

## VII. STANDING COMMITTEES

## A. Finance, Audit and Facilities Committee

*in Joint Session with*

## B. Academic and Student Affairs Committee

University of Washington Fiscal Year 2007 Operating and Capital Budgets**RECOMMENDED ACTION**

It is the recommendation of the administration, the Finance, Audit, and Facilities Committee and the Academic and Student Affairs Committee that the Board of Regents, pursuant to its authority under RCW 28B.20.130, the Bylaws of the Board of Regents, and Board of Regents Standing Order No. 1, approve the Fiscal Year 2007 operating and capital budgets for the University of Washington that are presented in the following text and tables. In this action item, the Board of Regents, in its sole and independent discretion:

- Adopts the Fiscal Year 2007 operating budget, including funds to provide faculty salary increases;
- Establishes tuition rates for all tuition categories for the 2006-07 academic year; and,
- Adopts the Fiscal Year 2007 capital budget.

## **Status of FY 2007 Operating and Capital Budget Development**

The proposed FY 2007 operating and capital budgets and the proposed tuition rates for the 2006-07 academic year were discussed at a joint meeting of the Finance, Audit and Facilities Committee and the Academic and Student Affairs Committee in May 2006. At this meeting, there was a discussion of a vision statement for the university and of broad budget goals and objectives; earlier drafts of the vision statement and the budget goals and objectives were discussed at the February and March Board of Regents meetings. This vision statement and the associated goals and objectives guided the incremental investment decisions made in this budget proposal.

No substantive changes were made to the allocations proposed in this budget based on the discussion with the joint committee in May. In order to better highlight both the total amount of and the incremental changes in financial aid provided to students through the application of Regents adopted policies, some changes were made in how financial aid numbers are displayed.

Finally, at the May meeting the Board requested some additional background information on tuition setting principles, levels of financial aid currently provided, and tuition comparisons with other institutions. A separate information item that contains background information related to the tuition increases included in this proposed budget was prepared and has been submitted to the Board in conjunction with this action item.

## **Financial Context for the Proposed FY 2007 Operating and Capital Budgets**

The FY 2007 budget proposal that is being presented to the Board of Regents is divided into four areas:

- The three parts of the Operating Budget:
  - the Core Education Budget;
  - the Restricted Programs Budget;
  - the Academic Enhancement/Support Budget; and
- The Capital Budget.

The FY 2007 proposed operating budget is summarized in Table 1; the FY 2007 proposed capital budget is presented in Table 5. The financial context for FY 2007 is different for the Core Education, Restricted Programs, Academic Enhancement/Support, and Capital Budgets.

Core Education Budget Financial Context. The context for the FY 2007 Core Education Budget is primarily set by three factors: actions affecting FY 2007 that were taken by the

State Legislature in the original 2005-07 biennial budget; the actions taken by the State Legislature in the 2006 Supplemental Operating Budget; and tuition setting decisions for the 2006-07 academic year for all tuition categories that will be made by the Board of Regents as part of their adoption of the FY 2007 budget.

In the original 2005-07 biennial budget, state funding was provided for a 1.6% salary increase for all employee groups for FY 2007 and for new enrollments at all three campuses for the 2006-07 academic year. Note that for faculty, professional staff, librarians and teaching and research assistants, the university can use local funds to supplement the salary increases funded by the State. In the 2006 Supplemental Budget, the Legislature funded a number of targeted initiatives and provided additional funding for new math, science and engineering enrollments for the 2006-07 academic year.

When the Legislature adopted the original 2005-07 biennial budget, the university was given the authority to raise undergraduate resident tuition by up to 7% for each year of the biennium. In the 2003 legislative session, the Board of Regents was given local authority over tuition setting for all tuition categories other than undergraduate resident. This authority was granted for six years and the 2006-07 academic year will be fourth year in which undergraduate non-resident, graduate and professional tuition levels are established using this authority.

Restricted Operating Budget Financial Context. The outlook for the FY 2007 Restricted Programs Budget projects small increases for both direct costs and indirect costs for grant and contract activity. This forecast reflects a flattening out of sponsored research activity at the university due to the leveling off of growth in federal research budgets. Spending from gift and endowment accounts is predicted to increase as a result of continued positive returns for the Consolidated Endowment Fund and continued success in obtaining gifts to the university. State Restricted Funds will increase slightly based on legislative actions.

Academic Enhancement/Support Budget Financial Context. The university's academic enhancement/support functions have a stable outlook for FY 2007. The university's large auxiliary business enterprises (UW Medical Center, Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services) are all financially stable and expect continued growth in FY 2007.

Capital Budget Financial Context. The proposed UW capital budget for FY 2007 reflects actions taken by the Legislature in the 2006 Supplemental Capital Budget and the allocation of minor capital projects funds for the second year of the 2005-07 biennium. The legislature provided capital funds to allow building renovations to support nanotechnology research and land acquisition at the UW/Tacoma campus. While the university greatly appreciates the additional capital funds that were provided in the 2006 Supplemental Capital Budget, State capital resource allocations continue to lag significantly behind needs. For example, while the UW accounts for 35% of State higher education facilities, the 2005-07 State capital budget allocation to the UW was only 10% of the total provided to higher education.

## **Approach to FY 2007 Budget Decisions**

FY 2007 is a transition year in the process of developing the university's annual budget. The Board of Regents and the administration are in the process updating a vision statement for the university and longer-term goals and objectives to help guide future investment decisions. In this proposed budget, some allocations represent the continuation/fulfillment of prior investment decisions. Other allocations are commitments associated with new academic leadership in a number of colleges/schools. And many allocations are in response to previously discussed goals and objectives as well as the update to those goals and objectives currently being discussed.

The over-riding themes that guided the development of the proposed FY 2007 budget are among those discussed with the Board of Regents in March 2006:

- maintaining the UW standard of excellence;
- being world leaders in research; and
- being a public university.

The more specific budget goals addressed in the proposed FY 2007 budget include:

- attracting a diverse and excellent student body and providing a rich learning experience;
- investing in new leadership of both academic and administrative units;
- attracting and retaining an outstanding and diverse faculty and staff;
- expanding the reach of the UW across the globe;
- strengthening interdisciplinary research and scholarship to tackle "grand challenge" problems that will benefit society and stimulate economic development; and
- insuring the highest level of integrity, compliance and stewardship.

## **FY 2007 Core Education Budget Discussion**

The proposed FY 2007 Core Education Budget is presented in Table 2; temporary investments from fund balance that are part of the proposed FY 2007 Core Education Budget are shown in Table 3. Proposed tuition increases for the 2006-07 academic year are presented in Appendix 4.

