

Proposed FY 2013 Capital Budget, Operating Budget, and Tuition Item

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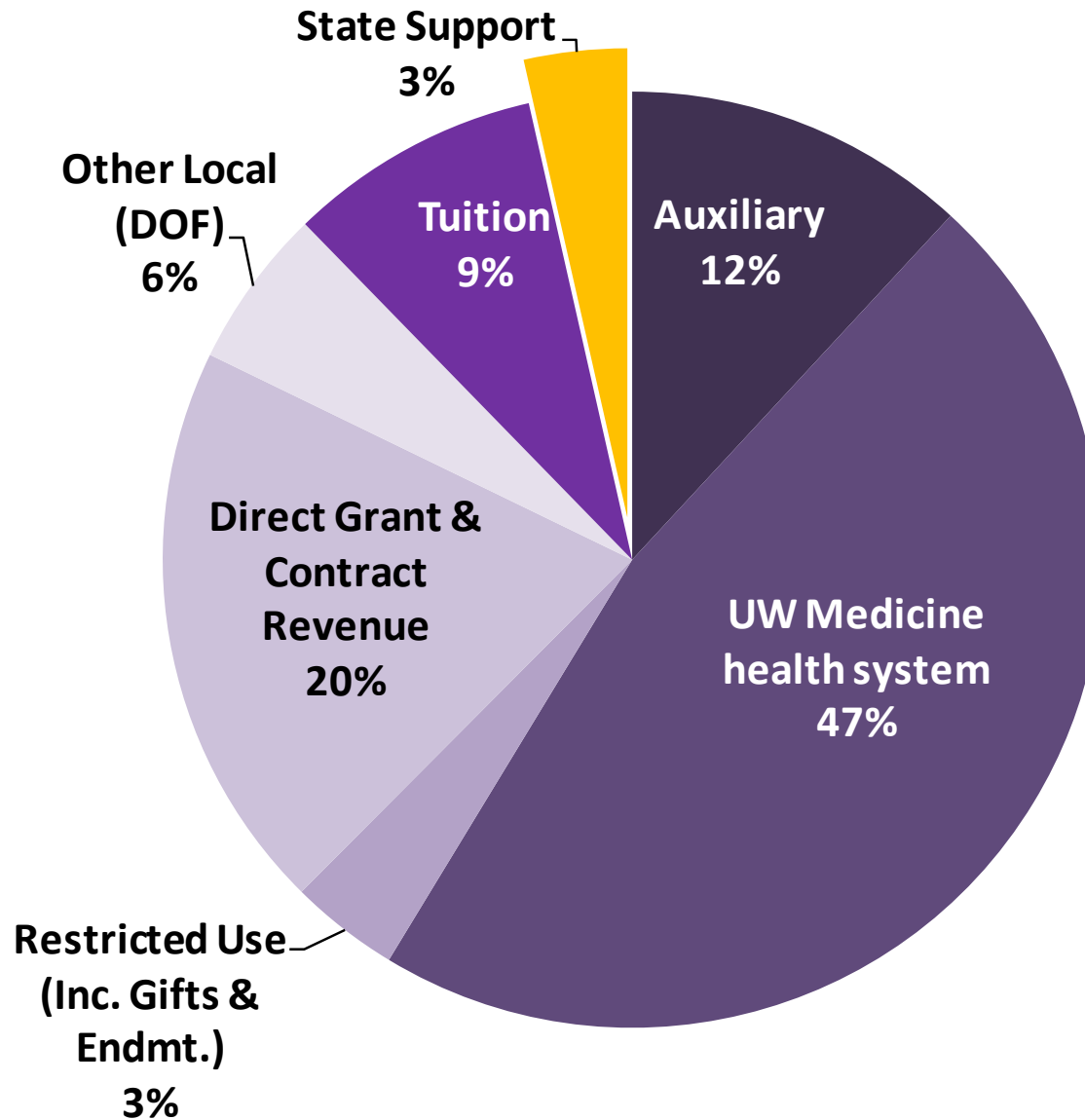
May 23, 2012

PRESENTATION OVERVIEW

- I. The structure of this presentation is as follows:
 - i. Operating Budget
 - ii. Tuition Item
 - iii. Capital Budget
 - iv. Questions
- II. Anticipate Regental action June 7, 2012. We encourage continued discussion with students/faculty/staff and policy direction from leadership/Regents.

