The state’s most valuable asset in a competitive, innovative economy is an educated workforce. Investing in our students and our state universities is the best way to create good-paying jobs and build the state’s economy.

The global recession and state deficit have significantly impacted the University’s finances and its ability to serve students. Students feel the effects of budget cuts daily—larger class sizes, fewer course offerings and reduced support services.

The University of Washington’s 2010 legislative agenda focuses on realistic solutions that expand access to quality higher education without relying on new state resources.

1. Grant local tuition management

Greater ability to manage resident undergraduate tuition would allow the University to manage its resources more effectively during times of limited state resources while maintaining a strong commitment to its public mission. The University Board of Regents would manage this authority with meaningful conditions and accountability measures.

The benefits include:
  - Greater financial predictability for UW students and families.
  - Expanded access for low and middle income students through additional financial aid.
  - Authority linked to performance outcomes, including expanding degree production in areas of critical state need.

2. Local account consolidation and management for capital projects

Consolidating local resources into a single, locally-managed account would capitalize on the University’s strong credit rating to help complete capital projects faster and more cost effectively.

The benefits include:
  - Reduced capital project costs through competitive financing.
  - Integrated and accelerated project planning and delivery.
  - Streamlined account management.

3. Modernize construction management for critical care medical projects

Creation of a “medical facilities roster” for critical care medical projects would allow University of Washington Medical Center and Harborview Medical Center to grow and adapt patient care and research facilities at the same schedule and cost as private medical centers.

The benefits include:
  - Time and cost savings for UWMC and HMC.
  - Increased predictability and certainty for bidding contractors, who know if they are qualified.
  - Stronger relationships between the University and the contracting community.
University of Washington
Local Tuition Management

Background

The current higher education funding model is unsustainable. It is ill equipped to respond to changing economic conditions. A sustainable model recognizes that state funding, tuition and financial aid operate in concert to support the University’s public mission.

During times of limited state resources, tuition and financial aid become increasingly important resources to protect to educational quality, access and affordability.

Solution

Greater ability to manage resident undergraduate tuition would allow the University to administer its finances more effectively during times of limited state resources while maintaining a strong commitment to its public mission. The University Board of Regents would manage this authority with meaningful conditions and accountability measures.

1. Promote affordability & predictability

   - Establish a resident undergraduate tuition cap. Impose a 10% average annual cap on resident undergraduate tuition increases, never to exceed the 75th percentile of tuition at GCS peer institutions.

<table>
<thead>
<tr>
<th></th>
<th>U MA</th>
<th>Rutgers</th>
<th>UC Davis</th>
<th>75th %</th>
<th>UCSD</th>
<th>UC Irvine</th>
<th>U Conn</th>
<th>U VA</th>
<th>UCLA</th>
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<td>$9,436</td>
<td>$8,053</td>
<td>$7,932</td>
<td>$7,692</td>
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</table>

2. Increase access

   - Increase institutional commitment to student financial aid from 3.5% to 4.5% of total tuition revenue.

3. Ensure quality and accountability

   - Require performance agreements between the UW and the state. Link tuition-setting authority to outcomes such as expanding degree production in areas of critical state need.
**Background**

Over the past decade, the State and the UW have improved and streamlined capital project delivery by leveraging local revenues.

- 2003: Authorized local bond authority for research facilities.
- 2007: Authorized local bond authority for any capital construction project.
- 2009: Authorized the use of building fees revenues to secure and pay off local bonds.

The University’s ability to manage these resources is reflected in its current Aa1 bond rating – one of the highest ratings in the nation for a public university. Capital planning and project delivery could be further improved by consolidating local resources into a locally managed account.

**Solution**

In the face of diminishing state capital budget capacity, the University recognizes that an increasing share of capital project financing must be borne by its own local revenues. Several local revenue streams are deposited into three accounts: the UW Bond Retirement Account, the UW Facilities Bond Fund, and the appropriated UW Building Account.

Consolidating these three accounts into one local, capital-projects account would capitalize on University’s strong credit rating and allow it to access more competitive financing. This would complete capital projects faster and cheaper. It would also allow the UW to better plan for and manage its long term assets, including Metro Tract revenues.

**A current example: UW Tacoma Phase 3**

The UW Tacoma Phase 3 project is shovel-ready, but there were only enough capital budget resources to fund a portion of the project last session. Bids came in lower than anticipated, and the University was left with resources it could not use. With consolidation and local resource management, the UW could have moved forward on UW Tacoma Phase 3. The bid environment would have saved costs and created jobs.
Background

The University of Washington Medical Center (UWMC) and Harborview Medical Center (HMC) are publicly-owned medical facilities and teaching hospitals that account for 41,000 patient admissions and 1.0 million outpatient and emergency room visits each year. State-of-the-art medical facilities are needed to provide top-notch patient care while attracting and supporting faculty research and teaching.

Critical medical facility projects are unique in several ways:

- Construction work is done in occupied hospitals. Patient safety is paramount, particularly when it intersects with construction. Contractor teams must be able to respond to infection control, mitigation of construction dust, and noise abatement requirements for patient care, including adult and neonatal critical care units (NICU).
- UMWC and HMC are located in dense, highly urbanized areas. Space is at a premium and construction logistics are challenging.
- The medical field is highly regulated by federal, state and industry-related authorities. It is also dynamic—technology and science change rapidly.

Medical centers must be able to grow and adapt their facilities to meet the changing demands of patient care and life-saving research. As publicly owned medical facilities, UWMC and HMC are restricted from using many procurement and construction services currently utilized by private medical centers. These services allow private hospitals to bring new facilities online faster than UWMC and HMC. Time savings result in significant cost savings.

It is essential to deliver construction services at the same schedule and cost as private medical centers.

Solution

The authorization of a “medical facilities roster” for critical care medical projects would allow UWMC and HMC to grow and adapt patient care and research facilities faster and cheaper. Proposed legislation would model existing “small works roster” practices (RCW 39.04.10, 39.04.350) and be restricted to critical medical facility projects.

<table>
<thead>
<tr>
<th>Current Authority</th>
<th>Proposed Authority</th>
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<tr>
<td>Small works rosters are authorized for projects up to $300,000.</td>
<td>Authorizes critical medical facilities rosters for projects up to $5.0 million.</td>
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<tr>
<td>Public agencies are allowed supplemental bidder criteria for individual projects. The lowest bidder evaluated first. If the lowest bidder does not meet the criteria, the next lowest bidder is evaluated. Each evaluation takes 2-6 weeks.</td>
<td>Allows a public agency to establish a roster of qualified firms, eliminating multiple evaluations. Contractors on roster would be notified of all critical care medical projects by the UW. Allows a public agency to establish a roster of contractors who are interested in becoming qualified for critical care projects. Contractors on the roster could gain capacity and experience by bidding on non-critical care medical center projects.</td>
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