### Changes in Revenues

The changes in revenues supporting the FY 2007 Core Education Budget are summarized below:

<b>Revenue Source</b>	<b>FY 2006 Adopted</b>	<b>FY 2007 Proposed</b>	<b>Change</b>
State General Fund	339,701,000	360,892,000	21,191,000
Tuition Operating Fee	221,876,000	240,800,000	18,924,000
<u>Designated Operating Fund</u>	<u>50,113,000</u>	<u>52,079,000</u>	<u>1,966,000</u>
Subtotal: Ongoing Core Ed Revenues	611,690,000	653,771,000	42,081,000
Use of Fund Balance for Temp Exp	23,000,000	3,550,000	(19,450,000)
<b>TOTAL REVENUES</b>	<b>634,690,000</b>	<b>657,321,000</b>	<b>22,631,000</b>

### Comments on Changes in Revenues

Budgeted ongoing revenues in the proposed FY 2007 Core Education Budget are \$42,081,000 higher than budgeted revenues that supported this budget in FY 2006. State General Fund revenues (which in this presentation include Education Trust Fund and Pension Stabilization Fund allocations) increase by \$21,191,000, tuition operating fee revenues increase by \$18,924,000 and Designated Operating Fund revenues increase by \$1,966,000. In the FY 2006 Core Education budget, \$23,000,000 in fund balance was used to support selected one-time or time-limited investments. In FY 2007, the administration is proposing to use \$3,550,000 of fund balance to support selected one-time or time-limited investments – all of which are continuations of previously made commitments of fund balance. These proposed changes in revenues for FY 2007 are discussed below.

State General Fund. State General Fund revenue for FY 2007 reflects actions taken by the State Legislature in both the original adoption of the 2005-07 State biennial budget and in the 2006 State supplemental budget. The increased funding available in FY 2007 is dedicated to specific purposes – salary and benefit increases, new enrollments and a number of specific program allocations.

Tuition Operating Fee. The proposed FY 2007 Core Education Budget assumes that the proposed tuition increases for the 2006-07 academic year shown in Appendix 4 are adopted. Appendix 4 shows the proposed tuition charge for all tuition categories for the 2006-07 academic year; for informational purposes, both the percentage increase and the dollar increase recommended for each tuition category are shown. Appendix 4 also shows how the

proposed tuition and fees for the university would compare to the projected 2006-07 tuition and fee rates for the Higher Education Coordinating Board 24 Comparison Group.

For undergraduate resident tuition, the State legislature sets the maximum that the tuition increase can be in each academic year in the biennial budget bill – and for the 2006-07 academic year, undergraduate resident tuition can be increased by a maximum of 7%. For undergraduate non-resident, graduate and professional tuition, the Board of Regents has local authority over tuition rate setting – the 2006-07 academic year will be the fourth year of a six-year tuition setting authority for these tuition categories that was granted in a bill passed by the State Legislature in May 2003.

For the 2006-07 academic year, the administration is recommending that:

Undergraduate Resident tuition be increased by 7%;

Undergraduate Non-resident tuition be increased by 7%;

Graduate Tier 1 Resident and Non-Resident tuition be increased by 7%;

Both resident and non-resident tuition for Pharm.D., Law, Medicine, Dentistry be increased by 10%;

Nursing Masters Degrees be increased by 10% for both resident and non-resident students at UW/Seattle and by 6.8% for resident and 6.9% for non-resident students at UW/Bothell and UW/Tacoma (the Masters in Nursing tuition at UW/Bothell and UW/Tacoma has been set at the same rate as Graduate Tier 2 tuition for a number of years);

Business Masters Degree tuition be increased by 17% for resident and 9% for non-resident students for the incoming cohort of students at UW/Seattle, by 7.9% for resident students at UW/Bothell for the incoming cohort of students, and by 10% for both resident and non-resident students at UW/Tacoma; and

Tuition charges for post-baccalaureate and non-matriculated students be adjusted consistent with the policy that has been used for tuition for these students since these tuition categories were established. Under this policy, post-baccalaureate and non-matriculated students taking undergraduate courses pay at the resident or non-resident undergraduate tuition rate established for that academic year; post-baccalaureate and non-matriculated students taking one or more graduate courses pay at the resident or non-resident Graduate Tier 3 tuition rate established for that academic year.

Note that tuition increases for Graduate Tier 2 and Graduate Tier 3 are established based on the increase adopted for Graduate Tier 1 – Graduate Tier 2 tuition is \$250 more per year than Graduate Tier 1 and Graduate Tier 3 tuition is \$250 more than Graduate Tier 2. For Business Masters programs, starting with the current academic year both UW/Seattle and UW/Bothell have cohort based pricing where students pay the same tuition rate for both

years of the program; thus there is no tuition increase for continuing Business Masters students at either UW/Seattle or UW/Bothell.

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

<b>Designated Operating Fund Revenue Source</b>	<b>FY 2006 Adopted</b>	<b>FY 2007 Proposed</b>	<b>Change</b>
Summer Quarter Tuition	24,570,000	25,150,000	580,000
Investment Income	18,000,000	18,000,000	0
Miscellaneous Fees	4,188,740	4,188,740	0
Branch Campus overhead	2,700,000	3,085,000	385,000
Administrative Allowances	655,000	655,000	0
Royalty Research Fund Transfer	0	1,000,000	1,000,000
<b>TOTAL REVENUES</b>	<b>50,113,740</b>	<b>52,078,740</b>	<b>1,965,000</b>

Although Summer Quarter tuition rates will see the same increases that were implemented for the 2005-06 academic year, Summer Quarter enrollment has declined for three years in a row. Because of this, only a small increase in Summer Quarter tuition revenue is projected for FY 2007. Given market conditions in the short-term investment markets, the investment income revenue estimate for FY 2007 is unchanged from the FY 2006 level. As there are no material changes in the level of any of the fees included in the “miscellaneous fees” category, that revenue estimate is held steady for FY 2007. Branch campus overhead revenue increases by \$385,000 because of the growth in the UW/Bothell and UW/Tacoma budgets due to State enrollment and salary allocations and increased tuition revenue. The expected revenue from administrative allowances related to certain financial aid programs are not anticipated to increase for FY 2007. The FY 2007 Designated Operating Fund revenue estimate also assumes the use of \$1,000,000 in Royalty Research Fund resources to support the pilot proposal included in this proposed budget to provide bridge funding for researchers.

Use of Fund Balance. The proposed FY 2007 budget uses \$3,550,000 in fund balance to support one-time or limited duration investments. All of the items supported from this allocation of fund balance in FY 2007 were previous commitments. Due to the upcoming unbudgeted charge of the faculty pay lawsuit settlement to unrestricted reserves, the administration is not proposing any new use of fund balance for FY 2007 beyond these previous commitments.

## FY 2007 Core Education Budget Allocations

The new allocations in the FY 2007 Core Education Budget are summarized below:

### **Core Education Budget FY 2007 Allocations**

<b>Area of Budget</b>	<b>FY 2007 Allocations</b>
<b><u>Workplace of Choice - Competitive Compensation:</u></b>	
Salaries	16,585,000
Benefits	1,783,000
<b>Subtotal</b>	<b>18,368,000</b>
<b><u>Attract a Diverse and Excellent Student Body</u></b>	
Enrollment Allocations	
UW/Seattle: General Enrollments	860,000
UW/Seattle: Math, Science & Engineering Enrollments	870,000
UW/Bothell	2,547,000
UW/Tacoma	2,812,000
<b>Attract/Retain Diverse Students</b>	<b>1,045,000</b>
<b>Subtotal</b>	<b>8,134,000</b>
<b><u>Academic Program and Research Excellence</u></b>	
Investments in Academic Excellence	9,168,000
Temporary Research Equipment Funding	2,150,000
South Lake Union Phase 2 O&M (Legislative Action)	2,400,000
Bioengineering/Genome Sciences O&M (Legislative Action)	2,000,000
Pacific Northwest Seismic Network (Legislative Action)	400,000
<b>Subtotal</b>	<b>16,118,000</b>
<b><u>Integrity/Compliance/Stewardship Investments</u></b>	<b>1,815,000</b>
<b><u>Required Cost Increases/Adjustments</u></b>	<b>1,924,000</b>
<b><u>Use of Fund Balance</u></b>	<b>3,550,000</b>



## Comments on FY 2007 Core Education Budget Allocations

The incremental FY 2007 Core Education Budget allocations are listed in the table above are discussed in more detail below.

