

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

in Joint Session with

B. Finance, Audit and Facilities Committee**Washington Futures Report**

For information only.

In March of 2012, two-dozen civic and business leaders came together. Concerned by the financial challenges facing higher education in general and the University of Washington in particular, they spent the next year and a half studying and discussing the challenges and opportunities facing this institution.

The committee discussed its initial thinking with the Board of Regents at a working dinner on June 12, 2013. Based on that conversation and on the outcome of the legislative session, the Futures report was revised and finalized in August of 2013.

The Futures Committee looks forward to formally presenting the results of its work to the Regents on September 12, 2013.

The Report will be made available to the Board the day of the meeting. It will also be available online after that date.

Washington Futures

2013
REPORT

A 21st century model for
our state's future prosperity

In 2012 — amid rapid and continuing changes in higher education funding — a group of concerned and committed citizens convened with the goal of charting a new path, both for the University of Washington and for the state of Washington. This report — the culmination of the UW Futures Committee’s work — outlines a vision of how we can move forward together to ensure our state’s future prosperity.

A message from the Futures Committee

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For more than 150 years, the University of Washington (UW) has walked together with the citizens of the state of Washington. Through ups and downs, in prosperous periods and downturns, there has been an unwavering commitment, an all-in understanding of the partnership between a premier public university and the people it serves. Because of this partnership, the benefits have flowed both ways. When GIs returned from World War II, thousands enrolled at the Montlake campus. When the civil rights movement came to Washington, the UW campus gave it life. When smallpox was wiped out, it began in a UW laboratory. When commercial airplanes took flight, UW graduates were out front. When the human genome was mapped, UW researchers led the way.

As history has shown, together the University of Washington and the citizens of this great state can do anything.

We, a group of regional and national leaders, believe it is time to affirm anew this partnership with a 21st century vision. It is time for a new compact that unites the UW, state and community leaders, and the public.

We call upon the University of Washington, business leaders, legislators in Olympia and philanthropic organizations to form a new agreement, a shared vision for success in which all commit to a common purpose. We call this compact WashingtonFutures. Our goals are ambitious because our state's citizens would have it no other way: We seek to build an educated, innovative, diverse and prosperous citizenry that is a model to others worldwide.

This report outlines the WashingtonFutures compact with two goals. First, we identify the components that we believe are essential to our state's future success. Second, we pinpoint specific ways in which the UW, legislators, business leaders and community members can contribute to a thriving future.

Together, we have the ideas. Together, we can find the resources. Now it is time for us, together, to exhibit the determination.

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Executive summary

Washingtonians have orbited the moon. They have mapped the human genome, created lifesaving vaccines, won Olympic gold, written classics, discovered planets in distant solar systems — and the list goes on.

Our state is a hub of creativity and innovation, characterized by a universal and insatiable urge to do something more, to improve the lives of people worldwide, to make a difference. But our state's ability to continue to be a leader — in the region, in the nation and globally — is at risk. We know we need to nurture the next generation of teachers, political leaders, doctors, engineers and computer scientists, but more and more families are struggling to afford tuition for the education their children need. We know we need to provide affordable, quality health care so our state's citizens can live up to their full potential, but we face a shortfall in health care professionals. We know we need to continue pursuing research to drive discoveries and create new businesses, but funding for these endeavors is increasingly hard to come by.

Reinvesting in higher education is the most powerful way to fuel our state's economy and continue drawing the best and brightest people to our state.

For the state of Washington — and the people of Washington — to excel economically, culturally and socially, we need to provide residents with the opportunity to pursue higher education; we need to work together to support research, commercialization and technology transfer efforts; we need to use our resources more efficiently and strategically.

As residents, as entrepreneurs, as educators and as leaders, we all have a responsibility to the state of Washington and the people who call it home. Achieving our shared vision — and ensuring that the state of Washington leads the charge when it comes to innovation, opportunity and economic vitality — will require partnership across all sectors, both public and private. In other words, the time for action is now.

Charting the course

Enriching the future of our citizens and our state

Washington has always been a state with lofty aspirations and an appetite for discovery and innovation. From creating healthier lives to providing environmental leadership and cutting-edge technologies, the people of the state of Washington have demonstrated their commitment to building a diverse, dynamic and progressive community.

As concerned citizens, we must uphold our end of the bargain. As we look to the future — and the challenges and opportunities it holds — it is imperative that we work together so our statewide community can continue to grow and prosper.

Key components of a successful state

Smart citizens, empowered communities

A healthy, vibrant economy goes hand in hand with an educated citizenry. Economists project that by 2018, 63 percent of available U.S. jobs will require at least some college education and 52 percent of these will require at least a bachelor's degree. However, they also predict that at current production rates the post-secondary system will have produced three million fewer college graduates than needed by the labor market.

Washington is forecasted to be one of the top five states for job openings requiring post-secondary education.¹

However, degrees alone will not get our state to the level of economic and social vitality that residents both need and deserve. To help our state's communities thrive, we need to nurture an environment that promotes the exchange of ideas, the pursuit of innovation, the belief in the greater good and the determination to confront societal challenges head on. We can do this by providing our state's citizens with the opportunity to obtain a well-rounded education — an education that inspires individuals to think creatively and work collaboratively across disciplines.