OPERATING BUDGET

FY13 REVENUES AND EXPENDITURES = \$5.9 BILLION



BREAKDOWN OF THE OPERATING BUDGET

- Central budget for core education support comprises state funds, tuition revenue, and “designated operating funds” (indirect cost recovery, summer quarter revenue, institutional overhead, etc.)
 - **New** reduction in state funds was minimal
 - Calculations of net tuition operating fee revenue for this model assume a 16% resident undergraduate tuition increase

The components of the operating budget are:

- Required cost increases
- Research and Restricted Funds
- UW Medicine Health System
- Auxiliary Units

UNIVERSITY OPERATING RESOURCES

Tri-Campus Budget Changes

FY2013 State Funding Reduction	(2,732,000)
FY2013 Permanent Fund Shift to Engineering	(3,800,000)
FY2013 Permanent Fund Shift to WWAMI	(610,000)
FY2013 Permanent Fund Shift to RIDE	(190,000)

Total FY2013 UW State Required Adjustments (7,332,000)

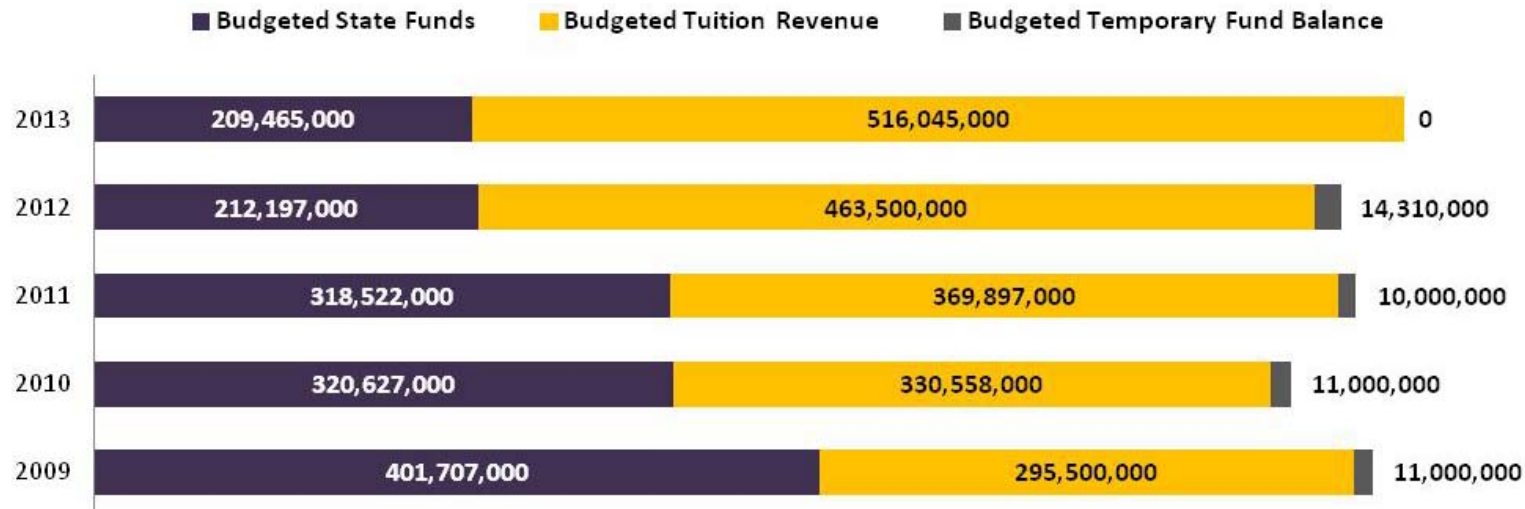
Less UWB Share of \$7.3 million Cut	364,000
Less UWT Share of \$7.3 million Cut	466,000

