtotal Policy Application	950,000

**Dedicated Indirect Cost Recovery Dollars**

Medicine - South Lake Union & Harborview Locations	500,000
<hr/>	
Subtotal Dedicated Indirect Cost Recovery	500,000

**Subtotal RCR & Dedicated Indirect Cost Recovery** **1,450,000**

**Legislative Actions**

WWAMI Medical Education Program	150,000
Washington Park Arboretum	143,000
O&M UWT Phase 3	499,000
Embodied Energy & Carbon	88,000
<hr/>	
Subtotal Legislative Actions	880,000

**TOTAL REQUIRED COST INCREASES/ADJUSTMENTS** **18,888,000**

Program	Wave	Project Name	Total Funding (\$,000)	First 2 years 2011-13					Next 4 years 2013-17					Last 4 years 2017-21				
				State	Central Equity	Potential Central Debt	Partners	Non-Central Debt	State	Central Equity	Potential Central Debt	Partners	Non-Central Debt	State	Central Equity	Potential Central Debt	Partners	Non-Central Debt
Acquisition	II	UW Bothell Strategic Real Estate Investment	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000	-	-	
Acquisition	II	UW Seattle Strategic Real Estate Investment	50,000	-	-	10,000	-	-	-	-	20,000	-	-	-	20,000	-	-	
Acquisition	II	UW Tacoma Strategic Real Estate Investment	10,000	-	-	-	-	-	5,000	-	-	-	-	5,000	-	-	-	
			<b>65,000</b>	-	-	<b>10,000</b>	-	-	<b>5,000</b>	-	<b>20,000</b>	-	-	<b>5,000</b>	-	<b>25,000</b>	-	
Athletics	II	ICA Baseball Stadium, Press Box and Team Support Facility	14,000	-	-	-	-	-	-	-	-	14,000	-	-	-	-	-	
Athletics	II	ICA Basketball Operations and Practice Center	30,000	-	-	-	-	-	-	-	-	30,000	-	-	-	-	-	
Athletics	II	ICA Sand Volleyball Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Athletics	II	ICA Soccer Grandstand and Related Support Facilities	16,000	-	-	-	-	-	-	-	-	16,000	-	-	-	-	-	
Athletics	II	ICA Team Operations Building for Track and Field and Soccer	8,000	-	-	-	-	-	-	-	-	8,000	-	-	-	-	-	
Athletics	III	ICA Graves Hall Renovation	8,500	-	-	-	-	-	-	-	-	-	-	-	8,500	-	-	
Athletics	III	ICA Softball Press Box Upgrades and Grandstand Roof and Expansion	3,500	-	-	-	-	-	-	-	-	-	-	-	3,500	-	-	
Athletics	III	ICA Track and Field Grandstands	4,000	-	-	-	-	-	-	-	-	-	-	-	4,000	-	-	
			<b>84,000</b>	-	-	-	-	-	-	-	-	<b>68,000</b>	-	-	-	<b>16,000</b>	-	
Clinic	II	UW Medicine Northwest - Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Clinic	II	UW Medicine Northwest - SCCA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Clinic	II	UW Medicine/Future Affiliations - Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Clinic	II	UWMC Expansion Phase 2	97,000	-	-	-	-	-	-	26,000	-	-	71,000	-	-	-	-	
			<b>97,000</b>	-	-	-	-	-	-	<b>26,000</b>	-	-	<b>71,000</b>	-	-	-	-	
Housing	II	Student Housing - McMahon Renovation	98,000	-	-	-	-	-	-	-	-	-	98,000	-	-	-	-	
Housing	II	Student Housing - New Center (1101 Cafe Replacement)	55,000	-	-	-	-	-	-	-	-	-	55,000	-	-	-	-	
Housing	II	Student Housing - Terry Addition (New Terry)	24,000	-	-	-	-	-	-	-	-	-	24,000	-	-	-	-	
Housing	II	Student Housing - Terry Renovation	58,500	-	-	-	-	-	-	-	-	-	58,500	-	-	-	-	
Housing	III	Student Housing - Haggett Renovation	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74,000	
Housing	III	Student Housing - Hansee Renovation	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000	
Housing	III	Student Housing - McCarty Renovation	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65,000	
			<b>424,500</b>	-	-	-	-	-	-	-	-	-	<b>235,500</b>	-	-	-	<b>189,000</b>	
Infrastructure	I	College of Arts & Sciences - Life Sciences Precinct Plan	100	-	100	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	I	College of the Environment Precinct Plan	100	-	100	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	I	Major Infrastructure - Improvement Projects	78,850	4,850	-	-	-	-	26,500	-	7,500	20,000	-	20,000	-	-	-	
Infrastructure	I	Major Infrastructure - UW Energy Future	95,000	-	500	-	-	-	-	4,500	-	45,000	-	-	-	45,000	-	
Infrastructure	I	Minor Capital Repair - Preservation	219,712	39,712	-	-	-	-	80,000	-	-	-	-	100,000	-	-	-	
Infrastructure	I	Minor Capital Repair - Program Improvements	128,300	-	24,300	-	-	-	-	52,000	-	-	-	-	52,000	-	-	
Infrastructure	I	UW Health Sciences Precinct Plan	350	-	350	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	I	UW Tacoma Groundwater and Soil Remediation	100,000	-	-	-	-	-	20,000	-	-	-	-	80,000	-	-	-	
Infrastructure	I	West of 15th Avenue Plan	1,250	-	250	-	-	-	-	-	-	1,000	-	-	-	-	-	
Infrastructure	II	Enterprise Information System	125,000	-	-	25,000	-	-	-	-	50,000	-	-	-	50,000	-	-	
Infrastructure	II	Metropolitan Tract Recapitalization	200,000	-	-	-	-	-	-	-	-	200,000	-	-	-	-	-	
Infrastructure	II	UW Bothell Major Infrastructure Projects	10,500	-	-	-	-	-	5,250	-	-	-	-	5,250	-	-	-	
Infrastructure	II	UW Tacoma Major Infrastructure Projects	30,500	-	-	-	-	-	2,500	-	-	15,000	-	13,000	-	-	-	
Infrastructure	III	Rainier Vista Triangle Garage Improvements	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000	
Infrastructure	III	UW Seattle Structured Parking	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000	
			<b>1,034,662</b>	<b>44,562</b>	<b>25,600</b>	<b>25,000</b>	-	-	<b>134,250</b>	<b>56,500</b>	<b>57,500</b>	<b>281,000</b>	-	<b>218,250</b>	<b>52,000</b>	<b>50,000</b>	<b>45,000</b>	
Instruction	II	Anderson Hall Renovation	22,500	2,500	-	-	-	-	-	-	-	-	-	20,000	-	-	-	
Instruction	II	Anthropology Renovation Projects	6,500	-	-	-	-	-	6,500	-	-	-	-	-	-	-	-	
Instruction	II	College of Engineering Academic Building - Renovation	25,000	-	-	-	-	-	2,250	-	-	-	-	22,750	-	-	-	
Instruction	II	Denny Hall Renovation	45,000	-	-	-	-	-	45,000	-	-	-	-	-	-	-	-	
Instruction	II	Health Sciences Teaching Building	135,000	-	-	-	-	-	9,500	-	-	-	-	125,500	-	-	-	
Instruction	II	Hutchinson Hall Renovation	30,000	-	-	-	-	-	-	-	-	-	-	30,000	-	-	-	
Instruction	II	Lewis Hall Renovation	12,000	-	-	-	-	-	12,000	-	-	-	-	-	-	-	-	
Instruction	II	Odegaard Undergraduate Learning Center Phase 1	16,575	16,575	-	-	-	-	-	-	-	-	-	-	-	-	-	
Instruction	II	Odegaard Undergraduate Learning Center Phase 2	22,500	-	-	-	-	-	22,500	-	-	-	-	-	-	-	-	
Instruction	II	Padelford Renovation	25,000	-	-	-	-	-	25,000	-	-	-	-	-	-	-	-	

