



**May 6, 2010**

**TO:** Members of the Board of Regents  
Ex-officio Representatives to the Board of Regents  
**FROM:** Joan Goldblatt, Secretary of the Board of Regents  
**RE:** Schedule of Meetings

**WEDNESDAY, MAY 12, 2010**

**5:30 to 6:30 p.m. Hill-Crest MEETING OF BOARD OF REGENTS**

**THURSDAY, MAY 13, 2010**

**8:30 to 10:40 a.m. 142 Gerberding Hall FINANCE, AUDIT AND FACILITIES COMMITTEE:** Regents Blake (Chr), Brotman, Cole, Jewell, Smith

**10:50 a.m. to 1:20 p.m. 142 Gerberding Hall ACADEMIC AND STUDENT AFFAIRS COMMITTEE:** Regents Barer (Chr), Gates, Golden, Harrell, Jewell

*in Joint Session with*

**FINANCE, AUDIT AND FACILITIES COMMITTEE:** Regents Blake (Chr), Brotman, Cole, Jewell, Smith

**1:30 to 2:40 p.m. 142 Gerberding Hall ACADEMIC AND STUDENT AFFAIRS COMMITTEE:** Regents Barer (Chr), Gates, Golden, Harrell, Jewell

**3:00 p.m. Petersen Room REGULAR MEETING OF BOARD OF REGENTS**  
Allen Library

**4:30 to 5:30 p.m. Raitt Hall, Room 117 REGENTS VISIT TO DXARTS**

To request disability accommodation, contact the Disability Services Office at: 206.543.6450 (voice), 206.543.6452 (TTY), 206.685.7264 (fax), or email at [dso@uw.edu](mailto:dso@uw.edu). The University of Washington makes every effort to honor disability accommodation requests. Requests can be responded to most effectively if received as far in advance of the event as possible, preferably at least 10 days.



## PRELIMINARY AGENDA

### BOARD OF REGENTS University of Washington

**May 13, 2010**

3:00 p.m. – Petersen Room, Allen Library

- (Item No.)
- I. CALL TO ORDER**
  - II. ROLL CALL: Assistant Secretary Kelly Keith**
  - III. CONFIRM AGENDA**
  - IV. REPORT OF THE CHAIR OF THE BOARD OF REGENTS: Regent Simon**
  - V. REPORT OF THE UNIVERSITY PRESIDENT: Dr. Emmert**
  - VI. CONSENT AGENDA**
    - Approval of Minutes of Meeting of March 18, 2010
    - Approval of Minutes of Special Meeting of April 28, 2010
    - Extension of the Online Course Pilot Project with the \$350 Fee Financial Model A-1
    - Institute for Health Metrics and Evaluation at the University of Washington  
New Board Appointments A-2
    - Revisions to Resolution: Federal Contracts – Officers of the University A-3
    - Granting of Honorary Degrees to Francia Russell and Kent Stowell A-5
    - Grant and Contract Awards Summary – February and March, 2010 F-1
    - Safe Campus Fire and Safety Monitoring and Notification System Project –  
Adopt Budget and Delegate Award of Construction Contracts F-2
    - On-Call Master Term Agreement – Select Architect F-3
    - Sale of Oak Tree Warehouse Property F-4
    - Amendment to the Consolidated Endowment Fund Investment Policy F-11
    - UW Tacoma Phase 3 -- Approve Budget Adjustment and Funding Plan F-12

Smart Grid Project – Adopt Budget and Delegate Authority to Award Energy Savings Performance Contracting (ESPC) Contract	F-13
University of Washington Bothell – Parking Rate Adjustment	F-14
University of Washington Bothell – Student Housing Rate Adjustment	F-15

## VII. STANDING COMMITTEES

### **A. Academic and Student Affairs Committee: Regent Barer – Chair**

Academic and Administrative Appointments (ACTION)	A-4
Student Presentation (Information only)	A-6
Faculty Presentation, “Sustainability Sensing” (Information only)	A-7

### *Joint Session*

#### **A. Academic and Student Affairs Committee: Regent Barer – Chair**

#### **B. Finance and Audit Committee: Regent Blake – Chair**

Husky Stadium Renovation – Informational Update (Information only)	F-19
UW Information Technology Working Group (Information only)	F-20
Fiscal Year 2011 Proposed Operating Budget and Tuition 2010-2011 (Information only)	F-21

### **B. Finance, Audit and Facilities Committee: Regent Blake – Chair**

Report of Contributions – March, 2010 (Information only)	F-5
2010 Audit Plans – KPMG and Peterson Sullivan (Information only)	F-6
Actions Taken Under Delegated Authority (Information only)	F-7
Internal Lending Program Quarterly Report for Quarter Ended March 31, 2010 (Information only)	F-8
Consolidated Endowment Fund Asset Allocation Review (Information only)	F-9
Endowment Asset Allocation Trends (Information only)	F-10
Funding Plan for Balmer Hall Reconstruction (Information only)	F-16
Ethnic Cultural Center Expansion – Review Design Development (Information only)	F-17
2009 Internal Audit Results and Report of Planned Audit Activities for 2010 (Information only)	F-18

**VIII. OTHER BUSINESS**

Reports from ex-officio representatives to the Board:

**Faculty Senate Chair – Professor Bruce Balick**

**ASUW President – Mr. Tim Mensing**

**GPSS President – Mr. Jake Faleschini**

**Alumni Association President – Mr. Eddie Pasatiempo**

**IX. DATE FOR NEXT REGULAR MEETING:** Thursday, June 10, 2010, at 2 p.m.

**X. ADJOURNMENT**



UNIVERSITY OF WASHINGTON  
BOARD OF REGENTS

Finance, Audit and Facilities Committee  
Regents Blake (Chair), Brotman, Cole, Jewell, Smith

May 13, 2010  
8:30 to 10:40 a.m.  
142 Gerberding Hall

1. **Grant and Contract Awards Summary – February and March, 2010** ACTION F-1  
Phyllis M. Wise, Provost and Executive Vice President
2. **Safe Campus Fire and Safety Monitoring and Notification System Project – Adopt Budget and Delegate Award of Construction Contracts** ACTION F-2  
Richard Chapman, Associate Vice President, Capital Projects Office  
Brad Spencer, Interim Director – Special Projects Group, Capital Projects Office
3. **On-Call Master Term Agreement – Select Architect** ACTION F-3  
Richard Chapman
4. **Sale of Oak Tree Warehouse Property** ACTION F-4  
Jeanette Henderson, Director, Real Estate Office
5. **Report of Contributions – March, 2010** INFORMATION F-5  
Walter G. Dryfoos, Associate Vice President, Advancement Services
6. **2010 Audit Plans – KPMG and Peterson Sullivan** INFORMATION F-6  
Richard Cordova, Executive Director, Internal Audit
7. **Actions Taken Under Delegated Authority** INFORMATION F-7  
Richard Chapman
8. **Internal Lending Program Quarterly Report for Quarter Ended March 31, 2010** INFORMATION F-8  
Doug Breckel, Associate Vice President, Treasury Office  
Chris Malins, Senior Associate Treasurer, Treasury Office
9. **Consolidated Endowment Fund Asset Allocation Review** INFORMATION F-9  
Keith Ferguson, Chief Investment Officer  
Garth Reistad, Deputy Chief Investment Officer
10. **Endowment Asset Allocation Trends** INFORMATION F-10  
Max Senter, Investment Consultant and Managing Director, Cambridge Associates

11. **Amendment to the Consolidated Endowment Fund Investment Policy** **ACTION** F-11  
Keith Ferguson
12. **UW Tacoma Phase 3 – Approve Budget Adjustment and Funding Plan** **ACTION** F-12  
Patricia Spakes, Chancellor, UW Tacoma  
Eric Smith, Interim Director, Major Capital Projects, Capital Projects Office  
Chris Malins  
Wayne Sugai, Assistant Treasurer, Treasury Office
13. **Smart Grid Project – Adopt Budget and Delegate Authority to Award Energy Savings Performance Contracting (ESPC) Contract** **ACTION** F-13  
Richard Chapman  
Brad Spencer  
John Chapman, Executive Director, Campus Engineering and Operations, Facilities Services
14. **University of Washington Bothell – Parking Rate Adjustment** **ACTION** F-14  
Marilyn Cox, Vice Chancellor for Administration and Planning, UW Bothell
15. **University of Washington Bothell – Student Housing Rate Adjustment** **ACTION** F-15  
Marilyn Cox
16. **Funding Plan for Balmer Hall Reconstruction** **INFORMATION** F-16  
Paul Jenny, Vice Provost, Planning and Budgeting  
Chris Malins
17. **Ethnic Cultural Center Expansion – Review Design Development** **INFORMATION** F-17  
Jon Lebo, Interim Director, Student Life Projects, Capital Projects Office  
Sheila Edwards Lange, Vice President, Minority Affairs, and Vice Provost, Diversity
18. **2009 Internal Audit Results and Report of Planned Audit Activities for 2010** **INFORMATION** F-18  
Richard Cordova
19. **Executive Session**  
(To review the performance of a public employee.)
20. **Other Business**



**UNIVERSITY OF WASHINGTON  
BOARD OF REGENTS**

**Academic and Student Affairs Committee**  
Regents Barer (Chair), Gates, Golden, Harrell, Jewell

*In Joint Session with*

**Finance, Audit and Facilities Committee**  
Regents Blake (Chair), Brotman, Cole, Jewell, Smith

**May 13, 2010  
10:50 a.m. to 1:20 p.m.  
142 Gerberding Hall**

1. **Husky Stadium Renovation – Informational Update** **INFORMATION** F-19  
**Scott Woodward**, Director of Athletics, Intercollegiate Athletics  
**Dan Evans**, Chair, Stadium Committee
2. **UW Information Technology Working Group** **INFORMATION** F-20  
**V’Ella Warren**, Senior Vice President and Treasurer, Board of Regents  
**Kelli Trosvig**, Interim Vice President/Vice Provost, UW Information Technology  
**Susan Camber**, Associate Vice President, Research and Student Fiscal Administration
3. **Fiscal Year 2011 Proposed Operating Budget and Tuition 2010-2011** **INFORMATION** F-21  
**Paul Jenny**, Vice Provost, Planning and Budgeting  
**Gary Quarfoth**, Associate Vice Provost, Office of Planning and Budgeting  
**Amy Floit**, Director of Budget Operations, Office of Planning and Budgeting  
**Kirk Pawlowski**, Assistant Vice Provost, Capital Resource Planning, Office of Planning and Budgeting
4. **Executive Session**  
(To discuss with legal counsel representing the University, litigation or potential litigation to which the University is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the University.)
5. **Executive Session**  
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6. **Other Business**



UNIVERSITY OF WASHINGTON  
BOARD OF REGENTS

Academic and Student Affairs Committee  
Regents Barer (Chair), Gates, Golden, Harrell, Jewell

May 13, 2010  
1:30 to 2:40 p.m.  
142 Gerberding Hall

1. **Extension of the Online Course Pilot Project with the \$350 Fee Financial Model** **ACTION** A-1  
**David Szatmary**, Vice Provost for the UW Educational Outreach
2. **Institute for Health Metrics and Evaluation at the University of Washington New Board Appointments** **ACTION** A-2  
**Michael MacIntyre**, Director of Strategy and Special Projects, Institute for Health Metrics and Evaluation
3. **Revisions to Resolution: Federal Contracts – Officers of the University** **ACTION** A-3  
**Mary Lidstrom**, Vice Provost for Research  
**Jeffrey Cheek**, Associate Vice Provost for Research, Compliance and Operations  
**James Poland**, Facility Security Officer
4. **Academic and Administrative Appointments** **ACTION** A-4  
**Phyllis M. Wise**, Provost and Executive Vice President
5. **Granting of Honorary Degrees to Francia Russell and Kent Stowell** **ACTION** A-5  
Phyllis M. Wise
6. **Student Presentation** **INFORMATION** A-6  
**Will Johnson**, Senior, Computer Science and Engineering and Mathematics, Putnam Fellow  
**Selim Tuncel**, Professor and Chair, Department of Mathematics  
**Ioana Dumitriu**, Assistant Professor, Department of Mathematics, Faculty Advisor  
**Julia Pevtsova**, Assistant Professor, Department of Mathematics, Faculty Advisor
7. **Faculty Presentation, “Sustainability Sensing”** **INFORMATION** A-7  
**Shwetak Patel**, Assistant Professor, Department of Computer Science and Engineering
8. **Other Business**





## AGENDA

### BOARD OF REGENTS University of Washington

May 13, 2010

3:00 p.m.

Petersen Room, Allen Library

- (Item No.)
- I. **CALL TO ORDER**
  - II. **ROLL CALL: Assistant Secretary Kelly Keith**
  - III. **CONFIRM AGENDA**
  - IV. **REPORT OF THE CHAIR OF THE BOARD OF REGENTS: Regent Simon**
  - V. **REPORT OF THE UNIVERSITY PRESIDENT: Dr. Emmert**
  - VI. **CONSENT AGENDA**
    - Approval of Minutes of Meeting of March 18, 2010
    - Approval of Minutes of Special Meeting of April 28, 2010
    - Extension of the Online Course Pilot Project with the \$350 Fee Financial Model A-1
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New Board Appointments A-2
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Adopt Budget and Delegate Award of Construction Contracts F-2
    - On-Call Master Term Agreement – Select Architect F-3
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### *Joint Session*

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#### **B. Finance and Audit Committee: Regent Blake – Chair**

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**VIII. OTHER BUSINESS**

Reports from ex-officio representatives to the Board:

**Faculty Senate Chair – Professor Bruce Balick**

**ASUW President – Mr. Tim Mensing**

**GPSS President – Mr. Jake Faleschini**

**Alumni Association President – Mr. Eddie Pasatiempo**

**IX. DATE FOR NEXT REGULAR MEETING:** Thursday, June 10, 2010, at 2 p.m.

**X. ADJOURNMENT**

OFFICIAL MINUTES

**MINUTES**

**BOARD OF REGENTS  
University of Washington**

**May 13, 2010**

The Board of Regents held its regular meeting on Thursday, May 13, 2010, beginning at 3:15 p.m. in the Petersen Room of the Allen Library. The notice of the meeting was appropriately provided to the public and the media.

**CALL TO ORDER**

Regent Simon called the meeting to order.

**ROLL CALL**

Assistant Secretary Keith called the roll: Present were Regents Simon (presiding), Barer, Brotman, Cole, Gates, Golden, Harrell, Jewell, Smith; Dr. Emmert, Dr. Wise, Ms. Warren, Ms. Goldblatt; ex-officio representatives: Professor Balick, Mr. Mensing, Mr. Faleschini, Mr. Pasatiempo.

Absent: Regent Blake

**CONFIRM AGENDA**

The agenda was confirmed as presented.

**REPORT OF THE CHAIR OF THE BOARD OF REGENTS:** Regent Simon

Regent Simon said, with Dr Emmert's resignation to become president of the NCAA, the Board of Regents is committed to a smooth and orderly transition. The Board's plans include a thoughtful and inclusive process. The critical path starts with the formation of a Search Advisory Committee to conduct an aggressive national search for a new president and the appointment of an interim president. Regent Simon said the Regents are confident the University of Washington's strong leadership team will keep the University moving forward. He said, "The ship will be steered by a steady hand with no wavering from our direction."

Regent Simon said the Regents believe the University is in remarkable shape. It is strong, innovative, and made up of exceptional faculty, staff and students. The Board is committed to finding the best person in the world to lead this outstanding institution.

**REPORT OF THE UNIVERSITY PRESIDENT:** Dr. Emmert

Dr. Emmert said his attention is focused on his "day job." Although he is president-elect of the NCAA, he continues as President of the University of Washington until he

officially assumes his NCAA duties sometime in the fall. His commitment to the University is unwavering; he is dedicated to a successful transition. Dr. Emmert said the University is fortunate to have a strong leadership team in place. President Emmert praised the work of students, faculty, and administration displayed during the day's committee meetings. He said the University needs to communicate its successes and opportunities and to tell the story of its long list of accomplishments, honors, and high rankings. The impressive data converts to powerful, compelling stories conveying the strength, power, and importance of public universities to the public. The President said he is committed to an easy, successful, and seamless transition.

Regent Simon told the President the Board of Regents appreciates his commitment to the University over the last six years. He reiterated there is total and unequivocal support to a smooth transition and making sure the "ship will stay the course."

## **CONSENT AGENDA**

Regent Simon noted there were fifteen items for approval on the consent agenda, and called for a motion.

**MOTION:** Upon the recommendation of the Chair of the Board and the motion made by Regent Jewell, seconded by Regent Smith, the Board voted to approve the fifteen items on the consent agenda as shown below:

### **Minutes for the Meeting of March 18, 2010**

### **Minutes for the Special Meeting of April 28, 2010**

### **Extension of the Online Course Pilot Project with the \$350 Fee Financial Model** (Agenda no. A-1)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the extension of the Online Course financial model in the 2010-2011 academic year. On February 19, 2009, the Regents granted approval for a pilot project to charge UW undergraduate students an additional fee of \$350 per course for online classes. The \$350 fee funds online course development, instruction and administrative costs of the classes and assumes at least 40 students per course.

See Attachment A-1.

### **Institute for Health Metrics and Evaluation at the University of Washington New Board Appointments** (Agenda no. A-2)

It was the recommendation of the University President and the Academic and Student Affairs Committee that the Board of Regents make the following new appointments to the Board of the Institute for Health Metrics and Evaluation at the University of Washington:

New Appointments

Endang Rayahu Sedyaningsih  
Peter Piot

June 1, 2010 – May 31, 2013  
June 1, 2010 – May 31, 2013

See Attachment A-2.

**Revisions to Resolution: Federal Contracts – Officers of the University** (Agenda no. A-3)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the attached update to a resolution passed on January 15, 2009 regarding security of classified information related to Federal contracts with the University of Washington. The recent membership changes on the Board of Regents necessitate this proposed update to the resolution.

See Attachment A-3.

**Granting of Honorary Degrees to Francia Russell and Kent Stowell** (Agenda no. A-5)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the granting of Honorary Doctor of Arts degrees to Francia Russell and Kent Stowell, founding creative directors of Pacific Northwest Ballet.

See Attachment A-5.

**Grant and Contract Awards Summary – February and March, 2010** (Agenda no. F-1)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee the Board of Regents accept Grant and Contract Awards for the month of February, 2010, in the total amount of \$60,645,180; and for the month of March, 2010, in the amount of \$84,315,910.

See Attachment F-1.

**Safe Campus Fire and Safety Monitoring and Notification System Project – Adopt Budget and Delegate Award of Construction Contracts** (Agenda no. F-2)

It was the recommendation of the Administration and the Finance, Audit and Facilities Committee that the project budget be established at \$8 million and that the President be delegated authority to award construction contracts.

See Attachment F-2.

**On-Call Master Term Agreement – Select Architect** (Agenda no. F-3)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the President be delegated authority to award an on-call Master Term Agreement for architectural services to Buffalo Design Incorporated subject to successful negotiation of the architectural and professional services agreements.

In the event of an unsuccessful negotiation with the selected firm, it is requested that authority be delegated to open negotiations with HDR Architecture Incorporated, the firm recommended as first alternate.

See Attachment F-3.

**Sale of Oak Tree Warehouse Property** (Agenda no. F-4)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents:

1. Approve the sale of the Oak Tree Warehouse property for \$2,905,000 to Seattle City Light.
2. Delegate to the President or his designee the authority to execute all documents related to this transaction.

See Attachment F-4.

**Amendment to the Consolidated Endowment Fund Investment Policy** (Agenda no. F-11)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents adopt the amended "Statement of Investment Objectives and Policy for the Consolidated Endowment Fund."

See Attachment F-11.

**UW Tacoma Phase 3 -- Approve Budget Adjustment and Funding Plan** (Agenda no. F-12)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve:

- (1) Revision of the UW Tacoma Phase 3 project budget from \$40.15 million to \$54.3 million, and
- (2) Use of the Internal Lending Program to fund up to \$6.0 million for project and debt issuance costs.

See Attachment F-12.

**Smart Grid Project – Adopt Budget and Delegate Authority to Award Energy Savings Performance Contracting (ESPC) Contract** (Agenda no. F–13)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents establish the project budget at \$9.296 million and delegate authority to the President to award an Energy Savings Performance Contracting (ESPC) design/build performance contract to McKinstry Essention.

See Attachment F–13.

**University of Washington Bothell – Parking Rate Adjustment** (Agenda no. F–14)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve a parking rate adjustment as outlined in the item attachment for the University of Washington Bothell campus. The new rates would take effect July 1, 2010.

See Attachment F–14.

**University of Washington Bothell – Student Housing Rate Adjustment** (Agenda no. F–15)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Regents approve the proposed rental rates for UW Bothell student housing.

See Attachment F–15.

**STANDING COMMITTEES**

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Barer, Chair**

Regent Barer reported the Regents approved awarding honorary degrees to Kent Stowell and Francia Russell, founding creative directors of Pacific Northwest Ballet.

**Academic and Administrative Appointments** (Agenda no. A–4)

**MOTION:** Upon the recommendation of the administration and the motion made by Regent Jewell, seconded by Regent Brotman, the Board voted to approve the personnel appointments. Regent Golden abstained from the discussion and vote.

See Attachment A–4.

**Student Presentation** (Agenda no. A–6)

Regent Barer praised the students and faculty from the department of mathematics who described the Putnam Award process. He said it was a special honor to meet William



Johnson, the extraordinary Putnam Fellow. Regent Barer expressed his wish that the members of the Washington state legislature could hear this type of presentation. Regent Barer stressed the importance of research universities, and said they enable people to meet the needs of the global economy.

See Attachment A-6.

**Faculty Presentation, “Sustainability Sensing”** (Agenda no. A-7)

See Attachment A-7.

**FINANCE, AUDIT AND FACILITIES COMMITTEE: Regent Blake, Chair**

In Regent Blake’s absence, Regent Orin Smith, the Committee Vice Chair, provided a report from the Finance, Audit and Facilities Committee meeting. Regent Smith highlighted items he thought would have future implications for the University.

Regent Smith said he agreed with President Emmert’s statement that the Board has the important role of communicating with legislators in Olympia in a way they will understand, including effectively telling the stories of the University.

**Report of Contributions – March, 2010** (Agenda no. F-5) (Information only)

The total gifts received in March, 2010, was \$18,865,212, the total for the year to date is \$211,510,606.

See Attachment F-4.

**2010 Audit Plans – KPMG and Peterson Sullivan** (Agenda no. F-6) (Information only)

See Attachment F-6.

**Actions Taken Under Delegated Authority** (Agenda no. F-7) (Information only)

See Attachment F-7.

**Internal Lending Program Quarterly Report for Quarter Ended March 31, 2010**  
(Agenda no. F-8) (Information only)

See Attachment F-8.

**Consolidated Endowment Fund Asset Allocation Review** (Agenda no. F-9)  
(Information only)

Regent Smith praised the presentation by Keith Ferguson and his team on the consolidated endowment fund, and said it was well done and would inform the Board’s upcoming decision regarding distribution of fund returns.

See Attachment F-9.

**Endowment Asset Allocation Trends** (Agenda no. F-10) (Information only)

See Attachment F-10.

**Funding Plan for Balmer Hall Reconstruction** (Agenda no. F-16) (Information only)

See Attachment F-16.

**Ethnic Cultural Center Expansion – Review Design Development** (Agenda no. F-17)  
(Information only)

See Attachment F-17.

**2009 Internal Audit Results and Report of Planned Audit Activities for 2010**  
(Agenda no. F-18) (Information only)

See Attachment F-18.

**Husky Stadium Renovation – Informational Update** (Agenda no. F-19) (Information  
only)

Regent Smith said he was happy to see that the Husky Stadium renovation is still alive. He expressed his confidence in the leadership of Dan Evans.

See Attachment F-19.

**UW Information Technology Working Group** (Agenda no. F-20) (Information only)

Regent Smith commended Senior Vice President V’Ella Warren and her team for their outstanding work with the UW Information Technology working group and the associated turnaround.

See Attachment F-20.

**Fiscal Year 2011 Proposed Operating Budget and Tuition 2010-2011** (Agenda no. F-21) (Information only)

Regent Smith said he felt the budget discussion was both discouraging and challenging, and that recent revenue reports provide a bleak outlook.

See Attachment F-21.

**REPORTS FROM EX OFFICIO REPRESENTATIVES TO THE BOARD OF REGENTS**

**Faculty Senate Chair:** Professor Bruce Balick

Professor Balick thanked the Regents in advance for including a member of the Faculty Senate on the Presidential Search Advisory Committee and said faculty members hope to play an informative and advisory role in the search process. Dr. Balick reported the Faculty Senate launched a test survey to learn what faculty feel are the qualifications of the next University President. The Senate plans to send the survey to all faculty members. The results will be collated and reported to the search committee. Professor Balick praised the student survey conducted by Regent Golden.

Professor Balick reminded Regents of the invitation to visit DXArts, in Raitt Hall, immediately following the meeting of the Board. The visit continues the process of connecting Regents with students and faculty in their places of research. He also reminded Regents of the Research Symposium on Friday, May 21, in Mary Gates Hall.

Dr Balick thanked the student leaders for their dedication and work.

**ASUW President:** Mr. Tim Mensing

Mr. Mensing highlighted the effective collaborations between GPSS and ASUW over the past year. The two groups met for leadership lunches on Fridays to foster collaboration and build community. One of the topics they discussed was how to better serve students as student groups move their offices from the HUB to Condon Hall. Mr. Mensing said ASUW is working with student leaders to create a community council that would meet on a monthly basis.

ASUW plans to sponsor a UW Showcase to identify venues and performance spaces that could be used to support gifted students. He said he is passionate about a resolution on collaborative learning, which would require identifying interested faculty and creating an online tool to match schedules with interests. The project would include campus-wide student study groups and peer tutoring. Mr. Mensing hopes for a pilot program for collaborative learning in the summer or fall.

Mr. Mensing described potential ASUW legislation involving career support for students. He said he feels academic advising should have a career counseling component, and encourages coordination with UWAA.

Other ASUW projects include a voter registration drive in the fall and student surveys on the U-PASS and safety.

**GPSS President:** Mr. Jake Faleschini

Mr. Faleschini thanked President Emmert, on behalf of the students, for all he has done for the university. He said Dr. Emmert has been an advocate for students and praised his diligent work to create the Husky Promise, which benefits over eight thousand students. During President Emmert's tenure the University's national and international rankings have increased and it has won many sports championships all while maintaining academic discipline in athletics. Mr. Faleschini said Dr. Emmert has had profound leadership and impact.

Mr. Faleschini announced Sarah Reyneveld was elected to the office of GPSS President for 2010-11.

He reported Regent Harrell made a presentation at a recent GPSS meeting and Regent Smith plans to attend an upcoming senate meeting. He hopes for continued collaboration with the Board of Regents, and for students to have the opportunity to get to know the Regents. He invited Regents to attend future GPSS meetings.

The last spring social of the academic year will be held in the HUB on May 14. Students plan to celebrate the HUB renovation by “tearing down some walls.” Mr. Faleschini thanked Regent Gates, in advance, for speaking at a HUB celebration event on May 20, and said a spring concert will be held on the HUB lawn on May 21. Eight thousand students are expected to attend to hear the group “Common.”

Mr. Faleschini said he attended the recent Housing and Food Services groundbreaking for the west campus dorms. He said the new buildings would change the relationship between the university and the west campus neighborhood.

Mr. Faleschini cited increasing levels of student public loan debt at graduation. He feels this is a discouraging trend. He added the budget projections for next year are discouraging and the University’s strategy is to distribute the harm.

Mr. Faleschini commented on the Academic Student Employees (ASE) contract negotiations and said, “I want to thank the university, to continue to negotiate in good faith with the union, and for the hard work of the Provost, and for the negotiating team and Mindy Kornberg. I only hope that in the coming week we remember the importance of our graduate students and everything that they contribute to the university. And that we renew their contract on good terms.”

**Alumni Association President:** Mr. Eddie Pasatiempo

On behalf of the Alumni Association, Mr. Pasatiempo thanked President Emmert for his extraordinary leadership and contributions to the university and said it is an honor to have a Husky in the position of NCAA President.

Mr. Pasatiempo reported the UW is “in great shape,” and has strong leadership in place to guarantee a bright future. UWAA is ready to support the Board of Regents and the Presidential Search Committee through to a smooth transition.

Mr. Pasatiempo said commencement is an exciting time. At the upcoming commencement ceremony UWAA board members will have the privilege of serving as Guardians of the Gonfalon. Each school or college selects a student, or students, to lead their degree candidates into Husky Stadium during the Seattle campus commencement ceremony. These students are called the gonfalonieres and carry the school’s gonfalon, which is a banner bearing the school’s name and symbol. As Guardians of the Gonfalon UWAA board members will accompany the banner carriers. This great honor symbolizes the connection between the past and the future.

Mr. Pasatiempo described a new benefit offered to this year's graduates by the UWAA – a free personalized UW license plate for every qualifying UW graduate. The UW Alumni Association will pay the \$50 fee, and \$38 of the fee will fund UW scholarships. This program will provide connection to a young and hard to recruit group. The annual renewal fee (\$30) will be the responsibility of the graduate. Historically there is a high renewal response rate for the first five to six years, which would potentially provide an ongoing revenue stream to fund scholarships (\$28 of the renewal fee). This program would also provide brand recognition for the University.

In conclusion, Mr. Pasatiempo described three characteristics displayed by leaders: the ability to 1) ignite possibilities, 2) insure viability, and 3) create alignment. He feels privileged to have been a student in Dr. Emmert's classroom and learn these characteristics from him.

Regent Simon invited the ASUW Bothell President, Xheni Diko, to tell the group about UW Bothell's twenty-year celebration on Saturday, May 15, from noon to 4:00 p.m. Regent Simon will be a speaker at the event. Holly the Husky, the Husky Marching Band, and faculty speakers will be featured at the celebration. Ms. Diko said many UW Bothell alumni attending would be visiting the current campus for the first time.

#### **DATE FOR NEXT MEETING**

The next regular meeting of the Board of Regents will be held on Thursday, June 10, 2010, at 2 p.m., on campus, followed by the UW Awards of Excellence Ceremony in Meany Hall at 3:30 p.m.

#### **EXECUTIVE SESSION**

Regent Simon called for the Regents and others to meet in an executive session to discuss with legal counsel representing the university litigation or potential litigation to which the agency is or may be a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the university.

#### **ADJOURNMENT**

The regular meeting reconvened and was adjourned at 4:15 p.m.



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Joan Goldblatt  
Secretary of the Board of Regents

*Approved at the meeting of the Board on June 10, 2010.*

## VII. STANDING COMMITTEES

## A. Academic and Student Affairs Committee

Extension of the Online Course Pilot Project with the \$350 Fee Financial ModelRECOMMENDED ACTION:

On February 19, 2009, the Regents granted approval for a pilot project to charge UW undergraduate students an additional fee of \$350 per course for online classes. The \$350 fee funds online course development, instruction and administrative costs of the classes and assumes at least 40 students/course. We would like to extend the pilot using this financial model in the 2010-2011 academic year.

BACKGROUND:

The experiment hopes to gauge the student demand and the instructional viability of online learning from student and instructor perspectives without additional cost to the State. The extension of this pilot would help us determine the usefulness of online courses in a broader spectrum of disciplines, its role in large lecture classes and the differences between its effectiveness in lower- and upper-division courses.

Based upon enrollments in the classes and the survey results, the autumn 2009 classes seemed quite successful. We offered seven online learning classes on a fee-basis through the time schedule (see the attached list). Students paid an additional \$350 fee for these courses. Six of the classes had an enrollment limit of 40 students and attracted an average of 39.5 students. The seventh course, ESRM 100, registered 332 students.

Overall, the students reacted positively toward the classes.

- The majority of respondents (76.2%) indicated that the online learning course as a whole was “good” or “excellent.”
- 80.5% of respondents said they would recommend this online course to someone else.
- Students indicated that flexibility and scheduling were the two primary reasons for taking an online course instead of a classroom course.
- 67.1% indicated that the effectiveness of the online learning format was “good” or “excellent.”
- 57.8% of respondents said the intellectual challenge presented in the online course was “average” relative to other college course they have

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

#### Extension of the Online Course Pilot Project with the \$350 Fee Financial Model (continued p. 2)

taken. 28.6% said the intellectual challenge was “higher” relative to other college courses.

- 40.5% said their involvement in the course was “higher” relative to other college courses (doing assignments, participating in discussions, etc.). 47.7% said that their involvement in the course was “average” relative to other college course they have taken.
- A majority of students would rather not pay the extra fee, believing that online learning courses costs less.

Faculty had the same positive comments about the classes.

- The majority of instructors (5 out of 6 or 83%) said the online course as a whole was “good” or “excellent.”
- 5 out of 6 instructors (83%) indicated that the effectiveness of the online learning format was “good” or “excellent.”
- 4 out of 6 instructors (67%) said they would teach a group-start online course again. The remaining 2 instructors answered “maybe.”
- 4 out of 6 instructors (67%) said they would recommend the teaching of the online course to another instructor.
- 5 out of 6 respondents said that the online course was “about the same” as teaching a classroom course.
- 3 out of 6 instructors said the online course required “more time” compared to teaching a classroom course, while the other three thought the time required was “about the same” as a classroom course.

Given these reactions, the Provost authorized an extension of the pilot for spring 2010 of seven classes. We hope to further extend the project to the 2010-2011 academic year with a total of 25 courses, using the current financial model. Once again, neither the students nor the faculty would be forced to participate in online learning.

#### *Attachment*

#### Extension of the Online Course Pilot Project with the \$350 Fee Financial Model

**Online Learning Pilot**

**Fall, 2009**

Cumulative Enrollments	EOS Reg #	Campus SLN #
COM 202	103779	19472
COM 340	103780	19473
COM 389	103781	19474
AES 389	103782	19476
WOMEN 389	103783	19475
ENGL 310	103785	13211
ENGL 477	103786	13248
GEOG 102	103787	19470
ESRM 100	103784	13470

**Enrollment limits\* & Enrollments**

Campus limit	Campus enrollment	EO limit	EO enrollment	Total limit	Total Enrollment	
39	38	3	2	42	40	
38	37	2	2	40	39	
24	22	1	1	25	23	
5	5	1	1	6	6	
10	9	1	1	11	10	
38	35	2	2	40	37	
38	38	2	2	40	40	
41	40	2	2	43	42	
385	319	15	13	400	332	
<b>Totals:</b>	618	543	29	26	647	569

\*Enrollment limits as of 9/15/09

The classes highlighted in yellow indicate one class offered by three departments. Limits indicate how many people can register for this class according to its named department; ditto

Green highlighting indicates where class limits were reached.



Extension of the Online Course Pilot Project with the \$350 Fee Financial Model, Attachment 1

**Spring, 2010**

Cumulative Enrollments	EOS Reg #	Campus SLN #
COM 340	109186	19134
COM 389	109195	19138
AES 389	109196	19139
WOMEN 389	109197	19140
COM 440	109189	19064
POL S 461	109190	19065
GEOG 102	109184	19133
ESRM 100	108845	13363
PSYCH 206	109192	19135
STAT 220	109194	19137

**Enrollment limits\* & Enrollments**

Campus limit	Campus enrollment	EO limit	EO enrollment	Total limit	Total enrollment
41	41	4	4	45	45
27	24	3	3	30	27
5	5	2	2	7	7
10	10	1	1	11	11
30	30	2	2	32	32
11	11	2	2	13	13
41	41	4	4	45	45
600	437	15	1	615	438
41	43	4	1	45	44
41	41	4	4	45	45
844	686	41	16	885	702

\*Enrollment limits last updated 3/3/10

Enrollments as of 3/17/10

The classes highlighted in yellow indicate one class offered by three departments. Limits indicate how many people can register for this class according to its named department; ditto enrollments.

The classes highlighted in orange indicate one class offered by two departments. Limits indicate how many people can register for this class according to its named department; ditto enrollments.

Green highlighting indicates where class limits were reached.

## VII. STANDING COMMITTEES

## A. Academic and Student Affairs Committee

Institute for Health Metrics and Evaluation at the University of Washington  
New Board AppointmentsRECOMMENDED ACTION:

It is the recommendation of the University President and the Academic and Student Affairs Committee that the Board of Regents make the following new appointments to the Board of the Institute for Health Metrics and Evaluation at the University of Washington:

New Appointments

Endang Rayahu Sedyaningsih	June 1, 2010 – May 31, 2013
Peter Piot	June 1, 2010 – May 31, 2013

BACKGROUND:

Article 1, Section 1.1 of the Institute for Health Metrics bylaws states, “The Board shall consist of nine (9) members. The Board members shall be appointed by the Board of Regents from nominations submitted by the President. The Chair of the Board of Regents shall appoint the Chair of the Board. Four members shall be from key global health institutions but shall serve in their individual capacity, four members shall be eminent scientists or policy makers from around the world, and the Chair of the Board shall be a leading figure with a scientific background and substantial leadership experience with health policy programs.”

Endang Rahayu Sedyaningsih, MD, MPH, Ph.D. is the current Indonesian Minister of Health. Prior to taking office in October 22, 2009, she served the Ministry as Head of Research and Development at the Biomedical and Pharmaceutical Research and Development Agency. From 1997 to 2006, she was a technical adviser in the Department of Communicable Disease Surveillance and Response at the World Health Organization. Dr. Sedyaningsih received her medical degree in 1979, from the Faculty of Medicine at the University of Indonesia and her master's degree and doctorate from the Harvard School of Public Health. It is recommended that Dr. Sedyaningsih be appointed to the Institute for Health Metrics and Evaluation Board for a three year term ending May 31, 2013.

Peter Piot, MD, Ph.D, is Professor of Global Health, and Director of the Institute for Global Health at Imperial College, London, UK. He was the founding Executive Director of UNAIDS and Under-Secretary of the United Nations from 1995 until 2008. Under his leadership UNAIDS became the chief advocate for

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

#### Institute for Health Metrics and Evaluation at the University of Washington New Board Appointments (continued p. 2)

worldwide action against AIDS, also spear heading UN reform by bringing together 10 UN system organizations in the global aids response. Professor Piot co-discovered the Ebola virus in Zaire in 1976, and led research on HIV/AIDS, women's health, and public health in Africa. He was a professor of microbiology, and of public health at the Institute of Tropical Medicine, Antwerp, the Free University of Brussels, and the University of Nairobi, was a Senior Fellow at the University of Washington, a Scholar in residence at the Ford Foundation, and a Senior Fellow at the Bill and Melinda Gates Foundation. He holds the chair "Science against poverty" at the College de France in Paris. He is also a member of the Institute of Medicine of the US National Academy of Sciences, and published over 500 scientific articles and 16 books. It is recommended that Professor Piot be appointed to the Institute for Health Metrics and Evaluation Board for a three year term ending May 31, 2013

Under the Bylaws of the Institute for Health Metrics and Evaluation Board it states that "the term of office of each appointed Board member shall be three years. No appointed Board member may serve more than three successive three-year terms..."

#### *Attachment*

Health Metrics and Evaluation Board

## HEALTH METRICS AND EVALUATION BOARD

	Term of Recommended <u>Appointment</u>	<u>Changes</u>
Julio Frenk	January 1, 2008-December 31, 2011	
Gro Harlem Brundtland	January 1, 2008-December 31, 2011	
Lincoln Chen	January 1, 2008-December 31, 2011	
Harvey Fineberg	January 1, 2008-December 31, 2011	
Tedros Adhanom Ghebreyesus	January 1, 2008-December 31, 2011	
Jane Halton	January 1, 2008-December 31, 2011	
Srinath Reddy	January 1, 2008-December 31, 2011	
David Roux	January 1, 2008-December 31, 2011	
Peter Piot <i>Appointment</i>	June 1, 2010-May 31, 2013	<i>New</i>
Endang Rayahu Sedyaningsih <i>Appointment</i>	June 1, 2010–May 31, 2013	<i>New</i>
Tomris Turmen	January 1, 2008-December 31, 2011	

## VII. STANDING COMMITTEES

## A. Academic and Student Affairs Committee

Revision to Resolution: Federal Contracts — Officers of the UniversityRECOMMENDED ACTION:

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the following update to a resolution passed on January 15, 2009 regarding security of classified information related to Federal contracts with the University of Washington.

The recent membership changes on the Board of Regents necessitate this proposed update to the resolution.

BACKGROUND:

A signed security agreement between the University of Washington and the Department of Defense establishes the context for classified research contracts. This agreement includes mandatory elements of the University's classified security program and guidelines for compliance. One mandatory element is the designation of key management personnel. The minimum key management personnel list is the President, Board of Regents and the Facility Security Officer. All key management personnel must either have a TOP SECRET security clearance, or be legally excluded from matters related to classified contracts.

Security clearances are conducted by the US Office of Personnel Management and a full background check may take anywhere from 60 days to 12 months. A TOP SECRET security clearance requires full disclosure of 10 years of personal data including details on family members, all residences, employment and employment relationships, all foreign travel, and a list of all contact with foreign nationals. Interviews are conducted with family members, neighbors, references and employers/employees. Cleared individuals must also participate in annual training and report all travel to foreign countries, including Canada. A full re-investigation is required every five years.

The Board of Regents passed a resolution on January 15, 2009, to amend the University's agreement with the Department of Defense to exclude the Regents from access to classified information, thereby exempting the Regents from the requirement that each voting member obtain and maintain a TOP SECRET government security clearance. That resolution created a managerial group, to which the Board delegates all of its duties and responsibility for the negotiation, execution, and administration of classified Defense Department contracts with the University of Washington. The managerial group was designated as the President, the Vice Provost for Research or designee, and the Facility Security Officer.

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

#### Revision to Resolution: Federal Contracts — Officers of the University (continued p. 2)

Prior to the 1994 resolution, the Department of Defense granted a waiver to the security requirement that each regent must be excluded as an individual, as opposed to the exclusion of the entire Board as a group. During the University's annual classified security program audit in April 2008, Defense Department auditors informed the Facility Security Officer that the waiver was not consistent with national policy and the administration of the National Industrial Security program at other universities. The waiver has been rescinded, resulting in the need to name each regent in the resolution.

#### Proposed Management Group

As detailed in the University Handbook, the President (or the President's designee) is authorized to act for the Board regarding all matters concerning grants and contracts for research.

The Vice Provost for Research has designated the Associate Vice Provost for Research Compliance and Operations as the managerial group member who provides institutional perspective and oversight for classified research and contracts at the University. The Associate Vice Provost reviews and addresses any audit findings that have institutional policy issues and serves as a back up to the Facility Security Officer.

The Facility Security Officer is the security program manager for classified research at the UW. The Facility Security Officer directs and oversees the federally mandated security measures necessary to protect national security information.

#### REVIEW AND APPROVALS:

The resolution has been reviewed and approved by the Facility Security Officer, the Vice Provost for Research and the Associate Vice Provost for Research Compliance & Operations.

#### *Attachments*

Board of Regents University of Washington Resolution, Dated May 13, 2010  
January 15, 2009 Regents Item A-1: Revisions to Resolution: Federal Contracts –  
Officers of the University, with two attachments

BOARD OF REGENTS  
UNIVERSITY OF WASHINGTON

RESOLUTION

DATED MAY 13, 2010

Security Clearance—Officers of the University

- 1) RESOLVED, that the members of the University of Washington Board of Regents named below shall not require access to classified information in the possession of the University of Washington and, therefore, shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of the University of Washington and would not be able to affect adversely the institution's performance of classified contracts or programs for the U.S. Department of Defense or other Federal agencies.

Stanley H. Barer  
Kristianne Blake  
Jeffrey H. Brotman  
Craig W. Cole  
William H. Gates  
Ben Golden  
Joanne Harrell  
Sally Jewell  
Herb Simon  
Orin Smith

- 2) RESOLVED, that the Board of Regents shall and does hereby authorize and designate the President, the Vice Provost for Research or their designee, and the Facility Security Officer as the managerial group of the University of Washington to which is delegated all of the Board's duties and responsibility for the negotiation, execution, and administration of classified U.S. Government contracts with the University of Washington under the meaning of the National Industrial Security Program Operating Manual, with the President being the final authority on such matters.
- 3) Resolved that the University shall not engage in research or other activities involving violation of:
  - a. Professional standards of academic, legal, or medical conduct;
  - b. U.S.-recognized international law; and/or
  - c. U.S. or Washington State law

## A. Academic and Student Affairs Committee

Revisions to Resolution: Federal Contracts–Officers of the University

## RECOMMENDED ACTION:

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the following three updates to a resolution passed on October 21, 1994 regarding security of classified information related to Federal contracts with the University of Washington.

## Proposed updates to the resolution:

1. The first change to the 1994 resolution involves the title of a member of the managerial group. The resolution uses the title “Assistant Provost for Research”. It is recommended that the resolution be amended to change to “Vice Provost for Research or their designee”.
2. The second change involves the phrase, “the negotiation, execution, and administration of classified ‘Department of Defense contracts with the University of Washington under the meaning of the Industrial Security Manual for Safeguarding Classified Information’.” Since the diversity of sponsors of classified contracts at the University has increased since the 1994 resolution, it is recommended that the phrase be changed to “classified U.S. Government contracts with the University of Washington under the meaning of the National Industrial Security Program Operating Manual.”
3. The third change involves the exclusion of each Board member by name rather than by position.

BACKGROUND:

A signed security agreement between the University of Washington and the Department of Defense establishes the context for classified research contracts. This agreement includes mandatory elements of the University’s classified security program and guidelines for compliance. One mandatory element is the designation of key management personnel. The minimum key management personnel list is the President, Board of Regents and the Facility Security Officer. All key management personnel must either have a TOP SECRET security clearance, or be legally excluded from matters related to classified contracts.

Security clearances are conducted by the US Office of Personnel Management and a full background check may take anywhere from 60 days to 12 months. A TOP SECRET security clearance requires full disclosure of 10 years of personal data including details on family members, all residences, employment and



## VII. STANDING COMMITTEES

### B. Academic and Student Affairs Committee

#### Revisions to Resolution: Federal Contracts–Officers of the University (continued p. 2)

employment relationships, all foreign travel, and a list of all contact with foreign nationals. Interviews are conducted with family members, neighbors, references and employers/employees. Cleared individuals must also participate in annual training and report all travel to foreign countries, including Canada. A full re-investigation is required every 5 years.

The Board of Regents passed a resolution on October 21, 1994 to amend the University's agreement with the Department of Defense to exclude the Regents from access to classified information, thereby exempting the Regents from the requirement that each voting member obtain and maintain a TOP SECRET government security clearance. That resolution created a managerial group, to which the Board delegates all of its duties and responsibility for the negotiation, execution, and administration of classified Defense Department contracts with the University of Washington. The managerial group was designated as the President, the Assistant Vice Provost for Research, and the Facility Security Officer.

Prior to the 1994 resolution, the Department of Defense granted a waiver to the security requirement that each regent must be excluded as an individual, as opposed to the exclusion of the entire Board as a group. During the University's annual classified security program audit in April 2008, Defense Department auditors informed the Facility Security Officer that the waiver was not consistent with national policy and the administration of the National Industrial Security Program at other universities. The waiver has been rescinded, resulting in the need to name each regent in the resolution.

#### Proposed Management Group

As detailed in the University Handbook, the President (or the President's designee) is authorized to act for the Board regarding all matters concerning grants and contracts for research.

The Vice Provost for Research has designated the Associate Vice Provost for Research Compliance and Operations as the managerial group member who provides institutional perspective and oversight for classified research and contracts at the University. The Associate Vice Provost reviews and addresses any audit findings that have institutional policy issues and serves as a back up to the Facility Security Officer.

The Facility Security Officer (FSO) is the security program manager for classified research at the UW. The FSO directs and oversees the federally mandated security measures necessary to protect national security information.

VII. STANDING COMMITTEES

B. Academic and Student Affairs Committee

Revisions to Resolution: Federal Contracts–Officers of the University (continued p. 3)

REVIEW AND APPROVALS:

The resolution has been reviewed and approved by the Facility Security Officer and reviewed by the Vice Provost for Research and the Associate Vice Provost for Research Compliance & Operations.

Attachments:

1. Security Clearance Resolution
2. October 21, 1994 Regents Item: Security Clearance–Officers of the University

BOARD OF REGENTS  
UNIVERSITY OF WASHINGTON  
RESOLUTION

DATED JANUARY 15, 2009

Security Clearance—Officers of the University

- 1) RESOLVED, that the members of the University of Washington Board of Regents named below shall not require access to classified information in the possession of the University of Washington and, therefore, shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of the University of Washington and would not be able to affect adversely the institution's performance of classified contracts or programs for the U.S. Department of Defense or other Federal agencies.

Stanley H. Barer  
Kristianne Blake  
Jeffrey H. Brotman  
Craig W. Cole  
William H. Gates  
Sally Jewell  
Fredrick C. Kiga  
Constance L. Proctor  
Herb Simon  
Jean-Paul A. Willynck

- 2) RESOLVED, that the Board of Regents shall and does hereby authorize and designate the President, the Vice Provost for Research or their designee, and the Facility Security Officer as the managerial group of the University of Washington to which is delegated all of the Board's duties and responsibility for the negotiation, execution, and administration of classified U.S. Government contracts with the University of Washington under the meaning of the National Industrial Security Program Operating Manual.

A-1.1/201-09  
1/15/09

## VII. STANDING COMMITTEES

### B. Finance Committee

#### Security Clearance - Officers of the University

#### RECOMMENDED ACTION:

It is the recommendation of the administration that the Board of Regents adopt the following two-part resolution:

- 1) **RESOLVED**, that the current Board of Regents, and all subsequently appointed members of that Board, shall not require access to classified information in the possession of the University of Washington and, therefore, shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of the University of Washington and would not be able to affect adversely the institution's performance of classified contracts or programs for the Department of Defense of other Federal agencies.
- 2) **RESOLVED**, that the Board of Regents shall and does hereby authorize and designate the President, the Assistant Provost for Research, and the Facility Security Officer as the managerial group of the University of Washington to which is delegated all of the Board's duties and responsibility for the negotiation, execution, and administration of classified Department of Defense contracts with the University of Washington under the meaning of the Industrial Security Manual for Safeguarding Classified Information.

#### BACKGROUND:

The University's agreement with the Department of Defense (DoD) covering the control of classified information requires either that all members of the Board of Regents have and maintain security clearances or that the University declare that the Regents have no need for access to classified information and are, therefore, excluded from access to such information. The Regents and the administration have opted for the latter. Since 1987, it has been necessary to list all Regents by name in this declaration, but Mr. Baldwin has recently gained DoD approval to omit listing the Regents by name and instead refer to "the current Board of Regents, and all subsequently appointed members of that Board". Thus, it will not be necessary, in the future, to adopt a new resolution each time there is a change in membership of the Board of Regents.

10/21/94

A-3.2/205-10  
5/13/10

Item A-1 approved by the Board of Regents on January 15, 2009.

VII. STANDING COMMITTEES

B. Finance Committee

Security Clearance - Officers of the University  
(continued - page 2)

The University is also required by the DoD to identify the officers having authority and responsibility for the negotiation, execution, and administration of classified DoD contracts with the University of Washington. It is, therefore, necessary to modify previous Board resolutions to establish the generalized reference to the Board of Regents and to reaffirm the University officers included in the managerial group.

Classified research affects only a few contracts at the University of Washington and, even in those areas, the security restrictions apply mainly to the handling of classified reference materials or reports directly related to the research.

The Managerial Group of three remains the same: President Gerberding, Donald Baldwin, Assistant Provost for Research, and Kelley Knickerbocker, Facility Security Officer.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Academic and Administrative Appointments

RECOMMENDED ACTION:

It is the recommendation of the administration and the Academic and Student Affairs Committee the Board of Regents approve the appointments to the University faculty and administration as presented on the attached list.

*Attachment*

Academic and Administrative Appointments

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## ADMINISTRATIVE APPOINTMENTS

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### School of Medicine

#### School of Medicine

**Joyner, Byron David**

**Associate Dean for Graduate Medical Education, School of Medicine, effective 4/1/2010**

Continuing Appointment:

- Professor without Tenure, Urology

Degrees:

- MD, 1988, Harvard University
- BA, 1983, Princeton University

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## ENDOWED APPOINTMENTS

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### College of Arts and Sciences

#### Department of Linguistics

**Hargus, Sharon Louise**

**Howard And Frances Nostrand Endowed Professorship, effective 4/1/2010**

Continuing Appointment:

- Professor, Linguistics

Degrees:

- PhD, 1985, University of California (Los Angeles)
- MA, 1981, University of California (Los Angeles)
- BA, 1979, University of California (Berkeley)

#### Department of Philosophy

**Clatterbaugh, Kenneth C.**

**Joff Hanauer Honors Professorship in Western Civilization, effective 9/1/2010**

Continuing Appointments:

- Professor, Philosophy
- Adjunct Professor, Women Studies
- Chair, Philosophy

Degrees:

- PhD, 1966, Indiana University
- BA, 1962, University of Iowa

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## NEW APPOINTMENTS

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### College of Arts and Sciences

#### Department of Economics

**Leukhina, Oksana Mikhaylovna**

**Assistant Professor, Economics, effective 9/16/2010**

Notes:

Assistant Professor, Economics, University of North Carolina, Chapel Hill

Degrees:

- PhD, 2005, University of Minnesota
- MA, 2003, University of Minnesota
- BA, 2000, College of Charleston
- BS, 2000, College of Charleston

### School of Dentistry

#### Department of Oral Medicine

**Torres, Sandra Regina**

**Visiting Associate Professor, Oral Medicine, effective 5/1/2010**

Prior Non-UW Appointment:

Associate Professor, Federal University of Rio de Janeiro, Brazil

Degrees:

- PhD, 2002, Federal University of Rio de Janeiro (Brazil)
- MSD, 1980, Federal University of Rio de Janeiro (Brazil)
- DDS, 1979, Federal University of Rio de Janeiro (Brazil)

### College of Education

#### College of Education

**Cook, Clayton**

**Assistant Professor, Education, effective 9/16/2010**

Prior Non-UW Appointment:

Assistant Professor, Louisiana State University

Degrees:

- PhD, 2008, University of California (Riverside)
- MA, 2005, University of California (Riverside)
- BA, 2003, California State University (Fullerton)

**Dabach, Dafney Blanca**

**Assistant Professor, Education, effective 9/16/2010**

Degrees:

- HDD, 2009, University of California (Berkeley)
- MA, 2001, University of California (Berkeley)
- BA, 1996, University of California (Berkeley)



**Hertzog, Nancy**

**Professor, Education, effective 9/16/2010**

Prior Non-UW Appointment:

Associate Professor, Department of Special Education,  
University of Illinois and Directory, University Primary  
School

Degrees:

- PhD, 1995, University of Illinois (Urbana)
- MA, 1981, University of Connecticut
- BA, 1977, Wittenberg University

**College of Engineering**

**Department of Computer Science and Engineering**

**Zettlemoyer, Luke S.**

**Assistant Professor, Computer Science and Engineering,  
effective 7/1/2010**

Degrees:

- PhD, 2009, Massachusetts Institute of Technology
- BS, 2000, North Carolina State University

**College of the Environment**

**Department of Earth and Space Sciences**

**Crider, Juliet G.**

**Assistant Professor, Earth and Space Sciences, effective  
3/16/2010**

Prior Non-UW Appointment:

Associate Professor, Structural Geology and  
Neotectonics, Western Washington University

Degrees:

- PhD, 1998, Stanford University
- MS, 1993, University of Washington
- BA, 1989, Amherst College

**School of Law**

**School of Law**

**Collins, Ronald**

**Visiting Professor, Law, effective 4/1/2010**

Prior Non-UW Appointment:

Scholar, The First Amendment Center

Degrees:

- JD, 1975, Loyola Law School
- BA, 1971, University of California (Santa Barbara)

**School of Medicine**

**Department of Global Health**

**Walker, Dilys**

**Associate Professor without Tenure, Global Health, effective 4/1/2010**

Prior Non-UW Appointment:

Professor, Reproductive Health, Institute Nacional de Salud Publica, Mexico

Degrees:

- MD, 1987, University of California (San Diego)
- BS, 1982, University of California (Berkeley)

**Department of Medicine**

**Duffield, Jeremy Stuart**

**Visiting Assistant Professor, Medicine, effective 5/1/2010**

Prior Non-UW Appointment:

Assistant Professor, Medicine, Harvard Medical School

Degrees:

- MD, 2004, Educational Commission for Foreign Medical Graduates
- PhD, 2001, Edinburgh University (Scotland)
- MA, 1995, Oxford University (UK)
- BM, 1992, Oxford University (UK)
- BA, 1989, Oxford University (UK)

**Keel, Sioban Bridget**

**Assistant Professor without Tenure, Medicine, effective 3/1/2010**

Prior UW Appointment:

Acting Instructor, Medicine

Degrees:

- MD, 1999, University of Minnesota
- BA, 1994, Carleton College

**Lynch, John B.**

**Assistant Professor without Tenure, Medicine, effective 4/1/2010**

Prior UW Appointment:

Acting Instructor, Medicine

Degrees:

- MD, 2002, University of Washington
- BA, 1991, University of Rhode Island

**Department of Obstetrics and Gynecology**

**Walker, Dilys**

**Associate Professor without Tenure, Obstetrics and Gynecology, effective 4/1/2010**

Prior Non-UW Appointment:

Professor, Reproductive Health, Institute Nacional de Salud Publica, Mexico

Degrees:

- MD, 1987, University of California (San Diego)
- BS, 1982, University of California (Berkeley)

## **Department of Pediatrics**

### **Digennaro, Jane Linsley**

**Assistant Professor without Tenure, Pediatrics, effective 4/1/2010**

Degrees:

- MD, 2000, Louisiana State University
- BA, 1994, Colgate University

## **Department of Rehabilitation Medicine**

### **Webster, Joseph B.**

**Associate Professor without Tenure, Rehabilitation Medicine, effective 3/18/2010**

Prior Non-UW Appointment:

Associate Professor, University of Utah

Degrees:

- MD, 1991, University of North Carolina
- BS, 1987, East Carolina University

## **Department of Surgery**

### **Jung, Yongsik**

**Visiting Associate Professor, Surgery, effective 3/1/2010**

Prior Non-UW Appointment:

Associate Professor, Surgery, Ajou University

Degrees:

- MS, 2004, Ajou University
- MD, 1994, Ajou University

## **School of Nursing**

### **Department of Family and Child Nursing**

#### **Landis, Andrea M.**

**Assistant Professor, Family and Child Nursing, effective 9/16/2010**

Prior UW Appointment:

Senior Fellow-Trainee, Biobehavioral Nursing and Health Systems

Degrees:

- PhD, 2007, Emory University
- MN, 1999, George Mason University
- BSN, 1993, Widener University

## **College of Ocean and Fishery Sciences**

### **School of Oceanography**

#### **Alford, Matthew Hudson**

**APL Associate Professor without Tenure, Oceanography, effective 1/1/2010**

Prior UW Appointment:

Affiliate Associate Professor, Oceanography

Degrees:

- PhD, 1998, Scripps Oceanographic Institution
- BA, 1993, Swarthmore College

**Kelly, Kathryn A.**

**APL Professor without Tenure, Oceanography, effective 1/1/2010**

Prior UW Appointment:

Affiliate Professor, Oceanography

Degrees:

- PhD, 1983, University of California (San Diego)
- BS, 1977, University of California (Berkeley)

**Lee, Craig Michael**

**APL Associate Professor without Tenure, Oceanography, effective 1/1/2010**

Prior UW Appointment:

Affiliate Associate Professor, Oceanography

Degrees:

- PhD, 1995, University of Washington
- BS, 1987, University of California (Berkeley)

**Woodgate, Rebecca Anne**

**APL Associate Professor without Tenure, Oceanography, effective 1/1/2010**

Prior UW Appointment:

Affiliate Associate Professor, Oceanography

Degrees:

- PhD, 1994, University of Oxford (UK)
- BA, 1990, University of Cambridge (UK)

**School of Public Health**

**Department of Biostatistics**

**Browning, Sharon Ruth**

**Research Associate Professor, Biostatistics, effective 7/1/2010**

Prior Non-UW Appointment:

Senior Lecturer, Statistics, University of Auckland, NZ

Degrees:

- PhD, 2009, University of Washington
- BS, 1995, University of Auckland (New Zealand)

**McClelland, Robyn Leigh**

**Research Associate Professor, Biostatistics, effective 4/1/2010**

Degrees:

- PhD, 2000, University of Washington
- MS, 1994, McGill University (Canada)
- BA, 1991, McGill University (Canada)

## **Department of Global Health**

### **Martin, Robert**

**Professor without Tenure, Global Health, effective 1/1/2010**

Prior Non-UW Appointment:

Laboratory Science Officer, Coordinating Office for  
Global Health, Centers for Disease Control and  
Prevention

Prior UW Appointment:

Acting Professor, Global Health

Degrees:

- DrPH, 1979, University of North Carolina (Chapel Hill)
- MPH, 1977, University of North Carolina (Chapel Hill)
- MS, 1976, Michigan Technological University
- BS, 1971, Michigan State University

## **University of Washington, Bothell**

### **Business Program, Bothell**

#### **Kennedy, Deanna Marie**

**Assistant Professor, Business, Bothell, effective 9/1/2010**

Prior Non-UW Appointment:

Visiting Assistant Professor, Texas A & M University

Degrees:

- PhD, 2009, University of Massachusetts
- MBA, 2005, Golden Gate University
- BS, 1999, University of California (Davis)

#### **Li, Yu**

**Acting Assistant Professor, pending Ph.D., Business, Bothell,  
effective 9/1/2010**

Degrees:

- MBA, 2003, University of Massachusetts
- BS, 1993, Shanghai University (China)

## **Computing and Software Systems Program, Bothell**

#### **Asuncion, Hazeline Uy**

**Assistant Professor, Computing and Software Systems,  
Bothell, effective 9/1/2010**

Degrees:

- PhD, 2009, University of California (Irvine)
- MS, 2005, University of California (Irvine)
- BS, 2000, University of California (Irvine)

## **Interdisciplinary Arts and Sciences Program, Bothell**

#### **Crane, Johanna Tayloe**

**Assistant Professor, Interdisciplinary Arts and Sciences,  
Bothell, effective 9/16/2010**

Prior Non-UW Appointment:

Mellon Post-Doctoral Fellow, Penn Humanities Forum,  
University of Pennsylvania

Degrees:

- PhD, 2007, University of California (Berkeley)
- MA, 1999, San Francisco State
- BA, 1993, Wesleyan College

**Jung, Jin-Kyu**

**Assistant Professor, Interdisciplinary Arts and Sciences,  
Bothell, effective 9/1/2010**

Prior Non-UW Appointment:

Assistant Professor, Geography, University of North  
Dakota

Degrees:

- PhD, 2007, State University of New York (Buffalo)
- MA, 2001, State University of New York (Buffalo)
- BA, 1999, Busan National University of Education (Korea)

**Lopez, Carlos Santiago**

**Assistant Professor, Interdisciplinary Arts and Sciences,  
Bothell, effective 9/1/2010**

Degrees:

- PhD, 2008, University of Texas (Austin)
- MA, 2002, Arizona State University

**Ottinger, Gwen Ellen**

**Assistant Professor, Interdisciplinary Arts and Sciences,  
Bothell, effective 9/1/2010**

Degrees:

- PhD, 2005, University of California (Berkeley)
- MA, 1999, University of California (Berkeley)
- BA, 1997, Georgia Institute of Technology
- BS, 1997, Georgia Institute of Technology

## VII. STANDING COMMITTEES

## A. Academic and Student Affairs Committee

Granting of Honorary Degrees to Francia Russell and Kent StowellRECOMMENDED ACTION:

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the granting of Honorary Doctor of Arts degrees to Francia Russell and Kent Stowell, founding creative directors of Pacific Northwest Ballet.

BACKGROUND:

RCW 28B.20.130(3) grants to the Board of Regents, upon recommendation of the faculty, the authority to confer honorary degrees upon persons other than graduates “in recognition of their learning or devotion to literature, arts, or sciences.” The Faculty Council on University Relations is responsible for recommending candidates for honorary degrees and has sent to President Emmert the recommendation that Ms. Russell and Mr. Stowell be awarded Honorary Doctor of Arts degrees at the University’s June commencement ceremony. President Emmert concurs with the recommendation and brings it to the Board of Regents on behalf of the faculty.

In 1977, Francia Russell and Kent Stowell were appointed co-artistic directors of Pacific Northwest Ballet (PNB), which they developed from a small regional ballet organization into one of the most celebrated ballet companies and schools in the world. Today, PNB is among the top-ranked ballet companies in the United States. For 28 years, Ms. Russell and Mr. Stowell led PNB and were committed to their shared vision of creating a renowned ballet company for the Northwest. Under their leadership, young boys and girls became professional artists, audiences were inspired and educated, and Seattle became the cultural mecca of the Pacific Northwest.

They have been devoted guardians and teachers of the works of the 20<sup>th</sup> century’s greatest choreographer, George Balanchine. Ms. Russell is among a select group of former New York City Ballet dancers who stage the Balanchine repertoire internationally by permission of the Balanchine Trust. Her early dance training led to an invitation to join the New York City Ballet, where she rose from corps member to soloist. She was appointed ballet master of the company by Balanchine himself and sent by him to stage his works throughout the United States, Europe, and Asia. She was the first to do so in the People’s Republic of China, for the Shanghai Ballet, and later for the Kirov Ballet, the historic first authorized performance of Balanchine’s work in his birthplace.

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

#### Granting of Honorary Degrees to Francina Russell and Kent Stowell (continued p. 2)

Mr. Stowell also danced as a soloist with the New York City Ballet and went on to become ballet master of the Frankfurt Ballet. In 1975, he and Ms. Russell were appointed co-artistic directors of the company. As a choreographer, he created works that have thrilled and delighted audiences here and abroad for nearly four decades. His contributions to the Pacific Northwest Ballet repertory include *Swan Lake*, *Cinderella*, *Carmina Burana*, *Silver Lining* and what has come to be a national treasure and endearing Northwest favorite, his brilliant collaboration with Maurice Sendak, *Nutcracker*.

Their vision and dedication have taken Pacific Northwest Ballet from modest beginnings in spare facilities to an institution that trains and cares for dancers as no other in the world. Their legacy is not only a ballet company of international acclaim, but the promise, through their school, that future dancers may gain the mastery required to succeed in their very demanding art, and that future audiences may enjoy the profound experience of watching them perform.

For the acclaimed ballet company they established, for being compassionate and innovative teachers, and for their unwavering commitment to preserving the highest level of artistry in dance, it would be an honor to confer upon Francina Russell and Kent Stowell Honorary Doctor of Arts degrees at the June commencement.



VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Student Presentation

**Department of Mathematics**  
**Putnam Competition**

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

#### Student Presentation (continued p. 2)

*University Week* - April 1, 2010

### **UW student wins mathematics competition, named Putnam Fellow**

**By Hannah Hickey**  
News and Information

Last month stadiums reverberated as students on the UW's basketball team made it to the Sweet Sixteen round of the National Collegiate Athletic Association tournament. Meanwhile, over spring break another UW undergraduate quietly claimed the top prize in U.S. collegiate mathematics. William Johnson, who is majoring in mathematics and computer science, was named a Putnam Fellow, placing among the top five out of more than 4,000 students who competed this year.

While this competition allows no spectators, winning the Putnam is no less a feat than bringing home the NCAA title -- especially when it's an upset.

"Just as Duke, Kansas, and Kentucky always seem to dominate in basketball, the Putnam Fellowships have been 'owned' by Harvard, MIT and Cal Tech. It's great to have a Husky join them," wrote President Mark Emmert. "Our math department is truly remarkable in working with our students, and a real point of pride for us."



William Johnson, Putnam Fellow

The William Lowell Putnam Mathematical Competition is held each December by the Mathematical Association of America. The competition began in 1938, and is open to undergraduate students in the United States and Canada. The UW team had a strong finish last year (see our story [here](#)), but this is the first time a UW student has been named a Putnam Fellow.

Johnson grew up in the Seattle area and attended Kenmore's Inglemoor High School. Last year he placed sixth overall in the Putnam, just two points away from being among the winners. He was recently named the UW's Junior Medalist for earning the highest overall academic record for his class. This year he wins \$2,500 and the honor of being named a Fellow, a distinction that will follow him through his career.

The contest is the most prestigious in U.S. mathematics circles. When mathematician Jonathan Nash, subject of the book and movie *A Beautiful Mind*, would first meet other mathematicians he reportedly would ask whether they had taken the Putnam and how they placed.

"This is huge," said Selim Tuncel, chair of the mathematics department, noting that the list of previous winners includes many of the top names in the field. "Will's achievement is a combination of amazing talent and excellent mentoring on the part of my colleagues."

The UW team has been coached for the past two years by Ioana Dumitriu, a UW assistant professor of mathematics who in 1996 was the first woman to be named a Putnam Fellow, and Julia Pevtsova, also a UW assistant professor of mathematics, who was a silver medalist in the International Mathematical Olympiad.

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## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

#### Student Presentation (continued p. 3)

"I am very, very proud of Will," Dumitriu said. "For me, it's a matter of huge pride to have a Putnam Fellow that I helped train."

The coaches emphasize that they cannot take credit for Johnson's performance.

"No amount of coaching could get him there unless he was willing to put in the work and unless he had this special talent to begin with," Dumitriu said. "It's kind of like athletes. There's a tremendous amount of work that has to be put in, on top of a very good natural ability."

And, like athletes, a winning score requires focus and stamina on game day. The Putnam is a six-hour contest. Competitors are given one set of problems in the morning and another in the afternoon. They must submit fully written-out proofs to get full credit. Of a possible 120 points, the average competitor scores 1 or 2. (Johnson scored around 100.)

During fall quarter Dumitriu and Pevtsova co-taught [Math 480a](#), The Art of Problem Solving, which prepares students to write the Putnam (students in the course are not required to enter the contest). Pevtsova and Dumitriu also hosted weekly evening Putnam practice sessions that were attended by about 12 regulars and as many as 30 students.

This year 19 UW students wrote the Putnam. Four others placed in the top 500: Yisong Song, a freshman in pre-sciences, Steven Rutherford, a freshman in computer engineering and Keyun Tong, a senior in computer science and Nate Bottman, a senior in Russian and mathematics, who both placed in the top 500 last year.

In addition to the coaching, Johnson credits his success to his religious beliefs, parents who encouraged an interest in mathematics from an early age, good math teachers, and two years of participation in the Mathematical Olympiad Summer Program in Nebraska.

None of Johnson's teachers was surprised to learn of his win.

"Will will be famous. I don't know what he will choose to do. It doesn't matter. He will add originality and depth to anything he tackles," wrote Jim Morrow, a UW professor of mathematics and one of the teachers Johnson singled out as an influence.

And while Johnson excels in theorems and proofs, he also shows interest in applied problems. About a year ago Johnson approached Richard Ladner, UW professor of computer science and engineering, to help with his mobile accessibility research because he wanted to work on a project that could have a positive impact on people.

On his own initiative Johnson created a program that uses the vibration of an Android phone to transmit Braille through the touch screen. Johnson's tool, dubbed V-Braille, has been tested by members of the local deaf-blind community.

"I have shown his V-Braille to colleagues around the country who have told me that V-Braille is 'brilliant,' 'stunning,' and 'you should patent it,'" Ladner writes. He says he has seldom met a student "who has such prodigious talent, works hard, and is so creative."

The other four Putnam Fellows this year hailed from Harvard, Yale and MIT. Though Johnson probably could have had his pick of these, he chose to attend the UW.

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

#### Student Presentation (continued p. 4)

"I liked the campus, and I like the state of Washington, where I grew up," said Johnson, whose tuition was paid through the Washington Scholars program.

Johnson has at least one more year of study at the UW. After graduating he is considering working in computer programming or pursuing a graduate degree in mathematics.

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

Student Presentation (continued p. 5)

## The Seattle Times

Editorial - Friday, April 9, 2010

### Brains, talent, hard work add up to a rare academic honor

WILLIAM Johnson, a University of Washington mathematics and computer-science major, is the pride of the university, his hometown Kenmore and Inglemoor High School. He is the absolute, undisguised envy of a lot of very smart people around the globe.

Johnson will be known forever and all time as a Putnam Fellow, a winner of The William Lowell Putnam Mathematical Competition, hosted every December by The Mathematical Association of America.

This is an extraordinary achievement with the capacity to delight the rest of us who are puzzled by Venn diagrams and subject to arithmetical second-guessing by the Internal Revenue Service.

He placed among the top five out of 4,000 students who dared test themselves against the nation's finest collegiate academic all-stars. The highest possible score is 120 points, and most competitors earn fewer than 10. Johnson is thought to have scored in the 100-point range.

The fearsome essence of the challenge is summarized on the Putnam Web site: "The examination will be constructed to test originality as well as technical competence." Beyond adroitly recalling what they have been taught, the best and brightest must apply what they have learned.

Johnson is the first UW student to be named a Putnam Fellow, an academic appellation that will follow him through his professional career. Not unlike college freshmen swapping SAT scores in the dorm, any random group of mathematicians will sort itself by Putnam scores.

Johnson's tenacious brain power and academic strengths were groomed for glory by two faculty stars, Ioana Dumitriu, an assistant professor of mathematics, who was the first woman named a Putnam Fellow, and Julia Pevtsova, another assistant professor, who was a silver medalist in the International Mathematical Olympiad.

Johnson's family, university, faculty mentors, and indeed his community and state can all take enormous pride in his hard work and prodigious capabilities. This is a rare achievement to be celebrated.

Here is a sample problem to get a sense of the competition:

*Players 1, 2, 3,  $n$  are seated around a table and each has a single penny. Player 1 passes a penny to Player 2, who then passes two pennies to Player 3. Player 3 then passes one penny to Player 4, who passes two pennies to Player 5, and so on, players alternately passing one penny or two to the next player who still has some pennies. A player who runs out of pennies drops out of the game and leaves the table. Find an infinite set of numbers  $n$  for which some player ends up with all  $n$  pennies.*

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

Student Presentation (continued p. 6)

## Competing Students

### **Putnam Fellow William Johnson**

William grew up in Kenmore, WA, and went to Kenmore and Shelton View Elementary Schools, Kenmore Junior High, and Inglemoor High School. In high school he participated in the American Mathematics Competitions and did well enough to qualify for the USA Math Olympiad, and also to go to the Math Olympiad Summer Program in Nebraska. He is currently in his 3rd year of college and majoring in Computer Science major and, as of January 2010, Mathematics.

Will participated in the Putnam Competition in his 2nd and 3rd years of college. In his 2nd year, he placed in 6th place, two points short of being a Putnam Fellow. This year he did well enough to be in the top five, making him a Putnam Fellow, the first one from the UW. As an undergraduate, Will has done research in computer science, both in theory and in applications to improve accessibility for blind and deaf-blind people. This summer he plans on doing research at UW with the Department of Mathematics.

### **Other Students Scoring Above 20**

Nate Bottman (senior)

Steve Rutherford (junior)

Yisong Song (freshman)

Igor Tolkov (senior)

Keyun Tong (junior)

## Faculty

### **Selim Tuncel**

Selim Tuncel was born in Istanbul in 1957. After completing his secondary education at Robert College, he attended the University of Sussex and the University of Warwick in England, receiving his BSc with First Class Honors in 1978 and PhD in 1982. Following postdoctoral appointments at the University of Washington, the Mathematical Sciences Research Institute in Berkeley and the Institute for Advanced Study, he joined the UW Math Department as an assistant professor in 1987. He was promoted to professor in 1993 and became department chair in 2002. He is married to Karin Bornfeldt, also a UW faculty member, and they have two sons, Miles and Dylan, aged 11 and 6.

## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

Student Presentation (continued p. 7)

### **Faculty (continued)**

#### **Ioana Dumitriu**

Ioana's experience with math competitions started in elementary school and continued through high school and college; she usually ranked high in the Romanian National math championships. As an undergraduate at New York University, Ioana participated in the Putnam competition four times, winning it in her second attempt. After getting a PhD in Mathematics from Massachusetts Institute of Technology, Ioana accepted a postdoctoral Miller Fellowship at University of California at Berkeley. While at Berkeley, she was asked to help coach their Putnam team. She enjoyed her new-found calling as a coach so much that, once she became an Assistant Professor at University of Washington, she jumped at the opportunity to train UW's Putnam team. With the arrival of a like-minded colleague, Julia Pevtsova, who joined forces to create a Putnam tradition at UW, the future is looking bright.

In her research life, Ioana is the recipient of many prizes, including a Honorable Mention in the Householder Competition, the Leslie Fox Numerical Analysis Prize, and an NSF CAREER Award in 2009. She is currently supervising two graduate students.

#### **Julia Pevtsova**

Julia's competitive experience dates back to her high school days when she participated three times in the Soviet National Math Olympiad, coming in 3rd in the country in her senior year. Following that, she became part of the Russian team for the International Math Olympiad earning a Silver medal. Once she became a student at the Saint Petersburg State University, she combined her studies and research with coaching gifted kids in math. The coaching part was put on hold upon moving to the US and getting a PhD in mathematics at Northwestern University and then holding temporary positions at the Institute of Advanced Study in Princeton and the University of Oregon. In the Fall of 2008, Julia became an Assistant Professor at UW and formed a partnership with Ioana Dumitriu with the goal of creating a Putnam tradition at UW.

In addition to working with the UW's most mathematically talented students, Julia teaches at the Summer Institute of Mathematics at the University of Washington, a math summer camp for high school students, and organizes Math enrichment programs for elementary and middle schools students in Seattle. Julia's research has been supported by the National Science foundation since 2005; in particular, she was awarded a CAREER grant by the NSF in 2010.

# The Putnam Mathematical Competition: Facts and Statistics

Ioana Dumitriu and Julia Pevtsova

May 13, 2010

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- The William Lowell Putnam Mathematical Competition is the most prestigious undergraduate mathematical competition in the US and Canada, both at individual and team level.
- It has been held annually since 1938, making it the oldest intercollegiate competition of its kind.
- The Putnam competition has a very rich history and has been extremely successful at identifying extraordinary mathematical talent.

## Description

### Format:

- ◇ It is held on the first Saturday in December;
- ◇ It consists of two sessions, each lasting three hours;
- ◇ There are six problems per session, which the contestants must prove and write solutions for.