Subtotal FY2013 UW Seattle State Req'd. Adjustments (6,502,000)

Fixed/required Cost Increases Seattle (Appendix 2, Last Line)	(18,375,000)
Offsetting ICR Revenue Increase	3,000,000
Offsetting Institutional Overhead Increase	2,712,000
Offsetting Summer Quarter Revenue Tuition Increase	4,270,000
Offsetting Administrative Benefit Rate Covered by Provost	2,711,000

UWS TOTAL ADJUSTED REDUCTION (12,184,000)

UNIVERSITY OPERATING RESOURCES OVER TIME



- Total general operating fund (GOF) revenue will be higher than FY09; however
- Total GOF revenue for FY13 still represents a shortfall in *per student FTE* funding of \$3,000 when compared to FY08, because we educate far more students per year

FIXED/REQUIRED COST INCREASES

Seattle fixed/required cost increases are detailed in Appendix 2, page 26 of F-9b

- Major required cost increases include:
 - Utility Increases (\$1.8 million)
 - Risk Financing Pool (\$1 million)
 - Previous Commitments to Deans/VPs (\$3 million)
 - Benefit Expenses for Administrative Units (\$2.7 m)
 - HUB Renovation Commitment (\$1.4 million)

RESEARCH & RESTRICTED FUNDS

Revenues	FY 2013 Proposed	FY 2012 Adopted
Research Enterprise		
Grants and Contracts Direct Costs	1,164,898,000	1,150,898,000
TOTAL REVENUES	1,164,898,000	1,150,898,000
TOTAL EXPENDITURES	1,164,898,000	1,150,898,000
Restricted Funds		
Gift Income & Endowment Distributions	214,255,000	192,630,000
State Restricted Funds	8,274,000	6,949,000
TOTAL REVENUES	222,529,000	199,579,000
TOTAL EXPENDITURES	222,529,000	199,579,000

- Direct research expenditures (non-ARRA) are expected to grow in FY13, barring sequestration
- Endowment distributions now reflect 1% used to fund Treasury and Advancement expenses
- State Restricted includes \$1.5M for new, joint Aerospace Center

UW MEDICINE HEALTH SYSTEM - PRELIMINARY

Revenues	FY 2013 Proposed	FY 2012 Adopted
UW Medicine health system (Preliminary)		
UW Medical Center	908,936,000	867,015,000
Harborview Medical Center	782,163,000	759,683,000
Valley Medical Center	441,486,000	404,129,000
NW Hospital	315,821,000	305,554,000
UW Physicians	242,200,000	235,500,000
Airlift NW	42,500,000	37,551,000
UW Neighborhood Clinics	29,530,000	27,676,000
TOTAL REVENUES	2,762,636,000	2,637,108,000
TOTAL EXPENDITURES	2,762,636,000	2,637,108,000

- Preliminary revenues and expenditures from the UW Medicine health system represent 47% of the UW's FY13 budget
- Moderate growth expected in all areas of the health system