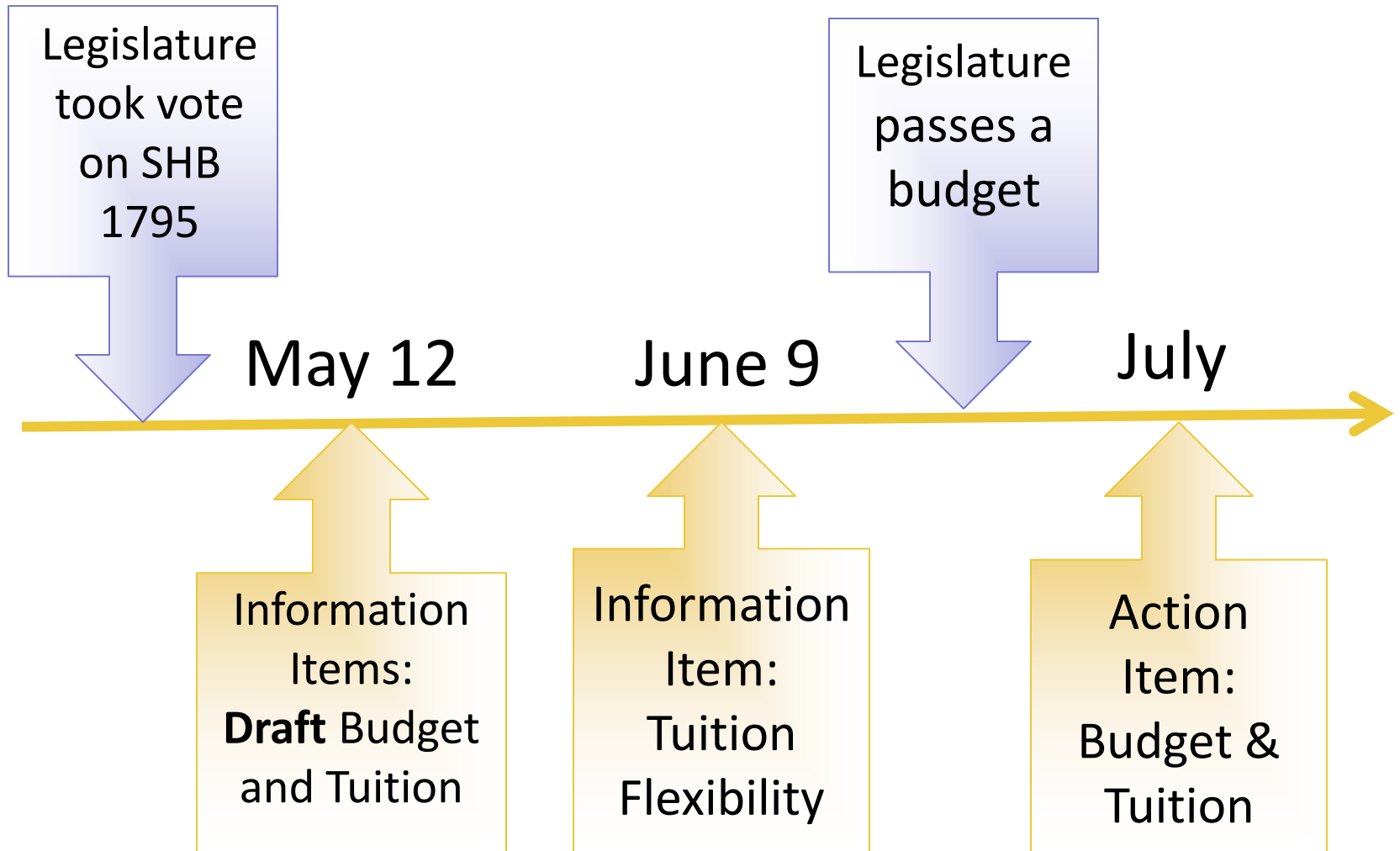
Program	Wave	Project Name	Total Funding (\$,000)	First 2 years 2011-13					Next 4 years 2013-17					Last 4 years 2017-21				
				State	Central Equity	Potential Central Debt	Partners	Non-Central Debt	State	Central Equity	Potential Central Debt	Partners	Non-Central Debt	State	Central Equity	Potential Central Debt	Partners	Non-Central Debt
Instruction	II	Sand Point Building 5 - Archival Storage	5,000	-	-	5,000	-	-	-	-	-	-	-	-	-	-	-	
Instruction	II	UW Bothell Phase 3	62,850	-	-	-	-	-	62,850	-	-	-	-	-	-	-	-	
Instruction	II	College of Arts & Sciences Renewal Program I - Communications Building	9,000	-	-	-	-	-	9,000	-	-	-	-	-	-	-	-	
Instruction	II	College of Arts & Sciences Renewal Program II - Gowen and Raitt Halls	10,000	-	-	-	-	-	10,000	-	-	-	-	-	-	-	-	
Instruction	II	College of Arts & Sciences Renewal Program III - Smith Hall	8,000	-	-	-	-	-	8,000	-	-	-	-	-	-	-	-	
Instruction	II	College of Arts & Sciences Renewal Program IV - Thompson Hall	5,000	-	-	-	-	-	5,000	-	-	-	-	-	-	-	-	
Instruction	III	College of Arts & Sciences Academic Building - Renovation	48,000	-	-	-	-	-	-	-	-	-	-	48,000	-	-	-	
Instruction	III	College of Arts & Sciences Fine Arts District	100,000	-	-	-	-	-	-	-	-	-	-	50,000	-	50,000	-	
Instruction	III	College of Arts & Sciences Renewal Program V	10,000	-	-	-	-	-	-	-	-	-	-	10,000	-	-	-	
Instruction	III	College of Arts & Sciences Renewal Program VI	6,000	-	-	-	-	-	-	-	-	-	-	6,000	-	-	-	
Instruction	III	College of the Environment - Renovation	35,000	-	-	-	-	-	-	-	-	-	-	25,000	-	5,000	5,000	
Instruction	III	Computer Science & Engineering - Multiple Building Renovation	62,000	-	-	-	-	-	20,000	-	-	42,000	-	-	-	-	-	
Instruction	III	Computer Science & Engineering Building II	190,000	-	-	-	-	-	-	-	-	-	-	35,000	-	20,000	135,000	
Instruction	III	Eagleson Hall Renovation	12,000	-	-	-	-	-	-	-	-	-	-	12,000	-	-	-	
Instruction	III	Gould Hall Court Addition	5,000	-	-	-	-	-	-	-	-	5,000	-	-	-	-	-	
Instruction	III	Miller Hall Renovation	44,000	-	-	-	-	-	-	-	-	-	-	44,000	-	-	-	
Instruction	III	Robinson Center	5,000	-	-	-	-	-	-	-	-	-	-	-	-	5,000	-	
Instruction	III	UW Bothell Phase 4	68,000	-	-	-	-	-	6,000	-	-	-	-	62,000	-	-	-	
Instruction	III	UW Tacoma Phase 4	79,500	-	-	-	-	-	7,000	-	-	-	-	72,500	-	-	-	
			<b>1,104,425</b>	<b>19,075</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>250,600</b>	<b>-</b>	<b>-</b>	<b>47,000</b>	<b>-</b>	<b>562,750</b>	<b>-</b>	<b>25,000</b>	<b>195,000</b>	
Research	II	Core Research - E Wing 6th Floor Renovation	2,200	-	-	2,200	-	-	-	-	-	-	-	-	-	-	-	
Research	II	Core Research - Foege East	130,000	-	-	10,000	-	-	-	-	120,000	-	-	-	-	-	-	
Research	II	Core Research - Guthrie Renovation	14,000	-	-	14,000	-	-	-	-	-	-	-	-	-	-	-	
Research	II	Core Research - NHP I Wing	20,800	-	-	20,800	-	-	-	-	-	-	-	-	-	-	-	