### Winners and winning teams:

- The Top Five individual scorers are designated as the winners and declared "Putnam Fellows";
- The top 60-80 individual scores receive an Honorable mention or various other distinctions (e.g., Top Ten);
- Each participating college or university has a pre-designated three-member team, ranked according to the sum of the members' individual ranks; the Top Five teams are declared winners.

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# A Putnam's "WHO'S WHO"

## Among the laureates of the Putnam Competition we count

- Four Nobel Prize winners in Physics:
  - Richard Feynman and Kenneth Wilson (Putnam Fellows);
  - Steven Weinberg and Murray Gell-Mann (Honorable Mentions).
- One Nobel Prize winner in Economics: John Nash (Top Ten);
- Five Fields Medal winners (The equivalent of the Nobel Prize for Mathematics):
  - John Milnor, David Mumford, and Daniel Quillen (Putnam Fellows);
  - Paul Cohen (Top Ten) and John G. Thompson (Honorable Mention);
- Four presidents of the American Mathematical Society:
  - Irving Kaplansky, Andrew Gleason, Felix Browder (Putnam Fellows);
  - Ron Graham (Honorable Mention);
- Eric Lander, principal investigator in the Human Genome Project (Top Ten);
- To date, at least fourteen Putnam Fellows have been elected to the National Academy of Sciences.

- The number of participants, each year, is in the 4000s;
- The median score is between 0-2 (out of a possible 120);
- The percentage of 0 scores is between 40-60%;
- Making the Top 500 is a very respectable achievement and requires solving at least two problems.

## Recent Statistics, II

- The winning teams in the 00's are: Harvard, MIT (9 times each); Duke, Princeton (7 times each); Stanford (5 times each); Waterloo (4 times); Caltech (3 times); UC Berkeley, Toronto (2 times each); U. Chicago, Harvey Mudd (1 time each).
  
- Number of undergraduates from US public universities that have been named Putnam Fellows in the 90's: **3**
  - Jordan Lampe, UC Berkeley;
  - Xi Chen, Missouri-Rolla;
  - Ovidiu Savin, U Pittsburgh;
  
- Number of undergraduates from US public universities that have been named Putnam Fellows in the '00s: **2**
  - Jan Siwanowicz, CUNY;
  - **William Johnson, U of Washington.**

# The Putnam Competition from 1938-2009\*

Joseph A. Gallian

**1. INTRODUCTION.** The William Lowell Putnam Competition is held annually for the top undergraduate mathematics students in the United States and Canada. The first Putnam competition took place in 1938, but its genesis was a math competition held in 1933 between ten Harvard students and ten students from the United States Military Academy at West Point [2]. That competition was sponsored by Elizabeth Lowell Putnam in honor of her late husband William Lowell Putnam, who was a member of the Harvard class of 1882. That competition went so well that plans were made to have an annual competition in which all interested institutions could participate. This came about in 1938, when the first official Putnam competition was sponsored by the Mathematical Association of America. The examination was prepared and graded by members of the Harvard mathematics department and Harvard students were excluded the first year. There were both individual and team competitions. The questions were drawn from calculus, the theory of equations, differential equations, and geometry. (The problems are included at the end of this article.) Prizes in the first few years were \$500, \$300, and \$200 for the top three teams and \$50 each for the top five ranking individuals, who were designated as Putnam Fellows. By the year 1997 the prizes for the top five teams were \$25,000, \$20,000, \$15,000, \$10,000, and \$5,000, while Putnam Fellows received \$2,500 each. Moreover, each year one Putnam Fellow receives the William Lowell Putnam Fellowship for graduate study at Harvard.

The first competition had 163 individuals and 42 teams. The number of participants exceeded 1,000 for the first time in 1961, when 1,094 individuals and 165 teams took part. In 2009 there were 4036 students representing 546 institutions and 439 teams. All three of these totals were record highs. The number of participants in the 2009 competition alone exceeds the total number of participants in the first eighteen competitions from 1938 through the spring of 1958. (The competitions were suspended from 1943-1945 because of World War II; in 1958 there were two competitions—one in the spring and one in the fall.) Coincidentally, in both 1980 and 1981 there were exactly 2,043 participants. Through 2009, there have been 118,868 participants. The 1946 contest, coming right after the war, had the lowest participation ever with just 67 contestants and 14 teams. Table 1 at the end of this article provides the list of the number of participants in each of the seventy competitions through 2009.

In the first twenty-two competitions the number of questions varied from eleven to fourteen, but beginning with the 23rd competition in 1962, the exams have consisted of a three-hour morning session and a three-hour afternoon session, each having six questions worth ten points apiece. Institutions entering teams must designate the three team members before the competition is held. The team score is the sum of the ranks of the three team members. Thus, a team whose members finish in twenty-first, forty-ninth, and one hundred and second places has a score of 172. The lower a team's score, the higher its ranking. This method of team scoring places great weight on the lowest scoring member of the team since there is much bunching at lower scores. For example, in 1988 a team member with a score of ten ranked 1496, but a team member with a score of nine ranked 1686. In 2006 a score of one point generated 1266.5 team points, whereas a score of zero on that exam resulted in 2501 team points. Thus, even a one point difference in an individual's score can mean over a thousand points more for the team.

The fact that the team members are designated in advance and the method of summing the ranks for team scoring causes some peculiar results on occasion. In 1959, for instance, Harvard had four Putnam Fellows but finished fourth in the team competition, and in 1966, 1970, 2005 and 2006 MIT

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\*This is an updated version of an article published in the American Mathematical Monthly [5] in 2004.

had three Putnam Fellows but did not win the competition. There have been sixteen competitions in which the winning institution did not have a Putnam Fellow.

One might wonder about the most difficult Putnam problems over the years. Using data from 1974-2009, the only problem for which no one in the top 200 received a positive score was A6 on the 1979 exam. In 1999 for both B4 and B5 only a single person in the top 200 received a positive score. In each instance the score was two. These three problems are reproduced in the Appendix II. In 2009 six people among the top 200 scorers had positive scores on B6.

**2. TEAM PERFORMANCE.** By a wide margin, Harvard has the best record in the Putnam competition. Through 2009, Harvard has won the team competition twenty-seven times, while its closest rival, Caltech, has won the team title nine times. MIT is in third place with six titles with three of these coming since 2003. Tied for fourth place with four team titles each are Washington University and the University of Toronto. All four of Toronto's team titles occurred in the first six years of the competition. Toronto might have won all of the first six competitions except for the fact that it chose to disqualify itself in 1939 and 1941 because the Toronto mathematics department had prepared the questions. Starting with the fifth competition the questions have been prepared by a committee selected from different schools rather than having the department of the winning team of the previous competition prepare them. This meant that the winner of the previous year would not have to disqualify itself. Curiously, the Harvard team did not place in the top five in the first six competitions, but it has placed in the top five in fifty-five of the seventy competitions held through 2009. During the first twenty competitions (1938-1959), the New York institutions Brooklyn College, Polytechnic Institute of Brooklyn, Columbia University, and City College of New York excelled in the team competition and in producing Putnam Fellows. Caltech's glory years were the six years 1971-1976 when they won the team competition five times. Excluding Harvard, only once has the same institution won three years in a row. That was Caltech in 1971-1973. Between 1976 and 1986 Washington University won the team title four times and placed second four times. During that period Wash U had only two Putnam Fellows. Beginning about 1990 Duke University started to recruit the nation's best high school math students with the same fervor that they recruit the best high school basketball players. Between 1990 and 2000 Duke became Harvard's top rival by winning three times and finishing second to Harvard twice. With these accomplishments together with its third place finish each year from 2001 to 2005, Duke's Putnam team has performed as well as its men's basketball team! (Through 2009 the men's basketball team finished first three times and second three times, with one other appearance in the final four.) After finishing in the top five twenty-four times and in second place nine times prior to 2006, Princeton won its first team title in 2006. The only state universities in the U. S. to win the team competition are Michigan State (three times), and the Universities of California at Davis (once) and at Berkeley (once). The highest place ever achieved by a liberal arts college was second by Oberlin College in 1972. That same year Swarthmore finished fourth. Harvard's longest winning streak was eight years (1985-1992), and its longest stretch without winning was fifteen years (1967-1981). The only tie for first place occurred in 1984 between the University of California at Davis and Washington University. Amazingly, in 1986, 1987, and 1990 every member of Harvard's team was a Putnam Fellow.

A complete list of the top five schools and top five individuals each year can be found at [http://en.wikipedia.org/wiki/Putnam\\_competition](http://en.wikipedia.org/wiki/Putnam_competition). Table 3 lists every team that has placed fifth or higher in at least one competition along with the total number of Putnam Fellows from each of these institutions. The last four entries in the table list the institutions that have not placed in the top five in the team competition but have had at least two Putnam Fellows.

**3. INDIVIDUAL ACCOLADES.** As for producing Putnam Fellows, Harvard is again the overwhelming winner with ninety-eight versus MIT's second place fifty-one. On the other hand, between 2001 and 2009, MIT out did Harvard in Putnam Fellows twenty to eleven. Harvard has had four Putnam Fellows in the same competition on four occasions. Oddly, Harvard did not record its first Putnam Fellow until the sixth competition. Since then the longest period in which Harvard did not have a

Putnam Fellow is three years and that happened only once. Because of tie scores for fourth or fifth place, in fourteen competitions there have been six Putnam Fellows, while in 1959 a four-way tie for fifth place resulted in eight. Thirteen of the fifteen competitions in which there were more than five Putnam Fellows have occurred since 1970. Through 2009, there have been 269 individuals who have been Putnam Fellows for a total of 367, counting multiplicity. Only seven people—Don Coppersmith, Arthur Rubin, Bjorn Poonen, Ravi Vakil, Gabriel Carroll, Reid Barton, and Daniel Kane—have been Putnam Fellows four times. Eighteen people have been three-time winners: Andrew Gleason, Edward Kaplan, Donald J. Newman, James Herreshoff, Samuel Klein, Randall Dougherty, Eric Carlson, David Ash, Noam Elkies, David Moews, David Grabiner, Kiran Kedlaya, Lenny Ng, J. P. Grossman, Ciprian Manolescu, Aaron Pixton, Arnav Tripathy, and Yufei Zhao.<sup>1</sup> Zhao missed being a four time Fellow by one point in 2007. In Ash's fourth attempt at the Putnam in 1984 he finished tied for sixth, just two points short of being a Putnam Fellow again. It should be noted that some of the three-time winners only took the exam three times. Through 2009 there have been forty-two people who have been Putnam Fellows exactly twice. It appears that there have never been two members of the same immediate family who have been Putnam Fellows. The closest are brothers Doug and Irwin Jungreis. Doug finished in the top five in 1985 and 1986 and Irwin finished in the second five in 1980 and 1982. Dylan Thurston, son of Fields Medalist William Thurston, finished in the second five in 1993. The first certain occurrence of a woman finishing in the Honorable Mention or higher categories was in 1948. In the announcement in the *American Mathematical Monthly* [7] she is listed as "M. Djourup (Miss), Ursinus College." Because many participants use the initials of their first and middle names (e.g., R. P. Feynman) it is possible that Djourup is not the first woman to achieve Honorable Mention or better status. The first woman Putnam Fellow was Ioana Dumitriu from New York University in 1996; the second was Melanie Wood from Duke in 2002; the third was Ana Caraiani from Princeton in 2003 and 2004. Since the ages of participants are not noted, there is no way to know who the youngest and oldest people to win the competition were. Most likely the youngest is Arthur Rubin, who was a winner in 1970 at age 14. John Tillinghast, David Ash, Noam Elkies and Lenny Ng were Putnam Fellows at sixteen.<sup>2</sup> A potential oldest winner is Samuel Klein, who was born in 1934 and won the competitions in 1953, 1959, and 1960. As a group, the five winners of the 2003 competition have amassed the greatest number of Putnam Fellow designations ever: Gabriel Carroll, Reid Barton and Daniel Kane won four time, Ana Caraiani won twice, and Ralph Furmaniak won once.

Unlike the early years of the Putnam competition, in the past twenty-five years or so many of those who have done exceptionally well in the Putnam competition have participated as high-school students in problem solving summer training camps in the United States and elsewhere in preparation for the annual International Mathematics Olympiad (IMO). Many of the international students who represented their countries in the IMO have come to the United States for their undergraduate degrees. The consequence is that the winners of Putnam competitions now come from many countries. The 2006 Putnam competition illustrates this well. All five 2006 Putnam winners were IMO gold medal recipients and 12 of the top 26 scorers in competition represented countries other than the United States or Canada in the IMO. In 2007 five of the six Putnam Fellows were IMO Gold medalists and nine of the top 24 in the Putnam competition represented countries other than the United States or Canada in the IMO. In 2008 and 2009 four of the five Putnam Fellows were IMO Gold medalists. In 2008 five of the top 25 in the Putnam competition represented countries other than the United States or Canada in the IMO while in 2009 there were seven of the top 25.

Over the seventy competitions between 1938 and 2009 there have been only three perfect scores—one in 1987 and two in 1988. Although the top five scorers are always listed alphabetically, it is known that the 1987 perfect score was achieved by David Moews. What is amazing about this score is that the 1987 exam was a difficult one. The median score was one point and twenty-six points put one in the top two hundred (out of 2,170 participants). In 1987 the second highest score was 108, while the third highest score in 1988 was 119. The winners of the 1987 and 1988 competitions rank among

<sup>1</sup>The MAA should create action figures for all the people who were Putnam Fellows three or more times.

<sup>2</sup>In the version of this article published in the *Monthly* I had Elkies as the youngest winner that I knew of.



the strongest groups of Putnam Fellows ever. Among them are Bjorn Poonen and Ravi Vakil, both four-time Putnam Fellows, David Moews and David Grabiner, both three-time Putnam Fellows, and Mike Reid, a two-time Putnam Fellow. In contrast to the 1988 scores, of the 1,260 contestants in the 1963 competition the highest score was sixty-two.

Two changes were made in 1992 regarding the recognition of individuals. In previous competitions the announcements of winners alphabetically identified the top ten as the five highest ranking participants and the next five highest. The next group of 30-35 highest ranking people was designated "Honorable Mention." In 1992 the announcement of the results put the top 25 into five categories: the five highest ranking individuals, the next five highest, the next five highest, the next ten highest. Beginning in 1997 the top 25 finishers were put into three categories: the five highest ranking individuals, the next ten highest, then the next ten highest. The number in the honorable mention group remained at about 30-35. The other change was the addition of an "Elizabeth Lowell Putnam Award" given from time to time to a female participant with a high score. Through 2009, there have been eight individual winners. Of these, Ioana Dumitriu and Alison Miller won it three times and Ana Caraiani and Melanie Wood won it twice. Dumitriu, Caraiani, and Wood were Putnam Fellows.

For most of the years between the late 1940s and the early 1990s Harvard far outpaced all other schools in the number of individuals receiving honorable mention status or higher. In 1991 Harvard had 11 and MIT had just 1 in that group. By 1993 MIT narrowed the margin to 8-6 in favor of Harvard. The first time that MIT surpassed Harvard was 1998 with the totals 11-9. In recognition of the significantly increasing number of participants, between 2002 and 2009 the number of those designed honorable mention has gradually increased from approximately 45 to 55. Since 1998 MIT has gradually increased its edge over Harvard from year to year in the number of individuals receiving honorable mention status or higher with the widest margin of 28-9 occurring in 2009. In fact MIT's total of 28 matches the total of the next three schools with the greatest number finishing honorable mention or higher—Caltech (11), Harvard (9), and Princeton (8). This deep pool of talent may have made it harder for MIT to beat Harvard in the team competition since between 1998 and 2009 Harvard has won the team competition six times to MIT's three times.

**4. A PUTNAM WHO'S WHO.** Over the years many distinguished mathematicians and scientists have participated in the Putnam. Among them are Fields Medalists John Milnor, David Mumford, Daniel Quillen, Paul Cohen, and John G. Thompson (Milnor, Mumford, and Quillen were Putnam Fellows; Cohen was in the second five; Thompson received Honorable Mention). Physics Nobel Laureates who have received Honorable Mention or better are Richard Feynman, a Putnam Fellow in 1939, Kenneth G. Wilson, a two-time Putnam Fellow, Steven Weinberg, and Murray Gell-Mann. The Nobel Prize winner in Economics John Nash (of "A Beautiful Mind" fame), to his great disappointment, finished in the second five of 147 individuals in 1947. Thompson won the Abel Prize in 2008. Eric Lander, one of the principal leaders in the Human Genome Project, finished in the second five in 1976. Both Mumford and Lander are MacArthur Fellows. Distinguished computer scientist Donald Knuth received Honorable Mention in 1959. American Mathematical Society Presidents who did well in the Putnam are Irving Kaplansky (Putnam Fellow, 1938), Andrew Gleason (Putnam Fellow, 1940, 1941, 1942), Felix Browder (Putnam Fellow, 1946), and AMS and MAA President Ron Graham (Honorable Mention, 1958). Putnam Fellows in National Academy of Sciences include (this list may not be exhaustive) Elwyn Berlekamp, Felix Browder, Eugenio Calabi, Andrew Gleason, Melvin Hochster, Roger Howe, Irving Kaplansky, George W. Mackey, John W. Milnor, David Mumford, Daniel G. Quillen, Lawrence A. Shepp, Peter W. Shor, and Kenneth G. Wilson. Many others who have done well in the Putnam have won the prestigious research awards given by the American Mathematical Society. The 1956 Harvard team had both a future Nobel prize winner (Wilson) and a future Fields medalist (Mumford). Both were Putnam Fellows that year and Harvard's team finished first.

One might wonder how the winners of the AMS/MAA/SIAM Morgan Prize for outstanding research by an undergraduate student have done in the Putnam Competition. Of the fifteen recipients through 2009 Wood, Barton, Kane, Manolescu, and Pixton have been Putnam Fellows.

**5. CONCLUSION.** Table 4 provides the top five scores and the median score for each competition between 1967 and 2009.<sup>3</sup> Note that in five of those years the median score was zero and in six of them it was one! Between 1999 and 2009, only three times was the medium score greater than 1. Also observe that in 1995 only one point separated the highest and fifth highest scores. In the period 1967–2009 the largest gap between the top score and the fifth highest score was thirty-five, while the largest gap between highest top score and the second highest was twenty-two. The largest median in the period was 19; the average median score is 5.0; the median of the median scores is 3. The greatest number of zero scores occurred in 2006, when 2279 out of 3640 participants registered scores of zero. The highest percentage of scores of zero occurred in 2006 with 62.6% of the scores being zero. Table 5 gives the mean score, the percentage of the score of 0, and the score needed to finish in the top 500 in the period from 1987 to 2009.

Is there a lesson to be learned by examining the results of the Putnam competition? It seems that doing well on the Putnam exam correlates well with high achievement as a professional mathematician, but many of the best research mathematicians have not scored high on the Putnam and of course many have not even taken the exam.

Oh, by the way, the cadets of West Point beat Harvard that day in 1933. A cadet had the top individual score. Army's victory was reported in the newspapers and the Army team received a special letter of congratulations from the Army Chief of Staff, General Douglas MacArthur.

Reference [6], written by Putnam Fellows Kedlaya, Poonen, and Vakil, gives the problems with solutions and commentary from the Putnam competitions from 1985-2000. References [3] and [4] are articles that relate Putnam trivia. Reference [1] is an article that provides the views of the Putnam competition by a number of Putnam fellows. The web site <http://www.d.umn.edu/~jgallian/putnamfel/PF.html> provides information about Putnam Fellows.

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<sup>3</sup>This was all the data that I could locate.

Table 1. Number of participants in the first sixty-nine competitions.

<i>Year</i>	<i>Number</i>	<i>Year</i>	<i>Number</i>	<i>Year</i>	<i>number</i>
1938	163	1963	1260	1986	2094
1939	200	1964	1439	1987	2170
1940	208	1965	1596	1988	2096
1941	146	1966	1526	1989	2392
1942	114	1967	1592	1990	2347
1946	67	1968	1398	1991	2325
1947	145	1969	1501	1992	2421
1948	120	1970	1445	1993	2356
1949	155	1971	1596	1994	2314
1950	223	1972	1681	1995	2468
1951	209	1973	2053	1996	2407
1952	295	1974	2159	1997	2510
1953	256	1975	2203	1998	2581
1954	231	1976	2131	1999	2900
1955	256	1977	2138	2000	2818
1956	291	1978	2019	2001	2954
1957	377	1979	2141	2002	3349
1958 S	430	1980	2043	2003	3615
1958 F	506	1981	2043	2004	3733
1959	633	1982	2024	2005	3545
1960	867	1983	2055	2006	3640
1961	1094	1984	2149	2007	3753
1962	1187	1985	2079	2008	3627
				2009	4036

Table 2. Number of teams 1975–2009.

<i>Year</i>	<i>Number</i>	<i>Year</i>	<i>Number</i>	<i>Year</i>	<i>Number</i>	<i>Year</i>	<i>Number</i>
1975	285	1984	264	1993	291	2002	376
1976	264	1985	264	1994	284	2003	401
1977	266	1986	270	1995	306	2004	411
1978	246	1987	277	1996	294	2005	395
1979	258	1988	257	1997	313	2006	402
1980	251	1989	288	1998	319	2007	413
1981	251	1990	289	1999	346	2008	405
1982	249	1991	291	2000	322	2009	439
1983	256	1992	284	2001	336		

Table 3. Winning teams in the first seventy competitions.

<i>Institution</i>	<i>First Place</i>	<i>Second Place</i>	<i>Third Place</i>	<i>Fourth Place</i>	<i>Fifth Place</i>	<i>Putnam Fellows</i>
Harvard University	27	10	12	5	1	98
California Inst. Technology	9	3	6	5	6	24
Massachusetts Inst. Technology	6	9	10	8	6	51
University of Toronto	4	5	4	4	1	23
Washington University	4	4		1	2	6
Duke University	3	2	6		1	6
Brooklyn College	3	1	1			5
Michigan State University	3			2		5
University of Waterloo	2	3	6	2	4	8
Cornell	2	3	1	1	2	5
Polytechnic Inst. Brooklyn	2	1				3
Princeton University	1	11	4	7	5	21
University of Chicago	1	3	3	1	3	10
U. California, Berkeley	1	1	2	4	2	16
U. California, Davis	1	1		1		2
Queen's University	1		1	1		1
Case Western Reserve	1			2	1	4
Yale University		3	1	4	3	9
Columbia University		2	3			8
Rice University		1	1	1	1	3
U. Pennsylvania		1	1	1		3
City College New York		1		4		10
Dartmouth		1			1	2
U. British Columbia		1			1	1
Oberlin College		1				
Carnegie Mellon			2	1		3
Cooper Union			2			1
U. California, Los Angeles			1		1	2
Harvey Mudd College			1		1	
U. Maryland, College Park			1		1	
New York University			1			3
Miami University			1			
Mississippi Women's College			1			
Stanford University				5	2	1

Table 3 (cont.). Winning teams in the first seventy competitions.

<i>Institution</i>	<i>First Place</i>	<i>Second Place</i>	<i>Third Place</i>	<i>Fourth Place</i>	<i>Fifth Place</i>	<i>Putnam Fellows</i>
U. Michigan, Ann Arbor				1	2	
Kenyon College				1		2
Swarthmore				1		1
University of Manitoba				1		1
Illinois Inst. Technology				1		
McGill University				1		1
University of Kansas					1	
U. of Minnesota Minneapolis						3
Purdue University						2
U. Alberta						2
U. California, Santa Barbara						2
U. Washington, Seattle						1

Table 4. Top five scores and median for the 1967–2009.

<i>Year</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>median</i>
1967	67	62	60	58	57	6
1968	93	92	89	85	85	10
1969	87	82	80	79	73	10
1970	116	107	104	97	96	4
1971	109	90	88	84	74	11
1972	85	79	66	63	59	4
1973	106	86	86	78	76	7
1974	77	70	62	61	57	6
1975	88	87	86	84	80	6
1976	74	70	68	64	61	2
1977	110	103	90	90	88	10
1978	90	77	74	73	71	11
1979	95	90	87	87	73	4
1980	73	72	69	68	66	3
1981	93	72	64	60	60	1
1982	98	90	88	85	82	2
1983	98	88	81	80	79	10
1984	111	89	81	80	80	10
1985	108	100	94	94	91	2
1986	90	89	86	82	81	19
1987	120	108	107	90	88	1
1988	120	120	119	112	110	16
1989	94	81	78	78	77	0
1990	93	92	87	77	77	2
1991	100	98	97	94	93	11
1992	105	100	95	95	92	2
1993	88	78	69	61	60	10
1994	102	101	99	88	87	3
1995	86	86	86	85	85	8
1996	98	89	80	80	76	3
1997	92	88	78	71	69	1
1998	108	106	103	100	98	10
1999	74	71	70	69	69	0
2000	96	93	92	92	90	0
2001	101	100	86	80	80	1
2002	116	108	106	96	96	3
2003	110	96	95	90	82	1
2004	109	101	99	89	89	0
2005	100	98	89	86	80	1
2006	101	99	98	92	92	0
2007	110	97	91	90	82	2
2008	117	110	108	102	101	1
2009	111	109	100	98	97	2

Table 5. Mean, percent 0, Top 500 cut off  
1997–2009.

<i>Year</i>	<i>Mean</i>	<i>pct. 0</i>	<i>Top 500</i>
1997	7.3	47.7	12
1998	14.8	30.3	28
1999	6.3	60.2	11
2000	5.3	57.7	11
2001	8.9	44.9	20
2002	11.0	34.7	24
2003	7.1	27.8	18
2004	8.4	53.6	22
2005	7.9	46.7	20
2006	6.2	62.6	14
2007	7.0	42.5	21
2008	9.5	47.2	22
2009	9.5	43.7	22



**6. APPENDIX I: EXAMINATION QUESTIONS FOR THE FIRST WILLIAM LOWELL PUTNAM MATHEMATICAL COMPETITION, APRIL 16, 1938.**

MORNING SESSION: 9:00 to 12:00 NOON.

1. A solid is bounded by two bases in the horizontal planes  $z = h/2$  and  $z = -h/2$ , and by such a surface that the area of every section in a horizontal plane is given by a formula of the sort  $\text{Area} = a_0z^3 + a_1z^2 + a_2z + a_3$  (where as special cases some of the coefficients may be 0). Show that the volume is given by the formula  $V = (1/6)h[B_1 + B_2 + 4M]$ , where  $B_1$  and  $B_2$  are the areas of the bases, and  $M$  is the area of the middle horizontal section. Show that the formulas for the volume of a cone and a sphere can be included in this formula when  $a_0 = 0$ .

2. A can buoy is to be made of three pieces, namely, a cylinder and two equal cones, the altitude of each cone being equal to the altitude of the cylinder. For a given area of surface, what shape will have the greatest volume?

3. If a particle moves in a plane, we may express its coordinates  $x$  and  $y$  as functions of the time  $t$ . If  $x = t^2 - t$  and  $y = t^4 + t$ , show that the curve has a point of inflection at  $t = 0$ , and that the velocity of the moving particle has a maximum at  $t = 0$ .

4. A lumberman wishes to cut down a tree whose trunk is cylindrical and whose material is uniform. He will cut a notch, the two sides of which will be planes intersecting at a dihedral angle  $\theta$  along a horizontal line through the axis of the cylinder. If  $\theta$  is given, show that the least volume of material is cut when the plane bisecting the dihedral angle is horizontal.

5. Evaluate the limits:

(a)  $\lim_{n \rightarrow \infty} \frac{n^2}{e^n}$       (b)  $\lim_{x \rightarrow 0} \frac{1}{x} \int_0^x (t + \sin 2t)^{1/t} dt$

6. A swimmer stands at one corner of a square swimming pool and wishes to reach the diagonally opposite corner. If  $w$  is his walking speed and  $s$  is his swimming speed ( $s < w$ ), find his path for the shortest time. [Consider two cases: (a)  $w/s < \sqrt{2}$  and (b)  $w/s > \sqrt{2}$ ].

7. TAKE EITHER (a) or (b).

(a) Show that the gravitational attraction exerted by a thin homogeneous spherical shell at an external point is the same as if the material of the shell were concentrated at its center.

(b) Determine all the straight lines which lie upon the surface  $z = xy$ , and draw a figure to illustrate your result.

AFTERNOON SESSION: 2:00-5:00 P.M.

8. TAKE EITHER (a) or (b).

(a) Let  $A_{ik}$  be the cofactor of  $a_{ik}$  in the determine

$$\begin{vmatrix} a_{11} & a_{12} & a_{13} & a_{14} \\ a_{21} & a_{22} & a_{23} & a_{24} \\ a_{31} & a_{32} & a_{33} & a_{34} \\ a_{41} & a_{42} & a_{43} & a_{44} \end{vmatrix}.$$

Let  $D$  be the corresponding determinant with  $a_{ik}$  replaced by  $A_{ik}$ . Prove  $D = d^3$ .

(b) Let  $P(y) = Ay^2 + By + C$  be a quadratic polynomial in  $y$ . If the roots of the quadratic equation  $P(y) - y = 0$  are  $a$  and  $b$  ( $a \neq b$ ), show that  $a$  and  $b$  are roots of the biquadratic equation  $P[P(y)] - y = 0$ . Hence write down a quadratic equation which will give the other two roots,  $c$  and  $d$ , of the biquadratic. Apply this result to solving the following biquadratic equation:

$$(y^2 - 3y + 2)^2 - 3(y^2 - 3y + 2) + 2 - y = 0.$$

9. Find all the solutions of the equation

$$yy'' - 2(y')^2 = 0$$

which pass through the point  $x = 1, y = 1$ .

10. A horizontal disc of diameter 3 inches is rotating at 4 revolutions per minute. A light is shining at a distant point in the plane of the disc. An insect is placed at the edge of the disc furthest from the light, facing the light. It at once starts crawling, and crawls so as always to face the light, at 1 inch per second. Set up the differential equation of motion, and find at what point the insect again reaches the edge of the disc.

11. Given the parabola  $y^2 = 2mx$ . What is the length of the shortest chord that is normal to the curve at one end?

12. From the center of a rectangular hyperbola a perpendicular is dropped upon a variable tangent. Find the locus of the foot of the perpendicular. Obtain the equation of the locus in polar coordinates, and sketch the curve.

13. Find the shortest distance between the plane  $Ax + By + Cz + 1 = 0$  and the ellipsoid  $x^2/a^2 + y^2/b^2 + z^2/c^2 = 1$ . (For brevity, let

$$h = 1/\sqrt{A^2 + B^2 + C^2} \text{ and } m = \sqrt{a^2A^2 + b^2B^2 + c^2C^2}.)$$

State algebraically the condition that the plane shall lie outside the ellipsoid.

## 7. APPENDIX II: POSSIBLE MOST DIFFICULT PROBLEMS ON PUTNAM COMPETITION BETWEEN 1974-2006

1979 competition (no positive scores)

A-6 Let  $0 \leq p_i \leq 1$  for  $i = 1, 2, \dots, n$ . Show that

$$\sum_{i=1}^n \frac{1}{|x - p_i|} \leq 8n \left(1 + \frac{1}{3} + \frac{1}{5} + \dots + \frac{1}{2n-1}\right)$$

for some  $x$  satisfying  $0 \leq x \leq 1$ .

1999 competition (only one positive score—2 points)

B-4 Let  $f$  be a real function with a continuous third derivative such that  $f(x), f'(x), f''(x), f'''(x)$  are positive for all  $x$ . Suppose that  $f'''(x) \leq f(x)$  for all  $x$ . Show that  $f'(x) < 2f(x)$  for all  $x$ .

1999 competition (only one positive score—2 points)

B-5 For an integer  $n \geq 3$ , let  $\theta = 2\pi/n$ . Evaluate the determinant of the  $n \times n$  matrix  $I + A$ , where  $I$  is the  $n \times n$  identity matrix and  $A = (a_{jk})$  has entries  $a_{jk} = \cos(j\theta + k\theta)$  for all  $j, k$ .

**Acknowledgment.** The data in Table 3 was kindly provided by Jerry Heuer, Leonard Klosinski, and Jerry Alexanderson. I wish to thank Doug Jungreis, Kiran Kedlaya, Bjorn Poonen and Ravi Vakil for their comments on a draft of the article that appeared in the Monthly. No doubt this article set a record for the most number of Putnam Fellows to read a draft of a Monthly article.

## References

- [1] G. L. Alexanderson, How Putnam fellows view the competition, Focus December, 2004 *Focus* 14-15.
- [2] D. C. Arney, Army beats Harvard in football and mathematics!, (September, 1994) *Math Horizons* 14-17.
- [3] J. A. Gallian, Fifty years of Putnam trivia, *Amer. Math. Monthly* **96** (1989) 711-713.
- [4] J. A. Gallian, Putnam trivia for the 90s, *Amer. Math. Monthly* **107** (2000) 733-735.
- [5] J. A. Gallian, The First sixty-six years of the Putnam competition, *Amer. Math. Monthly* **111** (2004) 691-699.
- [6] K. S. Kedlaya, B. Poonen, and R. Vakil, *The William Lowell Putnam Mathematical Competition 1985-2000: Problems, Solutions, and Commentary*, Mathematical Association of America, Washington, D.C., 2002.
- [7] G. W. Mackey, The William Lowell Putnam Mathematical Competition *Amer. Math. Monthly* **55** (1949) 630-632.

**Joe Gallian** received a B.A. degree from Slippery Rock State University in 1966 and Ph.D. from Notre Dame in 1971. He has been at the University of Minnesota Duluth since 1972, where he is a University Distinguished Professor of Teaching. He serves on the editorial board of this MONTHLY and *Math Horizons* and served one term on the editorial board of the *Mathematics Magazine*. He has received the MAA's Haimo Award for Distinguished Teaching, and the MAA's Allendoerfer and Evans awards for exposition. He is a codirector of Project NExT and has been an MAA Polya Lecturer and a Second Vice President of the MAA. In 2003 he was named Minnesota Professor of the Year by the Carnegie Foundation for the Advancement of Teaching. Since 1977 he has run a summer undergraduate research program that has had a total of 168 participants through 2009. He has had the good fortune to work with thirty Putnam Fellows in his summer programs.

*Department of Mathematics and Statistics, University of Minnesota Duluth, Duluth, MN 55812*  
*jgallian@d.umn.edu*

## VII. STANDING COMMITTEES

## A. Academic and Student Affairs Committee

Faculty Presentation, “Sustainability Sensing”

Faculty presentation for information only.

**Shwetak N. Patel**

Computer Science & Engineering  
Office: Paul Allen Center, 540

shwetak@cs.washington.edu

Shwetak N. Patel is a second year Assistant Professor in the departments of Computer Science and Engineering and Electrical Engineering at the University of Washington. His research interests are in the areas of Human-Computer Interaction, Ubiquitous Computing, and User Interface Software and Technology. He is particularly interested in developing easy-to-deploy sensing technologies and approaches for location and activity recognition applications. His work is currently being applied to addressing the nation's goal of reducing residential energy consumption. Dr. Patel was also the co-founder of Usenso, Inc., a demand side energy monitoring solutions provider that was acquired earlier this year. He received his Ph.D. in Computer Science from the Georgia Institute of Technology in 2008 and B.S. in Computer Science in 2003. Dr. Patel recently received the TR-35 award in 2009, which is awarded to 35 of the top young innovators worldwide.

His work has also been featured in a number of media outlets, including his past work being recognized by the New York Times as technology of the year.

# Sustainability Sensing

**Dr. Shwetak Patel**  
Assistant Professor  
Computer Science & Engineering  
Electrical Engineering

<http://www.shwetak.com>  
<http://ubicomplab.cs.washington.edu>

**dub**  
design:  
use:  
build:  
univ. of washington

**sustain**

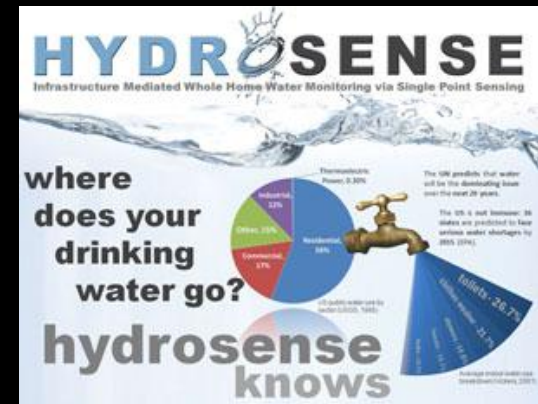
Electrical  
Engineering

computer science  
and engineering



# Background

- Research Areas
  - Human-Computer Interaction
  - Ubiquitous Computing
  - Sensor-enabled Embedded Systems
  - User Interface Technologies
- Application areas
  - Health
  - Energy monitoring
- Strategy
  - Highly interdisciplinary
  - Students of all academic levels involved





**Making the grid in the home  
smarter**

**Help consumers reduce their  
residential consumption**

# SAFEGWAY

SAVE MORE AT SAFEGWAY

## GROCERY

SFWY PRTZLE STICK		1.50 B
RegPrice 1.79	CardSav .29	3.79 B
BLKBERY PRES		2.39 B
SFY CANOLA OIL		3.69 B
CEREAL PNT BUTTER		3.29 B
CHILI SAUCE SWT		
CHF-B PIZZA		
LK GRCL SCE		

## REFRIG/FROZ

LUC CHEESE	Car	
RegPrice 6.79		
SPINACH ARTICHOKE	Ca	
RegPrice 3.79		
3S CRWN VEG RSTD	C	
RegPrice 3.79		
2@2.50 SFWY SEL M		
RegPrice 7.58		
MARGARINE		

## GEN MERCHANDISE

#SFY BENEHIST TAB		7.99 T
-------------------	--	--------

## BAKED GOODS

LD COSMIC BROWNIES		1.29 B
DROWEAT RYE		3.14 B
CUSTARD PIE 9IN		4.99 B
RegPrice 5.99	CardSav 1.00	4.99 B
CHOC CREAM PIE		
RegPrice 5.99	CardSav 1.00	

**** TAX	6.76	BAL	144.25
VF MC XXXXXXXXXX			144.25

CHANGE		.00
TOTAL SAVINGS	16.97	
NUMBER OF ITEMS =	35	

12/27/06 12:00 1877 02 0150 5145

# SAFEGWAY

SAVE MORE AT SAFEGWAY

Month: April 2006

Total Food Units: 1527

Total Price:

**\$527**





# Seattle Public Utilities Bill

Questions? Call 206-684-3000 or 1-800-862-1181 (out of area calls only)  
Write us? 700 5th Avenue, Suite 2777, PO Box 34027, Seattle, WA 98124-4027

C00034  
LEAK  
329  
CD-0

Account number:  
**2-1084347-154771**

JAMES LANDAY  
5544 ASHWORTH AVE N  
SEATTLE, WA 98103-5917

Property owner:  
JAMES LANDAY  
Service address:  
5544 ASHWORTH AVE N

## Summary of charges as of August 18, 2009

Payments received after August 19, 2009 are not reflected.

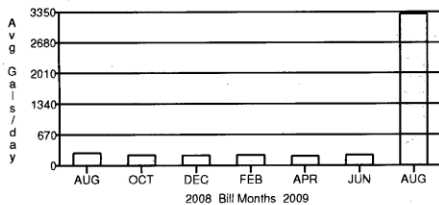
Previous balance:	317.91
Payments applied - <b>THANK YOU!</b>	317.91 CR
Balance:	0.00
Total adjustments:	0.00
Current billing:	2,994.83
<b>TOTAL AMOUNT DUE ON September 08, 2009</b>	<b>\$2,994.83</b>

**SUMMER WATER RATES ARE IN EFFECT FROM MAY 16 THROUGH SEPTEMBER 15. THIS BILL SHOWS HIGH CONSUMPTION. PLEASE READ ENCLOSED BROCHURE FOR INFORMATION.**

**Moving?** Call us on the day you move if you are reading your own meter. To have us read your meter for a fee, call us at least 3 days in advance of your move.

**Remember:** Account openings and account closings cannot be backdated to a day before you contact us.

### Compare Your Water Usage



This Period	Same Period Last Year
No. of days: 64	No. of days: 62
Consumption in CCF: 283	Consumption in CCF: 23
Avg consumption/day: 4.42 CCF	Avg consumption/day: 0.37 CCF
Consumption in gals: 211684	Consumption in gals: 17204
Avg consumption/day: 3307.56 gals	Avg consumption/day: 277.48 gals

1 CCF = 748 gallons

## Seattle Public Utilities Bill

Service address: 5544 ASHWORTH AVE N  
Property owner: JAMES LANDAY  
Account number: 2-1084347-154771

**DUE DATE: September 08, 2009**  
**AUTOMATIC PAYMENT**

**Your account has Automatic Bank Payment. \$2,994.83 will be deducted from your bank account on the payment due date.**

JAMES LANDAY  
5544 ASHWORTH AVE N  
SEATTLE, WA 98103-5917



000000908090200108434701547710000000000299483003

A-7/205-10  
5/13/10

Florida Power & Light Company  
PO Box 025576  
Miami, FL 33102

27

Please request changes on the back.  
Notes on the front will not be detected.

The amount enclosed includes the following donation:  
FPL Care To Share \$ \_\_\_\_\_

B 2,3,4,7,8 4118 6  
NO \*\*\* AUTO \*\*CO 4501 116049 Z  
38BQ485818#

BEACH FL 33445-3504



Make check payable to FPL in U.S. fund  
and mail along with this coupon to:

FPL  
GENERAL MAIL FACILITY  
MIAMI FL 33188-0001

Account number	Total amount you owe	New charges due by	Amount enclosed
	\$295.43	Jul 16 2008	\$

### Payment

9 2008 (29 days)

Account number:

Statement date: Jul 25 2008  
Next meter reading: Jul 25 2008

mts	Additional activity (+ or -)	Balance before new charges (=)	New charges (+)	Total amount you owe (=)	New charges due by
CR	0.00	0.00	295.43	\$295.43	Jul 16 2008

92489	Amount of your last bill				
0153	Payment received - Thank you				
9336	Balance before new charges				
This	<b>New charges (Rate: RS-1 RESIDENTIAL SERVICE)</b>			328.10	
ear	Electric service amount			328.10C	
06	Storm charge			\$0.00	
09	Gross receipts tax				
11	Franchise charge			251.15**	
	Utility tax			2.59	
	Late payment charge			6.51	
	Total new charges			15.75	
	<b>Total amount you owe</b>			<b>\$295.43</b>	

A late payment charge of 1.50% will apply if not paid by July 16, 2008, and your account may be subject to being billed an additional deposit.  
Would you like one less bill to think about & help the environment? Enroll in FPL Automatic Bill Pay & your bill is always paid on time. Save time, postage, check writing & paper. Plus, cut fuel consumption of cars & trucks that transport checks. Enroll at FPL.com or see authorization form in this bill.

Please have your account number ready when contacting FPL.  
Customer service: (561) 994-8227  
Outside Florida: 1-800-220-3545  
To report power outages: 1-800-4OUTAGE (468-8242)  
Hearing/speech impaired: 711 (Relay)  
Online at:



**Ford**  
Quality is Job 1.

VEHICLE DESCRIPTION  
**RANGER**

1998 RANGER  
XL 112" WHEEL  
2.5L EFI I-4 EP  
5-SPD MAN C

- STANDARD EQUIPMENT INCLUDED AT NO EXTRA CHARGE
- SAFETY/SECURITY**
- DRIVER & PASS SRS AIR BAG
  - REAR ANTI-LOCK BRAKES
  - ADJ HEIGHT FRT SEAT BELTS
  - SIDE DOOR GUARD BEAMS
  - REAR HIGH MOUNT STOP LAMP
  - 24 HR ROADSIDE ASSISTANCE
- FUNCTIONAL**
- POWER STEERING/BRAKES
  - FRONT/REAR MUD FLAPS
  - BATTERY SAVER
  - GAS-FILLED SHOCKS
  - 100K MILE TUNE-UP INTERVAL
  - PREPPED FOR TOW HARNESS
  - SLA SUSPENSION
- EXTERIOR**
- SOLAR TINT GLASS
  - P205/75R14 BSW A/S TIRES
  - ARGENT STYLED STEEL WHEELS
  - W/BRIGHT HUB COVERS
- INTERMITTENT FRONT WIPERS
  - BLACK SAIL MOUNT MIRRORS
  - MED FLAT GRILLE/FRT BUMPER
  - MED FLAT REAR STEP BUMPER
  - EASILY REMOVABLE TAILGATE
- INTERIOR**
- 60/40 VINYL SPLIT BENCH ST
  - 12V PWR POINT
  - FLOOR CONSOLE/LETTE
  - GAUGE PACKAGE
  - CIGARETTE LIGHTER
  - INSIDE HOOD RELEASE
  - FULL DOOR TRIM PANELS
  - DAY-NIGHT REAR VIEW MIRROR
  - SUN VISORS
- WARRANTY**
- 3/36 BUMPER TO BUMPER

Compare this vehicle to others in the FREE FUEL ECONOMY GUIDE available at the dealer.

CITY MPG  
**22**



HIGHWAY MPG  
**27**

Actual Mileage will vary with options, driving conditions, driving habits and vehicle's condition. Results reported to EPA indicate that the majority of vehicles with these estimates will achieve between 18 and 26 mpg in the city and between 22 and 32 mpg on the highway.

1998 RANGER PICKUP 4X2, 2.5 LITER ENGINE (FEEDBACK FUEL SYSTEM), 4 CYLINDER, FUEL INJECTION CATALYST, 5-SPEED MANUAL.

Estimated Annual Fuel Cost: \$781

For Comparison Shopping all vehicles classified as STANDARD PICKUP have been issued mileage ratings ranging from 11 to 22 mpg city and 15 to 27 mpg highway.

OLD TO  
WESTLAND FORD  
134 WALL AVE  
SGDEN UT 84401

SHIP TO (IF OTHER THAN SOLD TO)





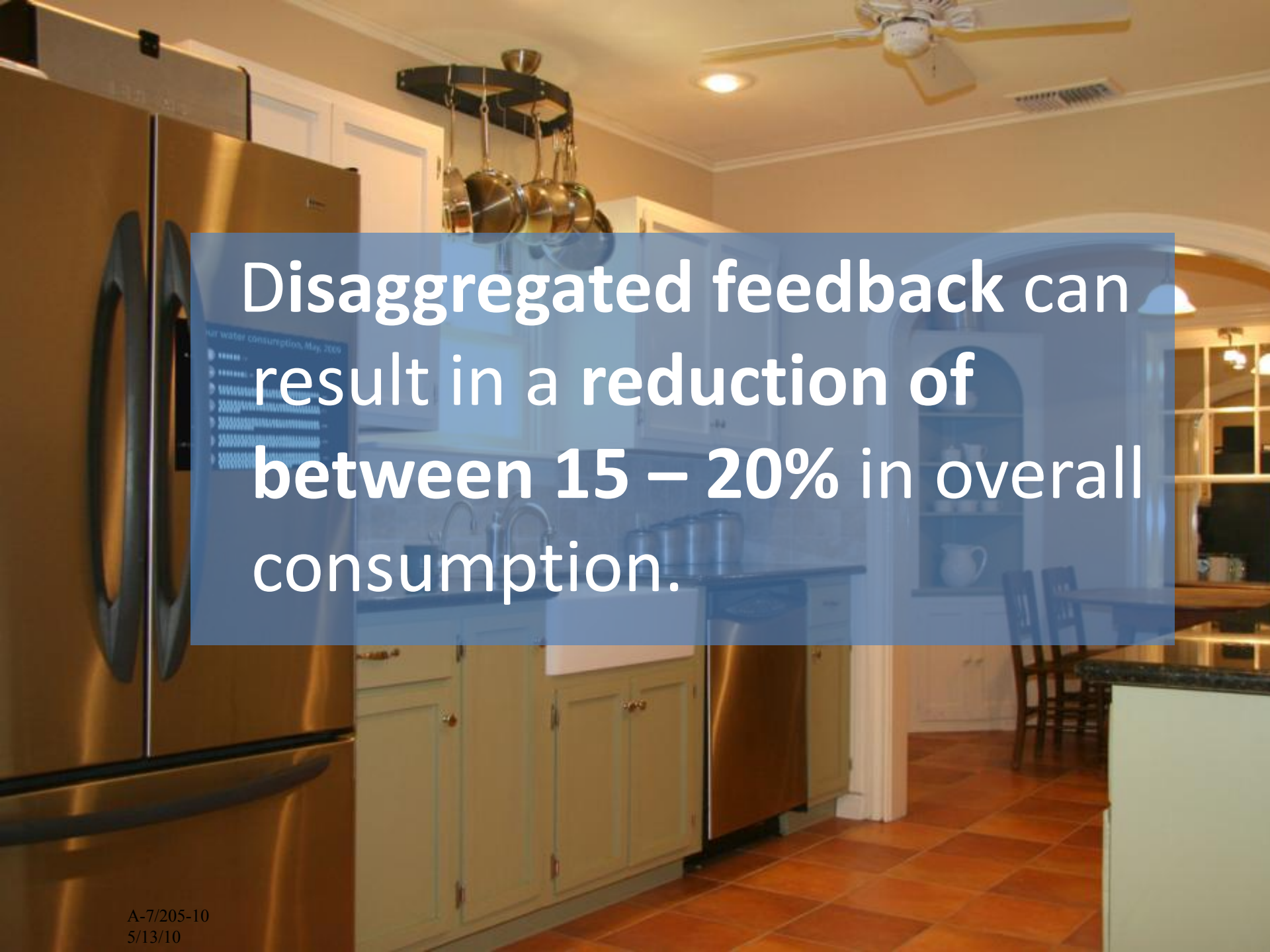
A-7205-10  
5/8/10



KILOWATTHOURS

• 01200 240V 3W • TYPE J55-4 2076

DE 4354620



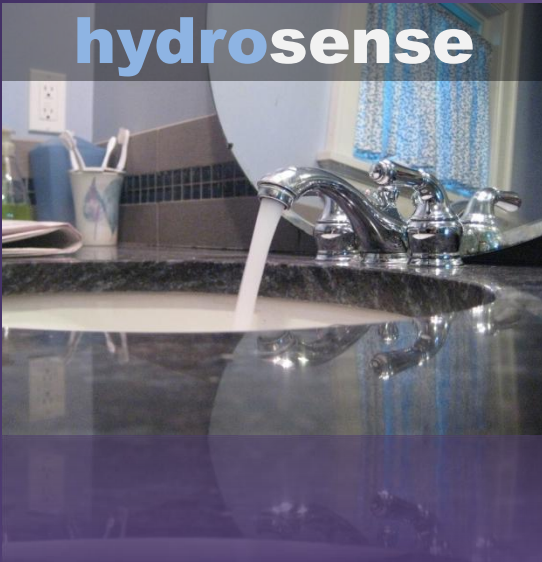
**Disaggregated feedback can result in a reduction of between 15 – 20% in overall consumption.**

- Create easy-to-deploy, low-cost, and highly granular sensing technology
- Create novel, engaging, and persuasive feedback interfaces

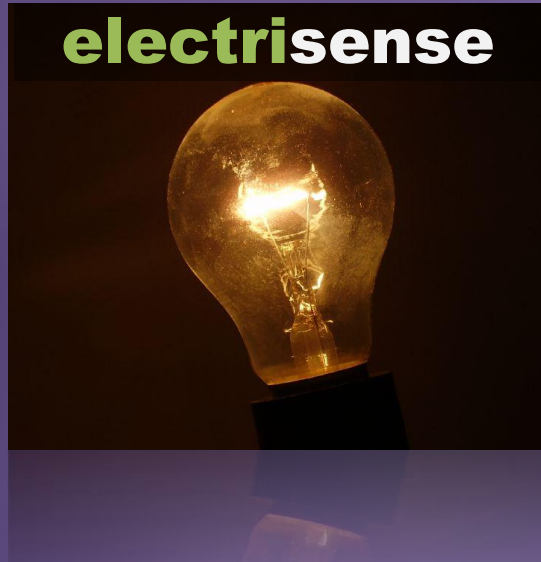


**sensing feedback**

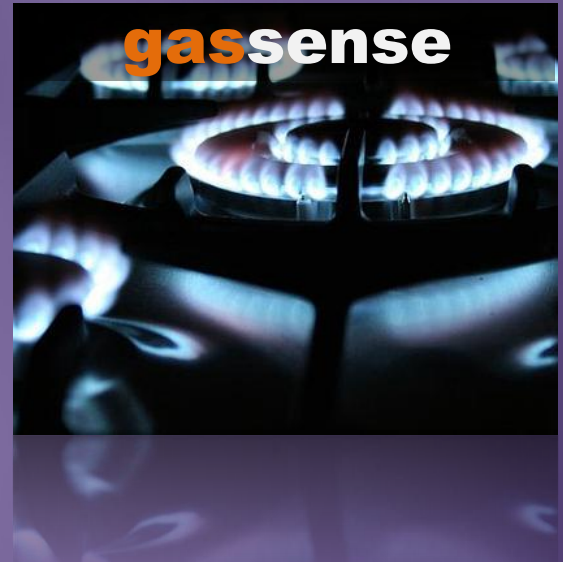
**hydrosense**



**electrisense**



**gassense**







coffee

bean grinder

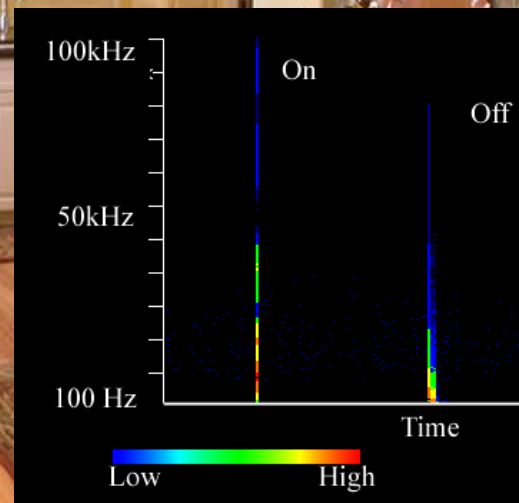
refrigerator

microwave

# Distributed Direct Sensing

# Infrastructure Mediated Sensing

Single plug-in device!

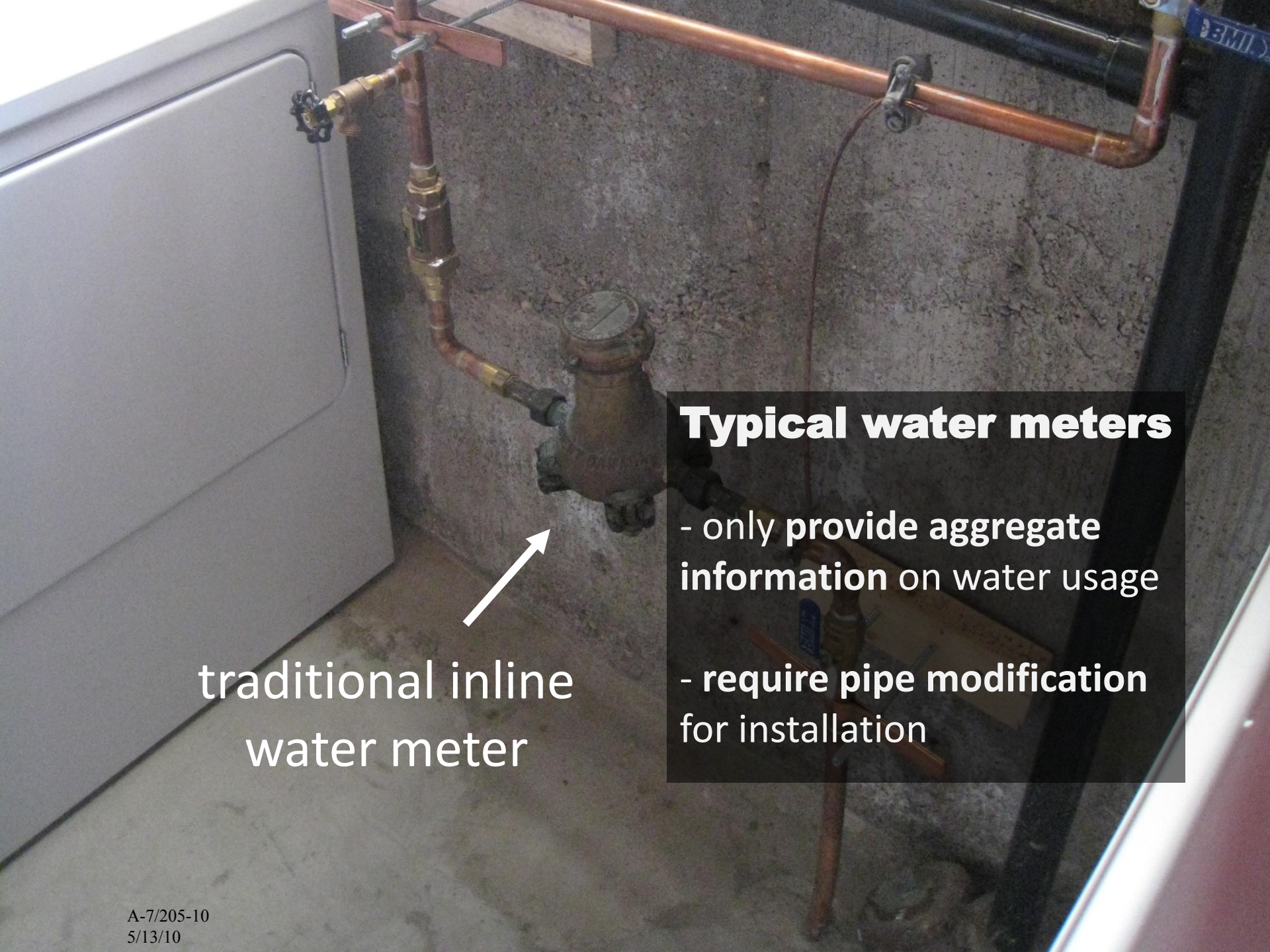


# Water Sensing



- Single-point sensor of water usage
- Identifies water usage activity down to a fixture level (e.g., toilet)
- Provides estimates of flow at each fixture

**hydrosense**



traditional inline  
water meter

## **Typical water meters**

- only provide aggregate information on water usage
- require pipe modification for installation



water tower

# Closed Pressure System



hose spigot

incoming cold water from supply line

pressure regulator

thermal expansion tank

hot water heater

laundry

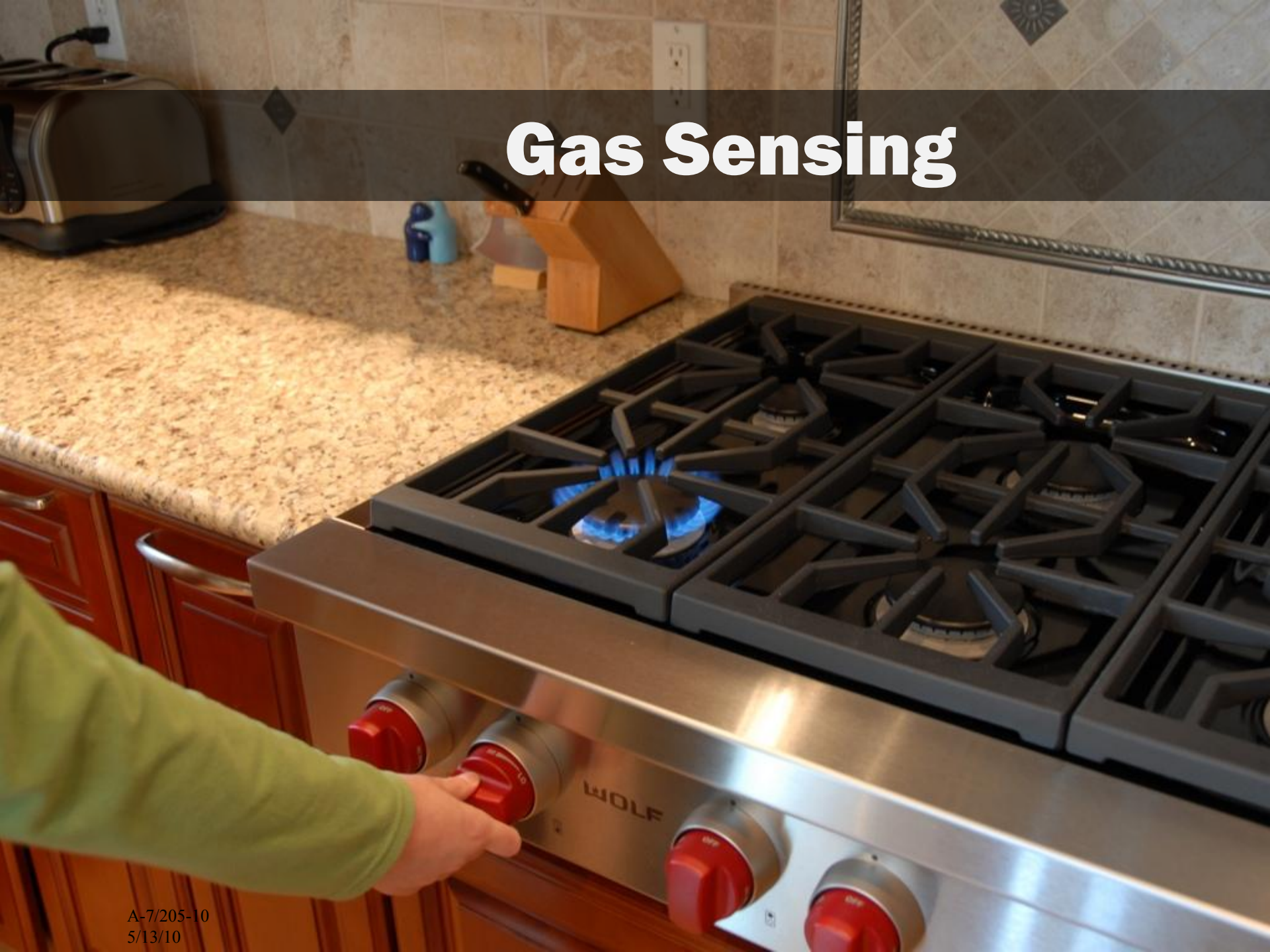
kitchen

dishwasher

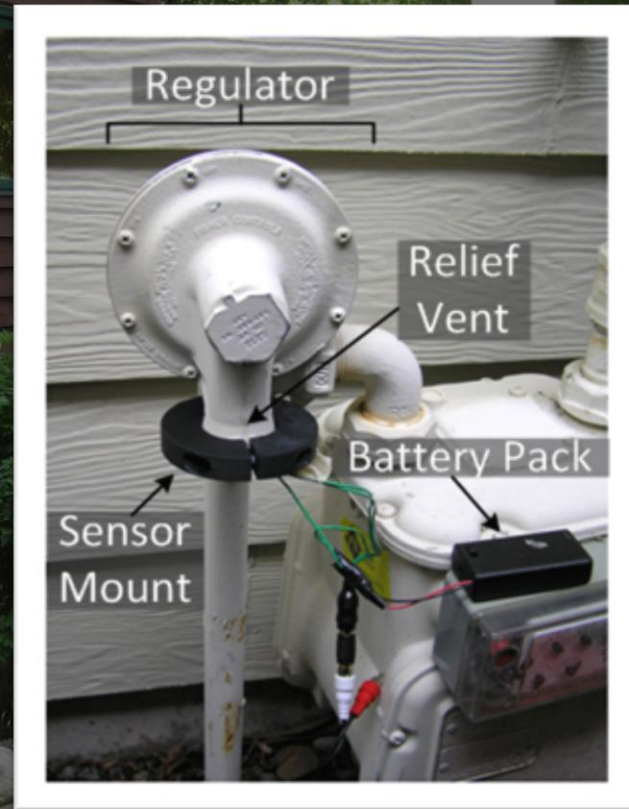
bathroom 2

bathroom 1

# Gas Sensing



# GasSense



# In-home Validation

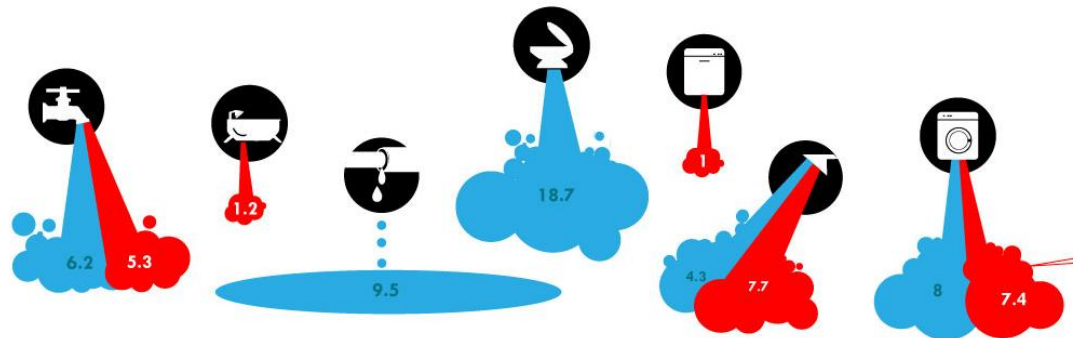
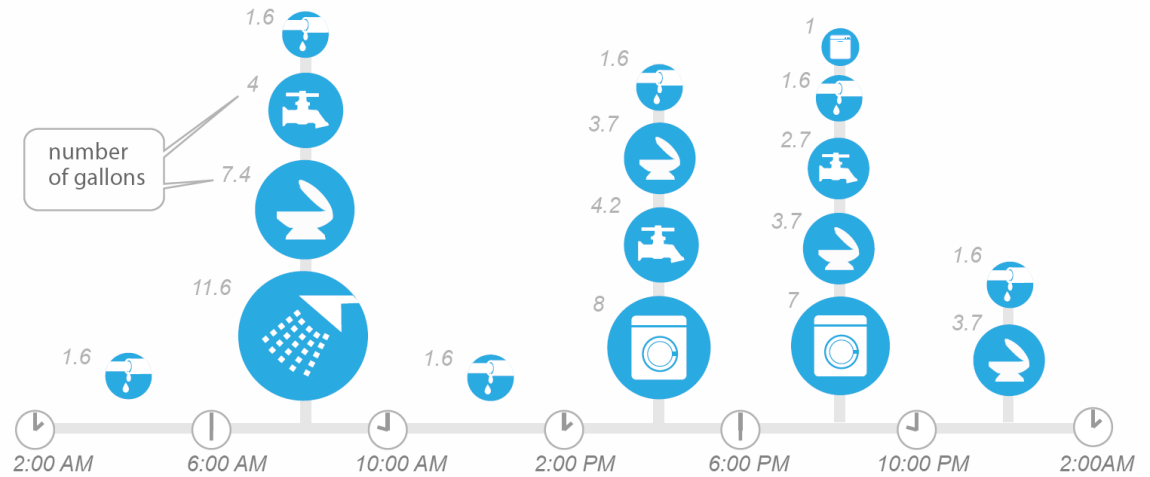
- Performance benchmarks in real homes
- Non-expert deployments
  - Evaluated the installation procedure by homeowners and end-users
  - Mental models
- Typical installation time is less than 35 minutes



# Feedback Interfaces



## TODAY's water usage (in gallons)



Home

Recommendations

Energy Data

my hohm center

home profile

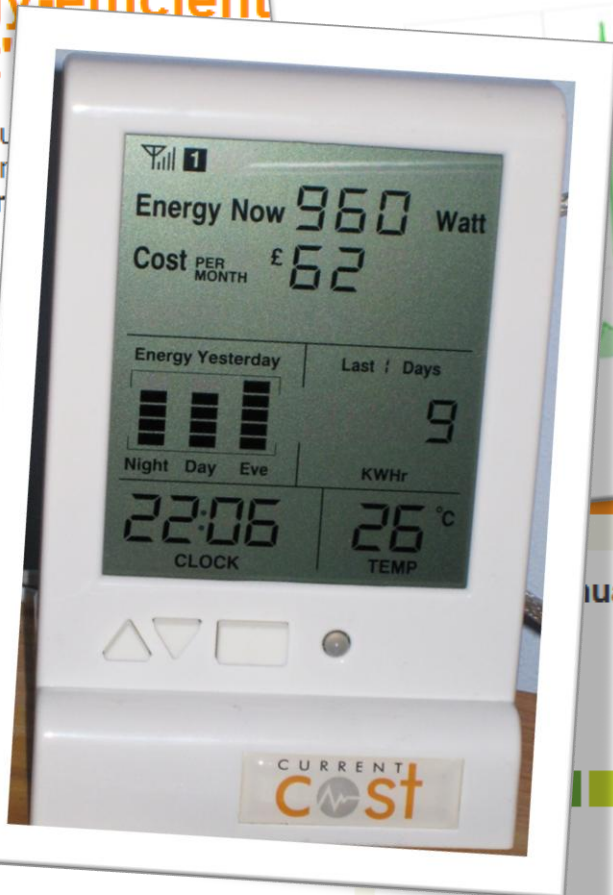
my news

## My Hohm Center

### How energy-efficient home? Let's

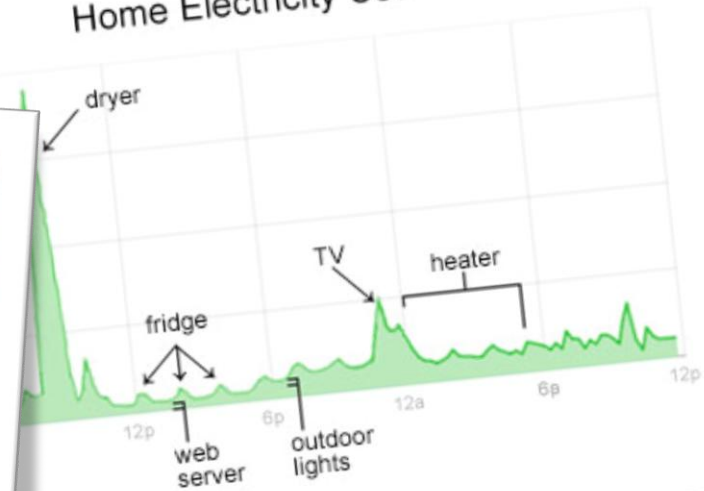
When you fill out your energy provider home energy report recommendations.

Complete Your



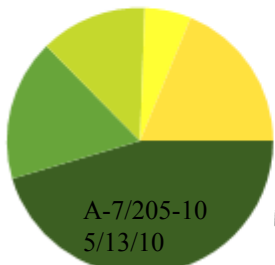
# Google™ POWERMETER

## Home Electricity Use

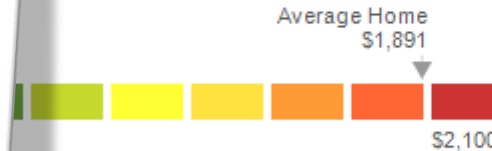


Available

### Energy Cost Breakdown



### Annual Energy Costs In Your Area



# Commercialization Success

## Zensi, Shwetak Patel's Energy Monitoring Startup, Purchased by Belkin

Zensi, an energy monitoring company based on technology developed by UW CSE professor [Shwetak Patel](#) and collaborators, has been purchased by Belkin.

Zensi's technology was licensed from the University of Washington and from the Georgia Institute of Technology, Patel's Ph.D. institution. The technology includes single-point-of-attachment sensors for electrical power, water, and natural gas — a single sensor in a home or business uses signal processing and machine learning to identify sources and rates of consumption. This dramatically reduces the cost of instrumenting the home or business and providing occupants with the information they need to behave in more economical and environmentally responsible ways.



Seattle Home | Local Events | Blogroll | Jobs | Xconomists

STARTUPS, CLEANTECH, DEALS

## UW Prof Shwetak Patel's Energy Startup, Zensi, Bought by Belkin

Gregory T. Huang 4/21/10

Zensi, an energy monitoring startup co-founded by University of Washington assistant professor Shwetak Patel, [has been acquired by Belkin](#), the computer hardware and wireless company based in the Los Angeles area. Financial terms of the cash deal weren't given. The news was reported earlier today by CNET.

Patel co-founded Zensi in 2008 while he was in graduate school at Georgia Tech in Atlanta, but he has continued to develop the technology at UW as a [faculty member](#) in computer science & engineering and electrical engineering. The company's technology includes sensors that you plug into a wall outlet to measure the amount of electricity used by each appliance or device in a home. Zensi's similar systems for water

cnet news

Latest News

CNET River

Webware

Crave

Bus

Home > News > Green Tech

Green Tech  
Edited by Martin LaMonica



April 21, 2010 5:35 AM PDT

## Belkin buys crafty power-tracking start-up

by Martin LaMonica

Font size Print E-mail Share

109 retweet Share 10 1 digg

Electronics and wireless equipment maker Belkin is getting deeper into energy management as it acquires a company with technology that detects how electricity is used within a home.



The company, called Zensi, was founded by academics-

# Value for the Utilities

- Conservation
- New model for demand response
- Validation and verification of conservation activities
- No truck roll or costly rollouts
- No need to go into the home



Jon Froehlich



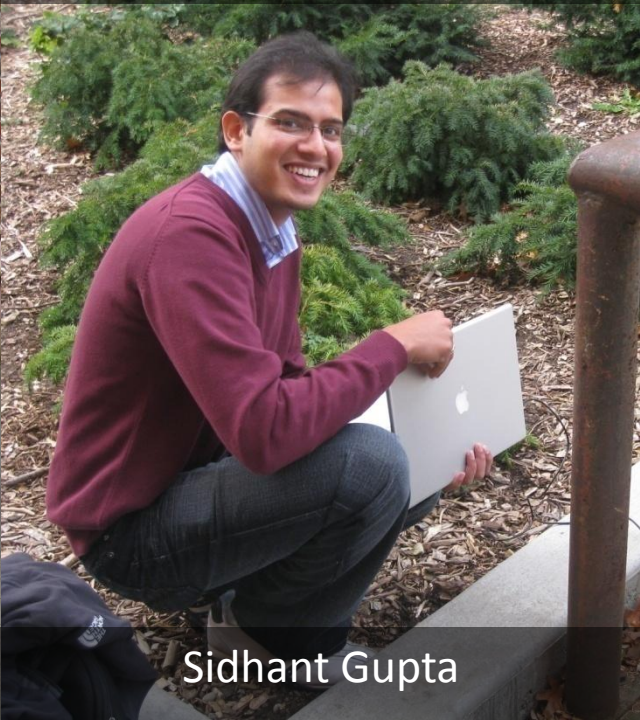
Eric Larson



Tim Campbell



Conor Haggerty  
5/13/10



Sidhant Gupta



Gabe Cohn



# Thanks!

•Questions?

•[shwetak@cs.washington.edu](mailto:shwetak@cs.washington.edu)

•<http://www.shwetak.com>

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Grant and Contract Awards Summary – February and March, 2010

RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance and Audit Committee that the Board of Regents accept the Grant and Contract Awards as presented on the attached list.