Workplace of Choice - Competitive Compensation. Appendix 1 presents details regarding the salary and benefit allocations that are included in the proposed FY 2007 budget. For salaries, this proposal assumes:

For faculty: a 2% increase effective June 1, 2006 (which reflects the ongoing cost of the faculty pay lawsuit settlement); a 2% continuing merit increase effective September 1, 2006, a 0.6% additional merit increase effective September 1, 2006; funding of promotions; and a recruitment and retention allocation of \$1,750,000.

For professional staff and librarians: a 3% increase effective September 1, 2006.

For teaching and research assistants: a 2.6% increase effective July 1, 2006.

For represented classified staff: a 1.6% cost of living increase effective July 1, 2006; in addition to this cost of living increase, for classified staff at the top step of their classification a new step is added to the pay scale (which is a 2.5% increase for the eligible classified staff); and note that classified staff who are not at the top step of their classification receive annual two-step (5%) pay increases in addition to the cost of living increase.

For non-represented classified staff: a 1.6% cost of living increase effective September 1, 2006; a special pay proposal has been submitted to the State Department of Personnel to add a new step to the pay scale (which is a 2.5% increase for the eligible classified staff) – this request has not yet been acted upon by the State Department of Personnel; and as for represented classified staff, non-represented classified staff who are not at the top step of their classification receive annual two-step (5%) pay increases in addition to the cost of living increase.

Taken together, the salary and benefits allocations in the proposed FY 2007 Core Education Budget total \$18,368,000.

Attract a Diverse and Excellent Student Body. The proposed FY 2007 Core Education Budget expands enrollment at all three University of Washington campuses:

140 undergraduate, 40 graduate and 150 math, science and engineering student FTE are added at the UW/Seattle campus;

125 lower division undergraduate and 75 upper division undergraduate student FTE are added at the UW/Bothell campus; and

125 lower division undergraduate and 100 upper division undergraduate student FTE are added at the UW/Tacoma campus.

At the UW/Seattle campus, \$860,000 of general enrollment funds and \$540,000 of math, science and engineering enrollment funds are allocated to the College of Arts and Sciences and \$330,000 of math, science and engineering enrollment funds are allocated to the College of Engineering.

A number of investments related to attracting and retaining diverse students are included in this proposed budget; these investments are listed in Appendix 2. These allocations include:

\$225,000 to support the undergraduate Summer Bridge Program;

\$80,000 to support diversity enrichment initiatives in the Graduate School;

\$440,000 from the undergraduate advising reserve established in FY 2006 to support undergraduate advising (\$200,000 to the College of Arts and Sciences and \$240,000 to the Office of Undergraduate Education); and

\$300,000 approved by the State legislature in the 2006 State Supplemental Budget to expand the outreach efforts of the Mathematics, Engineering and Science Achievement program that works with K-12 students on a statewide basis.

These proposed investments total \$1,045,000 in new allocations related to attracting and retaining diverse students.

The level of financial aid that the university can offer to students is an important component of its ability to attract a diverse and excellent student body. The proposed FY 2007 Core Education Budget increases financial aid allocations for both undergraduate and graduate/professional students by providing both additional financial aid grants and additional tuition waivers. The total amount of financial aid provided from these two sources and the incremental increase in the FY 2007 budget is shown in the table below:

**Increases In Financial Aid Allocations for FY 2007**  
(Based on the Application of Current Financial Aid Policy  
and the Tuition Increases in the Proposed FY 2007 Budget)

<b>Financial Aid Category</b>	<b>FY 2006 Adopted</b>	<b>FY 2007 Proposed</b>	<b>Change</b>
Undergraduate Merit/Need Tuition Waivers	5,749,000	6,283,000	534,000
<u>Undergraduate Financial Aid Grants</u>	<u>6,395,000</u>	<u>6,971,000</u>	<u>576,000</u>
Subtotal: Undergrad Merit/Need Waivers and Grants	12,144,000	13,254,000	1,110,000
Graduate/Professional Merit/Need Tuition Waivers	3,449,000	3,770,000	321,000
<u>Graduate/Professional Financial Aid Grants</u>	<u>2,741,000</u>	<u>2,988,000</u>	<u>247,000</u>
Subtotal: Grad/Professional Merit/Need Waivers and Grants	6,190,000	6,758,000	568,000
Teaching/Research Assistant Tuition Waivers	39,354,000	42,106,000	2,752,000
Other Tuition Waivers	7,903,000	8,572,000	669,000
<u>Total all sources:</u>	<u>65,591,000</u>	<u>70,690,000</u>	<u>5,099,000</u>

The UW's current financial aid policy of utilizing 3.5% of tuition operating fee collections for financial aid grants and waiving 4% of tuition costs will provide \$1,110,000 in additional financial aid resources to needy undergraduate resident students in the 2006-07 academic year.

The 7% increase in undergraduate resident tuition for the 2006-07 academic year will generate \$1,856,000 in additional unfunded need for undergraduate students in the 2006-07 academic year. The Regents have adopted a policy of meeting 55% of this additional need through financial aid grants and tuition waivers. To meet this policy goal next year given a 7% increase in undergraduate resident tuition, \$1,021,000 in additional grant and tuition waiver financial aid has to be made available to undergraduate resident students next year. The increase of \$1,110,000 in financial aid grants and tuition waivers available for undergraduate students in FY 2007 exceeds the commitment made by the Regents.

Given the proposed tuition levels for the 2006-07 academic year, graduate appointees qualifying for the non-resident tuition differential waiver and for the operating fee tuition waiver will have \$2,752,000 in additional tuition waiver benefit in FY 2007. In addition, the

UW's current financial aid policy of utilizing 3.5% of tuition operating fee collections for financial aid grants and waiving 4% of tuition will make \$568,000 of additional financial aid available to graduate and professional students in the 2006-07 academic year.

Academic Program and Research Excellence. As shown on Table 2, the proposed FY 2007 Core Education Budget allocates over \$16,000,000 toward academic and research program excellence.

On a pilot basis, the proposed FY 2007 Core Education Budget provides bridge funding for selected researchers to cover short-term gaps between grant awards. Program enhancement investments are made in a number of schools and colleges; the specific allocations are listed in Appendix 2. Significant investments are made in four colleges (Architecture and Urban Planning, Information School, Social Work and Engineering) for which new deans have been hired. Allocations are made to four schools/colleges to assist in attracting and/or retaining outstanding faculty. An allocation is provided to expand the undergraduate honors program. In addition, funding is provided to both the UW Libraries and to the Law Library to help cover inflationary cost increases for the purchase of library materials.