Research	II	Core Research - SLU Brotman Building Renovation	3,800	-	-	3,800	-	-	-	-	-	-	-	-	-	-	-	
Research	II	Core Research - Western Building Renovation	3,000	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	
Research	II	Core Research- T Wing Level 1 Renovation	14,000	-	-	14,000	-	-	-	-	-	-	-	-	-	-	-	
Research	II	Biological & Environmental Sciences Building	180,000	-	200	-	-	-	-	-	-	179,800	-	-	-	-	-	
Research	II	College of the Environment Research Vessel	10,000	-	-	-	-	-	5,000	-	-	5,000	-	-	-	-	-	
Research	II	Fluke Hall Renovation	15,000	-	-	5,000	-	-	-	-	5,000	-	-	-	5,000	-	-	
Research	II	Global Public Health, Nursing & Pharmacy Research Center	120,000	-	-	-	-	-	-	-	-	-	-	20,000	40,000	60,000	-	
Research	II	Innovation Collaboration Center - West of 15th Ave	45,000	-	-	-	-	-	-	-	-	-	-	-	20,000	25,000	-	
Research	II	Molecular Engineering Phase 2	65,000	-	-	-	-	-	-	-	-	65,000	-	-	-	-	-	
Research	II	Psychology Research Center - Guthrie Addition	65,000	-	-	-	-	-	-	-	-	-	-	5,000	15,000	45,000	-	
Research	II	Sand Point Building 5 - Freezer Farm	5,000	-	-	-	-	-	-	-	-	-	5,000	-	-	-	-	
Research	III	Interdisciplinary Research and Education Center I - West of 15th Ave	380,000	-	-	-	-	-	-	250	-	250	-	150,000	-	39,500	190,000	
Research	III	Interdisciplinary Research and Education Center II - West of 15th Ave	150,000	-	-	-	-	-	-	-	-	-	-	-	-	150,000	-	
Research	III	South Lake Union Phase 3.2	147,000	-	-	-	-	-	-	12,800	-	-	-	-	-	-	134,200	
Research	III	South Lake Union Phase 3.3	190,000	-	-	-	-	-	-	-	-	-	-	-	16,500	-	173,500	
			<b>1,559,800</b>	<b>-</b>	<b>200</b>	<b>72,800</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>13,050</b>	<b>125,000</b>	<b>250,050</b>	<b>5,000</b>	<b>150,000</b>	<b>41,500</b>	<b>119,500</b>	<b>470,000</b>	
Student Life	II	Intellectual House	10,300	2,700	-	2,600	5,000	-	-	-	-	-	-	-	-	-	-	
Student Life	II	UW Police Department Relocation	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	
Student Life	III	Daycare Center Expansion	4,500	-	-	-	-	-	-	-	-	-	-	-	4,500	-	-	
Student Life	III	UW Tacoma Student Union - Phase 1	7,500	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500	
			<b>32,300</b>	<b>2,700</b>	<b>10,000</b>	<b>2,600</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,500</b>	<b>-</b>	<b>7,500</b>	
		<b>Total Funding</b>	<b>4,401,687</b>	<b>66,337</b>	<b>35,800</b>	<b>115,400</b>	<b>5,000</b>	<b>-</b>	<b>394,850</b>	<b>95,550</b>	<b>202,500</b>	<b>646,050</b>	<b>311,500</b>	<b>936,000</b>	<b>93,500</b>	<b>224,000</b>	<b>726,000</b>	
		Total State	1,397,187															
		Total Central Equity	224,850															
		Total Potential Central Debt	541,900															
		Total Partners	1,377,050															
		Total Non-Central Debt	860,700															

