March 2, 2018

TO: Members of the Board of Regents
   Designated Representatives to the Board of Regents

FROM: Tyler Lange, Secretary of the Board of Regents

RE: Schedule of Meetings

WEDNESDAY, MARCH 7, 2018

The regular meeting of the Board of Regents
scheduled for Wednesday, March 7, 2018, at 5:30 p.m. has been cancelled.

THURSDAY, MARCH 8, 2018

THE BOARD MEETS AT THE UNIVERSITY OF WASHINGTON BOTHELL.

REGULAR MEETING OF THE BOARD OF REGENTS: The regular meeting will begin at 8:30 a.m. with portions of the day allocated as set forth below.

8:30 to 9:30 a.m. Rose Room, Founders Hall, UW1-280 UW Bothell

ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regents Benoliel (Chair), Goddard, Riojas, Tamaki

*9:50 to 11:40 a.m. Rose Room, Founders Hall, UW1-280 UW Bothell

FINANCE AND ASSET MANAGEMENT COMMITTEE: Regents Rice (Chair), Ayer, Blake, Harrell, Zeeck

11:40 a.m. to 12:50 p.m. Third Floor Vista, Founders Hall, UW1 UW Bothell

LUNCH For Regents and Invited Guests

12:50 p.m. Rose Room, Founders Hall, UW1-280 UW Bothell

MEETING OF THE FULL BOARD OF REGENTS: Regents Jaech (Chair), Ayer, Benoliel, Blake, Goddard, Harrell, Rice, Riojas, Tamaki, Zeeck

*or upon conclusion of the previous session.

Unless otherwise indicated, committee meetings of the Board of Regents will run consecutively; starting times following the first committee are estimates only. If a session ends earlier than expected, the next scheduled session may convene immediately. Committee meetings may be attended by all members of the Board of Regents and all members may participate.

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. 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.
Approval of Minutes of Committee Meeting on February 8, 2018

1. **Government-Industry-Academic Partnerships: UW Bothell Cybersecurity Pilot**
   - **Wolf Yeigh**, Chancellor, UW Bothell
   - **Susan Jeffords**, Vice Chancellor for Academic Affairs, UW Bothell
   - **Bill Boni**, Senior Vice President, Digital Security, T-Mobile
   - **Tanya Kumar**, Corporate Information Security and Cyber Risk Management Intern at T-Mobile, UW Bothell Student
   - **Caitlin Cunningham**, Enterprise Information Security Analyst at T-Mobile, UW Bothell alumna
   - **Aparna Suntosh**, Cybersecurity Analyst at T-Mobile, UW Bothell alumna

   COMMITTEE ACTION

2. **Academic and Administrative Appointments**
   - **Gerald J. Baldasty**, Provost and Executive Vice President

   ACTION A–2

3. **Approve Renaming the Department of Real Estate the Runstad Department of Real Estate**
   - **John Schaufelberger**, Dean, College of Built Environments

   ACTION A–3

4. **Other Business**
UNIVERSITY OF WASHINGTON
BOARD OF REGENTS

Finance and Asset Management Committee
Regents Rice (Chair), Ayer, Blake, Harrell, Zeeck

March 8, 2018
9:50 a.m. to 11:40 a.m.
Rose Room, Founders Hall, UW1-280, UW Bothell

CONSENT AGENDA

Approval of Minutes of Committee Meeting on February 8, 2018

1. 2017 Internal Audit Results
   Richard Cordova, Executive Director, Internal Audit
   INFORMATION F–1

2. Actions Taken Under Delegated Authority
   Jeff Scott, Executive Vice President, Finance & Administration, Treasurer of the Board of Regents
   INFORMATION F–2

3. Treasurer of the Board Report
   Jeff Scott, Executive Vice President, Finance & Administration, Treasurer of the Board of Regents
   INFORMATION F–3

4. Consolidated Endowment Fund (CEF) Spending Policy Update
   Jeff Scott, Executive Vice President, Finance & Administration, Treasurer of the Board of Regents
   INFORMATION F–4

5. Finance & Capital Report
   Brian McCartan, Vice President of Finance
   Chris Malins, Associate Vice President, Treasury Office
   Mike McCormick, Associate Vice President, Capital Planning and Development
   INFORMATION F–5

6. Semi-Annual Borrower Reports (SABRes) for Housing & Food Services, the UW Medicine Clinical Enterprise, and the School of Medicine South Lake Union
   Pam Schreiber, Assistant Vice President for Student Life and Executive Director, Housing & Food Services
   Jacqueline Cabe, Chief Financial Officer of UW Medicine, Vice President for Medical Affairs
   Chris Malins, Associate Vice President, Treasury Office
   INFORMATION F–6

7. Approve 2018-2019 Student Housing Rental and Dining Plan Rates at UW Seattle
   Pam Schreiber, Assistant Vice President for Student Life and Executive Director, Housing & Food Services
   ACTION F–7
8. **Approve 2018-2019 Student Housing Rental Rates at UW Tacoma**
   - Tye Minckler, Vice Chancellor for Finance & Administration, UW Tacoma
   - Brittany Iwaszkiw, Residence Life Coordinator, UW Tacoma
   - Mike Russell, Manager of Auxiliary Finance & Operations, UW Tacoma
   **ACTION F–8**

9. **Approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Permit Rates at UW Bothell**
   - Chelsea Knodel, Director, Auxiliary Services, UW Bothell
   - Ruth Johnston, Vice Chancellor, UW Bothell
   **ACTION F–9**

10. **Financial Performance Update for the School of Dentistry**
    - Gerald J. Baldasty, Provost and Executive Vice President
    - James Johnson, Interim Dean, School of Dentistry
    - Sarah N. Hall, Associate Vice Provost, Office of Planning and Budgeting
    **INFORMATION F–10**

    - Keith Ferguson, Chief Investment Officer, UWINCO
    - Scott Davies, Chief Operating Officer, UWINCO
    **INFORMATION F–11**

12. **Benchmarking University Advancement Performance**
    - Connie Kravas, Vice President for University Advancement
    - Walt Dryfoos, Principal Analyst, University Advancement
    **INFORMATION F–12**

13. **Approve Institutional Gift Assessment**
    - Ana Mari Cauce, University President
    - Gerald J. Baldasty, Provost and Executive Vice President
    **ACTION F–13**

14. **Audit Advisory Committee Update**
    - Kristianne Blake, Regent, Audit Advisory Committee Chair
    - Sue Camber, Associate Vice President and University Controller
    **INFORMATION F–14**

15. **Executive Session** (to review the performance of public employees)

16. **Other Business**
AGENDA
UNIVERSITY OF WASHINGTON
BOARD OF REGENTS

March 8, 2018
12:50 p.m.

Rose Room,
Founders Hall, UW1-280
UW Bothell

I. CALL TO ORDER
II. ROLL CALL: Assistant Secretary Shelley Tennant
III. CONFIRM AGENDA
IV. PUBLIC COMMENT PERIOD
V. BOARD ITEMS
   UW Medicine Board Report (Information only) B–1
   Dr. Paul Ramsey, CEO, UW Medicine, Executive Vice President for Medical
   Affairs and Dean of the School of Medicine
   Kristianne Blake, Regent, UW Medicine Board Member
   Rogelio Riojas, Regent, UW Medicine Board Member
   Approve the Establishment of the Department of Health Metrics Sciences in
   the School of Medicine (Action) B–2
   Dr. Paul Ramsey, CEO, UW Medicine, Executive Vice President for Medical
   Affairs and Dean of the School of Medicine
   Dr. Joel Kaufman, Interim Dean, School of Public Health

VI. REPORT OF THE CHAIR OF THE BOARD OF REGENTS: Regent Jaech

VII. REPORT OF THE UNIVERSITY PRESIDENT: President Cauce, with
     Chancellor Yeigh

VIII. CONSENT AGENDA
     Approval of Minutes of the Meeting on February 8, 2018 A–3
     Approve Renaming the Department of Real Estate the Runstad Department of
     Real Estate
     Approve 2018-2019 Student Housing Rental and Dining Plan Rates at UW
     Seattle F–7
Approve 2018-2019 Student Housing Rental Rates at UW Tacoma  
F–8

Approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Permit Rates at UW Bothell  
F–9

Approve Institutional Gift Assessment  
F–13

IX. STANDING COMMITTEES

A. Academic and Student Affairs Committee: Regent Benoliel – Chair

Government-Industry-Academic Partnerships: UW Bothell Cybersecurity Pilot (Information only)  
A–1

Academic and Administrative Appointments (Action)  
A–2

B. Finance and Asset Management Committee: Regent Rice – Chair

2017 Internal Audit Results (Information only)  
F–1

Actions Taken Under Delegated Authority (Information only)  
F–2

Treasurer of the Board Report (Information only)  
F–3

Consolidated Endowment Fund (CEF) Spending Policy Update (Information only)  
F–4

Finance & Capital Report (Information only)  
F–5

Semi-Annual Borrower Reports (SABRes) for Housing & Food Services, the UW Medicine Clinical Enterprise, and the School of Medicine South Lake Union (Information only)  
F–6

School of Dentistry Financial Update (Information only)  
F–10

UWINCO Investment Performance Quarterly Report – Quarter Ended December 31, 2017 (Information only)  
F–11

Benchmarking University Advancement Performance (Information only)  
F–12

Audit Advisory Committee Update (Information only)  
F–14

X. REPORTS TO THE BOARD

Faculty Senate Chair – Professor Thaïsa Way

Student Leaders:
ASUW Bothell President – Mr. Dominick Juarez
ASUW President – Mr. Osman Salahuddin
GPSS President – Ms. Soh Yeun (Elloise) Kim
ASUW Tacoma President – Ms. Arwa Dubad
Alumni Association President – Ms. Suzanne Dale Estey

XI. **DATE FOR NEXT REGULAR MEETINGS:** Wednesday, April 11, and Thursday, April 12, 2018

XII. **EXECUTIVE SESSION**
(to review the performance of public employees)

XIII. **ADJOURN**
OFFICIAL MINUTES approved at the meeting of the Board on April 12, 2018.

MINUTES

BOARD OF REGENTS
University of Washington

March 8, 2018

The Board of Regents held its regular meeting on Thursday, March 8, 2018, beginning at 1:00 p.m. in the Rose Room, Founders Hall, UW1-280, on the UW Bothell campus. Notice of the meeting was appropriately provided to the public and the media. Delay of meeting notices from the previously published starting time of 12:50 p.m. were duly posted.

CALL TO ORDER

Board Chair Regent Jaech called the meeting to order at 1 p.m. He welcomed Regent Zeeck to his first Board meeting. He then paused to remember former Regent Orin Smith, who died on March 1. A 1965 graduate of the University of Washington, Mr. Smith embodied the transformative power of the education offered by the University to the citizens of Washington State. Regent Jaech recognized Mr. Smith’s service as a Regent, as a campaign chair, and as a member of the UW Foundation Board, of the UW Medicine Board and of the Foster School Advisory Board.

ROLL CALL

Assistant Secretary Tennant called the roll. Present were the Chair, Regent Jaech, Regents Ayer, Benoliel, Goddard, Harrell, Riojas, Tamaki, and Zeeck; President Cauce, Provost Baldasty, Treasurer Scott, Secretary Lange; Professor Way, Mr. Juarez, Ms. Kim.

Regents Blake and Rice were absent.

CONFIRM AGENDA

The agenda was confirmed, as distributed.

PUBLIC COMMENT PERIOD

Regent Jaech announced that the Board would receive comments from the public. This segment of the meeting provides Board members an opportunity for the Board to hear directly from the public new concerns and new perspectives on current issues. The Board heard from Antonio Guardipee, Duha Mohamed, Omar Gonzalez, and Najma Hareed. Mr. Guardipee is a third-year student originating in the Suquamish and Blackfeet nations. He
came to UW Bothell because the visit of an admissions officer specializing in Native American outreach to his school, Chief Kitsap Academy on the Suquamish Reservation. This position no longer exists. Mr. Guardipee asked the Board to encourage UW Bothell to develop a strategic plan to provide equal access to UW resources for Native American Students and to prioritize outreach. Ms. Mohamed is a third-year student majoring in law, economics, and public policy and minoring in ethnic studies and gender and women studies. As a black Muslim woman, she is concerned with campus security, and with securing greater support from academic advisors and counselors, and with advocating for a greater presence of black faculty members. She asked the Board to support diversity on the UW Bothell campus. Mr. Gonzalez is a fourth-year student and student veteran. He is concerned that recent campus incidents may be hate crimes that have gone without appropriate administrative response. He feels that information has not been responsibly disseminated about these incidents and asked how UW Bothell might move forward. He asked the Board to consider how UW Bothell administrators might be best equipped to interact with students under these circumstances. Ms. Hareed is a third-year student majoring in environmental studies and minoring in health studies. She feels that she has been brave in speaking out about campus injustices. When she has related her demands to Chancellor Yeigh and told him what might happen if her claims are ignored, she feels that the Chancellor’s response has not been sufficiently respectful. She is concerned about a perceived lack of transparency on the Bothell campus.

Regent Jaech thanked the speakers for expressing their views, affirming that the Board had heard their messages but would not discuss them at this time, and advised Board members to ask the Secretary for further information or to advise him if they wish to have more discussion of any particular issue than is already planned. He thanked them for their comments. Regent Goddard offered to meet with students.

**BOARD ITEMS**

**UW Medicine Board Report** (Agenda No. B–1) (Information only)

Dr. Paul Ramsey, CEO, UW Medicine, Executive Vice President for Medical Affairs and Dean of the School of Medicine, reported on Monday’s annual UW Medicine Board retreat at Mike Garvey’s farm near Fall City. Four topics were covered. The first topic was an extensive discussion of developments in cancer care. Immunotherapy and precision medicine present extraordinary new opportunities to cure and to prevent cancer. UW Medicine is developing plans to improve the integration of research and clinical programs. Cancer currently comprises 20 to 25 percent of the U.S. burden of disease. Dr. Ramsey hopes that research will move more swiftly from the lab to care in the future.

The second topic was how to approach the changing reimbursement market, specifically the move from volume-based or fee-for-service models to value-based models tied to the costs and outcomes of care. UW Medicine’s successful Accountable Care Network is the starting point for a journey to a more efficient process for value-based contracting.
The third topic was UW Medicine’s strategy, with a focus on how to improve it. UW Medicine has hired a new consultant to build on ReCon Strategy’s work, which will focus on communication and implementation.

The last topic discussed was the governance of UW Medicine. Regent Jaech joined the UW Medicine Board to relate the Board’s concerns. The day concluded with a Board meeting, which Dr. Ramsey did not attend, because he had to return to Seattle for a meeting of external visitors who are reviewing the School of Medicine’s accreditation.

See Attachment B–1.

**Approve the Establishment of the Department of Health Metrics Sciences in the School of Medicine** (Agenda No. B–2) (Action)

Dr. Ramsey, with Dr. Joel Kaufman, Interim Dean of the School of Public Health, presented the item. Dr. Ramsey provided historical background to the item. Eighteen years ago the UW created a Department of Genome Sciences, just as the Human Genome Project was nearing completion, to take advantage of the world leaders in this field on the UW faculty. These faculty researchers felt that technology and genomics were merging into a new field. They have advanced the field, most recently through the establishment of the Brotman-Baty Institute for Precision Medicine.

There are some similarities between the circumstances that gave rise to the existing Department of Genome Sciences and those giving rise to the proposed new Department of Health Metrics Sciences. Genome Sciences is the measurement and understanding of the most basic interactions in human cells. Health Metrics Sciences is the measurement and understanding of the health of populations in the aggregate. The two fields are similar in that leading faculty members in each area have received visionary support from the Bill & Melinda Gates Foundation. The new Population Health Facility will provide a home for this new department, together with the School of Public Health. Dr. Ramsey intends this new department to be collaborative and to develop synergies with the Biostatistics and Epidemiology Departments in the School of Public Health in particular, and with all thirty-one departments of the School of Medicine. He hopes for campus-wide collaboration, in addition.

Asked about the relationship of the Institute for Health Metrics and Evaluation and this department, Dr. Ramsey stated that some of the management for the Institute will move from Dr. Ramsey’s office to the Department of Health Metrics Sciences. The Institute will retain its focus on global issues and collaboration, while the Department will pursue funding for more nationally and regionally focused grants in addition to its global work.

Asked about concerns raised in the correspondence appended to the item, Dr. Ramsey replied that choices to collaborate will be crucial to success. Given nearly endless opportunities, a major task will be to establish key relationships with faculty members in departments within the Schools of Medicine and of Public Health. These early choices will shape the Department’s research collaboration for many years hence. Dr. Kaufman and Dr. Ramsey have appointed a working group that will focus on identifying and promoting research and educational collaboration.
When asked about opinion within the School of Public Health, Dr. Kaufman mentioned that there had been concerns about how exactly this department’s focus differed from his School’s focus. He sees the Department as complementing rather than competing with the School’s work. President Cauce added that concerns centered on degree programs, and that work remained to be done there.

**MOTION:** Upon the recommendation of the Chair of the Board and the motion made by Regent Harrell, seconded by a Regent, the Board voted to approve the establishment of the Department of Health Metrics Sciences in the School of Medicine, as presented.

See Attachment B–2.

**REPORT OF THE CHAIR OF THE BOARD OF REGENTS:** Regent Jaech, Chair

Regent Jaech stated that it was a pleasure to return to the UW Bothell campus. As with the Board’s visits to UW Tacoma, he finds these trips to be a pleasant break from the routine. He thanked Chancellor Yeigh and all the staff who have made the Regents feel at home.

In a reversal from last month, Regent Jaech noted that this month’s full Board agenda was short, but the agenda of the Finance and Asset Management was long. Of his five areas of Regental focus – financial stability; impact through research and students; diversity, inclusion, and civility; securing broad state support from donors and from the Legislature; and a robust, world-class UW Medicine – most of the day’s time has focused on the first area, financial stability.

Last month focused on UW Medicine, as have many meetings since his chairmanship began. Regent Jaech reminded those present that the Board is reevaluating how best to perform its fiduciary duty to govern UW Medicine effectively. The Task Force on the Governance of UW Medicine created at the last meeting is beginning its work. Regent Jaech continued his work in this area by discussing governance with the UW Medicine Board on Monday. He hopes to conclude this work by May of this year and will update the Board as discussions move forward.

As mentioned earlier, this month’s Finance and Asset Committee meeting agenda reflected the Regents’ focus on the University’s financial stability. Regent Jaech believes that the extensive list of financial items on this month’s committee meeting thoroughly covered this area for the moment.

In the morning’s meeting of the Academic and Student Affairs Committee, Regents learned about the University’s impact through its students, in this case through the students emerging from a wonderful cybersecurity program here at UW Bothell. Regent Jaech is delighted for two reasons: this is an area of academic study that can have an enormous impact on a current social problem, and it is an outstanding example of partnering with industry, in this case with T-Mobile. This pilot program is one of
hundreds of examples of how the UW impacts the world through the students it graduates, in addition to the research that it produces.

To conclude, Regent Jaech noted that many on the Board had served with Orin Smith during his time as Regent. He will always remember Mr. Smith’s calm, thoughtful manner and insightful comments. His passing reminds Regent Jaech of the importance of cancer research in the School of Medicine and at the Fred Hutchinson Cancer Research Center. He is cautiously hopeful that cancer will become a thing of the past during his lifetime, musing that it would be great to stop losing wonderful people like former Regent Smith to such a horrible disease.

Regent Jaech then asked President Cauce to give her report.

REPORT OF THE UNIVERSITY PRESIDENT: President Cauce, with Chancellor Yeigh

President Cauce began by welcoming Regent Zeeck to the Board. She missed former Regent Smith’s presence at the Dawgs in the Desert, praising the contributions of a generation of leaders that is passing from life. A memorial service for Orin Smith on the UW campus is planned. She reported that the Legislative Session had finally ended, and that the UW had gotten much of what it had hoped for, including more funding for the State Need Grant, more places for Computer Science and Engineering students, and some temporary budget relief for state-mandated salary increases. She thanked Randy Hodgins, Joe Dacca, and the Planning and Budgeting Committee for their work, and then handed the floor to Chancellor Yeigh.

Chancellor Yeigh reported that UW Bothell had hosted the Board of Deans and Chancellors as part of an effort to expose deans and chancellors to all three UW campuses. In 2008 then UW Bothell Chancellor Kenyon Chan spearheaded a strategic plan called the Twenty-First Century Initiative, which will come to a close in 2020, coinciding with the current campaign close. The Initiative’s seven priorities have largely been realized: the campus has grown so much that growth is currently paused while future options are being evaluated; sustainability and diversity plans have been formed and are in implementation, including the installation of solar panels and the creation of a Diversity Center; UW Bothell has become an engaged community, and is applying with UW Seattle and UW Tacoma for Carnegie classification as a community-engaged university; his team has been resourceful in securing resources for the campus’s core mission; innovation has been a focus, as the morning’s first presentation on the cybersecurity pilot program illustrates (he added that UW Bothell is a national center of excellence for cyberdefence and cybersecurity education); and, finally, UW Bothell has preserved its student-centered attitude through all this growth. For the future after 2020, Chancellor Yeigh and his team are planning for UW Bothell 2.0.

CONSENT AGENDA

Regent Jaech noted there were six items for approval on the consent agenda, and asked if any items should be removed. He called for a motion.
MOTION: Upon the recommendation of the Chair of the Board and the motion made by Regent Ayer, seconded by Regent Harrell, the Board voted to approve the six items on the consent agenda as amended below:

Minutes of the meeting on February 8, 2018

Approve Renaming the Department of Real Estate the Runstad Department of Real Estate (Agenda No. A–3)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve renaming the Department of Real Estate in the College of Built Environments the Runstad Department of Real Estate, effective immediately, as presented.

See Attachment A–3.

Approve 2018-2019 Student Housing Rental and Dining Plan Rates at UW Seattle (Agenda No. F–7)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve 2018-2019 Student Housing Rental and Dining Plan Rates at UW Seattle, effective July 1, 2018, as presented.

See Attachment F–7.

Approve 2018-2019 Student Housing Rental Rates at UW Tacoma (Agenda No. F–8)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve 2018-2019 Student Housing Rental Rates at UW Tacoma, effective July 1, 2018, as presented, subject to the requirement that UW Tacoma return within two months to update the Board on the internet situation at the Court 17 Apartments and on the student engagement process in setting housing rates.

See Attachment F–8.

Approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Permit Rates at UW Bothell (Agenda No. F–9)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Rates at UW Bothell, effective July 1, 2018, as presented, subject to the requirement that UW Bothell return within two months to update the Board on the student engagement process in setting housing rates.

See Attachment F–9.
Approve Institutional Gift Assessment (Agenda No. F–13)

It was the recommendation of the administration, with the endorsement of the UW Foundation Executive Committee, and the Finance and Asset Management Committee that the Board of Regents approve the following:

1. implementation of an institutional gift assessment to be applied at a 5 percent rate to new current-use gifts between $1,001 and $5 million effective July 1, 2018 (Fiscal Year 2019); and

2. delegation of the authority to grant any necessary exemptions to the assessment jointly to the President and Provost.

See Attachment A–13.

STANDING COMMITTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Benoliel, Chair

The following item was presented for information during the Academic and Student Affairs Committee meeting.

Government-Industry-Academic Partnerships: UW Bothell Cybersecurity Pilot (Agenda No. A–1) (Information only)

See Attachment A–1.

Academic and Administrative Appointments (Agenda No. A–2) (For action)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the academic and administrative appointments, as presented.

MOTION: Upon the recommendation of the administration and the motion made by Regent Benoliel, seconded by Regent Rice, the Board voted to approve the personnel appointments. Regent Goddard abstained from the discussion and vote.

See Attachment A–2.

FINANCE AND ASSET MANAGEMENT COMMITTEE: Regent Blake, Vice Chair

The following items were presented for information during the Finance and Asset Management Committee meeting.
2017 Internal Audit Results (Agenda No. F–1) (Information only)

See Attachment F–1.

Actions Taken Under Delegated Authority (Agenda No. F–2) (Information only)

See Attachment F–2.

Treasurer of the Board Report (Agenda No. F–3) (Information only)

See Attachment F–3.

Consolidated Endowment Fund (CEF) Spending Policy Update (Agenda No. F–4) (Information only)

See Attachment F–4.

Finance & Capital Report (Agenda No. F–5) (Information only)

See Attachment F–5.

Semi-Annual Borrow Reports (SABRes) for Housing & Food Services, the UW Medicine Clinical Enterprise, and the School of Medicine South Lake Union (Agenda No. F–6) (Information only)

See Attachment F–6.

School of Dentistry Financial Update (Agenda No. F–10) (Information only)

See Attachment F–10.


See Attachment F–11.

Benchmarking University Advancement Performance (Agenda No. F–12) (Information only)

See Attachment F–12.

Audit Advisory Committee Update (Agenda No. F–14) (Information only)

See Attachment F–14.
REPORTS TO THE BOARD OF REGENTS

Regent Jaech invited ASUW Tacoma President Arwa Dubad, to join the Board at the table. He noted that, as at UW Tacoma, the president of the host campus’s ASUW would join the Board at the table. ASUW President Osman Salahuddin was absent.

**Faculty Senate Chair**: Professor Thaïsa Way

Professor Way described how the faculty was stewarding the UW’s public mission. She reported that Carnegie classification as a publicly-engaged university requires separate applications from each campus but that campus leaders are collaborating. The classification will enable the UW to join more than 300 universities nationwide, all committed to community engagement. She feels that the application process is helping to build stronger networks supporting this work.

The UW Othello Commons in Southeast Seattle is one way in which the UW demonstrates its community engagement. This different type of engagement offers new opportunities to communities and to faculty members, staff members, and students. Professor Way informed those present that more than eighty faculty members on all three campuses are collaborating to address the homelessness that touches more than 11,000 residents of King County. UW faculty members are participating in King County Executive Constantine’s, Seattle Mayor Durkan’s, and Auburn Mayor Backus’s “One Table” initiative to bring together expertise at addressing homelessness and providing affordable housing. A survey about student housing and food situations is underway: one week into the survey, 13 percent of students have responded. Faculty members are participating in the Doorway Project to help potentially homeless minors navigate available options. Faculty members are teaching courses that engage with social issues.

The faculty is working with Provost Baldasty to steward the University’s resources more effectively, looking at financial and academic issues together. The Faculty of 2050 initiative continues, focusing on career paths, stewarding an inclusive community, and articulating the UW’s role as a public university. Professor Way reported that she will be unable to attend next month’s meeting because she will be leading a UWAA tour to Macchu Pichu and the Galapagos.

**ASUW President**: Mr. Osman Salahuddin

Mr. Salahuddin was absent. Regent Jaech directed the Board to the written reports in their packets.