*Attachment*

Grant and Contract Awards Summary

Report of Grant and Contract Awards of \$1,000,000 or More

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# **Grant and Contract Awards Summary**

**to**

**The Board of Regents**

**of the**

**University of Washington**

**for**

**February 2010**

**Office of Research**

**Office of Sponsored Programs**

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**Summary of Grant and Contract Awards****Fiscal Year 2009-2010**

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<b>Month</b>	<b>RESEARCH AND OTHER</b>		<b>TRAINING</b>		<b>Total Grants and Contracts</b>
	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	
July	\$ 92,953,080	\$ 29,367,340	\$ 15,030,890	\$ 1,904,177	\$ 139,255,500
August	\$ 125,313,800	\$ 30,523,640	\$ 5,900,316	\$ 1,531,602	\$ 163,269,300
September	\$ 126,577,700	\$ 36,002,340	\$ 32,079,670	\$ 395,123	\$ 195,054,800
October	\$ 77,578,540	\$ 45,219,790	\$ 28,673,290	\$ 1,363,737	\$ 152,835,400
November	\$ 22,820,040	\$ 62,174,290	\$ 366,285	\$ 725,599	\$ 86,086,220
December	\$ 28,128,920	\$ 26,204,650	\$ 1,144,268	\$ 2,039,430	\$ 57,517,270
January	\$ 32,923,960	\$ 23,788,300	\$ 1,549,702	\$ 987,327	\$ 59,249,280
February	\$ 37,894,840	\$ 22,051,800	\$ 324,364	\$ 374,178	\$ 60,645,180
<b>FY10 to Date</b>	<b>\$544,190,859</b>	<b>\$275,332,142</b>	<b>\$85,068,784</b>	<b>\$9,321,173</b>	<b>\$913,912,958</b>
<b>FY09 to Date</b>	<b>\$440,746,877</b>	<b>\$215,933,092</b>	<b>\$36,867,182</b>	<b>\$13,381,803</b>	<b>\$706,928,954</b>
<b>Over (Under) Previous Year</b>	<b>\$103,443,982</b>	<b>\$59,399,050</b>	<b>\$48,201,602</b>	<b>(\$4,060,630)</b>	<b>\$206,984,004</b>

*Assuming acceptance of all awards by the Board of Regents*

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**Comparison of Grant and Contract Awards by Agency****Fiscal Years 2008-2009 and 2009-2010**

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<b>Agency</b>	<b>Jul-Feb FY09</b>	<b>Jul-Feb FY10</b>
US Department of Defense (DOD)	\$ 44,954,601	\$ 40,136,208
US Department of Education (DOEd)	\$ 19,418,108	\$ 16,413,667
US Department of Energy (DOE)	\$ 12,081,032	\$ 17,895,440
US Department of Health and Human Services (DHHS)	\$ 287,977,487	\$ 414,279,300
National Science Foundation (NSF)	\$ 65,737,486	\$ 96,732,360
Other Federal	\$ 47,445,345	\$ 43,802,668
<b>Subtotal for Federal :</b>	<b>\$ 477,614,059</b>	<b>\$ 629,259,643</b>
Associations and Non-Profits	\$ 78,174,182	\$ 133,472,441
Foundations	\$ 59,353,729	\$ 48,853,851
Local Government (in Washington)	\$ 5,191,138	\$ 3,506,113
Other Government (not in Washington)	\$ 25,448,583	\$ 37,174,931
Private Industry	\$ 28,377,651	\$ 33,389,533
State of Washington	\$ 32,769,613	\$ 28,256,448
<b>Subtotal for Non-Federal :</b>	<b>\$ 229,314,895</b>	<b>\$ 284,653,315</b>
<b>Grand Total :</b>	<b>\$ 706,928,954</b>	<b>\$ 913,912,958</b>
<b>Amount of Increase (Decrease) :</b>		<b>\$ 206,984,004</b>
<b>Percent of Increase (Decrease) :</b>		<b>29.3 %</b>

*Assuming acceptance of all awards by the Board of Regents*

**Comparison of Grant and Contract Awards by School/College**

**Fiscal Years 2008-2009 and 2009-2010**

<b>School/College</b>	<b>Jul-Feb FY09</b>	<b>Jul-Feb FY10</b>
<b>Upper Campus</b>		
Architecture and Urban Planning	\$ 1,526,544	\$ 761,430
Arts and Sciences	\$ 65,191,697	\$ 74,635,400
College of the Environment	\$ 24,000	\$ 27,334,410
Director of Libraries	\$ 6,860,485	\$ 132,000
Education	\$ 9,057,292	\$ 3,958,976
Educational Outreach	\$ 96,400	\$ 100,000
Engineering	\$ 58,356,870	\$ 69,345,518
Evans School of Public Affairs	\$ 2,466,013	\$ 1,194,988
Executive Vice President	\$ 621,238	
Forest Resources	\$ 6,468,373	\$ 1,874,103
Foster School of Business	\$ 770,000	\$ 1,456,477
Graduate School	\$ 4,436,854	\$ 3,802,291
Information School	\$ 4,873,483	\$ 5,965,224
Law	\$ 1,653,453	\$ 1,350,056
Ocean and Fishery Sciences	\$ 63,393,906	\$ 79,809,120
Office of Research	\$ 16,601,797	\$ 31,602,252
Provost	\$ 112,947	
Social Work	\$ 9,700,450	\$ 16,489,564
Undergraduate Education	\$ 234,944	\$ 213,373
VP Educational Partnerships	\$ 30,000	
VP Minority Affairs	\$ 6,612,603	\$ 5,338,505
VP Student Affairs		\$ 280,137
VP Student Life		\$ 20,715
<b>Subtotal :</b>	<b>\$ 259,089,348</b>	<b>\$ 325,664,540</b>
<b>Health Sciences</b>		
Dentistry	\$ 6,509,505	\$ 5,158,514
Medicine	\$ 348,778,724	\$ 480,629,580
Nursing	\$ 8,436,611	\$ 12,367,555
Pharmacy	\$ 7,120,375	\$ 12,300,621
Public Health	\$ 47,232,843	\$ 57,638,963
<b>Subtotal :</b>	<b>\$ 418,078,057</b>	<b>\$ 568,095,233</b>
<b>Special Programs</b>		
Alcohol and Drug Abuse Institute	\$ 2,127,747	\$ 2,806,563
CHDD Administration	\$ 5,061,478	\$ 5,916,823
Regional Primate Center	\$ 18,862,641	\$ 9,028,403
<b>Subtotal :</b>	<b>\$ 26,051,866</b>	<b>\$ 17,751,789</b>
<b>Other UW Campuses</b>		
Bothell	\$ 3,198,925	\$ 1,959,596

School/College		Jul-Feb FY09	Jul-Feb FY10
<b>Other UW Campuses</b>	Tacoma	\$ 510,758	\$ 441,800
	<b>Subtotal :</b>	<b>\$ 3,709,683</b>	<b>\$ 2,401,396</b>
	<b>Grand Total :</b>	<b>\$ 706,928,954</b>	<b>\$ 913,912,958</b>

*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Grant Awards****Fiscal Year 2009-2010***Excluding private awards from Foundations, Industry, Associations and Others*

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<b>Month</b>	<b>RESEARCH AND OTHER</b>		<b>TRAINING</b>		<b>Total Grants</b>
	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	
July	\$ 91,428,820	\$ 4,713,717	\$ 15,030,890	\$ 955,270	\$ 112,128,700
August	\$ 119,211,600	\$ 10,426,390	\$ 5,900,316	\$ 998,571	\$ 136,536,800
September	\$ 118,584,700	\$ 3,668,856	\$ 31,878,100	\$ 155,656	\$ 154,287,300
October	\$ 72,006,290	\$ 9,217,262	\$ 28,673,290	\$ 172,632	\$ 110,069,500
November	\$ 16,219,290	\$ 4,912,430	\$ 366,285	\$ 89,960	\$ 21,587,960
December	\$ 25,204,060	\$ 5,145,988	\$ 1,144,268	\$ 304,160	\$ 31,798,470
January	\$ 30,542,890	\$ 2,732,340	\$ 1,549,702	\$ 0	\$ 34,824,930
February	\$ 36,038,910	\$ 4,135,784	\$ 324,364	\$ 12,364	\$ 40,511,420
<b>Year to Date</b>	<b>\$ 509,236,500</b>	<b>\$ 44,952,760</b>	<b>\$ 84,867,220</b>	<b>\$ 2,688,613</b>	<b>\$ 641,745,100</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Grant Awards****Fiscal Year 2009-2010***Private awards from Foundations, Industry, Associations and Others*

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<b>Month</b>	<b>RESEARCH AND OTHER</b>	<b>TRAINING</b>	<b>Total Grants</b>
July	\$ 13,082,960	\$ 64,396	\$ 13,147,360
August	\$ 13,285,460	\$ 304,231	\$ 13,589,690
September	\$ 26,139,530	\$ 239,467	\$ 26,378,990
October	\$ 29,279,210	\$ 567,213	\$ 29,846,420
November	\$ 47,961,170	\$ 201,993	\$ 48,163,160
December	\$ 14,214,130	\$ 1,045,878	\$ 15,260,010
January	\$ 13,969,570	\$ 345,609	\$ 14,315,180
February	\$ 14,394,380	\$ 226,120	\$ 14,620,500
<b>Year to Date</b>	<b>\$ 172,326,400</b>	<b>\$ 2,994,907</b>	<b>\$ 175,321,300</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Contract Awards**

Fiscal Year 2009-2010

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<b>Month</b>	<b>RESEARCH AND OTHER</b>		<b>TRAINING</b>		<b>Total Contracts</b>
	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	
July	\$ 1,524,264	\$ 11,570,660	\$ 0	\$ 884,511	\$ 13,979,440
August	\$ 6,102,208	\$ 6,811,787	\$ 0	\$ 228,800	\$ 13,142,800
September	\$ 7,993,044	\$ 6,193,956	\$ 201,565	\$ 0	\$ 14,388,560
October	\$ 5,572,260	\$ 6,723,323	\$ 0	\$ 623,892	\$ 12,919,470
November	\$ 6,600,753	\$ 9,300,686	\$ 0	\$ 433,646	\$ 16,335,080
December	\$ 2,924,862	\$ 6,844,534	\$ 0	\$ 689,392	\$ 10,458,790
January	\$ 2,381,065	\$ 7,086,389	\$ 0	\$ 641,718	\$ 10,109,170
February	\$ 1,855,925	\$ 3,521,629	\$ 0	\$ 135,694	\$ 5,513,249
<b>Year to Date</b>	<b>\$ 34,954,380</b>	<b>\$ 58,052,970</b>	<b>\$ 201,565</b>	<b>\$ 3,637,653</b>	<b>\$ 96,846,570</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Report of Grant and Contract Awards  
of \$1,000,000 or More**

**February 2010**

**Requiring action of  
The Board of Regents  
of the  
University of Washington**

**Office of Research  
Office of Sponsored Programs**

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**Detail of Public Grant Awards**

**Federal**

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**US Department of Defense (DOD)**

**Office of Naval Research (ONR)**

To:	James A Mercer, Apl-principal Physicist Applied Physics Laboratory	\$ 1,198,496
For:	North Pacific Laboratory	
Eff:	4/15/2008	Classified: No

**Total for Office of Naval Research (ONR):** **\$ 1,198,496**

**Total for US Department of Defense (DOD):** **\$ 1,198,496**

**US Department of Health and Human Services (DHHS)**

**National Institutes of Health (NIH)**

To:	Mary-claire King, Professor Department of Medicine	\$ 1,776,372
For:	A Genomic Approach to Schizophrenia	
Eff:	2/1/2010	Classified: No

**Total for National Institutes of Health (NIH):** **\$ 1,776,372**

**Total for US Department of Health and Human Services (DHHS):** **\$ 1,776,372**

**National Science Foundation (NSF)**

**National Science Foundation (NSF)**

To:	Patricia Kuhl, Professor Department of Speech and Hearing Sciences	\$ 4,400,000
For:	The LIFE Center: Learning in Informal and Formal Environments	
Eff:	2/1/2010	Classified: No

**Total for National Science Foundation (NSF):** **\$ 4,400,000**

**Total for National Science Foundation (NSF):** **\$ 4,400,000**

**Total for Federal:** **\$ 7,374,868**

**Total Public Grants:** **\$ 7,374,868**

Detail of Private Grant Awards

Foundations

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**Wallace H. Coulter Foundation**

To: Paul Yager, Chair \$ 1,000,000  
Bioengineering

For: UW Translational Research Partnerships in Biomedical Engineering

Eff: 12/15/2005 Classified: No

**Total for Wallace H. Coulter Foundation: \$ 1,000,000**

**Total for Foundations: \$ 1,000,000**

**Total Private Grants: \$ 1,000,000**

**Detail of Contract Awards**

**Associations and Non-Profits**

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**Consortium for Ocean Leadership, Inc.**

To: John R. Delaney, Professor \$ 4,705,477  
School of Oceanography

For: Ocean Observatories Initiative: Regional Scale Nodes

Eff: 9/1/2009 Classified: No

**Total for Consortium for Ocean Leadership, Inc.:** \$ 4,705,477

**Total for Associations and Non-Profits:** \$ 4,705,477

**Other Government (not in Washington)**

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**Oregon Department of Human Services**

To: Michael Arthur, Research Associate Professor \$ 2,125,000  
School of Social Work

For: Evaluation of Oregon's SPF-SIG Program

Eff: 11/5/2009 Classified: No

**Total for Oregon Department of Human Services:** \$ 2,125,000

**Total for Other Government (not in Washington):** \$ 2,125,000

**Total Contracts:** \$ 6,830,477

**Grand Total for all Awards** \$ 15,205,345

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# **Grant and Contract Awards Summary**

to

**The Board of Regents**

of the

**University of Washington**

for

**March 2010**

**Office of Research**

**Office of Sponsored Programs**

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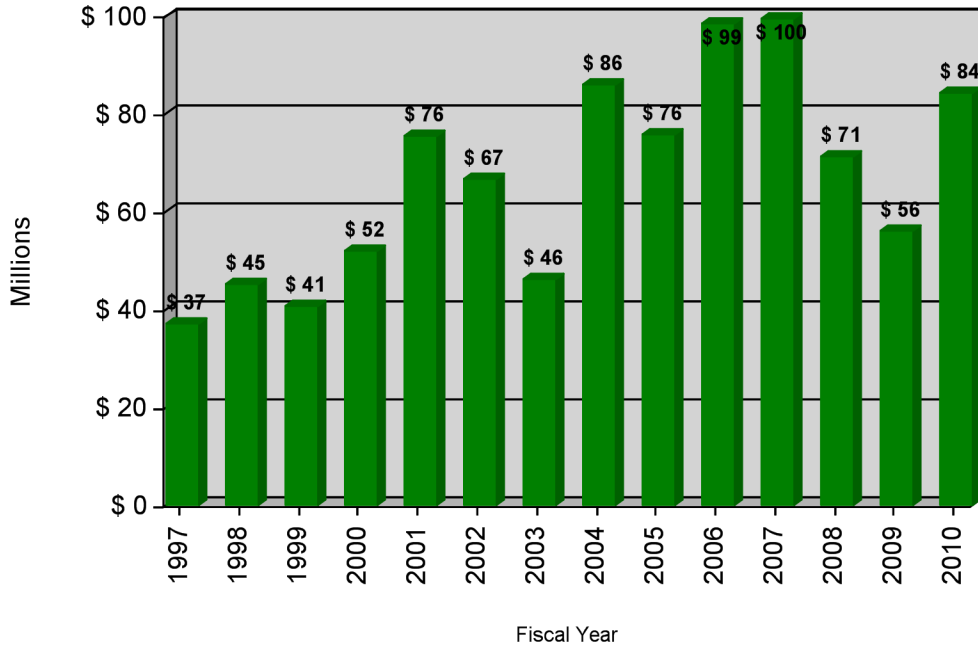
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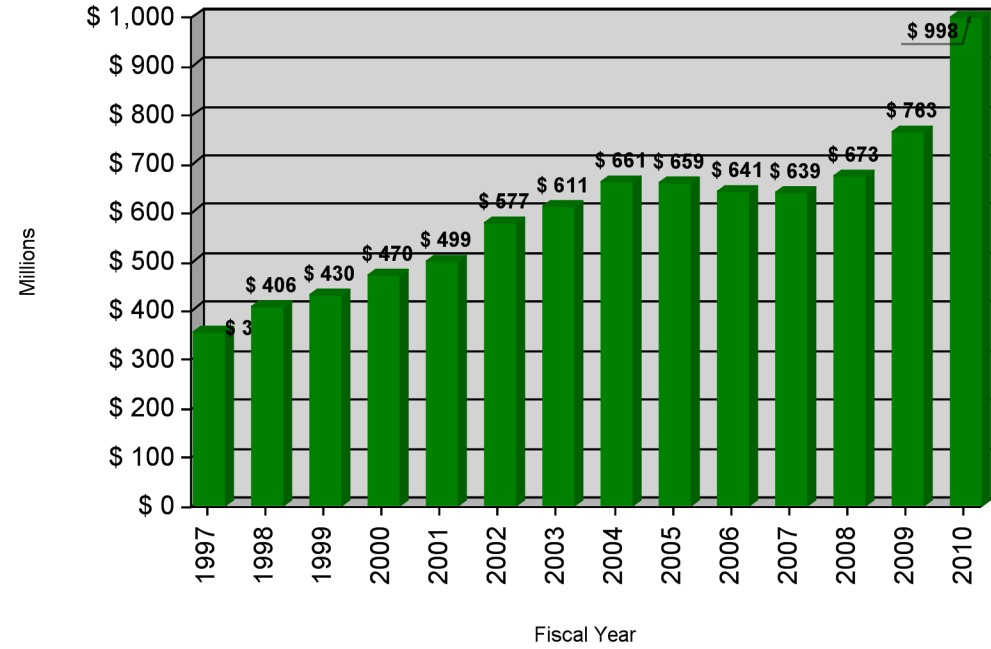
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Report of Grant & Contract Awards over \$1,000,000	11

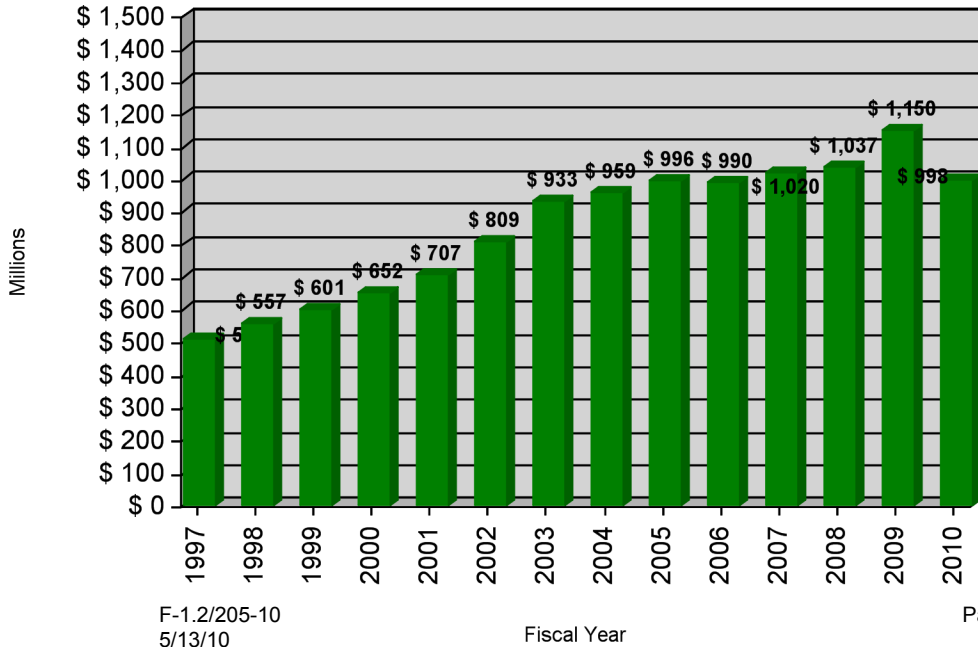
**March Only**  
Comparison of Grant & Contract Awards



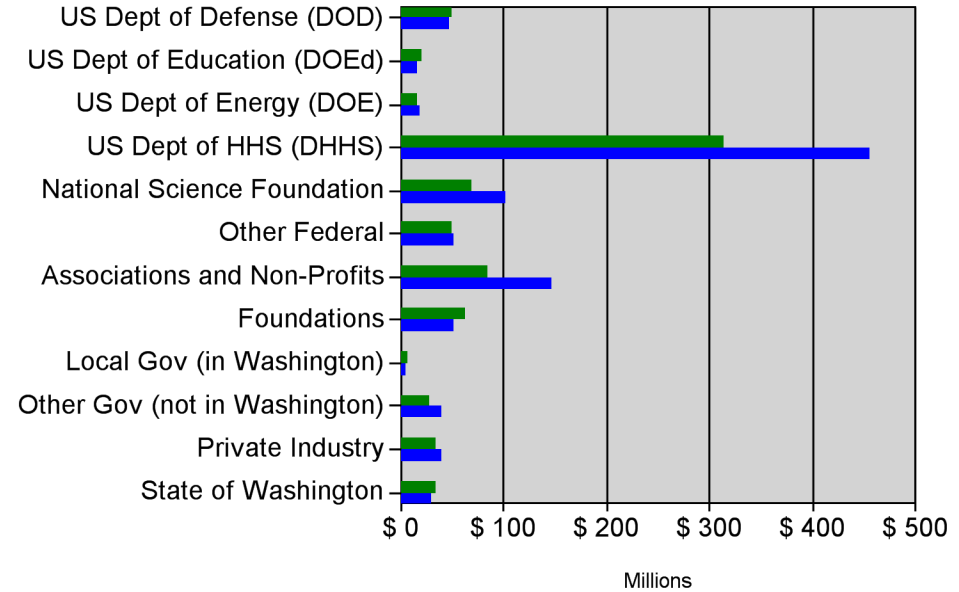
**Fiscal Year to Date**  
Comparison of Grant & Contract Awards



**Complete Fiscal Year**  
Comparison of Grant & Contract Awards



**Fiscal Year to Date**  
Two-Year Comparison of Grant and Contract Awards



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**Summary of Grant and Contract Awards****Fiscal Year 2009-2010**

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<b>Month</b>	<b>RESEARCH AND OTHER</b>		<b>TRAINING</b>		<b>Total Grants and Contracts</b>
	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	
July	\$ 92,331,480	\$ 29,367,440	\$ 15,030,890	\$ 1,904,177	\$ 138,634,000
August	\$ 125,313,800	\$ 30,523,640	\$ 5,900,316	\$ 1,531,602	\$ 163,269,300
September	\$ 126,577,700	\$ 36,002,340	\$ 32,079,670	\$ 395,123	\$ 195,054,800
October	\$ 77,578,540	\$ 45,219,790	\$ 28,673,290	\$ 1,363,737	\$ 152,835,400
November	\$ 22,820,040	\$ 62,174,290	\$ 366,285	\$ 725,599	\$ 86,086,220
December	\$ 28,128,920	\$ 26,204,650	\$ 1,144,268	\$ 2,039,430	\$ 57,517,270
January	\$ 32,923,960	\$ 23,788,300	\$ 1,549,702	\$ 987,327	\$ 59,249,280
February	\$ 37,894,840	\$ 22,051,800	\$ 324,364	\$ 374,178	\$ 60,645,180
March	\$ 55,917,460	\$ 24,811,290	\$ 3,171,296	\$ 415,867	\$ 84,315,910
<b>FY10 to Date</b>	<b>\$599,486,723</b>	<b>\$300,143,533</b>	<b>\$88,240,080</b>	<b>\$9,737,040</b>	<b>\$997,607,376</b>
<b>FY09 to Date</b>	<b>\$475,657,115</b>	<b>\$233,869,994</b>	<b>\$40,052,942</b>	<b>\$13,484,740</b>	<b>\$763,064,792</b>
<b>Over (Under) Previous Year</b>	<b>\$123,829,607</b>	<b>\$66,273,539</b>	<b>\$48,187,138</b>	<b>(\$3,747,700)</b>	<b>\$234,542,584</b>

*Assuming acceptance of all awards by the Board of Regents*

**Comparison of Grant and Contract Awards by Agency**

**Fiscal Years 2008-2009 and 2009-2010**

<b>Agency</b>	<b>Jul-Mar FY09</b>	<b>Jul-Mar FY10</b>
US Department of Defense (DOD)	\$ 48,481,173	\$ 46,653,848
US Department of Education (DOEd)	\$ 19,418,108	\$ 16,413,667
US Department of Energy (DOE)	\$ 15,412,042	\$ 17,990,440
US Department of Health and Human Services (DHHS)	\$ 313,334,506	\$ 455,438,018
National Science Foundation (NSF)	\$ 68,842,742	\$ 100,831,831
Other Federal	\$ 50,221,486	\$ 50,398,999
<b>Subtotal for Federal :</b>	<b>\$ 515,710,057</b>	<b>\$ 687,726,803</b>
Associations and Non-Profits	\$ 84,880,597	\$ 145,596,125
Foundations	\$ 62,270,798	\$ 50,732,867
Local Government (in Washington)	\$ 5,702,103	\$ 4,052,439
Other Government (not in Washington)	\$ 27,109,896	\$ 40,324,362
Private Industry	\$ 33,185,866	\$ 39,273,897
State of Washington	\$ 34,205,475	\$ 29,900,884
<b>Subtotal for Non-Federal :</b>	<b>\$ 247,354,734</b>	<b>\$ 309,880,573</b>
<b>Grand Total :</b>	<b>\$ 763,064,792</b>	<b>\$ 997,607,376</b>
<b>Amount of Increase (Decrease) :</b>		<b>\$ 234,542,584</b>
<b>Percent of Increase (Decrease) :</b>		<b>30.7 %</b>

*Assuming acceptance of all awards by the Board of Regents*



**Comparison of Grant and Contract Awards by School/College**

**Fiscal Years 2008-2009 and 2009-2010**

<b>School/College</b>	<b>Jul-Mar FY09</b>	<b>Jul-Mar FY10</b>
<b>Upper Campus</b>		
Architecture and Urban Planning	\$ 1,851,265	\$ 821,430
Arts and Sciences	\$ 71,155,349	\$ 79,682,067
College of the Environment	\$ 24,000	\$ 28,875,605
Director of Libraries	\$ 6,860,485	\$ 132,000
Education	\$ 9,152,873	\$ 4,155,139
Educational Outreach	\$ 96,400	\$ 123,000
Engineering	\$ 64,824,739	\$ 76,614,652
Evans School of Public Affairs	\$ 3,412,452	\$ 1,215,938
Executive Vice President	\$ 621,238	
Forest Resources	\$ 7,121,945	\$ 1,876,412
Foster School of Business	\$ 770,000	\$ 834,880
Graduate School	\$ 4,648,599	\$ 3,802,291
Information School	\$ 5,083,363	\$ 6,579,870
Law	\$ 2,684,658	\$ 1,444,550
Ocean and Fishery Sciences	\$ 67,668,671	\$ 88,730,443
Office of Research	\$ 16,624,745	\$ 35,489,771
Provost	\$ 112,947	
Social Work	\$ 10,660,539	\$ 17,165,114
Undergraduate Education	\$ 272,265	\$ 213,373
VP Educational Partnerships	\$ 30,000	
VP Minority Affairs	\$ 6,612,603	\$ 5,338,505
VP Student Affairs		\$ 280,137
VP Student Life		\$ 20,715
<b>Subtotal :</b>	<b>\$ 280,289,135</b>	<b>\$ 353,395,892</b>
<b>Health Sciences</b>		
Dentistry	\$ 6,965,258	\$ 5,215,899
Medicine	\$ 374,913,281	\$ 532,881,088
Nursing	\$ 8,564,851	\$ 12,831,125
Pharmacy	\$ 7,471,375	\$ 12,609,748
Public Health	\$ 52,047,382	\$ 59,898,748
<b>Subtotal :</b>	<b>\$ 449,962,146</b>	<b>\$ 623,436,608</b>
<b>Special Programs</b>		
Alcohol and Drug Abuse Institute	\$ 2,650,106	\$ 3,369,053
CHDD Administration	\$ 5,061,478	\$ 5,916,823
Regional Primate Center	\$ 20,041,037	\$ 9,073,403
<b>Subtotal :</b>	<b>\$ 27,752,621</b>	<b>\$ 18,359,279</b>
<b>Other UW Campuses</b>		
Bothell	\$ 4,550,131	\$ 1,962,896

School/College		Jul-Mar FY09	Jul-Mar FY10
<b>Other UW Campuses</b>	Tacoma	\$ 510,758	\$ 452,700
	<b>Subtotal :</b>	<b>\$ 5,060,889</b>	<b>\$ 2,415,596</b>
	<b>Grand Total :</b>	<b>\$ 763,064,792</b>	<b>\$ 997,607,376</b>

*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Grant Awards****Fiscal Year 2009-2010***Excluding private awards from Foundations, Industry, Associations and Others*

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<b>Month</b>	<b>RESEARCH AND OTHER</b>		<b>TRAINING</b>		<b>Total Grants</b>
	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	
July	\$ 91,428,820	\$ 4,713,717	\$ 15,030,890	\$ 955,270	\$ 112,128,700
August	\$ 119,211,600	\$ 10,426,390	\$ 5,900,316	\$ 998,571	\$ 136,536,800
September	\$ 118,584,700	\$ 3,668,856	\$ 31,878,100	\$ 155,656	\$ 154,287,300
October	\$ 72,006,290	\$ 9,217,262	\$ 28,673,290	\$ 172,632	\$ 110,069,500
November	\$ 16,219,290	\$ 4,912,430	\$ 366,285	\$ 89,960	\$ 21,587,960
December	\$ 25,204,060	\$ 5,145,988	\$ 1,144,268	\$ 304,160	\$ 31,798,470
January	\$ 30,542,890	\$ 2,732,340	\$ 1,549,702	\$ 0	\$ 34,824,930
February	\$ 36,038,910	\$ 4,135,784	\$ 324,364	\$ 12,364	\$ 40,511,420
March	\$ 54,936,100	\$ 4,334,430	\$ 3,171,296	\$ 0	\$ 62,441,820
<b>Year to Date</b>	<b>\$ 564,172,600</b>	<b>\$ 49,287,190</b>	<b>\$ 88,038,510</b>	<b>\$ 2,688,613</b>	<b>\$ 704,186,900</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Grant Awards**

**Fiscal Year 2009-2010**

*Private awards from Foundations, Industry, Associations and Others*

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<b>Month</b>	<b>RESEARCH AND OTHER</b>	<b>TRAINING</b>	<b>Total Grants</b>
July	\$ 13,083,060	\$ 64,396	\$ 13,147,460
August	\$ 13,285,460	\$ 304,231	\$ 13,589,690
September	\$ 26,139,530	\$ 239,467	\$ 26,378,990
October	\$ 29,279,210	\$ 567,213	\$ 29,846,420
November	\$ 47,961,170	\$ 201,993	\$ 48,163,160
December	\$ 14,214,130	\$ 1,045,878	\$ 15,260,010
January	\$ 13,969,570	\$ 345,609	\$ 14,315,180
February	\$ 14,394,380	\$ 226,120	\$ 14,620,500
March	\$ 13,329,480	\$ 153,500	\$ 13,482,980
<b>Year to Date</b>	<b>\$ 185,656,000</b>	<b>\$ 3,148,407</b>	<b>\$ 188,804,400</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Contract Awards**

Fiscal Year 2009-2010

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<b>Month</b>	<b>RESEARCH AND OTHER</b>		<b>TRAINING</b>		<b>Total Contracts</b>
	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	
July	\$ 902,667	\$ 11,570,660	\$ 0	\$ 884,511	\$ 13,357,840
August	\$ 6,102,208	\$ 6,811,787	\$ 0	\$ 228,800	\$ 13,142,800
September	\$ 7,993,044	\$ 6,193,956	\$ 201,565	\$ 0	\$ 14,388,560
October	\$ 5,572,260	\$ 6,723,323	\$ 0	\$ 623,892	\$ 12,919,470
November	\$ 6,600,753	\$ 9,300,686	\$ 0	\$ 433,646	\$ 16,335,080
December	\$ 2,924,862	\$ 6,844,534	\$ 0	\$ 689,392	\$ 10,458,790
January	\$ 2,381,065	\$ 7,086,389	\$ 0	\$ 641,718	\$ 10,109,170
February	\$ 1,855,925	\$ 3,521,629	\$ 0	\$ 135,694	\$ 5,513,249
March	\$ 981,362	\$ 7,147,384	\$ 0	\$ 262,367	\$ 8,391,113
<b>Year to Date</b>	<b>\$ 35,314,140</b>	<b>\$ 65,200,350</b>	<b>\$ 201,565</b>	<b>\$ 3,900,020</b>	<b>\$ 104,616,100</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Report of Grant and Contract Awards  
of \$1,000,000 or More**

**March 2010**

**Requiring action of  
The Board of Regents  
of the  
University of Washington**

**Office of Research  
Office of Sponsored Programs**

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**Detail of Public Grant Awards**

**Federal**

**US Department of Defense (DOD)**

**US Army Medical Research and Materiel Command (USAMRMC)**

To: Brian Ross, Professor \$ 3,002,950  
 Department of Anesthesiology  
 For: Institute for Surgical and Interventional Simulation (ISIS)  
 Eff: 3/23/2010 Classified: No

**Total for US Army Medical Research and Materiel Command (USAMRMC): \$ 3,002,950**

**Total for US Department of Defense (DOD): \$ 3,002,950**

**US Department of Health and Human Services (DHHS)**

**National Institutes of Health (NIH)**

To: Stanley C Froehner, Professor \$ 1,263,930  
 Department of Physiology and Biophysics  
 For: Molecular and Cellular Therapies for Muscular Dystrophy  
 Eff: 4/1/2010 Classified: No

*National Institute of Allergy and Infectious Diseases (NIAID)*

To: Samuel Miller, Professor \$ 7,936,248  
 Department of Medicine  
 For: NWRCE for Biodefense and Emerging Infectious Diseases Research  
 Eff: 3/1/2010 Classified: No

*Total for National Institute of Allergy and Infectious Diseases (NIAID): \$ 7,936,248*

*National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK)*

To: Jerry P Palmer, Professor \$ 1,303,066  
 Department of Medicine  
 For: Diabetes Endocrinology Research Center  
 Eff: 12/1/2009 Classified: No

*Total for National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK): \$ 1,303,066*

**Total for National Institutes of Health (NIH): \$ 10,503,244**

**Total for US Department of Health and Human Services (DHHS): \$ 10,503,244**

**Other Federal**

**National Oceanic and Atmospheric Administration (NOAA)**

To: Penelope Dalton, Director \$ 2,620,000  
 Marine Environmental and Resource Programs / Washington Sea Grant  
 For: Program Plan for Renewal of Sea Grant College Support 2010-2014  
 Eff: 12/1/2009 Classified: No

**Total for National Oceanic and Atmospheric Administration (NOAA): \$ 2,620,000**

**Total for Other Federal: \$ 2,620,000**

**Total for Federal: \$ 16,126,194**

Detail of Public Grant Awards

State of Washington

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**Washington State Life Sciences Discovery Fund Authority (LSDFA)**

To: Tomikazu Sasaki, Associate Professor \$ 1,451,136  
Department of Chemistry

For: Development of Artemisinin Compounds for Cancer Treatment

Eff: 3/11/2010 Classified: No

**Total for Washington State Life Sciences Discovery Fund Authority (LSDFA): \$ 1,451,136**

**Total for State of Washington: \$ 1,451,136**

**Total Public Grants: \$ 17,577,330**



Detail of Contract Awards

**Associations and Non-Profits**

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**Consortium for Ocean Leadership, Inc.**

To: John R. Delaney, Professor \$ 4,969,469  
School of Oceanography

For: Ocean Observatories Initiative: Regional Scale Nodes

Eff: 1/1/2010 Classified: No

**Total for Consortium for Ocean Leadership, Inc.:** \$ 4,969,469

**Total for Associations and Non-Profits:** \$ 4,969,469

**Foundations**

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**Henry M. Jackson Foundation for the Advancement of Military Medicine**

To: James Mullins, Professor \$ 1,181,379  
Department of Microbiology

For: RV144 Sequencing

Eff: 3/1/2010 Classified: No

**Total for Henry M. Jackson Foundation for the Advancement of Military  
Medicine:** \$ 1,181,379

**Total for Foundations:** \$ 1,181,379

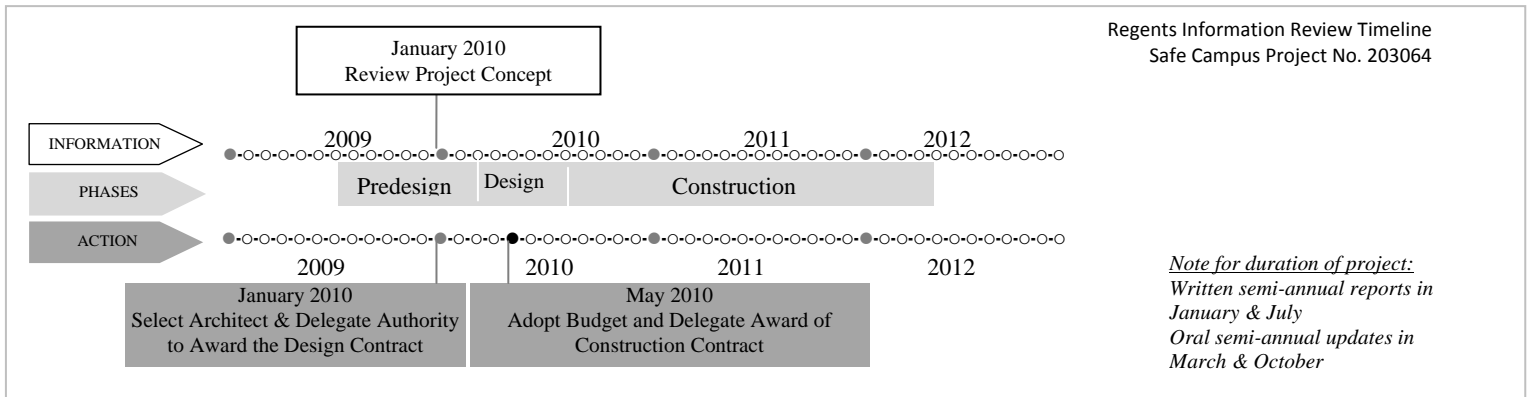
**Total Contracts:** \$ 6,150,848

**Grand Total for all Awards** \$ 23,728,178

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Safe Campus Fire and Life Safety Monitoring and Notification System Project –  
Adopt Budget and Delegate Award of Construction Contracts



RECOMMENDED ACTION:

It is the recommendation of the Administration and the Finance, Audit and Facilities Committee that the project budget be established at \$8 million and that the President be delegated authority to award construction contracts.

PROJECT DESCRIPTION:

The Safe Campus Fire and Life Safety Monitoring and Notification System project involves modification of existing fire alarm panels serving 150 buildings including 15.6 million gross square feet (GSF) of space on the Seattle campus. The project will replace the existing Central Fire Alarm Receiving System (McCulloh Loop). This system installed in the 1960's, currently serves 122 of the Seattle campus buildings. The system's mechanical components are beyond their useful life and no longer cost-effective to maintain.

The project will provide "state of the art" central monitoring of the alarm systems for the 122 buildings currently on the McCulloh Loop as well as 22 existing buildings not currently connected to the Loop and six new buildings under construction on the Seattle campus. The project will provide broadcast "mass voice notification" to at least 90 (11.7 million GSF) of these campus buildings in the event of natural disaster, civil unrest, terrorism, or other public safety threats.

PREVIOUS ACTIONS:

At the January 2010 Board of Regents meeting, the President was delegated authority to award design contracts to EHS Design, Inc. for the Safe Campus

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Safe Campus Fire and Life Safety Monitoring and Notification System Project – Adopt Budget and Delegate Award of Construction Contracts (continued p. 2)

Infrastructure project.

#### PROJECT SCHEDULE:

Design Consultant Selection	January 2010
Pre-design	January 2010 – April 2010
Design	May 2010 – October 2010
Construction	October 2010 – June 2011
Operations/Commission	July – September 2011

#### CONTRACTING STRATEGY:

Contracts for the project follow three main areas of expertise and responsibility.

The overall system functionality will be the responsibility of Simplex. The University of Washington has standardized on Simplex Fire Alarm systems for campus buildings. Simplex has an existing sole source pricing agreement and will provide system design, programming, testing and engineered equipment through a purchase order with an approximate value of \$2,400,000.

Short runs of communication and power conduits are required to connect to campus wide network and power new Simplex equipment to be installed inside most buildings. Additionally, as developed within the budget during design, there will be additional speakers to enhance voice notification capability within selected buildings. These modifications within existing buildings will be designed by EHS Design and installed on a lump sum public works construction contract with an approximate value of \$2,500,000.

A campus wide fiber optic network will be designed by UW Information Technology (UW IT) and installed by competitive bid from qualified vendors on the State Department of Information Systems vendor roster. Currently unused “dark” fiber will be dedicated to this service with the majority of this scope being to install networking gear in the communications rooms. The total value of this work is estimated at \$180,000.

#### PROJECT BUDGET & FUNDING:

The project budget is \$8 million as shown in Attachment 1. Funding for this project is allocated by the legislature for the 09-11 biennium from the UW building account.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Safe Campus Fire and Life Safety Monitoring and Notification System Project –  
Adopt Budget and Delegate Award of Construction Contracts (continued p. 3)

The sources and uses for the project are as follows:

Sources of Funds

State Funding: UW Building Account	8,000,000
Total, Sources of Funds	<u>8,000,000</u>

Uses of Funds

Consultant Services	1,236,000
Construction	3,326,000
Equipment, and Other	<u>3,438,000</u>
Total, Use of Funds	<u>8,000,000</u>

PROJECT RISKS:

Risk assessment and mitigation has been a significant area of focus in the development of the project. The project's broad and diffuse scope, effecting 150 occupied academic buildings presents significant design and construction risks. This risk is mitigated through intensive and careful field verification and design documentation by the architect and close coordination and review by UW Facilities, UW Environmental Health & Safety, UW IT and Capital Projects Office.

The project is technically complex and involves specialized engineering expertise in design and construction. This risk is mitigated by isolating disparate scopes into discrete bid packages and contract processes to insure contractual responsibilities align with technical engineering expertise.

Risk associated with pathway definition, coordination between multiple contractors and interoperability between the fiber optic cable and the fire alarm system will be retired or mitigated during the design phase.

Attachment

Summary Project Budget

**UNIVERSITY OF WASHINGTON  
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET  
PUBLIC WORKS BID (D/B/B)**

PROJECT: Safe Campus Infrastructure Project

Project Number: 203064

ESTIMATED DATE OF COMPLETION: October 2011

<u>Project Budget</u>	<u>Total Escalated Cost</u>	<u>% of TPC*</u>
Pre-Schematic Design Services	\$ 78,000	1%
A/E Basic Design Services	\$ 385,500	5%
Extra Services	\$ 340,000	4%
Other Services	\$ 301,000	4%
Design Services Contingency	\$ 131,500	2%
<b>Consultant Services</b>	<b>\$ 1,236,000</b>	<b>15%</b>
Lump Sum Bid - Construction Cost	\$ 2,537,500	32%
Other Contracts	\$ 196,000	2%
Construction Contingencies	\$ 304,000	4%
Sales Tax	\$ 288,500	4%
<b>Construction</b>	<b>\$ 3,326,000</b>	<b>42%</b>
Equipment	\$ 2,443,000	31%
Equipment Sales Tax	\$ 232,000	3%
Artwork	\$ -	0%
Other Costs	\$ 189,000	2%
Project Management	\$ 574,000	7%
<b>Other</b>	<b>\$ 3,438,000</b>	<b>43%</b>
<b>Total Project Cost (TPC)*</b>	<b>\$ 8,000,000</b>	<b>100%</b>

**Included in Above:**

Escalation through July 2011 (based on 2.33% for 2010, and 0.73% for 2011)	\$ 197,000	3%
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**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**On-Call Master Term Agreement – Select ArchitectRECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President be delegated authority to award an on-call Master Term Agreement for architectural services to Buffalo Design Incorporated subject to successful negotiation of the architectural and professional services agreements.

In the event of an unsuccessful negotiation with the selected firm, it is requested that authority be delegated to open negotiations with HDR Architecture Incorporated, the firm recommended as first alternate.

BACKGROUND:

The Capital Projects Office intends to select an architectural firm for an on-call Master Term Agreement for various medical projects, laboratory projects, and other types of projects located at the University of Washington Magnuson Health Sciences Center, University of Washington Medical Center (UWMC), Harborview Medical Center (HMC), and any of the University of Washington campuses. As individual projects arise, the parties will negotiate the scope of work and fee and formalize it in a project authorization. Project authorizations under the Master Term Agreement will be executed prior to the expiration of the Master Term Agreement, and will be limited to those with a total project budget (including design, construction, contingency and other costs) of less than \$4 million. This Master Term Agreement is intended to replace an existing Master Term Agreement that is set to expire on May 30, 2010.

The term agreement will be for an initial two-year period with an option to extend the Agreement for an additional two-year period (for a maximum of four years). The aggregate value of all project total costs under this contract will not exceed \$10 million. If the consultant performs well on work awarded during the first two-year period then it is the intention of the Capital Projects Office to continue architectural services with the same consultant for the subsequent two-year period. It is anticipated that working with a consultant with successful recent experience in the design and delivery of projects for the University of Washington may result in the production of better design documents in a more timely fashion. It also assures that planning work initiated at the latter end of the first two-year period can be executed by the same consultant in the second two-year period.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### On-Call Master Term Agreement – Select Architect (continued p. 2)

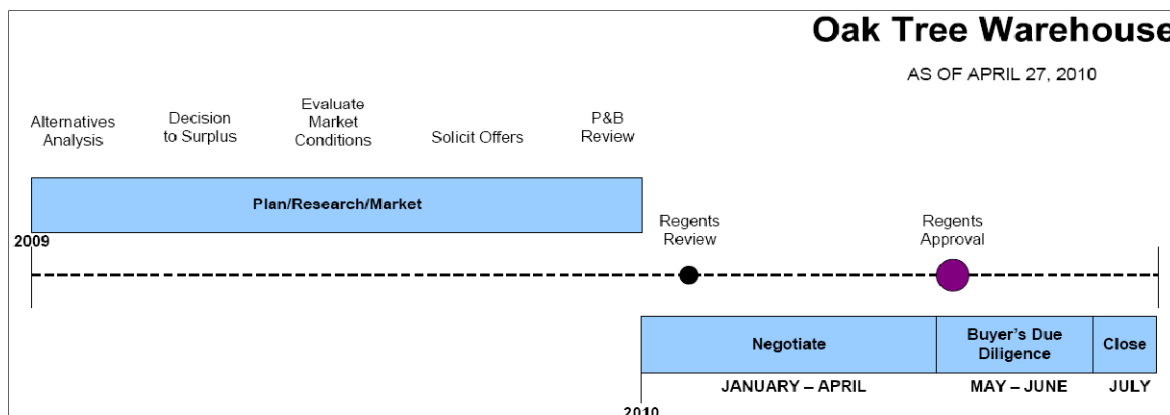
In February 2010, the Capital Projects Office advertised for firms interested in providing on-call architectural services. Sixteen firms responded to the Request for Qualifications, and four firms were interviewed on April 14, 2010. It is the interview team's recommendation that Buffalo Design be awarded the Master Term Agreement for on-call architectural services.

Buffalo Design is a Seattle firm established in 1986, currently employing 10 people. Buffalo Design recently completed several successful renovation projects at the University of Washington Medical Center and Harborview Medical Center including: the UWMC Bronchoscopy Suite; the HMC Burn Treatment Hydrotherapy Renovation; and the UWMC Blood Services Laboratory Expansion. They have provided services on a broad range of project types at other hospitals including: The Franciscan Health System; Tacoma General Hospital; and Mary Bridge Children's Hospital. They also have experience in research and teaching laboratory projects including: Evergreen State College Physical Science Labs; Bellevue College Chemistry Labs; and the University of Puget Sound Chemistry Labs.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Sale of Oak Tree Warehouse Property



RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents:

1. Approve the sale of the Oak Tree Warehouse property for \$2,905,000 to Seattle City Light.
2. Delegate to the President or his designee the authority to execute all documents related to this transaction.

BACKGROUND:

The Oak Tree Warehouse facility consists of two buildings totaling 30,000 square feet. They were built in 1928 and renovated in 1969 and then again in 1993 after purchase by the University for Libraries and U-Press storage. The University no longer has a need for these buildings and the decision was made to sell. The Real Estate Office solicited proposals and the successful proposer was the adjacent property owner, Seattle City Light.

PROPERTY CONDITION:

The property is being sold “As-Is” and therefore the city will be conducting appropriate due diligence prior to close. The University has agreed to provide Seattle City Light up to \$75,000 in funds from the sales proceeds if Seattle City Light discovers adverse environmental conditions caused solely by the University, which is unlikely given that it has only been used for document storage.



## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Sale of Oak Tree Warehouse Property (continued p.2)

#### TRANSACTION SUMMARY:

The Purchase and Sale Agreement for this property contains the following essential business terms:

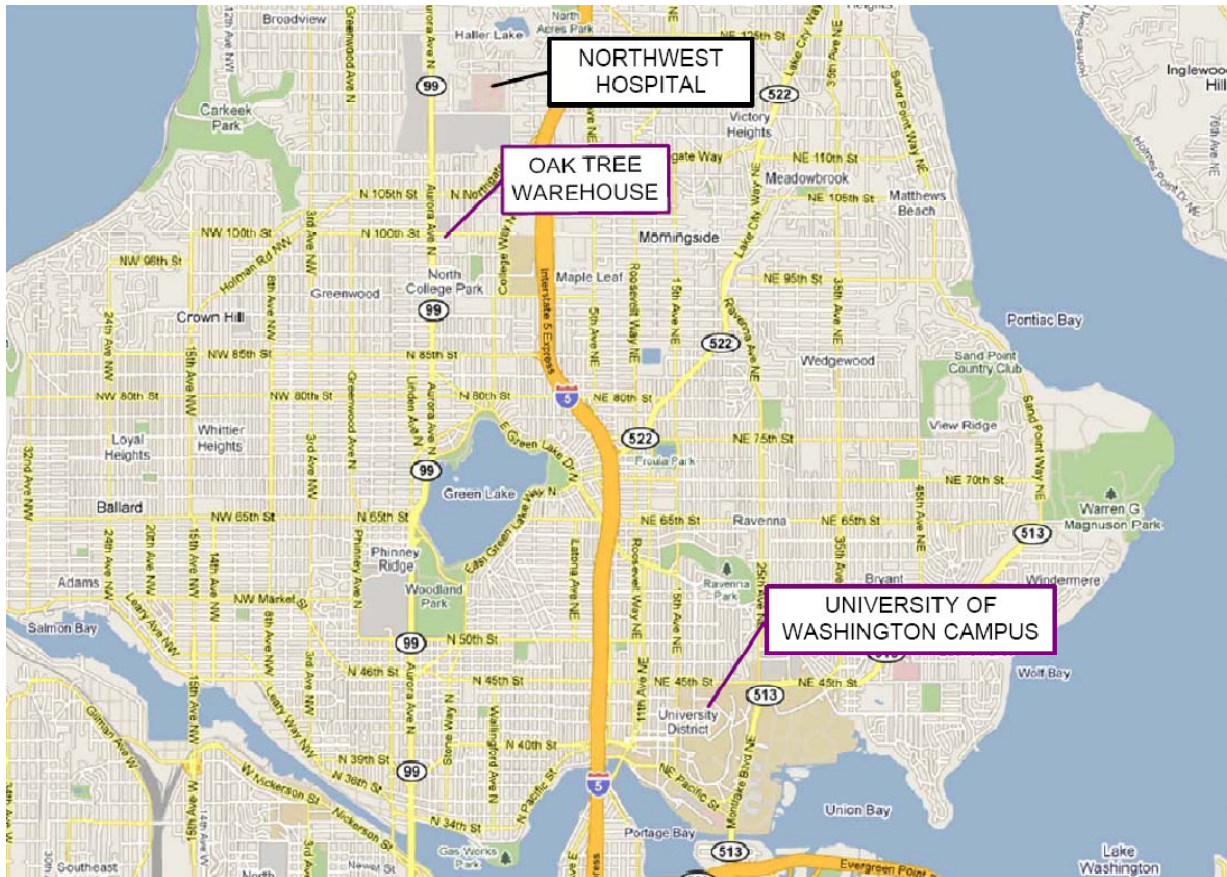
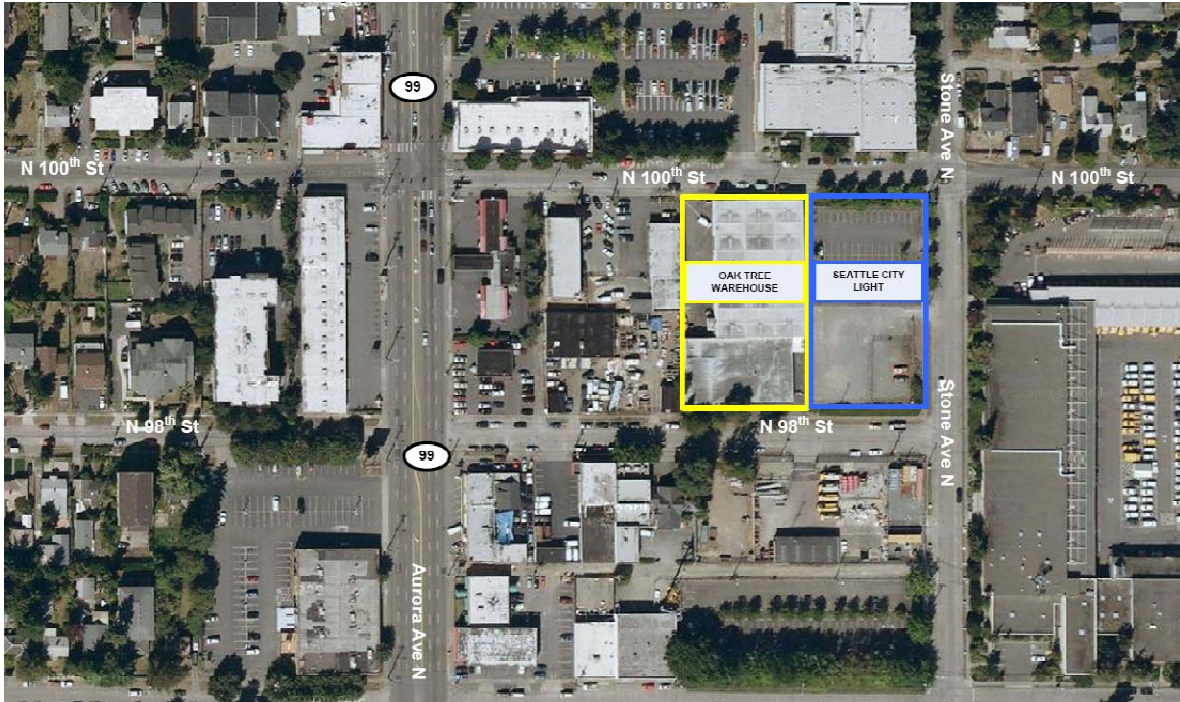
- Buyer: Seattle City Light
- Sales Price: \$2,905,000 (2007 appraisal \$2,875,000; UW cash investment \$2,065,000 for original purchase and improvements )
- No commissions will be paid on the transaction
- Closing Date: July 31, 2010
- Property Sold “As-Is” with up to \$75,000 paid by UW if adverse environmental conditions caused solely by UW
- Contingencies:
  - Buyer approval of property condition
  - Board of Regent and Seattle City Council Approvals

#### REVIEW & APPROVAL

Disposition of the Oak Tree Warehouse has been reviewed and recommended for approval by the Senior Vice President, Associate Vice President, Treasury, the Vice Provost for Planning and Budgeting, and the Director of Real Estate.

*Attachment*  
Map and Photo

# Oak Tree Warehouse Map and Photo



ATTACHMENT

F-4.1/205-10  
5/13/10

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

UW

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Report of Contributions

University of Washington  
University of Washington Foundation

March, 2010

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The logo is a white, stylized letter 'W' set against a dark purple square background, located in the top right corner of the page.The background image shows a wide, paved walkway on a hillside at the University of Washington. Two people are walking away from the camera in the center. The path is lined with large, leafy green trees. In the background, there are several large, historic stone buildings with Gothic-style architecture, including a prominent tower. The sky is clear and blue.

UNIVERSITY of WASHINGTON | *Foundation*

# Report of Contributions

All Areas

March 2010

Report By: University Advancement, Advancement Services, Information Management

## ANNUAL PROGRESS BY CONSTITUENCY

School	Current Month ( March 2010 )				Year to Date (07/01/2009 - 03/31/2010 )			
	Gifts	Grants	Total	Donors <sup>1</sup>	Gifts	Grants	Total	Donors
UW Medicine	\$2,854,310	\$3,266,890	\$6,121,201	2,778	\$28,056,470	\$70,464,363	\$98,520,833	13,317
Arts and Sciences	\$1,893,168	\$305,115	\$2,198,283	1,493	\$12,238,542	\$5,396,339	\$17,634,881	11,349
Broadcast Services	\$458,388	\$0	\$458,388	365	\$2,211,991	\$0	\$2,211,991	2,127
Built Environments	\$25,853	\$0	\$25,853	77	\$978,651	\$413,408	\$1,392,059	1,089
Business School	\$287,335	\$0	\$287,335	338	\$11,154,739	\$30,000	\$11,184,739	3,568
Dentistry	\$154,827	\$4,204	\$159,031	103	\$2,694,487	\$295,527	\$2,990,014	1,089
Education	\$62,723	\$0	\$62,723	177	\$1,862,296	\$2,134,598	\$3,996,894	1,191
Engineering	\$830,836	\$980,666	\$1,811,502	355	\$9,631,607	\$5,872,382	\$15,503,988	3,777
Environment	\$190,942	\$190,218	\$381,159	357	\$4,151,032	\$2,787,053	\$6,938,085	1,611
Evans School of Public Affairs	\$8,795	\$0	\$8,795	81	\$168,573	\$385,000	\$553,573	320
Forest Resources	\$0	\$0	\$0	0	\$0	\$0	\$0	0
Graduate School	\$10,359	\$0	\$10,359	43	\$831,036	\$0	\$831,036	289
Information School	\$15,064	\$500,000	\$515,064	53	\$189,716	\$1,276,250	\$1,465,966	585
Intercollegiate Athletics	\$1,930,308	\$0	\$1,930,308	3,752	\$10,894,144	\$0	\$10,894,144	12,652
Law	\$132,762	\$0	\$132,762	110	\$1,305,640	\$17,500	\$1,323,140	1,455
Libraries	\$133,104	\$0	\$133,104	1,746	\$902,964	\$0	\$902,964	4,403
Minority Affairs	\$38,487	\$0	\$38,487	145	\$300,917	\$25,000	\$325,917	546
Nursing	\$212,129	\$0	\$212,129	181	\$2,292,877	\$633,253	\$2,926,130	1,474
Ocean and Fishery Sciences	\$0	\$0	\$0	0	\$0	\$0	\$0	0
Pharmacy	\$232,324	\$0	\$232,324	116	\$1,255,523	\$1,394,079	\$2,649,602	846
President's Funds	\$182,755	\$0	\$182,755	155	\$505,469	\$0	\$505,469	1,279
Public Health	\$9,588	\$263,164	\$272,752	119	\$620,323	\$12,325,088	\$12,945,410	648
Social Work	\$1,049,750	\$0	\$1,049,750	281	\$1,191,332	\$311,466	\$1,502,798	721
Student Affairs	\$441,129	\$0	\$441,129	396	\$4,753,594	\$0	\$4,753,594	2,326
Undergraduate Academic Affairs	\$16,245	\$0	\$16,245	130	\$503,089	\$143,276	\$646,365	562
University Press	\$11,320	\$0	\$11,320	10	\$190,865	\$0	\$190,865	108
UW Alumni Association	\$67,543	\$0	\$67,543	1,585	\$558,955	\$0	\$558,955	11,914
UW Bothell	\$79,823	\$0	\$79,823	124	\$422,950	\$759,100	\$1,182,050	457
UW Tacoma	\$150,198	\$10,000	\$160,198	135	\$1,774,562	\$29,744	\$1,804,306	638
Other University Support	\$1,819,044	\$45,844	\$1,864,888	437	\$3,226,014	\$1,948,823	\$5,174,837	1,592
<b>Total</b>	<b>\$13,299,111</b>	<b>\$5,566,101</b>	<b>\$18,865,212</b>	<b>14,898</b>	<b>\$104,868,357</b>	<b>\$106,642,248</b>	<b>\$211,510,606</b>	<b>70,683</b>

## MONTHLY HIGHLIGHTS

The UW received \$18.87M in total private voluntary support (\$13.30M in gifts and \$5.57M in grants) in the current month.

Areas including Dentistry, Education, Engineering, Environment, Information School, Intercollegiate Athletics, Libraries, Nursing, Pharmacy, Public Health, Social Work, Student Affairs, Undergraduate Academic Affairs, University Press and UW Tacoma are ahead of last year's year-to-date totals.

<sup>1</sup> Donors are defined as those entities who have a credit amount of greater than \$0.00.

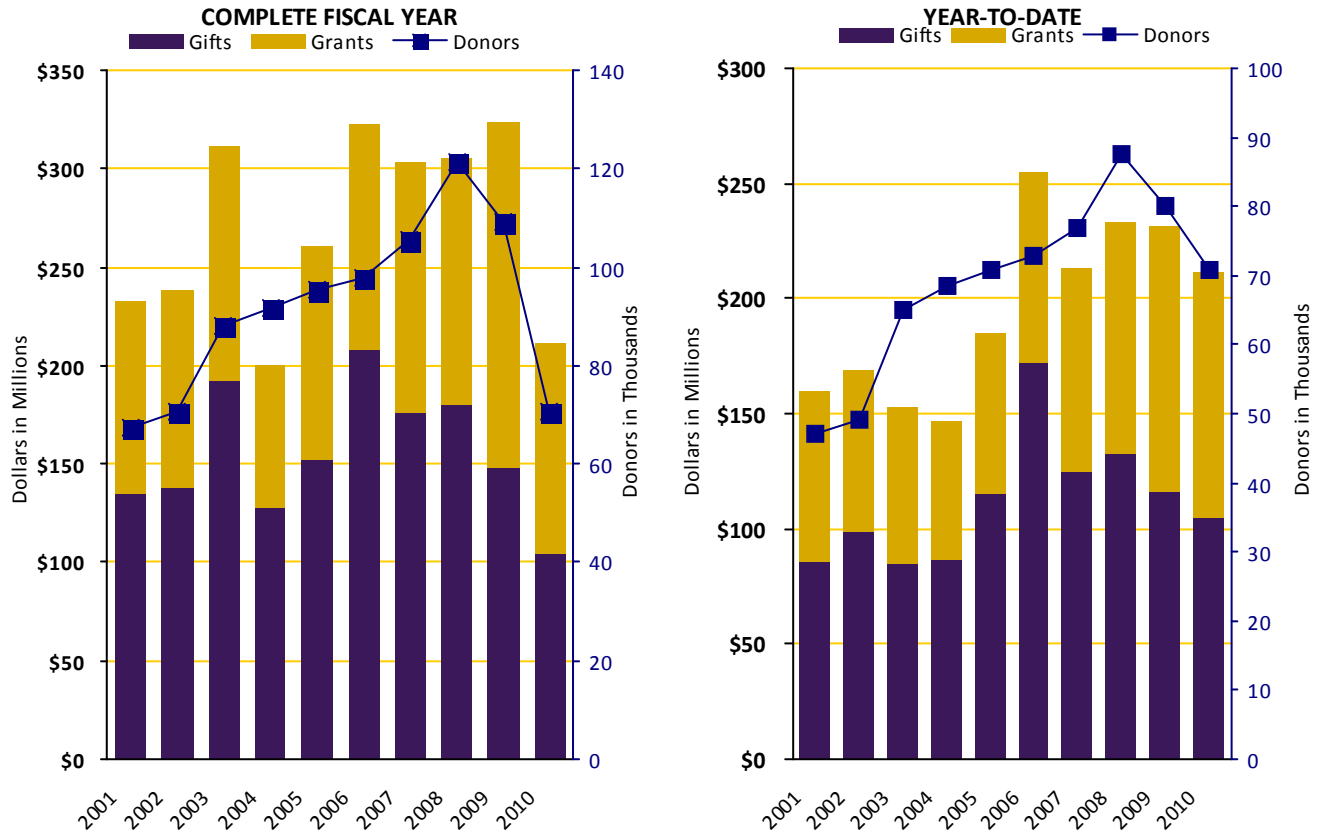
The donor total at the bottom of the chart is not a cumulative total of the rows above. The donor total is the number of unique donors who have been credited with a gift to the UW during the given time period.

**DEVELOPMENT SUMMARY BY CONSTITUENCY**

School	Current Month		Year to Date		Prior Year to Date		Prior Year Total	
	Total	Donors	Total	Donors	Total	Donors	Total	Donors
UW Medicine	\$6,121,201	2,778	\$98,520,833	13,317	\$100,922,736	13,553	\$156,190,821	16,799
Arts and Sciences	\$2,198,283	1,493	\$17,634,881	11,349	\$19,500,884	12,326	\$25,589,815	14,817
Broadcast Services	\$458,388	365	\$2,211,991	2,127	\$2,667,749	11,976	\$4,427,717	16,191
Built Environments	\$25,853	77	\$1,392,059	1,089	\$1,915,334	1,131	\$2,127,643	1,341
Business School	\$287,335	338	\$11,184,739	3,568	\$22,137,958	3,528	\$25,381,696	4,210
Dentistry	\$159,031	103	\$2,990,014	1,089	\$2,171,349	1,186	\$2,541,366	1,584
Education	\$62,723	177	\$3,996,894	1,191	\$3,013,324	1,274	\$3,724,956	1,667
Engineering	\$1,811,502	355	\$15,503,988	3,777	\$14,540,171	3,630	\$18,855,120	4,260
Environment	\$381,159	357	\$6,938,085	1,611	\$4,671,093	27	\$4,679,781	27
Evans School of Public Affairs	\$8,795	81	\$553,573	320	\$2,433,975	383	\$2,718,803	480
Forest Resources	\$0	0	\$0	0	\$2,049,794	839	\$3,451,299	1,096
Graduate School	\$10,359	43	\$831,036	289	\$1,538,573	302	\$1,602,622	324
Information School	\$515,064	53	\$1,465,966	585	\$1,197,745	538	\$1,679,278	609
Intercollegiate Athletics	\$1,930,308	3,752	\$10,894,144	12,652	\$10,439,285	11,803	\$15,659,243	23,317
Law	\$132,762	110	\$1,323,140	1,455	\$2,225,731	1,572	\$2,665,941	1,935
Libraries	\$133,104	1,746	\$902,964	4,403	\$841,382	3,581	\$1,171,951	5,280
Minority Affairs	\$38,487	145	\$325,917	546	\$336,220	309	\$388,492	511
Nursing	\$212,129	181	\$2,926,130	1,474	\$2,763,354	1,424	\$3,549,704	1,678
Ocean and Fishery Sciences	\$0	0	\$0	0	\$9,231,431	650	\$10,157,709	740
Pharmacy	\$232,324	116	\$2,649,602	846	\$1,437,591	863	\$2,098,248	1,034
President's Funds	\$182,755	155	\$505,469	1,279	\$4,595,392	1,461	\$5,761,734	1,691
Public Health	\$272,752	119	\$12,945,410	648	\$11,710,769	671	\$15,492,932	792
Social Work	\$1,049,750	281	\$1,502,798	721	\$1,174,842	630	\$1,289,956	700
Student Affairs	\$441,129	396	\$4,753,594	2,326	\$1,194,324	2,328	\$2,906,525	3,000
Undergraduate Academic Affairs	\$16,245	130	\$646,365	562	\$402,041	269	\$424,576	353
University Press	\$11,320	10	\$190,865	108	\$153,015	146	\$219,219	167
UW Alumni Association	\$67,543	1,585	\$558,955	11,914	\$635,947	12,651	\$1,001,508	19,763
UW Bothell	\$79,823	124	\$1,182,050	457	\$1,820,041	442	\$2,229,545	592
UW Tacoma	\$160,198	135	\$1,804,306	638	\$1,779,702	567	\$3,656,827	792
Other University Support	\$1,864,888	437	\$5,174,837	1,592	\$2,212,580	1,881	\$2,433,450	2,220
<b>Total<sup>1</sup></b>	<b>\$18,865,212</b>	<b>14,898</b>	<b>\$211,510,606</b>	<b>70,683</b>	<b>\$231,714,331</b>	<b>80,180</b>	<b>\$324,078,477</b>	<b>109,083</b>

<sup>1</sup> The donor total at the bottom of the chart is not a cumulative total of the rows above. The donor total is the number of unique donors who have been credited with a gift to the UW during the given time period.

## FISCAL YEAR COMPARISON OF TOTAL CONTRIBUTIONS



Fiscal Year	Complete Fiscal Year				Year to Date			
	Gifts	Grants	Total	Donors	Gifts	Grants	Total	Donors
2009-2010	\$104,868,357	\$106,642,248	\$211,510,606	70,683	\$104,868,357	\$106,642,248	\$211,510,606	70,683
2008-2009	\$148,364,809	\$175,713,667	\$324,078,477	109,083	\$116,100,795	\$115,613,536	\$231,714,331	80,180
2007-2008	\$180,735,444	\$124,224,214	\$304,959,657	121,447	\$132,985,022	\$99,910,341	\$232,895,363	87,433
2006-2007	\$176,490,215	\$126,399,369	\$302,889,584	105,353	\$124,552,021	\$89,059,944	\$213,611,965	76,956
2005-2006	\$207,744,231	\$115,261,186	\$323,005,417	97,876	\$172,770,589	\$81,941,825	\$254,712,414	72,765
2004-2005	\$151,969,925	\$108,802,371	\$260,772,296	95,227	\$115,356,793	\$69,335,008	\$184,691,801	70,733
2003-2004	\$128,174,367	\$71,603,323	\$199,777,690	91,903	\$86,890,630	\$59,858,287	\$146,748,917	68,371
2002-2003	\$192,573,183	\$118,677,722	\$311,250,905	88,259	\$84,999,647	\$67,468,488	\$152,468,135	65,044
2001-2002	\$137,959,340	\$100,820,547	\$238,779,887	70,560	\$99,211,901	\$69,607,925	\$168,819,827	49,087
2000-2001	\$134,797,642	\$97,112,979	\$231,910,621	67,307	\$85,857,205	\$73,924,836	\$159,782,041	47,050

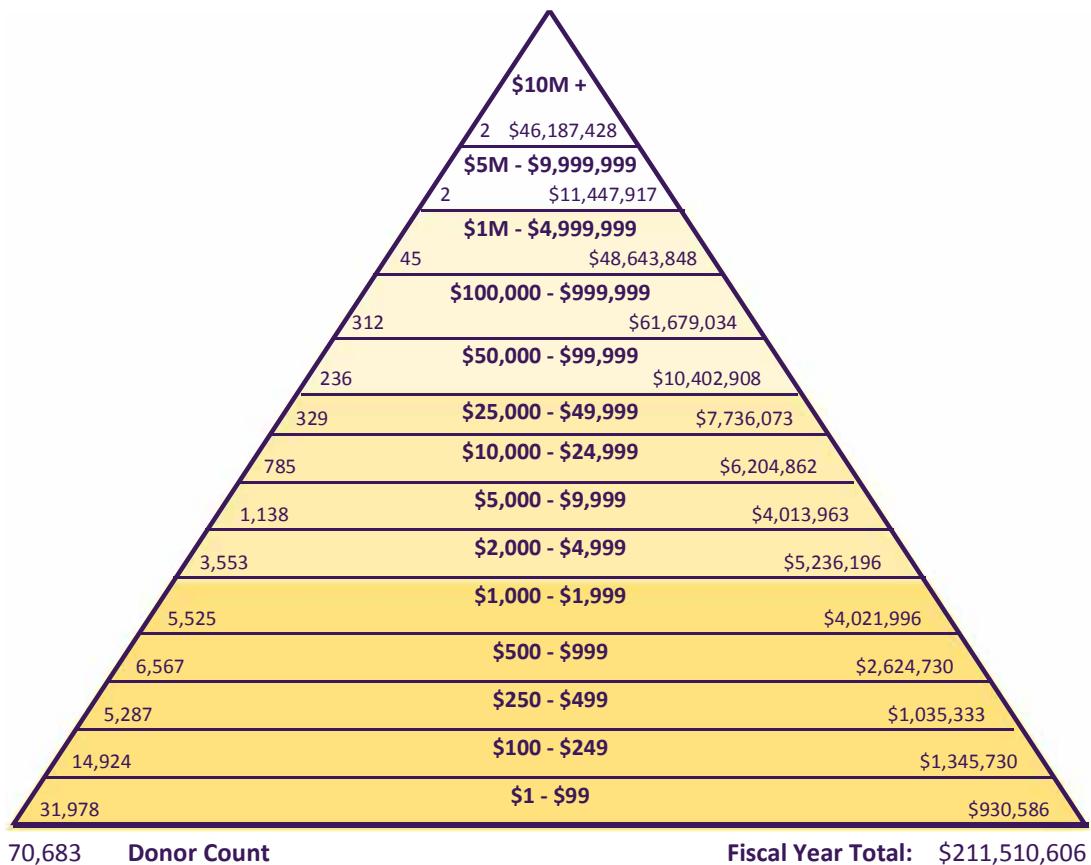
## ANNUAL FUNDING THEME PROGRESS

Theme	Year to Date		
	Current Use	Endowment	Total
Student Support	\$6,617,606	\$14,936,114	\$21,553,720
Faculty Support	\$7,263,671	\$7,211,743	\$14,475,414
Program Support for Faculty and Students	\$135,552,659	\$8,795,745	\$144,348,403
Capital	\$10,676,395	\$2,250	\$10,678,645
Excellence Funds	\$20,201,491	\$252,932	\$20,454,423
<b>Total</b>	<b>\$180,311,822</b>	<b>\$31,198,784</b>	<b>\$211,510,606</b>

## DEVELOPMENT ACTIVITY BY DONOR TYPE

Donor Type	Year to Date		Prior Year to Date		Prior Fiscal Year	
	Donors	Total	Donors	Total	Donors	Total
Alumni	36,913	\$24,825,707	38,546	\$29,038,930	49,981	\$40,529,614
Corporations	2,138	\$33,333,323	2,166	\$40,249,323	3,029	\$79,017,981
Family Foundations	157	\$9,785,786	147	\$10,703,802	173	\$15,996,206
Foundations	349	\$59,117,934	345	\$65,380,717	427	\$83,293,447
Non-Alumni	30,676	\$28,756,315	38,608	\$36,063,432	54,849	\$41,916,304
Organizations	450	\$55,691,540	482	\$50,278,128	624	\$63,324,926
<b>Total</b>	<b>70,683</b>	<b>\$211,510,606</b>	<b>80,294</b>	<b>\$231,714,331</b>	<b>109,083</b>	<b>\$324,078,477</b>

## DEVELOPMENT ACTIVITY PYRAMID





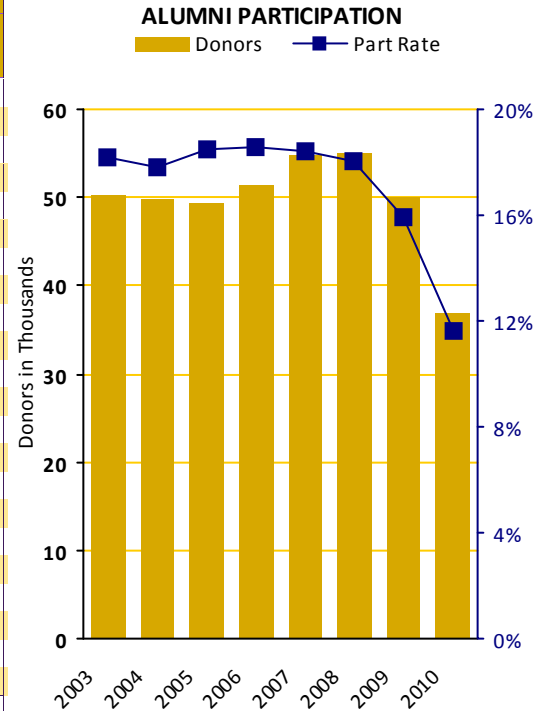
**ANNUAL PROGRESS BY GIVING LEVEL**

Giving Level	Alumni	Non Alumni	Family Fndns.	Corporations	Foundations	Other Orgs.	Total
\$10M +	\$0	\$0	\$0	\$0	\$25,920,640	\$20,266,788	\$46,187,428
\$5M - \$9,999,999	\$0	\$5,506,241	\$0	\$0	\$0	\$5,941,677	\$11,447,917
\$1M - \$4,999,999	\$1,049,165	\$5,514,025	\$5,134,100	\$9,256,685	\$14,563,307	\$13,126,566	\$48,643,848
\$100,000 - \$999,999	\$9,313,974	\$7,475,771	\$2,737,439	\$14,877,608	\$14,834,269	\$12,439,973	\$61,679,034
\$50,000 - \$99,999	\$1,428,252	\$1,169,569	\$747,633	\$3,222,223	\$2,038,764	\$1,796,467	\$10,402,908
\$25,000 - \$49,999	\$1,542,860	\$1,121,800	\$570,380	\$2,388,318	\$949,430	\$1,163,285	\$7,736,073
\$10,000 - \$24,999	\$1,871,434	\$1,503,045	\$405,114	\$1,582,539	\$408,533	\$434,198	\$6,204,862
\$5,000 - \$9,999	\$1,587,355	\$1,095,644	\$101,430	\$738,564	\$220,375	\$270,595	\$4,013,963
\$2,000 - \$4,999	\$2,593,116	\$1,653,715	\$56,086	\$653,615	\$118,228	\$161,437	\$5,236,196
\$1,000 - \$1,999	\$1,986,969	\$1,549,753	\$29,088	\$359,356	\$43,277	\$53,553	\$4,021,996
\$500 - \$999	\$1,409,943	\$1,019,181	\$3,491	\$157,989	\$12,683	\$21,444	\$2,624,730
\$250 - \$499	\$622,585	\$357,522	\$300	\$42,897	\$4,302	\$7,727	\$1,035,333
\$100 - \$249	\$818,789	\$475,207	\$700	\$41,702	\$3,517	\$5,816	\$1,345,730
\$1 - \$99	\$601,265	\$314,843	\$26	\$11,826	\$611	\$2,015	\$930,586
<b>Total</b>	<b>\$24,825,707</b>	<b>\$28,756,315</b>	<b>\$9,785,786</b>	<b>\$33,333,323</b>	<b>\$59,117,934</b>	<b>\$55,691,540</b>	<b>\$211,510,606</b>

Giving Level	Alumni	Non Alumni	Family Fndns.	Corporations	Foundations	Other Orgs.	Total
\$10M +	0	0	0	0	1	1	2
\$5M - \$9,999,999	0	1	0	0	0	1	2
\$1M - \$4,999,999	4	12	3	8	11	7	45
\$100,000 - \$999,999	59	83	18	61	50	41	312
\$50,000 - \$99,999	54	66	13	46	31	26	236
\$25,000 - \$49,999	83	91	18	71	32	34	329
\$10,000 - \$24,999	248	320	29	126	33	29	785
\$5,000 - \$9,999	450	452	19	138	38	41	1,138
\$2,000 - \$4,999	1,658	1,518	20	261	40	56	3,553
\$1,000 - \$1,999	2,463	2,659	23	299	34	47	5,525
\$500 - \$999	3,107	3,124	6	273	19	38	6,567
\$250 - \$499	2,770	2,327	1	150	15	24	5,287
\$100 - \$249	7,901	6,621	5	323	27	47	14,924
\$1 - \$99	18,116	13,402	2	382	18	58	31,978
<b>Total</b>	<b>36,913</b>	<b>30,676</b>	<b>157</b>	<b>2,138</b>	<b>349</b>	<b>450</b>	<b>70,683</b>

## ALUMNI PARTICIPATION BY CONSTITUENCY (CURRENT FISCAL YEAR)

Area	Solicitable	To UW		To Unit	
		Year to Date		Year to Date	
		Donors	Part Rate	Donors	Part Rate
UW Medicine	19,127	2,917	15.25%	2,018	10.55%
Arts and Sciences	146,824	15,134	10.31%	4,937	3.36%
Business School	38,262	5,599	14.63%	1,950	5.10%
Built Environments	8,184	1,025	12.52%	486	5.94%
Dentistry	4,540	920	20.26%	516	11.37%
Education	18,841	2,580	13.69%	543	2.88%
Engineering	32,965	3,870	11.74%	2,015	6.11%
Evans School of Public Affairs	2,496	389	15.58%	186	7.45%
Forest Resources	4,612	452	9.80%		
Interdisc. Grad. Programs	1,817	216	11.89%		
Interdisc. Undergrad. Programs	258	17	6.59%		
Interschool Programs	520	47	9.04%		
Information School	4,614	768	16.64%	393	8.52%
Law	7,905	1,352	17.10%	852	10.78%
School of Nursing	8,644	1,444	16.71%	952	11.01%
Ocean & Fisheries	4,076	464	11.38%		
Pharmacy	3,547	695	19.59%	536	15.11%
Public Health	4,580	619	13.52%	266	5.81%
Social Work	6,522	740	11.35%	378	5.80%
UW Bothell	6,995	555	7.93%	291	4.16%
UW Tacoma	8,050	504	6.26%	323	4.01%
Unspecified	11,600	1,572	13.55%		
<b>ALL UW TOTAL</b>	<b>317,522</b>	<b>36,913</b>	<b>11.63%</b>		



## ALUMNI PARTICIPATION BY CONSTITUENCY (PREVIOUS FISCAL YEAR)

Area	Solicitable	To UW				To Unit			
		Year to Date		FY Total		Year to Date		FY Total	
		Donors	Part Rate	Donors	Part Rate	Donors	Part Rate	Donors	PFY Final
UW Medicine	19,109	2,720	14.23%	3,576	18.71%	1,795	9.39%	2,279	11.93%
Arts and Sciences	145,069	15,387	10.61%	21,029	14.50%	5,492	3.79%	6,553	4.52%
Business School	37,913	5,476	14.44%	7,343	19.37%	1,946	5.13%	2,345	6.19%
Built Environments	8,096	1,074	13.27%	1,410	17.42%	511	6.31%	576	7.11%
Dentistry	4,501	944	20.97%	1,237	27.48%	555	12.33%	722	16.04%
Education	18,944	2,631	13.89%	3,494	18.44%	497	2.62%	620	3.27%
Engineering	32,856	3,755	11.43%	4,994	15.20%	1,957	5.96%	2,374	7.23%
Evans School of Public Affairs	2,394	383	16.00%	529	22.10%	148	6.18%	189	7.89%
Forest Resources	4,601	521	11.32%	713	15.50%	258	5.61%	329	7.15%
Interdisc. Grad. Programs	1,719	196	11.40%	261	15.18%				
Interdisc. Undergrad. Programs	247	18	7.29%	27	10.93%				
Interschool Programs	493	51	10.34%	74	15.01%				
Information School	4,516	720	15.94%	932	20.64%	348	7.71%	395	8.75%
Law	7,755	1,392	17.95%	1,792	23.11%	843	10.87%	987	12.73%
School of Nursing	8,661	1,427	16.48%	1,804	20.83%	840	9.70%	944	10.90%
Ocean & Fisheries	4,038	529	13.10%	681	16.86%	293	7.26%	335	8.30%
Pharmacy	3,529	721	20.43%	895	25.36%	512	14.51%	594	16.83%
Public Health	4,465	625	14.00%	803	17.98%	244	5.46%	288	6.45%
Social Work	6,428	754	11.73%	972	15.12%	383	5.96%	427	6.64%
UW Bothell	6,635	566	8.53%	799	12.04%	204	3.07%	253	3.81%
UW Tacoma	7,685	512	6.66%	793	10.32%	233	3.03%	305	3.97%
Unspecified	11,813	1,592	13.48%	2,160	18.28%				
<b>ALL UW TOTAL</b>	<b>314,219</b>	<b>37,118</b>	<b>11.81%</b>	<b>49,980</b>	<b>15.91%</b>				

The University of Washington Alumni Association is the broad-based engagement vehicle for University Advancement and the University of Washington. Through its strategically designed programs, the UW Alumni Association invites alumni, donors and friends to engage in the life of the UW. Research indicates that engaged alumni and friends are more inclined to support the University and its students. The UW Alumni Association is proud to develop a solid base of support for the University of Washington.