# University of Washington OPERATING & CAPITAL BUDGETS Fiscal Year 2012

F-9 and F-10/205-11  
5/12/11

- Operating and capital budgets are **redesigned to better display and highlight** the most relevant information
- Hospital operations and six **UW Health System** clinics are included in the budgeted operating revenues and expenses
- **One Capital Plan** is included in an effort to integrate strategic academic program planning created by UW's Colleges and Schools
- Both operating and capital budgets assume that the **Washington State Senate's engrossed budget prevails during conference negotiations**

# POTENTIAL TIMELINE

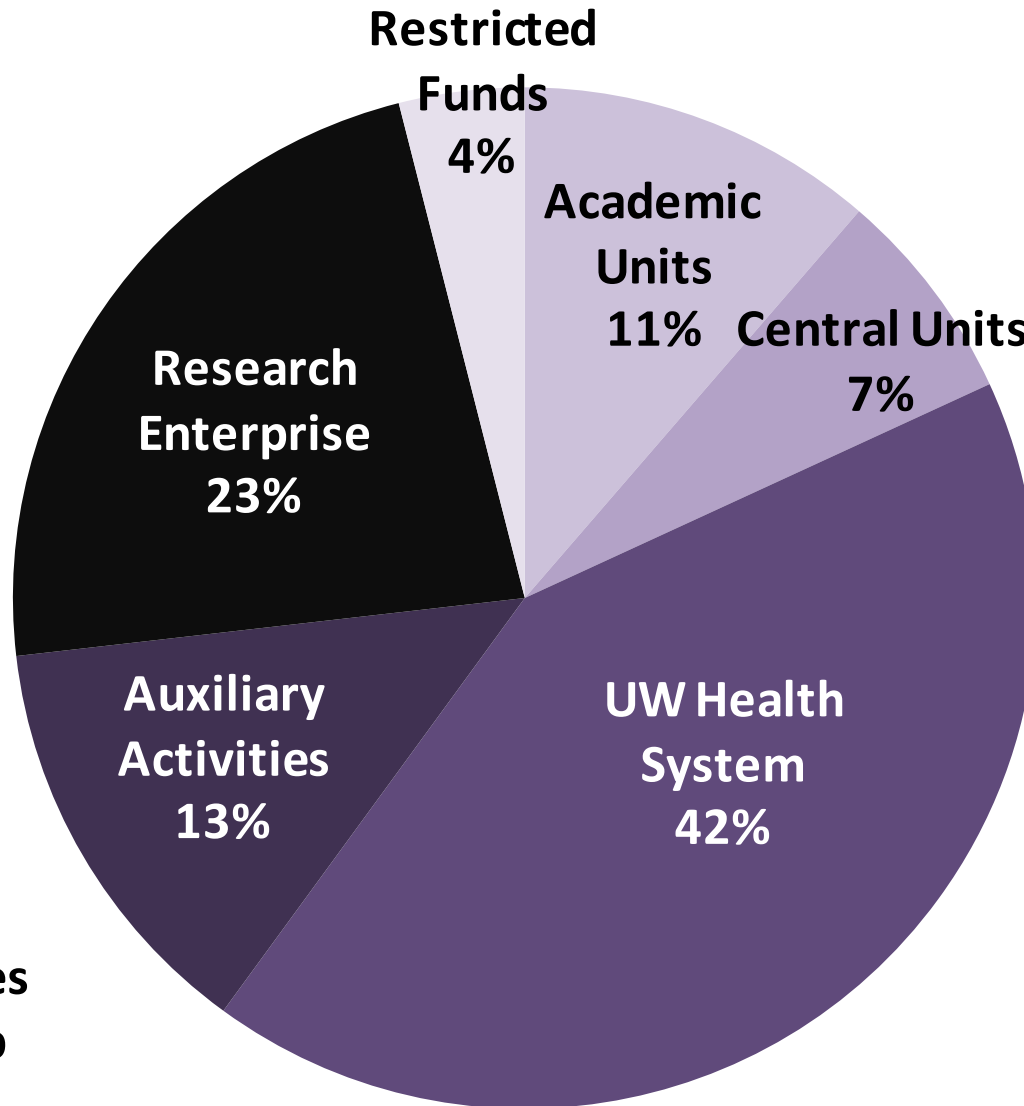




# OPERATING BUDGET

# OPERATING BUDGET EXPENSES & REVENUES

The proposed UW operating budget for FY12 is **\$5.1 billion**



Budgeted values  
on pg. 2 of F-9b

# OPERATING BUDGET OVERVIEW

Recommendations were developed based on priorities and principles resulting from broad campus consultation