**ASUW Bothell President**: Mr. Dominick Juarez

Mr. Juarez updated Regents on the ongoing revision of the ASUW Bothell’s bylaws: ASUW Bothell is now operating in accordance with its bylaws, which are fitted to a much larger campus than the situation ten years ago. He noted that his report includes information on recent campus incidents and on efforts to better communicate the benefits of parking fee increases to students. He then handed the floor to Salvador Salazar Cano.
Mr. Cano reported that he had served for the past ten weeks as a legislative advocate for the students of UW Bothell. He has learned to build strategic alliances with legislators, about compromising on the basis of shared principles in order to achieve common goals, and that policy change is incremental. It is essential, in his opinion, to understand the legislative process, so that future student advocates can work effectively. Mr. Cano related recent legislative successes to the Board. He thanked the Board for its support of students’ legislative advocacy.

**GPSS President:** Ms. Elloise Kim

Ms. Kim reported that graduate students’ legislative efforts have been successful. Five of six bills they advocated have been passed. Within the University, she noted that conversations about fees for visa services for international alumni were underway and had highlighted gaps in communication. She thanked Provost Baldasty for his efforts in this area. Ms. Kim stated that freedom of speech was much debated among students, particularly with respect to materials for the upcoming GPSS elections. Graduate student experience surveys are underway to highlight potential areas of focus for GPSS. The GPSS election will occur on May 2, so leadership transitions will soon be underway, as will the application process for next year’s Student Regent.

Regent Goddard updated the Board on an issue raised by the graduate student presenter at the Board’s January meeting, relating that a Childcare Task Force had been created and that advocacy had not yet succeeded in dropping the work requirement for student parents to receive childcare assistance; dropping the work requirement resulted in an initial fiscal note increase due to projected increases in eligibility state-wide.

**ASUW Tacoma President:** Ms. Arwa Dubad

Ms. Dubad directed Regents to her report in their packets. She stated that ASUW Tacoma will be filling two new positions next year, a liaison to the City of Tacoma and a graduate student employee, if the ASUW budget is approved. She hopes that the first position will improve relations with the City of Tacoma and that the second will allow graduate students, who do not pay SAFC fees and therefore cannot vote in ASUW Tacoma elections, to have a voice within ASUW Tacoma. Ms. Dubad is delighted to inform the Board that a late-night study space will soon be opening. ASUW Tacoma is currently conducting a survey so that she will have some figures concerning student homelessness and food insecurity. Ms. Dubad drew attention to the student profile in her report.

**Alumni Association President:** Ms. Suzanne Dale Estey

Ms. Dale Estey was absent. Copies of *Columns* and a schedule of upcoming public lectures were included in Regents’ packets.
DATE FOR NEXT MEETINGS

Regent Jaech announced that the next regular meetings of the Board will be on Wednesday, April 11, in 142 Gerberding Hall and on Thursday, April 12, 2018, in the Petersen Room of the Allen Library.

EXECUTIVE SESSION

Regent Jaech announced that the Board would hold an executive session to review the performance of public employees.

ADJOURNMENT

Returning to open session, the regular meeting was adjourned at 2:55 p.m.

_______________________
Tyler Lange
Secretary of the Board of Regents

Approved at the meeting of the Board on April 12, 2018.
STANDING COMMITTEES

Academic and Student Affairs Committee

Government-Industry-Academic Partnerships—UW Bothell Cybersecurity Pilot

INFORMATION

This item is for information only.

BACKGROUND

To help address the regional and national shortage in cybersecurity professionals, UW Bothell launched an innovative university-industry partnership to enable UW Bothell students to gain intensive and immersive real-world work experience during their final years of study, along with professional development to be successful in the workplace. The initial Co-Op/Internship pilot program, launched with T-Mobile, benefits industry as well, enabling industry partners to recruit UW Bothell talent to contribute to new or existing projects and initiatives, as well as potentially creating a pipeline for training and full-time employment with their organization.

Key to UW Bothell’s commitment is the leadership from the Center for Information Assurance and Cybersecurity (CIAC). Led by Dr. Barbara Endicott-Popovsky and based at UW Bothell, CIAC is designated by the National Security Agency as a Center for Academic Excellence in Research and Cyber Defense Education. CIAC supports preparation of students for careers protecting computer systems from accidents, hackers, viruses and other security threats by integrating materials from technology, business operations, policy, communications, psychology, and – most importantly – problem solving.

UW Bothell’s Cybersecurity Initiative enhances the campus’s commitment to being a regionally accountable public university that is committed to building and sustaining institutional and community partnerships designed to enhance student success and the well-being and prosperity of Washington State and of our region.

Attachments
1. UWB Collaboration Strategies to Achieve National Cyber Security Solutions
2. Presenters’ Biographical Information
UWB Collaboration Strategies to Achieve National Cyber Security Solutions

// Tanya Kumar
Product Managers: Organize, hit deadlines, & strategy.

Cyber Strategy: Cyber Architecture, security forecasting

Legal: Cyber Law and Information Risk Management

Finance & Business: Procurement and Third Party Management

EIT & Engineering: Coding and programming scope

Policy and Governance: Federal and state regulatory, and legislative work

Education: Certification updating, corporate training, security integration

**CYBERSECURITY AND ITS “Interdisciplinarity”**
4 Goals

1. Teaching criticality and scope of cybersecurity to the student body

2. Expansion of Cybersecurity Campus Collaborations

3. Recruitment and UWB taskforce development

4. Consistent trend mapping and metric analysis
WHAT WE CAN DEVELOP THROUGH UWB W/ THE PROPOSED CYBERSECURITY INITIATIVES....

LEADERSHIP . DIVERSITY . TECHNOLOGY
LEADERSHIP
Co CREATES

COOPERATIVE CYBERSECURITY RAPID EDUCATION AND TRANSITION TO EMPLOYMENT SYSTEM

UNIVERSITY OF WASHINGTON

C.O.C.R.E.A.T.E.S.

RECRUIT
INTAKE
INTERVENTIONS
RE-ASSESS
ASSESS
DATA COLLECTION
MENTORSHIP

COOP LEARNING
INFORMATION ASSURANCE WORKFORCE
JOURNEYMAN LEVEL
EDUCATION
AA DEGREE
BA/BS DEGREE
MA/MS/ML/PhD DEGREE
INTERNSHIPS
T-MOBILE
WORK EXPERIENCE PROGRAM

Rapidly Producing High Quality IA Professionals - Building a Pipeline from the University to the Information Assurance Workforce

CENTER FOR INFORMATION ASSURANCE & CYBERSECURITY

CIAC Initiatives
TECHNOLOGY
How this all fits in...

Instead of simply “Bringing Tech to our Students” becoming a pilot school that begins “Bringing Students to Tech”....
DIVERSITY
Q&A + Discussion
Government-Industry-Academic Partnerships: UW Bothell Cybersecurity Pilot: Presenters’ Biographical Information

William C. Boni  
Vice President Information Security at T-Mobile USA

Bill Boni has spent his entire professional career as an information protection specialist and has assisted major organization’s in both the public and private sectors.

For 40+ years, Bill has assisted clients in safeguarding their digital assets, against the many threats arising from malicious adversaries.

Bill is the Senior Vice President and Digital Security Officer of T-Mobile. He is responsible for the company's overall program to protect T-Mobile’s brand by protecting sensitive customer and company information. He also directs the people, processes and technology programs that safeguard the company's network, products systems and business initiatives.

Other assignments in his distinguished career include work as a U.S. Army counter-intelligence officer; Federal agent and investigator; Vice President of Information Security for First Interstate Bank; and project security officer for “Star Wars” programs and other defense work with Hughes Aircraft Company and Rockwell.

Barbara Endicott-Popovsky  
Director at Center for Information Assurance and Cybersecurity at the University of Washington

Barbara Endicott-Popovsky, Ph.D., is Executive Director for the Center of Information Assurance and Cybersecurity at the University of Washington, designated by NSA/DHS as a Center of Academic Excellence in Information Assurance Education and Research, Academic Director for the Masters in Infrastructure Planning and Management in the Urban Planning Department of the School of Built Environments, holds an appointment as Professor with the Institute of Technology in Tacoma, and was named Department Fellow at Aberystwyth University Wales (2012). Her academic career follows a 20-year career in industry marked by executive and consulting positions in IT architecture and project management.
Her research interests include enterprise-wide information systems security and compliance management, forensic-readiness, the science of security, digital forensics and secure coding practices. For her work in the relevance of archival sciences to digital forensics, she is a member of the American Academy of Forensic Scientists. Barbara earned her Ph.D. in Computer Science/Computer Security from the University of Idaho (2007), and holds a Master of Science in Information Systems Engineering from Seattle Pacific University (1987), a Master in Business Administration from the University of Washington (1985) and a Bachelor of Arts from the University of Pittsburgh.

Caitlin Cunningham  
Enterprise Information Security Analyst at T-Mobile  
University of Washington alumna

Tanya Kumar  
Corporate Information Security and Cyber Risk Management Intern at T-Mobile  
University of Washington Bothell student

Aparna Suntosh  
Cybersecurity Analyst at T-Mobile  
University of Washington Bothell alumna
STANDING COMMITTEES

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 that the Board of Regents approve the appointments to the University faculty and administration as presented on the attached list.

Attachment
Academic and Administrative Appointments
### Academic and Administrative Appointments

<table>
<thead>
<tr>
<th>School/College/Campus</th>
<th>Department</th>
<th>Worker Last Name</th>
<th>Worker First Name</th>
<th>Title</th>
<th>Start Date</th>
<th>Current Primary Academic Appointment - Academic Rank</th>
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<tbody>
<tr>
<td><strong>Administrative Appointments</strong></td>
<td></td>
<td></td>
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<tr>
<td>College of Arts and Sciences</td>
<td>Scandinavian Studies</td>
<td>Smidchens</td>
<td>Guntis</td>
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<td>Associate Professor</td>
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<td>Graduate School</td>
<td>Graduate School</td>
<td>Aanerud</td>
<td>Rebecca</td>
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<td>3/16/2018</td>
<td>Principal Lecturer</td>
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<tr>
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<td>Endodontics</td>
<td>Flake</td>
<td>Natasha</td>
<td>Acting Chair</td>
<td>1/1/2018</td>
<td>Associate Professor</td>
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<td>School of Public Health</td>
<td>Epidemiology</td>
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<td>Stephen E.</td>
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<td>Associate Professor WOT</td>
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<td><strong>Endowments</strong></td>
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<tr>
<td>Daniel J. Evans School of Public Policy and Governance</td>
<td></td>
<td>Allard</td>
<td>Scott</td>
<td>Daniel J. Evans Endowed Professor for Public Service</td>
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<td>Professor</td>
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<td>School of Law</td>
<td>School of Law</td>
<td>Porter</td>
<td>Elizabeth G.</td>
<td>Charles L. Stone Professorship in Law</td>
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<td>Associate Professor</td>
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<td>School of Medicine</td>
<td>Ophthalmology</td>
<td>Shen</td>
<td>Tueng</td>
<td>Endowed Professorship for Cornea Research</td>
<td>3/1/2018</td>
<td>Professor WOT</td>
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<td>School of Social Work</td>
<td>School of Social Work</td>
<td>Haggerty</td>
<td>Kevin</td>
<td>Endowed Professorship in Prevention</td>
<td>9/16/2017</td>
<td>Associate Professor</td>
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<td><strong>Academic Appointments</strong></td>
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<td>Economics</td>
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<td>12/19/2017</td>
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<td>Yuya</td>
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<td>Joseph</td>
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<td>Anesthesiology and Pain Medicine</td>
<td>Sunder</td>
<td>Rani</td>
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<td>DOM - Cardiology</td>
<td>Buber</td>
<td>Yonatan</td>
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<td>School of Medicine</td>
<td>DOM - Dermatology</td>
<td>Lee</td>
<td>Sam</td>
<td>Professor WOT</td>
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<td>School of Medicine</td>
<td>DOM - General Internal Medicine</td>
<td>McClintock</td>
<td>Adelaide</td>
<td>Assistant Professor WOT</td>
<td>2/1/2018</td>
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<tr>
<td>School of Medicine</td>
<td>DOM - Gerontology and Geriatric Medicine</td>
<td>Rhea</td>
<td>Elizabeth</td>
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<td>2/1/2018</td>
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<tr>
<td>School of Medicine</td>
<td>Emergency Medicine</td>
<td>Jauregui</td>
<td>Joshua</td>
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<td>1/2/2018</td>
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<tr>
<td>School of Medicine</td>
<td>Global Health - Med</td>
<td>Burkart</td>
<td>Katrin</td>
<td>Assistant Professor WOT</td>
<td>4/1/2018</td>
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<td>Hudson</td>
<td>Kristalyn</td>
<td>Research Assistant Professor</td>
<td>2/1/2018</td>
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<td>School of Medicine</td>
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<td>Parsley</td>
<td>Carolyn</td>
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<tr>
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<td>Schukin</td>
<td>Jay</td>
<td>Research Professor</td>
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<tr>
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<td>PEDS - Pulmonary and Sleep Medicine</td>
<td>DelRosso</td>
<td>Lourdes</td>
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<tr>
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<td>Rane</td>
<td>Swati</td>
<td>Assistant Professor WOT</td>
<td>11/1/2017</td>
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<td>Bothell, University of Washington</td>
<td>Computing and Software Systems Division of STEM, Bothell</td>
<td>Dimpsey</td>
<td>Robert</td>
<td>Senior Lecturer Full-time</td>
<td>9/16/2017</td>
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<tr>
<td>Bothell, University of Washington</td>
<td>Engineering and Mathematics Division of STEM, Bothell</td>
<td>Kim</td>
<td>Yeonbae</td>
<td>Visiting Professor</td>
<td>1/29/2018</td>
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</tr>
</tbody>
</table>
STANDING COMMITTEES

Academic and Student Affairs Committee

Approve Renaming the Department of Real Estate the Runstad Department of Real Estate

RECOMMENDED ACTION

It is the recommendation of the Administration and the Academic and Student Affairs Committee that the Board of Regents approve the renaming of the Department of Real Estate the Runstad Department of Real Estate, in honor of Jon and Judy Runstad’s two decades of leadership and philanthropy.

BACKGROUND

The College of Built Environments is requesting approval to name its Department of Real Estate in honor of Jon and Judy Runstad. Regent policies allow naming opportunities to be both honorific and in recognition of significant philanthropy.

It was the Runstads’ vision and financial commitment that led them in 1999 to establish the H. Jon and Judith M. Runstad Endowment for Excellence in Real Estate, which created a real estate program in the college called the Runstad Center for Real Estate Studies. Since its initial launch, the real estate program has grown, and in September 2017, was elevated to department status.

This proposed naming is in recognition of the Runstads’ vision to establish a comprehensive real estate education program and for their leadership and philanthropic support of the University at large and the College of Built Environments in particular.

Attachments
1. Naming Proposal Memorandum from John Schaufelberger, Dean of the College of Built Environments, to President Ana Mari Cauce dated February 13, 2018
2. Signed Memorandum of Endorsement dated February 14, 2018
Memorandum

February 13, 2018

TO: Ana Mari Cauce, President

FROM: John Schaufelberger, Dean, College of Built Environments

CC: Connie Kravas, Vice President for Advancement
    Dan Peterson, Senior Associate Vice President, Advancement & Chief Budget Officer
    Mary Lidstrom, Vice Provost for Research
    Edgar Gonzalez, Assistant Dean for Advancement, College of Built Environments

SUBJECT: Request for Approval to Name the Department of Real Estate in honor of Jon and Judy Runstad

Naming Request
The College of Built Environments is requesting permission to name its Department of Real Estate in honor of Jon and Judy Runstad. Regent policies allow naming opportunities to be both honorific and in recognition of significant philanthropy. In this case, I believe and recommend the Runstads merit consideration for both reasons.

It was the Runstads’ vision and financial commitment in 1999 to establish the H. Jon and Judith M. Runstad Endowment for Excellence in Real Estate, which established a real estate program in the college called the Runstad Center for Real Estate Studies. Since its initial launch, the real estate program has grown, and in September 2017, was elevated to department status. Since the department is now the focal point for UW real estate activities including teaching, research, and engagement, it is time to retire the Runstad Center. In recognition of the Runstads’ vision to establish a real estate program in the college and their continued support, we wish to continue to honor the Runstads by attaching their names to the department.

The Runstads have been leaders not only in the real estate and law communities but in the broader Seattle civic community for decades. Through their tireless work as advocates of the program and of the UW, they have helped to build, lead and sustain a premier real estate program. Hundreds of students have received real estate certificates, and since the inception of the degree, eight cohorts have received Master of Science in Real Estate degrees. This proposed naming is in recognition of the Runstads’ vision for a comprehensive real estate education at the UW and for their long-time leadership at and philanthropic support of the University at large and of the College of Built Environments in particular.

Volunteer Leadership
Both Jon and Judy are long-time volunteers for the UW. Their service has been widely celebrated, including with the University’s highest volunteer honor, the Gates Volunteer Service Award, in 2009.
Jon currently serves as a co-chair of the College of Built Environments Be Boundless Campaign Committee, as the College’s representative director on the UW Foundation Board, and on the Runstad Center Advisory Board. Over the years, he has served the UW as a Regent, an UW Alumni Association Trustee, a Henry Gallery Association Trustee, a Foster School Advisory Board member, a member of the Board of Rowing Stewards, and in campaign leadership roles at both the College and University level during Campaign UW: Creating Futures.

Judy co-chairs the College of Built Environments Be Boundless Campaign Committee, in addition to serving on the Runstad Center Advisory Board, the Foster School Advisory Board and Campaign Committee, the GIX Advancement Planning Committee, the UW Foundation Board Recognition Committee, the Law School Advisory Board and Campaign Committee, and the College of Education Ambassadors. She previously served on the UW Futures Committee, the UW Foundation Board, and in leadership roles at the University and College level during Campaign UW: Creating Futures.

**Philanthropy**
The Runstads are UW Presidential Laureates, having made gifts and commitments totaling nearly $12M.

**Biographical Background**
A UW alumnus (BS ’65 Built Environments and BA ’65 Economics) and varsity athlete (crew), Jon earned his MBA at Harvard. He founded Wright Runstad & Company, one of the region’s premier real estate development and operating companies, in 1972. Judy earned her JD at the UW in 1974. A prominent land-use and real estate development attorney, Judy is Of Counsel and a former partner at Foster Pepper, PLLC.

John Schaufelberger, Dean, College of Built Environments

Date

**February 13, 2018**
MEMORANDUM

To: Ana Mari Cauce, President, University of Washington

FROM: Connie Kravas, Vice President for Advancement
       Dan Peterson, Senior Associate Vice President & Chief Budget Officer

RE: Request to approve naming of the Jon and Judy Runstad Department of Real Estate

DATE: February 14, 2018

The attached memo from Dean Schaufelberger requests your support in naming the Department of Real Estate in honor of Jon and Judy Runstad. Nearly two decades ago the Runstads’ vision and philanthropy planted the seeds that grew into a center and then a department. In light of their leadership and philanthropy past and present, it would be most fitting to have their name associated with the department.

Both Dan Peterson, Senior Associate Vice President and Chief Budget Officer, and I have reviewed the attached documentation and support Dean Schaufelberger’s request wholeheartedly. It is my recommendation that you endorse this request to the Board of Regents.

Please sign below to record your approval of this naming.

Connie Kravas
02/13/18
Connie Kravas

Dan Peterson
02/13/18
Dan Peterson

Ana Mari Cauce, President

Dated this: 02/14/18
STANDING COMMITTEES

Finance and Asset Management Committee

2017 Internal Audit Results

INFORMATION

This item is for information only.

Attachment
2017 Audit Results
2017 Audit Results

Finance and Asset Management Committee
Board of Regents

March 2018
# Table of Contents

Executive Summary ......................................................................................................... 1

2017 Audit Results ........................................................................................................ 2

Productivity .................................................................................................................. 2

Additional Contributions by Internal Audit ................................................................. 5

Appendices

Appendix A - Summary Status of Planned Audits ......................................................... 9

2018 Planned Audit Changes ....................................................................................... 10

Appendix B - External Auditors - 2017 ..................................................................... 11
Executive Summary

This report highlights the key goals and results of the internal audit work completed in 2017 for the University, including work completed across all of UW Medicine.

Audit Goals
Internal Audit’s major goals for 2017 were:

- Complete audits focused on areas identified within Internal Audit’s Risk Assessment;
- Provide the University with value added recommendations to improve controls, mitigate identified risks and increase efficiency of operations;
- Continue our student intern program;
- Implementation of Internal Audit Strategic Plan;
- Operate and refine processes regarding the newly implemented University-wide financial fraud and ethics reporting hotline;
- Contribute to the Compliance Support Program through participation as an advisor on the Compliance Coordination Team; and
- Continue to participate on major system implementations as an advisor on oversight committees and complete pre/post implementation reviews.

Audit Results 2017
As a result of the work completed we issued 22 audit reports, with another 10 reports issued to UW units “in draft” related to the approved 2015 - 2017 Internal Audit plans. We received and investigated 67 complaints from our financial fraud and ethics hotline and other sources in 2017. We also conducted follow-up audit procedures to “close” over 100 audit recommendations, provided audit liaison and management advisory services, provided controls and ethics trainings across all three UW campuses, participated in review of the implementation of the new HRP system, and participated in the Compliance Support Program throughout 2017. Finally, we continued our student intern program in 2017.

Detailed information on the audit work completed and the results of our reviews can be found beginning on page 2 of this report and a listing of all audits and reports issued in Appendix A. Generally, we found the departments tested had good control systems in place. The control weaknesses identified primarily consisted of lack of sufficient management oversight and monitoring, and insufficient security plans. We did identify one critical control weakness related to the general control environment over financial operations at the School of Dentistry. Internal Audit will continue to follow-up to ensure that all agreed upon corrective action plans are completed.

Audit Advisory Committee
The Audit Advisory Committee (AAC) completed its third full year of operation in 2017, with Internal Audit taking a leadership role in providing support to the Committee. This Committee is charged with advising the Board of Regents on matters pertaining to external financial audits, internal audits and policies regarding internal controls.
2017 Audit Results

Internal Audit continued to emphasize the importance of strong systems of internal control in 2017. Generally, we found the departments tested had good control systems in place. The control weaknesses identified primarily consisted of lack of sufficient management oversight and monitoring, and insufficient security plans. We did identify one critical control weakness related to the general control environment over financial operations at the School of Dentistry that required reporting to the Board of Regents via the Audit Advisory Committee.

The Audit Advisory Committee (AAC) meets five times a year and is charged with advising the Board of Regents on matters pertaining to external financial audits, internal audits and policies regarding internal controls. At each meeting, the AAC received statistics and specific updates on how Internal Audit is executing on our 2017 audit plan, as well as a summary of the objectives and results of our audit work. The AAC also provided input and reviewed Internal Audit’s 2018 audit plan that was approved by the Board of Regents in November 2017. In addition, the AAC also reviewed the results of the 2017 financial statement audit, met with our external audit firm, KPMG, and reviewed the plans and work performed by Financial Accounting related to the implementation of a new program to implement a more structured system of internal controls over financial reporting. The AAC was also provided updates on the HRP system implementation, the Finance Transformation Project and information on our IT security systems.

The following sections of the report provide information on Internal Audit Productivity measures, other Internal Audit Projects and responsibilities along with appendices summarizing our audit reports and liaison activities.

Productivity

Audit Reports Issued compared to Plan

Our 2017 audit plan was approved by the Board of Regents at the November 2016 meeting and included 29 planned audits. As of December 31, 2017, we issued 22 audit reports and 10 “draft” audit reports awaiting management’s response, which are detailed in Appendix A.
Productivity (cont.)

Percentage of Hours Completed During Calendar Year on Respective Year’s Audit Plan

One metric used to measure productivity focuses on the completion of the current year’s audit plan in the corresponding audit year. Most institutions target a goal of 80 – 90%. We will continue to focus our efforts on reducing carry over audits and improving our productivity, and set our goal at 80% for 2017 and strive to reach 90% within the next few years. **We fell slightly short of our goal of 80% for 2017.**

Percentage of Hours Spent by Category

Another metric used by Internal Audit departments is one which measures how well they stay focused on the Audit Plan. To align with industry averages, our goal for 2017 was to spend 70% of our hours on “direct productivity” – defined as the time on planned audits (56%) and management requested audit projects / investigations (14%). **We exceeded our goal for 2017 with direct productivity at 75%.**

Plan to Actual Audit Hours

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<td>Employee Development</td>
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Productivity (cont.)

During 2017 we issued a total of four more audit reports (in “final” or “draft”) than we issued in 2016; met most of our Productivity Goals for the year and improved on our overall focus regarding the completion of the 2017 Audit Plan. In 2017 Internal Audit incurred 650 fewer hours in the conduct of planned audits than projected. The reduced hours was mainly due to having one to two open positions throughout 2017, which was offset by the unplanned overtime the department worked in 2017 (approximately 1,900 hours). Additionally, Internal Audit delayed from late 2017 to 2018, the UW IA Self-Assessment project budgeted at 700 hours included in the “Internal Projects” project category. The Self-Assessment project is a once every five year self-assessment of compliance with International Internal Audit Standards. The focus in 2017 on completing and issuing draft audit reports did not directly translate into more hours than in previous years, but did result in more audit reports being issued in 2017. As of December 31, we issued 22 final reports and 10 draft reports which will be issued in early 2018, and have another 8 audits with field work nearing completion.

Ultimately, we consider the year to be a successful one in which we have positively progressed towards our goal of spending 90% of our audit hours on current year audits. We increased this percentage from 54% in 2015 to 71% in 2016 and now to 76% in 2017, and have a goal of 80% for 2018. In order to continually look at improving our processes we have identified all of our audits which were “over budget” and are going through a process to re-evaluate the underlying causes to see that we can improve on this result in the future.

We experienced a slight decrease in our actual hours incurred compared to plan for Investigations in 2017. We had planned for an additional 1,100 hours over what we incurred in 2016 due to 2017 being the first full year of the new UW financial fraud and ethics hotline. The actual increase was only 600 hours (15%). This increase was because we experienced a higher number of complaints received year over year; however, we did see the increase plateau in late 2017. Also in terms of average monthly total complaints received since the hotline began, we have experienced a slight increase. The total number of hotline complaints increased from 25 in the first seven months of the hotline to 46 in calendar year 2017; while total complaints received from the hotline or other sources over the same periods increased from 36 (seven months) to 67 (one year), an average of approximately 5 complaints per month. We believe this is due to the communication campaign related to the hotline.