## UWAA Member Giving by Constituency

School	Solicitable Alumni	Members <sup>1</sup>	Member			Alumni Giving	
			Donors	Members	Non Members	Members	Non Members
UW Medicine	19,127	1,908	858	44.97%	10.44%		
Arts and Sciences	146,824	18,401	5,129	27.87%	5.18%		
Business School	38,262	7,100	2,404	33.86%	6.98%		
Built Environments	8,184	1,114	325	29.17%	7.20%		
Dentistry	4,540	1,016	429	42.22%	10.10%		
Education	18,841	3,094	1,031	33.32%	6.77%		
Engineering	32,965	4,494	1,324	29.46%	6.48%		
Evans School of Public Affairs	2,496	286	96	33.57%	9.68%		
Forest Resources	4,612	643	159	24.73%	4.81%		
Interdisc. Grad. Programs	1,817	159	45	28.30%	7.06%		
Interdisc. Undergrad. Progra	258	17	2	11.76%	4.56%		
Interscholar Programs	520	42	8	19.05%	5.23%		
Information School	4,614	752	256	34.04%	10.18%		
Law	7,905	1,028	463	45.04%	10.86%		
School of Nursing	8,644	1,330	489	36.77%	10.56%		
Ocean & Fisheries	4,076	471	135	28.66%	6.66%		
Pharmacy	3,547	626	268	42.81%	12.56%		
Public Health	4,580	414	149	35.99%	9.27%		
Social Work	6,522	604	187	30.96%	7.35%		
UW Bothell	6,995	602	123	20.43%	3.63%		
UW Tacoma	8,050	607	117	19.28%	2.79%		
Unspecified	11,600	2,512	801	31.89%	4.92%		
Non-Alumni		7,963	4,490	56.39%			
<b>Total</b>	<b>317,522</b>	<b>52,900</b>	<b>17,643</b>	<b>33.35%</b>			

## Alumni Activity

<b>1 in 3 registrants at 2009 UW events were UWAA members</b>
<b>1 in 12 registrants at 2009 UW events were UW donors</b>
<b>2 in 3 registrants at 2009 UW events were Solicitable Alumni</b>
<b>1 in 25 UWAA members attended a 2009 UW event</b>
<b>1 in 3 2008-2009 Football/Basketball season ticket holders were UWAA members</b>
<b>1 in 8 UWAA members were 2008-2009 Football/Basketball season ticket holders</b>

## Top 10 Membership by Class Year

Class Year	Part. Rate	Class Year	Population
2010	100.00%	2009	1,657
1955	23.25%	1971	1,099
1953	22.22%	1973	1,069
1959	22.03%	1974	1,046
1954	21.88%	1970	1,034
1946	21.81%	1972	1,031
1956	21.34%	1976	1,028
1952	21.19%	1975	994
1950	20.96%	1977	970
1958	20.59%	1968	892

## Activity Participation - Rolling 3 Year Total<sup>3</sup>

School <sup>2</sup>	Participants	Part. Donors	% Donors	Alum Non-Part.	Alum Non-Par Donor	% Non-Part Donor
UW Medicine	3,458	2,717	78.57%	19,066	3,272	17.16%
Arts and Sciences	11,324	2,778	24.53%	136,663	7,731	5.66%
Built Environments	1,264	561	44.38%	7,515	794	10.57%
Business School	5,276	1,414	26.80%	34,633	3,171	9.16%
Dentistry	1,791	750	41.88%	2,667	339	12.71%
Education	1,684	386	22.92%	16,959	930	5.48%
Engineering	2,387	827	34.65%	30,805	3,076	9.99%
Environment	517	490	94.78%			
Evans School of Public Affairs	660	248	37.58%	2,159	335	15.52%
Graduate School	296	184	62.16%	1,266	2	0.16%
Information School	636	183	28.77%	4,277	522	12.20%
Law	1,878	805	42.86%	6,484	1,113	17.17%
Libraries	773	750	97.02%			
Nursing	836	407	48.68%	8,112	1,349	16.63%
Ocean & Fishery Sciences	251			3,623		
Pharmacy	354	210	59.32%	3,276	751	22.92%
Public Health	498	182	36.55%	3,673	382	10.40%
Social Work	655	193	29.47%	6,105	693	11.35%
UW Bothell	571	182	31.87%	6,922	608	8.78%
UW Tacoma	365	169	46.30%	8,493	820	9.66%

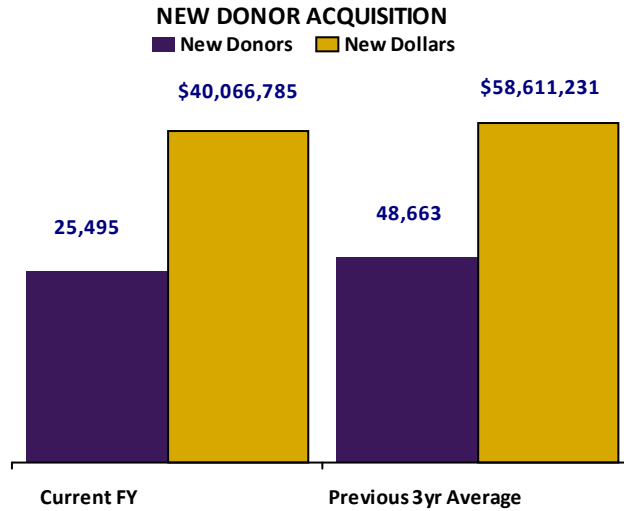
<sup>1</sup> Members include paid Annual Members, Lifetime Members, and TPC Level Donors

<sup>2</sup> Activity is based on a unit affiliated Alumni or Donor being labeled as a positive RSVP, host, speaker, or participant at any tracked UW activity.

<sup>3</sup> 3-Years consists of any activity since 7/1/2006

Source: University of Washington Alumni Association

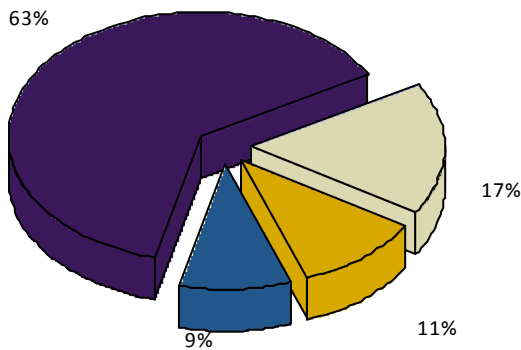
## KEY PERFORMANCE INDICATORS



	New Donors	New Dollars
Current FY	25,495	\$40,066,785
Previous 3yr Average	48,663	\$58,611,231

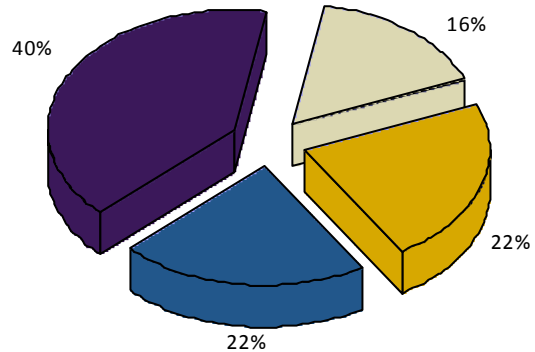
### DONOR RETENTION (CURRENT FY)

- Returning Donor - Decreased Giving
- Returning Donor - Increased Giving
- Returning Donor - Same Giving
- Yet to Return as Donor



### DONOR RETENTION (PREVIOUS 3YR AVG)

- Returning Donor - Decreased Giving
- Returning Donor - Increased Giving
- Returning Donor - Same Giving
- Yet to Return as Donor



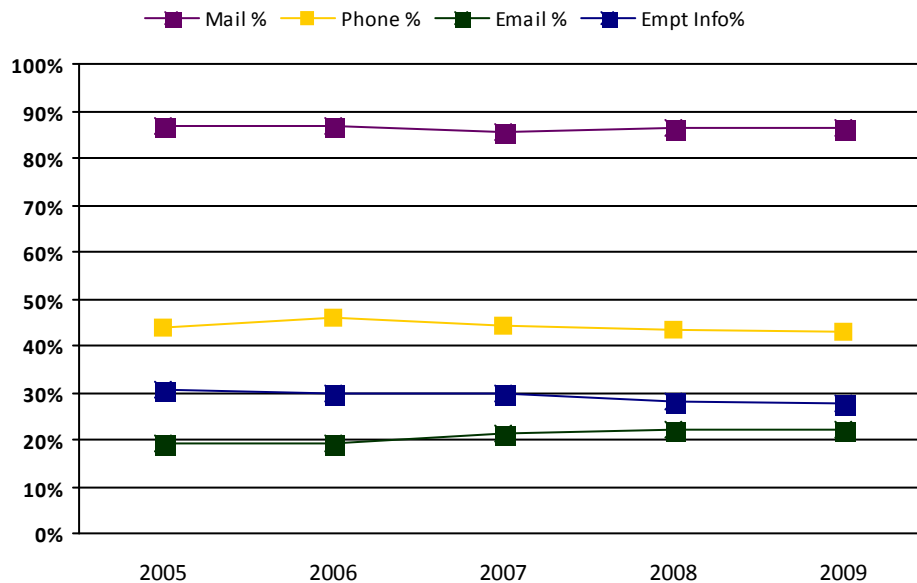
	Donors	Dollars		Donors	Dollars
Returning Donor - Decreased Giving	21,074	\$73,494,331	Returning Donor - Decreased Giving	16,124	\$65,278,811
Returning Donor - Increased Giving	12,777	\$94,326,121	Returning Donor - Increased Giving	22,023	\$178,192,234
Returning Donor - Same Giving	11,337	\$3,623,169	Returning Donor - Same Giving	21,414	\$8,169,227
Yet to Return as Donor	76,260		Yet to Return as Donor	39,919	

Donor counts may vary slightly due to donor crediting preferences.  
 Three-year averages are based on fiscal year totals and do not reflect year-to-date status.

## STATE OF THE DATABASE

School	Alumni	Friends	Total	Mailable	Mail %	Phonable	Phone %	Emailable	Email %	Emp Info	Emp %
UW Medicine	23,123	34,581	57,704	52,861	91.61%	30,839	53.44%	13,222	22.91%	17,507	30.34%
Arts and Sciences	182,556	17,989	200,545	168,327	83.93%	76,774	38.28%	50,569	25.22%	53,305	26.58%
Broadcast Services	0	37,535	37,535	36,675	97.71%	14,527	38.70%	5,190	13.83%	6,947	18.51%
Built Environments	9,675	1,680	11,355	10,090	88.86%	5,299	46.67%	3,019	26.59%	4,366	38.45%
Business School	47,222	3,878	51,100	43,096	84.34%	21,822	42.70%	15,911	31.14%	21,900	42.86%
Dentistry	5,124	1,545	6,669	6,172	92.55%	3,967	59.48%	1,968	29.51%	2,071	31.05%
Education	25,358	2,256	27,614	21,160	76.63%	11,155	40.40%	4,414	15.98%	7,980	28.90%
Engineering	41,538	3,949	45,487	37,485	82.41%	18,634	40.97%	10,941	24.05%	17,077	37.54%
Environment	0	4,237	4,237	4,064	95.92%	3,145	74.23%	1,553	36.65%	1,788	42.20%
Evans School of Public Affairs	2,881	490	3,371	3,144	93.27%	1,838	54.52%	1,730	51.32%	1,862	55.24%
Forest Resources	5,668	4	5,672	4,671	82.35%	2,245	39.58%	1,287	22.69%	2,257	39.79%
Graduate School	2,095	981	3,076	2,894	94.08%	1,829	59.46%	1,404	45.64%	1,427	46.39%
Information School	5,867	399	6,266	5,184	82.73%	3,179	50.73%	1,836	29.30%	2,697	43.04%
Intercollegiate Athletics	0	9,383	9,383	9,215	98.21%	7,286	77.65%	4,370	46.57%	3,772	40.20%
Law	8,996	1,665	10,661	9,662	90.63%	5,198	48.76%	6,019	56.46%	4,952	46.45%
Libraries	0	12,879	12,879	12,632	98.08%	10,521	81.69%	3,174	24.64%	2,497	19.39%
Minority Affairs	0	1,433	1,433	1,403	97.91%	1,054	73.55%	775	54.08%	796	55.55%
Nursing	10,930	1,473	12,403	10,266	82.77%	5,719	46.11%	2,913	23.49%	4,753	38.32%
Ocean and Fishery Sciences	4,989	0	4,989	4,172	83.62%	1,981	39.71%	1,185	23.75%	2,019	40.47%
Pharmacy	4,265	786	5,051	4,385	86.81%	2,529	50.07%	1,442	28.55%	2,230	44.15%
President's Funds	0	3,853	3,853	3,780	98.11%	3,006	78.02%	1,413	36.67%	2,030	52.69%
Public Health	5,302	833	6,135	5,583	91.00%	3,069	50.02%	2,490	40.59%	2,816	45.90%
Social Work	7,919	910	8,829	7,526	85.24%	3,550	40.21%	1,865	21.12%	3,016	34.16%
Student Affairs	0	9,391	9,391	9,229	98.27%	7,164	76.29%	3,687	39.26%	4,217	44.90%
Undergraduate Academic Affairs	0	1,310	1,310	1,267	96.72%	955	72.90%	617	47.10%	451	34.43%
University Press	0	579	579	552	95.34%	403	69.60%	227	39.21%	229	39.55%
UW Alumni Association	0	39,803	39,803	38,835	97.57%	24,809	62.33%	20,639	51.85%	15,508	38.96%
UW Bothell	8,033	906	8,939	8,373	93.67%	4,260	47.66%	3,266	36.54%	1,544	17.27%
UW Tacoma	9,366	890	10,256	9,567	93.28%	4,902	47.80%	3,327	32.44%	1,471	14.34%
Other University Support	966	6,675	7,641	7,278	95.25%	5,170	67.66%	3,638	47.61%	2,082	27.25%
Unspecified School	16,537	0	16,537	11,401	68.94%	6,187	37.41%	2,000	12.09%	3,697	22.36%
No Degree\Gift Affiliation	0	277,190	277,139	250,255	90.30%	147,454	53.21%	27,233	9.83%	49,066	17.70%
<b>Total</b>	<b>396,261</b>	<b>385,196</b>	<b>781,457</b>	<b>681,187</b>	<b>87.17%</b>	<b>359,662</b>	<b>46.02%</b>	<b>143,620</b>	<b>18.38%</b>	<b>188,826</b>	<b>24.16%</b>

## Database Trends



Source: University Advancement, Information Management Report # devrpts\_s10043

REPORT OF CONTRIBUTIONS, UNIVERSITY OF WASHINGTON March 2010

(07/01/2009 - 03/31/2010 )

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All Areas

**VII. STANDING COMMITTEES****B. Finance, Audit & Facilities Committee****2010 Audit Plans – KPMG and Peterson Sullivan**

For information only.

***Attachments***

1. KPMG University of Washington 2010 Audit Plan
2. Peterson Sullivan University of Washington Metropolitan Tract Audit
3. Peterson Sullivan University of Washington Audits of Housing and Dining System and Retail and Remote Food Services
4. Peterson Sullivan University of Washington Internal Control Reviews and Audit of Departments in the Student Life



HIGHER EDUCATION

# University of Washington 2010 Audit Plan

AUDIT

F-6.1/205-10  
5/13/10



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# **I. Executive Summary**

## **Scope of Audit**

We will audit the balance sheet of the University of Washington (the University) as of June 30, 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the financial statements based on our audit, however we will not express any opinion on the effectiveness of internal controls over financial reporting.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we will express no such opinion.

Additionally, we will report separately on our audits for the UW Medical Center, Intercollegiate Athletics, the Parking System and the Internal Lending Program. We also involved in many of the audits of Component Units. See page 4 for those reports.

## **Coordination with Other Auditors**

We will coordinate and rely on audit testwork performed by the following other auditors: Peterson Sullivan, Shallo, Galluscio, Bianchi and Fucito, the Washington State Auditor's Office, and the University's Internal Audit Department as considered necessary.

This coordinated approach allows us to reduce duplicative testwork during the audit of the University and increase overall efficiency.

## **Tentative Timetables**

Our timetable is expected to be similar to that of the previous year. We will coordinate with the Office of Financial Management and Internal Audit for a more detailed schedule of events and prepare an outline of specific data requirements, timelines, and individuals responsible.



## II. Financial Reporting Entity

The financial statements of the University of Washington consist of (a) the University of Washington, (b) organizations for which the University is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete if excluded.

The definition of the reporting entity is based primarily on the notion of financial accountability. An entity is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the entity. An entity may also be financially accountable for governmental organizations that are fiscally dependent on it.

An entity has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the entity (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.



## II. Financial Reporting Entity, continued

The following illustration depicts the entities included in the University of Washington Annual Report.

2009 Assets (in millions)	Entities	Financial Statements
\$ 6,035	<b>University of Washington</b> Research, Teaching, and Public Service Activities (Main Campus) UW Medical Center* Parking System* Intercollegiate Athletics* Internal Lending Program* Housing and Food Services Metropolitan Tract	<b>University of Washington Annual Report</b>
\$ 70	<b>Wholly Owned Insurance Company</b> Portage Bay Insurance	
\$ 90	<b>Affiliated Organizations - Medical Entities</b> University of Washington Physicians* University of Washington Physicians Network*	
\$ 313	<b>Affiliated Organizations - Real Estate Properties</b> Community Development Properties C-D Radford Court Properties Educational Research Properties Washington Biomedical Research Properties I Washington Biomedical Research Properties II TSB Properties Twenty-fifth Avenue Properties	
\$ 26	<b>Affiliated Organizations</b> University of Washington Alumni Association* Northwest Hospital and Medical Center*	

\* Audited by KPMG LLP (KPMG)

Organizations Not included in University of Washington Annual Report
Harborview Medical Center*
University of Washington Foundation *
Henry Gallery Association, Inc.
Washington Law School Foundation
Washington Pulp and Paper Foundation

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### **III. Scope of Our Audits**

#### **University Annual Report**

We will audit the balance sheet of the University as of June 30, 2010 and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America U.S. GAAP. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we will express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In planning and performing our audit of the financial statements, we consider internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. If, however, during our audit, we note matters involving internal control and other operational matters, they will be presented for your consideration. These comments and recommendations, all of which will be discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion.

This audit meets the needs of the board of regents and the administration to manage the University and assist in meeting the University's financial reporting requirements as a public agency and the State of Washington.



### **III. Scope of Our Audits, continued**

#### **UW Medical Center**

We will also audit the financial statements of the UW Medical Center as of June 30, 2010. We will conduct our audit in accordance with U.S. GAAP. We will provide an audit report on the UW Medical Center and will use our audit as support in our overall opinion on the University.

#### **Intercollegiate Athletics (ICA)**

An audit of the ICA will also be performed for the year ended June 30, 2010. We will conduct our audit in accordance with U.S. GAAP.

We will also be performing required agreed-upon procedures to meet the requirements of the National Collegiate Athletic Association (NCAA).

#### **Parking System**

An audit of the Parking System will also be performed for the year ended June 30, 2010. We will conduct our audit in accordance with U.S. GAAP.

#### **Internal Lending Program**

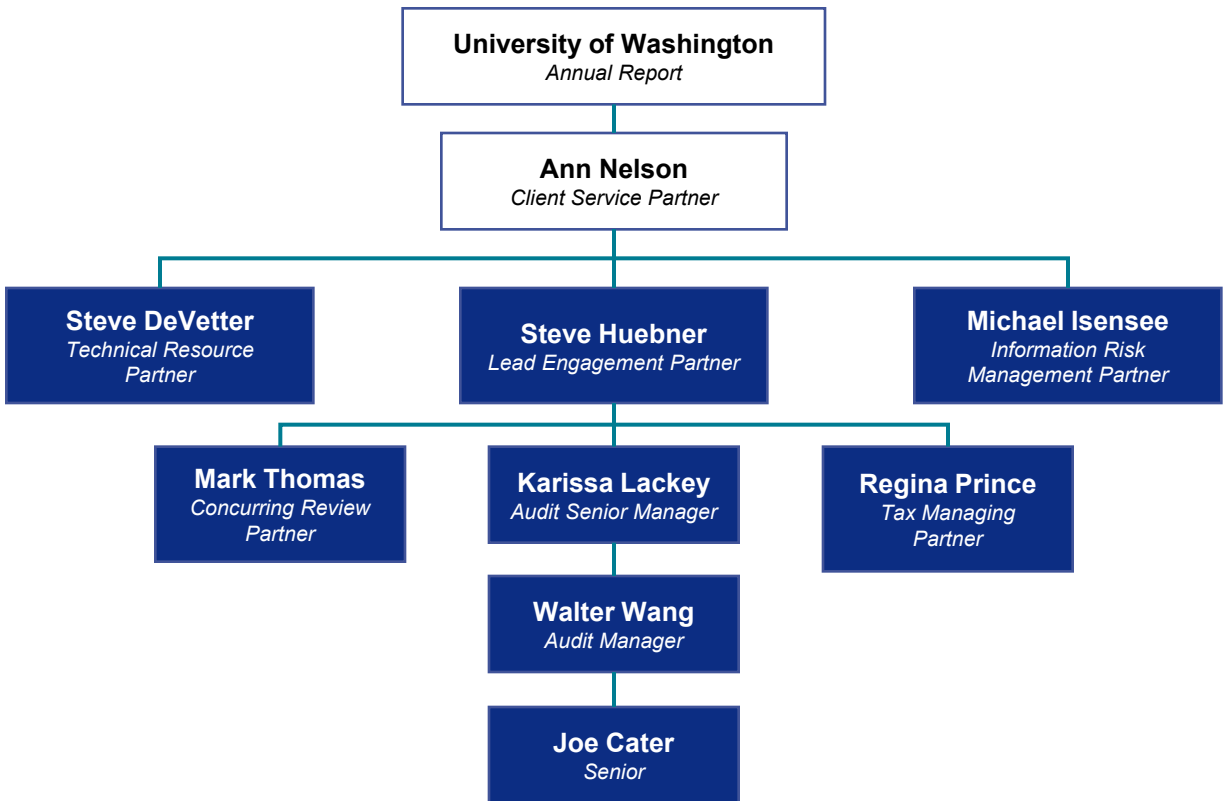
Procedures over the Internal Lending Program will also be performed for the year ended June 30, 2010. We will conduct our audit in accordance with U.S. GAAP.

#### **New Affiliated Organization in 2010**

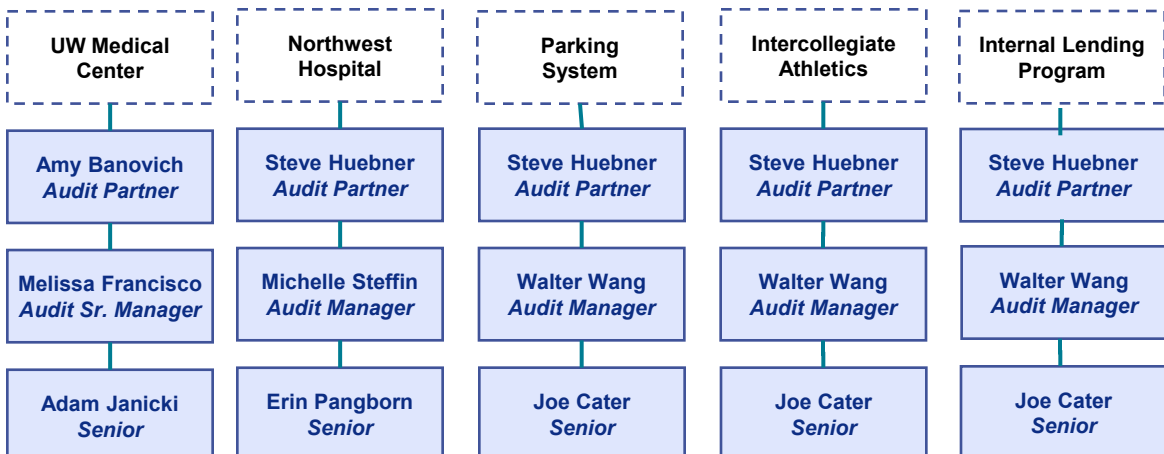
##### **Northwest Hospital & Medical Center**

UW Medicine (a division of the University) and Northwest Hospital & Medical Center entered into an affiliation agreement, effective January 1, 2010. Northwest Hospital & Medical Center's last audited financial statements were as of and for the 12 months ended December 31, 2010. Audit procedures over the Northwest Hospital & Medical Center will be performed for the 6 months ended June 30, 2010. We will conduct our audit in accordance with U.S. GAAP.

## IV. KPMG LLP (KPMG) Team Overview



### Individual Auxiliary Audits:



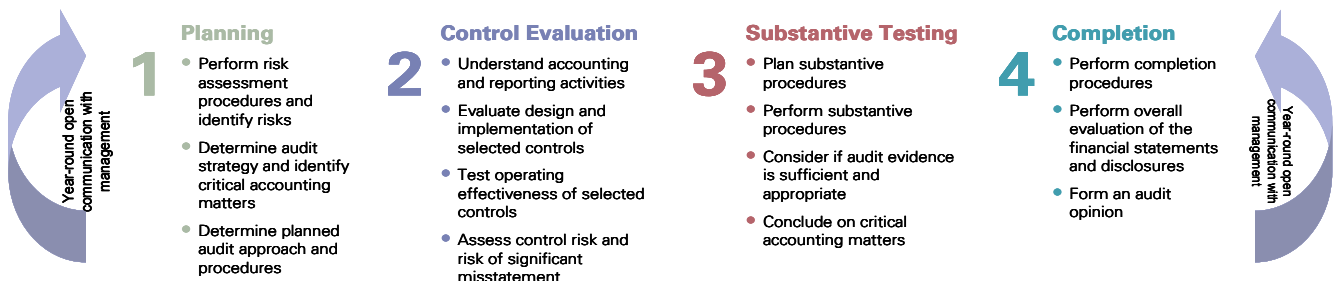


## V. KPMG Audit Process

We apply our audit process through our three-step audit approach. Each step allows us to identify more clearly the University’s business risks, and hence our audit risks, and to focus our audit approach on the risks of material misstatements in the financial statements.

An overview of KPMG’s standard four-step audit approach follows:

### KPMG’s Four-Step Audit Methodology



### IT General Controls

Throughout the audit phases outlined above, KPMG will be testing IT General Controls in Access to Programs and Data, Program Change, Program Development, Computer Operations, and End-User Computing. In addition, when applicable, KPMG will also test IT application controls in the areas of; application access (segregation of duties), key reports, key calculations, and interfaces (to ensure completeness and accuracy of data transfer).

## V. KPMG Audit Process, continued

### In Scope Applications

#### *University of Washington*

<b>Audit Program, and relevant audit objective references</b>	<b>Application Name</b>
Student database	SDB
Human Resources and Payroll	Higher Education Payroll and Personnel System (HEPPS)
General Ledger	FAS/FIN
Expenditures	eProcurement
Expenditures	PAS

#### *UW Medical Center*

<b>Audit Program, and relevant audit objective references</b>	<b>Application Name</b>
General Ledger	PFM
AR/Billing	PFS

#### *Harborview Medical Center*

<b>Audit Program, and relevant audit objective references</b>	<b>Application Name</b>
General Ledger	PFM
AR/Billing	PFS

#### *Northwest Hospital & Medical Center*

<b>Audit Program, and relevant audit objective references</b>	<b>Application Name</b>
General Ledger	PFM
AR/Billing	STAR



## V. KPMG Audit Process, continued

### Overview of Audit Procedures

#### ***Balance Sheet (2009 balances)***

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> <li>Cash and Investments</li> <li>(\$2.8 billion)</li> </ul>	<ul style="list-style-type: none"> <li>Accounting for and control over cash and investments focused on the completeness, existence, accuracy, and valuation.</li> </ul>	<ul style="list-style-type: none"> <li>Test account reconciliations</li> <li>Confirm key cash and investment balances</li> <li>Procedures in accordance with the AICPA practice aid to test the existence and valuation of investments with special emphasis on alternative Investments, subprime, auction rate securities, derivatives, and other hard-to-value investments</li> </ul>
<ul style="list-style-type: none"> <li>Accounts Receivable – Patient Services</li> <li>(\$241 million)</li> </ul>	<ul style="list-style-type: none"> <li>Existence of receivables</li> <li>Reasonableness of contractual and bad debt allowances</li> <li>Collectibility of receivables</li> </ul>	<ul style="list-style-type: none"> <li>Substantive audit and controls procedures to test reasonableness of accounts receivable, contractual allowance, and bad debt reserves</li> <li>Understand any changes in reserve methodology</li> <li>Accounts receivable testing for existence of account balances</li> <li>Test account reconciliation</li> </ul>
<ul style="list-style-type: none"> <li>Accounts Receivable – Grants and Contracts</li> <li>(\$153 million)</li> </ul>	<ul style="list-style-type: none"> <li>Existence of receivables</li> <li>Accuracy of receivables</li> <li>Collectibility of receivables</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate internal controls</li> <li>Select a sample and agree to underlying contracts.</li> <li>Assess the validity and collectibility of billed and unbilled receivables.</li> </ul>
<ul style="list-style-type: none"> <li>MetroTract</li> <li>(\$118 million)</li> </ul>	<ul style="list-style-type: none"> <li>Proper recording of net assets of MetroTract</li> </ul>	<ul style="list-style-type: none"> <li>Obtain and review the audit report of Peterson &amp; Sullivan</li> </ul>



## V. KPMG Audit Process, continued

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> <li>• Capital Assets</li> <li>• (\$2.8 billion)</li> </ul>	<ul style="list-style-type: none"> <li>• Proper capitalization and classification of assets</li> <li>• Appropriate depreciation/ amortization</li> </ul>	<ul style="list-style-type: none"> <li>• Review a reconciliation of capital asset activity</li> <li>• Test and evaluate internal controls over capital asset additions</li> <li>• Test a sample of significant additions and retirements by examining supporting documentation.</li> <li>• Test the reasonableness of useful lives of sampled additions.</li> </ul>
<ul style="list-style-type: none"> <li>• Accounts Payable and Accrued Liabilities</li> <li>• (\$333 million)</li> </ul>	<ul style="list-style-type: none"> <li>• Recognition of transaction in proper accounting period</li> <li>• Accuracy of amounts recorded and assessment of management's estimates</li> </ul>	<ul style="list-style-type: none"> <li>• Perform review of subsequent disbursements in management's liability estimation method.</li> <li>• Review reasonableness and test the underlying data of the Triangle Accrual</li> <li>• Review reasonableness of balances compared to expectations</li> </ul>
<ul style="list-style-type: none"> <li>• Self Insurance Reserve</li> <li>• (\$52 million)</li> </ul>	<ul style="list-style-type: none"> <li>• Valuation of management's estimates for legal liabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain and review KPMG audit report of the captive insurance company</li> </ul>
<ul style="list-style-type: none"> <li>• Long-term liabilities</li> <li>• (\$1.2 billion)</li> </ul>	<ul style="list-style-type: none"> <li>• Proper classification</li> <li>• Compliance with financial covenants</li> </ul>	<ul style="list-style-type: none"> <li>• Confirm balances</li> <li>• Test disclosure and classification</li> <li>• Test financial covenants</li> </ul>
<ul style="list-style-type: none"> <li>• Net Assets</li> <li>• (\$4.8 billion)</li> </ul>	<ul style="list-style-type: none"> <li>• Proper classification of restrictions</li> </ul>	<ul style="list-style-type: none"> <li>• Review reasonableness of balances compared to expectations</li> </ul>



## V. KPMG Audit Process, continued

### **Statement Of Revenues, Expense, And Changes In Net Assets (2009 balances)**

<b>Financial Statement Caption</b>	<b>Audit Considerations</b>	<b>Key Audit Procedures</b>
<ul style="list-style-type: none"> <li>• Student tuition and fees</li> <li>• (\$458 million)</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting for and control over the tuition cycle</li> <li>• Proper accounting for scholarship allowances</li> </ul>	<ul style="list-style-type: none"> <li>• Review reasonableness of balances compared to expectation on a per student basis</li> <li>• Test and evaluate internal controls</li> </ul>
<ul style="list-style-type: none"> <li>• Patient services</li> <li>• (\$988 million)</li> </ul>	<ul style="list-style-type: none"> <li>• Proper recording of revenues</li> <li>• Proper cut-off of revenue between periods</li> <li>• Accuracy of recording of contractual deductions from revenue</li> <li>• Proper recording of charity care amounts in accordance with charity care policy</li> </ul>	<ul style="list-style-type: none"> <li>• Charge capture testing for appropriate capture of revenues at set charge master rates</li> <li>• Revenue cut-off testing for appropriate revenue recognition</li> <li>• Test and evaluate internal controls</li> </ul>
<ul style="list-style-type: none"> <li>• Grants and Contracts revenue</li> <li>• (\$1.1 billion)</li> </ul>	<ul style="list-style-type: none"> <li>• Proper recording of revenues and collections</li> <li>• Accuracy of account balances</li> </ul>	<ul style="list-style-type: none"> <li>• Test and evaluate internal controls</li> <li>• Test accuracy and eligibility of sampled expenditures that drive revenue recognition</li> </ul>
<ul style="list-style-type: none"> <li>• Auxiliary Enterprise revenue</li> <li>• (\$150 million)</li> </ul>	<ul style="list-style-type: none"> <li>• Proper consolidation of entities</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain and review departmental and component unit statements for proper inclusion in the financial statements</li> </ul>
<ul style="list-style-type: none"> <li>• Salaries and Benefits</li> <li>• (\$2.2 billion)</li> </ul>	<ul style="list-style-type: none"> <li>• Recognized in proper accounting period</li> <li>• Accuracy of amounts recorded</li> </ul>	<ul style="list-style-type: none"> <li>• Test and evaluate the internal controls</li> <li>• Review reasonableness of balances compared to expectation on a per FTE basis</li> </ul>



## V. KPMG Audit Process, continued

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> <li>State Appropriations</li> <li>(\$385 million)</li> </ul>	<ul style="list-style-type: none"> <li>Accuracy of amounts recorded</li> </ul>	<ul style="list-style-type: none"> <li>Confirm balances with information provided from the state accounting system</li> </ul>
<ul style="list-style-type: none"> <li>Investment loss</li> <li>(\$470 million)</li> </ul>	<ul style="list-style-type: none"> <li>Accuracy of amounts recorded</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation of amounts with the custodian</li> <li>Obtain and review the SAS 70 internal control report provided by the service organization.</li> </ul>

### Coordination with Other Auditors

When necessary we will coordinate and rely on audit testwork performed by the following other auditors:

Auditor	University Component
Peterson Sullivan	Metro Tract, Housing and Food Services
Washington State Auditor's Office	Research – Compliance with Laws and Regulations Statewide Debt
University of Washington Internal Audit	Various
Shallo, Galluscio, Bianchi and Fucito	Various Real Estate Component Units

This coordinated approach allows us to reduce duplicative testwork during the audit of the University and increase overall efficiency.



## **VI. New Accounting Pronouncements**

### **Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets**

The requirements of this Statement are effective for the University of Washington as of July 1, 2009.

The guidance specific to intangible assets referred to above includes guidance on recognition. This Statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. Effectively, outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. This Statement also provides guidance on recognizing internally generated computer software as an intangible asset. This guidance serves as an application of the specified-conditions approach described above to the development cycle of computer software.

This Statement also establishes guidance specific to intangible assets related to amortization. This Statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. If there are no factors that limit the useful life of an intangible asset, the Statement provides that the intangible asset be considered to have an indefinite useful life. Intangible assets with indefinite useful lives should not be amortized unless their useful life is subsequently determined to no longer be indefinite due to a change in circumstances.

We are working with management to understand the University specific requirements and their adoption in the University's financial statements for this fiscal year.



## **VI. New Accounting Pronouncements, continued**

### **Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments**

The requirements of this Statement are effective for the University of Washington as of July 1, 2009.

This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts.

We understand that the University believes they only have investment derivatives and are not hedging other risks. We are working with management to understand the requirements and their application in the University's financial statements for this fiscal year.



## VII. Tentative Timetable

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
<b>Initial planning meetings</b>	●										
<b>Present audit plan to board of regents' finance and audit committee</b>			●								
<b>Planning meetings with University of Washington finance department</b>	●										
<b>Interim fieldwork</b>			●								
<b>Final fieldwork</b>							●	●	●		
<b>Financial statements Preparation and reporting</b>									●	●	
<b>Presentation of financial statement and management letter to board of regents' finance and audit committee</b>											●

We will coordinate with the controller's office a more detailed schedule of events, which outlines specific data requirements, timelines, and individuals responsible for each will be prepared.



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**Peterson Sullivan LLP**  
**University of Washington Metropolitan Tract Audit**  
**For the Year Ending June 30, 2010**

Peterson Sullivan LLP audits significant real estate activities throughout downtown Seattle, including the Metropolitan Tract. We value our relationship with the University and welcome the opportunity to communicate with the Regents about our audit plan.

**SUMMARY OF SERVICES PROVIDED**

We perform the following audit services:

- *Metropolitan Tract:* This is the bulk of the audit work we perform and incorporates all of the properties within the Metro Tract.
- *Rainier Tower Sublease:* We also audit the results of operations specifically associated with the Rainier Tower sublease.
- *Fairmont Olympic Hotel:* We audit the schedule of gross rental income and percentage rent. We also perform lease compliance agreed-upon procedures
- *Unico Properties:* We audit the schedule of gross rental income and percentage rent. Again, we perform lease compliance agreed-upon procedures
- *Cobb Building:* We perform certain lease compliance agreed-upon procedures

**SUMMARY OF AUDIT PLANS**

*Metropolitan Tract*

We focus our audit procedures in the areas deemed to be the highest risk. At the Metropolitan Tract, we have determined that cash, accounts receivable from Unico, and the rental revenue stream represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk. In addition, given the current economic climate, we will obtain understanding on how the weakened economy is effecting the operations (including vacancy rates) of Metropolitan Tract and the Management's strategy to address these issues. We prepare our audit programs to focus audit efforts in these areas.

*Rainier Tower Sublease*

The Rainier Tower sublease financial results are included in the Metropolitan Tract financial statements, but are also presented on a stand-alone basis. We expect to focus our audit procedures on rental revenue recognition and capital expenditures.

### Fairmont Olympic Hotel

The financial results from the Fairmont Olympic Hotel are included in the Metropolitan Tract financial statements. We also audit the financial results related to the revenue and percentage rentals on a stand-alone basis. We focus our audit procedures on Fairmont revenue as this is the driver as to amounts owed to the Metro Tract. We test revenue recognition, completeness of reported revenue, and proper classification and presentation of revenue. In addition, we perform certain agreed-upon procedures related to the Fairmont activity. These procedures include, but not limited to, testing to ensure that the Fairmont classifies revenue properly in accordance with the lease.

### Unico Properties, Inc.

The financial results from the Unico Properties are included in the Metropolitan Tract financial statements. We audit this activity and also audit the financial results related to the gross rental income and percentage rentals on a stand-alone basis. We focus our audit procedures on revenue recognition and revenue classification between commercial space and office space. We will also select applicable tenants and test the calculation of percentage rents. In addition, we will perform certain agreed-upon procedures related to lease compliance. These procedures include, but are not limited to, lease compliance with the Cobb lease and the allocation of parking revenue.

## **AUDIT TIMELINE**

Our audit procedures are expected to take place as follows:

- Agreed-upon procedures (Fairmont, Unico, Cobb) begins mid June 2010
- Metropolitan Tract audit begins late August 2010
- Rainier Tower audit also begins late August 2010
- Reports for Fairmont and Unico are prepared for the year ended December 31, 2009, and will be issued within the next two or three months.
- Reports for the Metropolitan Tract and Rainier Tower are prepared for the year ending June 30, 2010, and will be issued by October 31, 2010, or sooner.

**Peterson Sullivan LLP**  
**University of Washington**  
**Audits of Housing and Dining System and**  
**Retail and Remote Food Services**  
**For the Year Ending June 30, 2010**

Peterson Sullivan LLP has been providing audit services to the Housing and Dining System and Retail and Remote Food Services (divisions of the University of Washington Housing and Food Services) for many years. We value our relationship with the University and welcome the opportunity to communicate with the Regents about our audit plan.

**SUMMARY OF AUDIT PLANS**

We focus our audit procedures in the areas deemed to be the highest risk. For both of these audits, we have determined that cash, capital assets, accounts payable, accrued expenses, deferred revenue, and residence hall or food/catering revenue represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk.

In addition, Management of these divisions implemented Governmental Accounting Standards Board Statement ("GASB") 34/35 during the 2009 fiscal year. This implementation significantly changed the format of the financial statements and the Management faced some challenges. We believe that the implementation issues have been properly resolved and will follow up during the 2010 audit.

**AUDIT TIMELINE**

Our audit procedures are expected to take place as follows:

- Inventory Observation on June 30, 2010
- Audits begin in late September 2010
- Audit reports are prepared for the year ending June 30, 2010, and will be issued by November 30, 2010.

**Peterson Sullivan LLP**  
**University of Washington**  
**Internal Control Reviews and Audit of Departments in the Student Life**  
**For the Year Ending June 30, 2010**

Peterson Sullivan LLP has extensive experience in the educational institution environment. We value our relationship with the University and welcome the opportunity to communicate with the Regents about our audit plan.

**SUMMARY OF SERVICES PROVIDED**

We perform audits for these departments in every other year and perform internal control reviews in years when audits are not performed. When performing audits, they are for a two-year period. For the fiscal year ending June 30, 2010, we will perform the following internal control reviews and one audit:

Internal control reviews:

- *Student Activities and Union Facilities ("SAUF")*
- *Associated Students of the University of Washington ("ASUW")*
- *Graduate and Professional Student Senate ("GPSS")*
- *Student Publications*

Audit:

- *Student Facilities Fees – Seattle Campus*

**SUMMARY OF INTERNAL CONTROL REVIEW PLANS**

We will examine the effectiveness of the internal control over reporting maintained by the above departments based on the criteria established in *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of Treadway Commission*.

***SAUF, ASUW, and GPSS***

We will issue one combined report for our reviews for *SAUF, ASUW, and GPSS* because all of the departments operate within the same computerized accounting system. We focus on the significant processes, which are cash receipts, cash disbursements, and payroll. For the internal control reviews conducted for the year ended June 30, 2008, we reported a material weakness due to a lack of proper cash reconciliations and maintenance of the related supporting documentation. We will examine these areas to determine if these deficiencies have been corrected. The financial statement audits for these departments for the year ended June 30, 2009, have been delayed until June or July 2010. If we note any material weakness during these audits, we will again address the issues during our internal control reviews to ensure that necessary steps are taken to correct the issues.

## ***Student Publications***

We will issue a stand-alone report for our review for Student Publications because it operates with its own accounting system. We focus on the significant processes, which are cash receipts, cash disbursements, and payroll. We did not note material weakness during our review for the year ended June 30, 2008. We also did not note any material weakness during our financial statement audit for the year ended June 30, 2009.

## **SUMMARY OF AUDIT PLAN**

### ***Student Facilities Fees – Seattle Campus***

We focus our audit procedures in the areas deemed to be the highest risk. We have determined that student facilities fees receipts, debt service payments, and cash disbursements made to various entities in the University of Washington represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk. We did not note any material weakness during our audit for the year ended June 30, 2009.

## **INTERNAL CONTROL REVIEW AND AUDIT TIMELINE**

Our review procedures are expected to take place as follows:

- Reviews begin in the mid September 2010
- Internal control review reports are prepared for the year ending June 30, 2010, and will be issued by December 15, 2010.

Our audit procedures are expected to take place as follows:

- Audit begins in the mid October 2010
- Audit report is prepared for the year ending June 30, 2010, and will be issued by December 15, 2010.

**VII. STANDING COMMITTEES****B. Finance, Audit & Facilities Committee**Actions Taken Under Delegated Authority

Pursuant to the Standing Orders of the Board of Regents, Delegation of Authority, and to the delegation of authority from the President of the University to the Senior Vice President in Administrative Order No. 1, to take action for projects or contracts that exceed \$1,000,000 in value or cost but are less than \$5,000,000, the Administration may approve and execute all instruments.

REPORT OF ACTIONS TAKEN UNDER GENERAL DELEGATED AUTHORITY –  
CAPITAL PROJECT BUDGETS

1. Mary Gates Hall Student Services, Project No. 202463  
Action Reported: Budget Adjustment

On November 12, 2009, an agreement for architectural services was awarded for the Mary Gates Hall Student Service project to Schacht Aslani Architects. The project budget was established at \$3,890,000. The budget has been increased to \$4,300,000.

The initial budget was developed on a broad brush, dollars per square foot basis based on preliminary program information. At the end of the schematic design phase the budget was increased based on the cost estimate for the fully developed project program and schematic design documents.

The scope of the project will renovate the first floor of Mary Gates Hall associated with the "Core Campus Building Concept."

"The Core Campus Building Concept" will improve the student experience by consolidating similar student life support functions near one another. The Mary Gates Hall component of "The Core Campus Building Concept" provides student support services in one building. The following units have been identified to date as key in providing these services in Mary Gates Hall:

Undergraduate Academic Affairs Advising  
Office of Minority Affairs and Diversity Counseling Services  
Academic Support Services  
First Year Programs  
Experiential Learning  
Louis Stokes Alliance for Minority Participation Program (LSAMP)  
Early Identification Program/McNair Program  
Career Services

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Actions Taken Under Delegated Authority (continued p. 2)

Each of these services will be located on the first floor of Mary Gates Hall. The scope will be limited to approximately 22,000 assignable square feet within existing suites 120, 131 and 171, and first floor signage and temporary relocations will be required to complete this project. A surge plan has been developed and the costs have been included in the project budget. Refinements in the number of spaces and program requirements that were identified in the schematic design phase have led to the adjustment of the preliminary budget.

Construction will occur in three phases and is anticipated to start on July 1, 2010. Completion of the final phase anticipated on or before December 31, 2011.

The project funding of \$4,300,000 is from the 05-07 Intermediate Student Services and Classroom Improvements, State funds (Education Construction Account).

Budget Summary:	Original Approved Budget	Current Approved Budget Forecast Cost to Complete
Total Consultant Services	\$450,000	\$500,000
Total Construction Cost*	\$2,400,000	\$2,870,000
Other Costs	\$765,000	\$ 600,000
Project Administration	\$275,000	\$330,000
Total Project Budget	\$3,890,000	\$4,300,000

\*Includes construction contract amount, contingencies and state sales tax.

2. PCB (Polychlorinated biphenyls) Transformers Replacement and South Campus MV (Medium Voltage) Electrical Improvements 2009-2011  
Action Reported: Select Architect/Adopt Budget

On February 8, 2010, a Basic Services Authorization was awarded to Casne Engineering, for the PCB Transformers Replacement and South Campus MV Electrical Improvements 2009-2011 project under their existing Master Term for Engineering Services contract. The agreement amount is \$113,709 for basic services versus a budget value of \$171,983 for design consultants. The balance of the design budget is intended for the hazardous materials consultant and a previously completed predesign.

Casne Engineering is an electrical engineering firm based in Kirkland, WA. The firm has experience working with the University since 1999. They have designed several successful projects with scope content very similar to subject project, with

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 3)

the major emphasis in electrical design. An abbreviated successful project list includes: UW PCB Transformer and MV Switch Replacement 07-09, UW South Campus MV Electrical Improvements, UW Replace Secondary UPS Power, and UW Building Electrical Distribution System 05-07.

The PCB Transformers Replacement and South Campus MV Electrical Improvements 2009-2011 project addresses two goals: to reduce the risks associated with PCB-containing transformers by replacing two such transformers with dry-type, and to provide more power to the Magnuson Health Sciences Center via a more robust and reliable distribution system. Design completion is expected by August of 2010 with construction beginning in October, and lasting through May, 2011.

The project budget is established at \$1,750,000. Funding of \$1,750,000 is provided from the 2009-2011 Utility Renewal Capital Budget.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$171,983	\$171,983
Total Construction Cost*	\$1,385,230	\$1,385,230
Other Costs	\$57,569	\$57,569
Project Administration	\$135,218	\$135,218
Total Project Budget	\$1,750,000	\$1,750,000

\* Includes construction contract amount, contingencies and state sales tax.

#### 3. Expansion Joints Replacement and Tunnel Asbestos Mitigation 2009-11 Action Reported: Select Engineer/Adopt Budget

On February 17, 2010, a Basic Services Authorization was awarded to Harris Group, Inc. for the Expansion Joints Replacement and Tunnel Asbestos Mitigation 2009-11 project under their existing Master Term for Engineering Services contract. The agreement amount is \$95,671 for basic services versus a budget value of \$165,444 for design consultants. The balance of the design budget is intended for the hazardous materials consultant and a previously completed predesign.

Harris Group Inc. is a mid-size multi disciplinary engineering firm with offices in 11 US cities including Seattle. They were recently awarded a Master Term Agreement based on their strengths in mechanical engineering. They have



## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 4)

successfully designed projects involving improvements to the Seattle Campus Power Plant that included design elements similar to those in the subject project.

The Expansion Joints Replacement and Tunnel Asbestos Mitigation 2009-11 project replaces leaking expansion joints and valves on the steam transmission lines and other utilities throughout the tunnel system, and abates all remaining asbestos from one large manhole (or vault) of the tunnel system. Design completion is expected by June of 2010 with construction in August thru October 2010 and April thru May 2011 to accommodate steam shutdowns.

The project budget is established at \$1,000,000. Funding of \$ 1,000,000 is provided from the 2009-2011 Utilities Renewal Capital Budget.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$165,444	\$165,444
Total Construction Cost*	\$416,319	\$416,319
Equipment	\$271,560	\$271,560
Other Costs	\$57,292	\$57,292
Project Administration	\$89,385	\$89,385
Total Project Budget	\$1,000,000	\$1,000,000

\* Includes construction contract amount, contingencies and state sales tax.

#### 4. Bagley 291 Undergraduate Teaching Lab Renovation Project No. 203164 Action Reported: Select Architect/Adopt Budget

On January 29, 2010, an Architectural Services Agreement was awarded to Ambia Inc. for the Bagley Hall 291 Undergraduate Teaching Lab Renovation project. On November 12, 2009, the Capital Projects Office interviewed three architectural firms: Perkins + Will, ZGF Architects and Ambia Inc. The agreement amount is \$170,100 for basic services versus a budget value of \$276,729 for design consultants. The balance of the design budget is intended for the hazardous materials consultant, acoustical consultant, mechanical and electrical field investigation of existing conditions, commissioning agent, and testing.

Ambia Inc. is a Seattle-based architectural firm with experience working with the University since 1999. In addition to the many projects they have worked on at

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 5)

the Seattle campus, they have also worked at both medical centers, as well as Sand Point. Other higher education institutions in the Pacific Northwest are also in their client repertoire.

This project is to renovate Bagley 291 to provide the Department of Chemistry with a renovated undergraduate instructional lab. This project will improve safety and reduce energy use. The scope includes reconstruction of finishes, lab furniture, built-in equipment, and the redistribution of mechanical and electrical systems. Design completion is expected by May, 2010 with construction beginning in July and lasting through December, 2010.

The project budget is established at \$2,400,000. Funding of \$2,400,000 is provided from the 2009-2011 College of Arts and Sciences Budget.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$276,729	\$276,729
Total Construction Cost*	\$1,870,261	\$1,870,261
Other Costs	\$72,508	\$72,508
Project Administration	\$180,502	\$180,502
Total Project Budget	\$2,400,000	\$2,400,000

\* Includes construction contract amount, contingencies and state sales tax.

#### 5. Central Plaza Garage Precast Beam Repairs Project No. 203253 Action Reported: Select Architect/Adopt Budget

On March 16, 2010, an architectural agreement was awarded to Reid Middleton, Inc., for the Central Plaza Garage Precast Beam Repairs project under their existing Master Term for Architectural Services contract. The agreement amount is \$85,015 for basic services versus a budget value of \$89,100 for design consultants. The balance of the design budget is intended for design changes.

Reid Middleton, Inc. is a Seattle firm established in 1953, and currently employs 100 people. Reid Middleton, Inc. has provided services to the University of Washington at the IMA Building Expansion, Conibear Shellhouse Renovation and Expansion, the Boat Street Marina Renovation, the Southwest Campus Demolition and conducted seismic upgrade work at the Friday Harbor Laboratory. Reid Middleton, Inc. has also provided services for a broad range of project types

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 6)

to other public agencies including the Naval Facilities Engineering Command, Port of Seattle, City of Seattle and City of Bellevue.

This project will repair the bearing connections and structural cracks described in the "Central Plaza Garage Precast Beam Support Study." Design completion is expected by May of 2010 with construction beginning in August, and lasting through December of 2010.

The project budget is established at \$1,200,000. Design funding of \$150,000 is provided from the Transportation budget. The source of the remaining funding, to be provided prior to the time of the construction bid solicitation, is currently under consideration. Transportation Services and Treasury are reviewing a loan through the internal lending program or the funds will be provided from Transportation Services capital reserves.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$89,100	\$89,100
Total Construction Cost*	\$1,020,174	\$1,020,174
Other Costs	\$16,675	\$16,675
Project Administration	\$74,051	\$74,051
Total Project Budget	\$1,200,000	\$1,200,000

\* Includes construction contract amount, contingencies, and state sales tax.

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Internal Lending Program Quarterly Report for Quarter Ended March 31, 2010

For information only.

*Attachment*

Internal Lending Program Quarterly Report for Quarter Ended March 31, 2010

Average  
Cost of  
Debt  
4.6%

# Internal Lending Program Quarterly Report

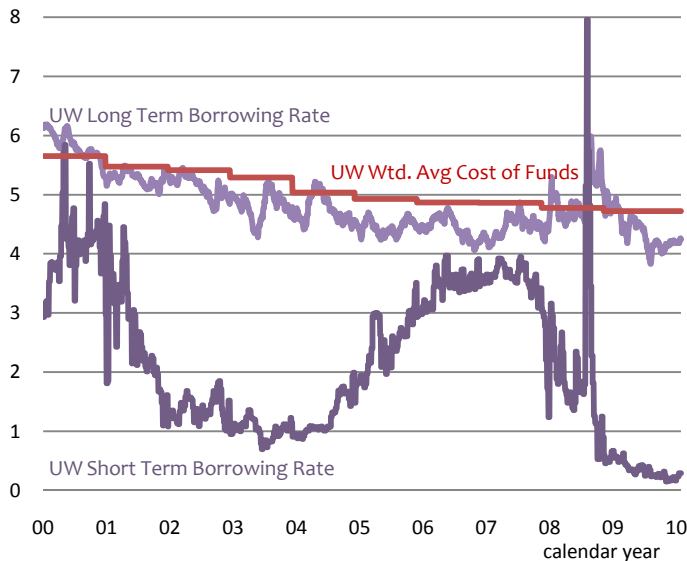
Quarter Ended March 31, 2010

(dollars in millions)

Internal  
Lending  
Rate  
5.5%

## Interest Rates

There has been a slight uptick in long term interest rates over the past quarter. Even with that change, long term borrowing rates continue to be at near historic lows.



## External Borrowing

The difference in FY10 borrowings between December & March is the change in status for the Molecular Engineering project. Debt repaid by the bond retirement account is exempt from the ILP.

Debt Issued to Fund ILP	Issued FY10	Total Outstanding	Wtd. Avg Rate	Wtd. Avg Maturity (yrs)
Commercial Paper	0	30	0.2%	0.27
Variable Rate	0	0	n/a	n/a
Fixed Rate	24	628	4.6%	15.3
<b>ILP Total</b>	<b>24</b>	<b>658</b>	<b>4.4%</b>	<b>15.2</b>
<b>Non-ILP Debt</b>	<b>54</b>	<b>420</b>	<b>4.9%</b>	<b>14.4</b>
<b>Total Debt</b>	<b>78</b>	<b>1,078</b>	<b>4.6%</b>	<b>14.9</b>

Note: Used \$78 of \$150M authorization for FY2010.

## Internal Lending

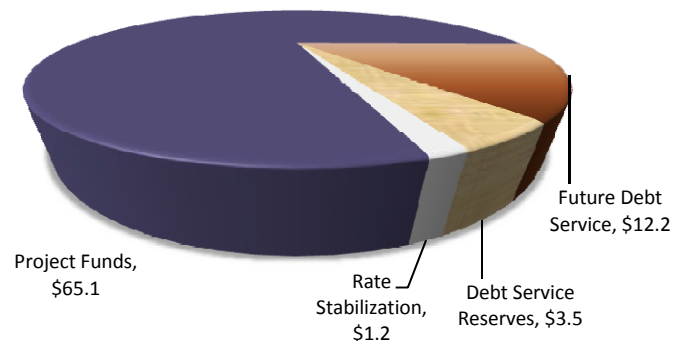
A \$34M increase (funded with cash) in the UWMC expansion project budget was approved in January 2010. Expenditures for PACCAR Business School & UWMC Expansion totaled \$22 million in the past quarter.

	As of 6/30/09	FY10	Total
<b>Approved Project Budget</b>			
Internal Loans	449	140	589
Cash	97	49	146
<b>Total Approved Budget</b>	<b>546</b>	<b>189</b>	<b>735</b>
<b>Capital Expenditures Funded to Date</b>			
Internal Loans	19	49	68
Cash	40	68	108
<b>Total Funded to Date</b>	<b>59</b>	<b>117</b>	<b>176</b>

## Cash Position

The pace of funding loans continues to pick up. The large decrease in net debt proceeds from December 2009 is due to reserving \$53M in project proceeds for Molecular Engineering.

Beginning Balance Jul-09	\$120.4
Internal Debt Service	\$41.9
External Debt Service	(\$35.3)
Net Debt Proceeds	(\$44.7)
Expenses	(\$0.3)
<b>Ending Balance Mar-10</b>	<b>\$82.0</b>



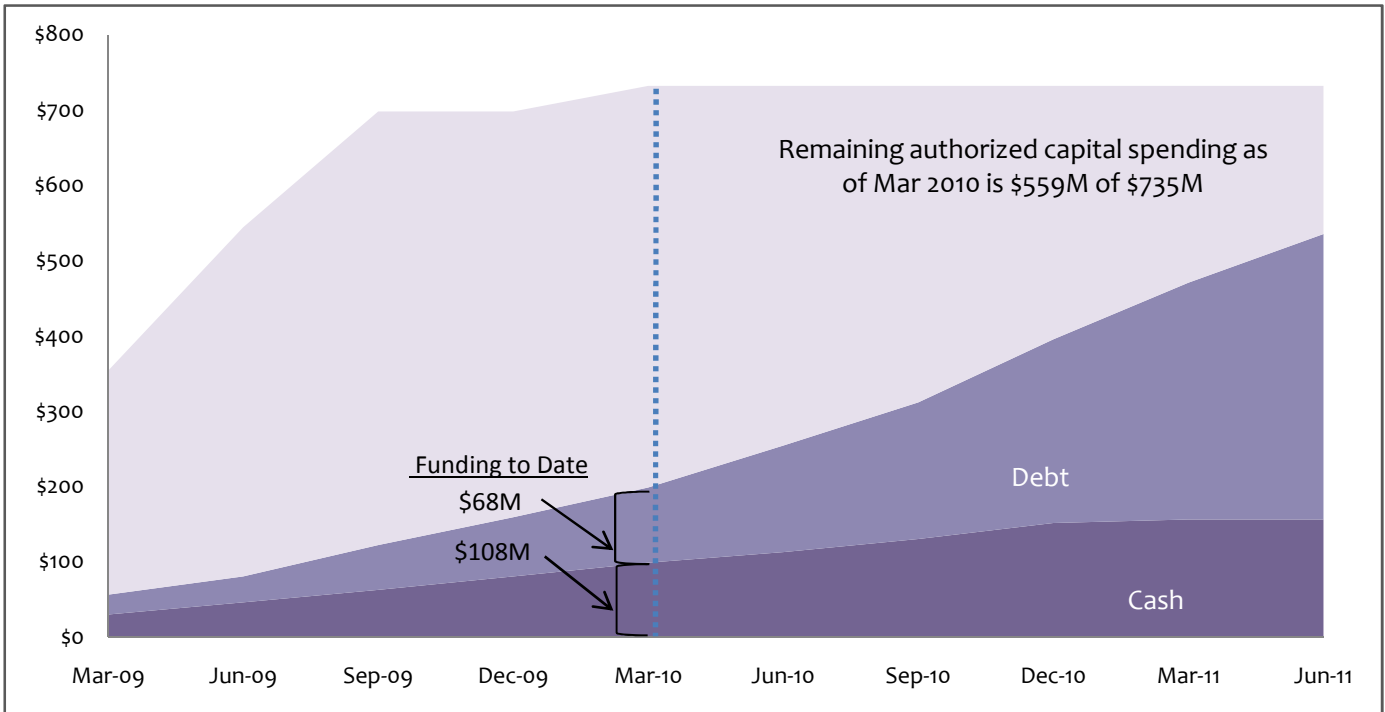
Ending Balance Composition

## Internal Lending Program - Approved Funding

Project Name	Date Approved	Debt	Cash	Total Approved Budget	Spent to Date (all sources)
UWMC Expansion	Feb-08	160	10	170	27%
AAALAC Projects	Mar-08	25	3	28	93%
Pediatric Dentistry	Mar-08	12	6	18	38%
Tower Improvements	Mar-08	13	0	13	90%
J-Wing	Jul-08	16	8	24	10%
PACCAR Business School	Jul-08	30	65	95	70%
AAALAC Budget Increase	Nov-08	7	0	7	0%
Housing Phase 1	May-09	164	0	164	4%
Alumni Association TI's	May-09*	2	0	2	32%
Molecular Engineering - ICR only	Jun-09	20	5	25	20%
HUB Renovation	Jul-09	117	11	128	4%
ECC Renovation	Jul-09	15	1	16	5%
Hall Health Renovation	Jul-09	8	3	11	7%
UWMC, Phase 1 Increase	Jan-10	0	34	34	0%
<b>Total</b>		<b>589</b>	<b>146</b>	<b>735</b>	<b>24%</b>

\* Note: approved under delegated authority.

## Project Funding By Source - Actual and Projected



VII. STANDING COMMITTEES

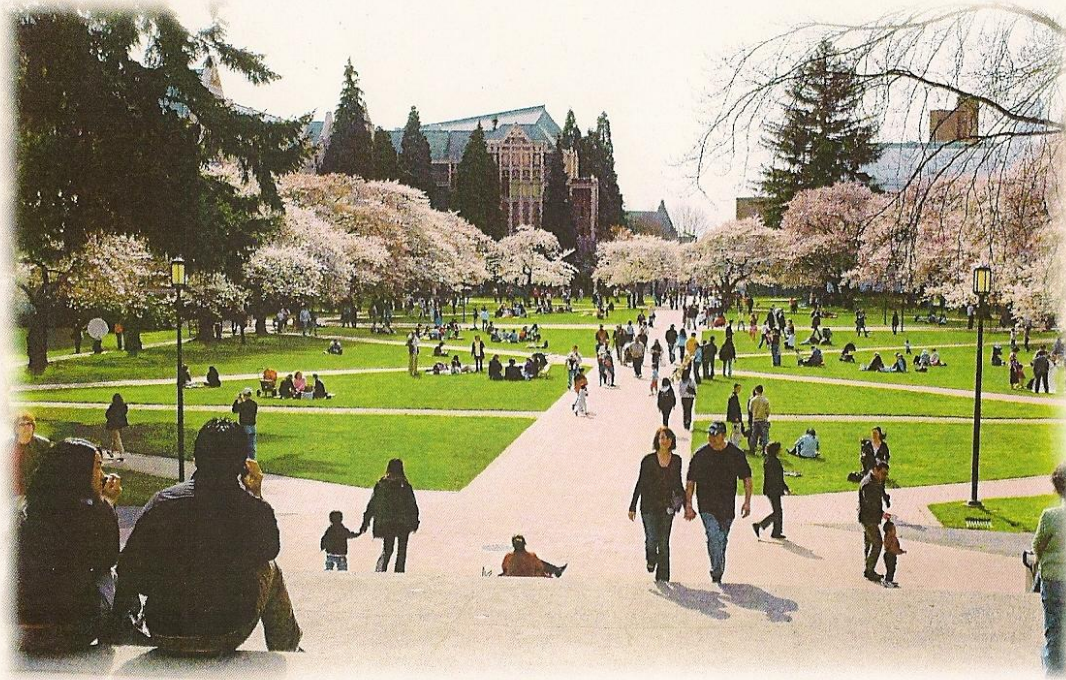
B. Finance, Audit & Facilities Committee

Consolidated Endowment Fund Asset Allocation Review

This item is for information only.

*Attachment*

Consolidated Endowment Fund Asset Allocation Review



# Consolidated Endowment Fund Asset Allocation Review

A Report to the Board of Regents  
*May 13, 2010*

Treasury Office  
University of Washington



# Consolidated Endowment Fund Asset Allocation Review

*A Report to the Board of Regents*

*May 13, 2010*

Treasury Office  
University of Washington

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Roles and Responsibilities.....2  
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# Executive Summary

The Consolidated Endowment Fund (CEF) policy asset allocation is reviewed annually with UWINCO. Historically, changes to the asset allocation policy are presented to the Board of Regents for approval every two to five years and are reflective of the continuing evolution of the investment program and the capital markets.

The proposed changes to the CEF asset allocation are summarized below:

- The asset allocation is structured around two distinctive “Funds”, one focused on Capital Appreciation and the other on Capital Preservation. Strategic asset allocation targets are defined by asset class and policy ranges are provided only at the broad Fund level.
- Proposed asset class targets differ from the current policy as follows:

▪ Emerging markets equity	+4%	(to 17% of the CEF)
▪ Fixed income	+3%	(to 15% of the CEF)
▪ Developed markets equity	-7%	(to 36% of the CEF)
▪ Opportunistic (NEW)	+6%	(to 6% of the CEF)
▪ Real assets	-4%	(to 11% of the CEF)
▪ Absolute return	-3%	(to 15% of the CEF)
- Risk control guidelines place constraints on single manager, country and sector exposure. Liquidity controls ensure adequate short term liquidity to funding requirements. Exposure to private investments (current exposure plus unfunded commitments) is limited to 50% of the CEF.

The proposed policy portfolio offers a similar expected return as the current policy portfolio but with an improved risk profile.

Endowment spending is considered in the context of asset allocation and the topic for an upcoming Board meeting.

# Roles and Responsibilities

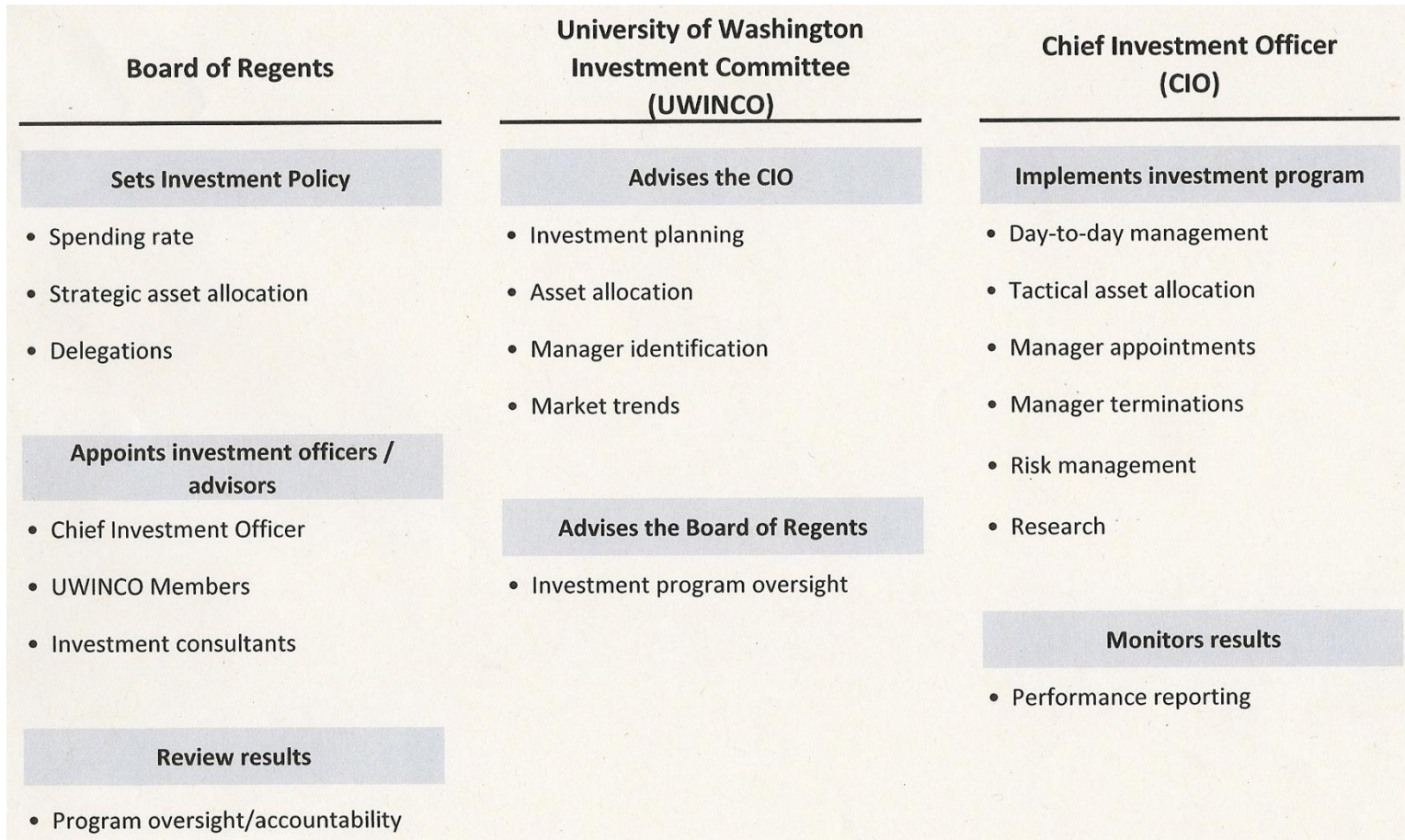
# UW Investment Program

The Board of Regents of the University of Washington is vested by statute with responsibility for the management of the properties of the University, including the Consolidated Endowment Fund and other University funds.

Investment program oversight resides with the Finance, Audit and Facilities Committee (FAF), a subcommittee of the Board of Regents. In May 2001, the Board approved the establishment of an advisory committee, the University of Washington Investment Committee (UWINCO), consisting of Board members and external investment professionals. In 2004, the Board approved the appointment of the University's first Chief Investment Officer (CIO) to manage the day to day activities of the investment portfolios.

*From the "Statement of Investment Objectives and Policy for the Consolidated Endowment Fund"*

# Governance



Governance of the investment program is defined around clearly established roles and responsibilities.

# The University of Washington Consolidated Endowment Fund

In 1905, the University of Washington received its first cash endowed gift of \$400, thus beginning the accumulation of endowed funds that are held today. By December 31, 2009, the University of Washington's endowment totaled \$1.8 billion and contained 3,207 individual endowment funds. Approximately 80% of the funds held in the Consolidated Endowment Fund (CEF) are restricted. These funds can be used solely to support programs specified by the donor. The remaining 20% consists primarily of long-term operating monies invested by policy in the CEF by the Board of Regents.

Donor-designated gifts in the CEF are currently funding scholarships and fellowships (28%), professorships and chairs (25%), research (9%), general academic support (18%) and other university activities. Nearly half of the endowment benefits the overall University, with the remaining focused on specific units, including Academic Medical Affairs (24%), Arts and Sciences (12%), Engineering (7%), and the Business (5%) and Law (4%) Schools.

Individual endowment funds are commingled in the CEF for investment purposes and unitized much like a mutual fund. Distributions to endowed programs are made quarterly.

Over the past ten years, the CEF provided \$638 million in endowed program support. This represents approximately 3% of the University's annual operating revenues.

# Consolidated Endowment Fund Characteristics

as of December 31, 2009 (\$ = MM)

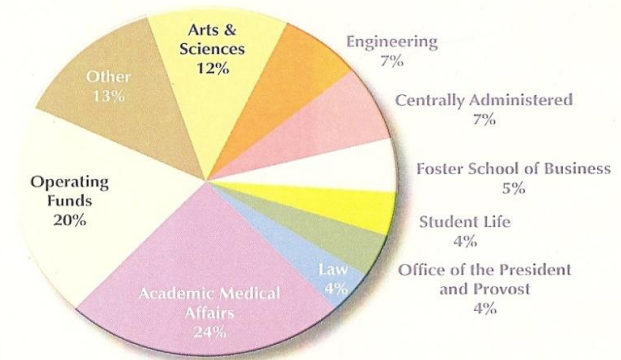
Principal by Purpose



Endowed Program Support<sup>1</sup>

<sup>1</sup> Includes operating funds invested in the CEF.

Principal by School and College



Endowed Dollars Distributed



Endowment Distributions as a % of UW Revenues

Fiscal Years	Annual UW Revenues	Endowment Distributions	%
2005	\$3,025	\$62	2.0%
2006	\$3,455	\$70	2.0%
2007	\$3,666	\$81	2.2%
2008	\$3,427	\$94	2.8%
2009	\$3,054	\$75	2.5%

Endowment Composition \$1,840



The Consolidated Endowment Fund consists of 3,207 individual endowments which are commingled for investment purposes much like a mutual fund. Most endowments in the CEF are restricted to the purpose designated by the donor.

# Asset Allocation Process



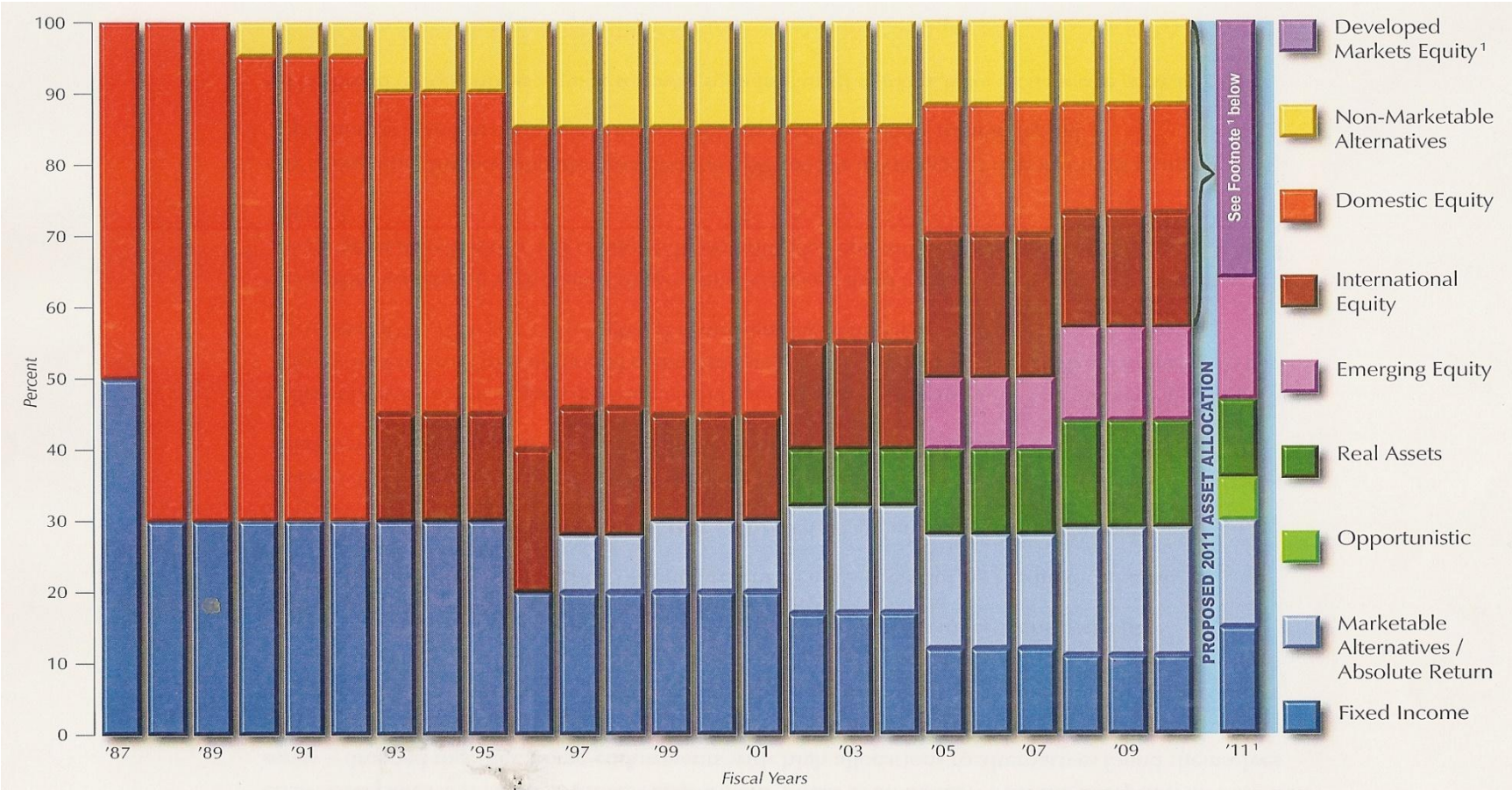
# The Endowment Model

Endowment portfolios are commonly managed around a core set of objectives focused on the need to provide support for endowed programs in perpetuity. The concepts of 'intergenerational equity' and 'purchasing power parity' are used to underscore an institutional commitment to provide the same level of program support in the future as is provided today.