## *Priorities:*

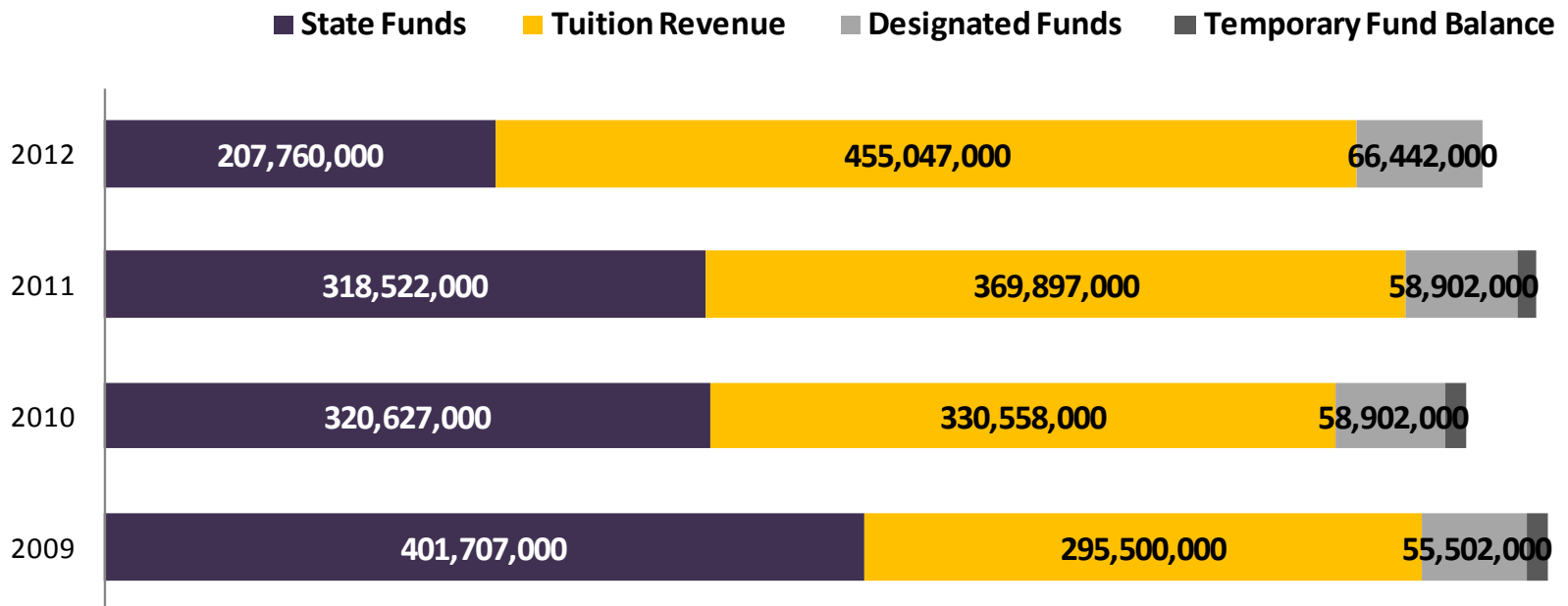
- **Quality** with regard to our three-fold mission: learning, discovery, and engagement
- Impact on the **student experience** and on the **faculty experience**
- Affordability and leverage
- Positioning the University for the **future**

Additionally, the Interim Provost made a **pact with students** to ensure **affordability, access, and quality.**

# CENTRAL OPERATING RESOURCES

State funds, tuition revenue, and designated funds are used to fund university operations

State funds declined over 30% in FY12, with tuition revenue growing to fill state funding gap



# CENTRAL OPERATING RESOURCES

This budget item assumes the **Senate engrossed operating budget passes, which:**

- **Authorizes two 16 percent resident undergraduate tuition** rate increases for FY12 and FY13
- Reduces state funding by **\$97 million in FY12**
- Stipulates that the **UW maintain student FTEs** at current levels

\*\*Proposed tuition rate increases are included in more detail in forthcoming slides.

# FY12 PLANNED APPROACH TO BUDGET REDUCTIONS

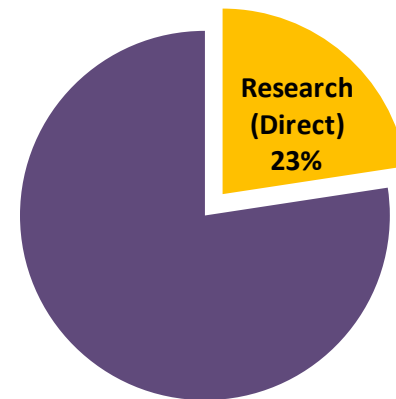
State reductions will be proportionately distributed to the three campuses and **Seattle's reduction includes \$15M of required cost increases**

<b><u>CAMPUS BUDGET REDUCTIONS</u></b>	
Seattle FY12 Reductions	(101,231,000)
Bothell FY12 Reductions	(4,823,000)
Tacoma FY12 Reductions	(6,184,000)
<b>Total Budget Reductions</b>	<b>(112,238,000)</b>
<b><u>TOTAL INCREMENTAL TUITION ALLOCATION TO UNITS</u></b>	
UW Seattle Academic Units	47,520,000
UW Seattle Provost Reinvestment Funds	20,366,000
UW Bothell	9,606,000
UW Tacoma	7,658,000
<b>Total Incremental Revenue Allocated to Units</b>	<b>85,150,000</b>
<b><u>NET REDUCTIONS/INCREASES BY CAMPUS</u></b>	
UW Seattle	(33,345,000)
UW Bothell	4,783,000
UW Tacoma	1,474,000
<b>Total UW Net Reduction</b>	<b>(28,562,000)</b>