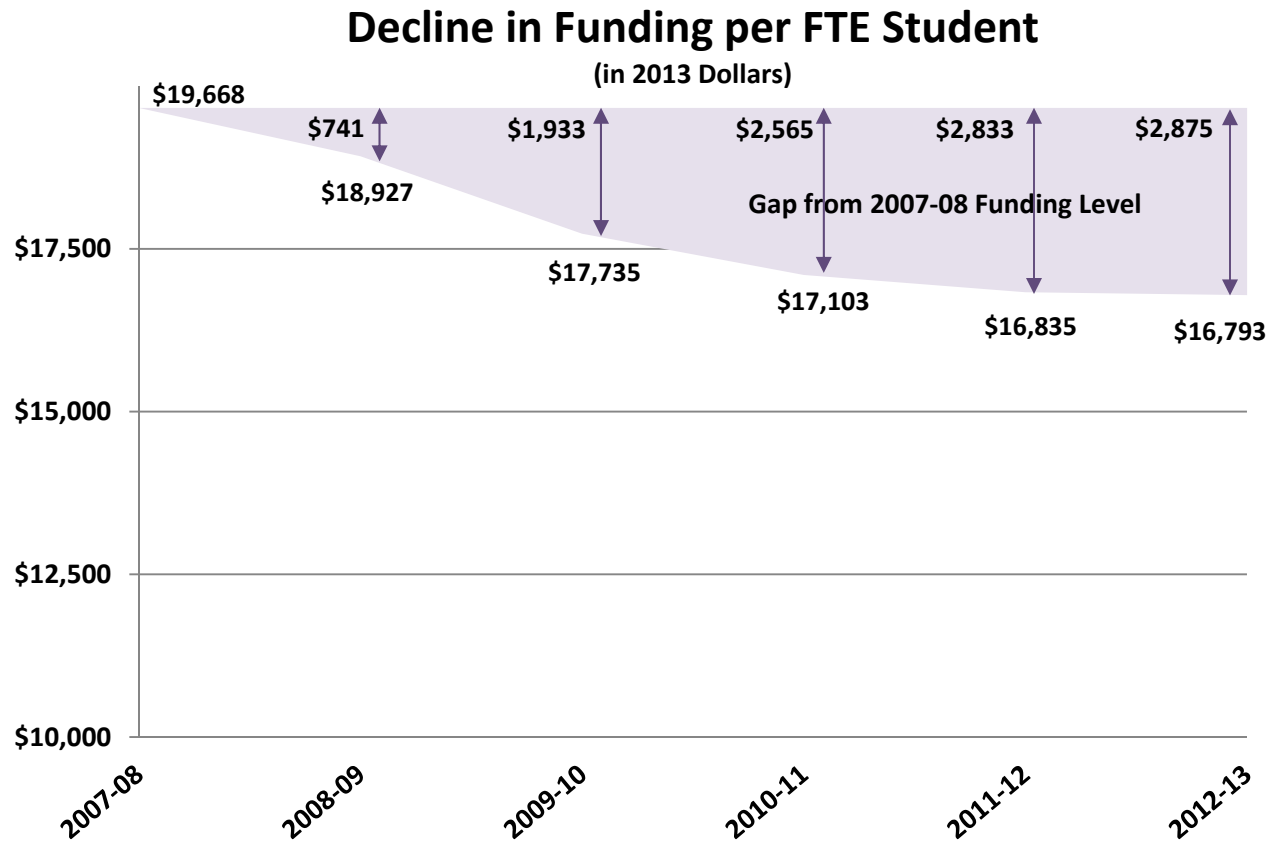
AUXILIARY UNITS

Revenues	FY 2013 Proposed	FY 2012 Adopted
Auxiliary Activities		
Housing and Dining	81,421,000	68,680,000
Intercollegiate Athletics	81,809,000	71,872,000
Educational Outreach	93,406,000	85,225,000
Parking	34,651,000	35,152,000
Other Auxiliary Activities	410,238,000	402,194,000
TOTAL REVENUES	701,525,000	663,123,000
TOTAL EXPENDITURES	701,525,000	663,123,000

- “Other auxiliary activities” include internal service units (stores, motor pool, publication services, etc.), student government, recreational sports, and course fee revenue

TUITION ITEM

FUNDING TRENDS



- Funding per FTE is \$3,000 less than it was in FY08, due to declining state funding and increasing enrollments
- Over the last ten years, comparatively more expensive STEM degree production increased 60%