During FY 2007, the proposed budget temporarily utilizes "innovation" funds permanently budgeted in the Core Education Budget for a research equipment allocation. Finally, in the 2006 Supplemental Operating Budget, the university was successful in getting State funding to support three different research activities: operations and maintenance funds for the South Lake Union Phase 2 building; operations and maintenance funds for the Bioengineering and Genome Sciences buildings; and funds to support the Pacific Northwest Seismic Network.

Integrity/Compliance/Stewardship Investments. A number of proposed investments in the university's administrative oversight activities are listed on the second page of Appendix 2. Among these investments are: an expansion of the university's external affairs activities; increased staffing to support the implementation of civil service reform; investment to support the enterprise risk management program; additional resources to the Office of Planning and Budgeting to support legislative analysis, policy making and lobbying; additional support for the leadership, community and values initiative; and additional support for the university's data warehouse program. In total, approximately \$1,800,000 in new funding is proposed for investments related to integrity/compliance/stewardship in the FY 2007 Core Education Budget.

Required Cost Increases/Adjustments. The proposed FY 2007 Core Education Budget includes just under \$2,000,000 for required cost increases and adjustments – specific allocations are listed in Appendix 3. The largest budget increase is for the rising costs of natural gas. The largest decrease is in the university's risk management costs (self-insurance and purchased insurance). A number of other "institutional" budgets that pay for contractual or other required activities have either upward or downward annual adjustments.

## **FY 2007 Restricted Operating Budget**

The proposed FY 2007 Restricted Programs Budget is presented Table 4.

### Changes in Revenues

The changes in revenues supporting the FY 2007 Restricted Programs Budget are summarized below:

<b>Revenue Source</b>	<b>FY 2006 Adopted</b>	<b>FY 2007 Proposed</b>	<b>Change</b>
Grant and Contract Direct Cost	800,000,000	808,000,000	8,000,000
Grant and Contract Indirect Cost	187,000,000	189,000,000	2,000,000
Gifts	116,000,000	120,640,000	4,640,000
State Restricted Funds	6,310,000	6,342,000	32,000
<b>TOTAL REVENUES</b>	<b>1,109,310,000</b>	<b>1,123,982,000</b>	<b>14,672,000</b>

### Comments on Changes in Revenues

Budgeted revenues in the proposed FY 2007 Restricted Programs Budget increase by \$14,672,000 over the FY 2006 budgeted level: grant and contract direct cost increases by \$8,000,000; grant and contract indirect cost increases by \$2,000,000; gift and endowment revenue is projected to increase by \$4,640,000; and State Restricted Funds increase by \$32,000. These proposed changes in revenues are discussed below.

Grant and Contract Direct Cost. Direct costs for grants and contracts are projected to increase by a modest 1% in FY 2007 – an increase of \$8,000,000 over the current fiscal year. This estimate assumes grant and contract awards for the current fiscal year will be at or slightly above the previous fiscal year.

Grant and Contract Indirect Cost. As direct costs for grants and contracts are projected to be slightly higher in FY 2007 than in FY 2006, grant and contract indirect cost recovery is also to be slightly higher; the projected increase in grant and contract indirect cost is 1% - an increase of \$2,000,000 over the current fiscal year.

Gifts. Revenues to gift and endowment spending accounts are projected to increase moderately (by just under \$5,000,000) in FY 2007. This increase reflects both continued fund raising success and strong returns for the Consolidated Endowment Fund for the past few years.

State Restricted Funds. The School of Public Health and Community Medicine receives a small amount of appropriated State funding from the Accident Account and the Medical Aid Account for specific activities performed by the Department of Environmental Health.

Changes in revenues for FY 2007 (an increase of \$32,000 over the current fiscal year) for these State Restricted Funds simply reflect changes in State appropriations.

FY 2007 Restricted Programs Budget Allocations

The discussion in this section is limited to how the administration proposes to allocate additional indirect cost recovery resources that are anticipated in FY 2007. Expenditures for grant and contract direct cost, almost all gifts, and State restricted funds budgets can only be used for the purposes specified by the granting agency, donor or legislature. Thus, annual expenditures for these areas are assumed to be equal to budgeted levels. The university does have discretion over how indirect cost recovery revenues are allocated.

The new allocations in FY 2007 supported by indirect cost recovery resources are summarized below:

<b><u>Indirect Cost Recovery:</u></b>	<b><u>FY 2007 Allocations</u></b>
<b><u>Workplace of Choice - Competitive Compensation:</u></b>	
Salaries	1,288,000
Benefits	874,000
Subtotal	2,162,000
<b><u>Investments in Research Excellence</u></b>	
Research Cost Recovery Allocation Change	1,254,000
Dedicated Indirect Cost Recovery Changes	1,123,000
Academic Infrastructure - Library materials	150,000
Subtotal	2,527,000
<b><u>Integrity/Compliance/Stewardship Investments</u></b>	2,041,000
<b><u>Required Cost Increases/Adjustments</u></b>	1,170,000

Comments on FY 2007 Indirect Cost Recovery Budget Allocations

Workplace of Choice - Competitive Compensation. The indirect cost recovery budget picks up a calculated share of the salary and benefit costs of employees who are funded from indirect cost recovery resources.

Investments in Research Excellence. A number of investments are made to support the university's research enterprise. By policy, the university allocates the portion of indirect cost recovery revenues that is associated with college/school grant administration back to the colleges/schools based on their actual grant activity in the prior fiscal year. This

allocation is called the “research cost recovery” allocation and it will increase by \$1,254,000 in FY 2007. This is a formula calculation. The increase in the allocation for FY 2007 is a function of both anticipated research spending in the current year and a revision in the calculation formula so that the formula is based on the university’s most recent indirect cost study.

Annual adjustments to certain indirect cost recovery budgets that are dedicated to specific purposes (such as the Primate Center “A” and “B” rates) or to pay the operations and maintenance costs of particular buildings (Harborview Research and Training, other Harborview research space, etc.) are also included in this category, and are shown in Appendix 3. The large change in this area is an increase of \$1,500,000 for the South Lake Union 1 building – which is now fully occupied by the School of Medicine.

The last allocation in this category is an allocation of \$150,000 to the University Libraries to cover a portion of the cost of library materials inflation (which is shown in Appendix 2).

Integrity/Compliance/Stewardship Investments. Four investments are made in the integrity/compliance/stewardship area (and are listed in Appendix 2): \$50,000 for additional staff support for the Animal Care and Use Committee; \$141,000 in additional support for some of the monitoring activities that Environmental Health and Safety provides for selected types of research; \$250,000 in additional support for human subjects review boards; and a significant investment of \$1,600,000 to support the Office of Research’s grant related computing systems – this investment is necessary in order for the university to ultimately comply with the federal government’s “grants.gov” initiative which will require electronic submission of grant requests.

Required Cost Increases/Adjustments. The indirect cost recovery budget picks up a share of estimated cost increases for utilities, risk management and for other critical institutional investments approved by the President and Provost – these allocations are shown in Appendix 3. The largest increases are associated with new research buildings coming on line. There is an increase of \$1,300,000 to cover increased debt service for debt issued to support construction of the Bioengineering and the Research and Technology buildings. In addition, the full annual operating costs for the Research and Technology building start to be incurred during FY 2007.