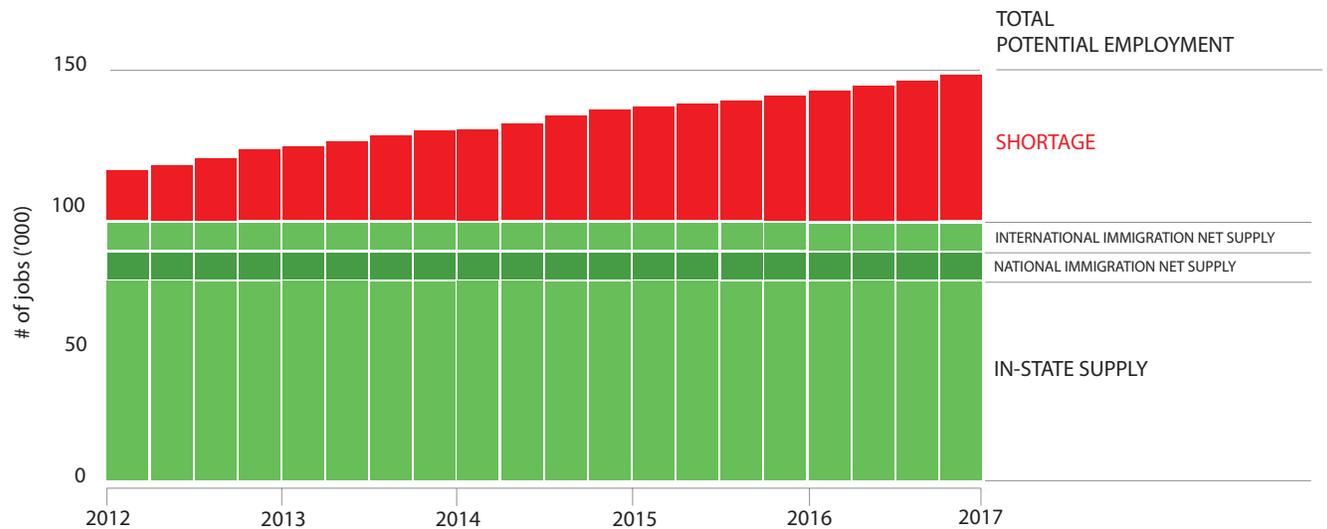
Expertise in technology and engineering

According to a Washington Roundtable report, there is a large and growing gap between the number of job openings in our state and the number of qualified workers available to fill them: "The gap is projected to grow by another 5,000 jobs per year, reaching 50,000 jobs by 2017. Ninety percent of those openings will be in health care and STEM roles."²

As the job skills gap increases, we face a decision. We can work together to provide the education Washington state citizens need to meet future challenges or be forced to import talent from out of state or abroad. Without that local talent, we may be confronted with economic stagnation as local companies struggle to fill job vacancies with qualified candidates.

Mind the gap:

Projection of total unmet skill shortages vs. annual supply of talent



*Note: Gap growth based on projected supply-demand imbalance for computer science, health care and engineering roles only.
Source: CPS survey 2012, BCG analysis*

Employment opportunities and thriving businesses

While Washington's unemployment rate is down from its recent high, it is still well above the pre-recession rate of 4.6 percent. Although there is a growing shortfall of workers with college degrees (particularly engineering and technology degrees), there are also not enough jobs available for workers generally. As the labor force grows in the coming years, more jobs will be needed to employ a growing population.³

While Washington's unemployment rate is down from its recent high, it is still well above the pre-recession rate of 4.6%.

To help generate additional jobs, Washington needs more innovations and marketable products that can boost the activity of existing businesses and provide fodder for new start-up businesses. Commercialization and the growth of new businesses — whether in the high-tech sector or other industries — will require workers with varying levels of education and provide valuable job opportunities for our state residents.

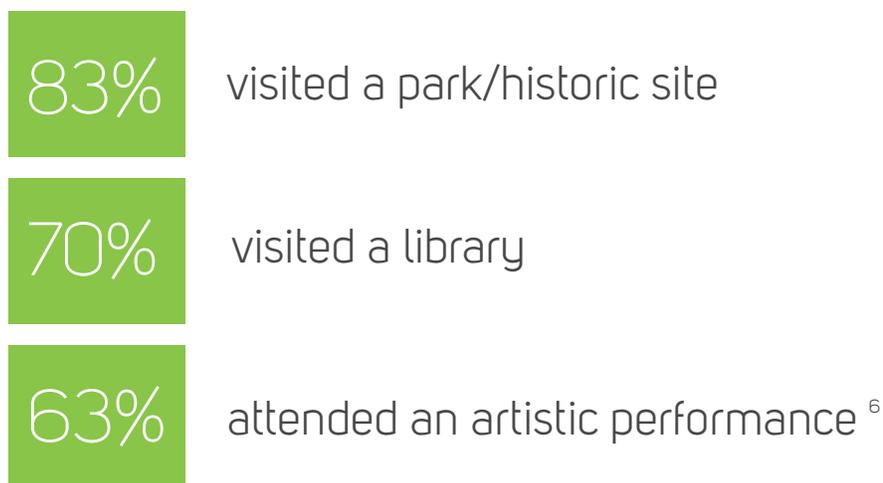
Healthy citizens leading full and engaged lives

Washington citizens deserve to lead healthy lives in communities that are culturally enriched and ripe with opportunities for activity and engagement.

Access to affordable, quality health care represents just one piece of that puzzle. Unfortunately, due to the relatively high rate of Washington residents who are unemployed or underemployed, 15 percent (or 835,275 people) of our state's non-elderly residents are currently uninsured.⁴ In the absence of a fully implemented universal health care plan, these individuals need access to charitable health care from state hospitals and clinics. When the Federal Affordable Health Care Act comes into effect, our state will need more doctors and hospitals to meet increasing demand for health care services.⁵

Beyond health care, Washingtonians — particularly those around the Seattle area — place immense value on cultural diversity and community involvement. To attract and retain the engaged, cultured citizenry that our state and region need to prosper, our communities should continue to offer these types of inspiring activities and opportunities.