The investment approach designed to meet these objectives is often referred to as the Endowment Model. It implies a high allocation to equity including a substantial investment in alternative assets in order to provide ongoing program support and grow the endowment at the rate of inflation.

The trend towards higher equity exposure over the past several decades led to superior performance by endowments, particularly larger endowments with more aggressive portfolios. Diversification was seen as key in the management of portfolio risk and endowment portfolios became increasingly diverse.

# CEF Asset Allocation Over Time



<sup>1</sup> Proposed change to asset allocation in 2011 will create a new asset class "Developed Markets Equity" using funds from the existing classes: Non-Marketable Alternatives, Domestic Equity and International Equity.

Over the past twenty-five years, the CEF has grown significantly in size and complexity. The portfolio today is diversified across many dimensions: asset classes, countries, sectors, investment styles, managers.

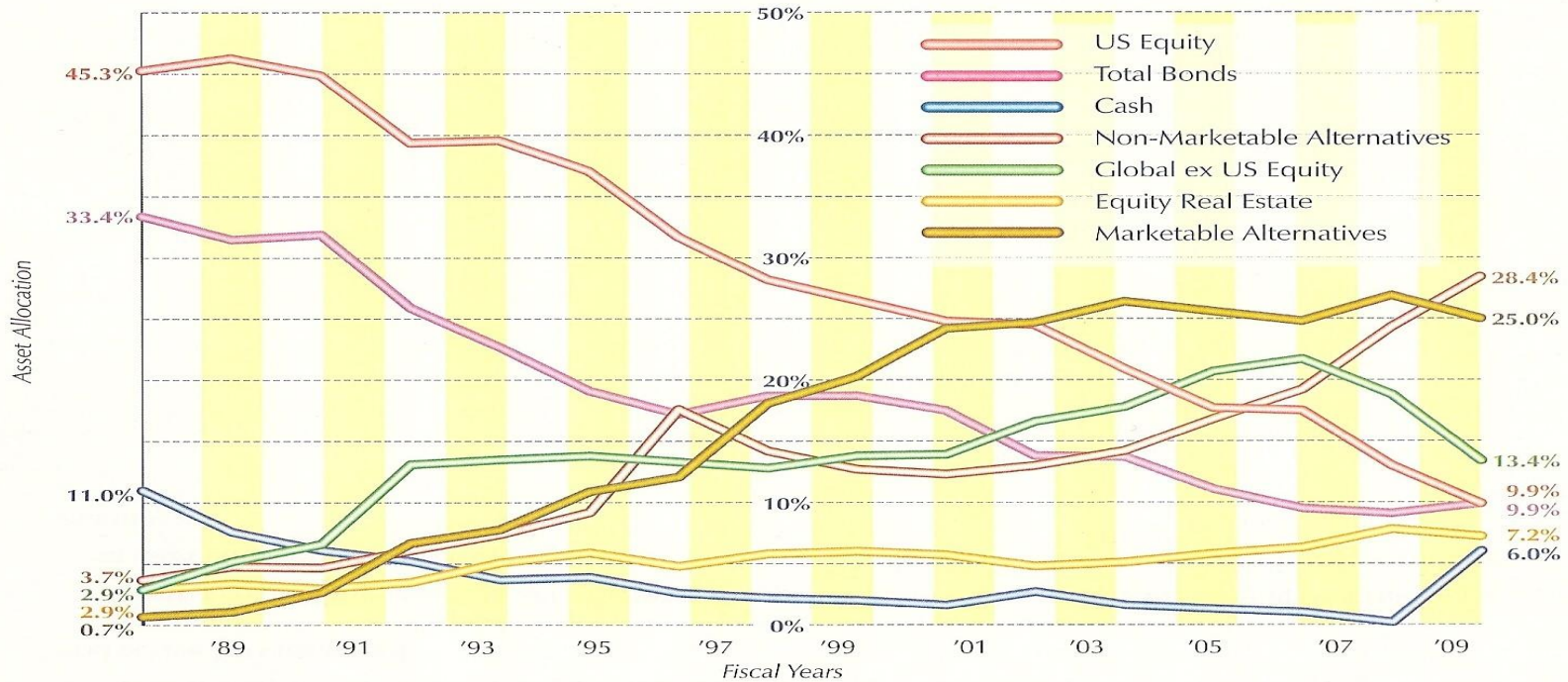
# The 2008 Financial Crisis

Questions as to the efficacy of the Endowment Model were raised following the 2008 global market crisis. Diversification failed to protect endowment values as all assets – with the exception of U.S. Treasuries – dropped together. Some endowments with high allocations to alternatives found themselves squeezed for liquidity, and forced to sell their more liquid assets at the worst possible time in order to fund their liabilities. Some attempted to sell private investments at steep discounts in the secondary market. Others secured lines of credit. Liquidity became a buzzword in the industry – a risk not fully considered by most endowments prior to 2008 in structuring their investment portfolios.

Several factors differentiated the UW endowment from its peers during the financial crisis:

- The CEF represents a relatively small part (3%) of the UW annual operating budget.
- Most CEF endowments are restricted as to use. Many of the largest private universities rely on their endowments for a significant portion of their annual operating budget.
- Illiquid investments in the CEF were already constrained as to exposure. The market value of private equity investments plus unfunded commitments totaled less than 40% in 2008 as compared to percentages 60%, 70% and even higher for some endowment peers.
- Liquidity was strong with higher than normal cash and fixed income levels so that liabilities such as program distributions and capital calls on unfunded commitments were covered for an extended period.
- A strong liquidity position also enabled the UW to take advantage of opportunities to upgrade its portfolio as managers previously inaccessible opened their doors to new capital.
- The Board of Regents was quick to lower spending until markets have a chance to recover.

# Asset Allocation Trends at Other Universities



	'88	'90	'92	'94	'96	'98	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09
US Equity	45.3	46.3	44.9	39.4	39.6	37.1	31.7	28.2	26.5	24.8	24.5	20.9	17.7	17.5	13.0	9.9
Total Bonds	33.4	31.5	31.9	25.9	22.7	19.1	17.2	18.7	18.7	17.5	13.8	13.7	11.1	9.5	9.1	9.9
Cash	11.0	7.6	6.1	5.2	3.7	3.9	2.6	2.2	2.0	1.6	2.7	1.6	1.3	1.0	0.2	6.0
Non-Marketable Alternatives	3.7	4.8	4.7	6.1	7.4	9.2	17.6	14.2	12.7	12.3	13.0	14.2	16.8	19.2	24.3	28.4
Global ex US Equity	2.9	5.2	6.6	13.1	13.5	13.8	13.3	12.8	13.8	13.9	16.6	17.8	20.7	21.7	18.8	13.4
Equity Real Estate	2.9	3.4	3.0	3.5	5.1	5.9	4.8	5.8	6.0	5.7	4.8	5.1	5.8	6.3	7.8	7.2
Marketable Alternatives	0.7	1.1	2.7	6.7	7.8	10.9	12.1	18.1	20.3	24.2	24.7	26.4	26.6	24.8	26.9	25.0

<sup>1</sup>Source: Cambridge Associates

Asset allocation trends among large endowments mirror the UW's experience.

# The Policy Portfolio

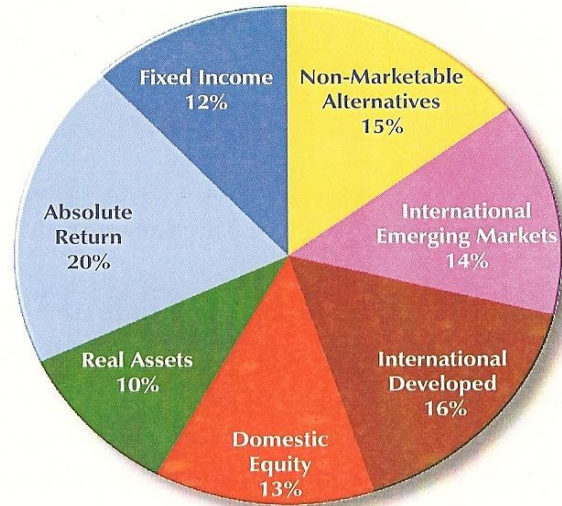
Asset allocation policies provide the framework within which institutional investors allocate capital across various asset classes, each with distinct risk and return characteristics. A policy portfolio is an embodiment of endowment's long-term asset allocation and is intended to provide the flexibility to perform well under varying conditions.

The policy portfolio is an explicit expression of the risk tolerance of an institution. Once established by the Board, the policy portfolio provides a set of guidelines around which portfolio decisions can be made and active bets measured.

Absent a compelling reason to act otherwise, the policy portfolio represents the most appropriate long-term asset allocation to meet the institution's objectives. It should be revisited annually but revised infrequently.

# CEF Policy Portfolio

Current Asset Allocation as of December 31, 2009 (\$ in MM)



	Current Allocation		Policy Target	Policy Range
Global Equity	Non-Marketable Alternatives	\$267 15%	12%	5%–25%
	International Emerging Markets	261 14%	13%	5%–35%
	International Developed Markets	303 16%	16%	5%–35%
	Domestic Equity	234 13%	15%	5%–35%
	Equity Fund	<u>\$1,066</u> <u>58%</u>	<u>56%</u>	<u>45%–75%</u>
	Real Assets Fund	\$178 10%	15%	5%–25%
	Absolute Return	373 20%	18%	5%–25%
	Fixed Income Fund <sup>2</sup>	222 12%	11%	5%–35%
	<b>Total Consolidated Endowment Fund</b>	<u>\$1,840</u> <u>100%</u>		

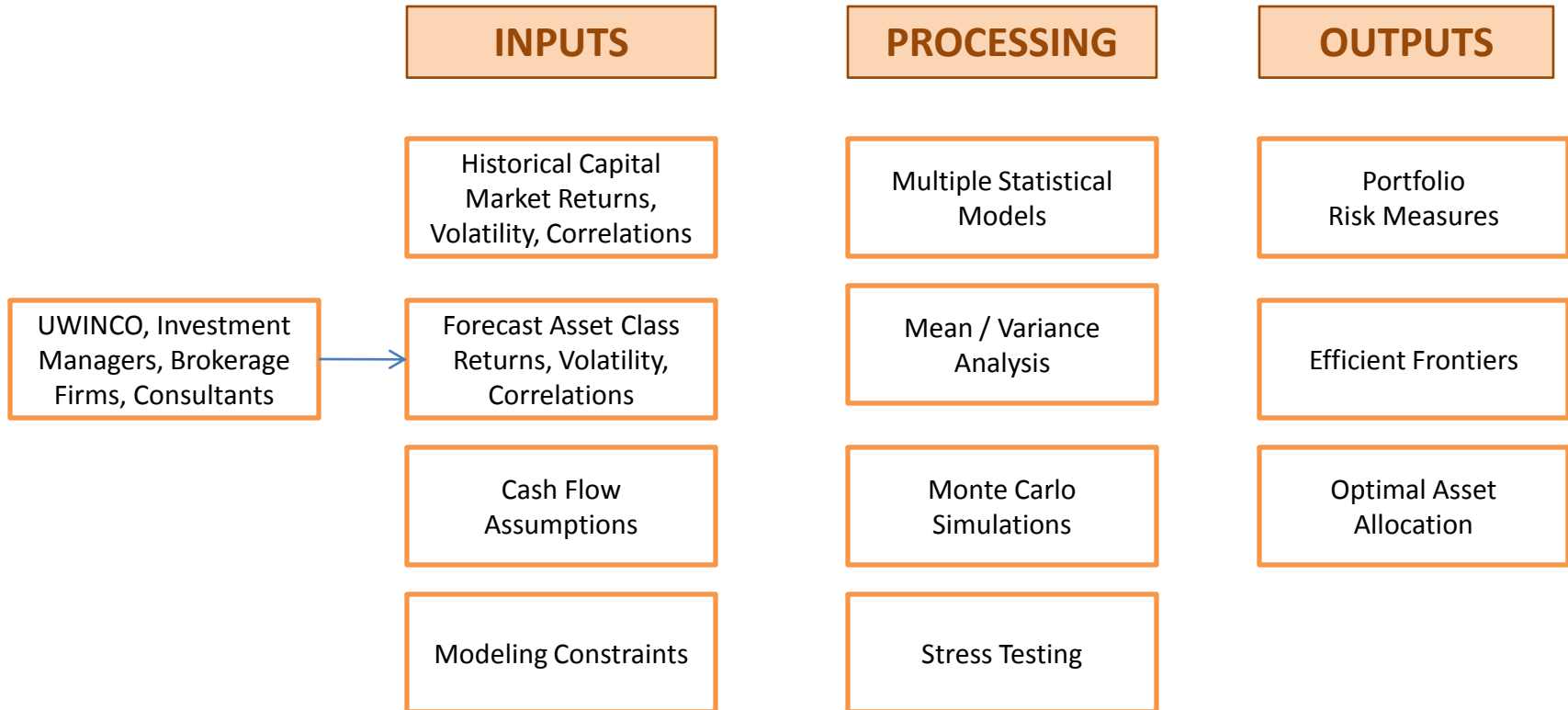
The policy portfolio provides a set of guidelines around which portfolio decisions can be made and active bets measured.

# Developing the Policy Portfolio

The Policy Portfolio is structured using a combination of quantitative modeling and informed market judgment. Proprietary statistical models, developed and enhanced over the past eight years in partnership with the UW Computation Finance Program, are employed to estimate risk and return profiles of various asset allocation alternatives and to test the sensitivity of results to changes in input assumptions. These models are based upon the sound statistical and economic principles that underlay modern portfolio theory and are used primarily to understand portfolio risk rather than to identify the best asset allocation. The models are useful tools in understanding the interaction among asset classes. The modeling approach used by the UW is summarized below:

- Forecasts and models are based on sound statistical and economic principles.
- Broad asset class returns are difficult to forecast – unless the team has a strong view otherwise, use equilibrium return/risk forecast.
- Risk is modeled from a conservative perspective taking into account outliers and market trends.
- Multiple models and perspectives are employed to mitigate bias.
- Models are linked to portfolio liabilities.
- Market outlook is used to evaluate opportunities and tactical positioning.
- Judgment is critical. Prescriptive acceptance of model outputs is avoided.

# Quantitative Asset Allocation Modeling



Quantitative models are used primarily as a means of understanding portfolio risk rather than for the exact answer to the asset allocation question.



# The Efficient Frontier

**What It Is:** Different combinations of portfolio securities and asset classes produce different levels of return and risk. The efficient frontier represents the best of these combinations -- those that produce the maximum expected return for a given level of risk.

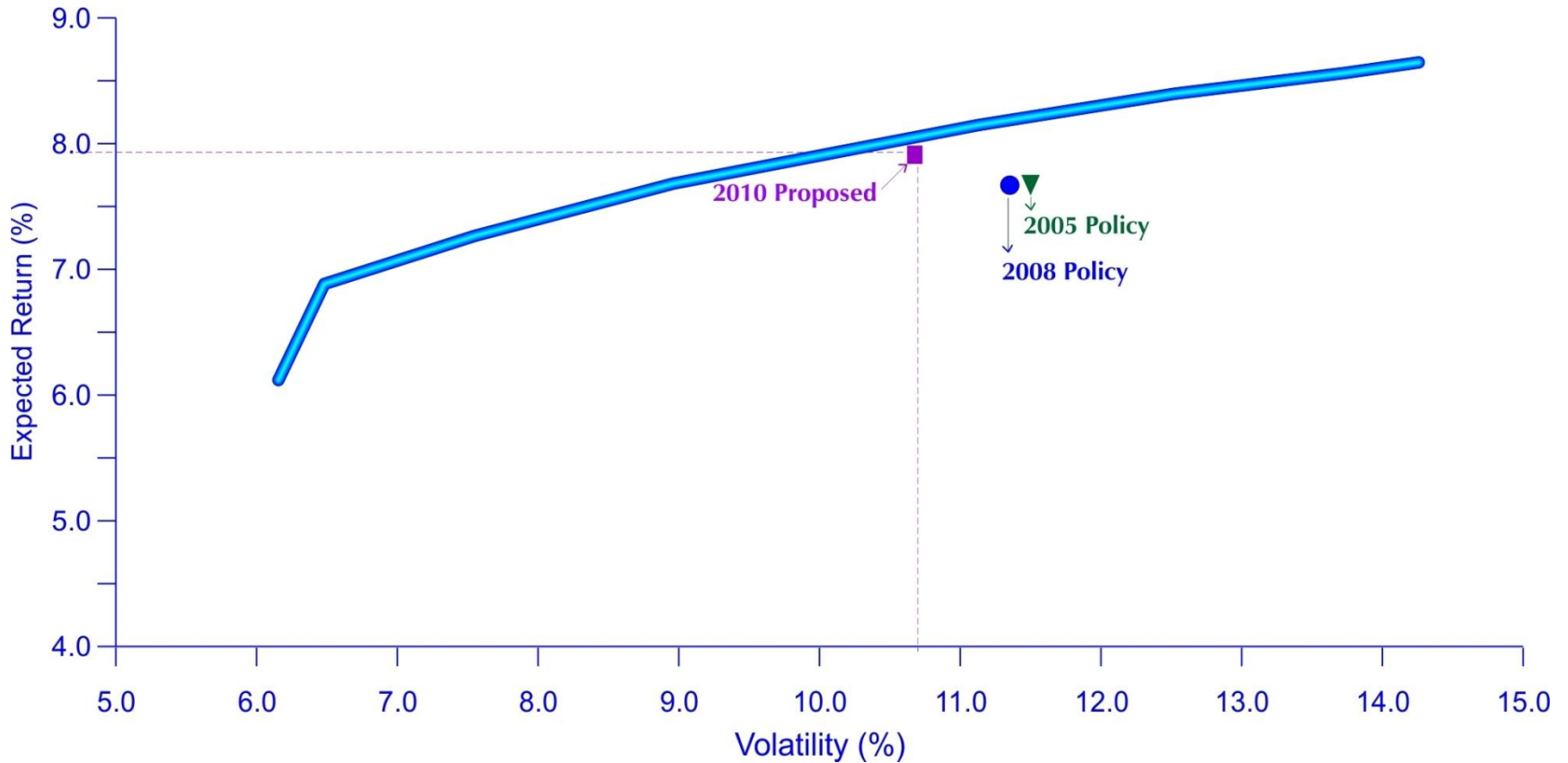
In 1952, Harry Markowitz set the efficient frontier idea in motion when he published a formal portfolio selection model in *The Journal of Finance*. Markowitz continued to develop and publish research on the subject over the next twenty years, and other financial theorists contributed to the work. Markowitz won the 1990 Nobel Prize in Economics for his work on the efficient frontier and for related contributions to modern portfolio theory.

**How It Works:** Every point on the efficient frontier represents at least one portfolio. The relationship that asset classes have with each other is an important aspect of the efficient frontier. Some asset classes move the same direction through time – that is, they are correlated. Other asset classes move differently through time. The more out of sync the asset classes in the portfolio are (that is, the less correlated they are), the smaller the risk (volatility) of the portfolio that combines them. The curved shape of the efficient frontier is formed because there is a diminishing marginal return to risk. Each unit of risk added to a portfolio gains a smaller and smaller amount of return.

**Why It Matters:** When Markowitz introduced the efficient frontier, it was groundbreaking in many respects. One of its largest contributions was its clear demonstration of the power of diversification.

Investors tend to choose, directly or indirectly, portfolios that generate the largest possible returns with the least amount of risk. In other words, they tend to seek portfolios that are near or on the efficient frontier. With respect to the endowment, the efficient frontier framework is used to evaluate possible asset allocations in context of risk and return.

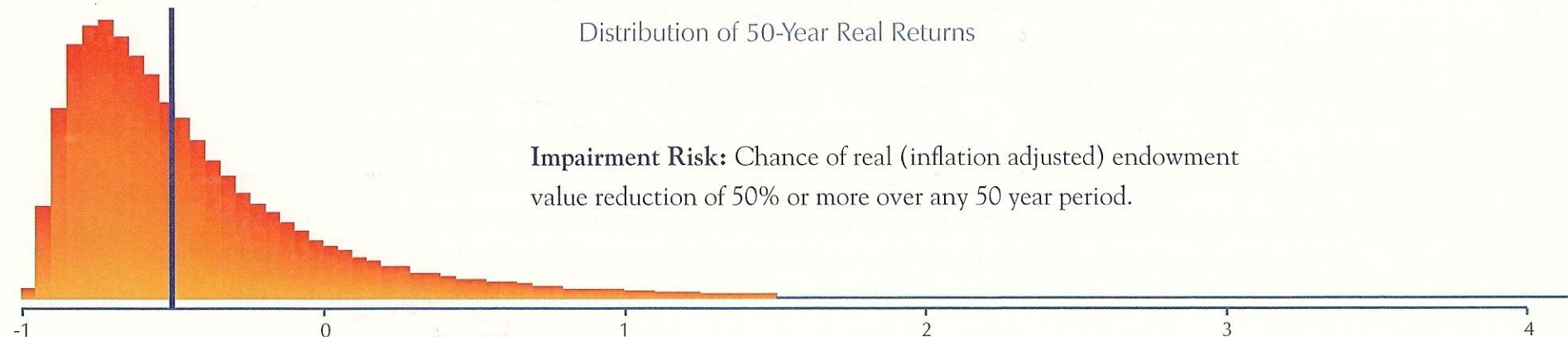
# Modeling the CEF Efficient Frontier



The proposed policy changes improve the risk profile of the CEF. This can be seen in the leftward movement of the portfolio relative to the 2005 and 2008 CEF policy portfolios.

# Liability Risk Indicator

Purchasing power impairment risk is a long-term measure commonly used in developing the definition of an institution's risk appetite. It refers to the likelihood of losing half of the purchasing power of the endowment through capital depreciation over a 50-year horizon. This is a forward looking risk measure. It gauges intergenerational equity – whether the spending level today will compromise spending for future generations. For example, if an endowment is worth \$100 thousand today, this measure indicates the chance that in 50 years the real (inflation-adjusted) value of the endowment will be \$50 thousand or less.



# Impairment Risk

	Spending Level	Impairment Risk	
	6.5%	64%	
	6.0%	53%	
<p><i>The spending level includes distributions to endowed programs and administrative fees</i></p>	5.5%	41%	<p><i>Impairment risk is the probability of a real drop in endowment value over a fifty year period.</i></p>
	5.0%	28%	
	4.5%	19%	
	4.0%	11%	
	3.5%	7%	
	3.0%	3%	

Through its spending and asset allocation policies, an endowed institution balances the competing demands of current and future generations.

# Asset Allocation Recommendation

# Summary of Proposed CEF Policy Changes

The investment team recommends a more integrated approach to asset allocation that allows greater flexibility in allocating investments among asset classes while managing the portfolio within a long-term risk framework. The proposed policy changes are summarized below:

1. Portfolio strategies are split between the two broad investment categories of “Capital Appreciation” and “Capital Preservation”.
2. Policy ranges are provided only at the broad investment category level.
3. Asset classes are defined as follows:

## 70% CAPITAL APPRECIATION

- 17% Emerging Markets Equity includes public and private international emerging markets equity
- 36% Developed Markets Equity includes public and private domestic and international developed markets equity
- 11% Real Assets includes public and private investments in real estate, commodities and timber
- 6% Opportunistic includes credit investments formerly a meaningful piece of the absolute return strategy but with credit investments drawn also from real assets and private equity

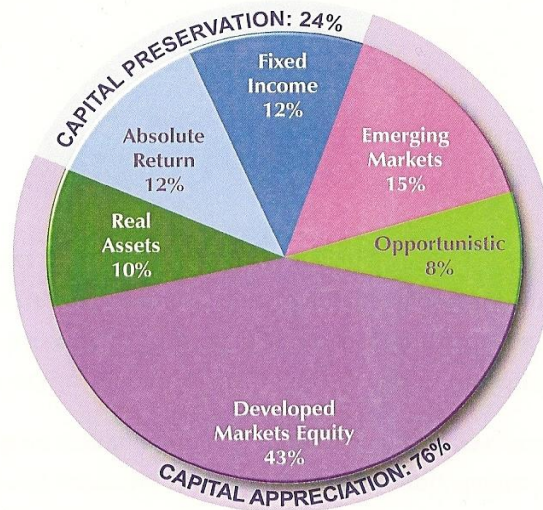
## 30% CAPITAL PRESERVATION

- 15% Absolute Return includes diversifying investments with a low correlation to global equity markets
- 15% Fixed Income typically includes a 1% to 3% allocation to cash

4. Risk control guidelines constrain exposure to individual managers, countries and sectors.
5. Private investments are more broadly defined to include not only private equity but private real assets and other illiquid long-term investments. The maximum exposure to private investments is 50% of the CEF and includes the current market value of the private investments’ portfolio plus unfunded commitments.

# Proposed CEF Policy Portfolio

Current Asset Allocation as of December 31, 2009 (\$ in MM)



	Current Allocation (\$=MM)		Policy Target	Policy Range
Emerging Markets Equity	\$276	15%	17%	
Opportunistic	147	8%	6%	
Developed Markets Equity	790	43%	36%	
Real Assets	184	10%	11%	
Capital Appreciation	1,398	76%	70%	55%-85%
Absolute Return	221	12%	15%	
Fixed Income	222	12%	15%	
Capital Preservation	442	24%	30%	15%-45%
<b>Total CEF</b>	<b>\$1,840</b>	<b>100%</b>		

The proposed changes to the CEF asset allocation support a more integrated approach to portfolio management within a defined long-term risk profile.

## Policy Change Rationale

The proposed changes to the policy asset allocation are informed by the recent turmoil in the capital markets. The focus – and the impact – is on the risk profile of the endowment. The proposed asset allocation meaningfully lowers the volatility of the CEF relative to the current policy portfolio. The expected return is essentially unchanged at 8.0% but the Sharpe Ratio is improved as a result of the lower volatility.

A higher allocation to fixed income provides improved liquidity to the CEF and helps ensure that the Fund will be able to satisfy the full range of portfolio commitments. Increased awareness of illiquidity risk led the Investment Team to institute new measures for monitoring and managing portfolio liquidity over the past year.

Even before the global financial crisis, rising correlations had blurred the distinction among asset classes making strict adherence to policy targets less useful as means of managing portfolio risk. The proposed asset allocation clearly separates the CEF into two simply defined categories of investments: those which facilitate growth or appreciation and those which preserve endowment values.

The proposed asset allocation deemphasizes distinct asset classes thereby facilitating a more integrated approach to managing the endowment. This change is consistent with the effort since the CIO's arrival in 2005 to build a team of portfolio generalists able to approach decision-making from the perspective of total portfolio impact rather than in the confines of a single asset class.



# Impact of Proposed Changes on CEF Risk / Return Profile

Asset Class	CEF Policy Portfolios			Current CEF Asset Allocation	Implementation to 2010 Proposed Policy Portfolio
	2005	2008	2010 <i>Proposed</i>		
	(A)	(B)	(C)	(D)	(C) - (D)
Emerging Markets Equity	10%	13%	17%	15%	+2%
Developed Markets Equity	50%	43%	36%	43%	-7%
Real Assets	12%	15%	11%	10%	+1%
Opportunistic / Credit	0%	0%	6%	8%	-2%
<b>Capital Appreciation Fund</b>	<b>72%</b>	<b>71%</b>	<b>70%</b>	<b>76%</b>	<b>-6%</b>
Absolute Return	16%	18%	15%	12%	+3%
Fixed Income	12%	11%	15%	12%	+3%
<b>Capital Preservation Fund</b>	<b>28%</b>	<b>29%</b>	<b>30%</b>	<b>24%</b>	<b>+6%</b>
Volatility	11.3	11.2	10.7	11.3	<b>-0.6</b> <i>Reduction in volatility</i>
Sharpe Ratio	.69	.70	.74	.69	<b>+.05</b> <i>Improved Sharpe Ratio</i>

The proposed asset allocation offers a similar return as previous policies (8%) but with an improved risk profile.

# Liquidity

As long-term investors, endowment investors frequently accept illiquidity in exchange for opportunities to generate excess returns. Historically, many larger endowments questioned the need for short-term liquidity in light of their long-term time horizon. As demonstrated in the 2008 market meltdown, liquidity matters. Without short-term liquidity, investors become forced sellers in distressed markets. Prudence dictates that investors maintain sufficient liquidity to meet the full range of portfolio commitments. For endowments, this includes distributions to endowed programs and contractual commitments to external private equity managers.

The proposed asset allocation addresses liquidity from several perspectives. It provides two years of liability coverage largely through a higher allocation to cash and fixed income securities. In addition, private investment exposure (net asset value plus unfunded commitments) is limited to 50% of the CEF. This change is consistent with the current positioning of the CEF where cash levels rose before and during the market crisis to take advantage of opportunities to upgrade the portfolio. Likewise, the constraints on private investment exposure have been in place for nearly a decade and it is these constraints that provided the UW with the flexibility to invest capital at a time when our peers were constrained by their current commitments.

## CEF Liquidity Estimates

### Short-Term Liquidity \*

	Weekly	Monthly	Quarterly	1-Year	Total
Cash / Fixed Income	204	204	204	204	204
Public Equity	342	612	647	697	718
Absolute Return / Hedge Funds		4	147	351	397
Private Funds					521
<b>Cumulative Total</b>	<b>546</b>	<b>820</b>	<b>998</b>	<b>1252</b>	<b>1840</b>
<b>As a % of the CEF</b>	<b>30%</b>	<b>45%</b>	<b>54%</b>	<b>68%</b>	

\* Time required to cash out portfolios

### Private Investments

	Current CEF Exposure		Uncalled Capital Commitments		Current CEF Exposure plus Uncalled Capital (% of CEF)
	\$ Net Asset Value	% of CEF	\$	% of CEF	
Private Equity	267	15%	138	8%	22%
Private Real Assets	133	7%	94	5%	12%
Private Credit Opportunities	121	7%	10	1%	7%
<b>Total Private Investments</b>	<b>521</b>	<b>28%</b>	<b>242</b>	<b>13%</b>	<b>41%</b>

*Maximum 50%*

The efficient management of liquidity suggests a level that provides for two years of endowed program distributions along with sufficient capital to meet contractual commitments to private investment managers. Heightened sensitivity to illiquidity risk since the 2008 financial crisis led to enhanced liquidity monitoring and controls.

# Spending

# Endowment Spending

The mechanism for determining the annual distribution level to endowed programs is defined by the Board of Regents in the endowment investment policy. A well defined spending policy takes for its conceptual framework the two principle goals of endowment management:

1. Provide a significant and stable flow of funds to operating budgets
2. Maintain the purchasing power of the endowment over the long term

These objectives are typically met by establishing a spending rate consistent with the institution's tolerance for risk. A higher spending rate requires a higher allocation to risk assets. Stability in the distribution flow is managed through the use of a smoothing mechanism, commonly three to five years, to soften the disruptive impact of short term capital market volatility.

# Historical Capital Markets and Sustainable Spending Levels

U.S. Equity / U.S. Bond Ratio	1900–2009 (110 years)	1900–1979 (80 years)	1900–1969 (70 years)	Deflationary Period 1928–33 (6 yrs)	Inflationary Period 1968–81 (14 yrs)
0/100 <sup>1</sup>	2.4	1.1	1.5	9.7	(3.8)
10/90	3.0	1.8	2.2	9.3	(3.5)
20/80	3.5	2.4	2.9	8.8	(3.2)
30/70	4.0	2.9	3.5	8.2	(2.9)
40/60	4.4	3.5	4.1	7.5	(2.6)
50/50	4.8	3.9	4.7	6.6	(2.4)
55/45	5.0	4.2	4.9	6.2	(2.3)
60/40	5.2	4.4	5.2	5.7	(2.2)
65/35	5.3	4.6	5.4	5.2	(2.1)
70/30	5.5	4.8	5.7	4.6	(2.0)
80/20	5.8	5.2	6.1	3.4	(1.8)
90/10	6.0	5.5	6.5	2.1	(1.6)
100/0 <sup>2</sup>	6.2	5.8	6.9	0.7	(1.5)
<b>Inflation</b>	3.0	2.8	2.2	(4.4)	7.0

<sup>1</sup> Bonds only    <sup>2</sup>Equities only

Sources: Citigroup Global Markets, Common-Stock Indexes (Cowles Commission), Federal Reserve, Global Financial Data, Inc., Standard & Poor's, and U.S. Department of Labor - Bureau of Labor Statistics

Historically, a 70% allocation to equity was sufficient to support an inflation adjusted spending level of 5%. Higher spending was possible only through a higher allocation to risk assets.

# CEF Spending Policy

## **Interim Spending Policy:**

Per unit distributions to endowed programs were decreased by 25% in both FY '09 and FY '10 after which distributions are held constant at the FY '10 level. This interim policy went into effect in March 2009 and will be revisited by the Board of Regents no later than June 30, 2013 to determine the appropriate next steps.

## **Long-Term Spending Policy:**

Spend 5% of the average market value of the CEF for the previous three years.

## **Core Concept:**

*Intergenerational Equity:* This concept balances the needs of current and future beneficiaries. It requires policies that allow spending to change at approximately the same rate as inflation with impairing principal over the long term.

## **Frequency:**

Distributions are administered on a quarterly basis.

## **Policy Changes:**

Changes to the spending policy require approval of the Board of Regents.

## **Other Spending (Fees):**

A 1.0% annual administrative fee is charged against the endowment: 0.8% to the Advancement Office and 0.2% to the Investment Office.

# Spending and Inflation

## Total Nominal Return\* Required to Meet the Long Term Spending Target

Endowment Distributions	5.0%	Long Term Policy Rate
Advancement Office	0.8%	} Administrative Fees
Treasury Office	0.2%	
Expected Inflation	3.0%	Consumer Price Index
<b>Total Nominal Return Required <u>9.0%</u></b>		

\* Return is assumed net of investment fees (manager, consulting, custodial and legal) of approximately 50 b.p.

## Required Nominal Return Matrix

*Distribution Rate plus Administrative Fees*

	3.0%	4.0%	5.0%	6.0%	7.0%
1.0%	4.0%	5.0%	6.0%	7.0%	8.0%
2.0%	5.0%	6.0%	7.0%	8.0%	9.0%
3.0%	6.0%	7.0%	8.0%	9.0%	10.0%
4.0%	7.0%	8.0%	9.0%	10.0%	11.0%
5.0%	8.0%	9.0%	10.0%	11.0%	12.0%
6.0%	9.0%	10.0%	11.0%	12.0%	13.0%
7.0%	10.0%	11.0%	12.0%	13.0%	14.0%
8.0%	11.0%	12.0%	13.0%	14.0%	15.0%

 Long Term spending plus inflation rate estimate

Program distributions, administrative fees and inflation are critical factors in defining a sustainable level of program support.



## Next Steps in Endowment Spending

Endowment spending will be reviewed in detail at an upcoming Board of Regents meeting. The review will include the identification of criteria for lifting the interim spending policy and discussions of potential changes to the long-term spending policy.

In addition, Cambridge Associates will provide an update on spending at other colleges and universities since the 2008 financial crisis.

## Lower Return Environment Ahead

Asset Class / Fund	Three to Five Year Capital Market Forecasts			Historical Returns *
	UW	Investment Managers & Bank	Investment Consultants	
Emerging Markets Equity	11%	10%	9%	14%
Developed Markets Equity	9%	9%	8%	10%
Real Assets	8%	7%	7%	8%
Opportunistic / Credit	7%	7%	7%	11%
<b>Capital Appreciation Fund</b>	<b>6.4%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>7.3%</b>
Absolute Return	7%	6%	6%	11%
Fixed Income	3%	3%	4%	6%
<b>Capital Preservation Fund</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.5%</b>	<b>2.5%</b>
<b>TOTAL CEF RETURN</b>	<b>7.9%</b>	<b>7.4%</b>	<b>7.2%</b>	<b>9.8%</b>

\* Historical returns represent the longest time series available for each asset class. Composite returns are calculated using the 2010 proposed CEF asset allocation.

Most market experts anticipate a lower return environment over the next three to five years compared with historical averages.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Endowment Asset Allocation Trends

INFORMATION ONLY

This will be an oral presentation.

## VII. STANDING COMMITTEES

## B. Finance, Audit and Facilities Committee

Amendment to the Consolidated Endowment Fund Investment PolicyRECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents adopt the amended “Statement of Investment Objectives and Policy for the Consolidated Endowment Fund.”

BACKGROUND:

In 1988, the Board of Regents adopted investment policies for the Consolidated Endowment Fund (CEF) of the University of Washington. Investment policies are reviewed on a continuing basis with periodic revisions reflecting the changing nature of the investment programs of the University. Key modifications to the Consolidated Endowment Fund investment policy are highlighted below:

1. The strategic asset allocation is structured around two distinctive, broadly-defined “Funds,” one focused on “Capital Appreciation” and the other on “Capital Preservation.”
2. Policy ranges are provided only at the broad Fund level.
3. Asset class targets are changed as follows:
 

70% CAPITAL APPRECIATION		
• Emerging markets equity:	+4%	(to 17% of the CEF)
• Developed markets equity:	-7%	(to 36% of the CEF)
• Real assets:	-4%	(to 11% of the CEF)
• Opportunistic(new)	+6%	(to 6% of the CEF)
30% CAPITAL PRESERVATION		
• Absolute return:	-3%	(to 15% of the CEF)
• Fixed income:	+3%	(to 15% of the CEF)

Changes in the strategic asset allocation offer a similar return as the previous policy portfolio but with an improved risk profile.

4. Liquidity is more closely monitored. The maximum exposure to private investments is 50% of the CEF and includes the current market value of the private investments’ portfolio plus unfunded commitments.
5. Clarifying language has been added as needed through the policy document. The policy document itself has been reorganized to improve readability.

The proposed asset allocation facilitates a more integrated approach to managing the endowment. This change is consistent with the effort since the Chief

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Amendment to the Consolidated Endowment Fund Investment Policy (continued p. 2)

Investment Officer's arrival in 2005 to build a team of portfolio generalists able to approach decision-making from the perspective of total portfolio impact rather than in the confines of a single asset class.

#### REVIEW PROCESS:

The CEF policy recommendation was developed by the Chief Investment Officer in consultation with the University of Washington Investment Committee (UWINCO), the Senior Vice President and the University's investment consultant, Cambridge Associates.

Revisions to policy, including overall asset allocation and spending policies, require the full endorsement of the Board of Regents.

#### *Attachments:*

1. Draft Summary of the CEF Investment Policy
2. Annotated Draft "Statement of Investment Objectives and Policy for the Consolidated Endowment Fund"

## DRAFT Summary

# Consolidated Endowment Fund (CEF) Investment Policy

*Last amended May 2010*

**Financial Objective:** To provide permanent funding for endowed programs.

### Spending Policy:

- **Interim Policy:** Per unit distributions to endowed programs will be decreased by 25% annually in FY09 and FY10 after which per unit distributions will be held constant at the FY10 level. This policy goes into effect in March 2009 and will be revisited by the Board of Regents no later than 6/30/2013 to determine the appropriate next steps.
- **Long-term Policy:** Distributions to endowed programs will be 5% of the market value of the CEF for the previous three years.
- **Administrative Fee:** Spending includes an additional 1% administrative fee.

### Investment Objectives:

- **Spending Requirement (Long-Term):** To attain an average annual real total return of at least 6% over the long term. The 6% target provides for a 5% distribution to endowed programs and a 1% administrative fee. The nominal (inflation-adjusted) return requirement is 9.0% assuming the historical average inflation rate of 3.0%.
- **Policy Benchmark:** To outperform an investable blend of market indices.
- **Peer Comparison:** To meet or exceed the median return of the largest 50 colleges and universities in the Cambridge Associates Universe.

**Prohibited Investments:** Direct investments in tobacco companies (since 2000); and direct investments in companies doing business in Sudan (since 2006).

**Investment Philosophy:** Long term focus; diversification; active management; global perspective.

<b>Strategic Asset Allocation</b>		
<b>Investment Strategy</b>	<b>Long-term Target</b>	<b>Policy Range</b>
Emerging Markets Equity	17%	<i>55% - 85%</i>
Developed Markets Equity	36%	
Real Assets	11%	
Opportunistic	6%	
<b>CAPITAL APPRECIATION FUND</b>	<b>70%</b>	
Absolute Return	15%	<i>15% - 45%</i>
Fixed Income	15%	
<b>CAPITAL PRESERVATION FUND</b>	<b>30%</b>	

## Summary (continued)

# Consolidated Endowment Fund (CEF) Investment Policy

### Risk Guidelines:

- **Review:** Monitored quarterly. Exception reporting provided in Board quarterly investment performance report.
- **Concentration:** Maximum portfolio weights. 15% in single manager (except fixed income); 25% in individual countries outside the U.S.; 30% in one market sector.
- **Liquidity:** One quarter (25%) of the CEF convertible to cash in one month or less; Unfunded capital commitments plus current exposure to private investments limited to one half (50%) of the CEF.

### Capital Appreciation Fund:

- **Description:** An integrated blend of global developed and emerging markets equity, real assets and opportunistic investments such as credit. Includes both public and private investments.
- **Role:** To provide the capital growth that will enable the CEF to meet its spending requirements, while at the same time preserving the purchasing power of the CEF for future generations.

### Capital Preservation Fund:

- **Description:** Absolute return investments and high quality fixed income.
- **Role:** To provide liquidity in support of spending and capital commitments, a deflation hedge and to reduce the overall volatility of the CEF.

### Delegations:

- **Board of Regents :**
  1. **Sets investment policy:** Spending rate; Strategic asset allocation; Delegations
  2. **Appoints investment officers/advisors:** Chief Investment Officer; UWINCO members; Investment consultants (FAF)
  3. **Reviews results:** Investment program oversight / accountability
- **University of Washington Investment Committee (UWINCO) :**
  1. **Advises the CIO:** Investment planning; Asset allocation; Manager identification; Market trends
  2. **Advises the Board of Regents:** Investment program oversight
- **Chief Investment Officer :**
  1. **Implements the investment program:** Day to day investment program management; Tactical asset allocation; Manager appointments / terminations; Rebalancing; Risk management; Research
  2. **Monitors results:** Performance measurement, attribution, evaluation

**STATEMENT OF INVESTMENT OBJECTIVES AND POLICY  
FOR THE CONSOLIDATED ENDOWMENT FUND**

**Approved by Board of Regents April 15, 1988**

**Amended December 15, 1989; February 16, 1990; September 17, 1993; October 22, 1993; September 20, 1996; September 19, 1997; September 18, 1998; November 19, 1999; January 21, 2000; November 17, 2000; May 18, 2001; June 14, 2002; November 21, 2003; January 16, 2004; June 11, 2004; July 16, 2004; May 19, 2005; June 9, 2005; June 8, 2006; May 15, 2008; March 19, 2009; September 17, 2009; and May 13, 2010.**

**INTRODUCTION**

The Board of Regents of the University of Washington is vested by statute with responsibility for the management of the properties of the University, including the Consolidated Endowment Fund and other University funds. This statement of investment objectives and policies governs the investment management of the Consolidated Endowment Fund (CEF). This statement is effective until modified by the Board.

The Board has delegated to its Finance, Audit and Facilities Committee (FAF) the responsibility for overseeing the investment program within the general principles enumerated herein. In May 2001, the Board approved the establishment of an advisory committee, the University of Washington Investment Committee (UWINCO), consisting of both Board members and external investment professionals. In 2004, the Board approved the appointment of the University’s first Chief Investment Officer (CIO) to manage the day to day activities of the investment portfolios.

<p><b>A. FINANCIAL OBJECTIVES</b></p> <ol style="list-style-type: none"> <li>1. To provide permanent funding for endowed programs. This objective addresses the need to ensure intergenerational equity by providing the same level of program support in the future as it provides today.</li> <li>2. To maintain the purchasing power of the CEF after spending and inflation. The objective of preserving purchasing power emphasizes the need to take a long-term perspective in formulating spending and investment policies.</li> <li>3. To provide a predictable and stable source of income for endowed programs. This objective is achieved through the spending policy.</li> <li>4. <del>The primary investment objective of the CEF is</del> To provide a maximum level of return consistent with prudent risk levels. This objective assumes the construction of a global, equity-oriented, diversified portfolio coupled with active risk management.</li> </ol>	<p><i>New section.</i></p>
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<p><b>B. SPENDING POLICY</b></p> <ol style="list-style-type: none"> <li><b>Interim:</b> Per unit distributions to endowed programs will be decreased by 25% annually in FY09 and FY10 after which per unit distributions will be held constant at the FY10 level. This policy goes into effect in March 2009 and will be revisited by the Board of Regents no later than 6/30/2013 to determine the appropriate next steps.</li> <li><b>Long Term:</b> Distributions to endowed programs will be 5% of the market value of the CEF for the previous three years. In this way, the CEF's distributed income is expected to keep up with inflation and its capital value will be preserved over time.</li> <li><b>Administrative Fee:</b> Spending includes an additional 1% administrative fee bringing the long term spending requirement to 6% per annum.</li> </ol>	<p><i>New section. Language formerly included under Section A "Investment Objectives".</i></p> <p><i>The long term spending policy language eliminated when the interim policy was put into place is restored in paragraph B2.</i></p>
<p><b>C. INVESTMENT OBJECTIVES</b></p> <ol style="list-style-type: none"> <li><b>Spending Requirement:</b> Based upon the long-term spending policy, the CEF must attain an average annual real total return <del>(net of investment fees)</del> of 6.0% over the long term <del>(running five-year periods)</del>. The 6.0% target provides for a 5.0% distribution to endowed programs and a 1.0% administrative fee. Real total return is <del>the sum of capital appreciation or loss and current income (dividends and interest)</del> adjusted for inflation by the Consumer Price Index. <b>Using the historical average inflation rate of 3.0% implies a nominal total return hurdle of 9.0% in order to meet the spending requirement.</b></li> <li><b>Policy Benchmark:</b> The investment performance of the CEF will also be evaluated, on a risk-adjusted basis, against a representative blend of market indices which reflect the strategic asset allocation of the CEF. Over the long term <del>(rolling five-year periods)</del>, the CEF's diversification is expected to generate risk-adjusted returns that meet or exceed those of blended market indices. <b>This comparison is useful in evaluating how successfully the underlying strategies have been implemented and the effectiveness of tactical departures from the strategic asset allocation.</b></li> <li>The investment performance of the CEF will also be evaluated against a secondary policy benchmark consisting of a 70% equity and 30% bond blend of market indices. <b>This comparison is useful in evaluating the effectiveness of an active management program versus a passive management approach.</b></li> <li><b>Peer Comparison:</b> Over the long term <del>(rolling five-year periods)</del>, the CEF is expected to achieve returns which are at least comparable to the median return of the largest 50 colleges and universities in the Cambridge Associates Universe.</li> <li>It is recognized that the investment objectives stated above may be difficult to attain over every five-year period, but should be attainable over a series of five <b>and ten</b> year periods.</li> </ol>	<p><i>Focus on the three ways in which long term investment performance is evaluated:</i></p> <ul style="list-style-type: none"> <li><i>Return sufficient to cover spending plus inflation.</i></li> <li><i>Return higher than a blend of market indices.</i></li> <li><i>Return in line with endowment peers.</i></li> </ul> <p><i>Long-term defined as rolling five and ten year period throughout the policy document.</i></p>

<p><b>D. ETHICAL CONSIDERATIONS</b></p> <ol style="list-style-type: none"> <li>1. While fiscal goals are of central importance, due consideration shall be given to the degree of corporate responsibility exercised by the companies in which investments are made.</li> <li>2. Direct investment in companies doing business in Sudan whose business activities support the Sudanese government in its continuing sponsorship of genocidal actions and human rights violations in Darfur is prohibited.</li> <li>3. <b>Direct investment in tobacco companies is prohibited.</b></li> </ol>	<p><i>Prohibition on direct investments in tobacco added to this section. Formerly included under “Portfolio Composition and Asset Allocation”</i></p>
<p><b>E. INVESTMENT PHILOSOPHY</b></p> <p>The investment of the CEF is based on a set of beliefs and practices:</p> <ol style="list-style-type: none"> <li>1. Invest for the long term <ol style="list-style-type: none"> <li>a. Preserve capital for use by future generations</li> <li>b. <b>Focus</b> <del>Rely</del> on asset allocation as the primary determinant of return</li> <li>c. Avoid short-term speculative activity</li> <li>d. Accept illiquidity if justified by higher alpha</li> </ol> </li> <li>2. Build a well-diversified portfolio <ol style="list-style-type: none"> <li>a. Limit risk by combining uncorrelated strategies</li> <li>b. Maintain meaningful exposure to major capital markets</li> <li>c. <b>Build concentrated positions where conviction is high</b></li> <li>d. Tilt towards value strategies</li> <li>e. Employ fundamental research-driven and bottom-up strategies</li> </ol> </li> <li>3. Take advantage of global market inefficiencies <ol style="list-style-type: none"> <li>a. Invest primarily with active managers</li> <li>b. Use indexed and enhanced indexed strategies where appropriate</li> <li>c. Incorporate investment ideas sourced through internal proprietary research</li> <li>d. Focus resources on inefficient markets (e.g., venture capital, hedge funds, emerging markets)</li> <li>e. Manage portfolio exposures actively in response to changing market conditions</li> </ol> </li> </ol>	<p><i>Additional bullet point.</i></p>
<p><b>F. INVESTMENT MANAGEMENT STRUCTURE</b></p> <ol style="list-style-type: none"> <li>1. The CEF <del>is will be</del> invested primarily by external investment managers. External investment management firms <del>will be</del> <b>are</b> selected on the basis of factors including, but not limited to the following:</li> </ol>	<p><i>Expanded list of manager selection factors.</i></p>

<ol style="list-style-type: none"> <li>a. Experience of key personnel <b>and succession plan where appropriate</b></li> <li>b. <b>Consistency in investment philosophy approach</b></li> <li>c. <b>Effectiveness of decision making process</b></li> <li>d. Assets under management <b>and plans for managing future capacity</b></li> <li>e. Organizational structure <b>including administration, back office support, risk management and reporting</b></li> <li>f. Performance record</li> <li>g. Fees</li> <li>h. Firm's ethical and financial viability</li> <li>i. Structural fit within the CEF</li> </ol> <p>2. <b>The CEF may also be invested internally in public equities and bonds through cash market securities or derivative instruments.</b></p> <p>3. Equities, (including public and private global equity) real assets, absolute return and bonds will primarily be managed separately. In the interest of diversification, the equity portion of the portfolio will be placed with managers who have distinct and different investment philosophies. The investment managers have the discretion to manage the assets in their individual portfolios to best achieve the investment objectives and requirements set forth in this policy statement and in their individual investment guidelines.</p>	<p><i>Implementation primarily through a diversified portfolio of external managers.</i></p>
<p><b>G. PORTFOLIO COMPOSITION AND ASSET ALLOCATION</b></p> <ol style="list-style-type: none"> <li>1. To achieve its investment objective, the CEF will be divided into <del>four</del> <b>two distinct Funds: a “Capital Appreciation Fund” and a “Capital Preservation Fund”</b>. <del>an “Equity Fund” a “Real Assets Fund”, an “Absolute Return Fund” and a “Fixed Income Fund.”</del> Sub-categories of these <b>Funds</b> <del>four major asset classes</del> each with its own target <del>and range, may</del> <b>are</b> also be specified. The purpose of dividing the <b>Portfolio funds</b> in this manner is to ensure that the overall asset allocation among <b>and within</b> the <del>four</del> <b>two</b> Funds remains under the regular scrutiny of the Finance, Audit and Facilities Committee and UWINCO. Over the long run, the allocation <b>between</b> <del>among</del> and within the <del>Equity, Real Assets, Absolute Return and Fixed Income</del> Funds may be the single most important determinant of the CEF's investment performance.</li> <li>2. <b><u>Role - Capital Appreciation Fund:</u></b> The purpose of the <b>Capital Appreciation</b> <del>Equity</del> Fund is to provide <b>the capital growth that will enable the CEF to meet its</b> <del>a total return that will simultaneously provide for growth in principal and current income in support of spending requirements, while at the same time preserving the purchasing power of the CEF for future generations. The Fund itself is an integrated blend of global developed and emerging markets equity, real assets and opportunistic investments such as credit.</del> It is recognized that the <b>Capital Appreciation</b> <del>Equity</del> Fund entails the assumption of greater market variability and risk.</li> <li>3. <del>The purpose of the Real Assets Fund (real estate, commodities and</del></li> </ol>	<p><i>CEF structured as two distinctive, broadly-defined “Funds”, one focused on Capital Appreciation and the second focused on Capital Preservation.</i></p> <p><i>The Capital Appreciation Fund is an integrated equity portfolio which includes global developed and emerging markets equity, real assets and opportunistic investments such as credit.</i></p>

timber) is to provide attractive risk-adjusted returns and portfolio protection during inflationary periods.

4. ~~The purpose of the Absolute Return Fund is to provide positive real returns and portfolio protection with limited downside risk.~~
5. **Role - Capital Preservation Fund:** The purpose of the **Capital Preservation Fixed Income Fund (bonds and cash equivalents)** is to provide **liquidity in support of spending and capital commitments; a deflation hedge; and to reduce the overall volatility of the CEF. and to produce current income in support of spending needs.** **Two broad strategies are employed in the Capital Preservation Fund – absolute return and fixed income investments.**
6. The policy portfolio is structured using long-term targets and ranges. The target asset allocation reflects the long-term risk and return objective of the CEF and establishes a normative allocation against which shorter-term asset allocation decisions can be gauged. Ranges allow for tactical shifts among asset classes in response to the changing dynamics in capital markets. Wider ranges facilitate rebalancing and the active management of risk at the total portfolio level.

*The Capital Preservation Fund includes absolute return funds, fixed income and cash and is intended to dampen risk and volatility in the CEF.*

### STRATEGIC ASSET ALLOCATION (OLD)

Investment Strategy	Long-term Target	Policy Range
Non-Marketable Alternatives *	12%	5 – 25%
International Equity – Emerging Markets	13%	5 – 35%
International Equity – Developed Markets	16%	5 – 35%
Domestic Equity	15%	5 – 35%
Other	0%	0 – 10%
<b>EQUITY FUND</b>	<b>56%</b>	<b>45 – 75%</b>
<b>REAL ASSETS FUND</b>	<b>15%</b>	<b>5 – 25%</b>
<b>ABSOLUTE RETURN FUND</b>	<b>18%</b>	<b>5 – 25%</b>
<b>FIXED INCOME FUND</b>	<b>11%</b>	<b>5 – 35%</b>

## STRATEGIC ASSET ALLOCATION (NEW)

<b>Investment Strategy</b> <i>Public and Private</i>	<b>Long-term Target</b>	<b>Policy Range</b>
Emerging Markets Equity	17%	
Developed Markets Equity	36%	
Real Assets	11%	
Opportunistic	6%	
<b>CAPITAL APPRECIATION FUND</b>	<b>70%</b>	
Absolute Return	15%	
Fixed Income	15%	
<b>CAPITAL PRESERVATION FUND</b>	<b>30%</b>	<b>15% - 45%</b>

<p><b>H. RISK MANAGEMENT</b></p> <ol style="list-style-type: none"> <li>1. Risk is managed primarily through diversification. The CEF will be diversified both by asset class (e.g., <b>developed and emerging markets</b> equities, real assets, <b>opportunistic investments</b>, absolute return, bonds and cash equivalents) <del>non-U.S. securities, non-marketable alternatives, absolute return, real assets</del>) and within asset classes (e.g., within equities by country, economic sector, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the <b>CEF total fund</b>.</li> <li>2. Derivatives may be used to adjust exposures within or across <b>the portfolio asset classes</b> in order to improve the risk / return profile of the CEF.</li> <li>3. Aggregate portfolio risk is managed to minimize uncompensated, unanticipated and inappropriate risks. Both quantitative measures and qualitative judgment will be used in assessing and managing risk.</li> </ol>	<p><i>New section. Text formerly included under “Portfolio Composition and Asset Allocation”.</i></p>
<p><b>I. RISK GUIDELINES</b></p> <ol style="list-style-type: none"> <li>1. The CEF will be monitored quarterly for adherence to the following risk guidelines. A breach in a guideline triggers a written notification from the CIO to the Chair of UWINCO. It is recognized that market conditions and / or illiquidity of the underlying securities may preclude an immediate rebalancing of the portfolio. Risk control exception reporting will be provided to the Board of Regents as part of its quarterly investment performance report which specifies the actions, if any, needed to bring the CEF into compliance.</li> <li>2. <b>Concentration:</b> Maximum portfolio weights: <ol style="list-style-type: none"> <li>a. 15% in single manager (excluding fixed income)</li> <li>b. 25% in individual countries outside the U.S.</li> <li>c. 30% in one market sector</li> </ol> </li> <li>3. <b>Liquidity:</b> <ol style="list-style-type: none"> <li>a. One quarter (25%) of the CEF convertible to cash in one month or less</li> <li>b. Unfunded capital commitments plus current exposure to private investments limited to one half (50%) of the CEF</li> </ol> </li> </ol>	<p><i>New section.</i></p>
<p><b>J. GUIDELINES FOR THE CAPITAL APPRECIATION FUND</b></p> <ol style="list-style-type: none"> <li>1. The Capital Appreciation Fund includes the growth-oriented strategies within the portfolio which are managed in an integrated manner in order to meet the long-term spending objectives of the CEF and sustain the portfolio in perpetuity.</li> </ol>	<p><i>New section. Replaces the former sections entitled “Guidelines for the Equity Fund” and “Guidelines for the Real Assets Fund”.</i></p>

2. The objective for the **Capital Appreciation Fund** ~~Equity Fund~~ is to outperform, net of commissions and fees, a representative risk-adjusted blend of market indices which reflect the strategic asset allocation of the Equity Fund. In addition, performance on each sub-category of the Equity Fund will be monitored against the average return of a universe of active managers and/or fund of funds. Performance will be monitored on a regular basis and evaluated over running ~~three year~~, five **and ten** year periods.
3. **In recognition of the increasing correlation among asset classes, the Capital Appreciation Fund represents a market oriented mix of global developed and emerging markets equity, real estate, commodities, venture capital, private equity and opportunistic investments such as credit securities.**
4. The **Capital Appreciation** ~~Equity~~ Fund will be broadly diversified by country, economic sector, industry, number of holdings, number of managers, and other investment characteristics. To achieve its investment objective, the **Capital Appreciation** ~~Equity~~ Fund may contain a mix of actively and passively managed strategies. Direct and derivative investments, commingled funds, private limited partnerships and fund of funds may be used.
5. The real estate portion of the **Capital Appreciation** ~~Real Assets~~ Fund will be diversified by property type and geography. The University will invest in public and private real estate vehicles both domestically and internationally. Emphasis will be placed on investments in private real estate partnerships employing value-added and opportunistic strategies. Implementation may also include direct investment in real estate. Investments in publicly traded Real Estate Investment Trusts (REITS) will be made primarily to achieve exposure to core real estate.
6. ~~With the exception of passive strategies, assets under management by individual active equity managers – including quasi-index managers – will not exceed 20% of the CEF. A manager with an allocation close to 20% will be characterized by a diversified, highly liquid portfolio; a stable management team; a varied client base; and significant assets under management.~~
7. Decisions as to individual country and security selection, security size and quality, number of industries and holdings, current income levels, turnover and the other tools employed by active managers are left to broad manager discretion. The usual standards of fiduciary prudence set forth in this policy statement and in individual investment management agreements and guidelines apply.
8. If allowed under their individual investment guidelines, ~~equity~~ managers may at their discretion hold investment reserves of either cash equivalents or bonds. ~~but with the understanding that performance will nonetheless be measured against a representative stock index.~~ Derivatives (~~currency forwards, options, futures, etc.~~) may be used to manage certain exposures such as currency or market risk if so specified under individual investment manager guidelines.
9. ~~The objective of the Non-marketable Alternatives (venture capital, buyout and opportunistic funds) strategy is to enhance the long term return of the CEF.~~

*Paragraph J5 included formerly in the “Guideline for the Real Assets Fund”.*

*Manager size constraints included under Section I entitled “Risk Control Guidelines”.*

<p>10. <del>The “other” category allows investment in opportunistic areas of the market, such as high yield or emerging markets bonds, which do not fit within the existing strategy definitions. The objective of the “other” category is to enhance the return of the CEF.</del></p>	
<p><b><del>K. GUIDELINES FOR THE REAL ASSETS FUND</del></b></p> <p><del>1. The objective for the Real Assets Fund is to outperform, net of commissions and fees, a weighted average benchmark of relevant indices for public and private real estate and commodities on a risk-adjusted basis. Performance will be monitored on a regular basis and evaluated over running three to five year periods.</del></p> <p><del>2. The real estate portion of the Real Assets Fund will be diversified by property type and geography. The University will invest in public and private real estate vehicles both domestically and internationally. Emphasis will be placed on investments in private real estate partnerships employing value added and opportunistic strategies. Implementation may also include direct investment in real estate. Investments in publicly traded Real Estate Investment Trusts (REITS) will be made primarily to achieve exposure to core real estate.</del></p> <p><del>3. An allocation to TIPS, commodities, and other real assets may be included within the Real Assets Fund. Implementation through public mutual funds, private partnerships, derivatives and direct investments is allowed. Both domestic and international investment vehicles may be used. These assets provide diversification, portfolio protection during inflationary periods, and support spending during prolonged economic contractions.</del></p> <p><del>4. Decisions as to individual security, property, or asset selection are left to broad manager discretion. The usual standards of fiduciary prudence set forth in this policy statement and in individual investment management agreements and guidelines apply.</del></p> <p><del>5. If allowed under their individual investment guidelines, Real Asset Fund managers may at their discretion hold investment reserves of either cash equivalents or bonds, but with the understanding that performance will nonetheless be measured against a representative index.</del></p>	<p><i>Section deleted. Paragraph 2 moved to Section J5.</i></p>
<p><b>L. GUIDELINES FOR THE CAPITAL PRESERVATION ABSOLUTE RETURN FUND</b></p> <p>1. The Capital Preservation Fund includes portfolio strategies which provide liquidity to meet current spending needs and stability to protect capital in down markets.</p> <p>2. The objective for the Capital Preservation Fund is to outperform, net of commissions and fees, a blend of market indices which reflect the strategic asset allocation of the Fund. Performance will be monitored on a regular basis and evaluated over running three year, five and ten-year periods.</p> <p>3. The objective of the Absolute Return Fund is to outperform, net of commissions and fees, a representative risk adjusted blend of market indices which reflect the strategic asset allocation of the Absolute</p>	<p><i>New section. Replaces the former sections entitled “Guidelines for the Absolute Return Fund” and “Guidelines for the Fixed Income Fund”.</i></p>



<p>Return Fund. In addition, performance will be monitored against the average return of a representative universe of fund of funds. Performance will be monitored on a regular basis and evaluated over running three to five year periods.</p> <p>4. The absolute return <del>strategy Fund</del> will favor investments with a low correlation to broad equity markets. <del>be diversified by strategy type (long short equity, event driven arbitrage, relative value) and geography. Implementation will be made through direct investments, limited partnerships, or fund-of-funds. Emphasis will be placed on investments with a low or negative correlation to the market.</del></p> <p>5. The fixed income <del>strategy Fund</del> may contain money market instruments, domestic and foreign government bonds and other high quality investment vehicles with risk / return characteristics consistent with the investment objectives goal(s) of the Capital Preservation Fund. <del>Equities and convertibles (if the latter are bought at prices above their investment value) are generally excluded. Derivatives (currency forwards and options, futures, swaps and mortgage related structured notes) may be used to manage certain exposures (such as currency or prepayment risk) if so specified under individual investment manager guidelines.</del></p> <p>6. Fixed income <del>Fund</del> managers are expected to employ active management techniques, including maturity, sector and quality considerations. Implementation may also be achieved through passive indices, commingled funds, limited partnerships and fund-of-funds.</p>	
<p><b><del>M. GUIDELINES FOR THE FIXED INCOME FUND</del></b></p> <p><del>1. The objective of the Fixed Income Fund is to outperform, net of commissions and fees, the Barclay's Capital U.S. Government Bond Index on a risk adjusted basis. In addition, performance will be monitored against the average return of a representative universe of active fixed income managers. Performance will be monitored on a regular basis and evaluated over running three to five year periods.</del></p> <p><del>2. The Fixed Income Fund may contain money market instruments, domestic and foreign bonds and other investment vehicles with risk / return characteristics consistent with the investment goal(s) of the Fund. Equities and convertibles (if the latter are bought at prices above their investment value) are generally excluded. Derivatives (currency forwards and options, futures, swaps and mortgage related structured notes) may be used to manage certain exposures (such as currency or prepayment risk) if so specified under individual investment manager guidelines.</del></p> <p><del>3. Fixed Income Fund managers are expected to employ active management techniques, including maturity, sector and quality considerations. Implementation may also be achieved through commingled funds, limited partnerships and fund of funds.</del></p> <p><del>4. Absolute return strategies may be used as fixed income substitutes to provide an uncorrelated source of return with low volatility.</del></p>	<p><i>Section deleted. Paragraphs 2 and 3 moved to Section L5 and L6.</i></p>

<p><b>N. GUIDELINES FOR TRANSACTIONS</b></p> <p>1. As a general guideline that should apply to all assets managed, transactions should be entered into on the basis of best execution, which is interpreted normally to mean best realized price. Commissions may be designated for payment of services rendered to the University in connection with investment management.</p>	
<p><b>O. MONITORING OF OBJECTIVES AND RESULTS</b></p> <p>1. All objectives and policies are in effect until modified. The Finance, Audit and Facilities Committee with advice from the Chief Investment Officer (CIO) and UWINCO will review these periodically for their continued appropriateness. It is anticipated that changes to the asset allocation targets and ranges will be made infrequently.</p> <p>2. The CEF portfolios will be monitored on a continual basis for consistency in investment philosophy; return relative to objectives; and investment risk as measured by asset concentrations; exposure to extreme economic conditions; and market volatility. Performance will be reviewed at least annually by the Finance, Audit and Facilities Committee and with UWINCO on a quarterly basis. Results will be evaluated over longer time frames including the inception period, running <del>three to five</del> <b>and ten</b> year periods, and complete market cycles.</p> <p>3. The CIO will review individual managers as needed in order to confirm that performance expectations remain in place. In addition, portfolio activity will be reported on a regular basis to the Finance, Audit and Facilities Committee and UWINCO.</p> <p>4. A statement of investment objectives and guidelines will be maintained for each public investment manager where the University's assets are managed in a separate account.</p>	<p><i>No material change.</i></p>
<p><b>P. DELEGATIONS</b></p> <p>Delegations related to the management of the University's investment portfolios are as follows:</p> <p>1. Board of Regents:</p> <ol style="list-style-type: none"> <li>a. Approve investment policies which guide the management of the University's investment portfolios. This includes but is not limited to the strategic asset allocation, performance goals, spending and delegations.</li> <li>b. Approve appointment and reappointment of Regent and non-Regent UWINCO members.</li> <li>c. Approve the UWINCO "Statement of Principles" which addresses the administrative functioning of the Investment Committee.</li> <li>d. Approve appointment of the Chief Investment Officer.</li> <li>e. Liquidate quasi-endowments. These funds represent assets donated to the University which have been accepted by the</li> </ol>	<p><i>No change.</i></p>

Board of Regents or its administrative designee as “quasi-endowments.” The decision to place the assets in a quasi-endowment is based on administrative recommendation and can therefore be reversed. Full or partial liquidation of quasi-endowments valued at \$1 million or higher requires action by the full Board of Regents. Full or partial liquidation of quasi-endowments valued at less than \$1 million is delegated to the Finance, Audit and Facilities Committee of the Board of Regents. Endowments governed by an agreement that allows withdrawals under specific terms and conditions are exempt from this requirement.

2. Chair of the Board of Regents:

- a. Recommend members of the UWINCO for formal approval by the Board of Regents. Recommendations will be made in consultation with the Chair of UWINCO and the President of the University (and/or his designee).
- b. Designate the Chair of UWINCO.
- c. Approve investment manager appointments and direct investments in situations where the CIO and the UWINCO Chair are unavailable or unable to do so.

3. Finance, Audit and Facilities Committee:

- a. Oversee the University’s investment programs within the broad guidelines established by the investment policies.
- b. Appoint the University’s investment consultant(s).
- c. Recommend endowment spending policy changes to the Board for approval. It is anticipated that such changes will be infrequent.
- d. Review the asset allocation and strategy recommendations of the CIO and UWINCO. Recommend policy changes as appropriate to the Board of Regents.

4. Investment Committee (UWINCO):

- a. Advise the Finance, Audit and Facilities Committee, the Senior Vice President and the Chief Investment Officer on matters relating to the management of the University’s investment portfolios. This includes, but is not limited to, advice on overall asset allocation, performance goals, portfolio risk, new investment strategies, strategy implementation, manager identification and due diligence.
- b. Adhere to the UWINCO “Statement of Principles”.

5. Senior Vice President:

- a. Administer internal fees for management and administrative activities related to the endowment.
- b. Approve use of professional staff bonus pool.
- c. Assume supervisory responsibility for the CIO position.
- d. Approve investment custodian appointment(s).
- e. Assume the responsibilities of the CIO when the position is

vacant. The exceptions to this delegation are the appointment of investment managers and the approval of direct investments which are extended to the Chair of the Board of Regents.

- f. Execute investment management agreements, limited partnership agreements, custody agreements and other investment related documents upon satisfactory completion of reviews as appropriate by the State Attorney General, outside legal counsel and the University's investment consultant.

6. Chief Investment Officer:

- a. Manage the day-to-day activities of the University's investment portfolios within the broad guidelines established by the investment policies.
- b. Approve tactical moves relative to long-term policy targets when warranted by market conditions or risk considerations. The deliberate decision to overweight or underweight a strategy relative to its policy target is made in consultation with UWINCO, the University's investment consultant(s) and the Senior Vice President.
- c. Seek the advice of the University's investment consultant(s) and members of the UWINCO on issues related to the management of the investment portfolios. Incorporate such advice in the implementation of the investment program.
- d. Appoint new investment managers, follow-on investments with existing managers and direct investments. Approved investments shall fall within the policy guidelines adopted by the Board of Regents.
- e. Approve the dollar value of assets allocated to new and existing investment managers and reallocate assets among managers in accordance with long-term strategic targets.
- f. Approve individual investment manager guidelines.
- g. Monitor individual investment managers on a regular basis to ensure that performance and compliance expectations are met.
- h. Monitor aggregate portfolio risk regularly to insure that the long-term purchasing power of the CEF is preserved.
- i. Approve use of derivatives to manage the aggregate portfolio risk/return profile. This includes the use of swaps, options, futures and other derivative products to adjust exposures, to equitize cash, or to rebalance across asset classes.
- j. Approve appropriate usage and timing of leveraged strategies within the CEF.
- k. Terminate investment managers, including the authority to liquidate limited partnership interests or to reduce strategy exposures through other means. The Chair of the Finance, Audit and Facilities Committee and the Chair of UWINCO

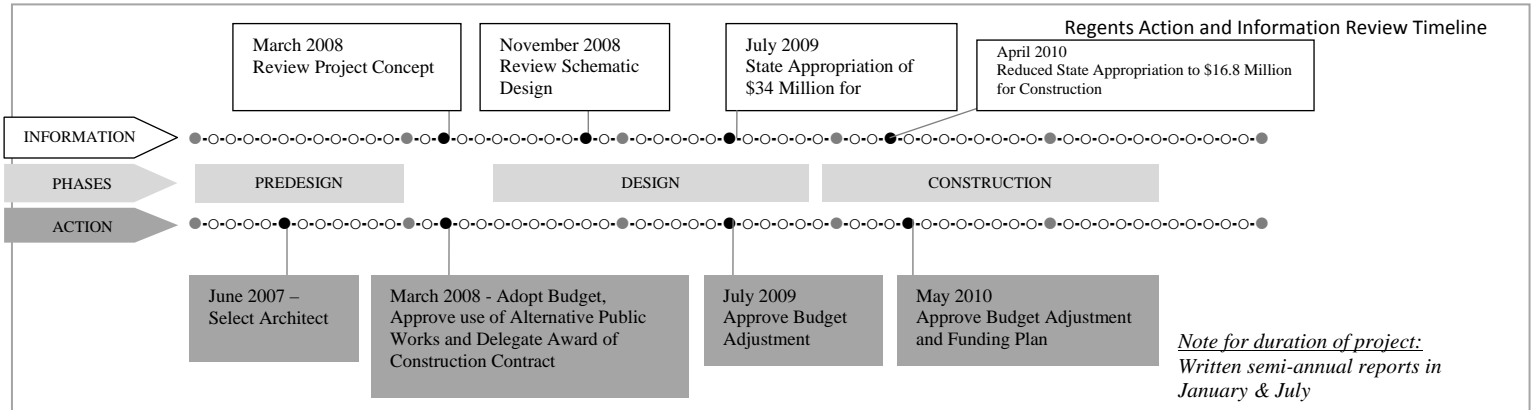
will be notified. This authority is typically exercised due to performance concerns, organizational changes, or structural considerations within the UW investment portfolio.

1. Take action as appropriate in support of shareholder resolutions related to human rights violations in Burma.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

UW Tacoma Phase 3 – Approve Budget Adjustment and Funding Plan



RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve:

- (1) Revision of the UW Tacoma Phase 3 project budget from \$40.15 million to \$54.3 million, and
- (2) Use of the Internal Lending Program to fund up to \$6.0 million for project and debt issuance costs.<sup>1</sup>

PROJECT DESCRIPTION:

The Phase 3 development on the UW Tacoma campus is intended to provide additional academic space to support expanded and new degree programs. The goal of the project is to develop capacity to eventually accommodate at least 600 additional student FTE and transition to a model of a comprehensive four-year institution.

Phase 3a includes the renovation of the Joy Building, the conversion of three rooms in the existing Science Building room to wet/dry labs, and related capital improvements. Phase 3a is currently under construction.

<sup>1</sup> An additional \$7.5 million in debt paid from building fees will be issued subject to regental approval of the annual bond resolution in July 2010.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### UW Tacoma Phase 3 – Approve Budget Adjustment and Funding Plan (continued p. 2)

Phase 3b includes the construction of the new Jefferson Avenue Building. The loss of State funding for Phase 3b caused it to lag behind Phase 3a. Design of the building is approximately 50 percent complete and is currently suspended pending Board approval of the recommended actions.

A detailed description of Phases 3a and 3b is in Exhibit 1.

The project was originally budgeted at \$60.15 million. The Legislature allotted \$6.15 million for project design in the 2007-09 biennium with an expectation by the University of receiving an appropriation for the remaining \$54 million in the 2009-11 biennium.

When the Legislature appropriated only \$34 million in the 2009-11 biennium, the Jefferson Avenue building was eliminated from the project scope and the total project budget was reduced to \$40.15 million. In the 2010 supplemental capital budget, the Legislature further reduced the appropriation from \$34 million to \$30.78 million, with \$16.77 million appropriated from the State Building Account and \$14.1 million appropriated from the UW Building Account. In addition, the Legislature authorized the issuance of up to \$7.45 million in debt to be repaid from UW Building Account revenues.

With a total of \$36.93 million in building account appropriation and \$7.45 million in authorized building fee debt, UW Tacoma proposes to add an additional \$4.5 million from reserves and up to \$6.0 million in Internal Lending Program debt to partially restore the project scope to its original parameters, which includes the Jefferson Avenue building. The total project budget for this restored project scope is \$54.3 million.

#### PREVIOUS ACTIONS:

At the June 2007 meeting, the Board of Regents delegated authority to the President to award a design contract to Thomas Hacker Architects. At the March 2008, meeting, the Board approved the original project budget of \$60.15 million, approved the use of alternative public works utilizing the General Contractor/Construction Manager (GC/CM) method of contracting, and delegated authority to the President to award the construction contract. At the November 2008 meeting, the Board reviewed the project's schematic design. At the July 2009 meeting, the Board approved a reduction in the project budget from \$60.15 million to \$40.15 million.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

UW Tacoma Phase 3 – Approve Budget Adjustment and Funding Plan (continued p. 3)

#### SCHEDULE:

Architect Selection	Completed in June 2007
Pre-design	Completed in December 2007
Design (Phase 3a)	May 2008 through September 2009
Design (Phase 3b, including suspension)	May 2008 through October 2010
Construction (Phase 3a)	July 2009 through January 2011
Construction (Phase 3b)	August 2010 through March 2012
Occupancy and Use (Phase 3a)	Spring Term 2011
Occupancy and Use (Phase 3b)	Summer Term 2012

#### CURRENT PROJECT STATUS:

The Capital Projects Office awarded a construction contract for Phase 3a to John Korsmo Construction as the General Contractor/Construction Manager under delegated authority. Construction of Phase 3a is underway, with occupancy of the renovated Joy Building scheduled for Spring Quarter 2011. Three existing Science Building spaces have been converted to wet/dry labs and are now in use. Some related capital improvements have been completed, while others will be completed in conjunction with the remaining building construction activity.