## FY 2007 Academic Enhancement/Support Budget Discussion

There are four areas included in the Academic Enhancement/Support Budget: UW Medical Center; auxiliary enterprises; auxiliary educational activities; and institutional overhead activities that support the other functions. Auxiliary enterprises include: Housing and Food Services; Intercollegiate Athletics; Parking; internal service units (Stores, Motor Pool, Publication Services, etc.); Student Government; Recreational Sports; and miscellaneous other activities. Auxiliary educational activities include: continuing education; conferences; the medical resident program; the WAMI Program in the School of Medicine; and miscellaneous activities. The University charges institutional overhead to all of these activities to recover the cost of central services utilized by these academic enhancement/support activities.

The projected changes in revenue for academic enhancement/support activity are shown in the table below:

<b>Revenue Source</b>	<b>FY 2006 Adopted</b>	<b>FY 2007 Proposed</b>	<b>Change</b>
UW Medical Center	567,000,000	589,680,000	22,680,000
Auxiliary Enterprises	281,911,000	293,187,000	11,276,000
Auxiliary Educational Activities	169,052,000	175,814,000	6,762,000
Institutional Overhead	14,000,000	14,366,000	366,000
<b>TOTAL REVENUES</b>	<b>1,031,963,000</b>	<b>1,073,047,000</b>	<b>41,084,000</b>

Based on financial results over the last few years, inflationary increases in revenues have been projected for FY 2007 for UW Medical Center, auxiliary enterprise, and auxiliary educational activities. The projected increase in institutional overhead revenue is based on both actual collections in the current FY and projected increased revenues for the units that pay institutional overhead.

With the exception of institutional overhead resources, the Academic Enhancement/Support Budget resources can only be spent for specified purposes and annual expenditures are assumed to be equal to budgeted levels



## **FY 2007 Capital Budget Discussion**

The proposed FY 2007 Capital Budget includes approval of a total of \$127,750,203 in new capital funds, as summarized in Table 5. New funds reflected in the FY 2007 Capital Budget include \$8,500,000 million in new funding received during the 2006 supplemental legislative session as well as the balance of the originally appropriated 2005-2007 biennial capital funds. The FY 2007 Capital Budget also includes approval of funding for the UW Medical Center expansion, new donor funding, and makes adjustments in funding sources and in anticipated federal facilities grant funding.

2006 Supplemental Capital Budget Funding. In the 2006 Supplemental Capital Budget, the legislature provided \$4,500,000 in State Toxics Account funding for the previously approved More Hall Annex Demolition project and other toxic cleanup projects. Local funds previously designated to these projects can now be used for space renovations to support the university's nanotechnology program. The 2006 Supplemental Capital Budget also included \$4,000,000 in Gardner-Evans Higher Education Construction Account funds for land acquisition at the UW/Tacoma campus. The 2006 Supplemental Capital Budget also changed the source of \$9,288,500 in funds for the Guggenheim Hall construction project from one state-funded source to another, with no impact to the project.

In addition to these new funds, the Governor's Office of Financial Management has released the design funds for the next three major renovation projects in the "Restore the Core" program (Savery Hall, Clark Hall, and Playhouse Theater). The proposed FY 2007 Capital Budget includes new donor and college funded enhancements of \$2,308,000 for the Playhouse Theater project.

Funding Approval for Remaining 2005-2007 Biennial Capital Funds. The FY 2007 capital budget proposal also reflects changes in the total current capital program by removing projects that have achieved substantial completion and approving the second year of biennial state, local, and other funds.

Table 1

**University of Washington Fiscal Year 2007 Proposed Operating Budget**

<b>Budget Category</b>	<b>FY 2006 Adopted</b>	<b>FY 2007 Proposed</b>
<b>CORE EDUCATION BUDGET</b>		
<b>Revenues</b>		
State General Fund	339,701,000	360,892,000
Tuition Operating Fee	221,876,000	240,800,000
Designated Operating Fund	50,113,000	52,079,000
<b>Subtotal: Ongoing Core Education Revenues</b>	<b>611,690,000</b>	<b>653,771,000</b>
 Use of Fund Balance for Temporary Expenditures	 23,000,000	 3,550,000
<b>Total Revenues</b>	<b>634,690,000</b>	<b>657,321,000</b>
<b>Expenditures</b>		
Ongoing Core Education Expenditures	611,690,000	653,771,000
One-time/temporary Expenditures	23,000,000	3,550,000
<b>Total Expenditures</b>	<b>634,690,000</b>	<b>657,321,000</b>
<b>RESTRICTED OPERATING BUDGET</b>		
<b>Revenues</b>		
Grant and Contract Direct Costs	800,000,000	808,000,000
Grant and Contract Indirect Costs	187,000,000	189,000,000
Gifts	116,000,000	120,640,000
State Restricted Funds	6,310,000	6,342,000
<b>Total Revenues</b>	<b>1,109,310,000</b>	<b>1,123,982,000</b>
<b>Expenditures</b>	<b>1,109,310,000</b>	<b>1,123,982,000</b>
<b>ACADEMIC ENHANCEMENT/SUPPORT BUDGET</b>		
<b>Revenues</b>		
UW Medical Center	567,000,000	589,680,000
Auxiliary Enterprises	281,911,000	293,187,000
Auxiliary Educational Activities	169,052,000	175,814,000
Institutional Overhead	14,000,000	14,366,000
<b>Total Revenues</b>	<b>1,031,963,000</b>	<b>1,073,047,000</b>
<b>Expenditures</b>	<b>1,031,963,000</b>	<b>1,073,047,000</b>
<b>TOTAL OPERATING BUDGET</b>		
<b>Revenues</b>	<b>2,775,963,000</b>	<b>2,854,350,000</b>
<b>Expenditures</b>	<b>2,775,963,000</b>	<b>2,854,350,000</b>

Table 2

**Proposed Budget  
Core Education Operating Budget for Fiscal Year 2007**

	<b>FY 2006 Adopted</b>	<b>FY 2007 Proposed</b>	<b>Comment</b>
<b><u>REVENUES</u></b>			
State General Fund	339,701,000	360,892,000	
Tuition Operating Fee	221,876,000	240,800,000	
Designated Operating Fund	50,113,000	52,079,000	
Subtotal: Ongoing Core Ed Revenues	611,690,000	653,771,000	
Use of Fund Balance for Temporary Expenditures	23,000,000	3,550,000	
<b>TOTAL REVENUES</b>	<b>634,690,000</b>	<b>657,321,000</b>	
<b><u>EXPENDITURES</u></b>			
<b><u>Adjusted Base Budget</u></b>	634,690,000	607,412,000	
<b><u>Workplace of Choice - Competitive Compensation</u></b>			
Salaries		16,585,000	<i>See Appendix 1</i>
Benefits		1,783,000	<i>See Appendix 1</i>
Subtotal		18,368,000	
<b><u>Attract a Diverse and Excellent Student Body</u></b>			
Enrollment Allocations			
UW/Seattle: General Enrollments		860,000	
UW/Seattle: Math, Science & Engineering Enrollments		870,000	
UW/Bothell		2,547,000	
UW/Tacoma		2,812,000	
Attract/Retain Diverse Students		1,045,000	<i>See Appendix 2</i>
Subtotal		8,134,000	
<b><u>Academic Program and Research Excellence</u></b>			
Investments in Academic Excellence		9,168,000	<i>See Appendix 2</i>
Temporary Research Equipment Funding		2,150,000	
South Lake Union Phase 2 O&M (Legislative Action)		2,400,000	
Bioengineering/Genome Sciences O&M (Legislative Action)		2,000,000	
Pacific Northwest Seismic Network (Legislative Action)		400,000	
Subtotal		16,118,000	
<b><u>Integrity/Compliance/Stewardship Investments</u></b>		1,815,000	<i>See Appendix 2</i>
<b><u>Required Cost Increases/Adjustments</u></b>		1,924,000	<i>See Appendix 3</i>
<b>SUBTOTAL: ONGOING CORE EDUCATION EXPENDITURES</b>		<b>653,771,000</b>	
<b><u>Use of Fund Balance</u></b>		3,550,000	<i>See Table 3</i>
<b>TOTAL EXPENDITURES</b>		<b>657,321,000</b>	