Internal Audit is also involved in a number of other activities to deliver value to the University. These activities include follow-up testing of previously issued audit recommendations, reviews of new IT systems and specific risk areas as requested by management, audit liaison services to the campus, training on internal controls, advisory work on key campus committees and internal quality improvement initiatives within Internal Audit. We have summarized our involvement in these areas below.
Additional Contributions by Internal Audit

Follow-up Audit Procedures
Semi-annually Internal Audit conducts follow-up audit procedures to ensure that management is implementing recommended controls, and provides a report to management with the results. We rank findings to provide management with Internal Audit’s perspective regarding the ongoing risk of not implementing controls to address the identified audit finding. If a management action plan is not implemented by the original target implementation date provided by management, it is considered “past due”. The following charts represent a summary of the status of recommendations across the University as of December 31, 2017:

Percentage of Recommendations Implemented 2015-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Implemented</th>
<th>Open</th>
<th>Past Due</th>
<th>Closed-Mgt Accepts Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>95%</td>
<td>4%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>88%</td>
<td>1%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>50%</td>
<td>42%</td>
<td>8%</td>
<td></td>
</tr>
</tbody>
</table>

(Total Audit Recommendations by Year)

Status of Risk Ranked Audit Findings for 2015-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Open</th>
<th>Past Due</th>
<th>Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>86</td>
<td>14</td>
<td>53</td>
</tr>
<tr>
<td>2016</td>
<td>35</td>
<td>37</td>
<td>56</td>
</tr>
<tr>
<td>2017</td>
<td>14</td>
<td>10</td>
<td>29</td>
</tr>
</tbody>
</table>

F-1.1/203-18
3/8/18
Additional Contributions by Internal Audit (cont.)

Management Requests and Advisory Services
During 2017 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. The projects we participated in included direct assistance to KPMG with our external financial audit, two European financial compliance audits for the School of Medicine, a software licensing review by Citrix, a ticket certification for Intercollegiate Athletics and general departmental consulting on internal controls questions.

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 a focal point for putting auditors in touch with the right people at the University to answer their questions. In 2017 Internal Audit continued assisting the School of Medicine in an ongoing audit by the State Auditor’s Office on the cost of medical education, including testifying before the State Legislature. Appendix B contains a listing of external audit organizations who conducted work at the University in 2017.

Special Investigations
Internal Audit received 67 complaints in 2017 that required our attention (46 from the financial fraud and ethics hotline, and 21 from other sources). Of these, we referred 10 to other departments for resolution. Internal Audit conducted investigations related to whistleblower claims and regulatory, ethics and fraud allegations, and closed 61 investigations in 2017. 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 internal controls.

Trainings Provided
One of our goals is to continue to assist the University in their endeavor to strengthen internal controls. As such, we deliver trainings in the areas of Internal Controls and Fraud Prevention, Grants Management, and State Ethics Laws. We believe these trainings which amount to some 120 hours of work in 2017 help strengthen the overall control environment while providing our staff with opportunities to meet with future audit clients and strengthen presentation skills. In 2017 we also participated in the total revamping of the Faculty Grants Management class training materials to reflect significant changes that had occurred to Federal grant regulations.
Additional Contributions by Internal Audit (cont.)

Participation in UW Committees
Internal Audit provides advisory input into a number of key University initiatives 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.

A sample of the committees we participate in are: the Privacy Assurance and Systems Security Council, the Compliance Coordination Committee, the Compliance Officers Group, Meaningful Use Committee, and the UW Medicine Security Standards Steering Committee.

Quality Improvement Initiatives
Additionally, we undertook a number of internal initiatives in 2017 to increase our productivity and effectiveness including:

- Revising our standardized risks and controls matrix for use in our grant audits.
- Continuing to refine policies and procedures for handling complaints received via our financial fraud and ethics hotline as well as other sources.
- Changing the content and presentation of information contained in our semi-annual report to management on the status of audit recommendations implemented.
- Updating our Internal Audit website.

Pacific Northwest Higher Education Internal Audit Conference
Internal Audit participated in the eighth annual Pacific Northwest Higher Education Internal Audit Conference. This training was created to present a low cost training alternative to all Pacific Northwest Internal Audit departments, create an opportunity to share best practices amongst the audit departments and strengthen professional relationships at all levels. Other participants in 2017 included Washington State University, Western Washington University, Community Colleges of Spokane, Oregon State University, Portland State University, University of Oregon, Southern Oregon University, Oregon Health Sciences University, University of Colorado, Monta State University, University of Montana, University Alaska, Idaho State, and the University of Idaho.

Internal Audit Internship Program
Internal Audit began a student intern program in 2011 for students majoring in Accounting or related fields. The students work during the summer of their Junior year and part-time during their Senior year in Internal Audit. They assist in the performance of audits, investigations, risk assessments, and management advisory services. This provides the students with real life experience on what it is like to be an auditor. In 2017 we employed three students from the Foster School of Business as interns.
Appendices
Appendix A

Summary Status of Planned Audits

During the course of calendar year 2017, we completed a number of audits that were in progress at the end of 2016, and completed or began most audits planned for 2017. Below is a summary of the progress we have made to date. Additionally, in accordance with IIA standards, we are presenting a summary of changes to 2018 planned audits that were approved by the Board of Regents in November 2017.

2015 Carry-Over Audits

<table>
<thead>
<tr>
<th>Audit</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minors on Campus</td>
<td>Issued</td>
</tr>
</tbody>
</table>

2016 Carry-Over Audits

<table>
<thead>
<tr>
<th>Audit</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Arts &amp; Sciences - Psychology</td>
<td>Issued</td>
</tr>
<tr>
<td>School of Dentistry - Clinics (Replacement)</td>
<td>Issued</td>
</tr>
<tr>
<td>College of Engineering - Electrical Engineering</td>
<td>Issued</td>
</tr>
<tr>
<td>UW Bothell - Expenditures</td>
<td>Issued</td>
</tr>
<tr>
<td>Finance Management - Procurement</td>
<td>Issued</td>
</tr>
<tr>
<td>Student Life - Clery Act</td>
<td>Issued (2 Reports)</td>
</tr>
<tr>
<td>UW Medicine - Practice Transformation Network (Replacement)</td>
<td>Issued</td>
</tr>
<tr>
<td>UW Medicine - Supply Chain</td>
<td>Issued</td>
</tr>
<tr>
<td>HMC - Sponsored Programs Compliance</td>
<td>Issued</td>
</tr>
<tr>
<td>NWHMC - Drug Diversion (Replacement)</td>
<td>Issued</td>
</tr>
<tr>
<td>NWHMC - Operating Room</td>
<td>Issued</td>
</tr>
<tr>
<td>2016 School of Medicine - Physician Incentive</td>
<td>Issued (3 Reports)</td>
</tr>
<tr>
<td>Compensation</td>
<td></td>
</tr>
<tr>
<td>School of Medicine - WWAMI</td>
<td>Issued</td>
</tr>
<tr>
<td>IT Business Continuity Planning</td>
<td>Issued (4 Reports)</td>
</tr>
</tbody>
</table>

2017 Planned Audits

<table>
<thead>
<tr>
<th>Audit</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Planning and Development - Oversight</td>
<td>Issued</td>
</tr>
<tr>
<td>College of Engineering - Wind Tunnel (Replacement)</td>
<td>Issued</td>
</tr>
<tr>
<td>School of Pharmacy - HIPAA</td>
<td>Issued</td>
</tr>
<tr>
<td>Human Resources - HRP Implementation</td>
<td>Issued</td>
</tr>
<tr>
<td>Award Payments - 14 Units (Replacement)</td>
<td>Issued</td>
</tr>
<tr>
<td>Office of Research - Human Subjects (Replacement)</td>
<td>Issued</td>
</tr>
<tr>
<td>VMC - Operating Room</td>
<td>Issued</td>
</tr>
<tr>
<td>College of Education - Business Operations/Centers</td>
<td>Draft Issued</td>
</tr>
<tr>
<td>College of the Environment - Atmospheric Sciences</td>
<td>Draft Issued</td>
</tr>
<tr>
<td>UW Tacoma – SIAS (Replacement)</td>
<td>Draft Issued</td>
</tr>
</tbody>
</table>
### 2017 Planned Audits (cont.)

<table>
<thead>
<tr>
<th>Audit</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities Services – IT Electronic Media Disposal</td>
<td>Draft Issued</td>
</tr>
<tr>
<td>Intercollegiate Athletics Compliance 2017</td>
<td>Draft Issued</td>
</tr>
<tr>
<td>UWMC/HMS/UWP – Data Analytics/Mining (Urology)</td>
<td>Draft Issued</td>
</tr>
<tr>
<td>NWHMC – Charity Care/Accounts Receivable</td>
<td>Draft Issued</td>
</tr>
<tr>
<td>VMC – Drug Diversion/Controlled Substances</td>
<td>Draft Issued</td>
</tr>
<tr>
<td>VMC – Strategic Alliance Agreement</td>
<td>Draft Issued</td>
</tr>
<tr>
<td>2017 School of Medicine – Physician Incentive Compensation (Replacement)</td>
<td>Draft Issued (2 Reports)</td>
</tr>
<tr>
<td>Continuum College – Registration</td>
<td>In Progress</td>
</tr>
<tr>
<td>UW Bothell – School of Business Executive Education</td>
<td>In Progress</td>
</tr>
<tr>
<td>Advancement – Travel &amp; Entertainment</td>
<td>In Progress</td>
</tr>
<tr>
<td>CoMotion – Oversight of Outside Organizations</td>
<td>In Progress</td>
</tr>
<tr>
<td>Title IX</td>
<td>In Progress</td>
</tr>
<tr>
<td>NWHMC – Payroll/Kronos</td>
<td>In Progress</td>
</tr>
<tr>
<td>UWMC – Cardiology Clinic (Replacement)</td>
<td>In Progress</td>
</tr>
<tr>
<td>UWMC/HMC/NWHMC – Epic User Access</td>
<td>In Progress</td>
</tr>
<tr>
<td>UWMC/HMC – IT Media Disposal (Replacement)</td>
<td>In Progress</td>
</tr>
<tr>
<td>UWMC/HMC – Supply Chain</td>
<td>In Progress</td>
</tr>
<tr>
<td>School of Medicine – Pharmacology Grants</td>
<td>In Progress</td>
</tr>
<tr>
<td>College of Engineering – IT General Controls</td>
<td>Replaced by College of Engineering Wind Tunnel</td>
</tr>
<tr>
<td>School of Nursing – Grants</td>
<td>Replaced by Award Payments</td>
</tr>
<tr>
<td>UW Tacoma – Course Fees</td>
<td>Replaced by UW Tacoma – SIAS</td>
</tr>
<tr>
<td>Health Sciences Administration – CHDD</td>
<td>Replaced by 2017 School of Medicine – Physician Incentive Compensation</td>
</tr>
<tr>
<td>Office of Research – Office of Sponsored Programs</td>
<td>Replaced by Office of Research – Human Subjects</td>
</tr>
<tr>
<td>UWMC/HMC – Radiation Oncology</td>
<td>Replaced by UWMC/HMC – IT Media Disposal</td>
</tr>
<tr>
<td>VMC – Epic Rover (mobile device system)</td>
<td>Replaced by UWMC – Cardiology Clinic</td>
</tr>
<tr>
<td>School of Public Health – Health Services Grants</td>
<td>Cancelled</td>
</tr>
</tbody>
</table>

### 2018 Planned Audit Changes

<table>
<thead>
<tr>
<th>Audit</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NONE</td>
</tr>
</tbody>
</table>
External Auditors – 2017

Financial Statement and Agreed Upon Procedures Audits:

KPMG
University of Washington
Internal Lending Program
Intercollegiate Athletics
Commuter Services
Housing and Food Services
Portage Bay Insurance
UW Alumni Association

UW Medicine Clinical Entities - UW Division
Harborview Medical Center
Valley Medical Center
Seattle Cancer Care Alliance
I-Tech Field Offices

Peterson Sullivan
Metro Tract
Student Life

Student Apartments

Federal and State Regulatory Audits and Reviews:

State Auditor’s Office
Audit of federal programs in accordance with the Single Audit Act
Whistleblower and citizen complaint investigations
Cost of medical education

Federal Agencies
Office of Naval Research
Contractor Purchasing Review, UW Procurement

National Science Foundation
Property Controls, Ocean Observatories Initiative, Oceanography
University Wide Review of Costs Claimed

Health Resources and Services Administration
Grant Admin, Program & Fiscal Controls – Mountain West AETC

State, Local, Foreign and Private Agencies
Cystic Fibrosis Foundation
Grant Fiscal Compliance, Pediatrics

City of Seattle
Grant Compliance, Madison Clinic
Appendix B

External Auditors – 2017 (cont.)

King County Public Health
Grant Compliance, Pioneer Square Clinic

Shelter Plus Care
Grant Compliance, Behavioral and Addictions Programs

Washington State Department of Health
Contract Compliance – CHDD, Health Services, ADAI
STANDING COMMITTEES

Finance and Asset Management Committee

Actions Taken Under Delegated Authority

INFORMATION

This item is being presented for information only.

BACKGROUND

This item is a standing quarterly agenda item covering the items approved by University units for a given quarter, in accordance with the delegations of authority in Board of Regents Governance, Standing Orders, Chapter 1, Section 6:

1. The Administration may approve and execute all instruments to take action for projects or contracts that exceed $5 million in value or cost and are less than $15 million; and

2. The Administration may execute time-critical instruments requiring action between scheduled Board of Regents meetings, with approval of the chair or vice chair of the appropriate standing committee.

Attachments

1. Action Reported: License Renewal of the Unisys Libra 4390 Mainframe System
2. Action Reported: Order Form to Master Subscription Agreement (MSA) with Workday for Finance functionality
Action Reported: License Renewal of the Unisys Libra 4390 Mainframe System.

Under delegated authority, the Executive Director of Procurement Services, or his designee, has executed a contract with Unisys Corporation on December 18, 2017 to renew software licensing and maintenance agreements to operate the Libra 4390 mainframe system for UW Information Technology’s 4545 (Seattle) and TierPoint (Spokane) data centers.

The University operates a Unisys mainframe for its administrative applications. The selection of Unisys (then known as Burroughs) was originally done via a competitive RFP in the early 1980’s. Since that time, the existing system has been upgraded and expanded several times on a sole source basis. This purchase renews software licensing and maintenance agreements on the equipment originally acquired in 2014. The software license is extended through March 31, 2021.

The total contract value, including, three years of maintenance and support, and software licensing is $5,827,768, excluding Seattle and Spokane sales tax. UW negotiated with Unisys Corporation and achieved an average overall discount of 24% off Unisys’ published pricing. The software license component of this purchase will be financed through a short-term asset-financing program.
Action Reported: Order Form to Master Subscription Agreement (MSA) with Workday for Finance functionality

Under delegated authority, the Executive Vice President for Finance and Administration, or his designee, has executed Order Form #140848 to the MSA with Workday. This subscription is for the full suite of Finance related functionality.

Workday was selected as a result of a competitive RFP for a HRP/HCM solution issued in September 2012 and awarded in October 2013. The Master Subscription Agreement negotiated for HRP contained options to subscribe to additional functionality. The UW is now exercising this option via Order Form #140848.

The total initial contract commitment is not to exceed $6,610,000 (not including any applicable sales tax) for an eighteen-month term. The subscription fees negotiated are consistent with the discount schedule offered in the original MSA and have been deemed fair and reasonable.
STANDING COMMITTEES

Finance and Asset Management Committee

Treasurer of the Board Report

INFORMATION

This item is being presented for information only.

BACKGROUND

Jeff Scott, Executive Vice President of Finance & Administration, will provide an oral report on the following:

1. Appointment of Vice President for Finance
2. Finance Transformation
Brian McCartan is the vice president for finance at the University of Washington. McCartan is responsible for leadership of the central business services of the university, including the Office of the Controller, Treasury Office, Enterprise Business Services and the Finance Transformation Program.

McCartan joined the UW after serving as the chief financial officer at Sound Transit for the past 11 years. At Sound Transit, McCartan developed the financial plans for the $90 billion Sound Transit 2 and 3 programs. He also led the development of the agency’s budget and financial systems to support the build-out of the regional high-capacity transit system. He was also responsible for the information technology, risk management and asset management departments at Sound Transit.

Prior to Sound Transit, McCartan served as debt manager at the City of Seattle, financing the capital programs for the city and its utilities, and as an international economist at the U.S. Treasury in Washington, D.C., helping administer U.S. international monetary operations.

McCartan graduated from the UW with a bachelor’s degree in philosophy and political science. He has a master’s degree in international relations (finance and economics) from Yale University.
STANDING COMMITTEES

Finance and Asset Management Committee

Consolidated Endowment Fund (CEF) Spending Policy Update

INFORMATION

This item is being presented for information only.

BACKGROUND

The Board of Regents, with advice from University of Washington Investment Management Company (UWINCO) Board, UWINCO and Treasury Office staff, provide oversight of the University’s investment program and direct two key policy decisions:

1. Strategic Asset Allocation; and
2. Spending

SPENDING POLICY OBJECTIVES & RECOMMENDATION:

At the heart of an effective endowment spending policy is the attempt to balance the following objectives:

- Balance the competing demands of current and future endowment beneficiaries;
- Maximize the stability and predictability of distributions; and
- Ensure that endowment policies are understandable and acceptable to donors and campus constituents

There is no recommended policy change at this time. The CEF has posted strong returns in 2017. The Treasury Office in partnership with UWINCO will continue to monitor endowment returns and review the spending policy on an annual basis. The Board of Regents must approve any changes to the spending policy.

Attachment
CEF Spending Policy Update
CEF Spending Policy Update

March 7, 2018
Spending Policy Considerations

> Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires consideration by fiduciaries

> At the July 2017 FAM meeting an information item was presented to the Board of Regents suggesting that the spending rate be reduced from 5.0% to 4.5% in line with the UWINCO Board’s recommendation

> The spending changes in FY09 and FY10 account for ~$200 million in cumulative institutional value as of June 30, 2017
UPMIFA

> UPMIFA (Uniform Management of Institutional Funds Act) requires institutions managing charitable institutional funds to:

– Invest the funds “in good faith with the care of an ordinarily prudent person”
– Incur “only costs that are appropriate and reasonable”
– Consider the “expected total return” of the fund in determining whether to distribute or accumulate the funds
– Take “special care to limit annual spending to a level that protects the purchasing power of the fund”
University Perspective

> A spending policy should provide a predictable and stable stream of revenue for beneficiaries and maintain purchasing power over time

> Despite strong financial markets in 2017, lower returns are still projected

> Spending needs to be monitored to ensure intergenerational equity

> If a future rate decrease is warranted, the near-term negative impact would be more than offset by longer-term higher market values and distributions
Endowment Illustration
FY17 – FY57
(in millions)

Note: Projections assume 6% annual return
$60M in CEF additions annually
Recommendation

> Maintain the current spending policy
  > Currently, the spending for the endowment is set at 5.0% of the 5 year rolling-average market value

> The spending policy will be reviewed annually and, if circumstances warrant, discussed with the Board of Regents
STANDING COMMITTEES

Finance and Asset Management Committee

Finance and Capital Report

INFORMATION

This item is being presented for information only.

BACKGROUND

This item is a standing monthly agenda item.

Attachments
1. Active Capital Projects Summary as of February 20, 2018
2. Active Capital Projects Business Equity Scorecard
3. Semi-Annual Institutional Lending Program (ILP) Report
## Active Capital Projects Summary

as of February 20, 2018

### Project Name

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Financial Details</th>
<th>Schedule</th>
<th>Women &amp; Minority Business Equity*</th>
<th>Project Health Trending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Forecast</td>
<td>Funding Committed</td>
<td>Target</td>
</tr>
<tr>
<td>University of Washington Tower Renovations</td>
<td>$7.50</td>
<td>$7.09</td>
<td>$8.11</td>
<td>4/18</td>
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<tr>
<td>Schacht/Aslani Architects/Forma</td>
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</tr>
<tr>
<td>UWMC Expansion Phase 2</td>
<td>$198.30</td>
<td>$196.83</td>
<td>$198.30</td>
<td>4/18</td>
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<tr>
<td>NBBJ/Mortenson</td>
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<td></td>
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</tr>
<tr>
<td>NCH Phase IV(a): McCarty, Madrona, &amp; Willow Halls</td>
<td>$253.00</td>
<td>$252.70</td>
<td>$253.00</td>
<td>6/18</td>
</tr>
<tr>
<td>Kieran Timberlake/WG Clark</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Sciences Building</td>
<td>$171.45</td>
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<td>$171.56</td>
<td>7/18</td>
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<tr>
<td>Perkins+Will/Skanska</td>
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<td></td>
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</tr>
<tr>
<td>UWMC ED East Extension</td>
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<td>$14.74</td>
<td>$14.70</td>
<td>10/18</td>
</tr>
<tr>
<td>Salus Architecture /Skanska</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>SOM South Lake Union 3.2</td>
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<td>$144.47</td>
<td>$144.98</td>
<td>11/18</td>
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<tr>
<td>Perkins+Will/Sellen</td>
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<tr>
<td>Bill and Melinda Gates Center for CSE</td>
<td>$105.50</td>
<td>$105.89</td>
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<td>12/18</td>
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<tr>
<td>LMN Architects/Mortenson</td>
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<tr>
<td>New Burke Museum</td>
<td>$79.00</td>
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<tr>
<td>Olson Kundig/Skanska</td>
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</tr>
<tr>
<td>Population Health Facility</td>
<td>$230.00</td>
<td>$230.00</td>
<td>$230.00</td>
<td>3/20</td>
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<tr>
<td>Miller Hull Partnership/LCL</td>
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<tr>
<td>North Campus Housing Phase 4b</td>
<td>$86.20</td>
<td>$86.20</td>
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<td>7/21</td>
</tr>
<tr>
<td>Kieran Timberlake/WG Clark</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$1,290.63</strong></td>
<td><strong>$1,286.22</strong></td>
<td><strong>$1,293.95</strong></td>
<td></td>
</tr>
</tbody>
</table>

* All Dollars in Millions

* Includes OMWBE certified and self-identified Women and Minority businesses.

### Targets

- **Budget**: Budget is equal to or greater than Forecast (1% Tolerance)
- **Funding**: Funding is equal to or greater than Forecast (1% Tolerance)
- **Schedule**: Forecast is equal to or sooner than Target (14 Day Tolerance)
- **Safety**: Total Recordable Incident Rate of 2.5 or lower
- **Business Equity**: On track for utilization of 10% or higher

### Notes:

1. Project General Contractor buyout largely complete and business equity goals cannot be met with remaining spend.
2. Injuries incurred in first half of construction duration cannot be overcome in spite of nearly injury-free performance in later half of project and metric cannot be met.
4. One Recordable Incident occurred during this reporting period.
5. One Recordable Incident occurred during this reporting period.
6. Forecasted permit review times from the City continue to increase.
7. Equity performance declined from the last report, but the majority of the scope remains to be procured, and we anticipate improvement.
## Business Equity Scorecard
### as of February 20, 2018

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Total Project Budget*</th>
<th>Committed (A)</th>
<th>Forecast (B)</th>
<th>Uncommitted (B-A)</th>
<th>(B-A)/B</th>
<th>OMWBE Businesses (State-Certified Only) (C)</th>
<th>Women &amp; Minority Businesses (Certified and Self-Identified) (D)</th>
<th>WBE, MBE, and SBE Businesses (Certified and Self-Identified) (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Washington Tower Renovations</td>
<td>$5.91</td>
<td>$5.11</td>
<td>$5.43</td>
<td>$0.32</td>
<td>5.9%</td>
<td>$0.04 0.9% 1</td>
<td>$0.19 3.8% 2</td>
<td>$0.71 13.8% 13</td>
</tr>
<tr>
<td>UWMC Expansion Phase 2</td>
<td>$179.59</td>
<td>$144.67</td>
<td>$177.82</td>
<td>$33.14</td>
<td>18.6%</td>
<td>$0.58 0.4% 2</td>
<td>$35.06 24.2% 9</td>
<td>$40.30 27.9% 26</td>
</tr>
<tr>
<td>NCH Phase IV(a): McCarty, Madrona, &amp; Willow Halls</td>
<td>$223.29</td>
<td>$206.43</td>
<td>$222.92</td>
<td>$16.50</td>
<td>7.4%</td>
<td>$5.55 2.7% 12</td>
<td>$69.28 33.6% 20</td>
<td>$73.88 35.8% 30</td>
</tr>
<tr>
<td>Life Sciences Building</td>
<td>$161.86</td>
<td>$153.44</td>
<td>$158.26</td>
<td>$4.82</td>
<td>3.0%</td>
<td>$1.91 1.2% 16</td>
<td>$2.25 1.5% 28</td>
<td>$5.32 3.5% 59</td>
</tr>
<tr>
<td>UWMC ED East Extension</td>
<td>$12.84</td>
<td>$11.80</td>
<td>$12.88</td>
<td>$1.08</td>
<td>8.4%</td>
<td>$1.14 9.6% 6</td>
<td>$1.14 9.7% 8</td>
<td>$1.27 10.8% 17</td>
</tr>
<tr>
<td>Bill and Melinda Gates Center for CSE</td>
<td>$93.11</td>
<td>$90.10</td>
<td>$97.43</td>
<td>$7.32</td>
<td>7.5%</td>
<td>$1.28 1.4% 11</td>
<td>$2.41 2.7% 17</td>
<td>$18.31 20.3% 29</td>
</tr>
<tr>
<td>New Burke Museum</td>
<td>$69.66</td>
<td>$62.03</td>
<td>$71.44</td>
<td>$9.40</td>
<td>13.2%</td>
<td>$1.11 1.8% 14</td>
<td>$1.51 2.4% 26</td>
<td>$6.12 9.9% 87</td>
</tr>
<tr>
<td>Population Health Facility</td>
<td>$199.00</td>
<td>$36.43</td>
<td>$199.40</td>
<td>$162.97</td>
<td>81.7%</td>
<td>$0.29 0.8% 5</td>
<td>$0.42 1.2% 7</td>
<td>$1.69 4.6% 15</td>
</tr>
<tr>
<td>Totals</td>
<td>$945.27</td>
<td>$710.01</td>
<td>$945.57</td>
<td>$235.56</td>
<td>24.91%</td>
<td>$11.90 1.7% 41</td>
<td>$112.28 15.8% 75</td>
<td>$147.60 20.8% 193</td>
</tr>
</tbody>
</table>

* Project Total Commitments include only costcodes that are business equity eligible, those that are not such as sales tax) are excluded.

** Firm total is a distinct count per Project

*** Bottom Line total is count of distinct firms
• On February 15th, the University issued $102 million of long-term fixed-rate bonds at 3.67% to fund ILP projects. This issuance generated $120 million in proceeds which will be used to (a) pay off $90 million of commercial paper, and (b) fund $30 million of project draws for HFS Phase 4a and Life Sciences. Additional long-term debt was issued to pay off $42 million in commercial paper for HR Payroll (excluded from the ILP).

• The Treasury Office monitors the financial performance and covenant compliance of borrowers on a semi-annual or annual basis.

• $141 million of project cash flows were funded between 6/30/2017 and 12/31/2017 for Life Sciences, HFS Phase 4a, and HFS Phase 3. These cash flows were funded from the 2016 General Revenue Bonds and commercial paper.

• UW Medicine has begun implementation of the FIT plan, which was approved by the Board of Regents in November.