LARGER CLASS SIZES, FEWER TEACHERS

- Since 2008:
 - Faculty FTE funded from University Op Resources declined 7% while student FTE increased 8%
 - Proportion of tenure-track faculty decreased from 50.2% to 47.6%
 - In 2008, tenure-track faculty taught 60% of undergrad courses while last year, they taught 54%
- Since 2006, the average 100-level class size grew from 48 to 61; the average 300-level class size from 37 to 42
- In 2009, the UW employed about 1,550 TAs per quarter; this year, the UW employs an average of 1,475 TAs per quarter

IMPROVING QUALITY & THE STUDENT EXPERIENCE

- Ensure access to top, tenure-track faculty
- Reduce class sizes and increase the number of TAs available for courses
- Open up additional enrollment slots in Computer Science & Engineering
- Significant new investments in Biology, Chemistry, Math, and English, with smaller investments in Physics
- Expand Writing Center programming/support
- Expand career and mental health counseling
- Continue to invest in Financial Aid, funding all SNG *eligible* students (State funding leaves many without a grant) and move toward peer institutions' return-to-aid levels (approximately 30%)

TUITION PROPOSAL – RESIDENT UNDERGRADS

- Last May, Regents considered a two-year tuition proposal of 20% and 16% for resident undergraduates, citing significant biennial reductions applied to both fiscal years
- Revenue assumptions in the UW Operating Budget include new revenue from a 16% increase

	Undergraduate Resident Tuition Increase for 2012-13		
	14%	16%	18%
Tuition Rate*	\$11,110	\$11,305	\$11,500
Net Revenue Increase	\$30.3 m	\$34.6 m	\$39.0 m
Incremental Aid Required	\$8.7 m	\$10.0 m	\$11.5 m
Net Revenue After Aid	\$21.6 m	\$24.6 m	\$27.5 m

* Does not include mandatory fees

TUITION PROPOSAL – PEER COMPARISONS

- When comparing the UW resident undergraduate **tuition & fee** rate to peers (current and inflated for 2012-13) the UW rate remains average

Undergraduate Resident	2011-12	2012-13*
University of Washington (Seattle)	10,574	12,401
University of Washington (Bothell)	10,241	11,901
University of Washington (Tacoma)	10,343	11,902
Global Challenge State Peer Average	11,858	12,450
US News Top Ten Public Average	11,645	12,227

* 2012-13 Peer projections are based on a 5% increase; the UW's projection is based on a 16% increase and contains an estimate of fees (\$1,080).

- Peer tuition rates for 2012-13 are estimates and we intend to update these projections as additional information is available

See page 15 of F-9b, table 12 for more specific peer tuition rate information

TUITION PROPOSAL – GRAD/PROF, NONRES UG

2012-13 Proposed Tuition Rate	Resident	Nonresident
Undergraduate	11,305	28,864
Graduate Tier I	13,280	25,690
Graduate Tier II	13,620	26,240
Graduate Tier II	13,930	26,790

- Nonresident undergrad tuition would increase 6%
- Other graduate/professional categories would increase from 0% to 15%
- Proposed tuition rates may be adjusted further given new technical information or policy direction

Please review page 16 of F-9b, table 13 for a comprehensive list of all tuition changes

TUITION PROPOSAL – NEW INVESTMENTS

- Last June, Regents redirected half of new incremental revenue from resident undergraduates to financial aid and half to undergraduate schools and colleges to increase course access
- This year, we propose tuition increases support restoring the quality of education, furthering academic support systems, and ensuring access to courses at UW, while maintaining a strong commitment to financial aid

PROVOST'S INVESTMENT PRIORITIES

- **Compliance Issues:** chemical waste disposal, better staffing for grant processing
- **Academic Access & Quality:** increasing access to classes, hiring more tenure-track faculty, employing more TAs
- **Academic Support Programs:** expanding access to Writing Centers, e-books, upgrading classroom technology, more mental health and career counselors
- **Other Support Programs:** hiring enough Human Resources personnel, processing leaves, administrative assistance