An engaged community:



The UW's investment in Washington

A vital state institution

There is a symbiosis between the state of Washington and the UW. As a proudly public university with three campuses (in Seattle, Bothell and Tacoma), the UW remains deeply committed to upholding its responsibility to our state and its people.

An economic powerhouse

\$9.1 billion

in overall economic impact is generated annually by the University of Washington ⁷

The UW provides:

30%

of all bachelor degrees in the state
— representing 40 percent of all public bachelor degrees

39%

of all graduate and professional degrees
— representing 72 percent of those from public institutions

In 2012 alone, the UW:

14,700

Produced nearly 14,700 degrees

51,000

Instructed over 51,000 students plus approximately 42,000 educational outreach students

While the UW's impact is significant, it should do even more for our state to thrive economically and socially.

In the future, the UW should aim to:

1. Enroll more undergraduates, both residents and nonresidents.
2. Keep tuition rates affordable and UW degrees accessible.
3. Attract the best and brightest students and faculty.
4. Deliver more science, technology, engineering and math (STEM) degrees, especially in the fields of computer science and engineering.
5. Produce our next generation of leaders.
6. Invest in research to drive innovations and stimulate jobs.
7. Enhance commercialization and technology transfer efforts.
8. Use resources more efficiently and strategically.
9. Expand the use of technology in teaching and research.
10. Strengthen communications and outreach to key stakeholders.

While external support will be necessary, the UW also needs to continue working to improve its own financial status to achieve these goals in the most fiscally responsible way possible. This section covers one side of the proposed compact: the UW's role in helping the state of Washington and recommended strategies for meeting the identified goals.

1. Enroll more undergraduates, both residents and nonresidents.

The UW commitment: Enroll a higher number of resident undergraduates as well as more nonresident undergraduates as a means to support the education of Washington residents.

Washington citizens deserve access to public higher education, and the University should do all it can to provide the opportunity for in-state students to pursue a UW degree. Educating our state's residents reaps benefits not only for each individual, but also for local businesses, the economy and the state as a whole.

In 2012, state legislators mandated that future incoming freshmen classes at the UW Seattle campus contain at least 4,000 residents. Accordingly, the incoming freshmen class of fall 2012 included 4,044 residents, up from 3,796 the previous year. Although the mandate increased access for residents to a certain extent, the UW also increased its nonresident enrollments — generating more revenue to mitigate state funding reductions.

The UW receives more revenue per nonresident student (full-time equivalent) than it does per resident student (full-time equivalent). This is because the tuition paid by each nonresident student is higher than the combination of resident undergraduate tuition and state funding that supports each resident student. As a result, a nonresident student's tuition not only covers their own education; it also subsidizes the educations of residents.

While it is crucial to enroll a higher number of resident undergraduates, the UW should continue to enroll additional nonresident undergraduate students. These nonresident students do more than help fund the education of in-state students; nonresident students contribute to the culture by fostering a more diverse campus environment. Resident students will benefit from exposure to the cultures and perspectives of students from around the country as well as around the world. Likewise, this diversity enriches our state.

ACTION

To continue fulfilling its mission as a state institution, the UW should increase the number of resident undergraduate students enrolled. This will augment the number of Washington residents with valuable degrees and help keep qualified workers in the state. To generate greater campus diversity and provide financial support for the education of resident students, the UW should also enroll more nonresident undergraduates.

2. Keep tuition rates affordable and UW degrees accessible.

The UW commitment: Continue the Husky Promise program, keep annual undergraduate resident tuition increases modest and examine tuition rates for professional programs.

The Husky Promise guarantees full tuition and standard fees will be covered by grants or scholarships for eligible Washington state students.

\$12,383

University of Washington
undergraduate tuition

\$12,436

Top ten public universities with
medical schools undergraduate tuition⁸

Flagging state support has forced the UW to dramatically increase tuition over the last five years, a trend that cannot continue. While resident undergraduate tuition rates for the 2013–2014 academic year will not increase thanks to support from the Legislature in the state’s 2013–2015 budget, the UW has had to take significant steps the past several years to compensate for declining state funding. To help mitigate the financial burden of past tuition increases and to ensure that financial challenges do not stand in the way of Washington residents pursuing a degree, the UW broadened its financial aid offerings.

33 percent of all current UW undergraduates are first-generation college students.

(all campuses, 2012-2013 academic year)

Financial aid at the UW

33%

In 2012, 33 percent (about 9,200) of undergraduate residents received free tuition through the Husky Promise program.

60%

Each year, about 60 percent of UW undergraduates get some form of financial aid, totaling over \$344 million.

50%

Half of all UW undergraduates graduate with zero debt.

UW students' average debt (\$20,316 in 2011) is well below the national average (\$26,600).

ACTION

The UW should commit to continuing the Husky Promise program despite financial challenges and to keeping its annual undergraduate resident tuition increases modest. Providing financially accessible, high-quality degrees ensures we have an educated workforce. Access to an affordable education also supports social mobility. More than one-third of undergraduate students are the first in their family to attend college, and it is vital for the UW to continue providing more students from traditionally underrepresented backgrounds with the opportunity to pursue higher education.

The Committee also believes that undergraduate tuition should not be used to subsidize professional programs and recommends that these programs integrate a pricing structure based on a value proposition for their students. Each professional program should examine its tuition rates compared to peers; future, possible individual earnings; and market value to determine whether significant tuition modifications should be made.

3. Attract the best and brightest students and faculty.

The UW commitment: Strive to attract and retain top students and faculty.