### ILP Activity Summary FY2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Beginning Balance</td>
<td>$166</td>
</tr>
<tr>
<td>Plus: Net Bond Proceeds</td>
<td>252</td>
</tr>
<tr>
<td>Less: Project Funding</td>
<td>(177)</td>
</tr>
<tr>
<td>Subtotal: Net Proceeds</td>
<td>75</td>
</tr>
<tr>
<td>Plus: Internal Loan Payments</td>
<td>148</td>
</tr>
<tr>
<td>Less: Internal Loan Payments</td>
<td>(163)</td>
</tr>
<tr>
<td>Subtotal: Net Payments</td>
<td>(15)</td>
</tr>
<tr>
<td>Plus: Investment Earnings</td>
<td>7</td>
</tr>
<tr>
<td>Less: Administrative Expenses</td>
<td>(2)</td>
</tr>
<tr>
<td>Less: Credit Support Fee</td>
<td>(2)</td>
</tr>
<tr>
<td>Subtotal: Other</td>
<td>3</td>
</tr>
<tr>
<td>Net Activity</td>
<td>63</td>
</tr>
<tr>
<td>2017 Ending Balance</td>
<td>$230</td>
</tr>
</tbody>
</table>

(1) Revised to match FY2016 audited balances
(2) Reflects accrual basis of accounting, does not represent available cash balances.
Totals may not foot due to rounding.

### Capital Assets Pool (CAP)

- The CAP may be used for capital projects with amortizations up to 30 years.
- Capacity is recalculated as the value of the Invested Funds changes and principal is repaid. Target allocation is 10% of the Invested Funds balance, less outstanding CAP loans as of 12/31/2017.
- Funds are borrowed through the ILP.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested Funds Balance</td>
<td>$2,518</td>
</tr>
<tr>
<td>Target Allocation (10%)</td>
<td>252</td>
</tr>
<tr>
<td>Current Outstanding CAP Balance</td>
<td>(138)</td>
</tr>
<tr>
<td>Allocation Remaining</td>
<td>$114</td>
</tr>
</tbody>
</table>

(1) Includes CAP balance of $138 million

### ILP Borrowers

<table>
<thead>
<tr>
<th>Department</th>
<th>Loan Balance</th>
<th>In Compliance</th>
<th>Trending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing and Food Services</td>
<td>$ 628</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>476</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>UW Medicine Clinical (2)</td>
<td>402</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Intercollegiate Athletics (3)</td>
<td>246</td>
<td>Yes</td>
<td>✔️</td>
</tr>
<tr>
<td>Student Life</td>
<td>139</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>UW Tacoma</td>
<td>36</td>
<td>Yes</td>
<td>✔️</td>
</tr>
<tr>
<td>UW Bothell</td>
<td>31</td>
<td>Yes</td>
<td>✔️</td>
</tr>
<tr>
<td>School of Dentistry (4)</td>
<td>10</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Total at 12/31/17</strong></td>
<td><strong>$ 1,969</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) As of most recent measurement date (6/30/17)
(2) Financial covenants were suspended through 6/30/19
(3) Meeting Financial Stability Plan reserve covenant, coverage covenant suspended
(4) School of Dentistry under governance of the Provost
(5) Only reflects outstanding debt within the ILP (e.g. excludes South Lake Union)

### 5-Year Borrowing Plan

- **Authorized (1)**: $120 ($110 $110 $110 $110 $110)
- **Estimated**: $100

FY18 FY19 FY20 FY21 FY22

(1) Authorized projects include HFS Phase 4a and Life Sciences
(2) Represents bonds issued on 2/15/18. Excludes $42 million in HR Payroll refunding.
STANDING COMMITTEES

Finance and Asset Management Committee

Semi-Annual Borrower Reports (SABRes) for Housing & Food Services, UW Medicine Clinical Enterprise, and School of Medicine South Lake Union

INFORMATION

This item is being presented for information only.

BACKGROUND
Semi-Annual Borrower Reports (SABRes) are a component of an overall credit framework that is used at the University to assure that financial risks are identified and managed from the origination of an internal loan or debt issue to its final maturity.

SABRe reports provide the Board of Regents with up-to-date information on the financial health of major borrowers and present proforma vs. actual performance along with financial metrics. Key financial indicators show changes in performance and allow the Regents to see how the entities are responding.

Housing & Food Services, UW Medical Center and Northwest Hospital present a debt metric, a cash flow metric, and a reserves measure. When available, these metrics are from audited financial statements and benchmarked against the most recent Regent approved proforma or current financial plan. Also presented is a report representing the Clinical Enterprise which consists of six entities including UW Medical Center, Northwest Hospital, UW Neighborhood Clinics, UW Physicians, Airlift Northwest and shared service departments.

The research campus at South Lake Union presents actual and projected School of Medicine support and three-year historical growth in grants and reserves.

The SABRe for Intercollegiate Athletics will be presented at the April Board meeting.

Attachments
1. Credit Framework for Internal Lending Program Loans
2. Housing & Food Services SABRe – March 2018
3. UW Medicine Clinical Enterprise SABRe – March 2018
4. University of Washington Medical Center SABRe – March 2018
5. Northwest Hospital SABRe – March 2018
6. School of Medicine South Lake Union SABRe – March 2018
Credit Framework for ILP Loans

<table>
<thead>
<tr>
<th>ORIGINATING</th>
<th>OPERATING</th>
<th>REPORTING</th>
<th>MANAGING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional / Project Risks &amp; Opportunities</td>
<td>Timely Funding &amp; Accurate Accounting</td>
<td>Transparency &amp; “Early Warning”</td>
<td>Loan Maintenance &amp; Financial Mitigation</td>
</tr>
</tbody>
</table>

**APPROVE**

- Capital Project Budget \(^1,3\)
- Internal Loan \(^1,4\)

**REVIEW**

- Semi-Annual Borrowers Report \(^1,4\)
- Semi-Annual ILP Report \(^4\)
- ILP Audit \(^4\)

**APPROVE**

- Financial Stability Plan \(^1,2,4\)

**BOARD OF REGENTS**

- Space Utilization \(^3\)
- One Capital Plan \(^2,3\)
- Institutional Debt Capacity Estimate \(^4\)
- Financial Due Diligence \(^1,4\)
  - Base Case
  - Key Risks
  - Stress Tests
  - Mitigation Plans

**UNIVERSITY ADMINISTRATION**

- Financing Agreement \(^1,4\)
  - Debt covenants
  - Reporting requirements

- Funding Plan \(^1,4\)
  - Draw schedule for project by source (debt, gifts, reserves, state)

- Loan Servicing \(^1,4\)
  - Amortization schedule
  - Recording of loan
  - Repayment budget

- Annual disclosure \(^1,4\)
  - Financial statement audits
  - Covenant requirements

- Dedicated staff specialist for each borrower \(^1,4\)

- Regular borrower meetings \(^1,4\)
  - Review covenant compliance
  - Discuss upcoming challenges

**Stakeholder**

1 – Borrower
2 – Planning & Budgeting
3 – Capital Planning and Development
4 – Treasury
Semi-Annual Borrower's Report – March 2018

Summary
- The proforma and projections include Phases 1-4a of the Housing Master Plan (HMP) and the design and pre-construction budget for Phase 4b. Phase 4a is underway and proceeding as planned; facilities will open to students in autumn 2018 with 571 net new beds. Based on previous demand, HFS does not anticipate notable vacancies.
- FY17 contribution to reserves totaled $2.9M. Debt Service Coverage (DSC) was 1.47x and reserve balances continued to exceed forecast. Several positive factors contributed to this success including strong occupancy demand, increased revenue from Commodore Duchess and Radford Court, and continued strong summer conference business. The FY17 audited reserve balance totals $65.6M, which were increased by $946K over FY16 year-end totals as a result of the consolidation of Nordheim Court financials into the HFS system.
- HFS anticipates drawing on reserves in FY18 resulting in budgeted cash flows of -$5.8M. This is due to additional capital outlays for HMP Phase 4a and the final contribution to the Phase 4b predesign budget.
- The reserve requirement set by HFS’ ILP agreements totaled $17.4M in FY17 and is equivalent to 4 months of operating expenses plus $2.5M. HFS has earmarked $21.7M in restricted reserves for Phase 4a FF&E ($17.7M) and Phase 4b pre-construction costs ($4M). The remaining reserve balance of $26.5M is held for risk mitigation in the short term, equity contributions to Phase 4b, and savings for future renovations (FY24+) of McMahon and Hansee Halls.

Risk and Mitigations
- A significant decline in student occupancy is the primary risk to the system. Private market competition, price sensitivity, and reductions in long-range UW enrollment impact student occupancy. These risks are monitored by HFS throughout the year and, if necessary, mitigated by strategic occupancy planning.
- Total HFS debt service was equivalent to 29.1% of FY17 gross revenues and 50.8% of total FY17 operating expenses. HFS maintains DSC of at least 1.25x to mitigate this risk. DSC for FY18 is forecasted to be 1.40x.

Selected Indicators
- System wide as-built occupancy indicates the overall health of residence hall and dining operations and measures demand for the system.
- Net operating income less debt service and capital expenses.
- Unrestricted net assets; ILP minimum is 4 months of adjusted HFS operating expenses.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Returning Residents (2)</td>
<td>110.9%</td>
<td>110.0%</td>
<td>110.2%</td>
<td>114.0% (*)</td>
</tr>
<tr>
<td>Freshman Capture Rate (3)</td>
<td>40.4%</td>
<td>37.3%</td>
<td>38.6%</td>
<td>41.5%</td>
</tr>
<tr>
<td>Debt Service Coverage (4)</td>
<td>1.25 1.48</td>
<td>1.30 1.47</td>
<td>1.37 1.40</td>
<td>1.41 1.43</td>
</tr>
<tr>
<td>Cash Flow ($ Millions)</td>
<td>Pro forma (Phase 3 FY15 &amp; Phase 4a FY16+)</td>
<td>Actual thru FY17/Projected</td>
<td>ILP Minimum 1.25x</td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td>FY16</td>
<td>FY17</td>
<td>FY18</td>
<td>FY19</td>
</tr>
<tr>
<td>3.3</td>
<td>10.8</td>
<td>(4.2)</td>
<td>4.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Reserve Balance ($ Millions)</td>
<td>Pro forma (Phase 3 FY15 &amp; Phase 4a FY16+)</td>
<td>Actual thru FY17/Projected</td>
<td>ILP minimum</td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td>FY16</td>
<td>FY17</td>
<td>FY18</td>
<td>FY19</td>
</tr>
<tr>
<td>33.3</td>
<td>53.6</td>
<td>50.8</td>
<td>61.8</td>
<td>55.7</td>
</tr>
</tbody>
</table>

(*) Actuals through winter quarter, projected spring quarter
(2) Percent of prior year spring resident count
(3) Percent of freshmen admission count
(4) Effective FY17, debt for Commodore Duchess and Radford Court are recognized in the HFS debt
(5) Actual balances will be used on future capital expenditures or to retire debt
(6) Reserves increased by $946K in FY17 due to consolidation of Nordheim Court reserves with HFS reserves
F-6.2/203-18 | 3/8/18
UW Medicine Clinical Enterprise

Semi-Annual Borrower’s Report – March 2018

Summary

- UW Medicine Clinical Enterprise includes: UW Medical Center, Northwest Hospital, UW Physicians, UW Neighborhood Clinics, Airlift Northwest, and UW Medicine Shared Services. FY16 represented the first year of audited results for UW Medicine Clinical Enterprise. While the Clinical Enterprise is managed as one entity, SABRes are provided for UW Medical Center and Northwest Hospital, along with the Clinical Enterprise.
- UW Medicine Clinical Enterprise experienced a challenging FY17 as pressures on net revenue were significant and labor expenses were higher than anticipated. Management continues to prioritize cash levels and monitors cash on a monthly basis. Through December,
  - Debt Service Coverage was 2.57x.
  - Total margin was -0.9%.
  - Days Cash on Hand was 74.
- Financial ratios for FY16 and FY17 represent audited actuals and FY18 represents year to date results through December 2017. FY18 through FY23 projections represent the Financial Stability Plan (FSP) approved by the Board of Regents in November.
- The Financial Stability Plan included an investment and related debt for the EHR IT project which impacts HMC, UWMC and NWH as an expense over the life of the project (which has not yet been approved). Also included is an assumption related to $25M borrowing for the NWH Childbirth Center (which has not yet been approved).

Risks and Mitigations

- Success at executing priorities in the strategic plan and implementing performance improvement initiatives is key to the achievement of financial objectives going forward. UW Medicine Clinical Enterprise continues to monitor against internal and external benchmarks and seeks to achieve best practices.
- Declines in commercial payer reimbursement have significant impacts and are being monitored on a monthly basis.
- Impacts on net revenue from health care reform and activities of commercial and government payers continue to be incorporated into financial planning for UW Medicine Clinical Enterprise. Transformation of care and strong expense management continue to be high priorities.
- Leadership is focused on process improvements targeted at improvement in financial results. This work is a priority of executive leadership within UW Medicine.

Selected Indicators

<table>
<thead>
<tr>
<th></th>
<th>FY16 Actuals</th>
<th>FY17 Actuals</th>
<th>FY18 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>28,422</td>
<td>28,909</td>
<td>29,654</td>
</tr>
<tr>
<td>Total Surgeries</td>
<td>25,802</td>
<td>26,827</td>
<td>28,071</td>
</tr>
<tr>
<td>Total Airlift Northwest Flights</td>
<td>3,379</td>
<td>3,639</td>
<td>3,957</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service Coverage</td>
<td>2.30</td>
<td>1.09</td>
<td>2.95</td>
<td>2.57</td>
<td>3.87</td>
<td>3.86</td>
</tr>
<tr>
<td>Total Margin</td>
<td>1.4%</td>
<td>2.4%</td>
<td>2.4%</td>
<td>2.4%</td>
<td>2.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Days Cash On Hand</td>
<td>92</td>
<td>76</td>
<td>68</td>
<td>74</td>
<td>67</td>
<td>68</td>
</tr>
</tbody>
</table>

Debt Service Coverage
Net operating income as a multiple of debt service

Total Margin
Operating income plus non-operating income expressed as a percentage of revenue

Days Cash On Hand
Unrestricted cash divided by daily operating expenses
Semi-Annual Borrower’s Report – March 2018

Summary

- Through December, UWMC is exceeding budget and Financial Stability Plan targets.
  - Debt Service Coverage was 2.52x which was slightly above budget.
  - Total margin was 0.4%.
  - Days Cash on Hand was 56 days.
- Financial ratios for FY15-FY17 represent audited actuals and FY18 represents year to date results through December 2017.
- FY18 through FY23 projections represent the Financial Stability Plan (FSP) approved by the Board of Regents.
  - UW Medicine has included an investment and related debt for the EHR IT project which impacts HMC, UWMC and NWH as an expense over the life of the project (which has not yet been approved).

Risks and Mitigations

- Success at executing priorities in the strategic plan and implementing performance improvement initiatives is key to the achievement of financial objectives going forward. UWMC continues to monitor against internal and external benchmarks and seeks to achieve best practices.
- Impacts on net revenue related to activities of commercial and government payers continue to be incorporated into financial planning for UWMC. Transformation of care and strong expense management continue to be high priorities.
- Leadership is focused on process improvements targeted at improvement in financial results. This work is a priority of leadership both at the Medical Center and executive leadership throughout UW Medicine.

Selected Indicators

<table>
<thead>
<tr>
<th></th>
<th>FY15 Actuals</th>
<th>FY16 Actuals</th>
<th>FY17 Actuals</th>
<th>FY18 Budget/FSP (FY19-FY23)</th>
<th>Actual (FY15-FY18 FYTD)</th>
<th>ILP minimum 1.25x</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>18,092</td>
<td>18,362</td>
<td>18,964</td>
<td></td>
<td>19,322</td>
<td>19,322</td>
</tr>
<tr>
<td>Total Surgeries</td>
<td>15,313</td>
<td>15,895</td>
<td>16,272</td>
<td></td>
<td>16,455</td>
<td>16,455</td>
</tr>
<tr>
<td>Occupancy</td>
<td>80%</td>
<td>82%</td>
<td>79%</td>
<td></td>
<td>76%</td>
<td>76%</td>
</tr>
</tbody>
</table>

Debt Service Coverage (1)
Net operating income as a multiple of debt service

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 Budget/FSP (FY19-FY23)</td>
<td>4.43</td>
<td>1.71</td>
<td>0.85</td>
<td>2.47</td>
<td>2.52</td>
<td>3.45</td>
<td>4.03</td>
<td>4.15</td>
<td>4.26</td>
</tr>
<tr>
<td>Actual (FY15-FY18 FYTD)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>ILP minimum 1.25x</td>
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</table>

Total Margin
Operating income plus non-operating income expressed as a percentage of revenue

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 Budget/FSP (FY19-FY23)</td>
<td>2.5%</td>
<td>(2.5%)</td>
<td>(3.7%)</td>
<td>0.0%</td>
<td>0.4%</td>
<td>2.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Actual (FY15-FY18 FYTD)</td>
<td></td>
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Days Cash On Hand (1)
Unrestricted cash divided by daily operating expenses

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 Budget/FSP (FY19-FY23)</td>
<td>95</td>
<td>90</td>
<td>62</td>
<td>48</td>
<td>56</td>
<td>55</td>
<td>58</td>
<td>61</td>
<td>62</td>
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<tr>
<td>Actual (FY15-FY18 FYTD)</td>
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<td></td>
<td></td>
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<tr>
<td>ILP minimum 75 days</td>
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</table>

(1) FSP suspended ILP minimum through FY19
Northwest Hospital (NWH)

Semi-Annual Borrower's Report – March 2018

Summary

- NWH, a community hospital, affiliated with UW Medicine in 2010. Growth has occurred year over year, but not at the rate needed to meet operational expense requirements, resulting in negative total operating income in FY15 through FY17.
  - Debt Service Coverage has improved to 0.48x but continues to fall below FY18 budget target.
  - Total margin through December was -4.3%.
  - Days Cash on Hand increased to 52 days.
- Financial ratios for FY15-FY17 represent audited actuals and FY18 represents year to date results through December 2017.
- FY18 through FY23 projections represent the Financial Stability Plan (FSP) as approved by the Board of Regents.
  - UW Medicine has included an investment and related debt for the EHR IT project which impacts HMC, UWMC and NWH as an expense over the life of the project (which has not yet been approved).
  - NWH Financial Stability Plan includes an assumption related to $25M borrowing for the Childbirth Center (which has not yet been approved).

Risks and Mitigations

- Success at executing priorities in the strategic plan and implementing performance improvement initiatives is key to the achievement of financial objectives going forward. Leadership continues to monitor performance monthly.
- Potential negative impacts to net revenue related to activities of commercial and government payers continue to be incorporated into financial planning for NWH. Transformation of care and strong expense management continue to be high priorities.

Selected Indicators

<table>
<thead>
<tr>
<th></th>
<th>FY15 Actuals</th>
<th>FY16 Actuals</th>
<th>FY17 Actuals</th>
<th>FY18 Actuals</th>
<th>FY18 Budget</th>
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<tbody>
<tr>
<td>Admissions</td>
<td>9,934</td>
<td>10,060</td>
<td>9,945</td>
<td>10,333</td>
<td></td>
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<tr>
<td>Surgeries</td>
<td>9,581</td>
<td>9,907</td>
<td>10,555</td>
<td>11,616</td>
<td></td>
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<tr>
<td>Occupancy</td>
<td>66%</td>
<td>67%</td>
<td>73%</td>
<td>72%</td>
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Debt Service Coverage (1)
Net operating income as a multiple of debt service

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<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
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</thead>
<tbody>
<tr>
<td>FY18 Budget/FSP FY19-FY23</td>
<td>2.01</td>
<td>2.18</td>
<td>(0.49)</td>
<td>1.39</td>
<td>0.48</td>
<td>2.80</td>
<td>4.09</td>
<td>3.76</td>
<td>3.81</td>
</tr>
<tr>
<td>Actuals (FY15-FY18 FYTD)</td>
<td></td>
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<tr>
<td>ILP Minimum 1.25x</td>
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</table>

Total Margin
Operating income plus non-operating income expressed as a percentage of revenue

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
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<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 Budget/FSP FY19-FY23</td>
<td>(1.4%)</td>
<td>(1.2%)</td>
<td>(7.2%)</td>
<td>(2.9%)</td>
<td>(4.3%)</td>
<td>0.5%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
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<tr>
<td>Actuals (FY15-FY18 FYTD)</td>
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Days Cash On Hand (1)
Unrestricted cash divided by daily operating expenses

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
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<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 Budget/FSP FY19-FY23</td>
<td>56</td>
<td>61</td>
<td>47</td>
<td>28</td>
<td>52</td>
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<td>Actuals (FY15-FY18 FYTD)</td>
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<tr>
<td>ILP Minimum 50 days</td>
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</tbody>
</table>

(1) FSP suspended ILP minimum through FY19
Summary

- South Lake Union (SLU) includes SLUI, SLUII, SLU3.1, and SLU3.2. Overall, the combined actual financial performance is running behind proforma/projections due to lower research density than planned, the decision to include a Biological Safety Level 3 (BSL3) lab in SLU 3.1 which has lower research density than other research space, and the decision to shell the 8th floor of SLU3.2. Other factors include the challenging grant environment, faculty turnover, and competitive renewals requiring multiple submissions for approval.
- Actual/projected ICR surplus decreased by approximately $2M/year for FY19 through FY22 from the October 2017 report. The decrease is due to SLU3.2 lower revenue based on revised occupancy projections in both clinic and research space.
- The higher F&A rates negotiated in FY16 (74% in FY16, 75% in FY17, 76% in FY18 and FY19, and 76.5% in FY20-FY23) will lead to increasing Indirect Cost Recovery (ICR) in future years.
- Grant activity has increased slightly over recent years (volume of direct cost and indirect cost rate), at both SLU and non-SLU sites. The award base has increased, which supports the increasing grant expenditures. Overall, UW Medicine faculty were second in the country among all medical schools and first among public medical schools in total NIH research funding based on Federal FY16 awards.
- SLU 3.2 ($143M in borrowing) was approved by the Board of Regents in September 2015 and occupancy is planned for the summer of 2018. The Diabetes & Obesity research team is scheduled to move to SLU 3.2 from SLUII. Backfill planning is underway to identify additional occupants for SLUII.

Risks and Mitigations

- Potential federal research funding cutbacks, similar to 2013 sequestration, could result in delayed awards and reduced funding (2018 President’s Budget is requesting overall lower NIH funding in FY18 compared to FY17).
- Potential shift from federal research to non-federal research at SLU could result in lower ICR.
- Grant conversion to higher indirect cost rate at slower rate than forecast would move higher indirect cost recovery into later years (assumed 25% of grants convert to new rate each year).
- SoM has the opportunity to increase research density at SLU with ongoing recruitments that will reduce required Administrative Indirect Cost Recovery and other support.
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018–2019 Student Housing Rental and Dining Plan Rates at UW Seattle

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve the proposed 2018–19 student housing and dining rates for the University of Washington Seattle, making the proposed rates effective July 1, 2018.

BACKGROUND

Housing & Food Services (HFS) plays an integral role in supporting the University’s mission by providing residential communities that support students’ development with a focus on personal and academic success. Currently, HFS houses 8,674 residents (students and family members), and works in partnership with Blanton Turner (a management company) in housing an additional 538 residents.

HFS also operates residential dining centers, restaurants, espresso bars and markets across campus. Students who live in most nine-month residences are required to have a dining plan that can be used at any HFS dining location.

Proposed changes in the rental and dining plan rates are the result of budget development for the upcoming fiscal year based on the current facilities, programs and services offered. The budget development process does not assume a rate increase. Rather, staff seek opportunities to reduce expenses as well as to identify new revenues from sources other than students before proposing a rate increase.

OPERATIONAL EXPENSES

HFS anticipates a net increase of $2.48M in normal operating expenses for residence halls and single student apartments, a $53K net increase in normal operating expenses for Family Housing, and a $499K net increase in normal operating expenses for the residential dining program. These amounts include the application of offsets in the form of expense reductions and/or new revenue from sources other than students.
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle
(continued p. 2)

1. Labor

Labor cost increases include mandated steps, regrades and cost-of-living increases (contract classified staff), minimum wage increases, merit increases, and estimated benefit load changes. More specifically, the minimum wage for FY19 will be $15.46 for the first six months and $15.91 (estimated) for the second six months. All classified staff will receive two 2% increases, and a majority of classified staff will also receive a two-step increase (approximately 5%) on their respective work anniversary. Professional staff salaries are estimated to increase 2% for ten months of the fiscal year.

This contributes to increases in labor expenses in residence halls and single student apartments by 13.7% or $1,636,400, Family Housing by 14.2% or $48,900, and dining operations by 12.7% or $799,000. This accounts for a 2.11% increase in the cost of residence hall and single student apartment housing, a 2.71% increase in the cost of Family Housing, and a 3.99% increase in the cost of a dining plan.

2. Utilities

In residence halls and single student apartments, utilities such as power, water, and data (Ethernet, HuskyTV, and technology recharge fees) will increase on average 9.5% or $687,600. This is due to anticipated increasing utility/fee costs; there is no estimated change in consumption for 2018–19. This accounts for a 0.89% increase in the cost of residence hall and single student apartment housing.

Utilities in Family Housing are anticipated to increase as well; however, a rightsizing effort has reduced the water and sewer budget such that an overall budget reduction of 9.3% or $37,300 is realized. There is no estimated change in consumption per resident for 2018–19. This accounts for a 2.06% decrease in the cost of Family Housing.

3. Physical Plant

Overall physical plant costs are reduced by 8.9% or $182,800 in residence halls and single student apartments for 2018–19. This is due to a plateauing of costs related to maintenance across the majority of HFS’ newer inventory. This

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1 Year-over-year increase.
Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle
(continued p. 3)

accounts for a 0.24% decrease in the cost of residence hall and single student
apartment housing.

Conversely, physical plant expenses will increase for Family Housing facilities by
21.9% or $34,100 due to growing reactive maintenance needs as the facilities age.
This accounts for a 1.89% increase in the cost of Family Housing.

4. Direct Expenses

Increases in direct expenses (7.3% or $317,700) for residence halls and single
student apartments are due primarily to growing merchant fees; other direct
expenses are held relatively flat. This accounts for a 0.41% increase in the cost of
residence hall and single student apartment housing.

Family Housing expenses are anticipated to increase 4.3% or $8,300 due to
repair and maintenance required in response to aging facilities. This accounts for
a 0.46% increase in the cost of Family Housing.

Direct expenses associated with merchant fees and kitchen supplies are expected
to increase across residential dining facilities by 2.80% or $45,700. This accounts
for a 0.23% increase in the cost of a dining plan.

5. Administration

Administration expenses include labor and directs for the central administrative
units that provide support and direction to all areas of HFS. Increases are largely
due to labor costs (1.3% or $47,500) and directs (1.2% or $8,800).