Design of Phase 3b is currently suspended at approximately 50 percent completion. If the recommended actions are approved by the Board, design will be restarted immediately to take advantage of summer 2010 weather conditions for early excavation and other activities.

#### PROJECT BUDGET AND FUNDING:

The Phase 3 project will be funded with a combination of State appropriations, reserves, building fee debt, and Internal Lending Program (ILP) debt.

On May 15, 2008, the Board adopted the amended the Debt Management Policy, which authorized the creation of the Internal Lending Program (ILP). With a few specific exceptions, this policy states that all borrowing after July 1, 2008 will participate in the ILP. One of the exceptions is "Debt repaid from appropriated University local funds". In the 2010 legislative session, \$7.45 million of UW debt was authorized for UW Tacoma Phase 3, with the debt service to be paid from the UW Building Account, which is an appropriated local fund.



VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

UW Tacoma Phase 3 – Approve Budget Adjustment and Funding Plan (continued p. 4)

The UW Building Account has revenues from land and timber sales, interest on the Permanent Account, the Metropolitan Tract and the Building Fee portion of tuition. In recent years, annual revenues in this account have averaged \$22 million. Projections for FY10 and FY11 are projected to be \$26 and \$28 million, respectively.

Subject to Regental approval of the annual Resolution in July 2010, debt will be issued to fund both Balmer Hall and UW Tacoma Phase 3 on a project basis, rather than a cash flow basis, as is done under the ILP. The proceeds for both projects, totaling \$50.25 million (\$42.8 million for Balmer and \$7.45 million for UW Tacoma), will become part of a larger bond sale this summer that will also fund ILP cash flows for fiscal year 2011.

The sources and uses for the proposed project budget of \$54.3 million include:

<u>Sources of Funds</u>	<u>\$ Million</u>
<u>Cash:</u>	
State Appropriations	22.92
UW Building Acct	14.00
UW Tacoma reserves	4.50
<u>Debt:</u>	
Building Fee debt	7.45
Internal Lending Program debt	6.00
<b>Total, sources of funds</b>	<b>54.87</b>
 <u>Uses of Funds</u> 	
Project design	7.81
Project construction	39.55
Equipment, administration, other	6.94
Debt issuance and ILP interest	0.57
<b>Total, uses of funds</b>	<b>54.87</b>

Debt Service (Annual)

Building Fee revenue	0.445
UWT property rental income	0.430
<b>Total, annual debt service</b>	<b>0.875</b>

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### UW Tacoma Phase 3 – Approve Budget Adjustment and Funding Plan (continued p. 5)

UW Treasury completed the due diligence review of UW Tacoma's capacity for repaying the \$7.45 million in building fee debt and \$6.0 million in ILP debt. The combined annual debt service for this debt is expected to be approximately \$875,000 and will be repaid from building fee revenue and income from properties managed by the Real Estate Office.

Base case. The base case assumes that student FTE is flat through FY2013 and starts growing in FY2014 at an average rate of approximately 10 percent per year. State operating support remains flat through FY2013 and starts increasing in FY2014 along with student FTE. Tuition increases annually at 7 percent. Faculty and staff levels remain flat through FY2013 and start increasing in FY2014 along with student FTE. New program costs start in FY2013.

Under base case assumptions, financial performance is expected to meet or exceed the minimum 1.25 debt service coverage in all years through FY2018. Fund balance is projected to reach approximately \$22 million by the end of FY2018.

Key risks. The three main revenue sources are State operating support and tuition, both of which reflect student FTE, and property rental income.

Sensitivity analysis. Treasury's sensitivity analysis focused on student FTE growth and assumed no growth in student FTE through FY2018. State operating support is assumed to remain flat through FY2018 and real estate income is assumed at 50 percent lower than forecast in the base case.

In this no-growth scenario, financial performance remains positive due to the combination of tuition increases at 7 percent per year and lower staff and program costs that accompany lower student FTE levels. With slightly reduced facility O&M levels, tuition increases could be lowered to approximately 5.5 percent per year before financial performance degrades to below the minimum 1.25 coverage level.

Risk mitigation. In the event that State operating support and/or property rental income is lower than forecasted base case levels, UW Tacoma may rely on reserves and cost management to offset these impacts.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

UW Tacoma Phase 3 – Approve Budget Adjustment and Funding Plan (continued  
p. 6)

#### OTHER SIGNIFICANT RISKS AND OPPORTUNITIES:

Renovation of the Joy Building presents another opportunity to restore a long abandoned, historic masonry structure on Pacific Avenue. This building is the last campus-owned building to be restored on this street between 21<sup>st</sup> and 15<sup>th</sup> Streets. It will complete the restoration of the retail core in this area.

Existing contaminated soils and underground water on the campus will continue to be a potential impact to the cost of construction and that planning for this cost is imperative for a successful project.

#### *Attachments*

- 1) Detailed 3a and 3b Scope Description
- 2) Summary Project Budget
- 3) Base Case Proforma

## DETAILED DESCRIPTION OF PHASES 3A AND 3B

### Phase 3a

The Russell T. Joy Building (Joy Building) is a three-story, 47,000 gross square foot historic masonry structure, constructed in 1892, located on the west side of Pacific Avenue, in the Union Depot/Warehouse Special Review District. The restoration of the Joy Building, which is currently under construction, will address structural, seismic, life safety, hazardous materials, accessibility and other code deficiencies and will improve the building enclosure (windows and masonry systems) to ensure the long-term preservation of the facility and safety of its occupants. The project will also upgrade all major building systems including mechanical, fire protection, and electrical systems to improve performance and energy efficiency, and upgrade communications and interior finish systems to meet modern classroom and academic program needs. The Joy Building will house general assignment classrooms totaling 698 seats and department space for the interdisciplinary arts and sciences program. A shelled space for retail use will be provided on the Pacific Avenue level.

Conversion of three rooms in the existing Science Building to wet/dry labs has been completed. The converted spaces are now in use. Some related capital improvements have been completed, while others will be completed in conjunction with the remaining building construction activity.

### Phase 3b

Subject to approval of the recommended actions, the new four-story, 49, 000 square foot Jefferson Avenue building will provide two levels for library expansion and classrooms and two levels of faculty/flexible office and other academic program/support space. The building also includes a partial basement and a connector bridge to the existing library building. The proposed project budget does not provide sufficient funds to fully build out all four floors concurrent with the project. UW Tacoma is currently analyzing its priority space needs, with the intent to defer build-out of the lower priority spaces until funding becomes available. The reduced project funding has resulted in the UW Tacoma campus being unable to fully meet the goals of the project. As a consequence, space for new academic program expansion, as well as faculty offices will remain extremely limited.

**UNIVERSITY OF WASHINGTON  
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET  
ALTERNATE PROCUREMENT - GCCM**

PROJECT: UW Tacoma Phase 3

Project Number: 200636

ESTIMATED DATE OF COMPLETION: January 2012

	<u>Total Escalated Cost</u>	<u>% of TPC*</u>
<b>BUDGET SUMMARY:</b>		
PREDESIGN	\$ 335,164	1%
BASIC DESIGN SERVICES	\$ 3,256,782	6%
EXTRA SERVICES/REIMBURSABLES	\$ 2,062,004	4%
OTHER SERVICES	\$ 1,480,926	3%
DESIGN SERVICES CONTINGENCY	\$ 675,154	1%
<b>CONSULTANT SERVICES **</b>	<b>\$ 7,810,030</b>	<b>14%</b>
CONSTRUCTION CONTRACT	\$ 33,983,667	63%
OTHER CONTRACTS		
CONSTRUCTION CONTINGENCY	\$ 2,205,006	4%
SALES TAX	\$ 3,365,547	6%
<b>CONSTRUCTION COST</b>	<b>\$ 39,554,220</b>	<b>73%</b>
EQUIPMENT	\$ 2,461,992	5%
ARTWORK	\$ 129,000	0%
OTHER COSTS	\$ 1,315,406	2%
PROJECT ADMINISTRATION	\$ 2,844,343	5%
RELATED PROJECTS/MITIGATION	\$ 185,009	0%
<b>OTHER COSTS</b>	<b>\$ 6,935,750</b>	<b>13%</b>
<b>TOTAL PROJECT COST (TPC)*</b>	<b>\$ 54,300,000</b>	<b>100%</b>

Included in Above:

Escalation not applicable

**SOURCE OF FUNDS:**

State Bldg Constr Acct (07/09)	\$ 6,150,000
State Bldg Constr Acct	\$ 16,768,000
UW Building Acct	\$ 14,007,000
UWT Reserves	\$ 4,500,000
Long-term Debt	
UWT Building Fee	\$ 7,450,000
REO	\$ 5,425,000
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 54,300,000</b>

**UW Tacoma Phase 3 - Base Case Proforma FY 2008 - FY 2018**

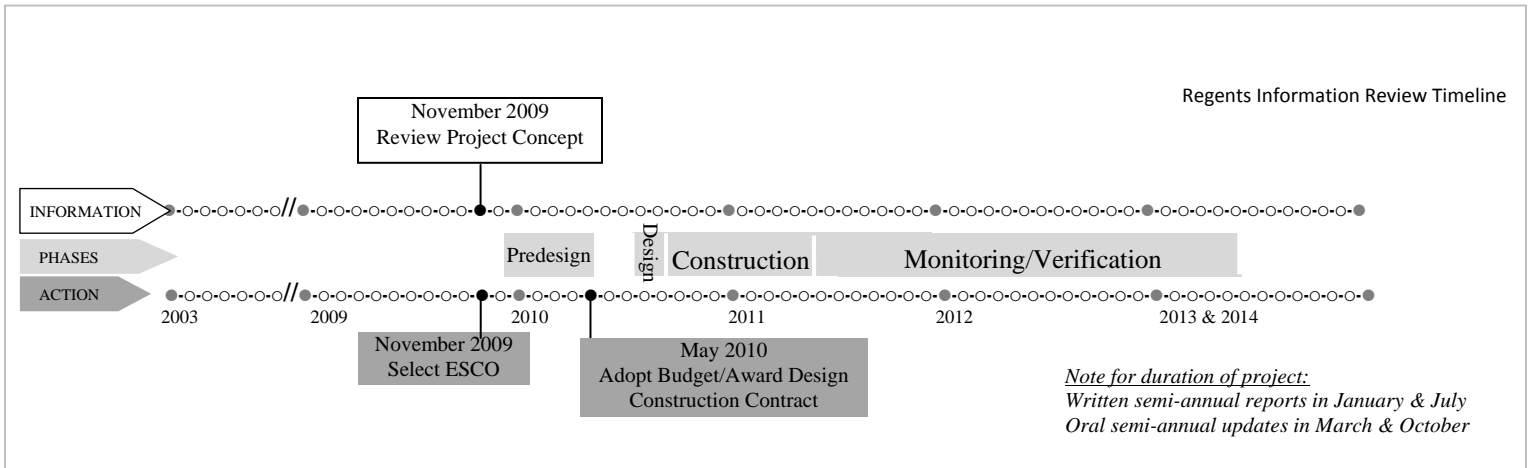
<b><u>UW Tacoma</u></b> (\$000)	<b>FY 2008</b> <b>(Actual)</b>	<b>FY 2009</b> <b>(Actual)</b>	<b>FY 2010</b> <b>(Budget)</b>	<b>FY 2011</b> <b>(Budget)</b>	<b>FY 2012</b> <b>(Budget)</b>	<b>FY 2013</b> <b>(Budget)</b>	<b>FY 2014</b> <b>(Budget)</b>	<b>FY 2015</b> <b>(Budget)</b>	<b>FY 2016</b> <b>(Budget)</b>	<b>FY 2017</b> <b>(Budget)</b>	<b>FY 2018</b> <b>(Budget)</b>
<b><u>Revenue</u></b>											
State funding	22,679	24,163	20,387	19,078	19,078	19,078	20,620	22,428	24,236	26,334	28,432
Tuition (operating fee)	13,758	16,783	19,869	21,348	22,401	23,311	26,468	29,441	33,958	39,157	45,774
Tuition (building fee)				445	445	445	445	445	445	445	445
Property rental & other income	43	52	51	481	481	481	481	481	481	481	481
<b>Total revenue</b>	<b>36,481</b>	<b>40,998</b>	<b>40,307</b>	<b>41,352</b>	<b>42,405</b>	<b>43,315</b>	<b>48,014</b>	<b>52,796</b>	<b>59,120</b>	<b>66,417</b>	<b>75,132</b>
<b><u>Expenses</u></b>											
Salaries & benefits	25,841	28,191	28,200	28,200	28,200	29,046	32,227	36,079	40,128	44,352	49,290
Operating expenses	4,121	5,118	9,287	9,162	9,261	9,539	9,875	10,493	10,902	12,412	12,972
Deferred maintenance	150	150	150	150	155	159	164	169	174	179	184
New program expenses				225	225	749	1,458	1,548	2,988	2,092	2,282
Overhead	2,169	2,438	2,308	2,628	2,715	2,765	3,080	3,523	3,945	4,426	5,016
<b>Total expenses</b>	<b>32,281</b>	<b>35,896</b>	<b>39,945</b>	<b>40,365</b>	<b>40,555</b>	<b>42,258</b>	<b>46,804</b>	<b>51,813</b>	<b>58,136</b>	<b>63,461</b>	<b>69,744</b>
<b>Net income (before debt service)</b>	<b>4,200</b>	<b>5,102</b>	<b>362</b>	<b>988</b>	<b>1,850</b>	<b>1,057</b>	<b>1,210</b>	<b>983</b>	<b>984</b>	<b>2,955</b>	<b>5,388</b>
Debt service (Building Account)				445	445	445	445	445	445	445	445
Debt service (ILP)				430	430	430	430	430	430	430	430
<b>Net income (after debt service)</b>	<b>4,200</b>	<b>5,102</b>	<b>362</b>	<b>113</b>	<b>975</b>	<b>182</b>	<b>335</b>	<b>108</b>	<b>109</b>	<b>2,080</b>	<b>4,513</b>
<b>Debt service coverage (ILP only)</b>				<b>1.26</b>	<b>3.27</b>	<b>1.42</b>	<b>1.78</b>	<b>1.25</b>	<b>1.25</b>	<b>5.84</b>	<b>11.50</b>
<b>Debt service coverage (Overall)</b>				<b>1.13</b>	<b>2.11</b>	<b>1.21</b>	<b>1.38</b>	<b>1.12</b>	<b>1.12</b>	<b>3.38</b>	<b>6.16</b>
Beginning fund balance	8,764	12,964	18,066	18,428	18,541	15,016	15,198	15,533	15,641	15,750	17,830
Capital expenditures from reserves					4,500						
<b>Ending fund balance</b>	<b>12,964</b>	<b>18,066</b>	<b>18,428</b>	<b>18,541</b>	<b>15,016</b>	<b>15,198</b>	<b>15,533</b>	<b>15,641</b>	<b>15,750</b>	<b>17,830</b>	<b>22,343</b>

NOTE: For purposes of qualifying for the ILP, coverage is calculated excluding the revenue and debt service associated with the building fee. This debt service is mandated by statute and is assumed to be available on a 1:1 basis. Including the revenue and debt service from the Building Fee dilutes debt service coverage and understates actual coverage.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Smart Grid Project – Adopt Budget and Delegate Authority to Award Energy Savings Performance Contracting (ESPC) Contract



RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents establish the project budget at \$9.296 million and delegate authority to the President to award an Energy Savings Performance Contracting (ESPC) design/build performance contract to McKinstry Essention.

PROJECT DESCRIPTION AND SCOPE:

The purpose of the smart grid is to collect and communicate real time electrical demand and power generation data for modeling and analysis to test demand control and generation strategies.

The UW Smart Grid project will deploy smart meters in campus medium voltage power distribution system, selected generation facilities and 148 campus buildings. Thirty-two (32) building automation systems and eight (8) building lighting systems will be modified to send data to the smart grid. A private campus intranet network will be expanded to collect energy data. Two computer hardware and software systems will be purchased to analyze and model campus electrical loads.

The UW Smart Grid project Directed Energy Study (DES) identified numerous permanent energy saving measures that will be implemented.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Smart Grid Project – Adopt Budget and Delegate Authority to Award Energy Savings Performance Contracting (ESPC) Contract (continued p. 2)

##### PREVIOUS ACTIONS:

In November of 2009, the Smart Grid Project concept was presented to the Board of Regents. At that meeting, the President was delegated authority to use McKinstry Essention under RCW 39.35C to perform the first stage of a DES to further define the scope of the project.

##### PROJECT SCHEDULE:

Aug 2009	UW signs letter of intent with Battelle Memorial Institute to participate in Pacific Northwest Smart Grid Demonstration Project
Nov 2009	Regents approve use of McKinstry Essention to perform DES
Dec 2009	UW initiates DES Notification of award of Pacific Northwest Smart Grid Demonstration Project grant to Battelle Memorial Institute
Feb 2010	Project Start: Battelle/Doe sign Coop Agreement
Mar 2010	UW Completes DES
May 2010	Regents adopt budget/delegate authority to award ESPC contract
June 2010	UW signs cooperative agreement with Battelle
June 2010	UW signs ESPC contract for design and construction
Oct 2010	Construction Start
May 2012	Construction Substantial Completion
July 2014	Completion of Monitoring and Verification
Jan 2015	Project Complete

##### CURRENT PROJECT STATUS:

Under delegated authority, the Capital Projects Office entered into a DES with McKinstry Essention to further define the UW Smart Grid Project scope, schedule, guaranteed maximum price, and energy saving measures. This study is now complete and coordinated with external requirements from the primary American Recovery and Reinvestment Act grant holder, Battelle, as well as the smart grid software vendor, Spirae, Seattle City Light, and UW Internet Technology.

##### CONTRACTING STRATEGY:

The President was previously authorized to initiate a DES which is the first step in award of an ESPC contract. Upon completion of the DES and identification of cost effective energy savings measures, a design/build contract is negotiated with the ESPC contractor. The President requests approval to award an ESPC contract



VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Smart Grid Project – Adopt Budget and Delegate Authority to Award Energy Savings Performance Contracting (ESPC) Contract (continued p. 3)

to McKinstry Essention. The ESPC contract will be a cost plus percent fee design/build contract with a guaranteed maximum price and an energy savings performance guarantee. The guaranteed maximum price contract amount is \$5,902,682 excluding contingency and Washington State sales tax.

PROJECT BUDGET & FUNDING:

**Source of Funds:**

Dept of Energy ARRA Grant	\$4,473,000
State Treasury Lease Purchase Loan*	\$2,300,000
Building Renewal Reserve Fund	\$ 911,000
Seattle City Light Rebates	\$ 500,000
In-Kind Donations	\$1,112,000
=====	
	\$9,296,000

\*State Energy Saving projects are financed through a loan from the State Treasury Lease Purchase Program. The loan is repaid from \$320,993 annual energy savings that are guaranteed by the ESPC contractor and are paid out of the University’s utility budget.

**Uses of Funds:**

UW Smart Grid Project**	\$9,296,000
=====	
	\$9,296,000

\*\*See Attached Summary of Project Budget

PROJECT RISKS & OPPORTUNITIES:

ARRA Reporting: The UW/Battelle Cooperative Agreement will define the project reporting requirements. The project team will “flow-down” all Battelle reporting requirements to UW contractors and vendors. Based on current language included in draft agreement documents, the project team is confident that all parties will be able to manage the required reporting without significant risk.

Data Collection and Analysis Commitments: The project team has retired most of the infrastructure construction risks identified through development of the DES and productive scope discussions with Battelle. Currently, the UW sub-project Statement of Work is under review by Battelle. Battelle has committed to provide

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Smart Grid Project – Adopt Budget and Delegate Authority to Award Energy Savings Performance Contracting (ESPC) Contract (continued p. 4)

more detailed expectations for data collection and analysis. The project team intends to retire this risk prior to signing the cooperative agreement in June 2010.

**Cash Flow Risks:** Due to the complex financial structure of the project funding; protracted reimbursement schedules; and multiple levels of invoice approvals required; the project team has identified cash flow risks related to timing of payments and availability of funds. The UW has developed a detailed cash flow projection and is in discussions with UW Treasury Office, vendors and Battelle to identify any funding gaps and develop a funding schedule to meet cash flow needs.

**Cyber security and interoperability opportunity:** UW Information Technologies best management practice to insure cyber security for the new and existing electrical assets included in this project is to deploy a private intranet network referred to as a Virtual Routing Forwarding (VFR) network. UW Technology is currently installing a portion of this system on another project. The cost to extend the VFR for the Smart Grid project is approximately \$330,000. Funding is currently identified for provision of this network from UW Building Renewal Reserve Fund. Discussions are on-going with Battelle to secure federal matching fund commitments for this scope.

**Tax Deferral Opportunity:** UW Tax Office has completed an analysis of possible tax deferral options available to the project. The analysis recommends pursuing the Manufacturers' Sales and Use Tax Exemption. Sales tax is currently included in the budget.

*Attachment*  
Summary Project Budget

**UNIVERSITY OF WASHINGTON  
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET  
Energy Services Performance Contract (ESPC)**

PROJECT: Smart Grid Demonstration Project

Project Number: 203138

ESTIMATED DATE OF COMPLETION: June 2014

<u>Project Budget</u>	<u>Total Escalated Cost</u>	<u>% of TPC*</u>
Consultant Services	\$ 105,000	1%
Design Services Contingency	\$ 15,000	0%
<b>Consultant Services</b>	<b>\$ 120,000</b>	<b>1%</b>
ESPC - Design/Build Cost	\$ 5,903,000	64%
Design/Build Contingencies	\$ 120,000	1%
Sales Tax	\$ 548,000	6%
<b>Construction</b>	<b>\$ 6,571,000</b>	<b>71%</b>
Equipment	\$ 896,000	10%
Equipment Sales Tax	\$ 85,000	1%
Other Costs	\$ 1,216,000	13%
Project Management	\$ 408,000	4%
<b>Other</b>	<b>\$ 2,605,000</b>	<b>28%</b>
<b>Total Project Cost (TPC)*</b>	<b>\$ 9,296,000</b>	<b>100%</b>

**Included in Above:**

Escalation through June 2014

(ESPC contracts escalation risk is included in contract guaranteed maximum cost and carried by ESCO)

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

University of Washington Bothell –Parking Rate Adjustment

RECOMMENDATION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve a parking rate adjustment as outlined below for the University of Washington Bothell campus. The new rates would take effect July 1, 2010.

UW Bothell Current and Proposed Parking Rates

	Current	Proposed	Monthly Increase
<u>Description</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2011</u>
Annual	\$380	\$505	\$10.45
Quarterly	\$95	\$126	\$10.45
Qrtly 2 day	\$54	\$72	\$5.94
Qrtly 3day	\$72	\$96	\$7.92
Q<50FTE Staff	\$54	\$72	\$5.94
Motor cycle	\$36	\$48	\$3.96
Carpool	\$41	\$55	\$4.51
Daily Rate	\$3	\$4	
Hourly Rate	\$1	\$1.50	

BACKGROUND:

In early March 2010, administrators of UW Bothell and Cascadia Community College announced the formation of the Bothell Campus Parking and Transportation Task Force (PTTF). The PTTF includes faculty, staff, and student representatives from both institutions and is charged with developing a common vision for a transportation management strategy to support the campus in an environmentally and financially sustainable manner. The PTTF met weekly during the spring to review current facilities, capacity, policies, sustainability goals, and finances. One of the early goals of the task force was to implement new rates for the coming fiscal year.

Task Force members have communicated with their constituent groups including a range of faculty, staff, and student organizations, and have provided feedback to the PTTF. In addition, communications with the campus community regarding PTTF deliberations and potential rate increases have included:

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### University of Washington Bothell – Parking Rate Adjustment (continued p. 2)

- Open House at UW Bothell on April 22, 2010
- UW Bothell Town Hall meeting on April 28, 2010
- Open Forums at Cascadia Community College
- email information

Benefits of the rate adjustment proposal are as follows:

- Promotes reduced demand and reduced competition for existing parking spaces.
- Mitigates growing parking demand in the face of projected increases in enrollment by creating incentives for use of alternative modes of transportation, especially transit.
- Provides funds for an improved array of transportation alternatives and incentives.
- Provides funds for future major maintenance and facilities construction.
- Supports the overall sustainability initiatives of the campus.

As is true at the University of Washington Seattle campus, parking operations and transportation management programs at UW Bothell are self-sustaining activities. Operating, maintenance, and capital expenses are supported by user fees and citation revenue from both UW Bothell and Cascadia Community College. The proposed rate adjustments are designed to create incentives for the use of alternative modes of transportation, to comply with sustainability and commute trip reduction goals, and to establish capital reserves for future major maintenance and construction of parking facilities. Parking rates at UW Bothell were last increased in 2007 and the current price of a parking permit is less than the U-PASS (transit) price. The recommended parking rates correct that imbalance by increasing parking rates and decreasing U-PASS rates.

UW Bothell has been the recipient of several statewide and regional commute trip reduction awards and has existing programs, policies, and goals in place to meet the goals of transportation demand management. Among these are:

- Reduce single occupancy vehicle (SOV) trips to the campus.
- Increase the use of alternate modes of transportation by making available and promoting commute options to faculty, staff, and students.
- Explore new program options to encourage transit use.
- Become and remain compliant with City of Bothell conditions regarding parking and transportation.
- Remain compliant with the State's Commute Trip Reduction (CTR) Law.

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### University of Washington Bothell – Parking Rate Adjustment (continued p. 3)

- As the campus grows, diminish, postpone, or reduce the need to build additional parking facilities through transportation demand management measures.
- The price of a U-PASS should be set as the most affordable transportation option for faculty, staff, and students.
- The price for parking and driving alone should be offered at a higher cost as compared to the U-PASS option.
- The long term parking permit rate should be set at a more economical level than the daily parking rate.
- Establish reserves for future major maintenance of existing structures and construction of additional parking facilities as the campus grows.

As part of the proposed rate adjustment, the task force recommended a reduction in the U-PASS rate from \$120 for staff and faculty and \$99 for students, to \$72 for everyone in FY 2011. Increasing parking rates and reducing the U-PASS rate should create an economic incentive in favor of alternatives to driving alone.

#### REVIEW & APPROVAL

WAC 478-117-200 pertaining to the parking fees for UW Bothell and Cascadia CC, states that the UW Board of Regents and Cascadia CC's Board of Trustees may each approve rate changes for parking permits but rate changes for daily parking must be made in agreement with Cascadia Community College.

The proposed parking rate adjustments have been reviewed and recommended for approval by the Bothell Campus Parking and Transportation Task Force (including representatives from ASUWB, as well as faculty, staff, and students from both UW Bothell and Cascadia Community College), the UW Bothell Auxiliary Services Manager, the Vice Chancellor for Administration and Planning, and the Chancellor. In a parallel process, the proposed rates have been reviewed and recommended for approval by the Cascadia Community College Executive Team, and the President of Cascadia Community College. Cascadia Community College is pursuing approval for the proposed rate adjustment with their Board of Trustees.

**VII. STANDING COMMITTEES****B. Finance, Audit & Facilities Committee**University of Washington Bothell – Student Housing Rate AdjustmentRECOMMENDATION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Regents approve the rental rates for UW Bothell student housing.

BACKGROUND:

The University of Washington Bothell began accepting freshmen in 2006. The freshman class has grown from 135 in the first year to an expected 360 for Autumn Quarter 2010. Student recruitment has expanded to include the entire state of Washington, other states, and international students. UW Bothell launched its student housing program last fall by master leasing an apartment building near the campus. The student housing availability was advertised to students at the end of spring quarter 2009 and opened full in fall 2009 with 42 student residents and three community advisors (similar to resident advisors). Demand for student housing continues to grow beyond what the current facility can provide, and, consistent with the goals established last year, UW Bothell plans to expand student housing capacity gradually over the next several years. In the long run, UW Bothell intends to build or acquire student housing.

In order to continue to meet the demonstrated growth in housing demand, the University of Washington Bothell is planning to expand its program by master leasing a second small apartment building near the campus and to manage the property for student housing beginning autumn quarter 2010. This second master leased property would house up to 28 students, plus two undergraduate or graduate community advisors. All apartments are two bedrooms, one and a half bathrooms and will be furnished. The complex is approximately one quarter mile from campus and is in close proximity to the first master leased property, and is under the same ownership as the first property. It is also within walking distance to shops, restaurants, and bus lines. There will be student life programming specifically designed for these two residential communities. This additional property would bring the total student housing population to 70 including community advisors.

This second master leased property was included in an original list from a 2009 Request for Proposals (RFP) which was sent out to apartment complexes within a 1.5 mile radius of campus. Twelve proposals were received. A third small facility is being considered in the event that demand warrants additional beds and

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

University of Washington Bothell – Student Housing Rate Adjustment (continued p. 2)

the facility can be leased within a price range that can be supported by proposed rental rates.

A team from the UW Real Estate Office, UW Bothell Administration and Planning, and UW Bothell Student Life reviewed the RFPs, toured facilities, and selected the preferred property.

A financial proforma has been prepared to ensure that the housing program can operate on a self-sustaining basis including facility costs, student life programming, insurance, community advisory expenses and other expenses. The cost of furniture, roughly \$200,000 for both facilities, will be depreciated over ten years, although the furniture, which is typical dormitory style, has an expected useful life of approximately 30 years. For the inaugural year of the UW Bothell student housing program, housing rates for the period September 25, 2009 to September 17, 2010 were \$625/month for double occupancy/shared bedrooms, and \$1,100/month for single occupancy.

The proforma shows positive net revenue for the overall housing program by FY 2012, and recouping initial start-up costs by FY 2014. Based on this proforma the following rental rates are proposed:

<u>Annual 12-Month Contract*</u>	
<u>For All Quarters 2010-2011</u>	
Double Occupancy, shared bedroom.	\$675/mo (\$2,025/quarter)
Single Occupancy, no roommate.	\$1,200/mo (\$ 3,600/quarter)

\* Rates are per person and include all utilities (water, sewer, garbage, electricity, basic cable, and Internet) except phone service. We do not expect to offer 9 month contracts in the coming year.

REVIEW & APPROVAL

The proposed housing rates have been reviewed and recommended for approval by the UW Bothell Housing Team, the Assistant Vice Chancellor for Enrollment



VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

University of Washington Bothell – Student Housing Rate Adjustment (continued  
p. 3)

Manager and Registrar, the UW Bothell Auxiliary Services Manager, the Vice  
Chancellor for Administration and Planning, and the Chancellor.

*Attachment*  
Proforma

UNIVERSITY OF WASHINGTON BOTHELL  
 Proforma - UWB Housing System  
 FY 2010 - FY 2015

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
<b>6 Year Housing Model, Campus View and Chapman Manor, 70 rentable beds (excluding CA's)</b>						
<b>REVENUE</b>						
Application Fee	\$ 2,900	\$ 2,830	\$ 2,830	\$ 2,830	\$ 2,830	\$ 2,830
Late Fees	50	-	-	-	-	-
Rent	327,200	538,650	565,583	593,862	623,555	654,732
<b>Total Revenue</b>	<b>\$ 330,150</b>	<b>\$ 541,480</b>	<b>\$ 568,413</b>	<b>\$ 596,692</b>	<b>\$ 626,385</b>	<b>\$ 657,562</b>
<b>EXPENSES</b>						
Rent	\$ 236,160	\$ 353,280	\$ 361,517	\$ 372,362	\$ 383,533	\$ 395,039
Utilities	\$ 29,151	\$ 44,426	\$ 45,759	\$ 47,131	\$ 48,545	\$ 50,002
Common Area Custodial	\$ 5,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200
Liability Insurance	\$ -	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Student Life Programming	\$ 13,415	\$ 23,260	\$ 22,760	\$ 22,260	\$ 22,260	\$ 21,760
<b>Total Expenses</b>	<b>\$ 283,927</b>	<b>\$ 440,166</b>	<b>\$ 454,236</b>	<b>\$ 465,954</b>	<b>\$ 478,539</b>	<b>\$ 491,001</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 46,223</b>	<b>\$ 101,314</b>	<b>\$ 114,177</b>	<b>\$ 130,738</b>	<b>\$ 147,846</b>	<b>\$ 166,561</b>
Startup costs (non furniture)	\$ 44,873	\$ 18,391	\$ -	\$ -	\$ -	\$ -
Furniture (Campus View) Depreciated over 10 yrs	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Furniture (Chapman Manor) Depr. over 10 yrs	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Administrative Costs	\$ 20,583	\$ 61,750	\$ 63,603	\$ 65,511	\$ 67,476	\$ 69,500
<b>Net Operating Income (Loss) including Admin and Start Up Costs</b>	<b>\$ (31,232)</b>	<b>\$ 1,173</b>	<b>\$ 30,574</b>	<b>\$ 45,227</b>	<b>\$ 60,370</b>	<b>\$ 77,061</b>
<b>Cummulative Net Income (Loss) including Admin and Start Up Costs</b>	<b>\$ (31,232)</b>	<b>\$ (30,059)</b>	<b>\$ 515</b>	<b>\$ 45,743</b>	<b>\$ 106,113</b>	<b>\$ 183,174</b>

**VII. STANDING COMMITTEES****B. Finance, Audit & Facilities Committee**Funding Plan for Balmer Hall ReconstructionINFORMATION ONLY

This information item describes the current debt-financed funding plan for the Balmer Hall reconstruction. Since the debt is outside of the Internal Lending Program, it does not require current regental action. In July 2010, the regents will be asked to take action on a Bond Resolution that will authorize the issuance of external debt to fund this and other University projects.

BACKGROUND

On May 15, 2008, the Board adopted the amended the Debt Management Policy, which authorized the creation of the Internal Lending Program (ILP). With a few specific exceptions, this policy states that all borrowing after July 1, 2008 will participate in the ILP. One of the exceptions is "Debt repaid from appropriated University local funds". In the 2010 legislative session, \$42.8 million of UW debt was authorized for Balmer Hall with the debt service to be paid from the UW Building Account, which is an appropriated local fund.

The UW Building Account has revenues from land and timber sales, interest on the Permanent Account, the Metropolitan Tract and the Building Fee portion of tuition. In recent years, annual revenues in this account have averaged \$22 million. Projections for FY10 and FY11 are projected to be \$26 and \$28 million, respectively.

FUNDING PLAN

Subject to regental approval of the annual Resolution in July 2010, debt will be issued to fund both Balmer Hall and UW Tacoma Phase 3 on a project basis, rather than a cash flow basis, as is done under the ILP. The proceeds for both projects, totaling \$50.25 million (\$42.8 million for Balmer and \$7.45 million for UW Tacoma), will become part of a larger bond sale this summer that will also fund ILP cash flows for fiscal year 2011.

Sources and Uses for the Balmer Hall Reconstruction are detailed below:

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Funding Plan for Balmer Hall Reconstruction (continued p. 2)

<u>Sources of Funds</u>	
State Appropriations	4,000,000
Building Fee Bonds	<u>42,800,000</u>
Total Sources of Funds	46,800,000

<u>Uses of Funds</u>	
Project Design	4,300,000
Project Construction	35,000,000
Equipment, Administration, Other	6,661,000
Debt Issuance Cost	<u>839,000</u>
Total Uses of Funds	46,800,000

---

<u>Annual Debt Service</u>	
Building Fee Bonds	2,550,000

PREVIOUS ACTIONS

On May 17, 2007, the regents delegated the authority to the President to award the pre-design and design contracts to LMN architects for the Balmer Hall reconstruction. On February 21, 2008, the Regents established the project budget at 46.6 million and approved the GC/CM contracting method. The Regents reviewed schematic design for the project on April 16, 2009.

*Attachment*

February 2008 Regents Action establishing the Balmer Hall project budget and approving the contracting method.

## ATTACHMENT

*Approved by the Board of Regents on February 21, 2008, item F-13*

### Business School Building, Phase 2 (Balmer Hall Reconstruction) Project Presentation, Budget Approval, Authorization to Award GC/CM and Delegated Authority

#### RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Business School Building, Phase 2 (Balmer Hall Reconstruction) project budget be established at \$46,800,000; that the use of alternative public works utilizing the General Contractor/Construction Manager (GC/CM) method of contracting be approved; and that the President be delegated authority to award construction contracts, subject to no significant change in the scope, the forecast cost being within 10% of the budget and funding being in place.

#### PROJECT DESCRIPTION

Constructed in 1962 for the School of Business, aging but heavily-used Balmer Hall is now due for replacement. The approximately 78,000 gross square foot existing building currently houses 32 general assignment classrooms with 1,250 seats, as well as computer labs, study areas and library collections, but no longer satisfies many needs of those functions and is consequently reaching the end of its useful life. Its concrete structure is deficient seismically and most of its infrastructure, including mechanical, electrical, and communications systems, are inadequate and need to be replaced. Due to the existing concrete structure, floor-to-floor heights and column spacing, the building is very inflexible and difficult to remodel to meet modern teaching needs in terms of accessibility, classroom sizes, sightlines, lighting and acoustics. Balmer Hall is the first of the University's "Restore the Core" building renewal projects where building replacement is the recommended option over renovation.

#### PREVIOUS ACTION

At the May 2007 Board of Regents meeting, the President was delegated authority to award design contracts to LMN Architects for the Business School Phase 2 Balmer Hall reconstruction project.

#### SCOPE OF THE PROJECT

The University has evaluated other alternatives and determined that a total building replacement is the most sensible and cost effective alternative for bringing Balmer Hall up to modern standards. The approximately 61,000 gross square foot replacement building will feature modern classrooms, breakout rooms, a multipurpose meeting/dining room, library stack space, and

Business School Building, Phase 2 (Balmer Hall Reconstruction) Project  
Presentation, Budget Approval, Authorization to Award GC/CM and Delegated  
Authority (continued p. 2)

administrative support space. It will connect to the privately funded Phase 1 building to provide an overall increase in classroom capacity of over 40 percent.

The Phase 1 building will serve as the surge space for the Balmer Hall functions, and the demolition of Balmer Hall will begin soon after the Phase 1 building is occupied in September of 2010. In accordance with the requirements of the state of Washington, the project will be designed to achieve Leadership in Energy and Environmental Design (LEED) Silver certification or higher.

SCHEDULE

Architect Selection	May 2007
Pre-design	July 2007 through December 2007
Design	April 2008 through June 2010
Construction	October 2010 to July 2012
Occupancy and Use	September 2012

CONTRACTING STRATEGY

The recommendation of the Capital Projects Office is to use the alternate public works contracting procedure, General Contractor/Construction Manager (GC/CM), authorized by RCW 39.10 for construction of this project. The use of a GC/CM during design has been a significant contributor to the success of our recent Restore the Core projects as well as new building construction projects. During design the GC/CM has been able to provide detailed construction scheduling, input into design constructability issues, coordination of construction documents, determining construction logistics and needed lay-down areas, providing detailed cost estimates and investigation of existing construction as-built conditions. To help meet the overall project schedule, the GC/CM is able to bid out and start construction on early work packages before the construction documents are 100% complete if there are compelling reasons to do so. In today's rapidly escalating construction costs market, the GC/CM has been integral in developing cost savings incrementally rather than waiting for a total construction bid number. The intent is to have a GC/CM chosen and under contract for preconstruction services before the completion of the schematic design phase.

SIGNIFICANT RISKS OR OPPORTUNITIES

An ongoing risk is the current climate of extraordinary escalation and "market conditions" in the Seattle commercial building marketplace that reflects an extremely busy construction industry and a limited pool of available equipment and skilled labor. Use of the GC/CM construction methodology will help mitigate this risk.

Business School Building, Phase 2 (Balmer Hall Reconstruction) Project  
Presentation, Budget Approval, Authorization to Award GC/CM and Delegated  
Authority (continued p. 3)

Another challenge will be safely constructing the building on a tight, busy site while not overly disrupting pedestrian flow and ongoing classes in the adjacent buildings.

A major opportunity is to provide the final piece in having a unified and modern building complex for the Foster School of Business which will also significantly improve the University's high-quality teaching spaces.

The Phase 2 reconstruction will offer many opportunities to incorporate sustainable design features to achieve an efficient and sustainable building as mandated by the Washington State legislature.

Business School Building, Phase 2 (Balmer Hall Reconstruction) Project  
Presentation, Budget Approval, Authorization to Award GC/CM and Delegated  
Authority (continued p. 4)

**PROJECT BUDGET**

	<b><u>Total Escalated Cost*</u></b>	<b><u>% of TPC</u></b>
Pre-Schematic Design Services	\$232,058	0.49%
A/E Basic Design Services	\$1,354,866	2.89%
Extra Services	\$927,758	1.98%
Other Services	\$1,381,897	2.95%
Design Services Contingency	\$411,498	0.88%
<b>Subtotal/ Consultant Services</b>	<b>\$4,308,077</b>	<b>9.20%</b>
GC/CM Construction Cost	\$32,017,553	68.41%
Other Contracts	\$0	0%
Construction Contingencies	\$3,470,215	7.41%
Sales Tax	\$3,158,411	6.74%
<b>Subtotal/ Construction</b>	<b>\$38,646,179</b>	<b>82.58%</b>
Equipment	\$1,154,770	2.46%
Artwork	\$119,575	0.25%
Other costs	\$730,984	1.56%
Project Management	\$1,840,416	3.93%
<b>Subtotal/(Other)</b>	<b>\$3,845,745</b>	<b>8.22%</b>
<hr/>		
<b>Total Project Cost (TPC)*</b>	<b>\$46,800,000</b>	<b>100.00%</b>
 <b><u>Included in Above:</u></b>		
Escalation through August 2011	\$7,376,502	15.76%
 <b><u>Source of Funds</u></b>		
State Funds	\$46,800,000	100.00%
<hr/>		
<b>Total</b>	<b>\$46,800,000</b>	<b>100.00%</b>

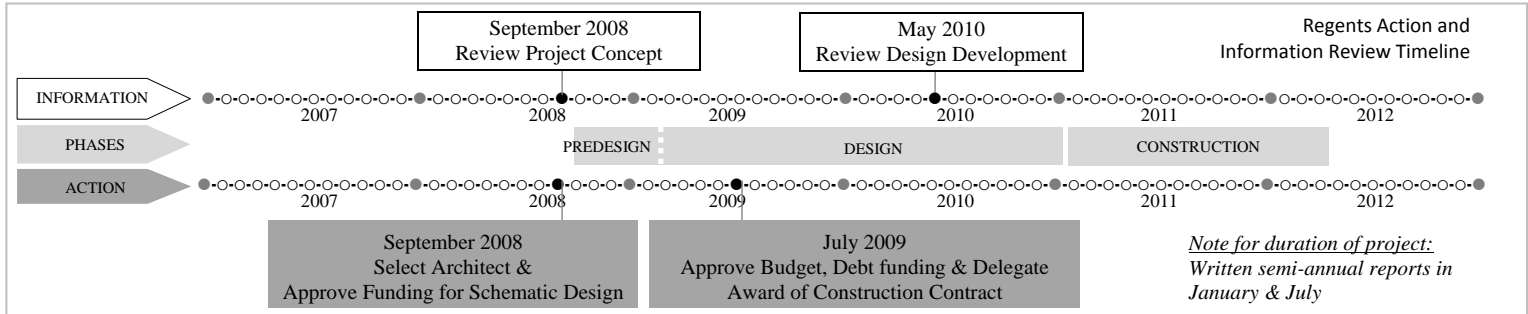
\* Escalated to construction midpoint (August 2011)



VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Ethnic Cultural Center Expansion: Review Design Development



INFORMATION:

The design development phase of the project is complete. This presentation is for information only.

BACKGROUND:

The Ethnic Cultural Center (ECC) promotes an inclusive and educational environment by providing programs and services which enhance the communication and exchange of multicultural perspectives and values. Students and student organizations collaborate, develop and implement programs while building leadership and organizational skills. The ECC is considered a national model for University based multi-cultural student centers. The existing 10,603 square foot ECC is a single-story light wood frame building located at the southwest corner of NE 40<sup>th</sup> Street and Brooklyn Avenue NE in west campus. The building is 39 years old and no longer adequately supports the program that began back in 1970.

In May 2007, the Service and Activities Fee Committee (SAFC) co-funded a feasibility study to assess and outline long-range goals related to changing student user needs and lifestyles, aging infrastructure, and code compliance for the ECC. Based on extensive student interviews, focus groups, and numerous open forums, a conceptual/programmatic option was generated. Based upon that study the following goals were identified: preservation of the ECC as a “safe zone” for minority students where ethnically diverse students will feel “at home;” student leadership and involvement are cornerstones of the ECC program; the building must be “of the students, for the students, and by the students” to be truly successful; this facility should enhance and further the image of the UW as a national leader in diversity programs; and eliminate chronic shortages of meeting

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Ethnic Cultural Center Expansion: Review Design Development (continued p. 2)

and office space for student organizations and provide for a reasonable amount of future capacity for long term growth of the program.

The Architectural Commission approved the design development phase of the project on March 15, 2010.

#### PROJECT DESCRIPTION:

This project will demolish the existing facility and construct a three-story building of approximately 25,000 square feet to address the need for additional conference and meeting rooms, support spaces, library, computer room, performing arts practice room, and administrative space to meet current demand and reasonable future growth. Existing wall murals will be reproduced as part of the building architecture. Site improvements will seek to create landscape open space and landscape buffers to adjacent University facilities and public right of ways.

The ECC will be housed in Condon Hall on a temporary basis during construction.

#### SCHEDULE:

Architect Selection	September 2008
Predesign	October 2008 - March 2009
Design	March 2009 - October 2010
Bidding / Award	November 2010 - December 2010
Construction	January 2011 - February 2012
Occupancy	March 2012

#### PROJECT BUDGET AND FUNDING:

The current project budget is \$15.5 million which will be funded by a new student fee. The portion of the new fee necessary to fund the Ethnic Cultural Center portion is estimated at \$11.00 per quarter. This fee will take effect in the spring quarter of the 2011-2012 academic year (March 2012) when the new building opens for use. Together with the HUB and Hall Health projects, the new fee is expected to total \$90 per quarter.

In response to concerns from the Board of Regents regarding the project costs, the Capital Projects Office is working with the design team to reduce the project costs by ten percent to anticipated total project forecast cost of \$13.95 million.

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Ethnic Cultural Center Expansion: Review Design Development (continued p. 3)

##### PREVIOUS ACTION:

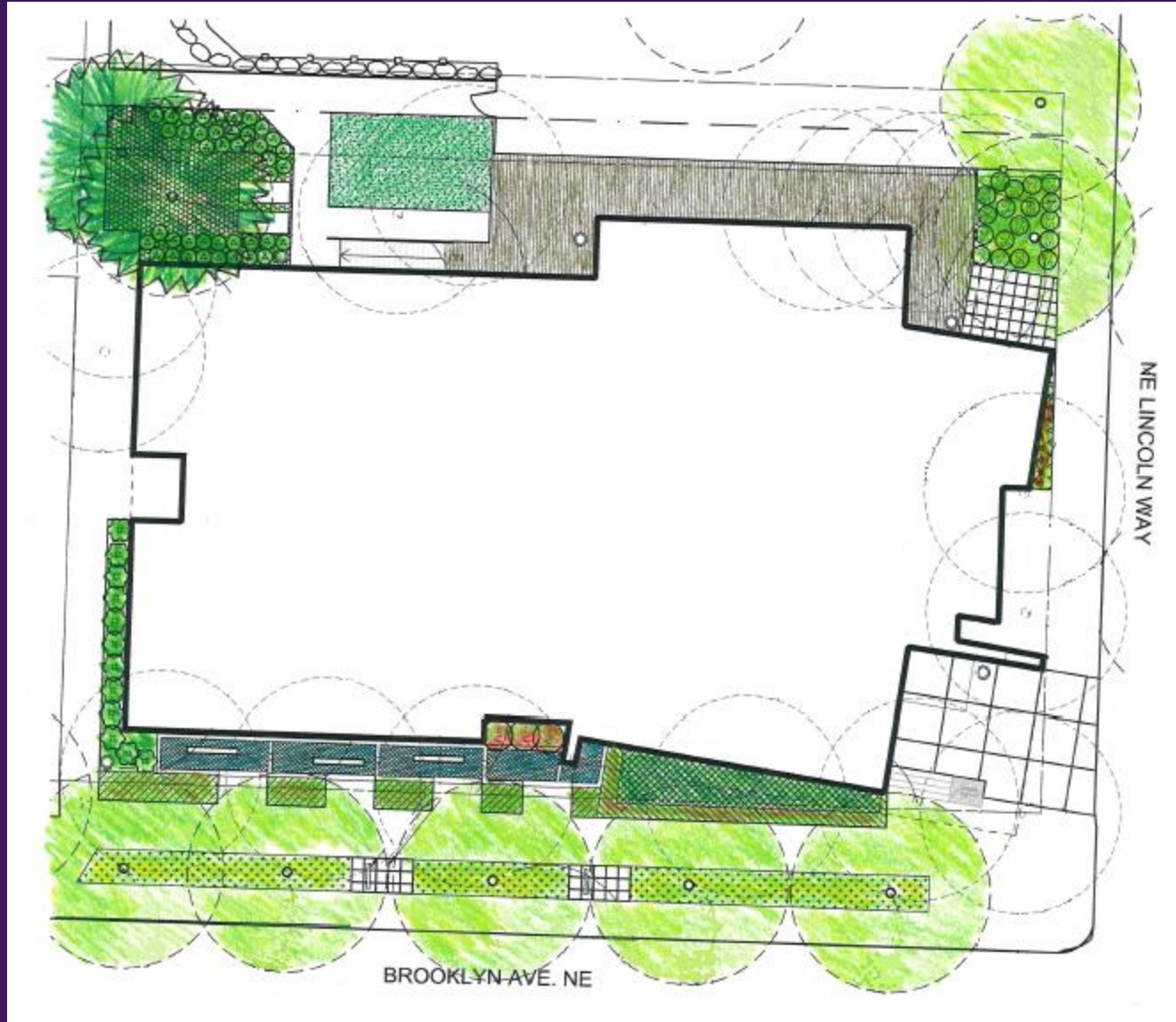
September 2008 - Approved funding for the predesign and schematic design phase and delegated authority to the President to award a design contract for the Ethnic Cultural Center with the firm of Rolluda Architects, Inc., in association with Larry McFarland Architects subject to successful negotiation of an architectural agreement.

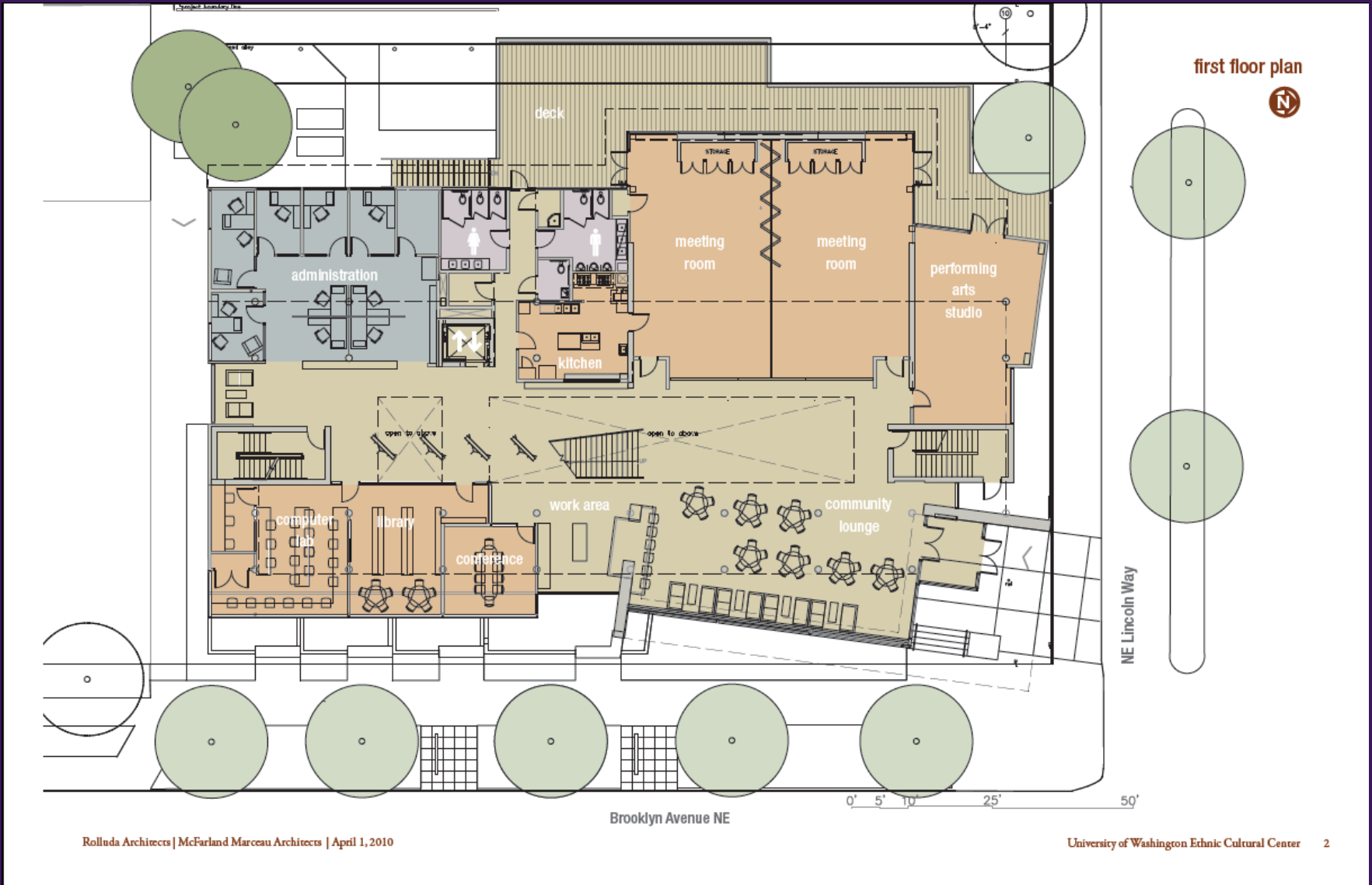
July 2009 - Approved the establishment of a total project budget at \$15,500,000; the use of the Internal Lending Program to fund up to \$16,000,000 for design, construction, furniture, fixtures, equipment, and cost of debt issuance; and delegation of authority to the President or his designee to award a construction contract, subject to the scope, budget, and funding remaining within 10% of the established budget.

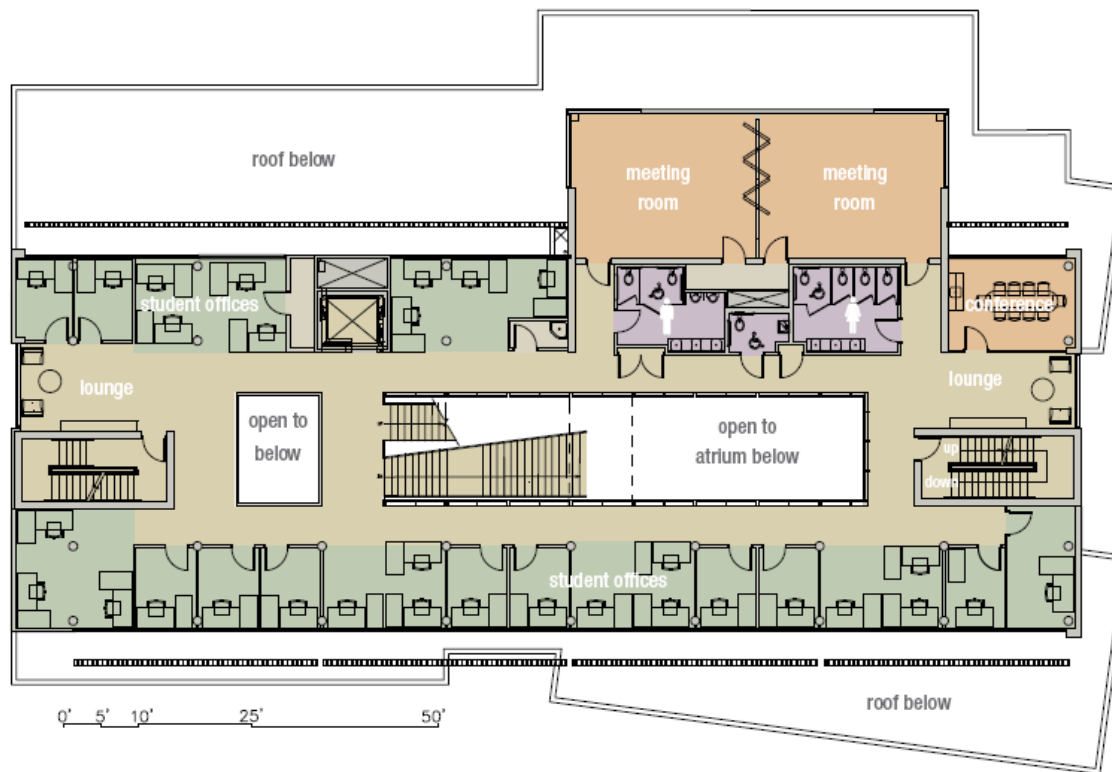
# Ethnic Cultural Center Expansion

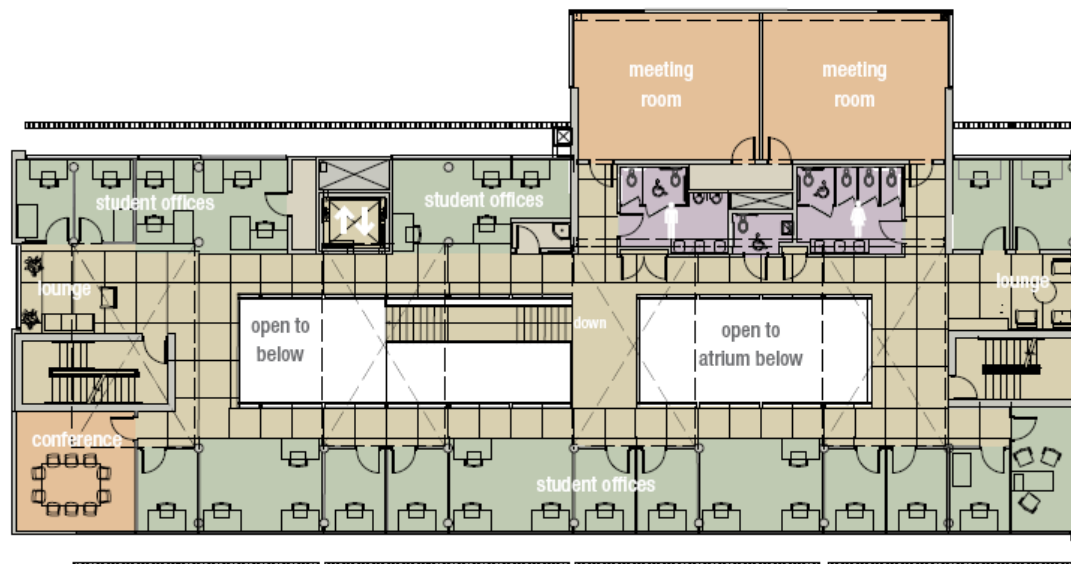
Update to the Board of Regents

May 13, 2010









0' 5' 10' 25' 50'



perspective, NE corner



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center

perspective, northwest corner



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center

perspective, student lounge



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center

perspective, third floor student offices



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center

perspective, Brooklyn Avenue looking South



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center

east elevation



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center

north elevation



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center

west elevation



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center



south elevation



Rolluda Architects | McFarland Marceau Architects | April 1, 2010

University of Washington Ethnic Cultural Center

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Internal Audit 2010 Audit Plan and 2009 Audit Results

This item is for information only.

*Attachments*

Report on 2010 Audit Plan and 2009 Audit Results



UNIVERSITY *of* WASHINGTON

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# 2010 Audit Plan and 2009 Audit Results

Finance, Audit and Facilities Committee  
Board of Regents

Internal Audit  
University of Washington

May 2010

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## Executive Summary

The *2010 Audit Plan and 2009 Audit Results Report* contains key information on our planned audit activity for 2010 and highlights of the results of our audit work completed in 2009.

### Audit Goals

Internal Audit's goals for 2010 are:

- Complete audits within twenty of the highest risk ranked units of the University;
- Provide the University with value added recommendations to improve controls, mitigate identified risks and increase efficiency within operations;
- Expand our audit universe to include UW Physicians, UW Physicians Network and also consider expanding to newly created or acquired UW operations;
- Implement a new Internal Audit electronic work paper system;
- Continue to strengthen our audit team through focused industry training; and
- Continue to coordinate with and participate in the further development of the University-wide enterprise risk management framework.

### Audit Plan 2010

We completed our annual internal audit plan for the University which includes:

- Overview of the Audit Plan;
- Analysis of Audit Coverage by Combined Auditable Units from 2006 - 2010;
- Heat Map of Combined Auditable Units;
- Planned Audit Projects;
- Allocation of Audit Resources; and
- Risk Assessment Methodology/Development of Annual Plan, included in Appendix A.

### Audit Results 2009

As a result of the work completed in 2009, we issued 13 audit reports related to the 2008 and 2009 audit plans, provided controls and ethics trainings across campus, conducted follow-up audit procedures to "close" over 100 audit findings, provided liaison services to campus and conducted investigations into ethics and/or fraud allegations.

The audit reports issued related to work completed in the following areas:

UWMC/HMC/UWPN- HIPAA Compliance	School of Medicine and Nursing - Grant Mgmt.
UWMC Lab Medicine - Service Capture	School of Medicine - Recharge Processes
Speech & Hearing Clinic - Revenue, HIPAA	UW Bothell - Financial Controls
UWMC / HMC - Cash Handling Processes	Student Publications - Financial Controls
IT Security Controls	IT General Computing Controls

Overall, we found the departments tested generally had good control systems in place related to financial management, operations and federal compliance. The exceptions identified resulted primarily from the lack of sufficient management oversight and monitoring rather than problems systemic at the University or Medical Center level.

Our information system audits focused primarily on the security of data stored in decentralized, department-owned systems. We found departments need to strengthen controls related to user access, security, risk assessment, and disaster recovery.

# 2010 Audit Plan

## Audit Plan

Internal Audit engages in three primary activities – audits, advisory services, and investigations. Our focus is to actively work with the schools, colleges and medical centers assisting management to address strategic, financial, operational, and compliance risks and exposures. Internal Audit focuses on both University wide and departmental level control systems and processes. In order to focus our audit resources, we consider the work completed by other audit professionals and compliance officers across the University such as KPMG LLP, Peterson Sullivan LLP, State Auditor's Office and other regulatory agencies in both setting our overall audit plan and in planning the work conducted on any specific project. Additionally, we provide liaison services between the University and external audit parties to assist in the effective conduct of outside auditor's projects.

Internal Audit's goals for 2010 are:

- Complete audits within twenty of the highest risk ranked units of the University;
- Provide the University with value added recommendations to improve controls, mitigate identified risks and increase efficiency within operations;
- Expand our audit universe to include UW Physicians, UW Physicians Network and also consider expanding to newly created or acquired UW operations;
- Implement a new Internal Audit electronic work paper system;
- Continue to strengthen our audit team through focused industry training; and
- Continue to coordinate with and participate in the further development of the University-wide enterprise risk management framework.

The University of Washington Internal Audit Plan for 2010 is designed to provide comprehensive audit coverage, deploying Internal Audit resources in an effective and efficient manner. As in years past, we will continue to focus on the high risk areas as identified by our risk assessment.

A chart of the summarized audit universe is contained on the following page. During the completion of the risk assessment (see methodology attached as Appendix A), we created a matrix of some 280 auditable units of the University and Medical Centers. The units had varying degrees of autonomy; however, we created the units from listings of Colleges, Schools, Departments, and Auxiliary Organizations. We grouped these 280 auditable units into what we have identified as our 40 combined auditable units within the University. We ranked these across a number of different risk factors to capture the inherent risks to the institution and enable Internal Audit to compare the units and identify areas to focus our audit activities.

We have included a heat map representing the results of our risk ranking on page 5. Additionally, Internal Audit continues to respond to changes in the University and its related entities. In 2010 we will expand our audit work at the medical centers to include UW Physicians and expect to include other UW Medicine organizations in 2011.

## Analysis of Coverage of Combined Auditable Units

The University combined auditable units listed below are ranked from high to low in terms of the relative risk based on the risk assessment performed by Internal Audit. Additionally we have included the relative ranking from previous risk assessments. The columns identify the relative risk ranking in each of those periods and the type of audit coverage.

COMBINED AUDITABLE UNIT	2010		2009/2008		2007/2006	
	Rank	Audit Coverage	Rank	Audit Coverage	Rank	Audit Coverage
UW Medical Center	1	IA	3	IA	3	IA
Harborview Medical Center	2	IA	2	IA	2	IA
School of Medicine	3	IA	1	IA	1	IA
UW Physicians/Physicians Network	4	IA	-	Ext	-	Ext
Intercollegiate Athletics	5	IA	9	IA	19	IA
College of the Environment	6	IA	21	Reg	10	IA
Northwest Hospital	7	Ext	-	Ext	-	Ext
Student Financial Aid	8	IA	34	Reg	26	-
Office of Research	9	IA	23	IA	25	-
College of Engineering	10	IA	16	-	7	IA
Capital Projects	11	IA	13	-	15	IA
Finance	12	IA	24	IA	18	Ext
International/Global Programs	13	IA	28	IA	38	-
Grant and Contract Accounting	14	IA	18	Reg	8	IA
Treasury Office	15	Ext	30	Ext	23	Ext
Office of the President/Provost	16	IA	29	IA	28	IA
School of Dentistry	17	IA	7	-	14	-
Housing and Food Services	18	Ext	26	Ext	17	Ext
College of Arts and Sciences	19	-	4	IA	6	IA
Educational Outreach	20	-	5	IA	13	-
Health Sciences Administration	21	Reg	6	IA	4	IA
School of Public Health	22	-	8	-	11	IA
School of Nursing	23	-	15	IA	27	IA
Office of Planning and Budgeting	24	IA	35	-	34	Reg
Graduate School	25	-	27	-	37	-
Advancement	26	-	10	IA	20	-
UW Information Technology	27	IA	11	IA	5	IA
UW Tacoma	28	-	14	IA	30	-
UW Bothell	29	IA	12	IA	22	-
College of the Built Environment	30	-	31	-	21	-
School of Business	31	-	17	IA	9	IA
Facilities Services	32	IA	25	-	16	IA
College of Education	33	-	33	-	31	IA
School of Pharmacy	34	-	19	-	32	IA
School of Public Affairs	35	-	32	-	29	IA
School of Law	36	-	20	-	24	Reg
Student Life	37	Ext	34	IA	36	Ext
School of Social Work	38	-	22	-	12	IA
Affiliated / Public Service Organizations	39	Ext	37	Ext	35	Ext
Information School	40	-	36	-	33	-

Legend: IA - Audited by Internal Audit  
 Ext - Audited by KPMG LLP or Peterson Sullivan LLP  
 Reg - Audited by Regulatory Agencies, including State Auditor's Office



## Combined Auditable Units - Heat Map

Likelihood	Ranking of 40 Major Units within University									
	Almost Certain									
	Likely									
	Possible									
	Unlikely									
	Rare									
		Insignificant	Minor	Moderate	Major	Critical				
Impact										

### Listing of Combined Auditable Units

(Numbers in chart below correspond to the chart above)

1	UW Medical Center	21	Health Sciences Administration
2	Harborview Medical Center	22	School of Public Health
3	School of Medicine	23	School of Nursing
4	UW Physicians / Physicians Network	24	Office of Planning and Budgeting
5	Intercollegiate Athletics	25	Graduate School
6	College of the Environment	26	Advancement
7	Northwest Hospital	27	UW Information Technology
8	Student Financial Aid	28	UW Tacoma
9	Office of Research	29	UW Bothell
10	College of Engineering	30	College of the Built Environment
11	Capital Projects	31	School of Business
12	Finance	32	Facilities Services
13	International / Global Programs	33	College of Education
14	Grant and Contract Accounting	34	School of Pharmacy
15	Treasury Office	35	School of Public Affairs
16	Office of the President / Provost	36	School of Law
17	School of Dentistry	37	Student Life
18	Housing and Food Services	38	School of Social Work
19	College of Arts and Sciences	39	Affiliated / Public Service Organizations
20	Educational Outreach	40	Information - School

## Planned Audit Projects

Based on the work completed in our risk assessment, we identified the following audit units with corresponding areas of audit focus. These audit units are a significant activity, component or system from one of the combined auditable units identified in the risk assessment. We will conduct audits in the identified units. Additionally, based on risk and controls review conducted in the audit planning process, we will validate and expand upon the areas of focus and risks in each respective audit unit.

### Campuses:

Audit Unit	Audit Focus
School of Ocean & Fisheries	ARRA Grants, Strategic Initiative - OOI
School of Medicine (3 audits)	Federal Grant Activities controls (2 depts.), Funds Flow
ICA	Recruiting, Extra Benefits controls
Student Financial Aid	Financial Aid Program controls
Office of Research	Human Subjects controls
Capital Projects	Construction audit of major project (>\$50M)
Finance (2 audits)	MAA – FEC reporting, PCI, Red Flag rules
International / Global Programs	I-Tech Grant Management / site visit to Africa
Grant & Contract Accounting	ARRA Audit – reporting controls
School of Dentistry	Organizational controls /Dental Billing System
Office of Planning & Budgeting	Process/controls for Activity Based Budgeting, IT controls
College of Engineering	Grant Management and financial controls review
UW Bothell	Student Fees – stewardship and expenditure controls
Student Life	Student Fees – stewardship and expenditure controls
Human Resources	Pay type controls
UW Information Technology (2)	Budget and financial controls review, Rate setting
Facilities	Financial controls, FMAX system controls

### Medical Centers:

Audit Unit	Audit Focus
UWMC Pharmacy	Service capture, Billing, Inventory, IT controls
HMC Pharmacy	Service capture, Billing, Inventory, IT controls
HMC Charity Care	Eligibility Process compliance review
UWMC Charity Care	Eligibility Process compliance review
UWP / UWPN Charity Care	Eligibility Process compliance review
UWMC Pathology	Service capture, IT controls
HMC Radiology	Service capture, IT controls
CHARMS – Pre-implementation review	Pre-implementation review and assistance with process documentation and control identification
CHARMS – Post-implementation review	Post-implementation review and control testing

## Audit Resources

The audit plan for calendar 2010 is based on a planned staffing complement of 14.25 FTE professionals, approximately equal to the plan for calendar 2009. This results in a roughly equivalent number of available hours for internal audit work. However, this estimate is contingent upon no significant reduction in budget for FY 2010, whereby we would need to eliminate staff positions.

Approximately 62% of the Internal Audit's available resources are committed to the completion of planned audit projects and follow-up audit procedures. The annual audit plan is designed to provide appropriate coverage utilizing a variety of audit methodologies: audits of individual units both on Campus and at the Medical Centers, functional and process audits, University-wide reviews, and information system projects. Note that 3% of these hours have been reserved for follow-up procedures performed to ensure implementation of updated control procedures (see chart on page 13). The effort here is reduced from prior years as we have implemented new follow-up reporting procedures borne out of our 2009 Quality Improvement Project.

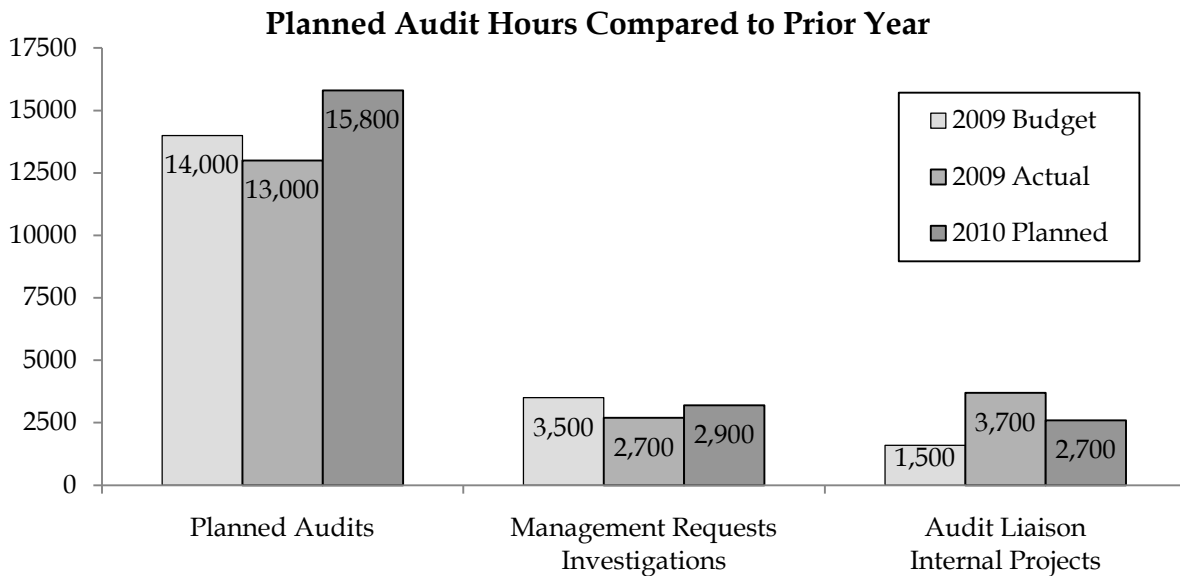
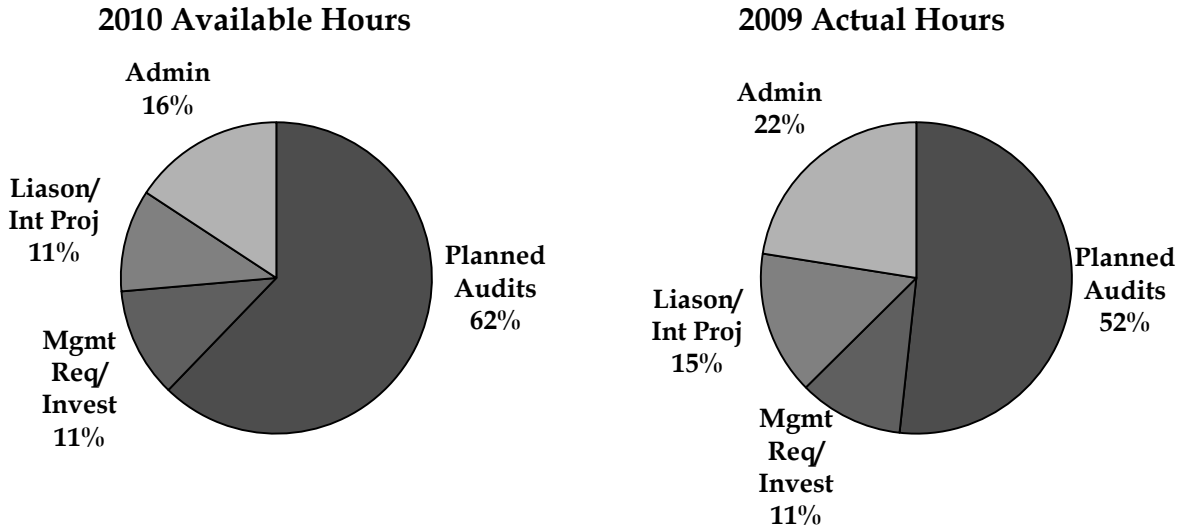
In selecting specific units/functions for inclusion in the audit plan we placed priority on providing coverage of higher risk units/processes, and areas of interest to University and Medical Center administrative leadership.

This year 15% of our resources will be needed to complete carry over work from our 2009 audit plan. Eight audit projects were in process at December 31, 2009, of these only two remain open as of April 2010. While the amount of carry over work exceeds what we normally expect, our approach to the FY 2009 internal audit plan was "back-loaded" to allow the new Executive Director to be on-boarded. We also have experienced delays in obtaining management responses, departmental information and access to personnel within departments as staffing levels have been reduced.

The remainder of our FY 2010 audit resources is allocated as follows:

- 11% to accomplish the audit liaison function for the University, training provided to University personnel, committee work, internal quality improvement projects and implementation of electronic audit work papers.
- 7% for investigations. The number of hours remains unchanged from 2009, a year we experienced an increase in required hours.
- 4% to accommodate requests from the President, the Board, or other executive management. This includes such projects as a pre-implementation review of process documentation for CHARMS.
- 16% has been further allocated for internal administrative functions, including training, employee development and manager / staff meetings.

## Audit Resources (cont.)



Actual hours spent on 2009 scheduled audits was under budget due to staff vacancies, time required for hiring and training new staff, and the shifting of time to quality improvement projects to revamp our audit follow-up process and implement a new electronic audit work paper system. Additionally, actual hours spent on management requests was significantly less than expected in 2009; however, this was offset by increased investigation hours.

The budget for 2010 scheduled audits increased in anticipation of a fully staffed audit department. We also expect increased focus and efficiency from completion of our quality improvement projects. Internal Audit continues to expand the audits completed at the medical centers and expects to continue this trend to include UW Physicians and other UW Medicine organizations in 2010. Additionally, we expect increased time to be spent on investigations throughout 2010, a continuation of recent experience.

# 2009 Audit Results

## **Audit Results**

In 2009, Internal Audit continued to emphasize the importance of strong systems of internal control. Overall, we found that internal controls are sufficient to ensure compliance with applicable regulations and policies, and to ensure that business objectives are achieved. We found no flagrant deficiencies in the course of these scheduled audits. Audit exceptions resulted primarily from lapses in management oversight and not from systemic problems at the University level.

Our information system audits focused primarily on the security of data stored in decentralized, department-owned systems. We found departments need to strengthen controls related to user access, security, risk assessment, and disaster recovery.

### **Summary of Key Areas Audited**

We completed a number of audits across both the Campus and Medical Centers during calendar 2009. We have summarized the key risks and controls reviewed in these audits below as well as a brief summary of recommendations to strengthen our controls from these audits

#### **Grants Management**

We reviewed grants management controls at the Department of Laboratory Medicine and School of Nursing – Behavioral Nursing and Health Services.

We recommended Laboratory Medicine establishes processes to ensure federally required Grant and Contract Certification Reports (GCCRs) are reviewed and signed timely, delegation of signature authority forms are completed by each Principal Investigator, and subcontractors are submitting invoices to the University timely. We recommended the School of Nursing develops a system to monitor grant budget fund balances and status, improves authorization and documentation controls over payroll, purchasing, expenditure transfers transactions, and improves monitoring over grant compliance areas such as salary caps and GCCRs.