Hailing from around the world, UW faculty members have included:

- Two Pulitzer Prize winners
- Six Nobel Prize winners
- Five National Medal of Science winners
- 15 MacArthur Fellows
- 150+ members of the Institute of Medicine and National Academies

Among the UW's top-notch students are:

- 136 Fulbright Scholars
 - 37 Rhodes Scholars
 - 7 Marshall Scholars
 - 4 Gates Cambridge Scholars
-

In 2013, the first student from UW Bothell earned recognition as a Fulbright Scholar; that same year, UW Tacoma honored its sixth recipient of the award.

Securing new research grants. Developing new ways to engage students. Applying what is learned in the classroom to the real world. All of these activities are central to the UW — and they all depend on an exemplary student and faculty body.

However, the four-year salary freeze for Washington public employees has made faculty recruitment and retention a major challenge. The presence of talented faculty generates a vibrant intellectual community for UW students and, in turn, encourages high-achieving students to apply.

For residents, local businesses and the economy to benefit from bright employees, groundbreaking research and outstanding educators, the UW should be empowered to recruit — and retain — prestigious faculty and capable students.

ACTION

Whether through stronger merit-based scholarships for students or better start-up packages for faculty, the UW should pursue strategies that will encourage the most talented, intelligent people to come learn and teach on its campuses. Attracting the best and brightest will boost the local economy while contributing to our state's reputation as a global center of innovation and change.

4. Deliver more STEM degrees.

The UW commitment: Increase the production of STEM degrees by at least 15 percent, with an emphasis on computer science and engineering.

The need for graduates with STEM degrees continues to increase. In particular, the field of computer science is booming — yet the supply of qualified candidates with computer science degrees falls short.

In FY 2012, the UW awarded 3,861 degrees in STEM disciplines, nearly half of all STEM degrees produced by public institutions in the state. The UW has also increased STEM degree production by 60 percent over the last 10 years. While the UW currently provides a disproportionate amount of the state's STEM degrees, these are the costliest degrees to provide — and increasingly so due to the accelerated growth of sophisticated science and technology.

The state has made important new investments in engineering and computer science that will increase access to critical programs for qualified students, creating an expanded talent pipeline to meet in-state demand. However, student demand for these programs and their growth potential remain high. Together we must sustain and grow this important investment in Washington's future to ensure that students have access to high-quality STEM programs in the decades ahead.

ACTION

The UW should strive to increase its production of STEM degrees by at least 15 percent in order to fill the gap identified by the Washington Roundtable report and ensure our state has the workforce it needs to support our high-tech economy — which includes an increasing number of jobs in the computer science field.

5. Produce our next generation of leaders.

The UW commitment: Prepare all graduates to meet the demands of today's changing world.

The state needs more than degrees alone — it needs leaders. The UW nurtures leadership skills through a variety of interdisciplinary programs, schools and centers. UW students leave school equipped with the tools to lead, think critically and solve society's most pressing challenges, from negotiating international relations to preserving our environment and improving the health of our communities.

The UW prepares tomorrow's leaders through innovative, engaging programs and opportunities such as:

- Foster School's Center for Leadership and Strategic Thinking
- The Leadership Development Program
- Mary Gates Leadership Scholarships
- Undergraduate Research Symposium

ACTION

Beyond providing degrees, the UW should ensure that each of its graduates is prepared for a meaningful, successful career and has the skill set to meet the demands of a changing job market — and world. The UW can achieve this by continuing to provide students with opportunities for blended learning, collaboration and real-world experiences.

6. Invest in research to drive innovations and stimulate jobs.

The UW commitment: Strive to maintain — and ideally increase — research funding.

Research universities are unique in that they perform both basic and applied research. Because of this, research universities have the potential to positively impact a variety of industries. The UW is a strong example. UW research drives new business, high-quality job opportunities and overall economic development.

The UW:

- Is the third largest employer in the state
- Supports nearly 70,000 in-state jobs, one-third of which are supported by funding for UW sponsored research

Along with creating jobs for research staff and support personnel, UW scientists contribute to new product development and technology commercialization. Knowledge and technology transfers have helped to start commercial ventures that promote entrepreneurship, economic development and additional job creation.

ACTION

Although the UW already ranks first among public institutions and second overall in terms of federal research funding, it should make every effort to maintain and — ideally — increase the research funding it receives. This may be challenging in the face of federal sequestration, but private grants and other funding sources should be pursued to help fill in the gaps and support the state's economy.

7. Enhance commercialization and technology transfer efforts.

The UW commitment: Propel ideas and innovations out of labs and into the real world.

The UW has a strong track record when it comes to commercialization and technology transfer. Through public/private partnerships, a first-of-its-kind venture fund and the inventive spirit of students, faculty and staff, the UW has successfully spun out more than 270 companies. Enhancing current commercialization and technology transfer efforts will boost innovation within the state. Plus, it will increase the UW's license revenues, equity ownership and philanthropic gifts from individuals and businesses that have generated wealth based on advancements made by the UW.

ACTION

Building off of the need for increased research funding, the UW should also bolster its commercialization activities and expand its efforts to make its discoveries available to the community (including businesses, nonprofits and governments). In addition to supporting entrepreneurship among faculty and students, policies that are unnecessarily burdensome on the licensing and spinout of technologies should be re-examined.

8. Use resources more efficiently and strategically.

The UW commitment: Pursue additional efficiencies while preserving academic integrity.

The UW has become much more efficient since the recession, yet it should pursue further efficiencies to make the best use of its limited funds and taxpayers' dollars. Actions taken across the University to improve efficiency include:

- Laying off or eliminating over 1,000 positions over the last five years
- Reducing use of overtime
- Centralizing, streamlining and automating core services across units

In addition, the ratio of student credit hours to full-time UW faculty increased by 11.6 percent across all campuses between 2008 and 2012. This is despite the fact that the UW has shifted more of its limited resources toward academic units than to administrative units in an effort to preserve its core academic mission.