# FY12 RESEARCH & RESTRICTED FUNDS

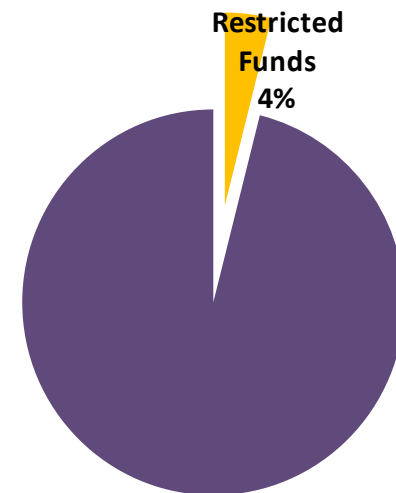
## **Research Enterprise (20% growth):**

Includes direct revenue for grants and contracts



## **Restricted Funds (4% growth):**

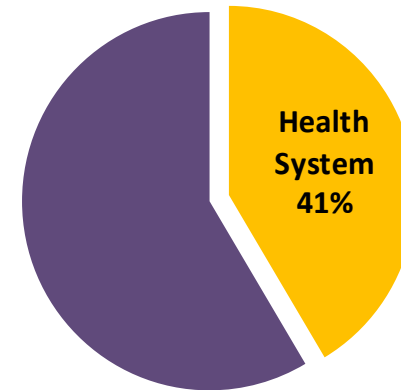
Includes designated state funding from the Medical Aid and Accident accounts as well as gift income and endowment distributions



# FY12 HEALTH SYSTEM & AUXILIARIES

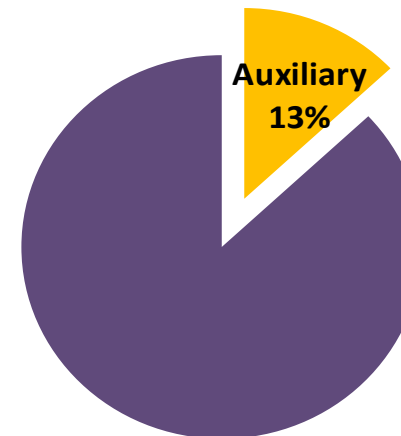
## **UW Health System (5% growth):**

Includes all clinics and hospitals



## **Auxiliary Activities (4% growth):**

Includes Housing & Dining, Athletics, Educational Outreach, Parking and Other Activities





# TUITION & FINANCIAL AID

# PROPOSED TUITION INCREASES (2011-12 AND 2012-13)

The **Senate Proposal** includes an increase cap of **16% for resident undergraduates**

**SHB 1795** will grant Regents the ability to set tuition without caps imposed by the Legislature

Until further information is available, the Administration is recommending the following tuition increases and rates for 2011-12 and 2012-13:

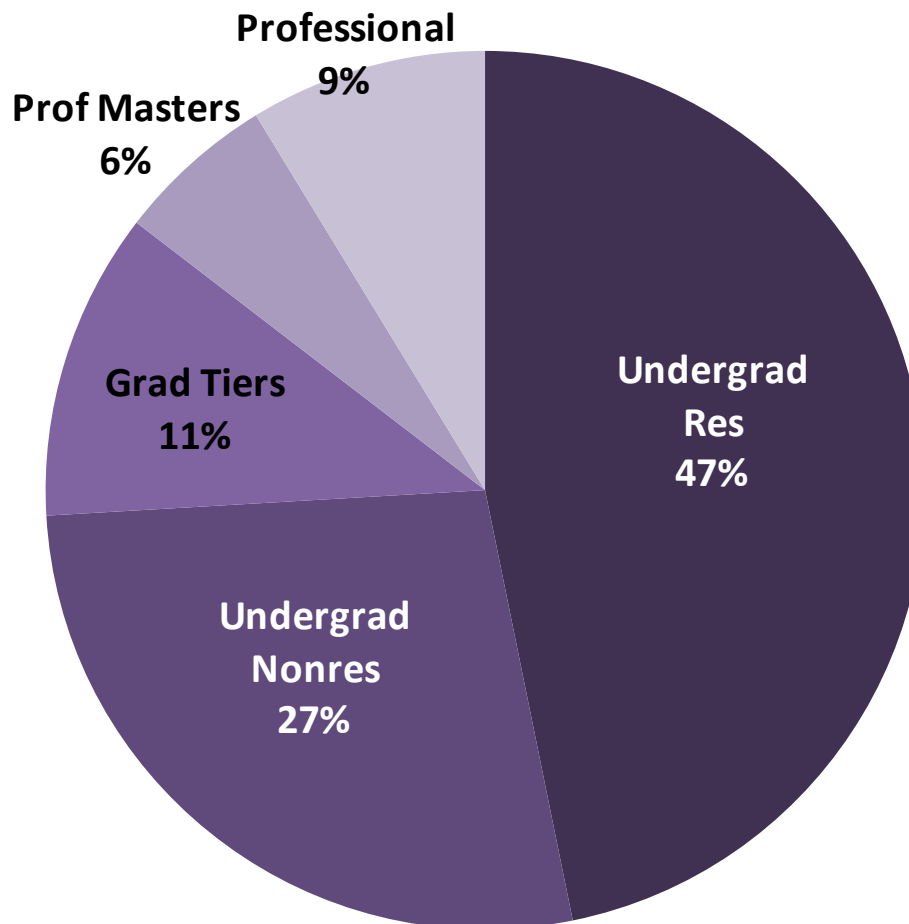
- Res Undergrads: 16% (\$9,422) in 2011-12 – 16% (\$10,930) in 2012-13
- Nonres Undergrads: 10% (\$27,230) in 2011-12 – 10% (\$29,950) in 2012-13
- Graduate and professional students: 2-25% in both 2011-12 and 2012-13 (see page 5 of F-9b for details)