Table 3

**Core Education Budget  
Proposed Temporary Investments from Fund Balance for Fiscal Year 2007**

<b>Temporary Investments</b>	<b>FY 2007 Proposed</b>	<b>Comments</b>
Chief Investment Office Pilot Project	1,000,000	<i>Second year of five-year commitment</i>
Wireless Computing Infrastructure	1,250,000	<i>Final year of three-year commitment</i>
Arts and Sciences Undergrad Ed Initiatives	1,300,000	<i>Final year of two-year commitment</i>
<b>TOTAL EXPENDITURES</b>	<b>3,550,000</b>	

Table 4

**Proposed Budget  
Restricted Programs Budget for Fiscal Year 2007**

	<b>FY 2006 Adopted</b>	<b>FY 2007 Proposed</b>	<b>Comments</b>
<b><u>REVENUES</u></b>			
Grant and Contract Direct Cost	800,000,000	808,000,000	
Grant and Contract Indirect Cost	187,000,000	189,000,000	
Gifts	116,000,000	120,640,000	
State Restricted Funds	6,310,000	6,342,000	
<b>TOTAL REVENUES</b>	<b>1,109,310,000</b>	<b>1,123,982,000</b>	
<b><u>EXPENDITURES</u></b>			
Grant and Contract Direct Cost	800,000,000	808,000,000	
Gifts	116,000,000	120,640,000	
<u>State Restricted Funds</u>	6,310,000	6,342,000	
Subtotal	922,310,000	934,982,000	
<b><u>Indirect Cost Recovery:</u></b>			
<b><u>Adjusted Base ICR Budget</u></b>	187,000,000	181,100,000	
<b><u>Workplace of Choice - Competitive Compensation:</u></b>			
Salaries		1,288,000	<i>See Appendix 1</i>
Benefits		874,000	<i>See Appendix 1</i>
Subtotal		2,162,000	
<b><u>Investments in Research Excellence</u></b>			
Research Cost Recovery Allocation Change		1,254,000	
Dedicated Indirect Cost Recovery Changes		1,123,000	<i>See Appendix 2</i>
Academic Infrastructure - Library materials		150,000	
Subtotal		2,527,000	
<b><u>Integrity/Compliance/Stewardship Investments</u></b>		2,041,000	<i>See Appendix 2</i>
<b><u>Required Cost Increases/Adjustments</u></b>		1,170,000	<i>See Appendix 3</i>
<b>SUBTOTAL: INDIRECT COST RECOVERY BUDGET</b>	<b>187,000,000</b>	<b>189,000,000</b>	
<b>TOTAL EXPENDITURES</b>	<b>1,109,310,000</b>	<b>1,123,982,000</b>	

Table 5  
**Proposed Capital Budget for Fiscal Year 2007**

<b>FY 2007 Capital Budget Proposal</b>	<b>FY 2007 Proposed</b>
<b>REVENUE</b>	
<b>Funding for FY 2006 Projects</b>	
Projects Approved in FY 2006	392,805,726
Substantially Completed Projects	(148,275,621)
<b>Previously Approved Continuing Projects</b>	<b>244,530,105</b>
<b>Funding for FY 2007 Projects</b>	
State Funds (State Bonds)	(4,838,500)
Education Construction Account	22,201,000
Other State Funds	4,500,000
<b>Subtotal, State Funds for FY 2007</b>	<b>21,862,500</b>
UW Building Account - Local Funds	10,500,000
Donor/ICR - Local Funds	6,740,000
Enterprise Unit Funds	85,647,703
Transfer from Unrestricted Local Funds	3,000,000
<b>Subtotal, Non-State Funds for FY 2007</b>	<b>105,887,703</b>
<b>Total, New Funds for FY 2007</b>	<b>127,750,203</b>
<b>TOTAL REVENUE</b>	<b>372,280,308</b>
<b>EXPENDITURES</b>	
<b>Previously Approved Continuing Projects</b>	<b>244,530,105</b>
<b>Proposed FY 2007 Projects</b>	
UWMC Expansion	85,000,000
UW Tacoma Land Acquisition & Soils Remediation	4,000,000
Nanotechnology Space Renovation	4,500,000
Playhouse Theater Additional Funding	2,308,000
UW Tacoma Assembly Hall Additional Funding	4,432,000
Educational Outreach Additional Funding	647,703
<b>Subtotal, Proposed FY 2007 Projects</b>	<b>100,887,703</b>
<b>Minor Projects</b>	
Minor Works, Preservation	9,300,000
Minor Works - Health, Safety, and Code Requirements	5,500,000
Minor Works - Infrastructure Preservation	2,500,000
Minor Works - Facility Preservation	1,300,000
Preventative Facility Maintenance and Building System Repairs	12,912,500
Minor Works, Program	4,650,000
<b>Subtotal, Minor Projects</b>	<b>26,862,500</b>
<b>Total, New Projects for FY 2007</b>	<b>127,750,203</b>
<b>TOTAL EXPENDITURES</b>	<b>372,280,308</b>

## Appendix 1

**WORKPLACE OF CHOICE: COMPETITIVE COMPENSATION**

Item	FY 2007 Change	FY 2007 Amount to Core Educ.	FY 2007 Amount to ICR
<b><u>SALARIES</u></b>			
<b>Faculty</b>			
2% Continuing Merit	4,430,000	4,430,000	0
Promotions	500,000	500,000	0
Floors	0	0	0
0.6% Additional Merit	1,329,000	1,329,000	0
Recruitment and Retention	1,750,000	1,750,000	0
2% June 1, 2006 Increase	3,578,000	3,578,000	0
<b>Teaching/Research Assistants 2.6%</b>	536,000	536,000	0
<b>Professional Staff/Librarians</b>			
Professional Staff/Librarians 3%	3,312,000	2,537,000	775,000
<b>Represented Classified Staff 1.6%</b>			
Classified Staff -- GOF	912,120	912,120	0
Classified Staff -- DOF	395,723	120,964	274,759
<b>Represented Classified Staff: New 2.5% Top Step</b>			
Classified Staff -- GOF	683,880	683,880	0
Classified Staff -- DOF	345,277	107,036	238,241
<b>Non-represented Classified Staff GOF &amp; DOF 1.6%</b>	100,000	100,000	0
<b>Classification Revisions/Salary Survey</b>	1,000	1,000	0
<b>Library Hourly Minimum Wage</b>	0	0	0
<b>Total Salaries</b>	<b>17,873,000</b>	<b>16,585,000</b>	<b>1,288,000</b>
<b><u>BENEFITS</u></b>			
<b>Employer Share of Health Benefits</b>			
Benefits -- GOF	(327,000)	(327,000)	0
Benefits -- DOF	1,263,600	390,000	874,000
<b>Others</b>			
TARA Health Insurance	150,000	150,000	0
Social Sec Base Change	139,000	139,000	0
PERS Pension Change	827,000	827,000	0
PERS Pension Stabilization Payments	604,000	604,000	0
<b>Total Benefits</b>	<b>2,656,600</b>	<b>1,783,000</b>	<b>874,000</b>
<b>TOTAL COMPENSATION</b>	<b>20,529,600</b>	<b>18,368,000</b>	<b>2,162,000</b>