2001: 42 percent of undergraduate and 65 percent of graduate and professional course sections were taught by tenured or tenure-track professors. Today: 34 percent and 46 percent, respectively.

ACTION

To identify ways to use funding even more efficiently without harming its academic mission, the UW should review each academic unit's relevance to the success of students and the community. It should also conduct a risk assessment of administrative expenditures and eliminate those not directly tied to the UW's mission.

9. Expand the use of technology in teaching and research.

The UW commitment: Leverage cutting-edge technologies and learning platforms to improve teaching and research while achieving additional cost savings.

Across disciplines, technology can be used to expand the traditional classroom and provide students with opportunities for truly transformational experiences. Whether in a humanities classroom or a research lab, technology has the potential to enhance student engagement, collaboration, motivation and learning.

For example, when students review video recorded lectures and/or lab demonstrations prior to class and participate in problem-solving activities while in class, a concept known as “flip teaching,” there are great benefits: Students have the ability to watch and review lectures at their own pace and professors have more in-class time to provide students with individualized attention and answer students’ questions. Flipping the classroom has been shown to lessen student dropout rates as well as increase students’ understanding and application of class content.⁹

The UW is already flipping the classroom by:

- Conducting online office hours
- Integrating simulations, tutorials, videos and eTexts into course curriculum
- Leveraging cloud computing so students can search course content and collaborate

ACTION

By continuing to leverage technology in classrooms and laboratories, the UW can more efficiently and effectively engage its students. For instructors to continue raising the bar when it comes to teaching strategies — which will lead to improved learning outcomes for students — it is essential to provide instructors with technology resources and training.

The UW is also leveraging technology by offering massive open online courses (MOOCs); the University should continue to evaluate potential cost savings achieved through this learning platform, which offers an innovative way to make higher education accessible to more students.

10. Strengthen communications and outreach to key stakeholders.

The UW commitment: Increase communications efforts to engender understanding — and support — of the UW.

The UW's impact is far reaching. From cultivating the arts to delivering breakthrough innovations and life-changing medical technologies, the UW's work affects the lives of people in the state of Washington, in the Pacific Northwest and around the world.

For instance, the UW provides one-third of Washington state's charity medical care. Through the WWAMI regional medical education program — a partnership between the UW School of Medicine and the states of Washington, Wyoming, Alaska, Montana and Idaho — the UW helps provide publicly supported medical education while meeting physician workforce needs in rural and underserved areas. On a global scale, the UW's Institute for Health Metrics and Evaluation provides a foundation for informed decision making in health care systems worldwide by conducting unprecedented interdisciplinary research.

Beyond health care and social welfare, the UW plays a critical role in improving education — including early learning, K-12 and higher education — as well as exploring new ways to support sustainability and clean energy. As a public university, the UW contributes valuable public services and promotes civic engagement by offering access to libraries, museums, performing arts centers and more.

Despite the UW's impact, too many stakeholders — such as business leaders, government officials, parents, students and taxpayers — have little awareness of or appreciation for the UW's work and its impact on their lives.

An impact that reaches across the state and around the globe

- UW students provide more than 346,000 hours of community service.
- In 2013, the UW ranked No. 1 in U.S. Peace Corps volunteers.
- UW Medicine provided \$325 million in charitable care, or 30 percent of all charitable care provided by the state, in 2011–2012.
- UW performance venues and museums host more than 200,000 visits to campus for cultural events every year.

ACTION

The UW should significantly increase its efforts to inform local, state, national and global stakeholders of its benefits and achievements. In order to supplement its recognition, its reputation and, in all likelihood, its finances, the UW should develop and implement a thorough communications plan targeting key stakeholders.

Partnership initiative

The business community and the UW

Many local businesses, such as those represented by the Futures Committee, have a vested interest in the availability of graduates with degrees in STEM and other high-demand fields — the majority of which are produced by the UW. However, these are not the only degrees of value to local businesses. Businesses of all types need capable workers who have well-rounded educations and can be innovative, critical thinkers. Students at the UW are prepared to think creatively and collaboratively to address issues of social justice, to create new works of art that intrigue and inspire, to provide quality medical care to those who are underserved, to imagine new solutions to old challenges.

With a strong UW, we can ensure the next generation of leaders, thinkers and doers are prepared to create a stronger Washington — and a stronger world.

Fueling the growth of new businesses at the UW Center for Commercialization (C4C)

Joining the business community, the investment community, UW researchers and UW students, the Center for Commercialization provides unparalleled commercialization support to entrepreneurial researchers.

Since 2005, C4C has:

- Supported the commercialization of more than 100 projects
- Provided comprehensive mentoring and over \$4 million in grants
- Helped spin out new companies including Fate Therapeutics, EnerG2, MicroGREEN Polymers and Forecast

In 2012 alone, the UW launched 17 new start-up companies based on UW technologies, nearly doubling the amount created the previous year and meeting the goal set by President Michael K. Young two years ahead of schedule.

Develop funding strategies that acknowledge and support the UW's value as an economic engine.

The business community benefits from having UW graduates available for hire. In addition to providing a skilled workforce, the UW drives innovations and breakthroughs that spur economic growth and create jobs. Through ongoing partnerships with the business community, the UW can continue pursuing collaborative, interdisciplinary research that has the potential to change lives.