Administrative expenses are shared between the operating units within HFS. For
the coming year, HFS is rebalancing the cost of administration between units with
the final impact being a 0.07% increase in residence hall and single student
apartment housing, a 0.08% rate decrease in Family Housing, and a 0.14%
increase in the cost of a dining plan.

6. Cost of Food

While in the past HFS utilized the Bureau of Labor Statistics’ Consumer Price
Index (CPI) as an indicator of movement in the cost of food, this year’s estimate
is based on a collaborative analysis with US Food, the prime vendor for UW
Dining. This analysis considered actual purchases over the past two years and the
Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle (continued p. 4)

anticipated changes in cost of those items and resulted in an estimated increase of 1.5%. This accounts for a 0.96% increase in the cost of a dining plan.

7. Housing Master Plan

In March 2008, the Board of Regents approved an annual 2.0% rate increase for the Housing Master Plan. The increase reflects the amount needed to sustain the new debt load incurred in the development of new student housing. This increase is reviewed annually and will be discontinued at the conclusion of the Housing Master Plan.

PROPOSED RATES

Overview of Housing Rate Proposal

<table>
<thead>
<tr>
<th></th>
<th>Residence Halls</th>
<th>Single Student Apartments</th>
<th>Family Housing</th>
</tr>
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<tbody>
<tr>
<td>Labor</td>
<td>2.11%</td>
<td>2.11%</td>
<td>2.71%</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.89%</td>
<td>0.89%</td>
<td>(2.06%)</td>
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<tr>
<td>Physical Plant</td>
<td>(0.24%)</td>
<td>(0.24%)</td>
<td>1.89%</td>
</tr>
<tr>
<td>Other Direct</td>
<td>0.42%</td>
<td>0.42%</td>
<td>0.45%</td>
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<tr>
<td>HFS Admin</td>
<td>0.07%</td>
<td>0.07%</td>
<td>(0.08%)</td>
</tr>
<tr>
<td>Rate Offsets</td>
<td>(0.04%)</td>
<td>(0.04%)</td>
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<tr>
<td><strong>Subtotal Expenses</strong></td>
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<td>3.21%</td>
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</tr>
<tr>
<td>HMP Annual Increase</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Proposed Rate Increase</strong></td>
<td>5.21%</td>
<td>5.21%</td>
<td>2.91%</td>
</tr>
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</table>

Overview of Dining Rate Proposal

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Food</td>
<td>0.96%</td>
</tr>
<tr>
<td>Labor</td>
<td>3.99%</td>
</tr>
<tr>
<td>Directs</td>
<td>0.23%</td>
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<td>HFS Admin</td>
<td>0.14%</td>
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<td>Rate Offsets</td>
<td>(2.82%)</td>
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<td><strong>Proposed Rate Increase</strong></td>
<td>2.50%</td>
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</table>
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle
(continued p. 5)

Residence Halls and Single Student Apartments

The proposed room rates for 2018–19 reflect a 5.21% increase for residence halls and single student apartments (Attachment 3); the exception to this is Stevens Court.

Stevens Court Rate Right-Sizing

HFS routinely conducts analysis on various aspects of the operation and recently completed such work on rental rates across the system. A significant conclusion of the analysis revealed an unexplained variance between Stevens Court and Nordheim Court.

Stevens Court is currently priced at 10.5% below Nordheim Court. While Stevens Court is 10 and 20 years older than Nordheim (it was built in two phases), it underwent significant renovations from 2010–16, bringing the interiors to like-new condition. In addition, pervasive Wi-Fi was installed in 2016, an amenity not provided at Nordheim Court. (In all, over $4M was invested in Stevens Court.)

The proposed approach to right-sizing Stevens Court rates is to adjust rates approximately 5% more than any rate change applied to the rest of the housing system (but not to exceed 10%) for the next two years. This action will reduce the variance between Stevens Court and Nordheim Court from $93 per month to approximately $8 per month.

Family Housing

The proposed rates for Family Housing apartments reflect an increase of 2.91%. For Family Housing, the increase ranges from $25–31 per month, depending on unit size and location (Attachment 5).

Dining Plans

The proposed dining plan rates for 2018–19 reflect an increase of 2.5% for all dining levels. Apartment dining plans, which are optional, will be held at the 2017–18 rates (Attachment 6).

2 The practice of maintaining Family Housing rates below those of the private market is reflected in this recommendation (Attachment 5).
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle (continued p. 6)

Reserve Requirements and Debt Service Coverage Ratios

The budget supported by the proposed rates allows HFS to:

• Remain financially stable and meet its ILP obligations to maintain a ratio of net revenues to annual debt service of at least 1.25:1; and
• Meet minimum reserve requirements under the ILP financing agreement.

STRATEGY FOR DETERMINING NECESSITY OF RATE CHANGE

HFS begins budget development in October under the following assumptions:

• Budget development for the upcoming fiscal year presumes no particular percent increase in rates/revenue.
• To the extent possible, we will not increase funds for any program or service that cannot be tied to a documented increase in the cost of the materials or resources needed to deliver that program or service as it exists today.
• Without justification, we will not add any programs or services without eliminating something of equal or greater cost.

This process includes careful review of trend and historical data, analysis of current fiscal year revenues and expenditures, research into future expense levels, and evaluation of other variables that may or will impact the budget. HFS staff participate in an ongoing effort aimed at identifying expense reductions and these are incorporated into budget development. Proposed changes in rental and dining plan rates are the result of determining the final budget for the upcoming fiscal year.

This budget maintains programs and services as they currently exist. Based on feedback from students, demand for on-campus housing, and the current health of the department, the existing operating structure, philosophy, and processes are considered appropriate and on target.
Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle
(continued p. 7)

HISTORY OF RATE CHANGES AND MITIGATION EFFORTS

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<tbody>
<tr>
<td>Residence Halls &amp; Apts.</td>
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<td>4.1%</td>
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</tr>
<tr>
<td>Family Housing</td>
<td>2.8%</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.96%</td>
<td>2.91%</td>
</tr>
<tr>
<td>Dining Plan</td>
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<td>5.0%</td>
<td>2.00%</td>
<td>2.50%</td>
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<tbody>
<tr>
<td>Residence Halls &amp; Apts.</td>
<td>3.6%</td>
<td>2.3%</td>
<td>4.4%</td>
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<td>Family Housing</td>
<td>2.8%</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.96%</td>
<td>2.91%</td>
</tr>
<tr>
<td>Dining Plan</td>
<td>2.0%</td>
<td>4.7%</td>
<td>7.9%</td>
<td>3.35%</td>
<td>5.33%</td>
</tr>
</tbody>
</table>

Offsets in previous years have included such things as ILP interest rate reductions, savings realized through renegotiated contracts, and increasing the expected NOI contributions from summer conferences and catering operations. These offsets are typically one-time occurrences and therefore are not available every year.

The proposed offsets for 2018–19 include increasing summer conference revenue in HFS amenity and maker spaces, continued refinement of the group purchasing organization buying power, and termination of the dining incentive programs. Through numerous student feedback channels, HFS was informed that the dining incentive program was not a perceived value to students. This program was initiated to encourage and reward students to purchase a higher dining plan level in exchange for additional dining dollars but did not produce these results. HFS will discontinue this program in order to offset the increasing costs of the dining program including other benefits afforded dining plan holders.

IMPACT OF NO RATE INCREASE

Beyond the efforts already taken, additional mitigation required to offset the increases in expenses in housing of $2.48M, the 2% HMP increase of $1.55M and expense increases of $499K in dining would include numerous changes, all with anticipated negative impacts.
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle (continued p. 8)

Examples of some of the many changes that would need to occur include notable service reductions (i.e., elimination of weekend custodial services, elimination of late-night dining, reduction in residential education programs, and reduction in front desk service hours, all potentially resulting in lower student satisfaction); postponing facilities-improvement projects (i.e., interior painting, preventative maintenance activities); eliminating merit increases for professional staff (potentially resulting in departures and/or difficulty recruiting and/or low morale); not filling vacant positions (potentially resulting in overtime, low morale, and/or increased service delivery times); and adjusting budget assumptions to higher risk levels (i.e., higher average annual occupancy, lower rate of mid-year cancellations, assuming a lower increase in cost of food).

These expense reductions have been deemed unacceptable due to the significant negative impact on facilities, student satisfaction, employee productivity, and HFS’ ability to effectively carry out its mission. All of these factors contribute to long-term financial challenges in regard to maintaining physical facilities, strong occupancy, and other unintended expense increases.

Opportunities for potential additional revenue include increasing pricing for laundry and vending. In addition, if consideration were given to reduce the ILP interest rate, HFS would realize additional savings.

Without a rate increase in 2018–19, HFS will run an operating deficit due to significant FF&E and overrun cash contributions to the Housing Master Plan Phase 4a. Debt service coverage and the required reserve level are met for next fiscal year. However, not increasing rates in 2018–19 will significantly negatively impact the system’s health in future years.

REVIEW AND APPROVAL

On November 29, 2017, HFS staff presented to the Residential Community Student Association (RCSA) General Council an overview of the Department’s budget development process.

On January 26, 2018, letters were sent to all Family Housing residents informing them of the proposed rates and inviting them to a community meeting on January 31, 2018.

On January 31, 2018, a community meeting was held at Laurel Village for all residents of Family Housing.
Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle (continued p. 9)

On January 31, 2018, the proposed housing and dining rates were discussed with the RCSA General Council, including representatives from residence halls and single student apartments.

Letters detailing the rate proposal were sent to all residence hall and single student apartment residents on February 1, 2018, inviting them to Hall Council meetings on February 5, 2018.

On February 5, 2018, the proposal was discussed at Hall Council meetings.

On February 7, 2018, the RCSA General Council voted to endorse the rate proposal.

This proposal has also been discussed with the presidents of the UW Graduate and Professional Student Senate and the Associated Students of the UW as well as the UW Student Regent.

The UW Vice President for Student Life has reviewed and approved this proposal.

Special Consultation with Student Committee

In partnership with RCSA, HFS once again hosted the student committee, the Budget Advisory Committee (BAC), in an effort to better inform students about the status of HFS as self-sustaining, expenses, sources of revenue, organizational structure, and key financial drivers. The Committee met for ten two-hour sessions (October–January) and was provided detailed materials for review and use in consulting other students; members then served as advisors to RCSA and Hall Councils during the rate proposal review process.
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018–19 Student Housing Rental and Dining Plan Rates at UW Seattle
(continued p. 10)

Attachments
1. Room and Board Rates of Comparable Universities, Traditional Double – Pac–12 and Washington Peer Universities (A) and Room and Board Rates of Comparable Universities, Traditional Double – OFM and Global Challenge Universities (B)
2. Room and Board Rates of Comparable Universities, Double With Bath
3. Proposed 2018–19 Residence Hall Academic Year Rates Including Dining Alternatives
4. Proposed 2018–19 Single Student Apartment Rental Rates
5. Proposed 2018–19 Family Housing Apartment Monthly Rental Rates
6. Proposed 2018–19 Academic Year Dining Rates
7. Karis Kim Biographical Information
Many of the universities on this chart are in preliminary stages of setting rates for 2018–19, and these rates should not be viewed as final. For comparative purposes, room costs for the schools named above are shown at the double room rate. Board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 7–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, $2,718, for 2018–19.

*Trends in College Pricing Autumn 2017, College Board

N/A: Not available at time of survey
### ROOM AND BOARD RATES OF COMPARABLE UNIVERSITIES

#### TRADITIONAL DOUBLE

OFM AND GLOBAL CHALLENGE UNIVERSITIES

<table>
<thead>
<tr>
<th>University</th>
<th>2017-18</th>
<th>Prelim 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Arizona</td>
<td>$8,970</td>
<td>$9,106</td>
</tr>
<tr>
<td>University of Washington</td>
<td>8,781</td>
<td>9,165</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Iowa</td>
<td>9,257</td>
<td>9,367</td>
</tr>
<tr>
<td>University of Illinois at Urbana-Champaign</td>
<td>9,435</td>
<td>9,812</td>
</tr>
<tr>
<td>University of Michigan</td>
<td>10,628</td>
<td>10,628</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>11,198</td>
<td>N/A</td>
</tr>
<tr>
<td>University of Maryland, College Park</td>
<td>10,980</td>
<td>11,825</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>11,602</td>
<td>11,886</td>
</tr>
<tr>
<td>University of Connecticut</td>
<td>11,950</td>
<td>12,189</td>
</tr>
<tr>
<td>University of Massachusetts, Amherst</td>
<td>12,514</td>
<td>N/A</td>
</tr>
<tr>
<td>University of California, San Diego</td>
<td>12,258</td>
<td>12,742</td>
</tr>
<tr>
<td>Rutgers University</td>
<td>13,998</td>
<td>14,558</td>
</tr>
<tr>
<td>University of Colorado</td>
<td>14,077</td>
<td>14,690</td>
</tr>
<tr>
<td>University of Colorado, Los Angeles</td>
<td>14,193</td>
<td>N/A</td>
</tr>
<tr>
<td>University of California, Davis</td>
<td>14,810</td>
<td>N/A</td>
</tr>
<tr>
<td>University of California, Irvine</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of California, Berkeley</td>
<td>16,022</td>
<td>16,663</td>
</tr>
</tbody>
</table>

Many of the universities on this chart are in preliminary stages of setting rates for 2018–19, and these rates should not be viewed as final. For comparative purposes, room costs for the schools named above are shown at the double room rate. Board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 7–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, $2,718, for 2018–19.

N/A: Not available at time of survey
### Room and Board Rates of Comparable Universities

#### Double with Bath

<table>
<thead>
<tr>
<th>University</th>
<th>Prelim 2018-19 Room</th>
<th>Prelim 2018-19 Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Utah</td>
<td>$9,836</td>
<td></td>
</tr>
<tr>
<td>University of Arizona</td>
<td>$10,514</td>
<td></td>
</tr>
<tr>
<td>Arizona State University (Tempe) *</td>
<td>$10,700</td>
<td></td>
</tr>
<tr>
<td>Arizona State University (Downtown) *</td>
<td>$11,790</td>
<td></td>
</tr>
<tr>
<td>University of Washington</td>
<td>$12,339</td>
<td></td>
</tr>
<tr>
<td>Washington State University</td>
<td>$13,739</td>
<td></td>
</tr>
<tr>
<td>Oregon State University</td>
<td>$14,014</td>
<td></td>
</tr>
<tr>
<td>University of Oregon (Global Scholars)</td>
<td>$14,994</td>
<td></td>
</tr>
<tr>
<td>University of Oregon (Barnhart)</td>
<td>$14,994</td>
<td></td>
</tr>
<tr>
<td>University of Colorado</td>
<td>$16,078</td>
<td></td>
</tr>
<tr>
<td>University of Southern California</td>
<td>$17,160</td>
<td></td>
</tr>
<tr>
<td>University of California, Los Angeles</td>
<td>$17,333</td>
<td></td>
</tr>
<tr>
<td>University of California, Berkeley</td>
<td>$18,440</td>
<td></td>
</tr>
</tbody>
</table>

Many of the universities on this chart are in preliminary stages of setting rates for 2018–19, and these rates should not be viewed as final. For comparative purposes, board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 7–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, $2,718, for 2018–19.

*Not available at time of survey. Used current 2017–18 rate for comparative purposes.
# Proposed 2018–19 Residence Hall Academic Year Rates Including Dining Alternatives

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Traditional Double</th>
<th>Traditional Single</th>
<th>Double w/ Private Bath</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Year Room Rate</td>
<td>$6,447</td>
<td>$7,893</td>
<td>$9,621</td>
</tr>
<tr>
<td>Husky Card Deposit(^2)</td>
<td>108</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>Dining Level RR Deposit</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level RR Deposit</td>
<td>9,123</td>
<td>10,569</td>
<td>12,297</td>
</tr>
<tr>
<td>Dining Level 1 Deposit</td>
<td>2,718</td>
<td>2,718</td>
<td>2,718</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 1 Deposit</td>
<td>9,273</td>
<td>10,719</td>
<td>12,447</td>
</tr>
<tr>
<td>Dining Level 2 Deposit</td>
<td>3,087</td>
<td>3,087</td>
<td>3,087</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 2 Deposit</td>
<td>9,642</td>
<td>11,088</td>
<td>12,816</td>
</tr>
<tr>
<td>Dining Level 3 Deposit</td>
<td>3,459</td>
<td>3,459</td>
<td>3,459</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 3 Deposit</td>
<td>10,014</td>
<td>11,460</td>
<td>13,188</td>
</tr>
<tr>
<td>Dining Level 4 Deposit</td>
<td>3,828</td>
<td>3,828</td>
<td>3,828</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 4 Deposit</td>
<td>10,383</td>
<td>11,829</td>
<td>13,557</td>
</tr>
<tr>
<td>Dining Level 5 Deposit</td>
<td>4,569</td>
<td>4,569</td>
<td>4,569</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 5 Deposit</td>
<td>11,124</td>
<td>12,570</td>
<td>14,298</td>
</tr>
<tr>
<td>Dining Level 6 Deposit</td>
<td>6,084</td>
<td>6,084</td>
<td>6,084</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 6 Deposit</td>
<td>12,639</td>
<td>14,085</td>
<td>15,813</td>
</tr>
</tbody>
</table>

\(^1\) Seventy-three percent of residence hall rooms are included in these room types. Limited other room types are available, such as new residence hall studios and singles.

\(^2\) A $108 Husky Card deposit for laundry is required of all residents and is refundable if not used.
# UNIVERSITY OF WASHINGTON
Department of Housing & Food Services

## PROPOSED 2018–19 SINGLE STUDENT APARTMENT RENTAL RATES

<table>
<thead>
<tr>
<th>Unit</th>
<th>Contract Period</th>
<th>Current Rate</th>
<th>Proposed 2018–19 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cedar Apartments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>12 Month</td>
<td>$1,213</td>
<td>$1,276</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>12 Month</td>
<td>$1,173</td>
<td>$1,234</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>12 Month</td>
<td>$1,153</td>
<td>$1,213</td>
</tr>
<tr>
<td>Mercer Court A, B, C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>9 Month</td>
<td>$10,962</td>
<td>$11,532</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>9 Month</td>
<td>$11,655</td>
<td>$12,261</td>
</tr>
<tr>
<td>Three and Four Bedroom</td>
<td>9 Month</td>
<td>$11,421</td>
<td>$12,015</td>
</tr>
<tr>
<td>Five and Six Bedroom</td>
<td>9 Month</td>
<td>$11,802</td>
<td>$12,417</td>
</tr>
<tr>
<td>Mercer Court D, E</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>12 Month</td>
<td>$1,213</td>
<td>$1,276</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>12 Month</td>
<td>$1,173</td>
<td>$1,234</td>
</tr>
<tr>
<td>Three and Four Bedroom</td>
<td>12 Month</td>
<td>$1,153</td>
<td>$1,213</td>
</tr>
<tr>
<td>Six Bedroom</td>
<td>12 Month</td>
<td>$1,191</td>
<td>$1,253</td>
</tr>
<tr>
<td>Nordheim Court</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>12 Month</td>
<td>$1,404</td>
<td>$1,477</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>12 Month</td>
<td>$1,584</td>
<td>$1,667</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>12 Month</td>
<td>$1,161</td>
<td>$1,221</td>
</tr>
<tr>
<td>Three and Four Bedroom</td>
<td>12 Month</td>
<td>$981</td>
<td>$1,032</td>
</tr>
<tr>
<td>Stevens Court A–D, J, M</td>
<td>9 Month</td>
<td>$8,007</td>
<td>$8,808</td>
</tr>
</tbody>
</table>
PROPOSED 2018–19 FAMILY HOUSING APARTMENT
MONTHLY RENTAL RATES

<table>
<thead>
<tr>
<th>Unit</th>
<th>Current Rate</th>
<th>Proposed 2018-19 Rate</th>
<th>2018 Private Market Rent(^1)</th>
<th>Percentage Below Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laurel/Blakeley Village</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$ 974</td>
<td>$1,002</td>
<td>$1,759</td>
<td>43%</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>1,071</td>
<td>1,102</td>
<td>No Identical Product</td>
<td>66% Below 3 BR/1+ Bath</td>
</tr>
<tr>
<td>Stevens Court</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Bedroom</td>
<td>940</td>
<td>967</td>
<td>1,692</td>
<td>43%</td>
</tr>
<tr>
<td>Small One Bedroom</td>
<td>842</td>
<td>867</td>
<td>No Identical Product</td>
<td>41% Below Studio</td>
</tr>
</tbody>
</table>

\(^1\) Source for private market rent: *Apartment Insights Washington*, fourth quarter, 2017. Average rents for University District area.
### Proposed 2018–19 Academic Year Dining Rates

<table>
<thead>
<tr>
<th>Residential Dining Plan</th>
<th>2017–18 Cost</th>
<th>Proposed 2018–19 Cost</th>
<th>Annual Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level RR(^2)</td>
<td>$2,505</td>
<td>$2,568</td>
<td>$ 63</td>
</tr>
<tr>
<td>Level 1</td>
<td>2,652</td>
<td>2,718</td>
<td>66</td>
</tr>
<tr>
<td>Level 2</td>
<td>3,012</td>
<td>3,087</td>
<td>75</td>
</tr>
<tr>
<td>Level 3</td>
<td>3,375</td>
<td>3,459</td>
<td>84</td>
</tr>
<tr>
<td>Level 4</td>
<td>3,735</td>
<td>3,828</td>
<td>93</td>
</tr>
<tr>
<td>Level 5</td>
<td>4,458</td>
<td>4,569</td>
<td>111</td>
</tr>
<tr>
<td>Level 6</td>
<td>5,937</td>
<td>6,084</td>
<td>147</td>
</tr>
<tr>
<td>Apt. Level 1(^3)</td>
<td>600</td>
<td>600</td>
<td>0</td>
</tr>
<tr>
<td>Apt. Level 2(^3)</td>
<td>1,200</td>
<td>1,200</td>
<td>0</td>
</tr>
<tr>
<td>Apt. Level 3(^3)</td>
<td>1,800</td>
<td>1,800</td>
<td>0</td>
</tr>
</tbody>
</table>

1. **Academic year** refers to the residence hall agreement period (September–June). Twelve-month apartment residents should add one quarter’s quarterly charge to the amount in this column to reflect the full term’s charge (September–August).

2. Available only to returning residents and residents of 12-month apartments, residence hall dining-optional areas and studio apartments.

3. Available only to residents of 12-month apartments, residence hall dining-optional areas and studio apartments.
Karis Kim  
President  
Residential Community Student Association (RCSA)

Ms. Kim is a senior pursuing an American Ethnic Studies degree with a minor in Diversity. She grew up in Texas, but her family currently resides in University Place, Washington.

Ms. Kim started her residential life involvement as a freshman in the McCarty Hall Council. She worked as an RA for the following two years. She now serves as RCSA President. Ms. Kim represents and advocates for the residential population in meetings with various entities across campus, including HFS. She has worked with Matt Marshel, the Director of Administration and Finance, to continue the legacy of the HFS Budget Advisory Committee (BAC) in order to uphold values of transparency and representation by informing and educating students on the budget proposal process while also giving insight into HFS’ purpose and motives.
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates at UW Tacoma

RECOMMENDED ACTION

It is the recommendation of the administration of UW Tacoma and the Finance and Asset Management Committee of the Board of Regents that the Board of Regents approve the proposed 2018–2019 student housing rental rates, as shown in Table A, for the University of Washington Tacoma, making the proposed rates effective July 1, 2018.

BACKGROUND

UW Tacoma Housing and Residence Life (H&RL) provides a vibrant living-learning community that supports student development and enhances residents’ educational experience. Purchased in August 2016, Court 17 is UW Tacoma’s first dedicated student residence hall. It features apartment-style units and includes 50 studios, 39 one bedroom, and 39 two bedroom apartments. Court 17 is currently configured to house up to 288 students in seven different living arrangements designed to suit the varying needs of first-time first year, continuing, transfer, graduate and professional students.

H&RL regularly assesses Court 17 services to align our investments with our goals and objectives. Our rate development begins by assessing projected changes in known costs and then examines multiple scenarios to reduce costs and, if necessary, to increase revenues. H&RL does not assume a rate increase at the onset of our process and seeks to avoid or minimize cost impacts for our students.

STRATEGY FOR DEVELOPING THE RATE CHANGE PROPOSAL

• We reviewed actual 2017 calendar year data to project FY19 operational costs and revenues rather than simply increasing the rates incrementally
• We developed several rate proposal options, including a straight across increase to all room rates and a “right-sizing” room rate
• Proposal options were reviewed with student representatives and residents
• A zero-rate increase option was analyzed for feasibility
• A comparison to market and peers was reviewed, see Table D

This rate proposal is the result of forecasting FY18 known costs and adjusting revenue scenarios to meet these operational requirements. The proposed increase will generate an estimated additional gross revenue of $116,115 that will offset planned FY19 operational costs.
The following are the largest drivers of the proposed rate change. Please see Table B for additional details.

- **Utilities**: The current year (FY18) utilities allocation reflected an incremental increase over estimates generated during the acquisition process. Actual usage data from 2017 indicates an overall reduction in utilities for FY19. However, building-wide and student unit utilities rates are anticipated to increase in FY19. The rate increases are expected to be fully covered by lower usage.

- **Salaries, Wages, and Benefits**: University-wide merit, step, and fringe benefit increases are pending University approval but projected for FY19. In addition, Court 17’s current student staff to resident ratio of 41:1 is below the national average of 37:1 according to a February 2015 publication by the Association of College & University Housing Officers-International (ACUHO-I). Without increasing occupancy we would need to increase staffing to reduce risk and to meet program objectives related to student learning and building operations. In FY19 we aim to increase occupancy, both to meet student demand and to increase revenue. Consequently, we have proposed adding a 50% FTE live-in professional staff position; the cost of this new position is more than offset by the increased rental revenue. This position is pending UW Tacoma approval processes which will commence after FY19 rates are finalized.

- **Capital Expense & Reserve**: In-unit washers and dryers were installed in 2006, prior to UW Tacoma’s ownership, and are rapidly approaching the end of their expected life-cycle. One FY19 scenario budgeted one-fifth of the $221,250 estimated cost of replacing 118 appliances and planned a continued reserve accrual for the remainder of replacement costs. Our final FY19 proposal includes costs for a feasibility study that will inform a cost benefit analysis of in-unit services versus a central laundry facility. H&RL would engage residents regarding the feasibility study results and reflect the outcome of this process in our FY20 Rate Proposal. In the interim, repairs and replacements will continue as needed during FY19.

- **Internal Loan**: This increase reflects the costs of purchasing furnishings to increase occupancy as well as higher than projected costs for housing management software.

- **Facility Maintenance**: The supplies and services required to complete the first building-wide unit turn process in Summer 2017 were higher than could be projected at the time Court 17 was acquired.