## Appendix 2

## INVESTMENTS IN PROGRAM EXCELLENCE

<u>Item</u>	<u>FY 2007 Change</u>	<u>FY 2007 Amount to Core Educ.</u>	<u>FY 2007 Amount to ICR</u>
<b><u>Investments in Academic Excellence</u></b>			
<u>Program Excellence</u>			
Business Program Enhancement	560,000	560,000	0
Law Program Enhancement	152,000	152,000	0
Nursing Program Enhancement	120,000	120,000	0
Global Health Department (Legislative Action)	500,000	500,000	0
Global Health Department Space	500,000	500,000	0
Undergraduate Honors Program	200,000	200,000	0
Medicine-WWAMI offset	191,000	191,000	0
Dentistry	60,000	60,000	0
Evans School	100,000	100,000	0
Ocean & Fishery Sciences	40,000	40,000	0
UW/Bothell (Tuition increase revenue)	676,000	676,000	0
UW/Tacoma (Tuition increase revenue)	688,000	688,000	0
 <u>Academic Leadership Investments</u>			
Architecture & Urban Planning (permanent)	584,000	584,000	0
Architecture & Urban Planning (temporary)	510,000	510,000	0
Information School (permanent)	148,000	148,000	0
Information School (temporary)	262,000	262,000	0
Social Work (permanent)	94,000	94,000	0
Social Work (temporary)	250,000	250,000	0
Engineering (permanent)	535,000	535,000	0
Engineering (temporary)	1,375,000	1,375,000	0
 <u>Workplace of Choice: Attract/Retain Outstanding Faculty</u>			
Bridge Funding for Researchers	1,000,000	1,000,000	0
Nursing	200,000	200,000	0
Pharmacy	100,000	100,000	0
Public Health	100,000	100,000	0
Law	43,000	43,000	0
 <u>Academic Infrastructure</u>			
Law library materials	30,000	30,000	0
Library materials	300,000	150,000	150,000
<b>Total</b>	<b>9,318,000</b>	<b>9,168,000</b>	<b>150,000</b>
 <b><u>Attract/Retain Diverse Students</u></b>			
Undergraduate Summer Bridge Program	225,000	225,000	0
Graduate School-Diversity Enrichment Initiative	80,000	80,000	0
Arts & Sciences - Undergrad Advising	200,000	200,000	0
Undergraduate Education - Undergrad Advising	240,000	240,000	0
MESA Outreach (Legislative Action)	300,000	300,000	0
<b>Total</b>	<b>1,045,000</b>	<b>1,045,000</b>	<b>0</b>



Appendix 2

**INVESTMENTS IN PROGRAM EXCELLENCE**

<b>Item</b>	<b>FY 2007 Change</b>	<b>FY 2007 Amount to Core Educ.</b>	<b>FY 2007 Amount to ICR</b>
<b><u>Investments in Integrity/Compliance/Stewardship</u></b>			
External Affairs	670,000	670,000	0
Animal Care Committee Staffing	50,000	0	50,000
Environmental Health and Safety	141,000	0	141,000
Human Subjects Review Boards	250,000	0	250,000
Planning & Budgeting	145,000	145,000	0
Office of the Provost	250,000	250,000	0
Civil Service Reform Implementation	250,000	250,000	0
Dept of Retirement Systems Compliance	100,000	100,000	0
Enterprise Risk Management	100,000	100,000	0
Leadership, Community & Values Initiative	150,000	150,000	0
Data Warehouse Program Support	150,000	150,000	0
Office of Research Information Systems	1,600,000	0	1,600,000
<b>Total</b>	<b>3,856,000</b>	<b>1,815,000</b>	<b>2,041,000</b>
<b>Grand Total</b>	<b>14,219,000</b>	<b>12,028,000</b>	<b>2,191,000</b>

## Appendix 3

**REQUIRED COST INCREASES/ADJUSTMENTS**

<b>Item</b>	<b>FY 2007 Change</b>	<b>FY 2007 Amount to Core Educ.</b>	<b>FY 2007 Amount to ICR</b>
<b><u>Institutional Budgets</u></b>			
Utilities:			
Electricity	13,000	10,000	3,000
Natural gas	2,400,000	1,838,000	562,000
Water/sewer	(190,000)	(146,000)	(44,000)
Solid waste	9,000	7,000	2,000
Power plant operations	0	0	0
Subtotal utilities:	2,232,000	1,709,000	523,000
Other institutional budgets:			
Property rentals-general	(500,000)	(500,000)	0
Prop. Rental-Sand Point central	560,000	560,000	0
Prop. Rental-Sand Point unassigned	(120,000)	(120,000)	0
Wellington Hills	50,000	50,000	0
University Way security	(50,000)	(50,000)	0
Risk management	(1,700,000)	(1,302,000)	(398,000)
Transportation subsidy	92,000	70,000	22,000
Residential parking zone	15,000	11,000	4,000
Conservation loan payments	53,000	53,000	0
DOF revolving fund budgets	150,000	115,000	35,000
Montlake landfill monitoring	50,000	50,000	0
AFRS interface expense	59,000	59,000	0
Institutional financial audit	175,000	175,000	0
Investment management/custodial fees	15,000	15,000	0
Institutional overhead offset	(366,000)	(366,000)	0
Subtotal other institutional budgets:	(1,517,000)	(1,180,000)	(337,000)
<b><u>Other Issues</u></b>			
Recycling program	100,000	77,000	23,000
Hazardous materials charges	187,000	143,000	44,000
RV Thompson ship time	400,000	400,000	0
Increase in summer quarter costs	300,000	300,000	0
Print Plant loan payment	(605,000)	(605,000)	0
BioE/Genome and R+T debt service	1,300,000	0	1,300,000
BioE/Genome State funding offset	(2,000,000)	0	(2,000,000)
R&T building management and utility services	1,617,000	0	1,617,000
State mandated SmartBuy budget cut	664,000	664,000	0
Subtotal Other Issues	1,963,000	979,000	984,000