#### **Recharge Centers**

Recharge centers are units that provide goods and services primarily to internal University operations and charge more than \$175,000 annually to federally sponsored agreements or incur more than \$1,000,000 annually in total charges. We reviewed compliance with University and federal recharge center policies at the Departments of Laboratory Medicine and Comparative Medicine. The former provides lab tests to clinicians and researchers. The later provides animal housing and care services to researchers.

## Summary of Key Areas Audited (cont.)

We recommended Laboratory Medicine establishes a formal process to ensure changes to the charge master are properly approved and entered into the system. We recommended the Department of Comparative Medicine retains evidence of receipt of animals purchased and supervisory reviews of animal counts, and establishes maximum and minimum levels of animal supplies inventory. We also recommended that the Rodent Colony Management unit properly account for services performed by individuals, and support the proper allocation of salaries charged to grants.

### **Health Insurance Portability and Accountability Act (HIPAA)**

HIPAA privacy and security rules provide federal protections for personal health information and specifies a series of administrative, physical, and technical safeguards to use to assure the confidentiality, integrity, and availability of electronic protected health information. Internal Audit reviewed compliance with HIPAA rules at Harborview Medical Center (HMC), University of Washington Medical Center (UWMC), University of Washington Physicians and UW Medicine Information Technology Services.

We recommended UW Medicine develops a comprehensive privacy continuous monitoring program, develops a process to identify and review Business Associate Agreements and centralize the release of information process at UWPN. We further recommended improvements in enterprise system inventory and risk assessments, enforcement of security policies, system owner and operator training, disaster recovery and business continuity planning, and system administrator account administration.

### **Medical Center Service Capture**

We performed an audit at UWMC Laboratory Medicine to determine whether laboratory charges are captured accurately, completely, and submitted for billing timely. We found the controls related to charges for services and related billings were functioning as designed.

### **UW Bothell**

We reviewed controls related to the accuracy and completeness of financial management information provided to the Chancellor's Office for decision making purposes and the monitoring of budget deficits. Our review identified several opportunities to improve the quality of financial information provided to the Chancellor's Office. In addition, recommendations were made to formalize the process for monitoring of self-sustaining budgets.

### **Stewardship of Cash**

We reviewed the cash receipting procedures at five locations at the UW Medical Center, four locations at Harborview Medical Center, and three locations within other schools or colleges on campus to determine the strength of our cash controls (an area of focus by the State Auditor). We identified a number of areas where controls could be improved. As such we worked with the various units to help identify and improve controls related to segregation of duties, limiting access, securing funds, restrictive endorsement, timeliness of deposits, and reconciliation of funds.

## **Summary of Key Areas Audited (cont.)**

### **Information Technology**

As part of the audits conducted at two School of Medicine units, one UW Medical Center unit, and two units within other schools or colleges on campus, we reviewed the controls over the IT systems that they maintain. We found that controls were adequate at two of the five units reviewed. In the remaining three, recommendations were made to improve controls over performance of risk and security assessments, limiting access to systems administrators, change management, and disaster recovery.

### **Student Publications**

We reviewed controls related to payroll, purchasing, travel, petty cash, revenue, cash receipts, accounts receivable, and financial statement preparation. While we found improvements since a new fiscal staff was hired, we identified opportunities for further strengthening of controls and mitigation of risks in most areas.

### **Audits In-process**

During the course of calendar 2009, we started a number of audits which were in different phases of completion as of December 31<sup>st</sup>. As of April 30, 2010, a number of these audits have been completed and reports issued. These include UW Procard, Subcontractor and Sub-recipient Monitoring, I-Tech cash advances, UWMC and HMC Materials Management and Educational Outreach. Those 2009 audits which are ongoing as of April 30, 2010 are Student Database FERPA controls, UW Tacoma Financial Controls and Intercollegiate Athletics Financial Aid controls (reporting phase) and School of Dentistry (fieldwork phase).



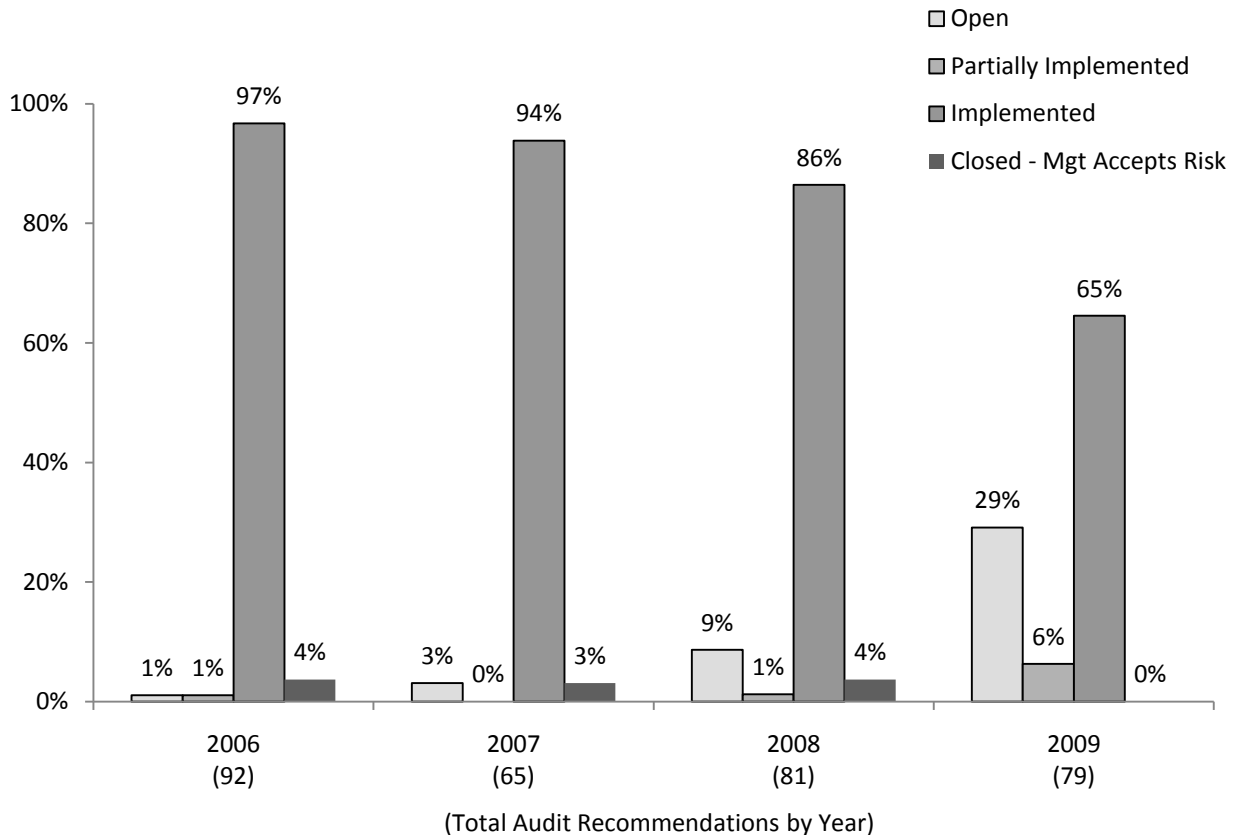
## Additional Contributions by Internal Audit

Internal Audit is also involved in a number of other activities to deliver value to the University. These activities include the follow-up of previously issued audit recommendations, the conduct of internal investigations into fraud and ethics violations, pre-implementation reviews of new IT systems, review of specific risk areas as requested by management, audit liaison services to the campus, advisory work on key campus committees and internal quality improvement initiatives within Internal Audit. We have summarized our involvement in these areas below.

### Follow-up Audit Procedures

Semi-annually Internal Audit conducts follow-up audit procedures to ensure that management is implementing controls as described within their responses to Internal Audit. As a result of these follow-up procedures, we were able to create the chart below to demonstrate how the University is implementing control recommendations. Additionally, Internal Audit has begun issuing a semi-annual report to management which includes the chart below and the status on all recommendations not yet implemented.

### Percentage of Recommendations Implemented for the Years 2006-2009



## **Additional Contributions by Internal Audit (cont.)**

### **Management Requests and Advisory Services**

During calendar 2009 Internal Audit conducted a number of projects at the request of the Board of Regents and Executive Management. These focused on testing of controls in areas of management concern and/ or consultations on controls for ongoing projects. We participated on such projects as the review of controls and processes for the Medical Centers CHARMS project (new billing system) and ITS wireless security.

### **Liaison Services**

Internal Audit serves as liaison between central administrative offices, University departments and external auditors (federal, state and financial). The department maintains a record of all external auditors on campus, ensures documentation and information requests are understood and met, assists University staff in responding to audit findings and facilitates communication and coordination between different groups of auditors to minimize disruption to departmental activities. Additionally, we attend entrance and exit conferences and act as focal point for putting auditors in touch with the right people at the University to answer their questions. Appendix C contains a listing of external audit organizations who conducted work at the University in 2009.

### **Special Investigations**

Over the last few years and notably in the last six months of 2009 Internal Audit has experienced an increase in both complaint activity and related investigations. From 2006 to 2008, we averaged approximately 30 complaints a year; however, in 2009 this spiked to 51 complaints. Of these, we carried out thirty-six investigations related to whistleblower claims and regulatory, ethics and fraud allegations. We carry out many of these investigations as the proxy for the State Auditor's Office (whistleblower and fraud allegations), which allows Internal Audit to quickly identify control weaknesses and provide recommendations on ways to strengthen controls.

### **Trainings Provided**

One of our goals is to continue to assist the University and Medical Centers in their endeavor to strengthen internal controls. As such, we lead, provide and deliver trainings to campus and medical center groups in the areas of Internal Controls and Fraud Prevention, Grants Management, State Ethics Laws and Work and Leave Records Maintenance. We believe these trainings which amount to some 300 hours of work per year help strengthen the overall control environment while providing our staff with opportunities to meet with future audit clients and strengthen their presentation skills.

## **Additional Contributions by Internal Audit (cont.)**

### **Participation in UW Committees**

Internal Audit provides advisory input into a number of key initiatives on Campus and at the Medical Centers through its participation on committees. Our participation on committees is solely as an advisor and does not extend to a management / decision making role on the specific initiatives. We provide thoughtful input on the challenges faced by the University through an Internal Audit “lens” and focus on how any initiative impacts the control structure of the University. We aspire to always maintain a voice that is consistent with the President’s challenge to create a “Culture of Compliance” here at UW.

A sample of the committees we participate in are: the President’s Advisory Council on Enterprise Risk Management (PACERM), the Compliance, Operations and Finance Council (COFi Council), the Privacy Assurance and Systems Security Council, the Global Support Committee, the Financial Risk Working Group, the Compliance Officers Group, the Data Management Users Group and the Tax Strategy Team.

### **Quality Improvement Initiatives**

Additionally, we undertook a number of internal initiatives in 2009 to increase our productivity including:

- Restructuring of our post audit follow-up process on audit findings;
- Review of our audit planning process;
- Acquisition of an electronic work paper system;
- Initiation of a review of our reporting process; and
- Initiating a project to develop an Internal Audit Department Balanced Scorecard.

### **Fraud Reporting Hotline**

Due to the budget crisis the University-wide anonymous fraud reporting hotline was eliminated from the budget in 2009. Internal Audit continues to serve as one of the named parties to receive “hotline” type calls and conduct investigations received via any medium.

### **Enterprise Risk Management**

Internal Audit continues to participate in the University’s process to identify, assess and mitigate enterprise-wide risks through participation in the PACERM and COFi councils.

# Appendices

## Risk Assessment Methodology/ Development of Annual Plan

We used a risk assessment model to prioritize audit coverage and ensure timely reviews of high exposure areas. We began the process by utilizing information gathered from the University's Enterprise Risk Management (ERM) Reports and previous Internal Audit risk assessment documents. We identified the risk categories to be considered in the risk assessment and ensured alignment with those found in our ERM documents. The following risk categories were considered in the development of our annual plan:

- Strategic Risk - Impairment to the Strategic Mission of the University
- Operational Risk - Impairment of the ability to carry out day-to-day operations of the University
- Compliance Risk - Failure to comply with laws, regulations and internal policies designed to safeguard the University
- Financial Risk - Loss of financial resources or assets
- Reputational Risk - Risk that public image or reputation is damaged by actions of a unit or individual connected to the University

The risk assessment process included gathering and evaluating information from senior management, college and department administrators, medical center executives and utilizing the University's data warehouse for financial information.

We reviewed risk assessment models used by peer institutions and utilized their experience and knowledge of university and medical center operations to ensure our risk assessment model included factors relevant to the University of Washington and UW Medicine. We contacted the following Universities, many of which have Academic Medical Centers:

Universities Contacted	
University of California System	University of Florida
University of Illinois - Champaign	Indiana University
University of Michigan	Michigan State University
University of Minnesota	Northwestern University
Ohio State University	Oregon University System
Penn State University	Texas A&M University Systems
Washington State University	University of Wisconsin - Madison

We reviewed the organizational structure and financial budgeting information of the University and the Medical Centers to develop a comprehensive listing of possible auditable units. We defined this group as our audit universe. It contained over 280 separate possible auditable units. However, to manage the process, we combined these units into 40 Combined Auditable Units, such as School of Medicine, School of Arts and Sciences, UW Medical Center and Harborview Medical Center. We also broke out certain natural organizations from the units to include in our Combined Auditable Units - these included splitting Finance and Facilities into a number of separate units; however, we did not break down the Medical Centers, Colleges or Schools into separate departments.

## **Risk Assessment Methodology / Development of Annual Plan (cont.)**

We ranked all 280 auditable units to assess their individual inherent risk to the University using the following risk factors: Reputational Risk to the Institution, Strategic Impact, Financial Significance, Management's Interest/Concerns, Significant Processes, Compliance Requirements, Information Systems Complexity, Control Environment Stability, Prior Audit Coverage, and International / Global operations.

Upon completion of this exercise we completed the same exercise at the Combined Auditable Unit level to ensure reasonable calibration for these units. This final calculation was used to create the heat maps and ranking of Combined Auditable Units within the audit plan.

We then returned to the audit universe to identify and select auditable units for inclusion in our proposed audit projects for 2010 from some of the highest ranked combined auditable areas and the individual audit units within these groupings. The list of the proposed audit projects is included in the audit plan on page 6.

## Internal Audit Charter

**Mission** -The mission of Internal Audit is to assist the Board of Regents and University management in the discharge of their oversight, management and operating responsibilities. This is achieved by providing independent assurance, consulting and education services to the University community. Our services add value by improving the control, risk management and governance processes to help the University achieve its business objectives.

**Authority** - Internal Audit functions under the authority of the Finance, Audit and Facilities Committee of the Board of Regents of the University of Washington.

Internal Audit is authorized to have full, free, and unrestricted access to information including records, computer files, property, and personnel of the University. Internal Audit is free to review and evaluate all policies, procedures and practices of any University activity, program or function.

In performing the audit function, Internal Audit has no direct responsibility for, or authority over any of the activities reviewed. Therefore, the internal audit review and appraisal process does not in any way relieve other persons in the organization of the responsibilities assigned to them.

**Scope** - The scope of the internal audit activity encompasses the examination and evaluations of the adequacy and effectiveness of the University's system of internal control and the quality of the performance in carrying out assigned responsibilities including appropriate training and consulting assistance. Internal auditors are concerned with any phase of University activity in which they may be of service to management. This involves going beyond the accounting records to obtain a full understanding of operations under review.

**Independence** - To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, internal auditors will be independent of the activities they audit. This independence is achieved through organizational status and objectivity.

*Organizational Status:* The Executive Director of Internal Audit is responsible to the Treasurer, Board of Regents, whose scope of responsibility and authority assures that audit findings and recommendations will be afforded adequate consideration and the effectiveness of action will be reviewed at an appropriate level. The Executive Director of Internal Audit has direct access to both the President and the Board of Regents, and may take matters to them that are believed to be of sufficient magnitude and importance to require their immediate attention.

*Objectivity:* Because objectivity is essential to the audit function, an internal auditor does not develop and install procedures, prepare records, or engage in any other activity which the auditor would normally review and appraise and which could reasonably be construed to compromise the auditor's independence. The auditor's objectivity is not adversely affected, however, by determining or recommending standards of control to be adopted in the development of systems and procedures under review.

**Responsibility** - The internal audit staff has a responsibility to report to University management on the areas examined and to evaluate management's plans or actions to correct reported findings. In addition, the Executive Director of Internal Audit has a responsibility to report at least annually to the Board of Regents Finance, Audit and Facilities Committee and to inform the Board of any significant findings that have not been reasonably addressed by University management.

The Executive Director of Internal Audit will coordinate internal and independent outside audit activities to ensure adequate coverage and minimize duplicate efforts.

**Standards** - The responsibility of Internal Audit is to serve the University in a manner that is consistent with the standards established by the internal audit community. At a minimum it shall comply with the relevant professional audit standards and code of conduct of the Institute of Internal Auditors (IIA) and the Association of College and University Auditors (ACUA).

## External Auditors – 2009

### Financial Statement and Agreed Upon Procedures Audits:

#### **KPMG**

University of Washington  
 Harborview Medical Center  
 UW Medical Center  
 Internal Lending Program  
 Intercollegiate Athletics  
 Association of University Physicians (dba UW Physicians)  
 UW Physicians Network

#### **Peterson Sullivan**

Housing & Food Services  
 Student Life

### Federal and State Regulatory Audits and reviews:

#### **State Auditor's Office**

Audit of compliance with state laws and regulations  
 Audit of federal programs in accordance with the Single Audit Act  
 Whistleblower and citizen complaint investigations

#### **Department of Labor and Industries**

Audit of Asbestos handling and training program

#### **Federal Agencies**

##### **Center for Disease Control**

Audit of selected agent handling programs at bio-safety 3 labs

##### **Defense Contract Audit Agency**

Pre-award audit – School of Ocean and Fishery Science

##### **Department of Agriculture**

Review of Animal Welfare

##### **Department of Education**

Audit of Title IX – Athletics

##### **Department of Energy**

Audit of Title IX – Physics

##### **Environmental Protection Agency**

Review of underground storage tanks, motor pool

##### **National Science Foundation**

Desk audit of Costs Claimed – Applied Physics Laboratory

##### **Office of Federal Compliance and Contract Programs**

Audit of Affirmative Action plan and non-discriminatory practices

##### **Office of Naval Research**

Property Control System Analysis – Equipment Inventory Office  
 Contractor Purchasing System Review - Purchasing



**External Auditors - 2009 (cont.)**

**State, Local and Private Agencies**

**California Healthcare Foundation**

Audit of costs claimed - Pediatrics

**Cystic Fibrosis Foundation**

Desk Audit of costs claimed - Department of Medicine

Grants Audit - Pulmonary and Critical Care, Infectious Diseases

**University of Texas, Galveston**

Desk audit of costs claimed - Immunology

**State of California Attorney General Consumer Advocacy Group**

Desk audit of costs claimed - General Internal Medicine

**Sandia National Laboratories**

Desk audit of costs claimed - (seven grants, five University departments)

**Bahamas Ministry of Health**

Grants Audit - I-Tech

**King County**

Grants Audit - Pediatrics, Adolescent Medicine

**SBC Global**

Grants Audit - General Internal Medicine

**VII. STANDING COMMITTEES****B. Finance, Audit & Facilities Committee**Husky Stadium Renovation – Informational UpdateINFORMATION:

The purpose of this informational update is to discuss re-issuing the Request for Proposals (RFP) for a Developer for the Husky Stadium Project. Intercollegiate Athletics would like to reselect the development team in order to take advantage of lower construction and project costs as a result of the current depressed construction market, incorporate revenue enhancement components into the design and develop ideas for a more cost effective design. Approximately \$1 million is budgeted, as required, to document changes to the current predevelopment work.

PROJECT DESCRIPTION:

The general work elements of the recommended Husky Stadium Renovation include: replace the lower seating bowl; remove and relocate the track to allow seating closer to the playing field; lower the football field about seven feet and add additional seating; renovate and update the south stands and concourse including concessions and toilet facilities; renovate the north concourse including concessions and toilet facilities; replace the west end bowl with new seating, concourse, concessions and toilets; replace the press box; upgrade site utilities; and upgrade stadium services including utilities, support space, sound system, elevators and seismic strengthening.

Also included in this project is a Football Operations Support Building of approximately 70,000 gross square feet, adjacent to or integrated into the Stadium. This building will contain weight training, equipment, lockers, video support, meeting and congregating areas, coaches' offices, public spaces and football displays and other football team related services.

PREVIOUS ACTIONS:

The Board of Regents, in March 2005, delegated authority to the President to award a design contract for the Intercollegiate Athletics Facilities Study to HOK Sport Architects. At the November 2006 meeting the Final Draft of the Study was presented. In January 2008, the Regents established contracting regulations to allow a developer project delivery process and the President was authorized to have these regulations take effect immediately. Permanent contracting regulations were established at the June 2008 meeting. Following an open and competitive selection process, Hines Interests Limited Partnership was the

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Husky Stadium Renovation – Informational Update (continued p. 2)

Selected Developer, and at the October 2008 meeting the Regents delegated authority to the President to sign an Agreement for Pre-Development services. At the January 2009 meeting the Pre-development Phase 1 Schematic Design was presented for information only. The Pre-development Phase was completed on May 15, 2009 with approximately \$3.2 million spent on this effort.

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**UW Information Technology Working Group Update

In July 2008, President Emmert established the UW Technology Working Group to assess underlying financial and organization issues within UW Technology. The Working Group presented its report to the President in September 2008. You will find the executive summary of that report attached.

This report is provided as background for the presentation to be made in the FA&F Committee meeting. During that presentation, we will update you on implementation of the Working Group's recommendations.

*Attachment*

Working Group Report Executive Summary

# Executive Summary

## UW Technology Working Group Report to President Mark A. Emmert

### Root Causes and Recommendations

**September 10, 2008**

**Revised October 14, 2008**

*Members of the Working Group:*

<b>V’Ella Warren</b>	Senior Vice President, Finance and Facilities (Chair) Treasurer, Board of Regents
<b>John Coulter</b>	Former Associate Vice President of Medical Affairs and Executive Director for Health Sciences Administration
<b>Paul Jenny</b>	Vice Provost, Planning and Budgeting
<b>Edward Lazowska</b>	Bill & Melinda Gates Chair, Computer Science & Engineering
<b>Mary Lidstrom</b>	Vice Provost for Research
<b>David Szatmary</b>	Vice Provost for Educational Outreach

*Ex-Officio Members:*

<b>Ann Anderson</b>	Associate Vice President and Controller, Financial Management
<b>Mary Beth Baker</b>	Consultant
<b>Sue Camber</b>	Associate Vice President, Financial Management
<b>Bill Ferris</b>	Interim Chief Financial Officer, UW Technology

## I. EXECUTIVE SUMMARY

### CONTEXT

The Office of UW Technology has a long record of achievement that has positioned the UW as a recognized leader in the use of technology for learning, discovery and engagement. As a result of serious financial difficulties, the UW Technology has recently undergone a significant reduction in staff. In response, President Mark Emmert established a Working Group to identify and understand the underlying financial and organizational issues. Leading the Working Group was Senior Vice President for Finance and Facilities, V’Ella Warren. Ms. Warren was joined in this effort by:

- John Coulter, Former Associate Vice President of Medical Affairs and Executive Director for Health Sciences Administration
- Paul Jenny, Vice Provost for Planning & Budgeting
- Edward Lazowska, Bill and Melinda Gates Chair, Computer Science & Engineering
- Mary Lidstrom, Vice Provost for Research
- David Sztatmary, Vice Provost for Educational Outreach

The Working Group was charged with four goals:

- 1) Identify the magnitude and root causes of and solutions for the current financial situation, eliminate any ongoing deficit and address the impact of the cumulative deficit;
- 2) Stabilize UW Technology by clarifying current capabilities, developing strategies to stabilize operations, engaging staff to recommit their efforts, and communicating with the University of Washington (UW) community on service implications;
- 3) Develop a long-term operational and financial model for the operation; and
- 4) Assess the University’s oversight structure for fiscal management, especially for self-sustaining units.

Three sub-teams were organized to address these goals and develop recommendations for the Working Group to submit to President Emmert.

To immediately stabilize the UW Technology organization, President Emmert appointed Kelli Trosvig as Interim Chief Operating Officer and Bill Ferris as Interim Chief Financial Officer, reporting to V’Ella Warren.

The former Vice President for UW Technology, Ron Johnson, no longer has oversight or management responsibility for the UW Technology organization and has transitioned to the role of Chief Technology Officer, reporting to President Emmert.

### SCOPE AND APPROACH

Two central units provide support for information technology at the University of Washington: the Office of Information Management (OIM) and UW Technology. UW Technology provides communications, information technology and infrastructure solutions and services to the campus. It is organized into five units: UW Technology Services, Network Systems, UWTV, Learning & Scholarly Technologies, and Staff Services. The scope of this report is focused on the operations and information technology services as delivered by the UW Technology. OIM was not included in the Working Group’s charge, nor is it reviewed within the scope of this report.

Through a combination of internal and external interviews, literature reviews, and data analysis, the sub-teams developed an understanding of UW Technology organization and financials. The resultant synthesis is summarized in this report with recommendations for improvement.

### FINANCIAL STATUS

As of June 30, 2008 the accumulated deficit attributed to UW Technology is \$38.6 million, net of accrued expenses and receivables and excluding restricted funds<sup>1</sup>. The estimated deficit spending rate after staff reductions is \$600,000 a month or \$7.2 million annually. The projected deficit for fiscal year 2009, including expenditures resulting from the recent staff reductions (e.g. annual leave payouts), will be largely offset by an accumulated surplus in royalty accounts.

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<sup>1</sup> Restricted funds include: grants, contracts, Office of the Chief Information Security Officer, and state appropriations for Gigapop.

The total annual budget for UW Technology is \$56.5 million, with \$24 million (42%) from GOF/DOF<sup>2</sup>, \$28.7 million (51%) from self-sustaining revenue, and \$3.8 million (7%) in restricted funds.

The accumulated deficit attributed to UW Technology consists of five categories:

- 1) Recharge Centers (\$24.0M) deficits are attributable to past reporting periods and may not be recoverable, and includes infrastructure costs that are transferred monthly from UWTV and Network Services to the Technology Recharge Center.
- 2) Unit Operations (\$4.0M) deficits represents both GOF/DOF and self-sustaining budget expenditures that were not attributable to recharge activities.
- 3) Investments into campus strategies (\$6.0M), includes deficits related to investments, in E-commerce and streaming media, that were not appropriate to allocate to a recharge center.
- 4) Accumulation of expenses in central Business & Finance (\$4.6M) includes amounts attributable to the whole UW Technology organization and includes items such as Nebula support, institutional memberships and an aggregation of GOF/DOF deficit balances at the close of the 2005-07 biennium.
- 5) There are three royalty accounts that accumulate revenue of \$200-300K/year due to licensing agreements for software developed by UW for Unisys (mainframe software). The accumulated balance may be used to offset projected current year over-expenditures.

### SUMMARY OF ROOT CAUSES

UW Technology has provided, and continues to provide, the University with reliable, high quality information and communications technology and infrastructure. The staff consists of dedicated professionals with strong technical expertise who have helped to position the UW to be a premier research university. Even with a strong organization, there are a number of root causes attributable to both campus-wide events and practices, and to practices in UW Technology that have led to the current financial crisis.

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<sup>2</sup> GOF stands for General Operating Funds and DOF is Designated Operating Funds.

### A. Institution-wide events and practices

- **Clear roles and responsibilities for financial oversight are not defined at the institutional level for self-sustaining activities.** Several hundred unique self-sustaining activities, including auxiliary operations, cost centers, and recharge centers, generate approximately \$500 million in revenue annually for UW. Units report activity to various individuals for various purposes (i.e., rate proposal purposes, external debt, etc.) without a comprehensive top down review of the unit and without a clear escalation process to report issues. While most units accept the implied responsibility for effective financial management, the University has not created explicit language to define the roles and responsibilities for financial oversight nor has it developed an explicit policy for resolving deficit issues.
- **Vice Provosts, Vice Presidents, Deans and Chancellors with responsibility for the financial management of a unit are not provided adequate and ongoing training and awareness to support this role.** When Vice Provosts, Vice Presidents, Deans and Chancellors assume their leadership roles at the University, it is implied that they have financial responsibility for their units. University and unit finances are addressed in only one of a series of brief orientation sessions. In-depth training is not provided on how to effectively manage complex institutional funding models or how to identify potential operating or financial risks.
- **Campus administrative financial systems do not provide adequate management and financial reporting capabilities for the multiple revenue sources of most units, including their self-sustaining activities.** Current institutional financial systems (i.e., Financial Accounting System (FAS), and Budget System) are not designed to support and integrate the multiple revenue sources of most units, including activities funded with self-sustaining, grant-based and donor revenues. A complex coding system in FAS fails to sufficiently define self-sustaining activities and FAS does not provide standard reports to effectively monitor and manage self-sustaining financial operations.

- **Financial problems were communicated but not elevated to the appropriate levels of management.** Staff in the Office of Planning and Budgeting (OPB) and UW Technology recognized that significant financial problems were emerging within UW Technology. However, the issues were not elevated to campus executive leadership including the Provost and President. As a result, the financial issues continued to develop without any executive oversight or development of a resolution process. Additionally, significant turnover in senior University personnel during the relevant period (President, Provost, Vice Provost for Planning and Budgeting, and Executive Vice President), contributed to the communication challenges.
- **Investment decisions are sometimes based on informal and/or vague commitments between institutional leadership and individual campus units.** The University allocates its resources through the OPB. The annual resource allocation process results in documented allocations to each unit. During the year there may be additional commitments made to Deans and Vice Presidents that are in response to emerging initiatives or other opportunities. Although OPB attempts to document and follow through on these ad hoc institutional decisions, there are instances where meetings and informal discussions imply that funding may be forthcoming. Failure to document ad hoc agreements may result in disputes over funding as well as inappropriate investment decisions by campus units.

## B. UW Technology Events and Practices

- **Failing to recover the full cost of needed campus technology services accounts for a significant portion of the deficit attributed to UW Technology.** The deficit in UW Technology increased rapidly as the organization moved to make strategic investments in campus infrastructure and worked to meet customer requests. At times, strategies were implemented without reviewing major investment decisions at the institutional level through a transparent governing structure. At the same time, the recharge model and corresponding rate structure did not keep pace with the increasing complexity of technology developments, technology strategy and

deployment. This is best evidenced by the fact that recharge rate proposals were not submitted on a consistent or timely basis. Existing proposals did not fully recover actual costs or past deficits nor were rate proposals fully developed for recharge activities such as Nebula/Exchange and Video Production. This has resulted in an under recovery of legitimate recharge expenses and no funding to subsidize clearly understood gaps in recharge revenue.

- **The Vice President for UW Technology did not take responsibility for UW Technology's fiscal affairs.** The Vice President did not view financial oversight as a responsibility of the position and therefore did not request or receive any financial or managerial reports.
- **Control of UW Technology financial activities and data was limited to the Executive Director for Business and Finance.** During the 2001-03 biennium, control and responsibility for all major funding decisions on personnel, procurements, and expenditures was centralized with the UW Technology Executive Director for Business and Finance. Despite repeated requests, UW Technology unit managers, directors and associate vice presidents did not receive management or financial reports and were not delegated authority to manage their own budgets. Consequently, these individuals made decisions for new hires, procurements, and other expenditures without information about the potential financial impact on the organization.
- **The completion of the organizational development strategy for UW Technology was not aligned with available funding.** Organizational development strategies were advanced without thorough financial analysis, and discussion with relevant stakeholders outside UW Technology. Financial and business plans to support strategies were requested but not consistently submitted to the OPB. Yet, strategies were implemented, including the hiring of personnel.
- **The appropriate levels of management did not respond to financial problems.** Staff and managers within UW Technology recognized that significant financial problems were emerging in the unit. Concerns were communicated to the executive financial



leadership within UW Technology however no action was taken to address and/or resolve the growing crisis. As a result, the financial issues continued to develop and significantly grow without executive oversight or development of a resolution process.

- **Investment decisions were sometimes made with informal and/or vague commitments with institutional leadership.** In addition to the formal resource allocation process, UW Technology occasionally receives requests or is asked by constituents or campus leadership to respond to emerging technology opportunities or to add new services. There are instances where a meeting or informal discussion provided UW Technology with the understanding that central funding would be forthcoming. UW Technology failed to request or submit clarification, confirmation or documentation to support these ad hoc request or opportunities, resulting in significant expenditures on initiatives without funding. Examples include the wireless deployment, civil service reform and DRS projects, and the development of the campus-wide Microsoft Exchange initiative.

**Other Considerations:**

For complete understanding of the issues specific to the UW Technology organization, it is important to consider two additional issues: 1) The impact related to separating OIM and UW Technology; and 2) Accounting for Benefits in GOF/DOF.

- 1) When the OIM transitioned out of UW Technology, it transferred \$13M in GOF/DOF funding, which represented one third of UW Technology’s GOF/DOF base. This resulted in UW Technology no longer having the flexibility to reallocate, as it had done in the past, unspent salary and operational funding in budgets that transitioned to OIM.
- 2) UW Technology added new staff to their GOF/DOF budgets by offsetting against recharge revenue, which resulted in significant unfunded liabilities related to central benefits and centrally funded merit increase allocations. At the end of fiscal year 2007, the OPB determined that the outstanding liability for the 2003-05 and 2005-07 biennia for UW Technology was \$3.2M. Although UW Technology concurred with the 2005-07 biennium resolution, there

was a dispute over the retroactivity for the 2003-05 biennium.

**IMPLICATIONS AND RISKS FOR THE FUTURE**

Given the financial situation in UW Technology, the elimination of 82 UW Technology positions, including the layoff of 66 employees, and the current uncertainty about the future, the organization is facing a number of serious operational issues in the following inter-related areas:

- **There is potential for degradation of current service levels due to reduced staff, low morale and limited financial resources.** The recent layoffs have left key service areas understaffed while the resignations and retirements of an additional ten<sup>3</sup> employees have put increased pressure on remaining staff and managers. The reduced staffing levels have the potential to negatively impact the campus in the following ways:
  - Increased number and length of service outages;
  - Slowdown in projects to maintain and upgrade systems, networks and applications may compromise the reliability of UW Technology services;
  - Negative impact on contractual and Memorandum of Understanding (MOU) activities and relationships with campus and external partners.
- **The inability to make sound investment and organizational decisions will continue until adequate financial and management information is available.** Decisions may be further delayed until the organization completes the design and implementation of consistent effort reporting and cost allocation methodologies and establishes a new funding model.
- **It will be difficult to stabilize UW Technology while simultaneously establishing new service, financial, and governance models.** As UW Technology leadership and staff will be deeply and significantly involved in the evaluation, development and implementation of new

<sup>3</sup> As of September 5, 2008. Layoff numbers and recent resignations do not include the 16 FTE of open positions that were eliminated as part of the staff reductions.

service, financial, and governance models, careful consideration to balancing these efforts with day to day operations and service continuity will be critical. In the short-term additional resources to support these efforts may be necessary.

- **Significant potential exists for a technology “brain drain” from UW Technology.** If loss of confidence in the organization causes resignations of the “best and brightest” staff, the University may lose its ability to undertake leading edge, cost-effective technology initiatives that, in the past, have helped to strategically position the UW to be a premier research university. Additional staff resignations will further contribute to the challenge of stabilizing the organization.
- **Potential to lose sight of the longer-range vision that positions the UW for the future.** The immediate financial and organizational challenges facing UW Technology may distract the organization from focusing on a longer-range vision that positions the UW to be highly competitive research university and positioned for the future.

## SUMMARY OF PEER INSTITUTION PRACTICES

The objective of the peer interviews was to understand the overall scope of information technology at the institution, the supporting organization and governance structure and the financial framework for funding information technology centrally. In most cases, the Chief Information Officer, primary business officer for information technology and the University official(s) responsible for recharge center review were interviewed at each institution. Peer institutions<sup>4</sup> included: Duke University, Georgetown University, Massachusetts Institute of Technology, Pennsylvania State University, Stanford University, University of California, Los Angeles, University of California, San Diego, University of Chicago, University of Michigan, University of Minnesota, University of North Carolina, Chapel Hill, University of Virginia, University of Wisconsin, and Yale University.

The following are highlights of these interviews and should be considered when implementing the recommendations outlined in the next section. It is

critical to understand that while these institutions are considered “peers” of UW, the environment at each institution differs in ways that may affect the suitability of particular organizational and funding structures for information technology.

- Several models exist to organize information technology resources in a University setting. The “standard” model includes centralized reporting to the Provost, followed second by split reporting to the Administrative Executive and the Provost. Additionally, all institutions report that local support is hosted in large schools and departments.
- The decision-making processes governing information technology priorities and investments should be integrated into the overall University planning, budgeting and decision-making processes.
- To be most effective, the role of technology strategy should be integrated with information technology operations.
- Information technology is a key driver of institutional success and an integral part of institutional strategic planning.
- Dialog on information technology service delivery and funding models is necessarily continual, broad and must be transparent.
- Creating a framework that easily anticipates technology changes and incorporates the breadth of services is complex.
- Peer institutions are revising their approach to cost recovery.
- Recharge rates should be based on real cost drivers combined where appropriate.

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<sup>4</sup> Some peer interviews are still in process.

## RECOMMENDATIONS

Recommendations are provided in three categories:

A) Stabilize and Sustain UW Technology; B) Develop a Financial Model for UW Technology; and C) Strengthen Institutional Oversight.

### A. Stabilize and Sustain UW Technology

**A1. Implement actions to minimize current expenditures and identify appropriate increases in revenue.** Several tactical steps have already been taken to control the current financial position of UW Technology including:

- Limiting procurement of equipment, supply and services to only those that are deemed essential to supporting core services;
- Reducing travel; and
- Examining staffing levels required supporting essential services and long-term strategies.

Additional ongoing actions include:

- Assessing all projects to validate priority and funding;
- Assessing all cost recovery activities and rates, eliminating services that are not proving to be economically viable, improving cost effectiveness and seeking targeted revenue sources where possible; and
- Identifying new sources of revenue.

**A2. Implement actions to facilitate oversight and management of the UW Technology budget.** The availability of accurate and current financial management data is critical to positioning UW Technology on a solid financial foundation. Specific actions include:

- Development of a forward-looking budget;
- Coordination of efforts to address near-term deficit reduction/resolution;
- Development of a series of organizational-level financial and management reports; and
- Education of unit leaders on good financial management practices and how to best leverage the financial reports.

**A3. Implement programs to manage and monitor staff climate and transition issues.** Considerable time and attention will be devoted to managing the transition of UW Technology as a unit and the individual staff members. To be effective in this

process requires the development of a high-performing leadership team, a clear communications strategy to guide and manage internal and customer expectations and the engagement of a transition team focused on staff retention and development.

**A4. Develop a services/operating model for UW Technology.** A thorough understanding of UW Technology's capabilities, products and services is essential to the development of a future service/operating model. Specifically, the following actions should be implemented:

- Inventory and document services currently provided by UW Technology;
- Collect additional information on current services including estimates and funding models;
- Develop a preliminary determination of baseline or essential services and review/revise with campus customers;
- Coordinate activities across the financial, governance and service model efforts to determine campus priorities, baseline services, future needs and funding models; and
- Measure, monitor and continually improve service delivery and service levels.

**A5. Develop a separate business model for UWTV.** UWTV is somewhat unique in UW Technology in terms of both its service and financial models. Although funded partially from GOF/DOF, UWTV passes a substantial part of its engineering costs to the UW Technology Recharge Center and recharges most but not all of its video production costs.

Clarifying the underlying business model will be an important part of developing a long-term operational and financial strategy for UWTV. As such it will be necessary first to assess the business of UWTV (goals, strategies, offerings, competition, technologies, etc.) and then to create a supporting business plan that articulates the financial and organizational structures needed to run and manage UWTV.

## **B. Develop a Financial Model for UW Technology**

**B1. Research and implement a new financial framework.** Of particular importance is further exploration of the ‘user fee’ model for certain rechargeable services to recover network infrastructure costs or a broader array of IT services. One such model considers charges for a bundle of defined services based on an FTE, headcount, or “communication user” basis. This approach represents a common practice by many of the UW’s peers where costs of certain basic services are recharged to campus users, as referenced in Section VIII, Summary of Peer Information. The development of a more robust and comprehensive campus recharge model similar to those of UW’s peers, if applied at the UW, could have the effect of increased rate charges.

## **C. Strengthen Institutional Oversight**

**C1. Expand the UW Enterprise Risk Management (ERM) framework to include a focus on institutional financial risks.** Initial activities will be focused on self-sustaining activities. Central and campus administrators with financial management responsibilities will be included in this work with the sponsors of UW Technology activities positioned as critical stakeholders. Following implementation of improved financial oversight of self-sustaining activities, broader financial risks will be identified and incorporated into the ERM framework.

**C2. Establish an institutional review process for the financial resource base of the University.** The OPB should have ultimate responsibility for the institutional oversight of the University’s self-sustaining activities, regardless of the organization’s reporting structure. As such, a process should be designed to emphasize reporting and review of all large self-sustaining and other programs representing the greatest financial risk and opportunity for the UW. The reporting and review process should more clearly identify roles and expectations for the management of all units, regardless of size, and emphasize the need to prevent and reduce/eliminate deficits.

### **C3. Implement Vice Provost, Vice President, Dean and Chancellor Review and Reporting Process.**

The Working Group was not charged with review of any other institutional units. However, a high level review of self-sustaining activities indicated no

similar financial difficulties<sup>5</sup>. Nonetheless, Vice Provosts, Vice Presidents, Deans and Chancellors will continue to be responsible for review of all self-sustaining activities within their organizations. Thus, to ensure proper oversight of their units, and where not currently incorporated into standardized unit reporting, Vice Provosts, Vice Presidents, Deans and Chancellors should review all self-sustaining activities within their organizations on a quarterly basis. Additionally, a detailed annual report should be provided to the OPB for review and discussion by units with greater than \$10M in revenue or expenses.

### **C4. Institute a review and approval process for new self-sustaining units or fee-based degree programs.**

The OPB should develop a review and approval process for any new and significant self-sustaining unit or fee-based degree program. The review should ensure new self-sustaining programs or fee-based degree programs are established on a solid financial foundation, that risks have been thoroughly identified and where necessary, mitigated, and that management and oversight roles have been clarified.

### **C5. Expand the responsibility of Management Accounting and Analysis (MAA) to include a review of all material recharge centers, program income or departmental revenue budgets.**

This enhanced review should include understanding the methodology and assumptions used to develop rates and evaluating the business model of each center or activity. Issues noted should be shared with the OPB. Ultimately, however, it is the responsibility of senior leadership to ensure that self-sustaining activity, including program income activity, is in compliance with applicable regulatory requirements including strict adherence to the rate setting process.

### **C6. Strengthen the University Deficit Policy.**

The UW should review its approach to managing deficits and consider a project to implement either an official deficit policy or a stronger process for identification, review and elimination of deficits. Funding the start-up costs and significant capital purchases critical to the success of many self-sustaining activities should be specifically addressed by this policy.

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<sup>5</sup> Rev. October 14, 2008

**C7. Provide ongoing financial management training and education programs to individuals with financial oversight and management responsibilities.**

The University should invest in the development and delivery of training programs to provide senior leaders the tools necessary to effectively manage revenues, liabilities and other commitments and align strategies, operations and finances.

**C8. Improve policies and procedures between the OPB and operating units to clearly document funding commitments.**

The OPB should develop a process to assist units in the development of funding proposals. When ad hoc requests are received, the OPB should provide written responses to funding requests, including specific costs and amounts to be funded. Furthermore, unit requests for institutional funds to support strategies should be appropriately justified and supported by well-defined business plans that outline the unit objective for the funding request and include plans for monitoring effectiveness of institutional investment.

**C9. Develop governance and collaboration models for identifying, evaluating and prioritizing major institutional strategic IT investments across administrative, academic and infrastructure technologies.**

In recent years, the UW has worked to establish a more disciplined and systematic framework for prioritizing and managing incremental information technology projects. Current efforts to revitalize and clarify the Technology Advisory Committees framework must be modified to go beyond incremental funding opportunities to incorporate overall technology strategy. The current issues in UW Technology resulted from a fundamental and profound disconnect between strategies, finances and operations. Only a transparent, structured and comprehensive governance effort will provide the necessary framework for addressing technology needs, opportunities and corresponding resource deployment that spans all technologies, including administrative, academic and overall infrastructure. Critical stakeholders to this process would include individuals from campus units and other structures/committees engaged in technology strategy and deployment.

**D. Resources Necessary for Implementation**

Implementation of several of the recommendations will require additional resources and may have long-term budget implications. Until detailed recommendations are fully designed it is not possible to project the precise need for additional resources. However in addition to hiring a full-time project manager it is expected that that the following recommendations will have initial implementation and/or ongoing budget implications.

- A3. Implement programs to manage and monitor staff climate and transition issues.
- A5. Develop a separate business model for UWTV.
- B1. Research and implement a new financial framework for UW Technology.
- C2. Establish an institutional review process for the financial resource base of the University.
- C5. Expand the responsibility of MAA to include a review of all material recharge centers, program income or departmental revenue budgets.
- C7. Provide ongoing financial management training and education programs to individuals with financial oversight and management responsibilities.

**NEXT STEPS**

Upon approval of these recommendations by President Mark Emmert and concurrence by the Provost, implementation resources will be identified and organized into a project team structure. It is anticipated the project structure (see figure 2, page 35) will be confirmed and initiated during Fall Quarter 2008. On or before February 2009, action and communication plans with key milestones for each project team/Working Group recommendation will be submitted to project leadership for approval.

**The full Working Group report can be found at:**

<http://www.washington.edu/uwit/reports/uwtechnology.wgreport.pdf>



# University of Washington Information Technology

Update to the Board of Regents  
May 2010

# Agenda

## UW Technology Working Group

- Phase 1: Triage and Assessment
- Phase 2: Implementation
  - Strengthen institutional oversight
  - Consolidate central IT units
  - Develop sustainable business model



# **UW Technology Working Group**

## **Phase I: Triage and Assessment**

F-20/205-10  
5/13/10



# What steps were immediately taken?

- 05/08:** 66 Layoffs announced  
President launches review of root causes
- 07/08:** Working Group formed to confirm root causes and recommend solutions
- 08/08:** Chief Operating Officer hired; reports to Chair of Working Group
- 09/08:** Working Group issued report on root causes and makes 11 recommendations  
President approved recommendations

# Who was involved?

## Working Group I: June 2008–September 2008

**V'Ella Warren**, Senior Vice President (Chair)

**John Coulter**, retired, Health Sciences Administration

**Paul Jenny**, Vice Provost, Planning and Budgeting

**Edward Lazowska**, Bill & Melinda Gates Chair, Computer Science & Engineering

**Mary Lidstrom**, Vice Provost for Research, Office of Research

**David Szatmary**, Vice Provost, UW Educational Outreach

## Working Group II: October 2008–April 2010

**V'Ella Warren**, Senior Vice President (Chair)

**Ana Mari Cauce**, Dean, College of Arts and Sciences

**Paul Jenny**, Vice Provost, Planning and Budgeting

**Edward Lazowska**, Bill & Melinda Gates Chair, Computer Science & Engineering

**Mary Lidstrom**, Vice Provost for Research, Office of Research

**Matt O'Donnell**, Dean, College of Engineering

**Johnese Spisso**, Vice President Medical Affairs, UW & COO, UW Medicine

**David Szatmary**, Vice Provost, UW Educational Outreach

# What were the root causes of deficit?

- Services recharged to campus via phone lines—an unsustainable model
- Growing technology needs
  - Wireless/mobile
  - Security/privacy
  - Collaboration tools
- Sources of funding not always clear
- Financial oversight weak



# UW Technology Working Group

## Phase II: Implementation

F-20/205-10  
5/13/10

# What is the status of institution-wide recommendations?

## Goal: Strengthen institutional financial oversight

### Policy

- Develop deficit policy
- Document funding commitment approval process
- Introduce self-sustaining oversight framework
- Create financial management toolkit for senior leaders

### Governance

- Establish a broader strategic and operational governance framework (to be launched July 2010)

Completed     In process/planned

# What additional recommendations were made?

**Goal: Consolidate the central information technology units**

## Organizational Structure

- Reunite UW Technology and Office of Information Management, reporting to President and Provost
- Appoint Interim Vice President and Vice Provost
- Will launch search for permanent Vice President and Vice Provost in the Fall

Completed     In process/planned

# What is the status of recommendations on UW technology?

## Develop sustainable business model

- Deploy internal financial reporting for UW Technology managers (structure complete; financial and managerial reports (complete June 2010))
- ☑ Transition UWTV to External Affairs, October 2009 (complete)
- ☑ Develop UW Technology climate, culture and engagement program (complete)
- ☑ Close the funding gap
  - Deficit eliminated
  - Sustainable business model approved (July 1, 2010 rollout)

☑ Completed   ➤ In process/planned

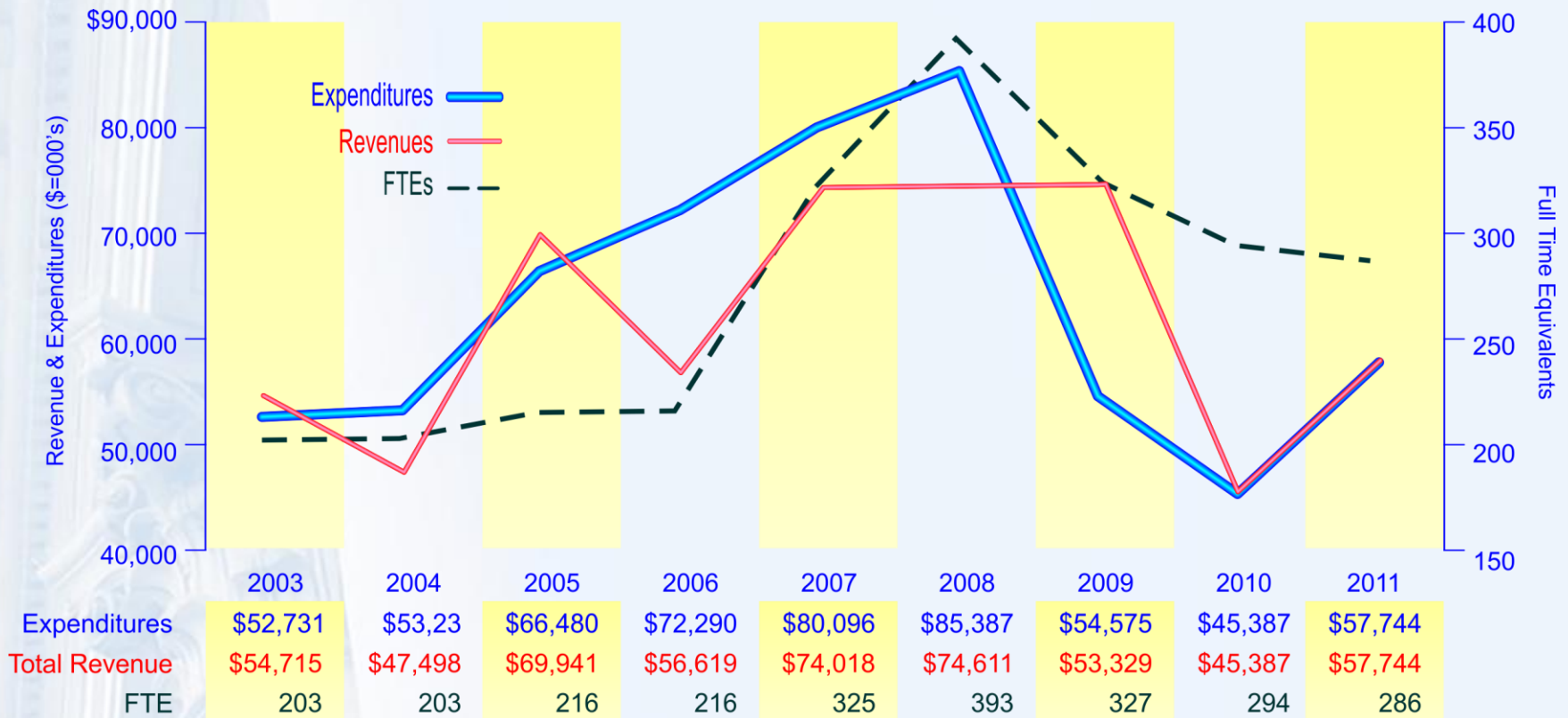
# How was the deficit eliminated?

## Immediate measures

- Reduced operating expenses from \$85M to \$45M, or 47%
  - Eliminated 99 positions, or 25%
  - Implemented mandatory furloughs for FY '09 (4% compensation reduction)
  - Froze equipment replacements and non-essential operating expenses
  - Renegotiated vendor contracts to lower rates
  - Reduced selected self-sustaining operations
  - Transitioned out non-core activities (e.g., UWTV to External Relations)
- Completed   ➤  In process/planned



# What is the current financial condition?



The background of the slide features a faded, light blue image of classical architectural columns, likely from a university building, extending from the left side towards the center.

# Sustainable Business Model

F-20/205-10  
5/13/10

# How was the sustainable business model developed?

- **Information Gathering:** August–December 2009
- **Decision Making:** December 2009–March 2010
- **Implementing:** March 2010–July 2010

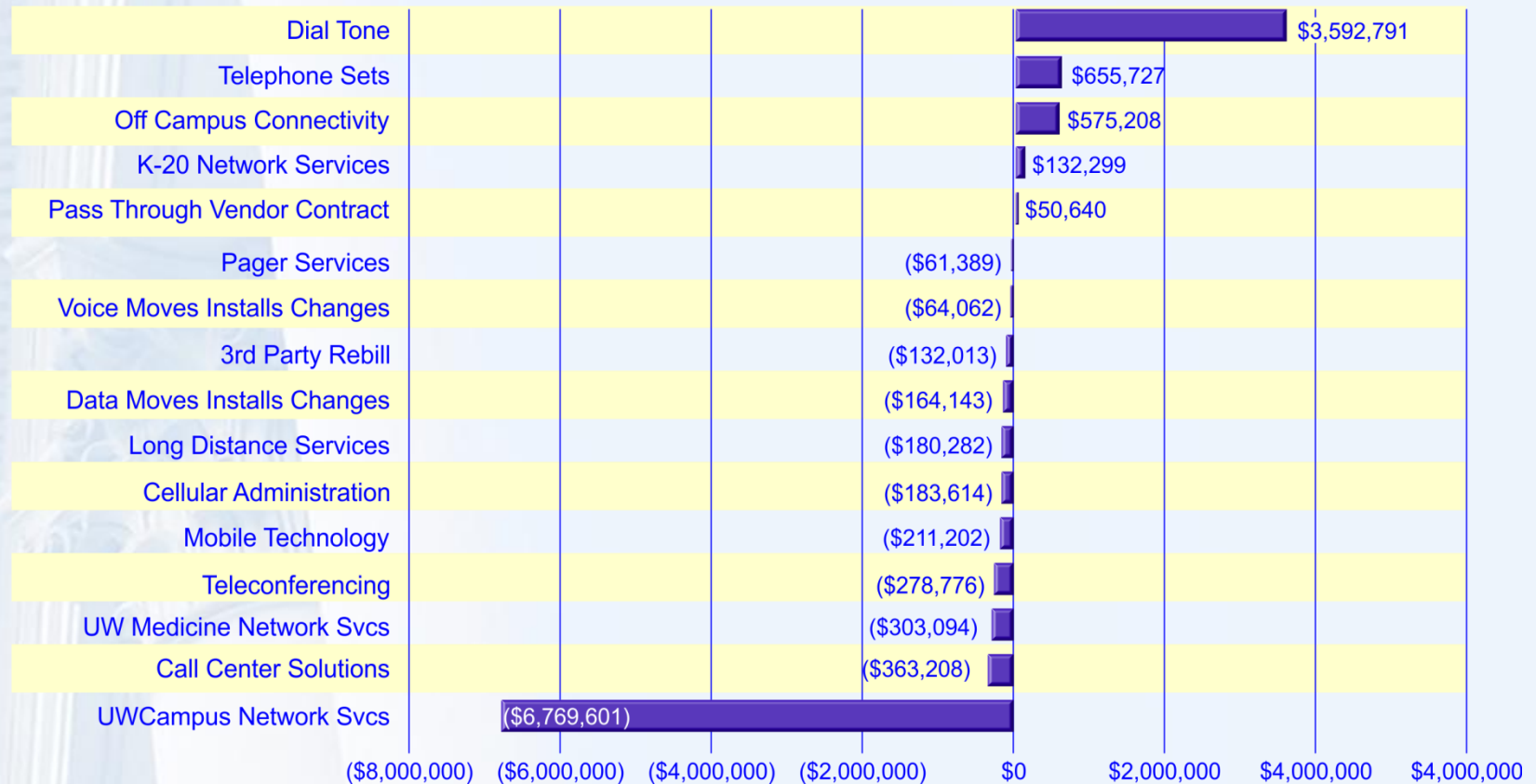
# What steps were taken to understand costs?

## Step 1—Information Gathering: August–December 2009

- Line of Business Analysis
- Cost Study

# Sample Analysis for Networking & Telecommunications

Like most campuses in the country, UW over-recovered for voice/dial tone and under-recovered for the campus network



# How was the recharge rate structure developed?

## Step 2—Decision Making: December 2009—March 2010

- Peer comparison
- Per capital approach & methodology

# Who was involved?

## Technology Recharge Implementation Team (TRIM): January 2010–March 2010

**Sue Camber**, Associate Vice President, Financial Management (Chair)

**Ana Mari Cauce**, Dean, College of Arts and Sciences

**Kenyon Chan**, Chancellor, UW Bothell

**Eric Godfrey**, Vice President and Vice Provost, Student Life

**David Green**, Director of Finance and Operations, Deans Office UW School of Medicine

**Paul Henderson**, Clinical Director, Laboratory Medicine, UW Medicine ITS

**Paul Ishizuka**, Associate Executive Director and Chief Financial Officer, UW Medical Center

**Jim Jiambalvo**, Dean, Foster School of Business

**Gary Quarfoth**, Associate Vice Provost, Office of Planning and Budgeting

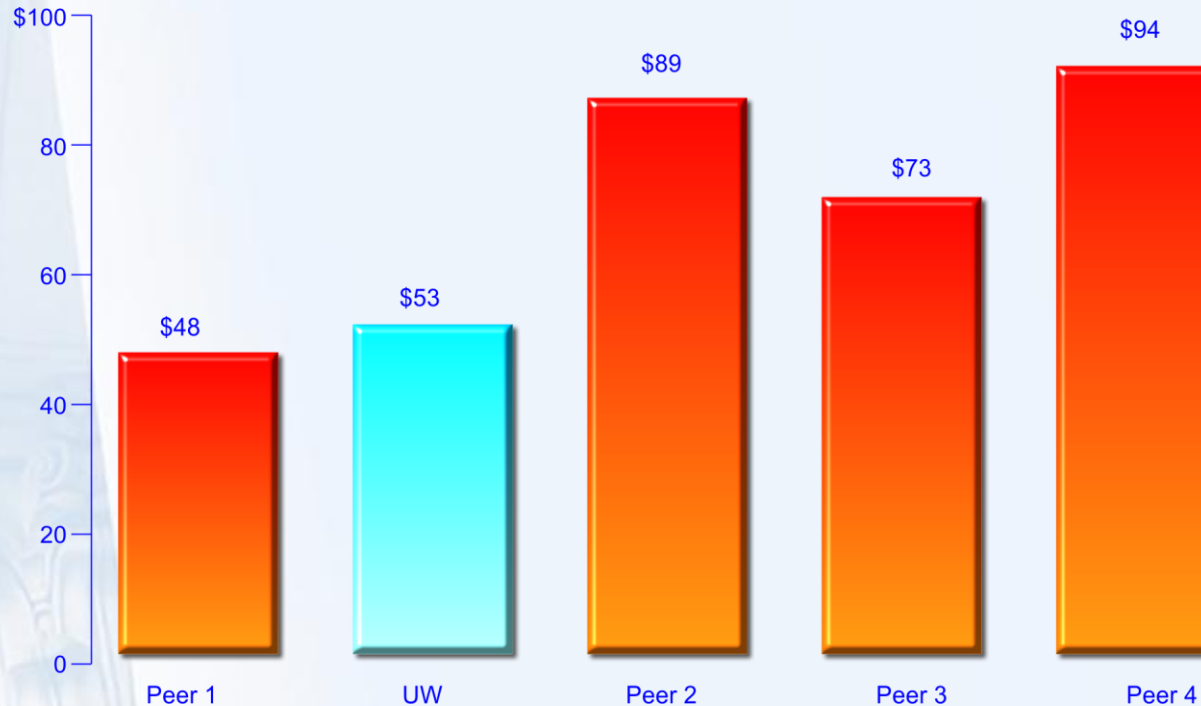
**David Szatmary**, Vice Provost, UW Educational Outreach

## Campus-wide Feedback

**Faculty Senate, Deans and Other Senior Leaders, Students and Administrators**

# Peer Comparisons

## Per Capita Rate Comparison



### Peer Institutions:

University of California, San Diego  
University of North Carolina, Chapel Hill,  
University of Southern California  
University of Arizona, Tucson



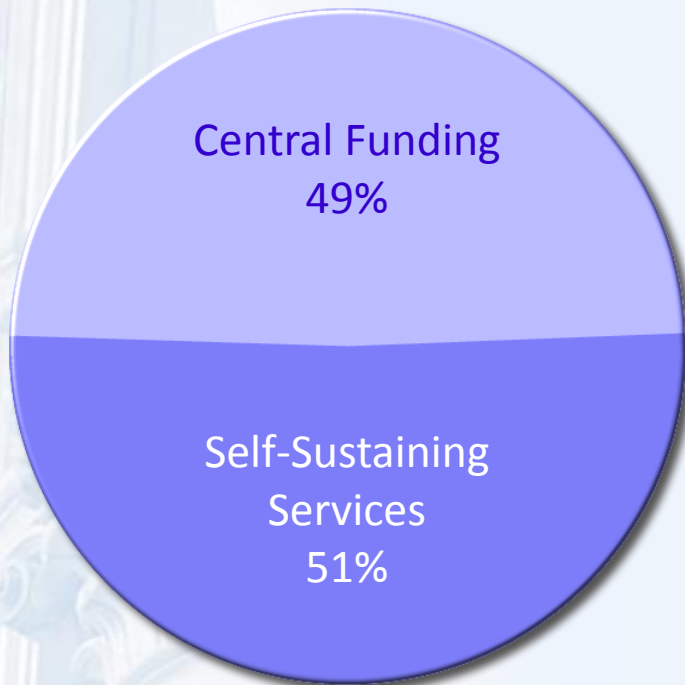
# How is the recharge rate structure being deployed?

## Step 3—Implementing: March 2010–July 2010

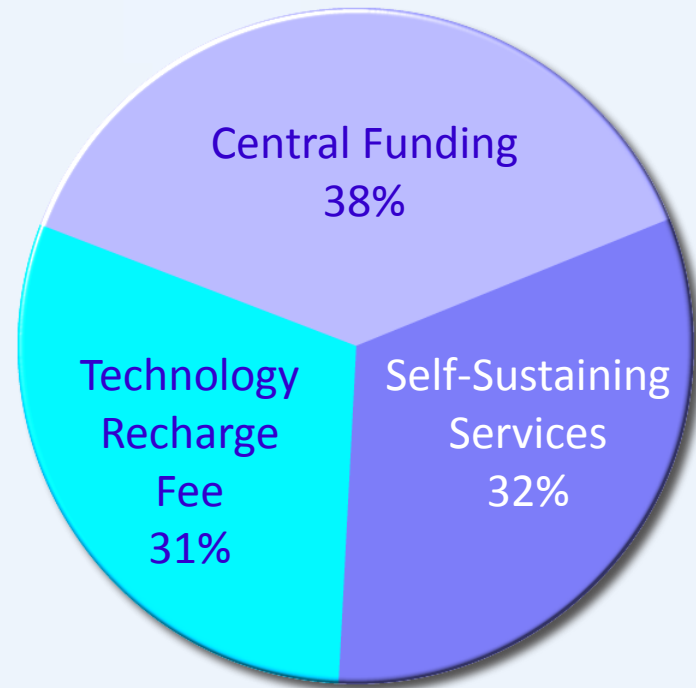
- Campus-wide communication
- Billing methodology

# What is the source of UW Technology's funding?

**Current: FY 2010**



**Proposed: FY 2011**



# What is the current financial condition?

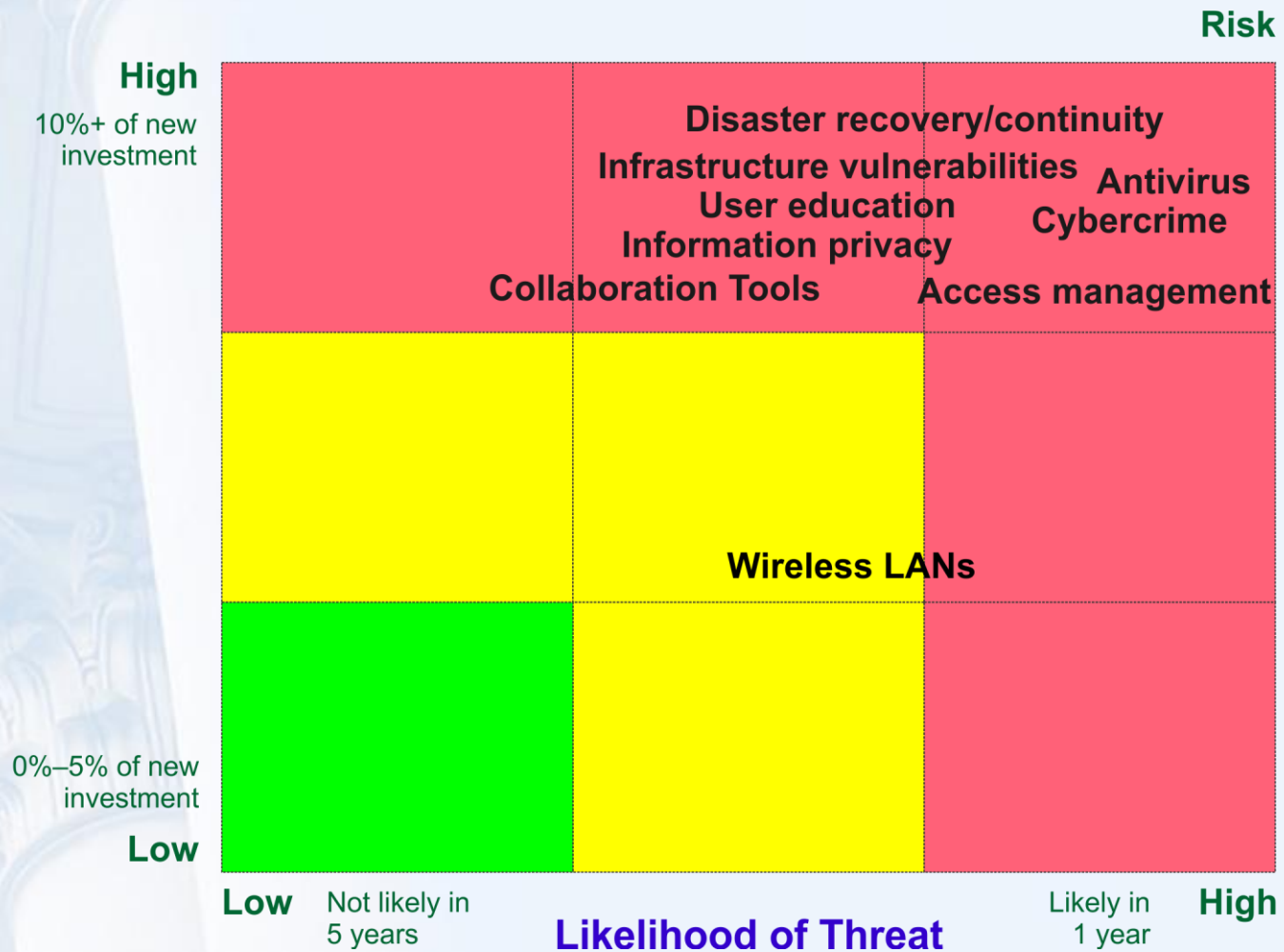


# Where do we go from here?

## Goal: Continue to develop lower cost service delivery

- Move commodity services to lower costs providers
- Provide lower cost and multi-tiered alternatives for optional services, such as desktop support, managed servers
- Negotiate better campus licenses
- Review campus-wide IT spending

# Where are we investing?



The background of the slide features a faded, light blue image of classical architectural columns, likely from a university building, extending from the left side towards the center.

# Questions?

VII. STANDING COMMITTEES

A. Academic & Student Affairs Committee

*In Joint Session with*

B. Finance, Audit & Facilities Committee

Fiscal Year 2011 Proposed Operating Budget and Tuition 2010-2011

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

*Attachment*

Proposed FY 2011 Operating and Capital Budgets

## **ATTACHMENT**

### **Proposed FY 2011 Operating and Capital Budgets**

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

#### **Preview of the June 2010 Action Item**

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

- Adopt the FY 2011 Operating Budget;
- Establish tuition rates for all tuition categories for the 2010-11 academic year;
- Approve certain fee increases for implementation during FY 2011;
- Specify that academic fee increases that are implemented under authority that the Board of Regents has delegated to the president and provost that are consistent with the limitations the Board has specified are reasonable and necessary.
- Adopt the FY 2011 Capital Budget;



## Financial Context for the Proposed FY 2011 Operating and Capital Budgets

The FY 2011 budget proposal that is being presented to the Board of Regents is divided into four areas:

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

The FY 2011 proposed operating budget is summarized in Table 1; the FY 2011 proposed capital budget is presented in Table 5. The financial context for FY 2011 is different for the Core Education, Restricted Programs, Academic Enhancement/Support, and Capital Budgets.

Core Education Budget Financial Context. The financial context for the FY 2011 Core Education Budget is shaped by two actions of the state legislature. First, the state legislature previously authorized the UW to increase undergraduate resident tuition by up to 14% for FY 2011. Second, the 2010 State Supplemental Budget included a cut of \$20,559,000 in State General Fund support for the UW.

Restricted Operating Budget Financial Context. One of the few bright spots in the FY 2011 budget is the grant-related part of this budget. Direct expenditures on grants and contracts are projected to increase dramatically in FY 2011. Much of the increase can be attributed to the federal stimulus program which provided a substantial increase to both the NSF and NIH research budgets. As a result, both the direct expenditures on grants and contracts and the associated indirect cost recovery are predicted to have increases in FY 2011.

Expenditures from gift and endowment budgets are predicted to remain constant in FY 2011.

State restricted funds change slightly in FY 2011 based on legislative actions (small appropriations to the Accident Fund and the Medical Aid Fund that support certain public health-related activities as well as a small decrease in the state appropriation for bio-toxin monitoring).

Academic Enhancement/Support Budget Financial Context. The University's Academic Enhancement/Support functions have generally fared well during a period of difficult state and local economic conditions. In most areas, demand for the services provided by these units continues to be strong. The University's large auxiliary business enterprises (UW Medical Center, Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services) are all financially stable and slow growth is expected in FY 2011.

Capital Budget Financial Context. Work on a number of previously approved capital projects continues. The changes in the proposed UW Capital Budget for FY 2011 are primarily related to projects supported from state appropriated resources. In their 2010 session, the legislature authorized the UW to proceed with a few projects, changed funding sources for one project, and revised an operating to capital shift that has been part of the State Capital Budget for a number of years.

## Approach to FY 2011 Budget Decisions

The annual budget development process is always guided by the university's vision statement and core values below:

*The University of Washington educates a diverse student body to become responsible global citizens and future leaders through a challenging learning environment informed by cutting-edge scholarship.*

***Discovery is at the heart of our university.***

*We discover timely solutions to the world's most complex problems and enrich the lives of people throughout our community, the state of Washington, the nation, and the world.*

The core values are:

*Integrity ~ Diversity ~ Excellence ~ Collaboration ~ Innovation ~ Respect*

After much discussion and analysis (both of which will continue), in the Fiscal Year 2011 budget the UW is beginning a transition to an activity based budgeting model. The current plan is to have a "soft launch" of one element of an activity based budgeting model in FY 2011 with the full implementation of the model planned for the FY 2012 budget. In the proposed FY 2011 Core Education Budget, 70% of the incremental revenue from tuition increases will be allocated back to the academic units that generate this revenue; 30% of the incremental revenue from tuition increases will be maintained centrally and will be utilized for strategic investments, mitigation of academic unit budget cuts and selected administrative unit investments. Unfortunately, because of reductions in state support, most of the incremental tuition revenue allocated to colleges and schools in FY 2011 will be utilized to offset budget cuts.

The current outlook for the State General Fund budget for the 2011-13 biennium projects a significant deficit. The Provost has told deans, chancellors, vice provosts and vice presidents that their planning should consider the strong possibility of further reductions in state support in FY 2012 and FY 2013.

## FY 2011 Core Education Budget Discussion

The proposed FY 2011 Core Education Budget is presented in Table 2; proposed temporary investments from fund balance are shown in Table 3. Proposed tuition increases for the 2010-11 academic year are presented in Appendix 2.

### Changes in Revenues

The changes in revenues supporting the FY 2011 Core Education Budget are summarized below:

<b>Revenue Source</b>	<b>FY 2010 Adopted</b>	<b>Changes</b>	<b>FY 2011 Proposed</b>
State General Fund	320,627,000		
FY 2011 State Budget Cut		(20,559,000)	
New Funds for Health Benefits		10,194,000	
Capital to Operating Fund Shift		5,084,000	
Miscellaneous Budget Adjustments		603,000	
2009-11 Technical Changes		2,573,000	
Subtotal: State General Fund	320,627,000	(2,105,000)	318,522,000
Tuition Operating Fee	330,558,000	39,118,000	369,676,000
Designated Operating Fund	55,502,000	3,400,000	58,902,000
Subtotal: Ongoing Core Education Revenues	706,687,000	40,413,000	747,100,000
Use of Fund Balance for Temporary Expenditures	11,000,000	(1,000,000)	10,000,000
<b>TOTAL REVENUES</b>	<b>717,687,000</b>	<b>39,413,000</b>	<b>757,100,000</b>

### Comments on Changes in Revenues

Budgeted ongoing revenues in the proposed FY 2011 Core Education Budget are \$40,413,000 (5.7%) higher than budgeted revenues that supported this budget in FY 2010. In FY 2011 State General Fund revenue decreases by \$2,105,000, tuition operating fee revenue increases by \$39,118,000 and Designated Operating Fund revenue increases by \$3,400,000. These proposed changes in revenues for FY 2011 are discussed below.

State General Fund. The “State General Fund” numbers include the sum of State General Fund, Education Legacy Trust Fund, and Federal Stimulus resources. State General Fund support for the UW in FY 2011 is \$2,105,000 less than in FY 2010. State General Fund support in FY 2011 reflects a \$20,559,000 reduction in State General Fund support for the UW that was implemented in the 2010 State Supplemental Budget. New State General Fund resources are provided in FY 2011 for four purposes: to pay for a large increase in the cost of health care for employees; as a result of a fund shift of building operations and maintenance costs from the capital budget to the operating budget; for a number of special allocations to particular programs (presented in Appendix 1); and technical changes related to employee benefit costs. None of the additions of State General Fund dollars in FY 2011 provide flexible funds – all of the funds are to pay for either specific cost increases or for the cost of specific activities or programs.

Tuition Operating Fee. The proposed FY 2011 Core Education Budget assumes that the proposed tuition increases for the 2010-11 academic year shown in Appendix 2 are adopted. Consistent with legislative direction, a portion of the incremental revenue generated by the proposed 14% tuition increase for undergraduate resident students in FY 2011 has been set aside for financial aid for undergraduate resident students; specifically, \$1,660,000 in tuition revenue is set aside for financial aid. The tuition operating fee estimate for FY 2011 is the estimated revenue after this additional set aside for financial aid.

Appendix 2 shows the proposed tuition change for all tuition categories for the 2010-11 academic year; for informational purposes, both the percentage increase and the dollar increase recommended for each tuition category are shown. Appendix 2 also shows how the proposed tuition and fees for the university would compare to the projected 2010-11 academic year tuition and fee rates for the Higher Education Coordinating Board 24 Comparison Group.

In the 2009-11 state operating budget bill, the legislature limited the amount that undergraduate resident tuition could be increased for the 2010-11 academic year to 14%. In the 2009 legislative session, the legislature passed Substitute Senate Bill 5734 which granted the Board of Regents authority to set tuition for the undergraduate non-resident category as well as all graduate and professional tuition categories for the 2009-10 academic year through the 2012-13 academic year.

For the 2010-11 academic year, the administration is recommending that:

Undergraduate resident tuition increase by 14% (an increase of \$997);

Undergraduate non-resident tuition increase by 4% (an increase of \$950);

Resident tuition for Graduate Tier 1 increase by 7%;

Non-resident tuition for Graduate Tier 1 increase by 3%;

The tuition differential between Graduate Tier II and Graduate Tier I is \$540 (for both the resident and non-resident categories);

The tuition differential between Graduate Tier III and Graduate Tier II is \$530 (for both the resident and non-resident categories);

Resident and non-resident tuition for Master of Library and Information Science increase by 7%;

Resident and non-resident tuition for Law increase by 9% and 14% respectively;

Resident and non-resident tuition for Pharm D. increase by 14% and 7% respectively;

Resident and non-resident tuition for Medicine increase by 10% and 4% respectively;

Resident tuition for Dentistry increase by 14%;

Both the resident and the non-resident tuition for incoming students in Public Affairs Master increase by 14% and 10% respectively (this is a program that has a cohort-based tuition model; as a result, there is no tuition increase for continuing students);

At UW Seattle, both resident and the non-resident tuition for the Master of Nursing/Doctor of Nursing Practice increase by 14%;

The tuition for the Master of Nursing programs at UW Bothell and UW Tacoma continue to be set at the Graduate Tier 2 level;

At UW Seattle, both resident and non-resident tuition for incoming students in the Business Administration Master category increase by 5% (this is a program that has a cohort-based tuition model; as a result, there is no tuition increase for continuing students);

At UW Bothell, both resident and non-resident tuition for incoming students in the Business Administration Master category increase by 5% (this is a program that has a cohort-based tuition model; as a result, there is no tuition increase for continuing students);

UW Tacoma proposes a cohort model for their MBA program, and resident and non-resident tuition for the Business Administration Master category increase by 10% for incoming students and 5% for continuing students;

The College of Built Environments has proposed all master degrees reside in the College of Built Environments Master tuition category, which they recommend increasing both resident and non-resident by 14%. (Currently, Master degree programs in Architecture, Landscape Architecture and Urban Planning are in this category, the move would shift the Master of Science in Real Estate and Master of Construction Management from Tier III);

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

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

<b>Revenue Source</b>	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Change</b>
Summer Quarter Tuition	29,997,000	32,997,000	3,000,000
Investment Income	15,000,000	15,000,000	0
Miscellaneous Fees	5,595,000	5,795,000	200,000
UWB & UWT Admin Overhead	4,255,000	4,455,000	200,000
Administrative Allowances	655,000	655,000	0
<b>TOTAL REVENUES</b>	<b>55,502,000</b>	<b>58,902,000</b>	<b>3,400,000</b>

Summer Quarter tuition revenue is projected to increase by \$3,000,000 for FY 2011 due to increased tuition rates. The investment income revenue estimate remains constant for FY 2011. Overhead revenue from the UW/Bothell and UW/Tacoma campuses is projected to increase by \$200,000. The expected revenue from administrative allowances related to certain financial aid programs is not anticipated to increase for FY 2011.