- **Revenue**: H&RL explored options for increasing revenue to offset the cost changes listed above. Court 17 opened with a waitlist in Autumn 2017. In FY19 we plan to convert one-half of a floor from unfurnished
private rooms to furnished, shared undergraduate units which will accommodate an additional 12 residents.

“RIGHT-SIZING” ROOM RATES

H&RL adjusted rates incrementally in FY17 and FY18 based upon the rate structure in place when UW Tacoma acquired Court 17. To develop FY19 rates we analyzed actual operational costs and revenues and developed an allocation formula that distributes costs based upon known relationships associated with each unit and occupancy type. Our goal is to allocate costs in a transparent and equitable way. Students expressed concern about the impact the largest percentage increases would have on residents in those units. In response, H&RL proposes to phase this “right-sizing” of rates over a two year period and complete this process in FY20, taking into account any additional variations in costs and revenues.

TABLE A - PROPOSED RATES

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>FY18</th>
<th>FY19 Proposed</th>
<th>Dollar Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of Residents</td>
<td>Per Resident per Month</td>
<td># of Residents</td>
<td>Per Resident per Month</td>
</tr>
<tr>
<td>Studio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Bed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 residents, furnished</td>
<td>68</td>
<td>$978</td>
<td>70</td>
<td>$992</td>
</tr>
<tr>
<td>1 resident, unfurnished</td>
<td>4</td>
<td>1,224</td>
<td>2</td>
<td>1,353</td>
</tr>
<tr>
<td>2 residents, furnished</td>
<td>48</td>
<td>863</td>
<td>58</td>
<td>903</td>
</tr>
<tr>
<td>1 resident, furnished</td>
<td>9</td>
<td>1,020</td>
<td>9</td>
<td>1,226</td>
</tr>
<tr>
<td>1 resident, unfurnished</td>
<td>10</td>
<td>1,020</td>
<td>5</td>
<td>1,192</td>
</tr>
<tr>
<td>Two Bed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 residents, furnished</td>
<td>132</td>
<td>747</td>
<td>144</td>
<td>788</td>
</tr>
<tr>
<td>2 residents, unfurnished</td>
<td>10</td>
<td>1,020</td>
<td>4</td>
<td>1,086</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>281</td>
<td>292</td>
<td>$858</td>
</tr>
</tbody>
</table>

REVIEW AND APPROVAL

Each year, we work with various groups to solicit and gain feedback about the on-campus living experience in Court 17.

Department-level: H&RL discussed the annual budget and rates review process starting in November 2017 and continued through February 2018. Collaborative discussions have resulted in our FY19 Draft budget and the current proposal.
Finance and Asset Management Committee

**Approve 2018-2019 Student Housing Rental Rates at UW Tacoma (continued p. 4)**

**Student Feedback:** H&RL engaged residents, the Residence Hall Association (RHA) and ASUWT in the rate development process as described below.

- **H&RL met with the RHA twice (1/10 & 1/24) regarding budgeting, the rate development process and decision-making for FY19.**
- **H&RL sent an all-resident survey on 2/12 regarding current services and overall satisfaction.**
- **H&RL sent two all-resident emails (1/29 & 2/5) to communicate proposed rate changes and invite students to two open forums (1/31 & 2/6).**
- **H&RL contacted ASUWT on 1/8 to invite student governments’ participation in the process. ASUWT members attended both RHA meetings. H&RL staff then attended the ASUWT director’s meeting on 2/7 when ASUWT students expressed the following concerns:**

  1. **The impact proposed “right-sizing” may have on residents in units experiencing the largest rate changes.**

     H&RL acknowledges the impact that a 20-30% rate change have to an individual student’s budget and shares ASUWT’s commitment to UW Tacoma’s values of access and equity. By phasing in the “right-sized” rates over two years we are working toward an equitable and transparent rate structure while keeping rates more accessible for returning residents who may be affected by the increases.

  2. **The lack of support from UW Tacoma General Funds for expenses.**

     H&RL is a self-sustaining auxiliary enterprise. Consequently, the services provided are paid for by those who directly benefit from them. Funding from UW Tacoma’s General Funds would require all 5,000 plus UW Tacoma students to share costs that support ~300 of their peers.

  3. **The costs and benefits of living in Court 17 versus a private off-campus rental.**

     By design, on-campus living and learning communities are different from private rentals. Court 17 offers educational and social programming; brings faculty and student services into the building; provides 24-7 staffing support; fosters community and provides the convenience of living close to classes and campus services. H&RL
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates at UW Tacoma (continued p. 5)

recognizes that not every student wants the benefits of living on-campus. Our commitment is to make sure the cost of accessing Court 17’s benefits remain accessible and justifiable to UW Tacoma students who want a residential living-learning experience.

- ASUWT took an advisory vote on the proposed rates; zero were in support, four were opposed, and two abstained.

Tacoma Campus Leadership: UW Tacoma Vice Chancellors Mentha Hynes-Wilson and Tye Minckler reviewed the rate proposal before H&RL staff presented it to Chancellor Mark Pagano & Tacoma Executive Budget Committee on 2/12; UW Tacoma campus leadership endorsed the proposal as submitted.

POTENTIAL COST REDUCTIONS, 0% INCREASE

If a rate increase were not approved, H&RL would make the following changes to maintain a successful program and avoid an operating deficit. Please see Table C for additional details.

- Phase out washer/dryers (in-unit or centralized) to reduce costs.
- Reduce front desk hours, which will affect students’ access to services.
- Convert all private & graduate/professional housing to shared undergraduate housing to increase headcount & revenue. This would limit the populations of students served by UW Tacoma’s only residence hall & would be a one-time benefit that could not be leveraged in future years.

A zero percent increase scenario was not presented to ASUWT or to students for their consideration during our rate proposal engagement process but has since been shared with ASUWT accompanied by an updated draft of this proposal.
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates at UW Tacoma (continued p. 6)

TABLE B – PLANNED EXPENSE & REVENUE ADJUSTMENTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Summary of Changes</th>
<th>Effect on Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies &amp; Services</td>
<td>Additional e-commerce, Increase Credit Card Processing Fees Allocate supplies for planned new position</td>
<td>0.08</td>
</tr>
<tr>
<td>Insurance</td>
<td>Projected 3% increase for Annual Premiums</td>
<td>0.04</td>
</tr>
<tr>
<td>Facility Maintenance</td>
<td>Projected 3% increase for Janitorial Services Recognize higher than previously budgeted in-unit costs</td>
<td>0.88</td>
</tr>
<tr>
<td>Internal Loan</td>
<td>Recognize FY18 Furniture and Planned FY19 Purchases Recognize Housing Management Software Expense</td>
<td>1.37</td>
</tr>
<tr>
<td>Capital Expense &amp; Reserve</td>
<td>FY19 Feasibility Study: Centralized Washer/Dryer Facility</td>
<td>1.32</td>
</tr>
<tr>
<td>Salaries, Wages &amp; Benefits</td>
<td>Projected Merit, step increases, min. wage &amp; fringe changes New Position: Residence Life Program Assistant</td>
<td>2.07</td>
</tr>
<tr>
<td>Utilities</td>
<td>Due to 2017 Usage Data, reduce previous allocation for FY19 Utilities Projected 3-5% Utility Rate Increases</td>
<td>(0.43)</td>
</tr>
<tr>
<td>Revenue</td>
<td>Recognize FY18 revenues as regular and ongoing for FY19 Partial phase out of Parking Fees as H&amp;RL revenue Recognize additional revenue from FY18 1st Floor unit conversions Additional revenue related to planned FY19 1st Floor unit conversions</td>
<td>(0.25)</td>
</tr>
</tbody>
</table>

Proposed Room Rate Increase (weighted average) 5.08%
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates at UW Tacoma (continued p. 7)

TABLE C – 0% SCENARIO - EXPENSE & REVENUE ADJUSTMENTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Summary of Changes</th>
<th>Effect on Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Maintenance</td>
<td>Reduced Room Cleaning Scope, carpet cleaning</td>
<td>(0.89)</td>
</tr>
<tr>
<td></td>
<td>No repairs to washer/dryers due to planned phase out</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No provided replacement lightbulbs/batteries</td>
<td></td>
</tr>
<tr>
<td>Internal Loan</td>
<td>Additional furniture expense to support 1st &amp; 5th floor conversions</td>
<td>0.61</td>
</tr>
<tr>
<td>Capital Expense &amp; Reserve</td>
<td>Begin phase out of washer/dryers as a provided service</td>
<td>(1.12)</td>
</tr>
<tr>
<td></td>
<td>No Feasibility Study, No Unit Replacement</td>
<td></td>
</tr>
<tr>
<td>Salaries, Wages &amp; Benefits</td>
<td>Additional student RA on 5th Floor to support conversions</td>
<td>(0.31)</td>
</tr>
<tr>
<td></td>
<td>Reduce Front Desk from 40 hours/week to 20 hours/week</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>Convert 1st Floor South to shared undergraduate, +11 residents</td>
<td>(3.43)</td>
</tr>
<tr>
<td></td>
<td>Convert 5th Floor Studios to shared undergraduate, +7 residents</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adjust planned occupancy percentage to reflect conversions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Additional staff room on 5th floor to support densification</td>
<td></td>
</tr>
</tbody>
</table>

**Net Impact of Changes, no rate change for FY19** (5.14%)
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates at UW Tacoma (continued p. 8)

TABLE D – MONTHLY RATE COMPARISON - SIMILAR ROOM TYPES

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Traditional</th>
<th>One Bed</th>
<th>Studio</th>
<th>Two Bed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Shared</td>
<td>Private</td>
<td>Shared</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Furn.</td>
<td>N/F</td>
<td>Furn.</td>
</tr>
<tr>
<td>UW Tacoma FY19 Proposed</td>
<td>----</td>
<td>992</td>
<td>1,353</td>
<td>903</td>
</tr>
<tr>
<td>FY18</td>
<td>----</td>
<td>978</td>
<td>1,224</td>
<td>863</td>
</tr>
<tr>
<td>UW Bothell</td>
<td>----</td>
<td>948</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>The Evergreen State College</td>
<td>541</td>
<td>----</td>
<td>----</td>
<td>729</td>
</tr>
<tr>
<td>Pacific Lutheran University</td>
<td>581</td>
<td>----</td>
<td>----</td>
<td>791</td>
</tr>
<tr>
<td>University of Puget Sound</td>
<td>779</td>
<td>----</td>
<td>----</td>
<td>934</td>
</tr>
<tr>
<td>Thea’s Landing</td>
<td>----</td>
<td>----</td>
<td>1,878</td>
<td>----</td>
</tr>
<tr>
<td>Vue 25 Apartments</td>
<td>----</td>
<td>----</td>
<td>1,507</td>
<td>----</td>
</tr>
<tr>
<td>Villaggio Apartments</td>
<td>----</td>
<td>----</td>
<td>1,495</td>
<td>----</td>
</tr>
<tr>
<td>Harmon Lofts</td>
<td>----</td>
<td>1,718</td>
<td>----</td>
<td>----</td>
</tr>
</tbody>
</table>

Comparison Classifications:

"Shared" - shared bedroom space | "Private" - private bedroom space
"Furn." - furnishings included in monthly cost | "N/F" - provided unfurnished

Rate Data Sources:

Educational Institutions: Academic Year 2017-2018 Posted Rates
Privately Operated Apartments: Trulia.com rental listing information as of February 2018. Adjusted to include monthly electric, internet, and cable TV expenses reflected in UW Tacoma rates.
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Permit Rates at UW Bothell

RECOMMENDED ACTION

It is the recommendation of the Administration and the Finance and Asset Management Committee that the Board of Regents approve the proposed 2018–19 student housing rates and student housing resident parking permit rates for the University of Washington Bothell.

BACKGROUND

The UW Bothell Housing and Residential Life program plays a vital role within the University’s mission by providing a residential community on campus that supports student development with a focus on personal and academic success.

UW Bothell launched the student housing program in 2009 with a master leased building of 42 beds at Campus View Apartments. The Husky Village Apartment Property was purchased in 2011 and includes approximately 69,000 square feet of internal square footage made up of eight apartment buildings and one community center building all constructed in the late 1980’s.

The Housing and Residential Life Program is currently comprised of three bed types - triple, double and single occupancy bedroom options within shared apartment style units, for a total of 309 beds.

The Campus View and Husky Village property host a combined parking lot inventory of 209 spaces that are comprised of a mixed use between housing residents and general campus use parking. The UWB Commuter Services Program operates and manages all parking related activities and costs associated with the Housing Parking Lots.

HOUSING OPERATIONS

UW Bothell Housing and Residential Life recommends a 4.82% rate increase to each of the three housing rates for the 2018-19 academic year.

STRATEGY FOR ANALYZING NECESSITY OF OPERATIONAL CHANGES

UW Bothell Housing and Residential Life approaches the annual budget development process under the following parameters:
Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Permit Rates at UW Bothell (continued p. 2)

1. When initiating the budget development process, we first assume no new revenues from rents.

2. To the extent possible, we do not increase funds for any program or service that cannot be tied to a documented increase in the cost of the materials, labor or other resources needed to deliver that program or service as it exists today.

3. Without justification, we do not add any program or services without eliminating something of equal or greater cost.

4. Continue to pursue strategies that provide an increase in existing student housing inventory offerings without incurring negative impact to the existing resident population.

5. To the extent possible, target off-sets to expense increases in the form of expense savings and/or increased revenue that does not come from rent.

Last year, the Housing and Residential Life program was able to propose a 0% increase to the housing rates for the 2017-18 academic year. This was due in part to an interest rate reduction from the UW Internal Lending Program, cost reduction strategies for annual custodial turns and the new triple occupancy bedroom rate that increased the total bed count inventory by 37 beds. This year, the Housing and Residential Life program is faced with higher than anticipated expense increases, due to:

- Large scale building envelope repair projects at Husky Village, resulting in higher than anticipated vacancy levels (16 beds remaining offline) through the start of the academic year;

- New exterior building envelope remediation project scheduled to take place in the summer of 2018; and

- UWB Facility Services Department’s implementation of a long overdue 12% annual increase to recharge rates for their housing facility services (maintenance, custodial, and grounds) in each of the next three years.

Any additional reductions to the operating budget will have significant impacts on the housing program, such as notable service reductions, postponing facilities improvement projects, and adjusting budget assumptions to higher risk levels.
Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Permit Rates at UW Bothell (continued p. 3)

Without mitigation through a 4.82% rate increase, debt service coverage will reach 1.07 in FY19, given the planned budget. This would also set back the program goals related to building a capital reserve fund for long-term maintenance and upkeep of the facilities and for continuing to be in compliance with the Internal Lending Program.

After conducting a review of all expense categories for the 2018-19 year to identify expense savings and explore options for additional revenue generation, we concluded that the proposed rate increase of 4.82% would maintain the financial health of the program for the next fiscal year without significantly affecting the operating budget.

Three additional ways that we plan to offset anticipated expense escalations are by:

1. Restructuring one of the three Resident Director FTE positions to create a hybrid position which shares the salary expenses of the position with another Student Affairs department.
2. Amending the current student housing deposit fee taken when a student confirms their acceptance into the housing program, resulting in a reduced upfront cost from a $500 partially refundable deposit to a $300 nonrefundable reservation payment. This amendment to the housing offer confirmation process provides clearer definition of the fee, which helps offset occupancy management costs.
3. Temporarily reducing the allocated funding for the annual replacement schedule of furniture and carpets within the units to help offset anticipated expense increases to the budget.
OVERVIEW OF HOUSING RATE PROPOSAL

Student Housing Expenses          Student Housing Rate Increase

Escalations:
- Rental Property Costs          0.96%
- Facility Maintenance & Utilities 2.28%
- Administrative Costs           0.33%
- Building Assessment Related Projects 6.56%

Total Expense Escalations        10.13%

Offsets:
- Reduction in Furniture/Carpet Replacement Cycle  -1.85%
- Residential Life Staff Re-structuring       -0.94%
- Increase in Occupancy (unit availability at fall start) -2.52%

TOTAL ROOM RATE INCREASE        4.82%

PROPOSED HOUSING RATES for 2018-19

<table>
<thead>
<tr>
<th>Bedroom Occupancy Type</th>
<th>Housing Occupancy Term</th>
<th>Current 2017-18 Annual Rate</th>
<th>Proposed 2018-19 Annual Rate</th>
<th>Total Annual Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double Occupancy</td>
<td>Academic Year</td>
<td>$8,529</td>
<td>$8,940</td>
<td>$411</td>
</tr>
<tr>
<td>Triple Occupancy</td>
<td>Academic Year</td>
<td>$7,500</td>
<td>$7,860</td>
<td>$360</td>
</tr>
<tr>
<td>Single Occupancy</td>
<td>Academic Year</td>
<td>$11,637</td>
<td>$12,198</td>
<td>$561</td>
</tr>
</tbody>
</table>

The proposed room rates for 2018-19 reflect:
- 4.82% adjustment; and
- Successful continuation of the Triple Bedroom rate option which is at a 14% reduced rate from the shared bedroom rate and a 36% reduction from the single bedroom rate.

The budget supported by the proposed rates allows Housing and Residential Life to:
- Remain financially stable and meet its Internal Lending Program (ILP) obligations to maintain a ratio of net revenues to annual debt service.
- Meet minimum reserve requirements under the ILP financing agreement.
HOUSING PARKING LOT OPERATIONS

UW Bothell Housing and Residential Life, in partnership with UW Bothell Commuter Services, recommends a new Student Housing Resident Parking Permit program to assist with offsetting operational costs for the student housing parking lots to avoid an additional housing rate increase. This new optional Housing Resident parking permit will require housing residents to purchase a parking permit but will not financially impact housing residents who do not bring a vehicle to campus. Commuter Services will manage and use the permit revenue to offset the existing annual costs associated with the housing parking lots.

STRATEGY FOR ANALYZING NECESSITY OF OPERATIONAL CHANGES

The UWB Commuter Services Program operates as a financially self-sustaining Auxiliary Program and is required to operate financially solely based on the revenues generated through sources such as annual and daily parking permits, citation collections, and metered parking. The program receives no University funding.

Since the opening of the Husky Village Parking lot in 2011, Commuter Services has managed the parking spaces and enforcement of the lots. Operational costs (striping of parking spaces, personnel, pay station hardware/permits, etc.) associated with enforcing the parking program are completely absorbed. Commuter Services uses revenue generated from the general campus parking program to offset expenses related to the Housing Lots parking and enforcement program.

To avoid passing expenses directly on to the Housing Program, Commuter Services and Housing Operations are recommending that Campus Housing Residents who choose to bring a vehicle to campus housing lots pay for a parking permit. This new structure and change will help offset operating costs of the Housing Lots without financially impacting the housing population with an additional 2.5% housing rate increase. A local market scan of other higher education institutions, including UW Seattle and UW Tacoma, confirms that it is common practice for Student Housing Residents to pay for parking permits if they chose to bring a vehicle.
STANDING COMMITTEES

Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Permit Rates at UW Bothell (continued p. 6)

PROPOSED HOUSING PARKING PERMIT RATES for 2018-19

<table>
<thead>
<tr>
<th>Housing Parking Permit Type</th>
<th>Permit Occupancy Term</th>
<th>Proposed 2018-19 Annual Permit Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Husky Village Lot</td>
<td>Academic Year</td>
<td>$360</td>
</tr>
<tr>
<td>Campus View Lot</td>
<td>Academic Year</td>
<td>$180</td>
</tr>
</tbody>
</table>

The proposed housing parking permit rates for 2018-19 reflect:

- A minimum of a 40% reduction from the annual general use parking permit rate ($582);
- A source of needed revenue from the permit users to offset operational costs to maintain the parking program and prevent the housing rate increase beyond the necessary 4.82% presented in the Proposed Housing Rates chart section above.

REVIEW AND APPROVAL PROCESS

- UW Bothell received the recommendation from the 2017-18 Student Regent to provide more opportunities in the 2018-19 Rate Review cycle for Student Housing Residents to learn about the annual budget and rate review process and provide feedback. The Housing Program increased the number of Student Resident conversations from four scheduled conversations in 2016-17 to eight scheduled conversations for the 2018-19 rates review process, in addition to two meetings with the Chancellor’s Advisory Council for Students (CACS).

- The UWB Housing Program partnered with the Student Residence Hall Association (RHA) to host RHA Executive Board and RHA Community Conversations for the dates listed below. These events allowed Housing and Residential Staff to meet with housing residents to have a dialog and discussion around the annual operating budget and housing rate development process.
  - Monday, November 6, 2017 (RHA Executive Board Meeting)
  - Thursday, November 16, 2017 (RHA Community Conversation)
  - Monday, December 4, 2017 (RHA Executive Board Meeting)
  - Monday, January 8, 2018 (RHA Executive Board Meeting)
  - Thursday, January 11, 2018 (RHA Community Conversation)
Finance and Asset Management Committee

Approve 2018-2019 Student Housing Rental Rates and Student Housing Parking Permit Rates at UW Bothell (continued p. 7)

- Monday, January 18, 2018 (RHA Executive Board Meeting)
- Thursday, January 25, 2018 (RHA Community Conversation)
- Thursday, February 8, 2018 (RHA Community Conversation)

- All Student Housing Residents were emailed a letter detailing the rate proposal on Friday, February 2, 2018, inviting them to the Residence Hall Association Community Conversation on Thursday, February 8, 2018.

- On Thursday, February 8, 2018, the Housing and Residential Life staff consulted with the RHA through a Community Conversation regarding the 2018-19 rates proposal and new Housing Resident Parking Permit change, which were presented at the Residence Hall Association Community Conversation and endorsed.

- The Housing and Residential Life staff shared the annual budget and rates review process with ASUWB Liaison, Zia Khan, who also attended RHA Community Conversations and CACS during Winter Quarter.

- The Housing and Residential Life staff and RHA President, Kaitlin Kinzel, held a conference call and provided the final rates proposal information with the UW Student Regent, Jaron Goddard, on March 1, 2018.

- This proposal has also been discussed and endorsed by the UW Bothell Interim Dean of Student Affairs Emily Christian, Vice Chancellors Ruth Johnston and Susan Jeffords, and Chancellor Wolf Yeigh.

Attachments
1. Dupree & Scott Bothell Residential Apartment Rent and Vacancy Report, September 2017
2. Housing Resident Proposed Parking Permit Rates for FY 18
SEPTEMBER 2017 SURVEY RESULTS:
We surveyed 25 market rate properties with a total of 2,705 units in the "Bothell" market area for our September 2017 apartment rent and vacancy survey of 20-unit and larger properties. The "market" vacancy rate was 5.4%. That is 1.1 percentage points higher than the five-year average vacancy rate of 4.3%. The market vacancy rate excludes vacancies in new construction still in lease-up. The "gross" vacancy rate was 6.8%. The gross rate includes vacancies in new construction still in lease-up. The average rent, for all unit types combined, was $1,596 in September 2017, compared to $1,031 five years earlier. Rents increased 54.8% over the past five years.

<table>
<thead>
<tr>
<th>Unit type</th>
<th>Market vacancy</th>
<th>Average rent</th>
<th>Rent per NRSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>5.4%</td>
<td>$1,596</td>
<td>$1.84</td>
</tr>
<tr>
<td>S</td>
<td>13.6%</td>
<td>$1,236</td>
<td>$2.05</td>
</tr>
<tr>
<td>1</td>
<td>6.2%</td>
<td>$1,426</td>
<td>$1.99</td>
</tr>
<tr>
<td>2/1</td>
<td>4.2%</td>
<td>$1,558</td>
<td>$1.75</td>
</tr>
<tr>
<td>2/2</td>
<td>4.3%</td>
<td>$1,725</td>
<td>$1.71</td>
</tr>
<tr>
<td>3</td>
<td>4.1%</td>
<td>$2,298</td>
<td>$1.73</td>
</tr>
</tbody>
</table>

September 2017 rent and vacancy detail for Bothell

Source: © 2018 Dupre + Scott Apartment Advisors :::: www.duprescott.com :::: Page 1 of 3

ATTACHMENT 1
### September 2017 rent and vacancy detail for Bothell

#### Property age group: 2010 & Newer

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>S</th>
<th>1</th>
<th>2/1</th>
<th>2/2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market vacancy</td>
<td>9.8%</td>
<td>18.8%</td>
<td>9.1%</td>
<td>9.4%</td>
<td>11.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Average rent</td>
<td>$1,718</td>
<td>$1,323</td>
<td>$1,567</td>
<td>$1,751</td>
<td>$2,072</td>
<td>$2,578</td>
</tr>
<tr>
<td>Rent per NRSF</td>
<td>$2.02</td>
<td>$2.17</td>
<td>$2.10</td>
<td>$1.95</td>
<td>$1.91</td>
<td>$1.80</td>
</tr>
<tr>
<td>Buildings surveyed</td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Units surveyed</td>
<td>938</td>
<td>48</td>
<td>616</td>
<td>68</td>
<td>133</td>
<td>73</td>
</tr>
</tbody>
</table>

#### Property age group: 2000-2009

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>S</th>
<th>1</th>
<th>2/1</th>
<th>2/2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market vacancy</td>
<td>1.8%</td>
<td>na</td>
<td>3.2%</td>
<td>4.8%</td>
<td>0.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Average rent</td>
<td>$1,876</td>
<td>na</td>
<td>$1,392</td>
<td>$1,795</td>
<td>$1,869</td>
<td>$2,435</td>
</tr>
<tr>
<td>Rent per NRSF</td>
<td>$1.68</td>
<td>$0.00</td>
<td>$1.76</td>
<td>$1.75</td>
<td>$1.64</td>
<td>$1.65</td>
</tr>
<tr>
<td>Buildings surveyed</td>
<td>3</td>
<td>na</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Units surveyed</td>
<td>271</td>
<td>na</td>
<td>62</td>
<td>42</td>
<td>106</td>
<td>61</td>
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</table>

#### Property age group: 1990-1999

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>S</th>
<th>1</th>
<th>2/1</th>
<th>2/2</th>
<th>3</th>
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</thead>
<tbody>
<tr>
<td>Market vacancy</td>
<td>5.2%</td>
<td>na</td>
<td>6.2%</td>
<td>3.8%</td>
<td>3.8%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Average rent</td>
<td>$1,594</td>
<td>na</td>
<td>$1,376</td>
<td>$1,651</td>
<td>$1,688</td>
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<td>Rent per NRSF</td>
<td>$1.84</td>
<td>$0.00</td>
<td>$1.95</td>
<td>$1.89</td>
<td>$1.73</td>
<td>$1.81</td>
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<td>Buildings surveyed</td>
<td>4</td>
<td>na</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
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<tr>
<td>Units surveyed</td>
<td>771</td>
<td>na</td>
<td>307</td>
<td>132</td>
<td>260</td>
<td>72</td>
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</table>

#### Property age group: 1985-1989

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>S</th>
<th>1</th>
<th>2/1</th>
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<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market vacancy</td>
<td>1.6%</td>
<td>0.0%</td>
<td>1.2%</td>
<td>2.3%</td>
<td>2.4%</td>
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<tr>
<td>Average rent</td>
<td>$1,352</td>
<td>na</td>
<td>$1,207</td>
<td>$1,368</td>
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<tr>
<td>Rent per NRSF</td>
<td>$1.68</td>
<td>$0.00</td>
<td>$1.89</td>
<td>$1.60</td>
<td>$1.51</td>
<td>$1.58</td>
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<td>Buildings surveyed</td>
<td>6</td>
<td>na</td>
<td>6</td>
<td>5</td>
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<tr>
<td>Units surveyed</td>
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<td>na</td>
<td>165</td>
<td>88</td>
<td>85</td>
<td>33</td>
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</table>

#### Property age group: 1975-1984

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>S</th>
<th>1</th>
<th>2/1</th>
<th>2/2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market vacancy</td>
<td>5.3%</td>
<td>0.0%</td>
<td>4.7%</td>
<td>3.7%</td>
<td>6.9%</td>
<td>na</td>
</tr>
<tr>
<td>Average rent</td>
<td>$1,297</td>
<td>$853</td>
<td>$1,174</td>
<td>$1,169</td>
<td>$1,508</td>
<td>na</td>
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<tr>
<td>Rent per NRSF</td>
<td>$1.66</td>
<td>$1.49</td>
<td>$1.76</td>
<td>$1.44</td>
<td>$1.65</td>
<td>$0.00</td>
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<tr>
<td>Buildings surveyed</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>na</td>
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<tr>
<td>Units surveyed</td>
<td>245</td>
<td>11</td>
<td>106</td>
<td>27</td>
<td>101</td>
<td>na</td>
</tr>
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</table>
# September 2017 rent and vacancy detail for Bothell

## Property age group: 1965-1974

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>S</th>
<th>1</th>
<th>2/1</th>
<th>2/2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market vacancy</td>
<td>2.8%</td>
<td>na</td>
<td>3.9%</td>
<td>2.4%</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Average rent</td>
<td>$1,367</td>
<td>na</td>
<td>$1,305</td>
<td>$1,364</td>
<td>$1,570</td>
<td>na</td>
</tr>
<tr>
<td>Rent per NRSF</td>
<td>$1.59</td>
<td>$0.00</td>
<td>$1.77</td>
<td>$1.45</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Buildings surveyed</td>
<td>3</td>
<td>na</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>na</td>
</tr>
<tr>
<td>Units surveyed</td>
<td>108</td>
<td>na</td>
<td>51</td>
<td>41</td>
<td>16</td>
<td>na</td>
</tr>
</tbody>
</table>

## Rent by unit type ($/nrsf)

![Rent by unit type graph]

## Vacancy rate by unit type

![Vacancy rate by unit type graph]

### NOTES

- **Age groups**: We report rents and vacancies, by neighborhood, for the following age groups: all; 1900-1945; 1945-1964; 1965-1974; 1975-1984; 1984-1993; 1994 and newer. If a particular age group does not appear in the table, there was insufficient information for that age group. **Unit types**: S = Studios; 1 = one-bedrooms; 2/1 = two-bedroom, one-bath; 2/2 = two-bedroom, two-bath; 3 = three-bedroom, one- and two-bath. **Market vacancy**: This is the standard measure of vacancies. It excludes new construction still in lease-up. **Gross vacancy**: This measures vacancies in all units surveyed, including new construction still in lease-up. As such, it is not a primary indicator of market health, simply a measure of available inventory. **Average rent**: The current average rent in occupied units. The rent on turnover may be different. **Rent per NRSF**: the average rent per net rentable square foot. **Neighborhood boundary**: See our detailed maps that show the boundaries for each neighborhood. **Buildings surveyed**: Please view results with caution where three or fewer properties were surveyed. **Blank or n.a.**: We do not report rents where fewer than two properties were surveyed, or market vacancy where all of the properties in the category were in lease-up. Refer to our [How to use PDF](https://www.duprescott.com) for further information.