Appendix 3

**REQUIRED COST INCREASES/ADJUSTMENTS**

<b>Item</b>	<b>FY 2007 Change</b>	<b>FY 2007 Amount to Core Educ.</b>	<b>FY 2007 Amount to ICR</b>
<b><u>Other Legislative Actions</u></b>			
Revolving fund changes	17,000	17,000	0
UW Autism Center at UW/Tacoma	100,000	100,000	0
Burke Museum educational programs	150,000	150,000	0
WA Search for Young Scholars	150,000	150,000	0
Operating to capital shift	(1,000)	(1,000)	0
<b>Subtotal Other Legislative Actions</b>	<b>416,000</b>	<b>416,000</b>	<b>0</b>
<b>Subtotal Required Cost Increases</b>	<b>3,094,000</b>	<b>1,924,000</b>	<b>1,170,000</b>
<b><u>Policy Application</u></b>			
RCR change: calculation methodology update (3 yr phase-in)	1,254,000	0	1,254,000
<b>Subtotal Policy Application</b>	<b>1,254,000</b>	<b>0</b>	<b>1,254,000</b>
<b><u>Dedicated Indirect Cost Recovery Dollars</u></b>			
Primate Center "B" rate	(300,000)	0	(300,000)
Harborview Research and Training Bldg	300,000	0	300,000
Dedicated ICR: calculation methodology update (3 yr phase-in)	(377,000)	0	(377,000)
South Lake Union 1 (815 Mercer)	1,500,000	0	1,500,000
<b>Subtotal Dedicated Indirect Cost Recovery</b>	<b>1,123,000</b>	<b>0</b>	<b>1,123,000</b>
<b>TOTAL REQUIRED COST INCREASES/ADJUSTMENTS</b>	<b>5,471,000</b>	<b>1,924,000</b>	<b>3,547,000</b>

		University of Washington Proposed Academic Year 2006-07 Tuition Rates				2006-07		2006-07		HECB 24 Comparison Group Projected 2006-07 Tuition & Fees	
		2005-06 Tuition	\$ Increase	% Increase	Proposed Tuition	Estimated Fees	Proposed UW Tuition & Fees	2006-07 Projected Comparison Group Tuition & Fees*	2006-07 Projected Comparison Group % Increase		
Undergraduate Resident	5,103	+ 357	7.0%	5,460	528	5,988	7,693	9.3%			
Undergraduate Non-resident	19,400	+ 1,358	7.0%	20,758	528	21,286	21,192	7.8%			
Graduate Tier I Resident	7,750	+ 543	7.0%	8,293	528	8,821	9,251	8.7%			
Graduate Tier I Non-Resident	18,800	+ 1,316	7.0%	20,116	528	20,644	20,646	7.2%			
Graduate Tier II Resident	8,000	+ 543	6.8%	8,543	528	9,071					
Graduate Tier II Non-Resident	19,050	+ 1,316	6.9%	20,366	528	20,894					
Graduate Tier III Resident	8,250	+ 543	6.6%	8,793	528	9,321					
Graduate Tier III Non-Resident	19,300	+ 1,316	6.8%	20,616	528	21,144					
Pharm.D. Resident	10,670	+ 1,067	10.0%	11,737	528	12,265	14,655	9.1%			
Pharm.D. Non-Res	21,120	+ 2,112	10.0%	23,232	528	23,760	27,977	7.4%			
Law Resident	14,300	+ 1,430	10.0%	15,730	528	16,258	18,101	9.8%			
Law Non-Resident	21,230	+ 2,123	10.0%	23,353	528	23,881	29,995	7.4%			
Medicine Resident	13,952	+ 1,395	10.0%	15,347	528	15,875	23,413	8.4%			
Medicine Non-Resident	33,790	+ 3,379	10.0%	37,169	528	37,697	39,589	5.7%			
Dentistry Resident	13,952	+ 1,395	10.0%	15,347	528	15,875	22,996	9.9%			
Dentistry Non-Resident	33,790	+ 3,379	10.0%	37,169	528	37,697	41,598	7.8%			
<b><u>Nursing Masters Degrees</u></b>											
UW/Seattle											
Nursing Masters' Resident	9,700	+ 970	10.0%	10,670	528	11,198	9,251	8.7%			
Nursing Masters' Non-Res.	19,200	+ 1,920	10.0%	21,120	528	21,648	20,646	7.2%			
UW/Bothell & UW/Tacoma											
Nursing Masters' Resident	8,000	+ 543	6.8%	8,543	528	9,071	9,251	8.7%			
Nursing Masters' Non-Resident	19,050	+ 1,316	6.9%	20,366	528	20,894	20,646	7.2%			

\* Peer projections based on 5-Year Least Squares Trend Estimate

University of Washington  
Academic Year 2006-07 Tuition Rate Proposals

	2005-06			2006-07			Proposed UW Tuition & Fees	HECB 24 Comparison Group Projected 2006-07 Tuition & Fees	
	Tuition	\$ Increase	% Increase	Proposed Tuition	Estimated Fees	Projected Comparison Group Tuition & Fees*		Projected Comparison Group % Increase	
<b><u>Business Masters Degrees</u></b>									
<b>UW/Seattle</b>									
Business Masters Res. (Incoming)	14,780	+ 2,520	17.1%	17,300	528		17,828	18,335	9.5%
Business Masters Non-Res (Inc.)	24,717	+ 2,283	9.2%	27,000	528		27,528	28,885	7.9%
<b>Business Masters Res. (Continuing)</b>									
Business Masters Non-Res (Cont.)	14,780	+ 0	0.0%	14,780	528		15,308	18,335	9.5%
(no increase- 2nd Yr of cohort pricing)	24,717	+ 0	0.0%	24,717	528		25,245	28,885	7.9%
<b>UW/Bothell</b>									
Business Masters Res. (Incoming)	14,780	+ 1,168	7.9%	15,948	405		16,353	18,335	9.5%
Business Masters Non-Res (Inc.)	24,717	+ 0	0.0%	24,717	405		25,122	28,885	7.9%
<b>Business Masters Res. (Continuing)</b>									
Business Masters Non-Res (Cont.)	14,780	+ 0	0.0%	14,780	405		15,185	18,335	9.5%
(no increase- 2nd Yr of cohort pricing)	24,717	+ 0	0.0%	24,717	405		25,122	28,885	7.9%
<b>UW/Tacoma</b>									
Business Masters Resident	11,935	+ 1,194	10.0%	13,129	441		13,570	18,335	9.5%
Business Masters Non-Res	21,700	+ 2,170	10.0%	23,870	441		24,311	28,885	7.9%

**Post-baccalaureate and Non-matriculated Students**

<b>Post-baccalaureate Resident</b>									
taking only undergraduate courses	5,103	+ 357	7.0%	5,460	528		5,988	5,988	
taking 1 or more graduate courses	8,250	+ 543	6.6%	8,793	528		9,321	9,321	
<b>Post-baccalaureate Non-resident</b>									
taking only undergraduate courses	19,400	+ 1,358	7.0%	20,758	528		21,286	21,286	
taking 1 or more graduate courses	19,300	+ 1,312	6.8%	20,616	528		21,144	21,144	
<b>Non-matriculated Resident</b>									
taking only undergraduate courses	5,103	+ 357	7.0%	5,460	528		5,988	5,988	
taking 1 or more graduate courses	8,250	+ 543	6.6%	8,793	528		9,321	9,321	
<b>Non-matriculated Non-Resident</b>									
taking only undergraduate courses	19,400	+ 1,358	7.0%	20,758	528		21,286	21,286	
taking 1 or more graduate courses	19,300	+ 1,312	6.8%	20,616	528		21,144	21,144	

\* Peer projections based on 5-Year Least Squares Trend Estimate