ACTION

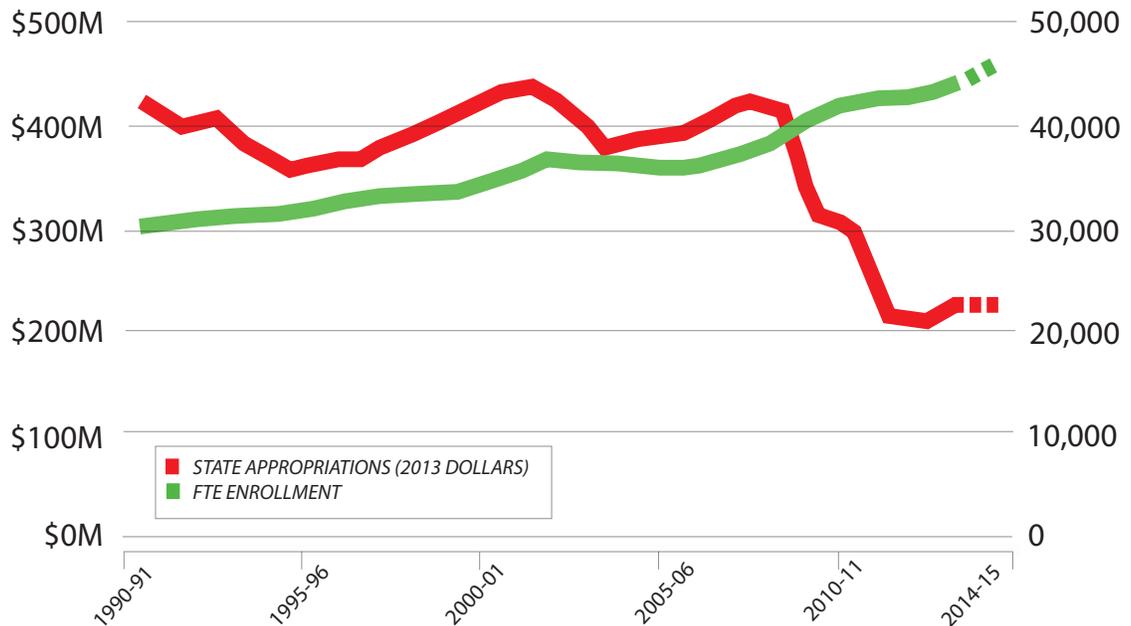
To ensure the UW continues to educate tomorrow's leaders and develop breakthrough innovations, the business community should develop funding strategies that support the UW and invest in the UW's research endeavors. Support could come in the form of a private-public partnership with the state. For example, businesses could provide funds to match state dollars for STEM enrollments. Another idea: Businesses could create their own independent funding programs by, for instance, contributing a set amount to the UW for each UW intern they hire.

Partnership initiative

Government leaders and the UW

The Committee recognizes that state officials encounter exceptionally difficult decisions while tackling daunting budget challenges. Ongoing state support is crucial, however, for the UW to fulfill its mission in the state of Washington for today's residents as well as those in generations to come.

A sharp decrease in state funding



State investment in the UW has declined significantly over the last 20 years, most dramatically within the last five. The 2013–2015 state operating budget represents an important reinvestment in our state’s future through its support of higher education, but we still have significant ground to cover.

In FY 1991, state funding contributed 82 percent of the total educational revenue (i.e., state funding added with tuition) per full-time student at the UW. By FY 2009, it had dropped to 50 percent. And now, state funding accounts for only 29 percent of the funding per student.

In real numbers: The UW received \$402 million in state appropriations in FY 2009; last year, that sum was only \$209 million.

To truly invest in our state's economy, we must work together to make further, long-term reinvestments in higher education.

Compared to the drastic decline in state funding five years ago, this year marked progress. State lawmakers' reinvestment in higher education in the 2013–2015 state operating budget will allow the UW to provide more affordable tuition rates for Washington's undergraduate students and their families without compromising on the quality of a UW education. For the first time since 1986, the UW is able to hold resident undergraduate tuition rates (for 2013–2014) at their current level.

This is a significant step forward — one that state legislators and members of the University community can be proud of. For the UW to produce more degrees, keep those degrees accessible, enroll more residents, expand its research and commercialization efforts, and provide essential public services and resources, continued state support — now and in the future — is vital.

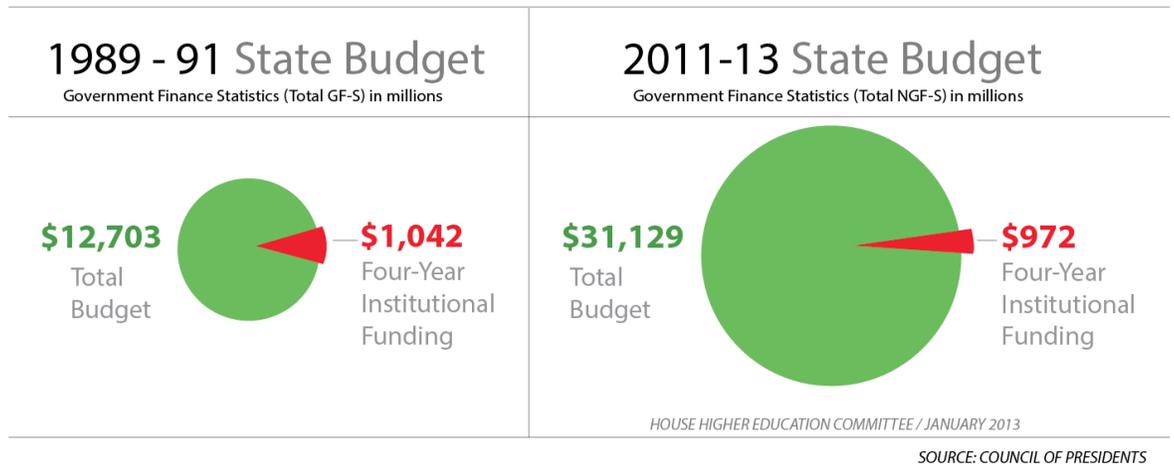
In the future, the state should aim to:

1. Increase funding for the UW and higher education.
2. Ensure that the UW can compete for quality faculty.
3. Adjust the GET program to allow the UW to pursue differential tuition.
4. Support the UW's efforts to achieve additional administrative efficiencies.