The “miscellaneous fees” category is projected to increase by \$200,000 due to increases in the graduate application fee from \$65 to \$75.

Use of Fund Balance. The proposed FY 2011 budget uses \$10 million of fund balance that will be used to bridge the impact of budget reductions on our academic mission.

## FY 2011 Core Education Budget Allocations

The new allocations in the FY 2011 Core Education Budget are summarized below:

<b><u>Core Education Budget</u></b>	<b><u>FY 2011 Proposed</u></b>
<b><u>UW Seattle Budget Reductions:</u></b>	
FY 2011 Reductions - Academic Units	(17,047,000)
FY 2011 Reductions - Administrative Units	(8,542,000)
Subtotal for UW Seattle Budget Reductions	(25,589,000)
<b><u>UW Bothell Budget Reductions</u></b>	
FY 2011 Reductions	(1,037,000)
Subtotal for UW Bothell Budget Reductions	(1,037,000)
<b><u>UW Tacoma Budget Reductions</u></b>	
FY 2011 Reductions	(1,329,000)
Subtotal for UW Tacoma Budget Reductions	(1,329,000)
TOTAL BUDGET REDUCTIONS	(27,955,000)
<b><u>Incremental Tuition Allocation to Academic Units</u></b>	
UW Seattle Academic Units	21,522,000
UW Bothell	5,235,000
UW Tacoma	3,137,000
Subtotal	29,894,000
<b><u>Incremental Tuition Allocation to the Provost</u></b>	
Strategic Investments	3,000,000
Mitigation of Academic Unit Budget Reductions	3,000,000
Administrative Unit Investments	3,500,000
Subtotal	9,500,000
<b><u>Compensation Adjustments</u></b>	
FY 2011 Health Benefit Increase (GOF)	10,194,000
FY 2011 Health Benefit Increase (DOF)	410,000
Other Benefit Budget Adjustments	4,500,000
Faculty Promotions	650,000
Subtotal	15,754,000
<b><u>Other Adjustments</u></b>	
Required Cost Increases/Adjustments	7,582,000
Legislative Actions	5,788,000
Subtotal	13,370,000
<b><u>Use of Fund Balance</u></b>	10,000,000

## Comments on FY 2011 Core Education Budget Allocations

The incremental FY 2011 Core Education Budget changes are listed in the table above and are discussed in more detail below. The base budget against which these changes are applied is the Regents adopted budget for FY 2010.

UW Seattle Budget Reductions. The total budget reduction for the UW Seattle campus is \$25,589,000. This value represents a 5% budget reduction from the permanent base budget held by units as of the end of December 2009. The percent of budget reduction is an across the board figure. Strategic reductions were completed at the beginning of FY 2010 and this supplemental reduction is uniform in regards to percentage. The value of the reduction is to cover the reduced state funding and increases to fixed costs. Budget discussions with the Provost have been completed and the UW is beginning to plan for future budget reductions in state support in FY 2012 and FY 2013.

UW Bothell Budget Reductions. The total budget reduction for the UW Bothell campus is \$1,037,000. The Chancellor's Office at the UW Bothell campus will determine how these cuts will be distributed between academic and administrative functions.

UW Tacoma Budget Reductions. The total budget reduction for the UW Tacoma campus is \$1,329,000. The Chancellor's Office at the UW Tacoma campus will determine how these cuts will be distributed between academic and administrative functions.

Compensation Adjustments. The increase in this category of \$15,104,000, represents the benefit cost change from FY2010 and FY2011 in both near general funds and local funds. Over \$10M is for the near general funds and the remaining is local funds.

Only one pay increase allocation is made in this proposed budget. Funding of \$650,000 is provided for faculty promotions.

Other Adjustments. This category includes \$13,139,000 in adjustments in the FY 2011 budget. Of that total, \$5,788,000 is associated with specific legislative budget allocations and \$7,351,000 is associated with changes in various institutional budgets. Details of the specific allocations for both of these subcategories are provided in Appendix 1 and are discussed below.

There were a number of specific budget actions that the State legislature took in the 2009-11 state operating budget and the FY2010 supplemental budget. The largest of these actions was a building operations and maintenance – capital to operating shift in the amount of \$5,084,000. The other items are relatively smaller allocations for telecommunication regulations, CINTRAFOR, WWAMI expansion and health care system planning, and funding for tax increment financing cost/benefit analysis. These smaller items total \$704,000.

FY 2011 changes for various institutional budgets are shown in Appendix 1. "Institutional" budgets include cost changes for utilities, property rentals, debt service and other institutional budgets. In FY 2011, \$1,638,000 is provided for increased utility costs, \$1,078,000 is provided for property rentals and other institutional budgets, \$578,000 is provided for increased debt service costs, \$360,000 for UW Tower Data Center electricity, and \$3,728,000 for other issues including previous Dean/VP commitments.



Use of Fund Balance for Temporary Expenditures. The proposed budget for FY 2011 includes a temporary allocation of \$10,000,000 of fund balance. As part of the FY 2011 budget, the President and Provost are proposing that \$10 million in fund balance be used to bridge the impact of budget reductions on our academic mission. This will be the second instance of this support. The allocation will be allocated across academic units at the same level funding was provided in FY2010. Deans will be directed to utilize this temporary allocation to fund teaching assistants, lecturers, and other academic positions that would have otherwise been eliminated in FY 2011 and to assist with alleviating further budget reductions. This one-time allocation will give academic units some additional time to transition to a lower permanent funding level.

### **Increases in Financial Aid Allocations for FY 2011**

The level of financial aid that the university can offer to students is an important component of its ability to attract a diverse and excellent student body. The proposed FY 2011 Core Education Budget increases financial aid allocations for both undergraduate and graduate/professional students by providing both additional financial aid grants and additional tuition waivers. The total amount of financial aid provided from these two sources and the incremental increase in the FY 2011 budget are shown in the table below:

#### **Increases in Financial Aid Allocations for FY 2011**

	<b>FY2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Difference</b>
Undergraduate Merit/Need Waivers	\$9,040,000	\$10,776,000	\$1,736,000
Undergraduate Financial Aid Grants	\$9,090,000	\$10,479,000	\$1,389,000
Subtotal: Undergraduate Merit/Need Waivers & Grants	\$18,130,000	\$21,255,000	\$3,125,000
Graduate Merit/Need Waivers	\$4,352,000	\$4,618,000	\$266,000
Graduate Financial Aid Grants	\$3,896,000	\$4,491,000	\$595,000
Subtotal: Graduate Merit/Need Waivers & Grants	\$8,248,000	\$9,109,000	\$861,000
TA/RA Tuition Waivers	\$53,204,000	\$54,115,000	\$911,000
Other Tuition Waivers	\$13,531,000	\$16,659,000	\$3,128,000
Subtotal: Teaching/Research & Other Tuition Waivers	\$66,735,000	\$70,774,000	\$4,039,000
<b>Total All Grants/Waivers</b>	<b>\$93,113,000</b>	<b>\$101,138,000</b>	<b>\$8,025,000</b>

The UW's current financial aid policy of utilizing 3.5 percent of net tuition revenue for financial aid grants and providing merit/need tuition waivers equal to 4 percent of the resident portion of tuition will provide \$3,125,000 in additional financial aid resources to needy undergraduate resident students in the 2010-11 academic year.

The 14 percent increase in undergraduate resident tuition for the 2010-11 academic year will generate \$3,610,000 in additional unfunded need for undergraduate resident students in the 2010-11 academic year. The Regents have adopted a policy of meeting at least 55 percent of this additional need through financial aid grants and tuition waivers. To meet this policy goal next year given a 14 percent increase in undergraduate resident tuition, \$1,990,000 in additional grant

and tuition waiver financial aid must be made available. The increase of \$3,125,000 in financial aid grants and tuition waivers available for undergraduate students in FY 2011 exceeds the commitment made by the regents by \$1,135,000. Note that these figures do not include an additional \$1,660,000 in financial aid grants that will be provided to needy undergraduate resident students as a result of the legislative requirement to utilize a portion of the tuition revenue generated by the undergraduate resident tuition increase for financial aid grants.

Given the proposed tuition levels for the 2010-11 academic year, graduate appointees qualifying for the non-resident tuition differential waiver and for the operating fee tuition waiver will have \$911,000 in additional tuition waiver benefits in FY 2011. In addition, the UW's current financial aid policy of utilizing 3.5 percent of tuition operating fee collections for financial aid grants and providing merit/need tuition waivers equal to 4 percent of tuition will make \$861,000 of additional financial aid available to graduate and professional students in the 2010-11 academic year.

## FY 2011 Restricted Operating Budget Discussion

The proposed FY 2011 Restricted Programs Budget is presented in Table 4.

### Changes in Revenues

The changes in revenues supporting the FY 2011 Restricted Programs Budget are summarized below:

<u>Revenue Source</u>	<u>FY 2010 Adopted</u>	<u>FY 2011 Proposed</u>	<u>Change</u>
Grant and Contract Direct Costs	898,994,000	958,994,000	60,000,000
Grant and Contract Indirect Costs	211,000,000	230,000,000	19,000,000
Gifts	84,815,000	84,815,000	0
State Restricted Funds	6,855,000	6,884,000	29,000
<b>TOTAL REVENUES</b>	<b>1,201,664,000</b>	<b>1,280,693,000</b>	<b>79,029,000</b>

### Comments on Changes in Revenues

Budgeted revenues in the proposed FY 2011 Restricted Programs Budget increase by \$79,029,000 over the FY 2010 budgeted level: grant and contract direct cost increases by \$60,000,000; grant and contract indirect cost increases by \$19,000,000; gift and endowment revenue is projected to remain constant; and State Restricted Funds increase by \$29,000. These proposed changes in revenues are discussed below.

Grant and Contract Direct Cost. Direct costs for grants and contracts are projected to increase by 6.67 percent in FY 2011 – an increase of \$60,000,000 over the current fiscal year. The budgeted level of grant and contract direct costs for FY 2010 did not include any upward adjustment to reflect additional spending associated with grant activity funded by federal stimulus dollars. The FY 2011 budgeted level is consistent with the projection for actual grant and contract direct costs for FY 2010.

Grant and Contract Indirect Cost. As direct costs for grants and contracts are projected to be higher in FY 2011 than in FY 2010, and as the effect of the federal stimulus funds are evident, grant and contract indirect cost recovery is expected to increase by \$19,000,000 - an increase of 9 percent over the budgeted level for FY 2010.

Gifts. Revenues to gift and endowment spending accounts are projected to remain constant in FY 2011.

State Restricted Funds. The School of Public Health receives a small amount of appropriated state funding from the Accident Account and the Medical Aid Account for specific activities performed by the Department of Environmental Health. In addition, there is a small appropriation from the Bio-toxin Account that is part of this category. Changes in revenues for FY 2011 (an increase of \$29,000 over FY 2010) for these State Restricted Funds simply reflect changes in state appropriations.

## FY 2011 Restricted Programs Budget Allocations

The discussion in this section is limited to how the administration proposes to allocate additional indirect cost recovery resources that are anticipated in FY 2011. Expenditures for grant and contract direct cost, almost all gifts, and state restricted funds budgets can only be used for the purposes specified by the granting agency, donor or legislature. Thus, annual expenditures for these areas are assumed to be equal to budgeted levels. The university does have discretion over how indirect cost recovery revenues are allocated.

The new allocations in FY 2011 supported by indirect cost recovery resources are summarized below.

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

### Comments on FY 2011 Indirect Cost Recovery Budget Allocations

Compensation Adjustments. The change in this category, an increase of \$1,229,000, reflects an increase in health care benefits per employee.

Investments in Research Excellence. Many administrative offices provide essential support for research activities. These areas include Grant and Contract Accounting, the Office of Sponsored Programs, the Human Subjects Division, Environmental Health and Safety and many other groups. The budget allocation for “research support activities” will be used by the Provost to make targeted investments in some of these critical research support activities.

The allocation to the capital budget for research support facilities will provide additional funding that the Provost can target toward renewal or enhancement of key equipment/facilities that support research (e.g., building cooling systems, animal care facilities, fume hoods, electrical capacity improvements, etc.).

By policy, the university allocates the portion of indirect cost recovery revenues that is associated with college/school grant administration back to the colleges/schools based on their actual grant activity in the prior fiscal year. This allocation is called the “research cost recovery”

allocation and it is increased by \$7,191,000 in FY 2011 in order to get the budgeted level equal to the actual research cost recovery allocation for FY 2010, and anticipated allocations for FY2011.

Annual adjustments to certain budgets that are dedicated to specific purposes, such as paying for the operations and maintenance costs of particular buildings (South Lake Union buildings, Harborview Research and Training, other Harborview research space, etc.), are also included in this category. As research activity at the South Lake Union 2 building has been ramping up, the allocation of revenue to support operations and maintenance of that building has been increased.

Required Cost Increases. The indirect cost recovery budget picks up a share of estimated cost increases for utilities, risk management and for other critical institutional investments approved by the President and Provost – these allocations are shown in Appendix 1.

## FY 2011 Academic Enhancement/Support Budget Discussion

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

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

<b>Revenue Source</b>	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Change</b>
UW Medical Center	663,310,000	689,842,000	26,532,000
Auxiliary Enterprises	329,796,000	342,988,000	13,192,000
Auxiliary Educational Activities	197,767,000	205,678,000	7,911,000
Institutional Overhead	15,768,000	16,268,000	500,000
<b>TOTAL REVENUES</b>	<b>1,206,641,000</b>	<b>1,254,776,000</b>	<b>48,135,000</b>

Based on financial results over the last few years, inflationary increases in revenues have been projected for FY 2011 for UW Medical Center, auxiliary enterprise, and auxiliary educational activities. The projected increase in institutional overhead revenue is based on both actual collections in the current fiscal year and projected revenue increases for those units that pay institutional overhead.

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

## **Academic Fee Increases for FY 2011 Implemented Under Delegated Authority**

Initiative 960 was passed by the voters of the State of Washington in November 2007. Under Initiative 960, all state agency fee increases (including tuition) must receive legislative approval prior to implementation. The state legislature has chosen to utilize a two-step process for approving fee increases. First, as part of the normal legislative budget process, state agencies submit information about expected increases for various categories of fees that have been defined by the State Office of Financial Management and the state legislature. In July 2008 as part of their approval of the University of Washington's 2009-11 state operating and capital budget request, the Board of Regents approved a framework that set limits on increases for various academic fee categories for Fiscal Year 2010 and Fiscal Year 2011.

The legislative approval for fee increases is included in Section 603 of the 2009-11 state biennial operating budget. The language in this section sets a specific increase level for undergraduate resident tuition. For all other fee increase categories, the Board of Regents is authorized to increase fees "by amounts judged reasonable and necessary by the governing board." For many fees (tuition rates for the state-subsidized academic program, services and activities fees, etc.), the Board of Regents specifically approves fee increases. For fee increases that are implemented under authority that the Board of Regents has delegated to the president and provost, the Board of Regents determines (as part of their action in adopting the annual UW budget) that fee increases that are consistent with the limitations the Board has specified are reasonable and necessary.

## Fiscal Year 2011 Capital Budget Discussion

The proposed FY 2011 Capital Budget is presented in Table 5 and reflects actions taken in the 2010 legislative session that include a reduction of \$24,097,000 in state capital funding and appropriation of UW building account funds. The FY 2011 Capital Budget includes \$103,937,500 in non-state funds from the UW building account, indirect cost recovery, unrestricted operating funds and UW bonds. Given the decrease in state funding, total capital funds for FY 2011 from both state and non-state sources is \$79,840,500.

For FY 2011 debt-funded projects, the payment source for debt service is shown in the table below:

<u>Project Name</u>	<u>Debt Payment Source</u>	<u>Debt Funds</u>
Balmer Hall Reconstruction	Building Fee	42,800,000
UW Tacoma Phase 3	Building Fee	7,450,000
UW Tacoma Phase 3	Unrestricted operating funds	5,450,000
<b>TOTAL</b>		<b>55,700,000</b>

### Business School Facilities Phase 2 – Balmer Hall Reconstruction

The legislature approved debt service from the UW building account for \$42.8 million of UW debt for the reconstruction of Balmer Hall.

### UW Tacoma

State funding of \$34 million appropriated in the 2009 legislative session for a portion of UW Tacoma Phase 3 (the renovation of the Joy Building) was reduced in the 2010 legislative session by \$17.2 million and replaced with \$14 million of UW building account funds - a budget cut of \$3.2 million. The 2010 legislative session also authorized debt service from the UW building account for UW debt of \$7,450,000 to complete Phase 3 (construction of the Jefferson Building). Additional sources to complete Phase 3 include UW debt of \$5.45 million with the debt service to be paid from UW Tacoma rental income from leases and \$4.5 million of UW Tacoma unrestricted operating funds. The legislature also appropriated funding of \$2 million for UW Tacoma land acquisition from the UW building account.

In addition to the major projects described above, in FY 2011, state funding for facility preservation was reduced \$6,685,000 and replaced by UW building account funds. The appropriation for preventative facility maintenance and building system repairs was also reduced from \$12,912,000 to \$7,828,500.



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

<b>Budget Category</b>	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>
<b>CORE EDUCATION BUDGET</b>		
<b>Core Education Budget</b>		
<b>Revenues</b>		
State General Fund	320,627,000	318,522,000
Tuition Operating Fee	330,558,000	369,676,000
Designated Operating Fund	55,502,000	58,902,000
Subtotal: Ongoing Core Education Revenues	706,687,000	747,100,000
Use of Fund Balance for Temporary Expenditures	11,000,000	10,000,000
<b>Total Revenues</b>	<b>717,687,000</b>	<b>757,100,000</b>
<b>Expenditures</b>		
Ongoing Core Education Expenditures	706,687,000	747,100,000
One-time/temporary Expenditures	11,000,000	10,000,000
<b>Total Expenditures</b>	<b>717,687,000</b>	<b>757,100,000</b>
<b>RESTRICTED OPERATING BUDGET</b>		
<b>Revenues</b>		
Grant and Contract Direct Costs	898,994,000	958,994,000
Grant and Contract Indirect Costs	211,000,000	230,000,000
Gifts	84,815,000	84,815,000
State Restricted Funds	6,855,000	6,884,000
<b>Total Revenues</b>	<b>1,201,664,000</b>	<b>1,280,693,000</b>
<b>Expenditures</b>	<b>1,201,664,000</b>	<b>1,280,693,000</b>
<b>ACADEMIC ENHANCEMENT/SUPPORT BUDGET</b>		
<b>Revenues</b>		
UW Medical Center	663,310,000	689,842,000
Auxiliary Enterprises	329,796,000	342,988,000
Auxiliary Educational Activities	197,767,000	205,678,000
Institutional Overhead	15,768,000	16,268,000
<b>Total Revenues</b>	<b>1,206,641,000</b>	<b>1,254,776,000</b>
<b>Expenditures</b>	<b>1,206,641,000</b>	<b>1,254,776,000</b>
<b>TOTAL OPERATING BUDGET</b>		
<b>Revenues</b>	<b>3,125,992,000</b>	<b>3,292,569,000</b>
<b>Expenditures</b>	<b>3,125,992,000</b>	<b>3,292,569,000</b>

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

	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Comment</b>
<b><u>REVENUES</u></b>			
State General Fund	320,627,000	318,522,000	
Tuition Operating Fee	330,558,000	369,676,000	
Designated Operating Fund	55,502,000	58,902,000	
Subtotal: Ongoing Core Ed Revenues	706,687,000	747,100,000	
Use of Fund Balance for Temporary Expenditures	11,000,000	10,000,000	
<b>TOTAL REVENUES</b>	<b>717,687,000</b>	<b>757,100,000</b>	
<b><u>EXPENDITURES</u></b>			
<b><u>Adjusted Base Budget</u></b>	717,687,000	706,537,000	
<b><u>UW Seattle Budget Reductions:</u></b>			
FY 2011 Reductions - Academic Units		(17,047,000)	
FY 2011 Reductions - Administrative Units		(8,542,000)	
Subtotal for UW Seattle Budget Reductions		(25,589,000)	
<b><u>UW Bothell Budget Reductions</u></b>			
FY 2011 Reductions		(1,037,000)	
Subtotal for UW Bothell Budget Reductions		(1,037,000)	
<b><u>UW Tacoma Budget Reductions</u></b>			
FY 2011 Reductions		(1,329,000)	
Subtotal for UW Tacoma Budget Reductions		(1,329,000)	
<b>TOTAL BUDGET REDUCTIONS</b>		(27,955,000)	
<b><u>Incremental Tuition Allocation to Academic Units</u></b>			
UW Seattle Academic Units		21,522,000	
UW Bothell		5,235,000	
UW Tacoma		3,137,000	
Subtotal		29,894,000	
<b><u>Incremental Tuition Allocation to the Provost</u></b>			
Strategic Investments		3,000,000	
Mitigation of Academic Unit Budget Reductions		3,000,000	
Administrative Unit Investments		3,500,000	
Subtotal		9,500,000	
<b><u>Compensation Adjustments</u></b>			
FY 2011 Health Benefit Increase (GOF)		10,194,000	
FY 2011 Health Benefit Increase (DOF)		410,000	
Other Benefit Budget Adjustments		4,500,000	
Faculty Promotions		650,000	
Subtotal		15,754,000	
<b><u>Other Adjustments</u></b>			
Required Cost Increases/Adjustments		7,582,000	<i>See Appendix 1</i>
Legislative Actions		5,788,000	<i>See Appendix 1</i>
Subtotal		13,370,000	
<b>SUBTOTAL: CORE EDUCATION EXPENDITURES</b>		<b>747,100,000</b>	
<b><u>Use of Fund Balance</u></b>		10,000,000	<i>See Table 3</i>
<b>TOTAL EXPENDITURES</b>		<b>757,100,000</b>	

**Table 3**  
**Core Education Budget**  
**Proposed Temporary Investments from Fund Balance for Fiscal Year 2011**

<u>Temporary Investments</u>	<u>FY 2011 Proposed</u>	<u>Comments</u>
One-time Funding for Academic Programs	10,000,000	<i>Bridge funding for FY2011 reduction</i>
<b>TOTAL EXPENDITURES</b>	<b>10,000,000</b>	

**Table 4**  
**Proposed Budget**  
**Restricted Programs Budget for Fiscal Year 2011**

	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>	<b>Comments</b>
<b><u>REVENUES</u></b>			
Grant and Contract Direct Cost	898,994,000	958,994,000	
Grant and Contract Indirect Cost	211,000,000	230,000,000	
Gifts	84,815,000	84,815,000	
State Restricted Funds	6,855,000	6,884,000	
<b>TOTAL REVENUES</b>	<b>1,201,664,000</b>	<b>1,280,693,000</b>	
<b><u>EXPENDITURES</u></b>			
Grant and Contract Direct Cost	898,994,000	958,994,000	
Gifts	84,815,000	84,815,000	
State Restricted Funds	6,855,000	6,884,000	
Subtotal	990,664,000	1,050,693,000	
<b><u>Indirect Cost Recovery:</u></b>			
<b><u>Adjusted Base ICR Budget</u></b>	211,000,000	211,000,000	
<b><u>Compensation Adjustments</u></b>			
FY 2011 Health Benefit Increase		1,229,000	
<b><u>Investments in Research Excellence</u></b>			
Research Support Activities		1,292,000	
Allocation to Capital - Research Support Facilities		4,000,000	
Research Cost Recovery Allocation Change		7,191,000	<i>See Appendix 1</i>
Dedicated Indirect Cost Recovery Changes		3,500,000	<i>See Appendix 1</i>
Subtotal		15,983,000	
<b><u>Required Cost Increases/Adjustments</u></b>		1,788,000	<i>See Appendix 1</i>
<b>TOTAL INDIRECT COST RECOVERY BUDGET</b>		<b>230,000,000</b>	
<b>TOTAL EXPENDITURES</b>		<b>1,280,693,000</b>	

**Table 5**  
**Proposed Capital Budget for Fiscal Year 2011**

<b>FY 2010 Capital Budget Proposal</b>	<b>FY 2010 Adopted</b>	<b>FY 2011 Proposed</b>
<b>REVENUE</b>		
<b>Funding for FY 2009 Projects</b>		
Projects Approved in FY 2009	356,836,123	
Substantially Completed Projects	21,238,000	
<b>Previously Approved Continuing Projects</b>	<b>335,598,123</b>	
<b>Funding for FY 2010 and 2011 Projects</b>		
<b>State Funds</b>	<b>65,500,000</b>	<b>(24,097,000)</b>
<b>Non-State Funds</b>		
UW Building Account - Local Funds	34,087,500	30,700,500
ICR - Local Funds	10,000,000	10,000,000
Enterprise Unit Funds	5,437,513	
Transfer from Unrestricted Local Funds	3,037,000	7,537,000
UW Debt	381,014,000	55,700,000
Federal Stimulus Grants	68,400,000	
<b>Subtotal, Non-State Funds</b>	<b>501,976,013</b>	<b>103,937,500</b>
<b>Total, New Funds</b>	<b>567,476,013</b>	<b>79,840,500</b>
<b>TOTAL REVENUE</b>	<b>903,074,136</b>	<b>79,840,500</b>
<b>EXPENDITURE COMMITMENTS</b>		
<b>Previously Approved Continuing Projects</b>	<b>335,598,123</b>	
<b>Proposed FY 2010 Projects</b>		
<b>Major Projects</b>		
Anderson Hall - P/D	200,000	
House of Knowledge Longhouse - P/D	300,000	
Molecular Engineering Building Phase I - C	83,900,000	
Safe Campus	8,000,000	
Tacoma Phase 3 - C	34,000,000	14,175,000
Bothell Phase 3 - P	5,000,000	
Animal Facilities Improvements	30,000,000	
MHSc Center J-1/J-2 Microbiology Renovation	15,000,000	
Guthrie Hall Renovation	6,000,000	
BSL-3 Labs Renovation	7,000,000	
Student Housing - New Residence Hall Ph I	158,300,000	
HUB Renovation and Expansion	128,300,000	
Hall Health Remodel	10,851,513	
Ethnic Cultural Center Expansion	15,500,000	
Balmer Hall Phase 2		42,800,000
UW Tacoma Land Acquisition		2,000,000
<b>Subtotal, Major Projects</b>	<b>502,351,513</b>	<b>58,975,000</b>
<b>Minor Projects</b>		
Minor Works - Facility Preservation	34,175,000	
Minor Works - Program	18,037,000	13,037,000
<b>Subtotal, Minor Projects</b>	<b>52,212,000</b>	<b>13,037,000</b>
<b>Preventative Facility Maintenance and Building System Repairs</b>	<b>12,912,500</b>	<b>7,828,500</b>
<b>Total, New Projects for FY 10 and FY 11</b>	<b>567,476,013</b>	<b>79,840,500</b>
<b>TOTAL EXPENDITURE COMMITMENTS</b>	<b>903,074,136</b>	<b>79,840,500</b>

**Appendix 1**  
**Required Cost Increases/Adjustments for Fiscal Year 2011**

<b>Item</b>	<b>FY 2011 Change</b>	<b>FY 2011 Amount to Core Educ.</b>	<b>FY 2011 Amount to ICR</b>
<b><u>Institutional Budgets</u></b>			
<b>Utilities:</b>			
Electricity	2,495,000	1,921,000	574,000
Natural gas	(903,000)	(649,000)	(254,000)
Water/sewer	776,000	598,000	178,000
Solid waste	(45,000)	(35,000)	(10,000)
Power Plant	4,000	3,000	1,000
Subtotal utilities:	2,327,000	1,838,000	489,000
<b>Other institutional budgets:</b>			
Property rentals-general	(551,000)	(424,000)	(127,000)
Property rental-Sand Point centrally supported space	7,000	5,000	2,000
Property rental-Sand Point unassigned space	(282,000)	(217,000)	(65,000)
Wellington Hills	134,000	103,000	31,000
Conservation Project Loan Payments	85,000	65,000	20,000
Institutional overhead offset	(500,000)	(500,000)	0
Judgments/Settlements/Litigation	126,000	97,000	29,000
Investment Management Fees	115,000	115,000	0
AFRS Interface Expense	355,000	355,000	0
Residential Parking Zone	(9,000)	(7,000)	(2,000)
Transportation subsidy	87,000	67,000	20,000
Institutional financial audits	(62,000)	(48,000)	(14,000)
Revolving fund budget adjustments	300,000	300,000	0
PACCAR Hall - Building Operations Expenses	950,000	950,000	0
Friday Harbor Lab Utilities	21,000	17,000	4,000
Disabled Student Services	200,000	200,000	0
Subtotal other institutional budgets:	976,000	1,078,000	(102,000)
<b><u>Debt Service</u></b>			
Animal facilities upgrades debt service	110,000	0	110,000
Molecular Engineering Building - ICR supported debt	289,000	0	289,000
Physics/Astronomy Building	578,000	578,000	0
UW Tower Data Center	12,000	0	12,000
Subtotal Debt Service	989,000	578,000	411,000
<b><u>UW Tower</u></b>			
UW Tower Operations	750,000	0	750,000
UW Tower Data Center Electricity	600,000	360,000	240,000
Subtotal UW Tower	1,350,000	360,000	990,000

**Appendix 1 (continued)**  
**Required Cost Increases/Adjustments for Fiscal Year 2011**

Item	FY 2011 Change	FY 2011 Amount to Core Educ.	FY 2011 Amount to ICR
<b><u>Other Issues</u></b>			
WWAMI offset (assuming 10% tuition incr)	250,000	250,000	0
Previous Dean/VP Commitments	3,000,000	3,000,000	0
Summer quarter cost increase	378,000	378,000	0
UW Bothell - FY11 Summer Qtr Tuition Increase Allocation	50,000	50,000	0
UW Tacoma - FY11 Summer Qtr Tuition Increase Allocation	50,000	50,000	0
Subtotal Other Issues	3,728,000	3,728,000	0
<b>Subtotal Required Cost Increases</b>	<b>9,370,000</b>	<b>7,582,000</b>	<b>1,788,000</b>
<b><u>Research Cost Recovery Policy Allocation</u></b>			
RCR adjustment to FY 2010 actual	1,575,000	0	1,575,000
RCR adjustment for College of Environment Transition	616,000	0	616,000
FY 2011 Projected RCR change	5,000,000	0	5,000,000
Subtotal Policy Application	7,191,000	0	7,191,000
<b><u>Dedicated Indirect Cost Recovery Dollars</u></b>			
Harborview Research and Training Building	1,000,000	0	1,000,000
Harborview - Other Research Space	500,000	0	500,000
Rosen Building	500,000	0	500,000
Brotman Building & South Lake Union Phase 2	1,500,000	0	1,500,000
Subtotal Dedicated Indirect Cost Recovery	3,500,000	0	3,500,000
<b>Subtotal RCR &amp; Dedicated Indirect Cost Recovery</b>	<b>10,691,000</b>	<b>0</b>	<b>10,691,000</b>
<b><u>Legislative Actions (From 2009 and 2010 sessions)</u></b>			
WWAMI / Ride Expansion - Incremental Funding	244,000	244,000	0
CINTRAFOR - Incremental Funding	2,000	2,000	0
WWAMI / Ride - Health Care System Planning	250,000	250,000	0
Telecommunication Regulations	183,000	183,000	0
Tax Increment Financing Cost/Benefit Analysis	25,000	25,000	0
Building Operations & Maintenance - Capital to Operating Shift	5,084,000	5,084,000	0
Subtotal Legislative Actions	5,788,000	5,788,000	0
<b>TOTAL REQUIRED COST INCREASES/ADJUSTMENTS</b>	<b>25,849,000</b>	<b>13,370,000</b>	<b>12,479,000</b>

Appendix 2  
University of Washington  
**2010-11 Proposed Tuition and Mandatory Fees**

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

*All percentages are rounded down  
2009-10 HECB 24 projections are based on five-year trend estimates*



Appendix 2  
University of Washington  
**2010-11 Proposed Tuition and Mandatory Fees**

Tuition Category	University of Washington						HECB 24 Comparison Group		
	2010-11 Proposed Tuition and Fees								
<b>Graduate</b>	2009-10 Tuition	<b>Proposed Tuition</b>	Dollar Increase	Percent Increase	Estimated Fees	Proposed Tuition & Fees	2009-10 Peer Tuition & Fees	2010-11 Peer Tuition & Fees	2009-10 Peer Percent Increase
Medicine Resident	20,430	<b>22,470</b>	2,040	10%	567	23,037	28,635	30,013	4.81%
Medicine Nonresident	49,470	<b>51,450</b>	1,980	4%	567	52,017	46,819	48,422	3.42%
Dentistry Resident	20,430	<b>23,290</b>	2,860	14%	567	23,857	29,427	31,321	6.44%
Dentistry Nonresident	49,470	<b>49,470</b>	-	0%	567	50,037	49,735	52,205	4.97%
<b>Master of Nursing and Doctor of Nursing Practice</b>									
<b>UW Seattle</b>									
Master of Nursing/Doctor of Nursing Practice Resident	15,250	<b>17,390</b>	2,140	14%	567	17,957			
Master of Nursing/Doctor of Nursing Practice Nonresident	30,190	<b>34,420</b>	4,230	14%	567	34,987			
<b>Master of Nursing (Satellite Campuses)</b>									
<b>UW Bothell/UW Tacoma</b>									
Master of Nursing Resident	10,660	<b>11,410</b>	750	7%	528	11,938			
Master of Nursing Nonresident	24,000	<b>24,750</b>	750	3%	528	25,278			
<b>Business Administration Master Degrees</b>									
<b>UW Seattle</b>									
Master of Business Administration Resident ( <i>incoming</i> )	23,350	<b>24,520</b>	1,170	5%	567	25,087	22,434	23,250	3.64%
Master of Business Administration Nonresident ( <i>incoming</i> )	35,090	<b>36,840</b>	1,750	5%	567	37,407	33,141	34,146	3.03%
Master of Business Administration Resident ( <i>continuing</i> )	21,230	<b>23,350</b>			567	23,917			
Master of Business Administration Nonresident ( <i>continuing</i> )	31,900	<b>35,090</b>			567	35,657			
<b>UW Bothell</b>									
Master of Business Administration Resident ( <i>incoming</i> )	19,890	<b>20,880</b>	990	5%	450	21,330			
Master of Business Administration Nonresident ( <i>incoming</i> )	26,450	<b>27,770</b>	1,320	5%	450	28,220			
Master of Business Administration Resident ( <i>continuing</i> )	18,587	<b>19,890</b>			450	20,340			
Master of Business Administration Nonresident ( <i>continuing</i> )	24,717	<b>26,450</b>			450	26,900			

All percentages are rounded down  
2009-10 HECB 24 projections are based on five-year trend estimates

Appendix 2  
University of Washington  
**2010-11 Proposed Tuition and Mandatory Fees**

Tuition Category	University of Washington						HECB 24 Comparison Group		
	2009-10 Tuition	Proposed Tuition	2010-11 Proposed Tuition and Fees		Estimated Fees	Proposed Tuition & Fees	2009-10 Peer Tuition & Fees	2010-11 Peer Tuition & Fees	2009-10 Peer Percent Increase
Graduate			Dollar Increase	Percent Increase					
<b>UW Tacoma</b>									
Master of Business Administration Resident ( <i>incoming</i> )	15,780	<b>17,360</b>	1,580	10%	528	17,888			
Master of Business Administration Nonresident ( <i>incoming</i> )	28,700	<b>31,570</b>	2,870	10%	528	32,098			
Master of Business Administration Resident ( <i>continuing</i> )	15,780	<b>16,570</b>	790	5%	528	17,098			
Master of Business Administration Nonresident ( <i>continuing</i> )	28,700	<b>30,140</b>	1,440	5%	528	30,668			
<b>Post-baccalaureate and Non-matriculated</b>									
<b>Post- baccalaureate Resident</b>									
taking only undergraduate courses	7,125	<b>8,122</b>	997	14%	567	8,689			
taking one or more graduate courses	11,160	<b>11,940</b>	780	7%	567	12,507			
<b>Post- baccalaureate Nonresident</b>									
taking only undergraduate courses	23,800	<b>24,750</b>	950	4%	567	25,317			
taking one or more graduate courses	24,500	<b>25,280</b>	780	3%	567	25,847			
<b>Non-matriculated Resident</b>									
taking only undergraduate courses	7,125	<b>8,122</b>	997	14%	567	8,689			
taking one or more graduate courses	11,160	<b>11,940</b>	780	7%	567	12,507			
<b>Non-matriculated Nonresident</b>									
taking only undergraduate courses	23,800	<b>24,750</b>	950	4%	567	25,317			
taking one or more graduate courses	24,500	<b>25,280</b>	780	3%	567	25,847			

**College of Built Environments** has requested to have all master degrees in its tuition category "College of Built Environments Master." Previously, Master of Architecture Master of Urban Planning, and Master of Landscape Architecture were in this category while Master of Science in Real Estate and Master of Construction Management were in Tier III.

**UW Tacoma** has requested a cohort model for their MBA program. For the 2010-11 academic year incoming student will be charged 10 percent above the 2009-10 rate, and continuing students will be charged 5 percent above 2009-10 rates.

HECB 24 Comparison refers to the 2009-10 UW - HECB 24 Tuition Comparison prepared by the Office of Planning and budgeting. Complete peer tuition comparison information can be found at the [Planning and Budgeting website](#).

*All percentages are rounded down*

*2009-10 HECB 24 projections are based on five-year trend estimates*

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

In Joint Session with

B. Finance, Audit and Facilities Committee

**Information Item**

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

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

## **Content of This Item**

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

## **History of Tuition Setting Authority**

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

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

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

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

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

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

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

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

## **Supporting Information in Appendices**

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

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

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

### **Comments on Appendix 3**

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

### **Comments on Appendix 4**

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

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

### **Comments on Appendix 5**

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

### **Comments on Appendix 6**

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

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

### **Comments on Appendix 7**

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

### **Comments on Appendix 8**

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

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

### **Comments on Appendices 9 and 10**

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

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



## Appendix 1

### University of Washington Current Tuition Category Structure

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

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

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

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

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

## Appendix 2

University of Washington

### **Factors Considered When Tuition Increases are Proposed**

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

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

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

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

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

## Appendix 3

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

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

This data does NOT include summer quarter waivers

Appendix 4

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

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

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

## Appendix 5

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

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

## Appendix 6

### University of Washington LOAN DEBT AT GRADUATION

#### Bachelor Degrees

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

#### Graduate Degrees\*

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

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

#### Medicine Degrees

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

#### Dentistry Degrees

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

Appendix 6 (continued)

University of Washington  
**LOAN DEBT AT GRADUATION**

**Law Degrees**

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

**Nursing Degrees**

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

**MBA Degrees**

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

**Pharmacy Degrees**

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

## Appendix 7

### University of Washington Federal and State Funding

#### Pell and State Need Grant Funding

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

#### Husky Promise

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



## Appendix 8

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

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

## Appendix 9

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



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

Appendix 9 (continued)

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



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

## Appendix 10

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

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

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

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

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

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

## Appendix 10 (continued)

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

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

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

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

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

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

Appendix 10 (continued)

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

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

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

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

Appendix 10 (continued)

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

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

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

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

Appendix 10 (continued)

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

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

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

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



Appendix 10 (continued)

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

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

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

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

Appendix 10 (continued)

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

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

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

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

## Appendix 10 (continued)

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

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

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

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

Appendix 10 (continued)

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

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

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

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

Appendix 10 (continued)

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

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

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

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

## Appendix 10 (continued)

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

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

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

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

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

Appendix 10 (continued)

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

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

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

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

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

Appendix 10 (continued)

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

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

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

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



Appendix 10 (continued)

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

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

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

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

Appendix 10 (continued)

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

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

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

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

## Appendix 10 (continued)

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

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

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

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



## FY 2011 Proposed Budget and UW Funding Trends

May, 2010

**UW Vision and Values provides the framework that guides investments.**



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

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

# An overview of the core components of the UW budget.



- ❖ Capital Budget

- ❖ Operating Budget

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

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



- ❖ For FY 2011 state reductions include:
  - \$3.2m reduction in \$34m appropriated for UW Tacoma Phase 3 Joy building (\$17.2m in state funds were replaced by \$14m from building account)
  - \$6.9m reduction in facility minor repair funding (also replaced by UW building account funds)
  - Plus, \$5.1m moved from capital to operating for facility maintenance
  
- ❖ For FY 2011 state authorized debt-funded projects include:
  - \$42.8m for Balmer Hall Reconstruction (debt payment source: building fee)
  - \$7.45m for UW Tacoma Phase 3 (debt payment source: building fee)
  
- ❖ For FY 2011 additional funds for UW Tacoma Phase 3
  - \$5.45m ILP debt (debt payment source: unrestricted operating funds)
  - \$4.5m reserves from unrestricted operating funds
  
- ❖ Total capital funds from state and non-state sources is \$79.8 for FY 2011.
  - \$103.9m in non-state funds
  - \$-24.1m in state funds

# UW projects funded from FY 2011 capital budget of \$79.8m.



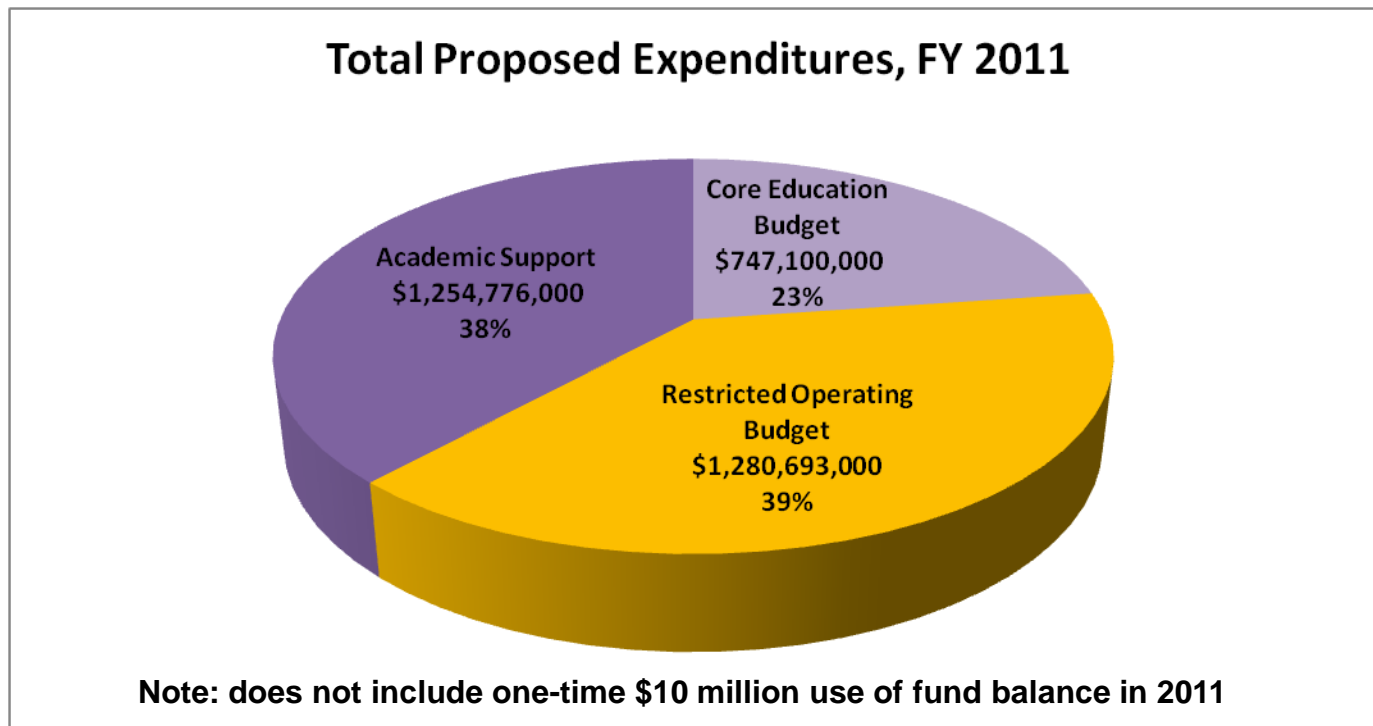
- ❖ Balmer Hall Reconstruction: \$42.8 million of construction funding
  - Demolition of Balmer Hall and new construction of 63,000 gross square foot (GSF) building
  
- ❖ UW Tacoma Phase 3: \$14.2 million for Jefferson Building construction
  - Additional funds to construct 40,000 GSF building
  
- ❖ UW Tacoma Land Acquisition: \$2 million
  
- ❖ Minor Repair Projects: \$13 million
  
- ❖ Facility Maintenance: \$7.8 million



# The proposed UW operating budget for FY 2011 totals \$3.3 billion, an increase of 5% over FY 2010.



- ❖ A net increase of 4.1 percent for the Core Education Budget
- ❖ An increase of 6.6 percent in the Restricted Operating Budget
- ❖ An increase of 4.0 percent in the Academic Support Budget



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



## ❖ Upcoming UW FY 2011

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

## ❖ Upcoming 2011-13 state biennial budget

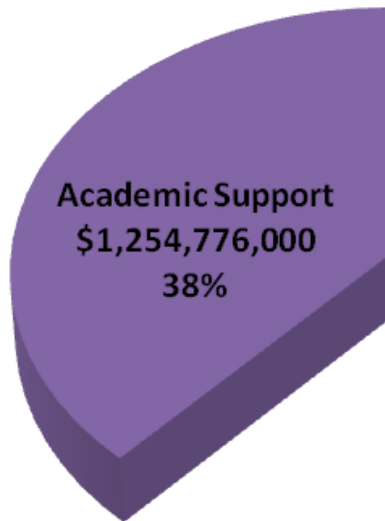
- Potential loss of \$3 billion federal stimulus support
- Slow revenue recovery
- Basic education funding requirements
- Case load cost increases

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

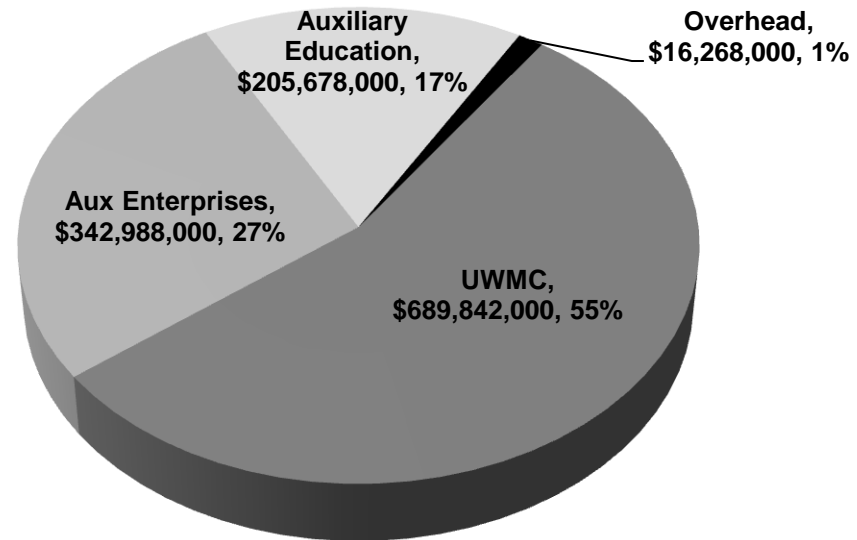


# The Academic Support budget has a stable outlook for FY 2011.

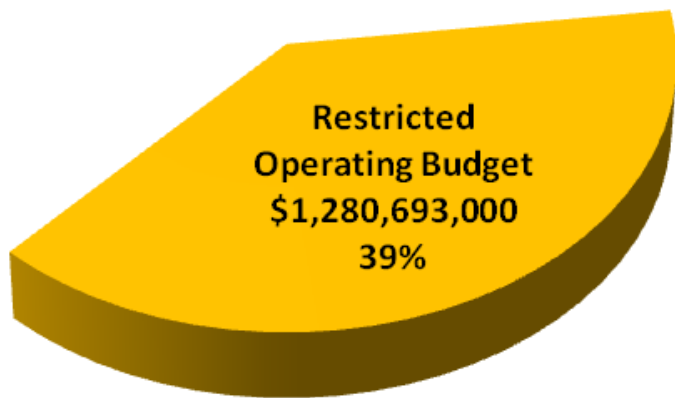
- ❖ Continued stable growth is expected through FY 2011 for the UW's auxiliary business enterprises, including the UW Medical Center, Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services.



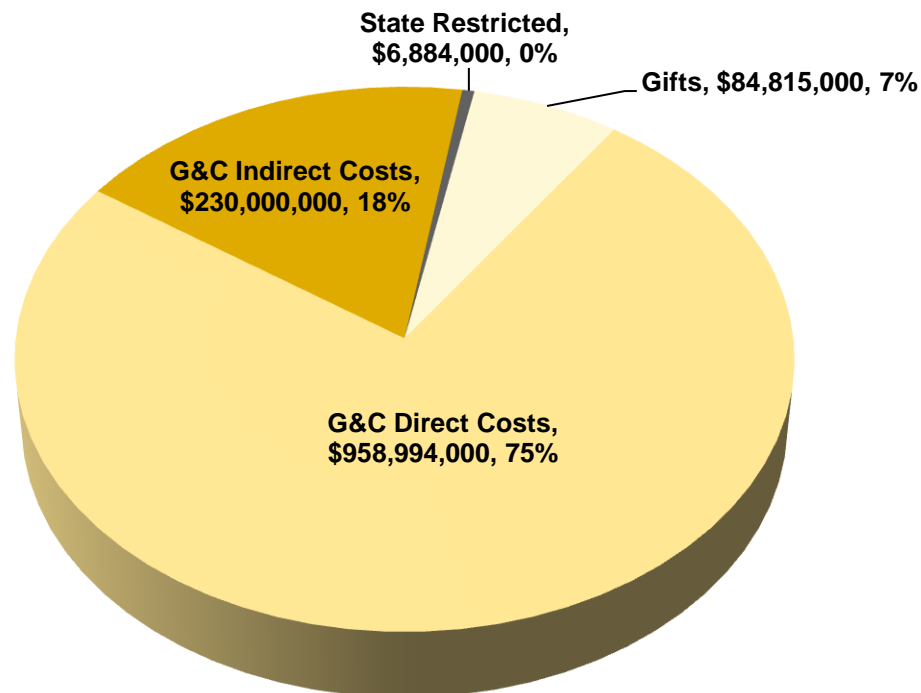
Proposed Academic Enhancement/Support Budget, FY 2011



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



## Proposed Restricted Operating Budget, FY 2011



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

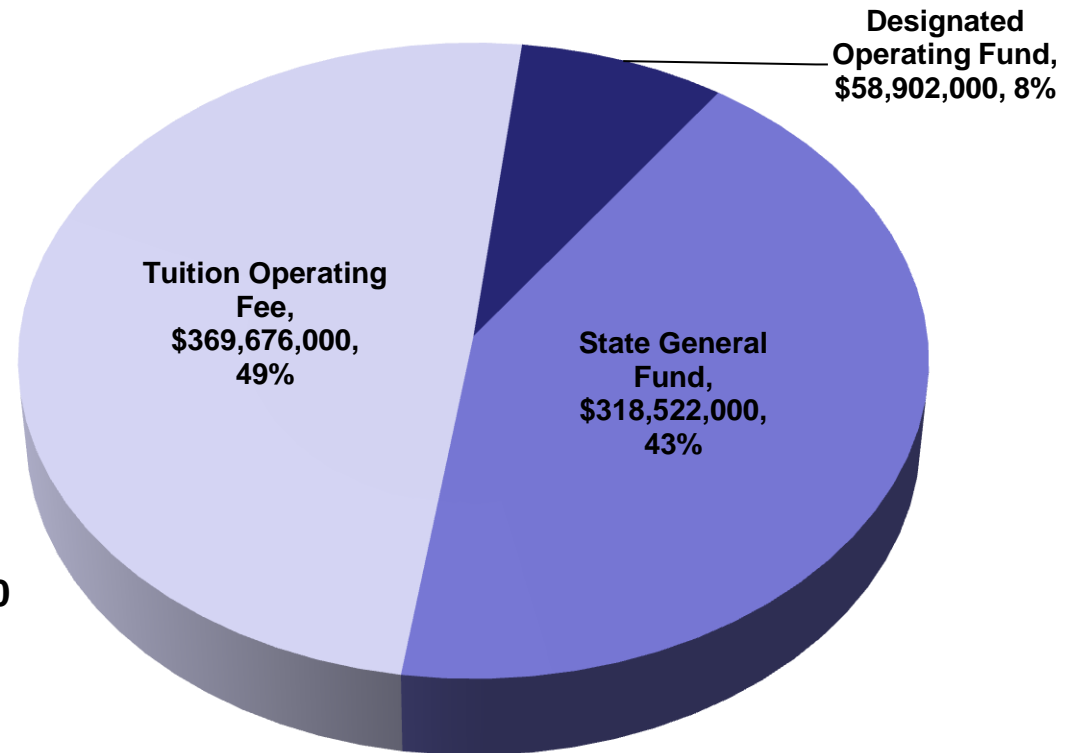
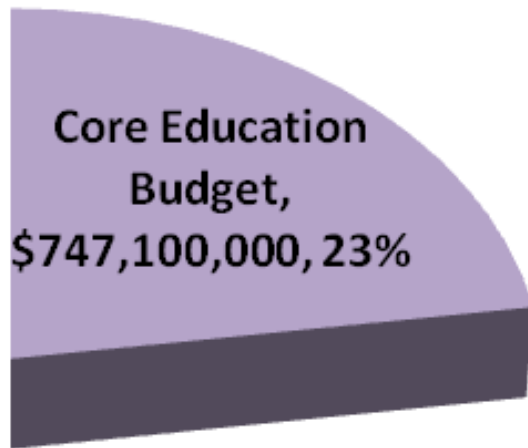


- ❖ Federal stimulus funding has led to an increase in direct expenditures on grants and contracts in FY 2011, helping to boost direct costs by \$60m (or 6%).
- ❖ Indirect cost recovery is expected to increase by about \$19m (or 8%) in 2011 with increased grants and contracts.
- ❖ Revenues to gift and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

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



## Proposed Core Education Budget, FY 2011



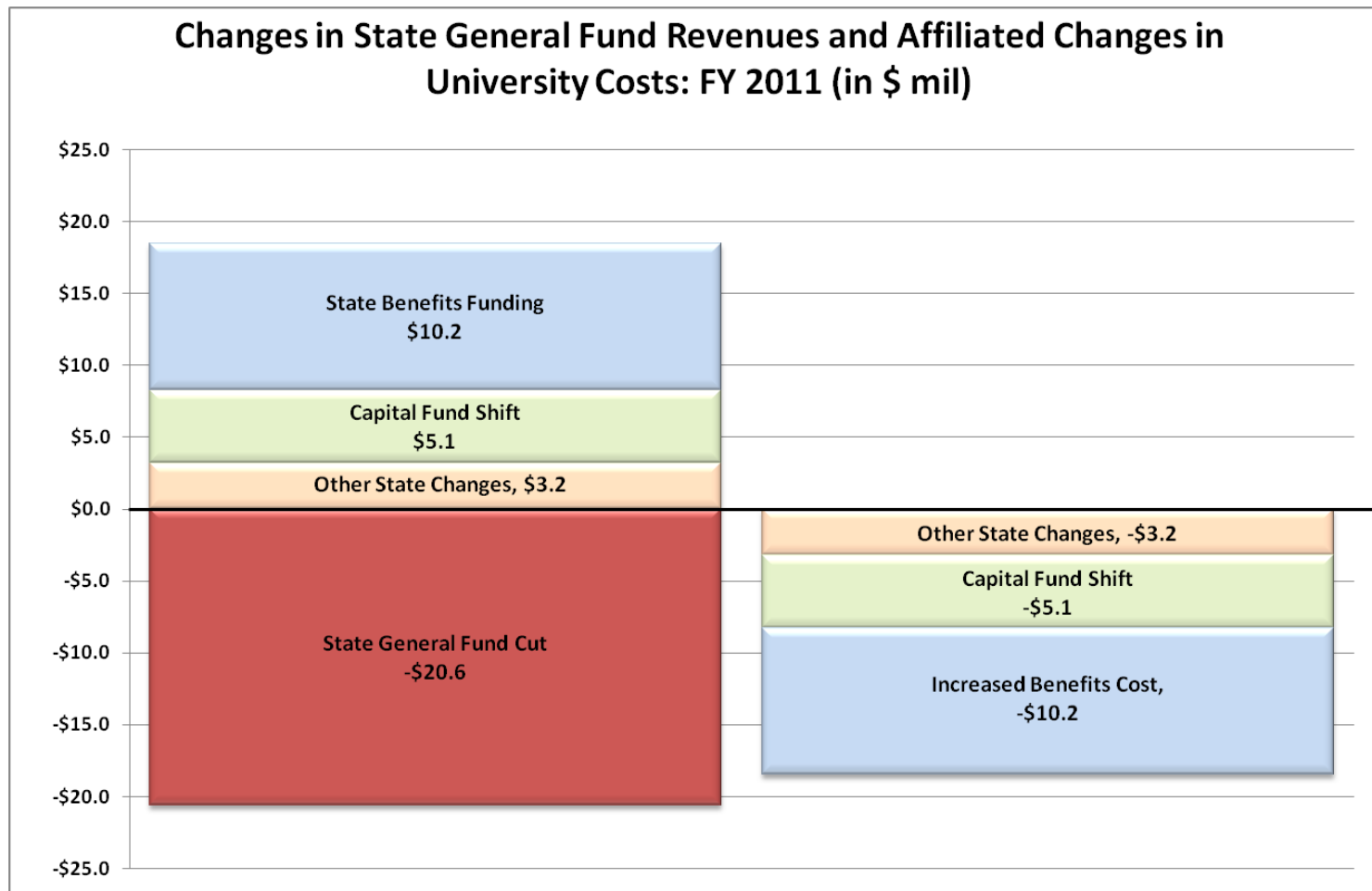
**Note: does not include one-time \$10 million use of fund balance in 2011**

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



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

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





# Guiding principles for implementing budget reductions at the UW.



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

# Planned approach to budget reductions in FY 2011.



- ❖ State budget reduction will be proportionately distributed to the three campuses.
  
- ❖ Seattle academic and administrative units all asked to take a 5% reduction.
  - Incremental tuition will be allocated by the Provost to mitigate the impact of the 5% reduction, especially for academic units.
    - 70% allocated to Academic Units based on recommendations included in the draft Activity Based Budgeting report.
    - 30% allocated by the provost for further mitigation of cuts to academic units, key administrative support functions and strategic investments.

# Proposed tuition increases for the 2010-11 academic year.

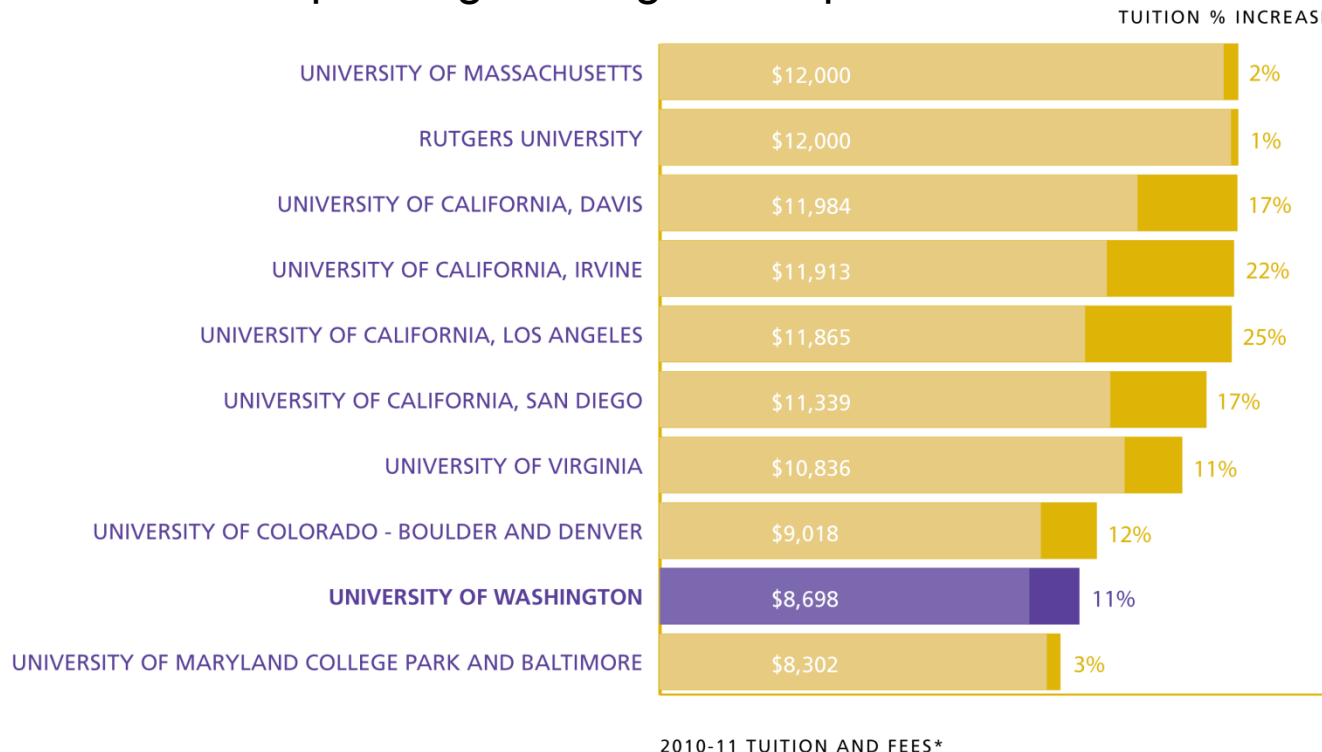


- ❖ The Legislature limited the amount that undergraduate resident tuition could be increased by 14 percent for both 2009-10 and 2010-11.
- ❖ The Legislature extended authority to set tuition for all other tuition categories through 2012-13.
- ❖ For 2010-11, the administration is recommending the following tuition increases:
  - 14% (\$997) for undergraduate residents
  - 4% (\$950) for non-resident undergraduates
  - 3-14% for graduate and professional students, depending on program.
- ❖ UW tuition will continue to be more affordable than our peer institutions in almost all tuition categories.

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



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

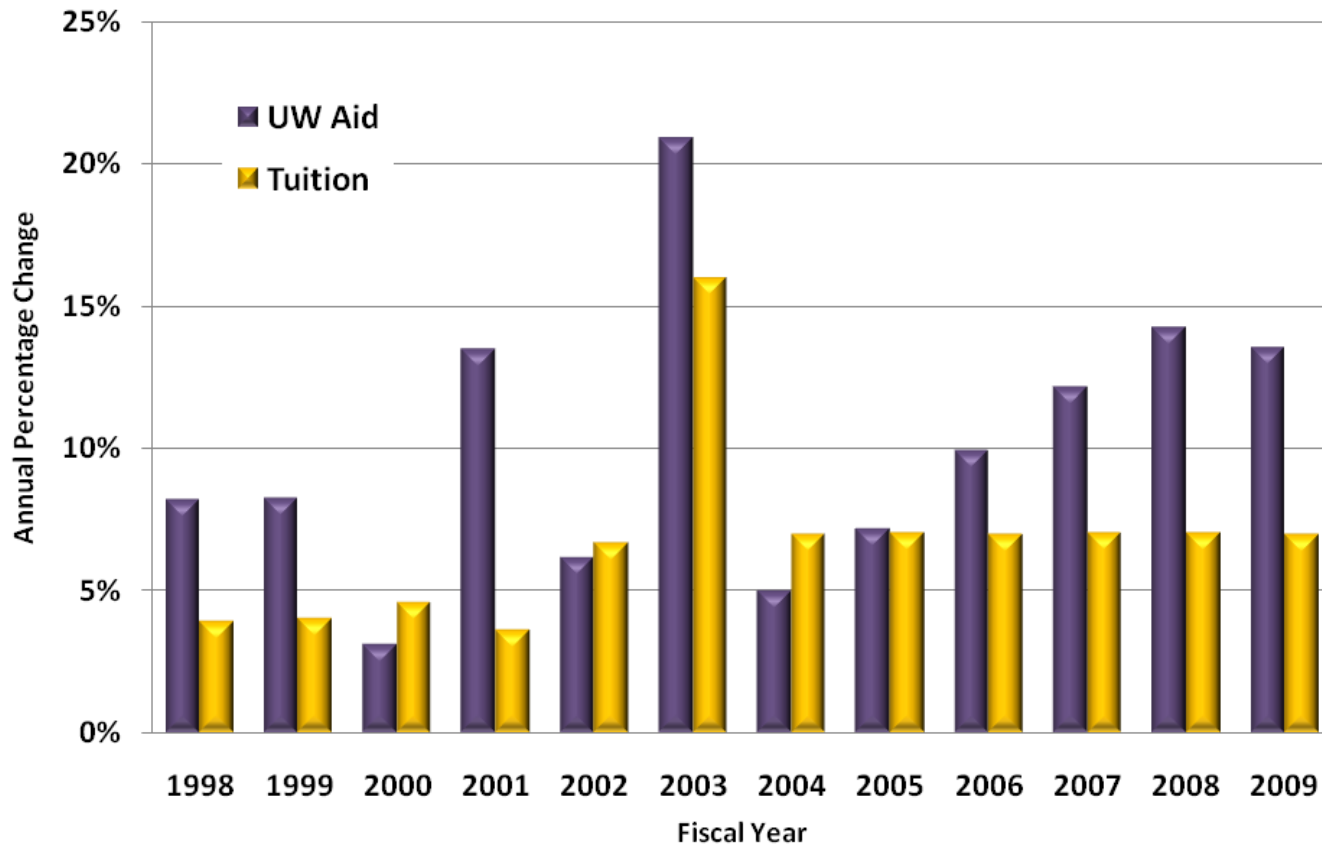


\* Estimated - based on preliminary state information or previous year increase Source: Universtiy, Legislative and News websites

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



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



# The proposed FY 2011 budget includes substantial financial aid increases.



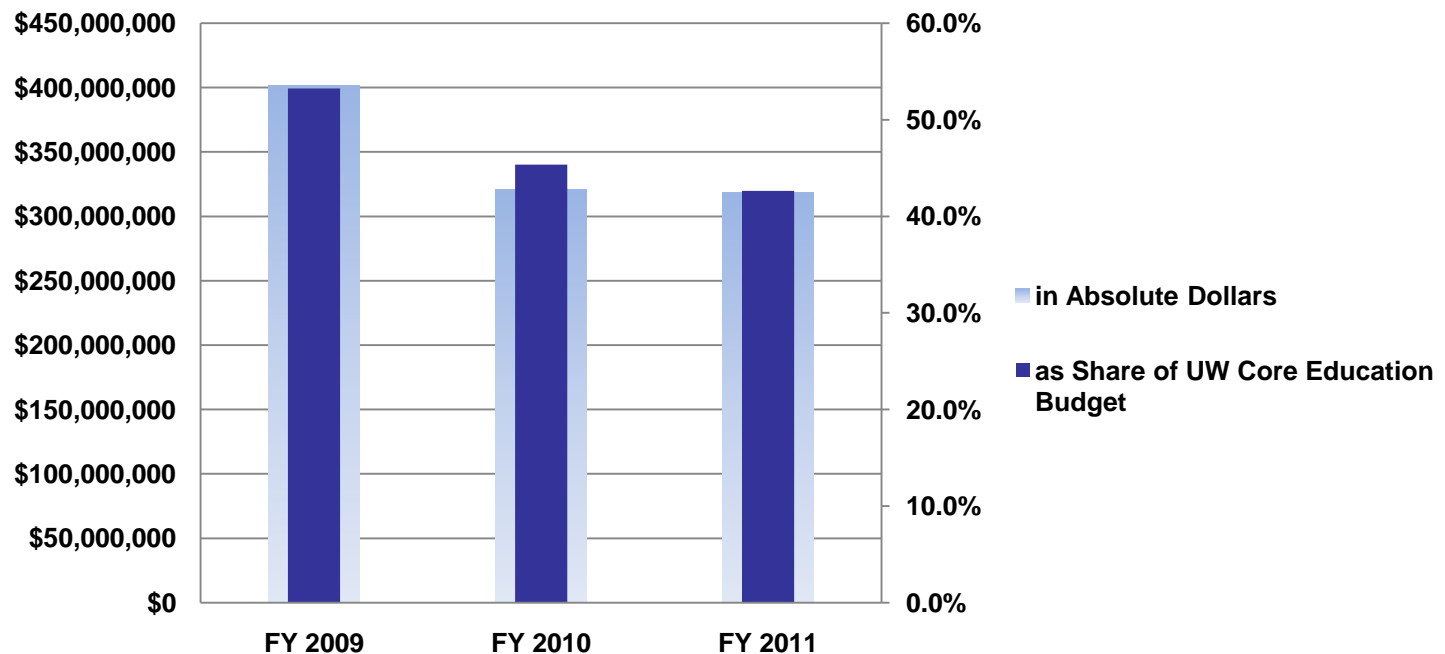
- ❖ Tuition increases will provide an additional **\$3,125,200** in financial aid revenue for needy undergraduate resident students.
- ❖ The Legislature also requires that 1/7 (14 percent ) of tuition revenue beyond what would have been generated by a 7% increase be used for financial aid grants for undergraduates. This is equivalent to **\$1,660,000**.
- ❖ Increased tuition levels will increase the value of tuition waivers granted to graduate students by over **\$4.0 million**, plus make an additional **\$861,000** available to graduate and professional students through grants or waivers.
- ❖ The federal Pell grant, plus the State Need Grant will combine with increases in UW aid to further offset tuition increases for needy students.
- ❖ An expanded federal tax credit will continue to help offset tuition increases for many middle class students who do not typically qualify for financial aid.

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



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

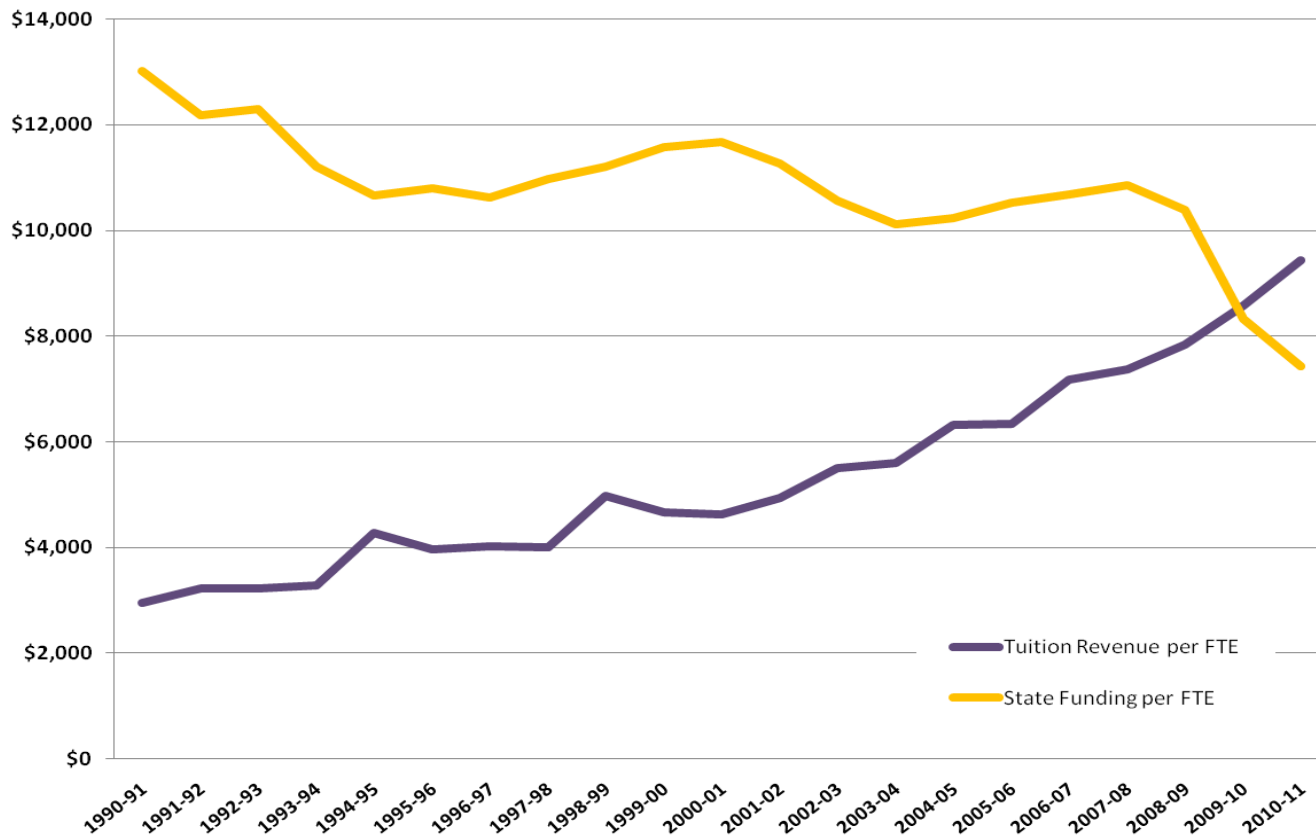
### State General Fund, Appropriations to UW



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



Funding per FTE Student  
(in 2009 Dollars)







# Next Steps.

## ❖ June Regents' Meeting

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

## ❖ July Regents' Meeting

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



## ASUW Report

### Campus Community Initiative

#### **Campus Council/Leadership Lunches**

-Description: Providing a fun and natural environment for leadership from RHSA, IFC/Panhellenic, ECC, ASUW & clubs to discuss & collaborate.

-How: Currently holding bi-monthly lunches. Received funding for Mid-May payed lunch. Writing into ASUW President Job Description.

#### **ECC Community Discussion**

With the move to Condon, now more than ever, we need to have ways of staying together, retaining & building upon our community. Derek Edamura, myself, along with the guidance of others have created a survey, located [here](#), to gather information in order to better serve the ECC Community.

#### Goals

Provide set method & place specifically for all ECC affiliated organizations to:

\*Communicate

\*Collaborate

**What:** Goal is to build & support community, communication, & Bridges through a simple method-ECC Student Council, or adding to an already existing monthly event

**When:** Monthly meetings, for those who wanted to meet with community members more regularly, students would attend SAB & ECC Roundtables

**Where:** ECC/Condon

**Why:** To provide a set method for all ECC affiliated organizations to communicate & collaborate. Basic organizing tool would be to choose an already existing ECC community event a quarter, get more students to come, create more.

**How:** Talking to all affiliated organizations via word of mouth & already created survey to get feedback. Forum next month.

**Who:** All ECC affiliated organizations & open membership.

#### **UW Showcase**

-Description: Providing a consistent venue for UW student talent to perform, providing place for music groups to communicate/collaborate

-How: UW Showcase Mtg w/committee (HHSA, RETRO, A&E): Set guidelines for music committee, kickoff event for May, Venue for next year

UW Showcase-Please Respond if interested

For any clubs or students interested in being a part of an All Campus Music Committee designed to better support Music clubs supporting student musical talent, and provide venues on its own through communication & collaboration.

**What:** A music committee comprised of membership from UW Music Associations (clubs) designed to better support UW students with performance talent (bands, breakdancing, etc.) through the following A) Providing support, communication/collaboration for existing music association & B) Through this collaboration provide a monthly venue to perform at, be it red square, Henry Art Gallery, House Concerts, etc.

**When:** Meeting Bi-Monthly, provide performance space to be determined

**Where:** Potential places for performance: Henry Art Gallery, Red Square, Ethnic Cultural Theatre, Balmer Commons, Residential Houses, etc.

**Why:** To better serve our students with musical gifts.

**How:** Create music committee with specific Music club representation & open membership, meet on a bi-monthly basis, maintain communication through gmail & facebook group.

### **Dawg Daze Last Gasp ECC/Condon Block Party**

-talked with Grant & Kyle-Talking with Trevor & HFS, I've got UWPD & Greeks, RHSA.

### **Advocacy Initiative**

#### **Voter Registration /ASUW Elections**

-Organizing mass collaborative Fall Voter Registration Drive, and making it apart of ASUW Elections. Getting ballot box on campus.

### **Institutionalizing Political Action Network**

### **Academic Quality Initiative**

#### **Collaborative Learning/Student Study Groups**

-Description: Utilizing the resource of students teaching students (peer tutoring) to combat budget cuts & increase quality of education.

-Presented plan to College of arts & Sciences Dean Thursday 4.29.10 via senate legislation (R-16-30) & further discussions with Mary Pat, starting pilot program Summer or Fall. Could revolutionize academic quality & Community on campus.

### **College to Career Initiative**

#### **Career Advising Integration**

-Description: Have every department include a readily made career counseling component in academic advising-what career your passion & major applies to, & connecting those two.

-How: the Career Center has made a program that matches interests & major with relevant careers, & UW Alumnic Association has the Husky Career Network which matches Alumni with job opportunities with students.

-Senate legislation passed, presented to College of arts & Sciences Dean Thursday 4.29.10.

### **Academic Quality, Careers, Collaborative learning Survey**

-Survey coming soon.