This information is from [The Apartment Vacancy Report](https://www.duprescott.com), © Copyright 2018 by Dupre + Scott Apartment Advisors, Inc. The Apartment Vacancy Report is published each April and October. It is based on our survey of approximately 70% of the apartment units in 20-unit and larger properties in King, Pierce, Snohomish, Kitsap, Thurston, Skagit, and Whatcom counties. The report presents information for each of more than 60 neighborhoods. Current rent and vacancy information is useful, however you can better “benchmark” your property’s performance by looking at longer-term trends, as well as other demand indicators, including: concessions, average days vacant, turnover rates, etc. It can also help to zero in on the appropriate age-group. See [How to set rents](https://www.duprescott.com) for more information.
# University of Washington Bothell

## Housing Resident Proposed Parking Permit Rates for FY 18

2/12/2018

<table>
<thead>
<tr>
<th>Institution</th>
<th>Rate/Quarter</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW Seattle</td>
<td>Approximately $300-$350/quarter (based on number of days in quarter)</td>
<td>No significant difference in resident vs. student rate. Residents can park near Residence Hall. Resident parking has U-Pass price deducted from permit price. See UWS site for permit options: <a href="https://facilities.uw.edu/services/rates/ts">https://facilities.uw.edu/services/rates/ts</a></td>
</tr>
<tr>
<td>UW Bothell</td>
<td>$120/quarter (Husky Village)</td>
<td>Proposed rates</td>
</tr>
<tr>
<td></td>
<td>$60/quarter (Campus View)</td>
<td></td>
</tr>
<tr>
<td>UW Tacoma</td>
<td>$210/quarter</td>
<td>Additional fee on top of Housing fees. Non-residents park in non-resident lots for $90/quarter. Same rate as a disability permit.</td>
</tr>
<tr>
<td>Western Washington University</td>
<td>$102/quarter</td>
<td></td>
</tr>
<tr>
<td>Eastern Washington University</td>
<td>$61/quarter</td>
<td></td>
</tr>
<tr>
<td>Western State University</td>
<td>Crimson $89.25/quarter</td>
<td>Crimson $357/year (August-August)</td>
</tr>
<tr>
<td></td>
<td>Grey $61.25/quarter</td>
<td>Grey $245/year (August-August)</td>
</tr>
<tr>
<td></td>
<td>Blue $32.50/quarter</td>
<td>Blue $130/year (August-August)</td>
</tr>
</tbody>
</table>
STANDING COMMITTEES

Finance and Asset Management Committee

School of Dentistry Financial Update

INFORMATION

This item is for information only.

BACKGROUND

The School of Dentistry’s Center for Pediatric Dentistry received an Internal Lending Program (ILP) loan of $12.3 million in 2009 to finance renovations to the WDS Building. The financing agreement included a 1.25x debt service coverage minimum. This requirement has not been met, and the Board of Regents approved an action item in April, 2016 to improve the financial situation of the School.

Since that time, the School’s financial condition has worsened.

The School of Dentistry (SOD) carried an accumulated deficit of $36 million as of the end of fiscal year 2017, which includes all funds, not just self-sustaining clinical funds. Since last spring, the central administration of the University has engaged in a financial oversight phase resulting in significant steps to stem losses within the School.

In addition, the central administration engaged a senior team of academic clinical consultants from Deloitte to analyze the current-state clinical operational model, with an eye to resolving the annual deficit by $7 million over this fiscal year and next. This work concluded on February 23, 2018, and results are summarized in the attachment, “School of Dentistry Update – March 2018.” Additional detail and preliminary financial dashboards will be provided to the Board during the meeting.

Attachment
School of Dentistry Financial Update – March 2018
Financial Update - March, 2018

The School of Dentistry (SoD) is renowned for its preparation of dentists, ranking in the top five nationally. Its quality of patient care and student experience is well-known, but its financial condition is a significant barrier to its continued success. SoD has a $35 million budget (of which, $18.4 million is from general and designated operating funds). However, SoD closed FY17 with an $11 million deficit; and is projected to lose between $6.7 and $7.7 million in FY18. Last fall, we estimated that the SoD would lose between $10 and $16 million, and that estimate is revised to reflect positive results in spending constraints; collection of Professional Services Supplemental Payment (supplemental payment from the Health Care Authority) and a one-time allocation of gift funding from Children’s Hospital. SoD’s accumulated debt to the University is projected to grow to roughly $42 million by the end of FY18.

Figure 1. Accumulated Debt to the University, FY13-FY19 (as projected)¹,²,³

**Actions Taken Since November, 2017**

The School and central administration have been focused on the following mitigation strategies:

1. Engaged in a final, ultimately unsuccessful effort to partner with a community health clinic before initiating plans to close the Center for Pediatric Dentistry and move its required clinical operations back to campus⁴;
2. Established a clear link between activities and funding sources, while working to enhance the FY18 approach;
3. Announced closure of the Faculty Practice Plan, initiated patient communication, and clinic wind-down protocol for faculty practices⁵;
4. Finalized alignment of administrative expenses through Administrative Supplements (ADS)⁶;
5. Finalizing Phase I re-organization of staff;
6. Initiated review of doctor of dental surgery (DDS) curriculum⁷;
7. Notified all faculty on annual appointments of potential non-renewal; and
8. Maintained hiring and spending constraints put into place last year at this time.

These steps will only stem the annual deficit; and, though expected savings between $600,000 and $1,000,000 may be realized, more steps are required. As a result, central administration engaged a team of academic clinical consultants to review the clinical operations model, including: revenue cycle; operations and staffing model; indirect cost allocation model; communication and data resources; and, compensation model for faculty.

¹Projected – no trajectory change assumes a “business as usual” approach
²Projected – minor efficiency enhancements assumes the continuation of existing financial stability actions and a focus on revenue cycle efficiency
³Projected – significant repositioning assumes significant restructuring of SoD operations, in addition to revenue cycle efficiency enhancements
⁴Recommendation provided wholly or partially from the SoD Elected Faculty Council, SoD Solution Team, and/or SoD Curriculum Committee.
Next Steps
Acting upon recommendations from Deloitte, the Elected Faculty Council, and others, the following steps are required to bring revenues and expenses closer into alignment:

1. **Change and Communication** in order to engage faculty, staff and students to adopt new initiatives and galvanize/enable changes required to meet financial targets. This work will include thorough and regular communication with Faculty Council, Student Council and staff; regular 1:1 meetings between the deans/chairs and chairs/faculty.

2. **Budgeting and Financial Reporting** to document financial processes to improve the school's revenue cycle through design and roll-out of budgetary updates for the dean, chairs, central administration and the Board of Regents. Implementation of these financial reports is underway and concepts will be shared with the Board at its March meeting.

3. **Resource Alignment** to ensure production and resources – including faculty, staff and chairs – correlate staffing to production, in alignment with financial goals and metrics. SoD and departmental management skills are required to agree and act on targets. If adopted, accountability up and down the organization would be realized in monthly meetings between faculty and chairs, chairs and dean, dean and central administration.

4. **Faculty Operations and Expectations** will shift over time from stand-alone models, to a one-clinic model, with transparency of departmental and clinic financials to empower decision-making and accountability. Chairs would manage, lead and maximize departmental and clinical financial results, in alignment with goals set by the dean and the central administration.

5. **Clinic Operations** could be standardized to improve efficiency and prepare staff for a one-clinic model. Simple, easily adopted protocol would be enforced as front desk and clinic support staff standardize patient registration, insurance verification, pre-authorization, insurance verification, and agreement to pay documentation procedures. Clinic staffing model could reflect a one-clinic model, with opportunities for professional development and training, improved cost containment and patient support services. Additional staffing re-organization phases will continue to emphasize these areas, while reducing clinical administration overhead that falls to clinics' budgets. Additionally, the faculty practice plan will be rewritten and account better for time-allocation expectations, set through annual meetings. Further, indirect cost allocation procedures and methodologies may be enhanced, moving toward the leading practice of allocating indirect costs based on the School's relative value units, or RVUs.

Ongoing work with the Commission on Dental Accreditation (CODA) is required to ensure that the School remain in compliance with financial and programmatic requirements.

**Clinic Operations Review**
In addition to the above steps listed in time order sequence, outside consultants confirmed that an assessment of clinic and departmental mission and delivery was critical. By December 2018, the School should have designed and worked toward implementing a residency and clinic program strategy. Doing so will require difficult conversations around mission and program delivery, with an eye to prioritizing the clinical and residency programs of the School and following through with the required consolidations and closures to achieve savings and begin to work toward repaying the debt owed to the University.

---

1Projected – no trajectory change assumes a “business as usual” approach
2Projected – minor efficiency enhancements assumes the continuation of existing financial stability actions and a focus on revenue cycle efficiency
3Projected – significant repositioning assumes significant restructuring of SoD operations, in addition to revenue cycle efficiency enhancements
4Recommendation provided wholly or partially from the SoD Elected Faculty Council, SoD Solution Team, and/or SoD Curriculum Committee.
School of Dentistry
Deficit Status Update

March 2018
Overview

> In FY17, the School’s deficit grew $11M, from $25 to $36 million
> In November, 2017, we projected a loss between $10 and $16 million
> Since November, we refined the projection to $6.7 and $7.7 million loss this year
> Accumulated debt projection $42M (FYE18)
UWSOD FY18 Revenue and Expense Visualization

**Acronyms**

- Tuition/Fees – ABB Allocation of Net Operating Fees and Miscellaneous Fees
- ICR – Indirect Cost Recovery
- PSSP - Professional Services Supplemental Payments (Medicaid)
- IDDS – International DDS Program

<table>
<thead>
<tr>
<th>Budget</th>
<th>Revenues</th>
<th>Expenses</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Tuition/Fees &amp; ICR 8.3M</td>
<td>GOF/DOF 12.5M</td>
</tr>
<tr>
<td></td>
<td>Supplement 10.2M</td>
<td>GOF/DOF Admin 6.0M</td>
</tr>
<tr>
<td></td>
<td>Clinics 14.8M</td>
<td>Clinics (Direct &amp; Indirect) 25.9M</td>
</tr>
<tr>
<td></td>
<td>PSSP 2.5M</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IDDS 0.8M</td>
<td></td>
</tr>
</tbody>
</table>

**Summaries**

- **Budget**: 36.7M
- **Revenues**: 36.7M
- **Expenses**: 25.9M

**Break Even**

- **Forecasted Loss**: 6.7 - 7.7M
Important Truths about the SoD

> The School is subsidized by tuition from other tuition categories, and state appropriations; and, its supplement from these sources is second highest at the UW

> The School is treated the same as every school or college in terms of its tuition distribution

> The clinics generate a loss between $6.7 and $7.7 million dollars, due to high overhead and insufficient revenues
Good News about the SoD

> Recently ranked No. 4 in the United States – up from No. 5 last year
> Ranked No. 14 in the world in the Quacquarelli Symonds World University Rankings
> Reflects the decades-long tradition of excellence
> Confirms the great respect the School continues to enjoy both in the United States and around the world
Summary of Actions Taken
November 2017 to February 2018

> Steps Taken Since November 2017
  – Faculty Practice Plan Closed – New Plan in Development
  – Clinical Operation Wind Down for Faculty Practices
  – Admin Supplements Reduced by 50%
  – Hiring Authority Maintained by AVP, Planning & Budgeting
  – Spending Constraints Maintained by Dean’s Office
  – Phase I Re-organization Nearly Complete
  – Hired and Concluded Engagement with Deloitte Consulting to Review Clinical Operations, Overhead and Staffing Models, Overall Financial Situation
  – Engaged in an unsuccessful attempt to partner with a community clinic at the Ctr. For Pediatric Dentistry
UW SoD Actuals and Projections FY18/FY19

> Highlights

- Initial PSSP Payment Received October 17
- Q2 Expense Under Budget

> Lowlight

- Clinic revenue trending better than plan, but insufficient to cover operating expense
Next Steps

> To resolve the deficit spending fully, Deloitte report confirmed our next steps:
  – Change and Communication
  – Budgeting and Financial Reporting
  – Resource Alignment
  – Faculty Operations and Expectations
  – Clinic Operations

> Clinic-by-clinic and department-by-department assessment of mission alignment by December, 2018

> FY19 budget process underway
Next Steps by SoD Management

> Further Enhancements to Key Performance Indicators (KPI) on School-wide Financial and Operational Dashboards

> Additional Phases of Re-organization

> FY19 Budget Development Focus, with an immediate pivot to clinic/residency program strategy development and implementation

> Enhance Indirect Cost Methodology
Clinical & Financial Operational Support Assessment

DRAFT

February 23, 2018
# Table of Contents

**Executive Summary** 3

**Detailed Findings & Opportunities** 6
- Data & Interview Findings 7
- Critical Areas of Focus 11
- Opportunity Identification 12

**Opportunity Prioritization & Benefits** 15
- Opportunity Prioritization 16
- Opportunity Benefit Calculation 20

**Next Steps** 21
- Implementation Roadmap 22
- Implementation Next Steps 23
- Industry Trends for Consideration 28

**Appendix** 30
Executive Summary
Objectives

This report outlines findings from a five week exercise to identify impactful operational and financial improvement opportunities throughout the University of Washington (UW) School of Dentistry (SoD).

Scope

Deloitte Consulting was engaged to conduct a five week assessment, focused on:

- Analysis of current-state clinical operational model which included:
  - Organizational and reporting structure for departments
  - Clinical staffing models and processes
  - Interaction between clinics/departments
  - Resource utilization
  - Overall documentation of clinic operations processes and procedures
- Analysis of current-state financial operational model, which included:
  - Review of organizational and reporting structure with an eye to enhance UW SoD’s ability to provide controls and clarity of roles
  - Review of current budgeting process
  - Review of indirect cost (shared services) allocation model
  - Overall documentation of financial operations processes and procedures and review of documentation and data in UW SoD’s financial accounting system

Approach

- Analyzed repository of current operational and financial data
- Facilitated interviews and workshops with key stakeholders
- Assessed and prioritized opportunities to achieve operational and financial objectives

Outcomes

1. An organizational structure for both clinic and financial operations
2. Consolidation of clinic and clinic support activities
3. A clinic staffing model with flexibility
4. An indirect cost allocation model
5. A resource model for adequate support for financial operations
6. Compensation related to faculty practice model
Engagement Overview & Results

This engagement identified potential opportunities, centered around five critical areas of focus, to position UW and the SoD to address their financial and operational goals – including a reduction in the deficit by $2M in FY18 and another $5M in FY19

- **The SoD is tracking to a projected deficit of $7.7M to $11.1M** with just over four months left in FY18 (and recent department level results reveal that deficits may be more than this)

- Through a concurrent data review, interview process, and with the above current financial landscape understanding, **SoD leadership agreed on five critical areas of focus:**
  1. **Change and Communication** in order to engage faculty and staff to adopt new initiatives designed to improve clinical and financial operations.
  2. **Budgeting and Financial Reporting** to breakthrough department silos, promote transparency, and rebuild trust.
  3. **Resource Alignment** to correlate clinic staffing models and SoD production.
  4. **Faculty Operations and Expectation** to align faculty and leadership on the vision and focus of the SoD with transparent and well socialized goals and targets.
  5. **Clinic Operations Standardization** to alleviate confusion, improve patient experience, facilitate sharing of best practices, increase efficiency, enable growth, and allow for staffing adjustments across all clinics, as needed.

- Opportunities in the above critical areas were identified and **prioritized on an implementation roadmap** with target milestones to support the financial and operational goals set by UW and the SoD, which **includes a reduction in the deficit of $2M in FY18 and another $5M in FY19**

- In order to reach these goals, difficult decisions will have to be made and the **SoD will need strong leadership, accountability, increased transparency, and effective monitoring tools to achieve the full opportunity benefits**
Detailed Findings & Opportunities
The first step towards understanding the challenging UW SoD financial environment was to document how the current state revenues and expenses are budgeted/allocated in FY18, which resulted in a projected deficit of $7.7M to $11.1M.

Deficit increases from $7.7M to $11.1M if PSSP and IDDS, which are not guaranteed or tied to clinic revenue, are not included in the budget.

1 From the GOF/DOF revenue allotment, there is a surplus of $2,186 after expenses
2 PSSP – This includes professional services supplement payments to licensed professionals who are eligible to receive payment under state’s Medicaid plan
3 IDDS – The includes the program fee associated with the International Dentist DDS Program to those who are graduates of foreign dental programs

Source: “SoD Deficit Reduction Plan 10-18” provided by UW SoD
Data & Interview Findings

Data was analyzed and interviews were conducted with over a dozen UW and SoD stakeholders (see appendix for list) to further understand the current financial environment. The following key themes emerged and were validated with quantitative data where possible:

Clinician engagement and change management have not been a focus in previous initiatives. Changes have come from leadership in the past and have had mixed results in their execution.

UW SoD yielded a $7.1M annual deficit in FY17, bringing the cumulative deficit to $36M. The Provost implemented a zero-based budget process to identify actual operating costs during FY17 to be implemented in FY18. This allowed a refresh of the budget to thoroughly assess realistic expenses and projections overall and plan for upcoming initiatives going forward. (See prior slide for FY18 projected deficit)

Budgets are managed in silos. Historically, the school carried over 15-18% of the GOF/DOF budget but had a deficit in the clinics. Budgets were not monitored and actuals-to-budget were not reported, therefore this disconnect was difficult to identify. Department Chairs are required to review their budget monthly and report any variances, however, it is unknown if this is occurring with consistency. Furthermore, transparency and ability to track budget and financials across clinics is lacking.

While there are certain clinic metrics and reports available online, financial KPIs are not clearly defined, consistently monitored, or aligned to overall/individual goals. Additionally, there is not a well developed and transparent dashboard to track and trend performance and progress.

Many clinics have aging facilities and equipment which represent a tremendous outstanding liability. Necessary facility and equipment upgrades are currently unfunded. Additionally, IT infrastructure and associated upgrades to remain competitive and relevant to industry norms will most likely be needed.
Data & Interview Findings (Cont’d)

Data was analyzed and interviews were conducted with over a dozen UW and SoD stakeholders (see appendix for list) to further understand the current financial environment. The following key themes emerged and were validated with quantitative data where possible:

Multiple clinics are **not profitable and are operating in a deficit**. This is due, in some cases, to overstaffing, high Medicaid payer mix, and/or a new overhead allocation model based upon production, which attributes salary and other overhead expenses to clinic budgets (that were previously not allocated anywhere). Some clinics with a high Medicaid population are **unable to balance their budget with this new overhead allocation model given they have high production matched with lower reimbursement rates**.

Per the UW Faculty Code, department chairs are required to have an annual conference with faculty to set expectations and parameters around the amount of time that should be allocated to research, teaching, and clinical practice. **Currently, this is not consistently taking place which has led to faculty time spent on unfunded research** in some cases.

Faculty are afforded one day a week to practice either off campus or in the Faculty Practice clinic. Historically, the Faculty Practice clinic **has been operating at a deficit, yet some revenue payments were still being made to faculty**. However, these payments have been modified (and in some instances discontinued) in October 2017 and there are **steps in place to close and redesign the Faculty Practice model**. Faculty have been notified to start winding down existing cases and should not be accepting new patients (e.g. the FEARs and OMFS Prosthodontics clinics are scheduled to close April 30th).

**Administrative Supplements compensation is not regulated or well understood.** The original purpose was to supplement base salary for work/activities done above and beyond the faculties' daily responsibilities. The administrative supplements totaled $980K but have recently been cut by almost 50%.
Data & Interview Findings (Cont’d)

Data was analyzed and interviews were conducted with over a dozen UW and SoD stakeholders (see appendix for list) to further understand the current financial environment. The following key themes emerged and were validated with quantitative data where possible:

The staffing model is not consistent across clinics and support staff are not cross-trained. Patient volumes in some clinics do not support current staffing (e.g. a clinic planned for one dental assistant per chair but volumes support half this level of staffing) while other clinics may have to cancel appointments due to lack of staff (i.e. PTO, sick calls, open positions, etc.). Clinic leadership and faculty appear to feel protective of their support staff and are averse to a "float pool" model due to lack of confidence and unknown skillset, which is even more evident in certain specialties. Furthermore, considerations in regards to union contracts and negotiations may complicate a solution.

The operating model in the Pre-Doc Clinic was adjusted in the vision of the “One Clinic” model three years ago with recent adjustments made to the model. While this model does seem to be working, it appears to be top heavy with multiple layers of management, resulting in duplicative efforts and oversight.

While clinic support operations have been standardized in the Pre-Doc Clinics and are continuing to be refined, the Graduate, Residency, and Faculty Clinics are not standardized and operate as stand-alone entities. This lack of standardization extends to payer contracts which can be confusing for patients and staff, and has resulted in lost revenue (e.g. billing department processes claims for out-of-network payers, reimbursement funds are sent to the patient rather than the school, etc.). Furthermore, job duties vary from clinic to clinic which will make cross-training increasingly difficult.

Compliance needs to be a continued focus to ensure that licensure scope, student scope, billing practices, and adequate documentation remain an integral part of the SoD’s objectives and initiatives going forward.
Critical Areas of Focus

Five critical areas of focus to improve the clinical and financial operations at the SoD were identified both through data analysis and interviews.

1. **Change and Communication**
   An overall communication and change enablement strategy is needed in order to engage faculty and staff to adopt new initiatives designed to improve clinical and financial operations.

2. **Budgeting and Financial Reporting**
   An overarching budget and financial reporting process is necessary to breakthrough department silos, promote transparency, and rebuild trust. This should include a formal process to manage department budgets and a clear strategy for “safety net” clinics providing much needed Medicaid services to the community.

3. **Resource Alignment**
   Resource and staffing model should be reviewed and aligned with clinic and SoD production.

4. **Faculty Operations and Expectations**
   The vision and focus of the SoD needs to be reviewed, with expectations for faculty aligned to that vision. Clear goals and targets should be transparent and well-socialized.