1. Increase funding for the UW and higher education.

The UW receives the least amount of state funding per student (full-time equivalent) and has the lowest total funding per student (full-time equivalent) of its peers — the top 10 public research universities with medical schools (see Appendix). This lack of funding compromises the UW’s ability to offer financially accessible, high-quality degrees and to produce additional degrees.

Washington now invests LESS in its public baccalaureate institutions than it did 20 years ago. This is despite the fact that state spending will have grown from \$12.7 billion to \$31.1 billion and our institutions are serving 34,000 more students.



While the 2013–2015 state operating budget represents a positive step forward — and allows the UW to keep 2013–2014 resident undergraduate tuition rates at the 2012–2013 rate — this has not been the case over the course of the past twenty years, when state investment in higher education waned. During that time, the UW had to increase tuition to offset the drastic state reductions. As resident undergraduate tuition rises, student financial need increases even more — tuition rate increases and tuition revenue are not linear. And as student need grows, the UW’s ability to maintain the Husky Promise, statutory financial aid requirements and grant levels for students with need becomes increasingly expensive. The high-tuition, high-aid model is unsustainable as the number of students able to pay full tuition and other educational expenses is shrinking.¹⁰

ACTION

To support the production of UW degrees, particularly those of high demand, and to make sure that students of all income levels have access to degrees, it is important that the state continues to support higher education. Without state funding, the UW will be forced to fill its financial deficit with further tuition increases, which will negatively impact low-income families and reduce opportunities for social mobility.

2. Ensure that the UW can compete for quality faculty.

Talented faculty members attract top students, improve student learning outcomes, garner millions of research grants and contracts, and improve a university's rankings. The UW's ability to compete for and retain such quality faculty is critical to the state's future. However, after four years without state funding or authorization for salary raises, many UW units have lost vital employees to other institutions, and the UW's ability to compete at a national level for new capable faculty has been jeopardized.

The average salary of UW professors (all ranks combined) is lower than all but one of the top ten public research universities with medical schools.¹¹ To equal the average of this peer group, UW faculty salaries (all ranks combined) would need to increase by 11.8 percent, UW full professor salaries would need to increase 16 percent and UW associate professor salaries would need to increase 8.5 percent.

ACTION

The state should provide funding for compensation so that the UW can attract and retain respected faculty members to educate our community and conduct vital research. Another critical aspect to keep in mind is that as federal research dollars decline, competition for funds will increase. A top-notch faculty is essential to the UW's competitiveness for federal grants and contracts.

3. Adjust the GET program to allow the UW to pursue differential tuition.

Washington's Guaranteed Education Tuition (GET) program reflects the state's commitment to helping families prepare for college. GET is rare for a number of reasons: its guaranteed state backing, its static structure and contractual terms since inception, and its use of the highest public tuition rate as a basis for calculating payouts regardless of where the student attends school.

A significant, but unintended, consequence of pegging payouts to the highest tuition level in the state is that concerns about GET affordability become a material factor in tuition setting. Since the UW charges the highest tuition and fee rate among public baccalaureates in Washington, the GET payout is currently tied to the UW's tuition rate. The GET program is not fully funded and any unexpected, upward pressure on the program's finances could obligate the state to provide direct appropriations to fund it.

If the UW were to adopt differential tuition — where tuition rates differ by program — it would trigger a new, relatively higher rate that would exceed current actuarial assumptions and worsen GET's funded status. Yet, differential tuition would allow the UW to match revenue more fully with costs, generate revenue for programs such as STEM and respond more effectively to the needs of students, employers and the public.

ACTION

It is unreasonable for the GET program's rigidity to limit the UW's ability to raise tuition via differential tuition — an approach that would help the UW maintain quality and access in the face of state funding cuts. The state should alter the GET program so that these extraneous and artificial limits are removed. By doing so, the state of Washington will uphold its commitment to helping families save for college while also ensuring that the UW can effectively adapt to the changing needs of the marketplace.

4. Support the UW's efforts to achieve additional administrative efficiencies.

The Committee recognizes the importance of accountability and believes that reporting requirements are an essential mechanism to hold public agencies accountable to legislators and their constituents. However, the Committee believes accountability can be achieved in a way that more efficiently and effectively uses public dollars.

Currently, public higher education institutions are sometimes hampered by duplicative state reporting requirements and complex bureaucratic processes. While we commend the Legislature for taking steps to allow greater administrative efficiencies, the UW is still required to provide the state with nearly 100 different reports — including monthly and even daily reports. The content of these reports is often redundant, placing an unnecessary onus on the UW and diverting limited resources away from the University's core academic mission. In addition, this multitude of reports tends to make it more difficult for everyone — including the public, the Legislature, and the University itself — to understand the state's prioritization of the outcomes that it wants the UW and other public universities to achieve.

ACTION

The state should continue its work to help the UW and other public institutions of higher education use public dollars more efficiently. First, the state should review its reporting requirements and either consolidate or remove all that are duplicative or otherwise unnecessary. Reducing reporting requirements will benefit the state by diverting precious time and resources back to areas where they make the most impact — teaching, research and outreach. Also, the state should prioritize those outcomes that are most important to achieve and empower the UW and other public universities to adopt LEAN management techniques and other steps that will best improve processes, streamline practices and make these outcomes a reality.