FINANCIAL AID

- It is recommended that 21 percent of incremental tuition revenue from the tuition increase for 2012-2013 be diverted to financial aid, consistent with the policies of many other schools (University of California supports a 30 percent return to aid)
- A major priority of financial aid distribution is funding all SNG *eligible* students (State funding leaves many without a grant)
- Continuing our commitment to Husky Promise is vital to preserve diversity and access of the student body

2012-13 PROJECTIONS OF REVENUE VS. AID

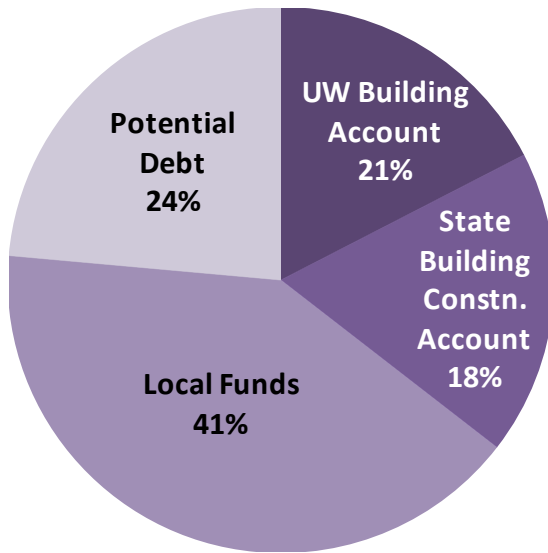
- Under this proposal, undergraduates will continue to contribute disproportionately to total tuition revenue, but also consume more institution-based aid

2012-13 Institutional Aid		Undergraduate		Graduate/Professional		Total
		Resident	Non-Resident	Resident	Non-Resident	
3% need waivers, 1% merit waivers, 5% set-aside	From Group:	\$25,070,000	\$10,474,000	\$7,263,000	\$5,830,000	\$48,637,000
	To Group:	\$32,537,000	\$0	\$16,100,000	\$0	\$48,637,000
Additional Aid		\$22,260,000	\$0	\$0	\$0	\$22,260,000
Total Aid from Tuition Revenue		\$54,797,000	\$0	\$16,100,000	\$0	\$70,897,000
Waivers - Foregone Revenue		\$2,673,300	\$2,746,500	\$8,319,300	\$55,846,500	\$69,585,600
Total Tuition-Related Financial Aid		\$57,470,300	\$2,746,500	\$24,419,300	\$55,846,500	\$140,482,600
Tuition-Related Financial Aid as Percentage of Total Tuition Charged		20.1%	1.7%	28.0%	45.5%	21.3%

- **Total return to aid for resident undergraduates** will likely increase from 17.8% to **20.1%**
- Graduate assistants consume a disproportionate amount of tuition waivers (**foregone revenue**)

CAPITAL BUDGET

FY13 UW CAPITAL BUDGET OVERVIEW



Begins on page 19 of F-9b, summary table on Page 23

- \$26.8 million in NEW state bonds
- \$25.8 million building account appropriations
- \$60.8 million in local fund expenditures
- \$35 million potential new debt

CAPITAL BUDGET OVERVIEW

The Capital Budget pays for:

- Acquisition of new land
- Infrastructure improvements
- Instructional facilities
- Research facilities
- Student Life projects

Specific projects include (see pages 20-23 in Budget Item):

- Bothell Real Estate purchases and campus expansion, better signage and landscape improvements, new emergency operations center, preventative facilities maintenance, Burke museum renovation, Core Research Facility renovation, Fluke Hall Renovation, House of Knowledge Longhouse, UWPD relocation, etc.

For more information about the FY13 budget development process, please see:
<http://opb.washington.edu/content/fy13-budget-development>

Questions