# RESIDENT UNDERGRADUATE PEER RATES

PEER GROUP	2010-11 RESIDENT UG TUITION	2010-11 NON-RESIDENT UNDERGRAD TUITION
GCS PEER AVERAGE	\$10,717	\$30,790
HEC BOARD 24 AVERAGE	\$10,204	\$26,568
<b><i>UNIVERSITY OF WASHINGTON</i></b>	<b><i>\$8,701</i></b>	<b><i>\$25,329</i></b>

# 2011-12 PROJECTIONS BY TUITION CATEGORY

Resident undergraduates provide the majority of tuition revenue, but nonresident undergraduates contribute disproportionately to revenue



Draft  
projected  
net tuition  
revenue is  
\$455M

# WAIVER INFO

## Estimated 2010-11 Operating Fee Waivers Representing Foregone Revenue

TA/RA Res Op Fee	\$18,046,000
TA/RA Nonresident	\$35,005,000
3% Need, 1% Merit	\$14,772,000
Other Graduate/Professional	\$10,619,000
Other	\$7,088,000
<b>Waiver Total</b>	<b>\$85,530,000</b>
<b>3.5% Set-Aside</b>	
	<b>\$14,617,000</b>

# FINANCIAL AID POLICY

In 2010-11:

32% of undergraduates received Pell Grants

23% received State Need Grants

Nearly 50% of graduate students in the tier tuition categories received tuition waivers

Pell & State Need Grant	2009-10 Actual Awards			2010-11 Actual Awards		
	Number of Students	Percent of Undergrad Enrollment	Amount Awarded	Number of Students	Percent of Undergrad Enrollment	Amount Awarded
Pell Grant Funding	8,600	25%	\$37,989,000	10,450	32%	\$43,215,000
State Need Grant Funding	7,000	20%	\$41,487,000	7,500	23%	\$39,390,500
Husky Promise Data	2009-10 Actual Awards			2010-11 Actual Awards		
	Number of Students	Percent of Undergrad Enrollment	Autumn 2009 Enrollment	Number of Students	Percent of Undergrad Enrollment	Amount Awarded
Seattle	5,635	25%	22,794	6,440	25%	25,534
Bothell	434	21%	2,103	610	25%	2,437
Tacoma	727	30%	2,445	960	36%	2,633

# FINANCIAL AID POLICY

## Three Policies to Consider:

1. Current Policy
2. Senate and House Policy Proposals
3. Tuition Setting Authority

Return to Aid - Current Policy	2010-11	2011-12 Increase	2011-12 Tuition Increase		
		13%	16%	20%	25%
Net Operating Fee Revenue	\$182,145,000	\$208,527,000	\$214,075,000	\$221,442,000	\$230,673,000
Incremental Revenue		\$26,382,000	\$31,930,000	\$39,297,000	\$48,528,000
<b>State Mandated</b>					
3.5% Set-Aside	\$6,606,000	\$7,563,000	\$7,764,000	\$8,032,000	\$8,366,000
2009-11 1/7th Set Aside	\$2,960,000	\$2,960,000	\$2,960,000	\$2,960,000	\$2,960,000
Return to Aid - State Mandated	4.8%	4.6%	4.6%	4.5%	4.5%
<b>Current University Policy</b>					
3% Need/1% Merit Waivers	\$8,118,000	\$9,118,000	\$9,361,000	\$9,683,000	\$10,087,000
Husky Promise/SNG shortfall - UW Investment	\$5,658,000	\$5,658,000	\$5,658,000	\$5,658,000	\$5,658,000
Return to Aid - UW Policy	6.9%	6.5%	6.4%	6.3%	6.2%
<b>Total Current Return to Aid</b>	11.7%	11.1%	11.0%	10.9%	10.7%
<b>Change to 5% Set-Aside</b>					
5% Set-Aside				\$11,474,000	\$11,952,000
Total Return to Aid				12.3%	12.2%

# CAPITAL BUDGET



# UW's ONE CAPITAL PLAN: OBSERVATIONS

## State of Washington Capital Resources

- Significant decline in major new and renovated building funding
- Resources targeted on <\$2M building systems renewal projects
- Deferred capital asset maintenance needs severely underfunded
- Funds needed to support significant groundwater/soil remediation on UW Tacoma campus

## Capital and Space Requirements to Sustain Current Academic and Research Programs

- Existing building systems renewal to mitigate escalating recapitalization needs
- Major infrastructure repairs to mitigate campus-wide risk management
- Building renovations to leverage classroom , teaching support, and research efficiencies

# UW's ONE CAPITAL PLAN: OBSERVATIONS

## **The Capital Reinvestment Challenge**

- The near future will likely require the obligation of central university funding and rigorous assessment of new revenue opportunities to fund debt service

## **Revenue Enhancement Opportunities**

- Increase net Metropolitan Tract revenues
- Transform Metro Tract and UW Building Fees from State to UW revenue
- Partnerships to leverage existing UW capital assets - example "UW's Energy Future"
- Targeted capital investment gifts
- Commercialization strategies

# PROPOSED FY12 CAPITAL INVESTMENTS

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Capital budget recommendations are included on page 15 of F-9b and include the **Senate's** capital appropriations of:

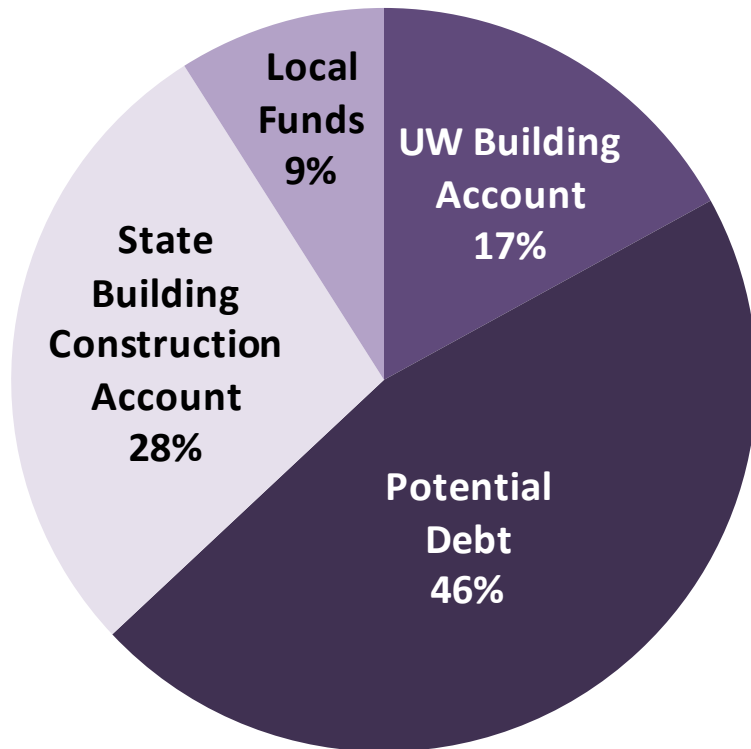
- **\$24.9 million UW Building Fee Account Funds**
- **\$41.3 million State Building Construction Account Funds**

Additionally, the capital budget on page 15 includes:

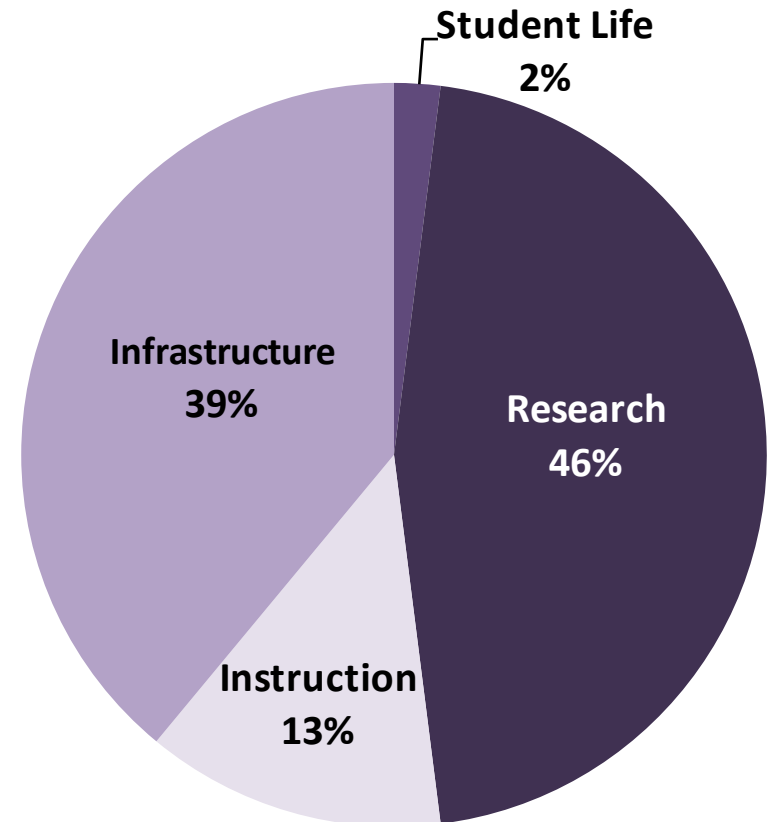
- **\$13 million in local fund allocations**
- **\$67.8 million in potential new debt**

# PROPOSED FY12 CAPITAL INVESTMENT

## Fund Source

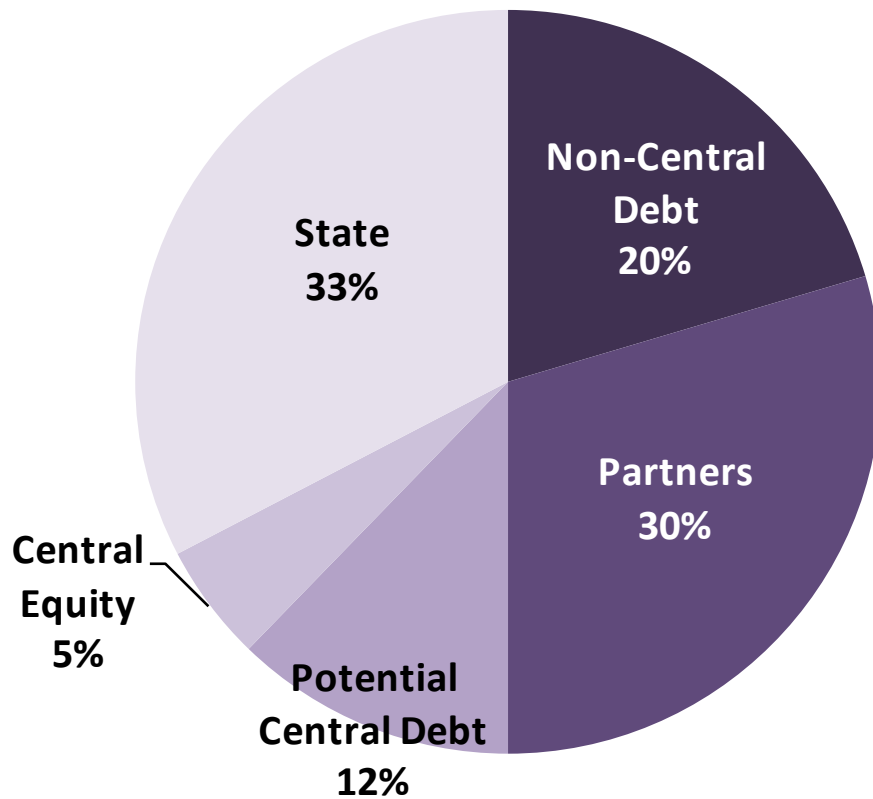


## Program



# POTENTIAL 2011-21 CAPITAL INVESTMENT

## Fund Source



## Category