Partnership initiative

Philanthropy and the UW

Philanthropic gifts are not meant to supplant state funding and cannot be viewed as the sole solution. However, they can diversify the UW's revenue stream and contribute to classroom and instructional improvements.

Secure additional philanthropic support.

Every day, UW students, faculty and researchers conduct work that would not be possible without the generosity of private donors. And every day, the community is enriched by the work being done by those same students, faculty and researchers. The benefits reaped through philanthropy are reciprocal. Private financial support increases the UW's ability to enhance access to education, fund student scholarship awards, provide technology and much more; in turn, community members are enriched by the University's work.

ACTION

The community plays a vital role in contributing to the state's future, and it is essential for community members to invest in that future. Through philanthropic gifts, community members can contribute to Washington's economic vitality and social well-being. In addition to philanthropic support, community members should assist the UW by suggesting innovative fundraising strategies, by participating as campaign chairs, by encouraging matching funds with their employers and local businesses, and by spreading awareness of the connection between financial support for the UW and the state's future prosperity.

The Committee believes philanthropic support may be the most sustainable and achievable way for the UW to pursue enhancements to its academic programs and financial aid.

Philanthropy at work

UCLA

In December 2012, entertainment executive David Geffen gave UCLA's medical school \$100 million. Across the next decade, the impressive donation will cover the full cost of tuition, room and board, books and other expenses for the medical school's top applicants. Since the average debt for a medical school graduate is \$166,750, this gift creates a profound incentive for top applicants to pursue their education with UCLA rather than with peer schools like the UW.¹²

Johns Hopkins University

In January 2013, New York City Mayor Michael Bloomberg made a \$350 million commitment to Johns Hopkins University, bringing his total gift to the school to over \$1 billion. In all, Bloomberg's donations have funded facility improvements, supported additional research and attracted a more qualified, higher-achieving student body. His most recent donation is expected to endow 50 renowned professors recruited from around the world.

The University of Washington

The Herbert B. Jones Foundation, which supports the Jones Milestones/Foster Accelerator program through the Foster School of Business, is just one of many examples of philanthropy in action at the UW. The program helps launch students from the classroom to start-up companies, with community advisors providing mentorship along the way. At the end of the program, student teams are eligible to receive up to \$25,000 to reinvest. The Herbert B. Jones Foundation helps to usher in a new generation of entrepreneurs.

Looking ahead

As members of the Futures Committee, we will continue to work in an effort to safeguard the UW's ongoing success, which so profoundly benefits our community and our state.

Next steps

To continue our advocacy, we plan to:

- Distribute this information to national, state and local government officials, business leaders, philanthropists and community leaders.
- Engage with editorial boards, the Seattle Chamber of Commerce, the Technology Alliance and other core business organizations where we will review the facts in this report and create a strong call to action for change.
- Meet with key lawmakers and develop a plan to distribute this information to the entirety of the Legislature.

Carrying the message forward

Strong institutions of higher learning and research are key ingredients of economic innovation and social progress. This has been true throughout history, from ancient Athens to the cathedral cities of medieval Europe to imperial Beijing to modern Silicon Valley. Universities spark great ideas by bringing people together, creating space and time for creative thinking and intellectual collaboration. Universities give people the skills and opportunities to bring new ideas into the world — and change the world. Universities inspire. They connect. They lead. And the UW is an exceptional example.

As a state, we are at a tipping point. Immediate action should be taken to protect the UW, an institution that is truly central to our citizens' well-being and is a key contributor to our state's reputation as a global center of innovation and change. As we embark on our next 150 years as a university, what we choose to do today to create a stronger UW will ensure a stronger Washington, too.

We have already demonstrated the incredible impact we can make by working together. Now, we must come together to make this vision of our state's future a reality.

Washington Futures

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Appendix

STATE FUNDING ACROSS PEER INSTITUTIONS* ¹³		
TOP 10 PUBLIC RESEARCH UNIVERSITIES W/ MED SCHOOLS	STATE FUNDING PER FTE	TOTAL FUNDING PER FTE
University of North Carolina at Chapel Hill	\$20,358	\$30,385
University of California-Davis	\$13,380	\$25,074
University of California-Los Angeles	\$12,652	\$25,793
University of Wisconsin-Madison	\$11,374	\$21,412
University of California-Irvine	\$10,711	\$21,673
University of California-San Diego	\$10,701	\$22,310
University of Illinois at Urbana-Champaign	\$7,668	\$19,898
University of Michigan-Ann Arbor	\$6,840	\$24,073
University of Virginia-Main Campus	\$5,947	\$20,598
University of Washington	\$5,835	\$17,532

* Based on reported FTE from IPEDS 2010-11 12-Month Enrollment Survey and State Appropriations and Tuition and Fee Revenue from 2010-11 IPEDS Finance Survey. Where a system office is present, revenue for the system office is distributed to institutions based on percentage of FTE in system.

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11. The average salary of UW professors (all ranks combined) is significantly lower than all top ten private research universities. To equal the average of this peer group (\$158,610), UW faculty salaries (all ranks combined) would need to increase by 45.2 percent. As an example, the average Stanford professor earns \$207,300 per year, while the average UW professor annually earns \$123,153.
12. <https://www.aamc.org/download/152968/data>
13. This table presents data from the federal Integrated Postsecondary Education Data System (IPEDS), which includes revenue from non-state funded students (i.e., fee-based programs and summer quarter students). Internal UW state and tuition funding analyses do not include fee-based sources in tuition revenue calculations; therefore, data may differ from those presented in other publications or parts of this brief.

Washington Futures