5. **Clinic Operations**
   Clinical and revenue cycle operational policies and procedures, roles and responsibilities, and workflows need to be standardized to alleviate confusion, improve patient experience, facilitate sharing of best practices, increase efficiency, enable growth, and allow for staffing adjustments across all clinics, as needed.
Opportunity Identification in Critical Areas of Focus
Opportunities were identified and grouped to enable and produce financial impact within each of the five critical areas of focus

<table>
<thead>
<tr>
<th>Change and Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change Enablement and Communication</td>
</tr>
<tr>
<td>Establish a change enablement program, focused on engaging faculty, repairing relationships, building trust, and breaking down the department/clinic silos to promote a collaborative “One Clinic” model across the SoD. This will be key to set up and kick-off prior to beginning other opportunities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budgeting and Financial Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeting and Financial Reporting</td>
</tr>
<tr>
<td>Design a budget monitoring process that promotes transparency across departments, clinics, and programs. Escalation criteria and thresholds should be defined, and a feedback loop established with consequences to hold appropriate parties accountable.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KPI Dashboard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define standard KPIs across clinics and SoD, and develop clear dashboards for ease of reference with alerts for critical values/data (see appendix for examples).</td>
</tr>
</tbody>
</table>
Opportunity Identification in Critical Areas of Focus (Cont’d.)
Opportunities were identified and grouped to enable and produce financial impact within each of the five critical areas of focus

<table>
<thead>
<tr>
<th>Resource Alignment</th>
<th>Review faculty, admin, and professional staff alignment to production, identifying opportunities to optimize staffing and contain costs. Some alignment efforts are already in process.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Alignment: Clinic Support Float Pool</td>
<td>Cross-train clinic staff so they can be utilized in other clinics when patient volumes do not support staffing levels in their home clinic.</td>
</tr>
<tr>
<td>Resource Alignment: Overarching Governance</td>
<td>Establish an overarching cohesive governance structure with escalation criteria and a change request process. Document a RACI, identifying those Responsible, Accountable, Consulted, and Informed for key operational duties (i.e. who can fill open positions?), policies, compliance, and procedures.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Faculty Operations and Expectations</th>
<th>Align the overall vision for the SoD with goals and priorities (i.e. emphasis on research versus teaching), documenting policies, expectations, and targets based upon this vision.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SoD Vision, Emphasis, and Focus</td>
<td>Review UW Faculty Code, holding department chairs accountable for meeting regularly with faculty to discuss and document goals pertaining to the time allocation with respect to teaching, research, and practice.</td>
</tr>
<tr>
<td>Expectations of Department Chairs</td>
<td>Develop a transparent incentive program, where faculty/departments will be rewarded for high productivity if the SoD as a whole achieves its financial goal. This program should be clearly defined with thresholds and targets tied to incentives (whether monetary or program rewards – i.e. travel conference) based upon performance.</td>
</tr>
</tbody>
</table>
Opportunity Identification in Critical Areas of Focus (Cont’d.)

Opportunities were identified and grouped to enable and produce financial impact within each of the five critical areas of focus

<table>
<thead>
<tr>
<th>Clinic Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overarching Financial Strategy</strong></td>
</tr>
<tr>
<td>Create an overarching financial strategy that takes into consideration &quot;safety net&quot; clinics by analyzing current payer mix across clinics and allocates funds appropriately to offset &quot;safety net&quot; losses. Consider opportunities for revenue-generating growth as part of the multi-year strategy.</td>
</tr>
<tr>
<td><strong>Residency Program Strategy</strong></td>
</tr>
<tr>
<td>Conduct deep dive analysis of residency programs with consideration of revenue loss and expenses (e.g. debt redemption, rent, tenured faculty salaries, etc.) that will need to be re-allocated elsewhere in the event that residency program(s) are paused or closed (see appendix for FY18 Annualized Deficit Analysis by Department)</td>
</tr>
<tr>
<td><strong>Front Desk Workflows and Processes</strong></td>
</tr>
<tr>
<td>Standardize front desk practices and adherence, including but not limited to patient information update, agreement to pay, insurance verification, pre-authorization, and appointment confirmation.</td>
</tr>
<tr>
<td><strong>Clinic Support Staff Job Duties and Workflows</strong></td>
</tr>
<tr>
<td>Standardize job duties and responsibilities for clinic support staff (e.g. assistants, hygienists, technicians, etc.) across all clinics, keeping in mind requirements for specialty clinics and union contracts.</td>
</tr>
<tr>
<td><strong>Payer Contract Management Process</strong></td>
</tr>
<tr>
<td>Analyze existing payer contracts and potential impacts to change. Standardize contracted payers across all clinics and implement a overarching payer contract management process.</td>
</tr>
<tr>
<td><strong>Best Practice Collaboration</strong></td>
</tr>
<tr>
<td>Create a collaborative cross-clinic forum to train staff and promote sharing of best practices/lessons learned.</td>
</tr>
</tbody>
</table>
Opportunity Prioritization & Benefits
Prioritization Workshop Objective
Select members from UW and SoD leadership collaboratively assessed and prioritized identified opportunities during an interactive session on 2/14/18

Opportunity Prioritization Session Overview

**Customization:** Opportunities focused on operational and financial areas of concern based on findings from interviews and data collection process

**Preparation:** UW and SoD leadership selected prioritization workshop participants who would represent their broader SoD colleagues during discussions and drive towards decisions based on the complex range of opportunities presented

**Comprehensiveness:** UW and SoD leadership ultimately reached consensus on a prioritized ranking of each of the opportunities in terms of impact, complexity to adopt, and time to implement
Opportunity Prioritization: Overall Results

The identified opportunities in the critical areas of focus were prioritized according to the level impact, complexity, and time to implement.

Source: Select members from UW and SoD leadership collaboratively assessed and prioritized identified opportunities during an interactive session on 2/14/18.
Opportunity Prioritization: Enablement Impact View

This view shows those enablement opportunities that will support the SoD operationally to achieve the financial opportunities on the next slide.

Suggested Legend During the Prioritization Session

- **Anticipated Financial Impact ($):**
  - <$1M
  - $1M-$2M
  - >$2M

- **Potential Overall Impact to SoD Operations (%):**
  - <50%
  - 50-75%
  - >75%

- **Potential Reputational Risk:**
  - Low
  - Medium
  - High

Source: Select members from UW and SoD leadership collaboratively assessed and prioritized identified opportunities during an interactive session on 2/14/18.
Opportunity Prioritization: Financial Impact View

This view shows those opportunities with a financial impact to the SoD, enabled by the opportunities on the prior slide.

Source: Select members from UW and SoD leadership collaboratively assessed and prioritized identified opportunities during an interactive session on 2/14/18

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F-10.3/203-18 | 3/8/18
Opportunity Prioritization: Anticipated Benefit Calculation

High level anticipated benefits were calculated for opportunities with financial impact based upon data provided by the UW SoD, industry experience, and publically available benchmarks. These calculations identified potential benefits totaling $761K - $986K in FY18 and $4.4M - $8.9 in FY19 (detailed calculations in appendix)

<table>
<thead>
<tr>
<th>Potential Annual Benefit</th>
<th>FY18 (Partial)</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource Alignment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty Attrition</td>
<td>$94K</td>
<td></td>
</tr>
<tr>
<td>Staff Alignment</td>
<td>$367K</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$461K</td>
<td></td>
</tr>
<tr>
<td>Faculty Alignment</td>
<td>$1M</td>
<td></td>
</tr>
<tr>
<td>Staff Alignment</td>
<td>$2.2M</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$3.2M</td>
<td></td>
</tr>
<tr>
<td><strong>Clinic Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support Staff Standardization</td>
<td>Included above</td>
<td>Included above</td>
</tr>
<tr>
<td>Revenue Cycle Standardization</td>
<td>$1.1M</td>
<td>$275K</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residency Program Evaluation</td>
<td>$0 - $3.5M</td>
<td>$0M</td>
</tr>
<tr>
<td>Clinic Financial and Growth Strategy</td>
<td>$100K for every 1% shift in payer mix from Medicaid to Commercial</td>
<td>$25K - $250K (1% - 10% shift)</td>
</tr>
</tbody>
</table>

**ANTICIPATED BENEFIT:** $761K - $986K $4.4M - $8.9M

1 Data provided by UW SoD resource alignment plan 2/2018
2 Data provided by UW SoD as missed revenue due to preventable denials, agreement to pay, and other revenue cycle standardization 2/2018
3 From "SoD Deficit Reduction Plan 10-18” and "2017-03-F-4_March_2017_SABRe_SOD " and "Medicaid Fee-For-Service Reimbursement Rates for Child and Adult Dental Care Services for all States, 2016. Health Policy Institute."
Next Steps
# Implementation Roadmap

In order to successfully implement the opportunities, high level steps have been plotted out for the remainder of FY18 through FY19 to identify the milestones that must be reached to achieve the financial and operational goals of UW and the SoD.

<table>
<thead>
<tr>
<th>Potential Benefit</th>
<th>FY18 (Partial Year)</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Alignment</td>
<td>$2.2M initially + $1M Faculty alignment</td>
<td>Analysis Resource Alignment: Initially</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Initiate Resource Alignment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Continue Resource Alignment</td>
</tr>
<tr>
<td>Annual Benefit Realized</td>
<td>$461,000</td>
<td>$5.2M</td>
</tr>
<tr>
<td>Clinic Operations: Support Staff Standardization</td>
<td>Benefits realized as part of Resource Alignment</td>
<td>Implement best practice collaboration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Standardize Clinic Support Staff Job Descriptions and Workflow</td>
</tr>
<tr>
<td>Anticipated Annual Benefit</td>
<td>Included Above</td>
<td>Included Above</td>
</tr>
<tr>
<td>Clinic Operations: Revenue Cycle Standardization</td>
<td>$1.3M</td>
<td>Close Faculty Practice Clinic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Evaluate Revenue Clinic Performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Create Residency Clinic Strategy</td>
</tr>
<tr>
<td>Anticipated Annual Benefit</td>
<td>$775,000</td>
<td>Implement Residency Program Strategy</td>
</tr>
<tr>
<td>Clinic Operations: Residency Program Evaluation</td>
<td>$0 - $3.9M</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipated Annual Benefit</td>
<td>$0</td>
<td>$0 - $3.5M</td>
</tr>
<tr>
<td>Clinic Operations: Clinic Financial and Growth Strategy</td>
<td>$100K for every 1% shift in payer mix from Medicaid to Commercial</td>
<td>Create and Oversee Financial Security</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipated Annual Benefit</td>
<td>$75K - $750K</td>
<td>$100K - $1.1M</td>
</tr>
<tr>
<td>Overall Anticipated Annual Benefit</td>
<td>$761K - $986K</td>
<td>$1.5M - $8.9M</td>
</tr>
</tbody>
</table>

## Enablers

- **Budgeting and Financial Reporting**
  - Design and implement budgeting process and financial reports
  - Develop RAs and deploy financial and operational dashboards
  - Review and revise RAs based on new measurement

- **Change and Communication**
  - Design change enablement strategy
  - Execute change enablement plan
  - Sustain and monitor change enablement plan
  - Execute and sustain communication plan

- **Faculty Operations and Expectations**
  - Align SoD values, emphasis, and focus
  - SoD Deans to submit FY19 strategic and financial plan
  - Review expectations with Department Chairs

- **Today**
  - Create performance incentive program (dependent upon profitability)
### Implementation Next Steps: Change and Communication

A high-level implementation strategy has been developed for the five critical areas of focus to support UW and the SoD as they embark on this important journey which starts with an enabling first step of Change and Communication.

<table>
<thead>
<tr>
<th>Expected Outcomes</th>
<th>What is the Opportunity?</th>
<th>How is it Attained?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Faculty and staff feel heard and consulted</td>
<td>• Establish a change enablement program, focused on engaging faculty, repairing relationships, building trust, and breaking down the department/clinic silos to promote a collaborative “One Clinic” model across the SoD</td>
<td>Perform stakeholder analysis and identify influential individuals to:</td>
</tr>
<tr>
<td>• Improved collaboration between faculty and management</td>
<td>• This will be key to set up and kick-off prior to beginning other opportunities</td>
<td>• Assess the level of resistance</td>
</tr>
<tr>
<td>• Culture shifts from a “stand-alone clinic” mentality to a “One Clinic” model</td>
<td></td>
<td>• Determine how to get the affected stakeholders to the level of commitment needed to be successful</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Utilize established Faculty Council as an advisory group to champion improvement opportunity initiatives</td>
</tr>
</tbody>
</table>

### How is it Measured?

- Readiness surveys
- Feedback loops during Dean/Chairs and Chairs/Faculty meetings

### Time to Implement

<table>
<thead>
<tr>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
</table>

### Potential Drawbacks

- Relationships with some faculty and staff may be beyond the point of mending

### Impact

<table>
<thead>
<tr>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
</table>
## Implementation Next Steps: Budgeting and Financial Reporting

Formally documenting financial processes with success criteria will help to establish trust and enable early identification of financial concerns.

<table>
<thead>
<tr>
<th>Expected Outcomes</th>
<th>What is the Opportunity?</th>
<th>How is it Attained?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Open and honest communication with and between department Chairs regarding budget</td>
<td>• Design of an overarching financial strategy is required to breakthrough department silos, promote transparency, and rebuild trust</td>
<td>• Run scenarios on different allocation methodologies for how overhead and faculty salary support are applied to each department prior to finalizing major financial next steps</td>
</tr>
<tr>
<td>• Clear goals and expectations of Dean, Chair, Faculty, and Staff are clearly defined to fairly assess productivity and revenue</td>
<td>• This should include a formal process to manage department budgets and a clear strategy for “safety net” clinics providing much needed Medicaid services to the community</td>
<td>• To increase transparency, and in the spirit of “One Clinic” model, distribute regular budgetary updates and financial/operational dashboards to Dean and all Chairs and Faculty</td>
</tr>
<tr>
<td>• Analyze current payer mix, with special attention to “safety net” clinics</td>
<td></td>
<td>• Analyze current payer mix, with special attention to “safety net” clinics</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How is it Measured?</th>
<th>Time to Implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Variance improvement</td>
<td>Low</td>
</tr>
<tr>
<td>• Month-to-month trend</td>
<td>Medium</td>
</tr>
<tr>
<td>• Annual expectation</td>
<td>High</td>
</tr>
</tbody>
</table>

### Potential Drawbacks

<table>
<thead>
<tr>
<th>Potential Drawbacks</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Adoption for standardized process</td>
<td>Low</td>
</tr>
<tr>
<td>• Increased learning curve</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
</tbody>
</table>
## Implementation Next Steps: Resource Alignment

Evaluating leadership and realigning resources to production, from faculty to support staff, is required to correlate staffing to production across clinics.

<table>
<thead>
<tr>
<th>Expected Outcomes</th>
<th>What is the Opportunity?</th>
<th>How is it Attained?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Clear understanding and expectations across SoD, from front-line staff up through leadership</td>
<td>• SoD and department leaders should be evaluated for ability to execute change and deliver financial results</td>
<td>• Evaluation of SoD and Department leadership management skills to determine alignment with agreed upon go-forward direction and ability to develop followership and execute change</td>
</tr>
<tr>
<td>• Potential benefit of staffing alignment could be $3.2M annually</td>
<td>• Resource and staffing model should be reviewed and aligned with clinic and SoD production regularly</td>
<td>• Consider adding a “Chief of Staff” or “Change Agent” to the Dean tasked with overseeing and monitoring implementation with granted authority to act on behalf of the Dean</td>
</tr>
<tr>
<td>• Increased ability to manage clinic patient volumes and accommodate PTO and sick calls</td>
<td></td>
<td>• Cross-train clinic staff so they can be utilized in other clinics when patient volumes do not support staffing levels in their home clinic</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How is it Measured?</th>
<th>Time to Implement</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improved productivity in clinics</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>• Budget alignment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Increased cost containment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Potential Drawbacks | |
|---------------------||
| • Decrease in morale with job reduction | Low | Medium | High |
| • Pushback from faculty on sharing staff through float pool | | | |

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### Expected Outcomes

- Clinic leadership and department Chairs will be empowered, with clear goals and expectations, to lead, manage, and maximize their departments profitability

### What is the Opportunity?

- Develop an overarching strategy and governance program that aligns clinic faculty and staff to a common mission and a collaborative culture
- The strategy should include expectations of Chairs and Faculty, a RACI matrix for key responsibilities, a plan to utilize staff across all clinics as needed, and a transparent incentive structure to encourage productivity

### How is it Attained?

- Align goals and priorities with the overall vision for the SoD (i.e. determine the emphasis on research versus teaching), documenting policies, expectations, and goals based upon this vision
- Review Faculty Code and assess faculty compliance with the code and define consequences for non-compliance
- Consult the Faculty Advisory Council before finalizing details
- Develop a transparent incentive program, where faculty will be awarded for high productivity if the school as a whole achieves its financial goals

### How is it Measured?

- Adherence to time allocation monitored and tracked using actual vs. plan during Chair/Faculty 1:1 meetings

<table>
<thead>
<tr>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
</table>

### Time to Implement

- Increased concern if some programs are closed
- Lack of adoption of the cross-department staffing support model

<table>
<thead>
<tr>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
</table>
Implementation Next Steps: Clinic Operations

Standardization of clinic operations will improve efficiency and patient experience, and prepare staff for a “One Clinic” model

<table>
<thead>
<tr>
<th>Expected Outcomes</th>
<th>What is the Opportunity?</th>
<th>How is it Attained?</th>
</tr>
</thead>
</table>
| • Alleviate confusion amongst patients and staff                                 | • Standardize clinical and revenue cycle operations, policies and procedures, roles and responsibilities, and workflows | • Work with front desk and clinic support staff to define, standardize and document the following across each clinic:  
  - Roles and Responsibilities for all staff (including faculty and management)  
  - Approved contracted payers  
  - Policies and procedures  
  - Key workflows (e.g. patient registration, insurance verification, pre-authorization, appointment confirmation, agreement to pay) |
| • Improve patient experience                                                      |                                                                                          | • Conduct deep dive analysis of all departments with consideration of revenue loss and expenses that will need to be re-allocated elsewhere in the event that program(s) are paused or closed (e.g. debt redemption, rent, tenured faculty salaries, etc.) |
| • Facilitate sharing of best practices                                           |                                                                                          | • Review faculty, admin, and professional staff alignment to production, identifying opportunities to align staffing (some alignment efforts are already in process) |
| • Increase in efficiency                                                         |                                                                                          |                                                                                 |
| • Enable future revenue-generating growth                                        |                                                                                          |                                                                                 |
| • Allow for staffing adjustments across all clinics as needed                     |                                                                                          |                                                                                 |

<table>
<thead>
<tr>
<th>How is it Measured?</th>
<th>Time to Implement</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase reimbursement</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>• Decrease in claim denials</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>• Increase in collaboration across clinics</td>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential Drawbacks</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pushback from faculty</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Possible employee union negotiation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Industry Trends for Future Consideration: Faculty Compensation

The current allocation of faculty salaries to departments does not take into account how time is spent. There is limited discussion with each faculty member on what percent of time should be spent on teaching/research/clinic based on SoD needs and funding.

<table>
<thead>
<tr>
<th>UW SoD Current-State Practice</th>
<th>Alternative: Proportional-Based Allocation</th>
</tr>
</thead>
</table>

### Current Time Allocation
- Time allocation is not tied to funding sources
- Most faculty members have one day per week to practice in a clinic, but this is treated as supplemental income
- All other time is spent in research, admin and/or teaching

### Current Salary Allocation
- For faculty who spend 50% or more of time teaching (didactic or pre-doctoral clinic), 100% salary is funded by GOF/DOF until funding pool is exhausted
- Salaries for all other faculty are allocated to the clinic where they work, even if all time is not spent there

### Proportional-Based Allocation
- Faculty time allocation (teaching, research, clinical, and admin) percentage is determined each year through direction from the Dean and Department Chairs meeting 1:1 with each Faculty member
- Funding for teaching and admin is expected to be fully covered through GOF/DOF or revenue generated in a post-doc or residency clinic
- Funding for research/scholarly activities must be funded by grants/other or salary will be reduced by that amount through bi-annual reconciliation process
- Time spent in a faculty clinic is included in time allocation and balanced with other activities

### Salary Allocation for Funded Activities
- Example salary using proportional-based allocation:

<table>
<thead>
<tr>
<th>Time Allocation / Week</th>
<th>Salary Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teaching: 2.5 days</td>
<td>50% to Pre-Doc Clinic</td>
</tr>
<tr>
<td>Research: 1 day</td>
<td>20% to Research Program</td>
</tr>
<tr>
<td>Clinical: 1 day</td>
<td>20% to Faculty Clinic</td>
</tr>
<tr>
<td>Administrative: 0.5 day</td>
<td>10% to Department / SoD</td>
</tr>
</tbody>
</table>
Industry Trends for Future Consideration: Indirect Cost Allocation

While the current indirect cost (overhead) allocation model is one that is used, other schools of dentistry follow the utilization model to allocate indirect costs more accurately.

<table>
<thead>
<tr>
<th>UW SoD Current-State</th>
<th>Leading Practice: Utilization Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW SoD allocates indirect costs by production, whereby allocation percentages are based upon billed charges across all SoD clinics.</td>
<td>Leading practice suggests allocating indirect costs based upon a relative value system(^1) which are aligned with activity/resource utilization.</td>
</tr>
<tr>
<td>Central service costs are based on prior year actuals and include actual cost plus merit increases.</td>
<td>Patient encounters becomes the unit of cost; it is the variable by which resources are utilized in the delivery of dental services, such as time, dental materials, malpractice risk, complexity, etc. within a single measurement and are used in measuring productivity, budgeting, allocating expenses, and cost benchmarking.</td>
</tr>
<tr>
<td>The percentage of all overhead charges are then allocated out to each clinic budget and charged monthly (exception: some clinics are charged semi-annually).</td>
<td>At the end of reporting period (i.e. month end), records are reviewed and indirect cost rates are calculated and allocated.</td>
</tr>
<tr>
<td>Based on this model, roughly 50% of overhead costs are allocated to four clinics.</td>
<td></td>
</tr>
</tbody>
</table>

**Considerations:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The production-based allocation model can be adjusted monthly to allow for fluctuation in clinic production.</td>
<td>Allocating by utilization via a relative value system can be labor-intensive.</td>
</tr>
<tr>
<td>This model does not allow for decrease in cost due to high-volume efficiencies and/or bulk-purchasing.</td>
<td>More accurate way to allocate costs as it identifies level of activity; protects departments from payor mix impact.</td>
</tr>
<tr>
<td>Clinics with high productivity but low reimbursement (e.g. those with high Medicaid population) may be unable to offset overhead costs even with an increase in patient volumes.</td>
<td>Utilization allocation provides a measurable way to define the actual cost of work which can then be utilized across various functions (e.g. cost to train a student, faculty incentives, productivity analysis).</td>
</tr>
</tbody>
</table>

\(^1\) Optum360 offers a Relative Values for Dentists tool that is a relative value system established by national surveys of physicians and dentists conducted by Relative Value Studies, Inc. This tool enables users to establish, defend, and negotiate fees for dental procedures billed with CDT or CPT® codes.
Appendix
Examples of Performance Dashboards
SUMMARY (DEAN/CHAIR) PERFORMANCE DASHBOARD

FY18 Revenue To-Date
- Target: $20.5M
- $4.5M
- Month to Month: 5% above prior month
- YTD: 10% off target for FY18

FY18 Expenses To-Date
- Target: $18.5M
- $7.2M
- Month to Month: 8% below prior month
- YTD: 5% on target for FY18

Receivables Summary
- 30-60 Days: 25%
- < 30 Days: 55%
- > 60 days: 10%
- YTD Trend:
  - < 30 days: 25%
  - 30-60 days: 55%
  - > 60 days: 10%

Payer Mix Distribution
- Medicaid: 65%
- Private: 15%
- Self-Pay: 20%
- YTD Trend:
  - Medicaid: 65%
  - Private: 15%
  - Self-Pay: 20%

FY18 Budget to Actuals

FY18 Charges to Collections

(THESE ARE FOR ILLUSTRATIVE PURPOSES ONLY. NUMBERS REFLECTED ARE NOT ACTUALS)
**DEPARTMENT (CHAIR/FACULTY) FINANCIAL PERFORMANCE DASHBOARD**

**FY18 Revenue To-Date**
- Target: $3.1M
- $800K
- 5% above prior month
- YTD: 10% off target for FY18

**FY18 Expenses To-Date**
- Target: $3.1M
- $563K
- Month to Month: 8% below prior month
- YTD: 5% on target for FY18

**Receivables Summary**
- 30-60 Days: 25%
- < 30 days: 55%
- > 60 days: 10%
- Medicaid: 65%
- Private: 15%
- Self-Pay: 20%

**Payer Mix Distribution**
- Medicaid: 65%
- Private: 15%
- Self-Pay: 20%

**YTD Trend**
- < 30 days: 25%
- 30-60 days: 55%
- > 60 days: 10%

**FY18 Budget to Actuals**

**FY18 Charges to Collections**

*(THIS IS FOR ILLUSTRATIVE PURPOSES ONLY. NUMBERS REFLECTED ARE NOT ACTUALS)*
DEPARTMENT (CHAIR/FACULTY) OPERATIONAL PERFORMANCE DASHBOARD

Clinical Volumes vs. Staffing

Patient No Show %

FY18 Denials by Type (YTD)

Appointment Type

New Patient Mix Distribution

(THESE NUMBERS ARE NOT ACTUALS)
FY18 Annualized Deficit Analysis by Department
FY18 Annualized Deficit Analysis*
A high level financial assessment was conducted across all departments to determine improvement areas from a deficit reduction perspective. Note: this analysis used the current allocation methodology (with corresponding overhead and faculty salaries) and could change significantly if another allocation method were used.

**FY18 (Annualized) SoD Deficit Analysis by Department**

- Pediatrics
- Oral Surgery
- DECOD
- 4th Year General Practice
- Operative
- Oral Radiology
- Oral Pathology
- Oral Medicine
- Endodontics
- Periodontics
- Diagnostic & TX planning
- DUCC
- Max Pros
- Oral Health Sciences
- AGD
- Orthodontics
- Prosthodontics
- DAC
- Faculty Practice
- Mobile Geriatric
- Restorative

*Annualized using 6-month net revenue from July 2017 to December 2017. Source is "SOD Consolidated Clinic Reports_FY18_Q2 Dec 2017" provided by UW SoD.

Pediatrics and Oral Surgery are projected to account for 47% of the total FY18 SoD annualized deficit by department (under the current allocation methodology) and are the prioritized departments to evaluate for deficit reduction through performance improvement or programming changes.
Anticipated Benefit Detailed Calculations
Anticipated Benefit Detailed Calculations

High level anticipated benefits were calculated based upon data provided by the UW SoD, industry experience, and publically available benchmarks. These calculations identified potential benefits totaling $761K - $986K in FY18 and $4.4M - $8.9M in FY19.

<table>
<thead>
<tr>
<th>Potential Annual Benefit</th>
<th>Data Calculations</th>
<th>Possible Month Realized</th>
<th>FY18 (Partial)</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource Alignment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· $3.2M</td>
<td>Data provided by UW SoD:</td>
<td>· Dec 2017</td>
<td>$461K</td>
<td>$3.2M</td>
</tr>
<tr>
<td></td>
<td>· $94K Faculty Attrition</td>
<td>· May 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>· $2.2M Support Staff</td>
<td>· July 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>· $1M Faculty Alignment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clinic Operations:</strong></td>
<td>Benefits included as part of Resource Alignment</td>
<td>Benefits included above</td>
<td>Included above</td>
<td>Included above</td>
</tr>
<tr>
<td><strong>Support Staff Standardization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· $1.1M</td>
<td>Data provided by UW SoD as lost revenue due to ineffective front desk processes (annual denials):</td>
<td>· April 2018</td>
<td>$275K</td>
<td>$1.1M</td>
</tr>
<tr>
<td></td>
<td>· Agreement to Pay: $510K</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>· Pre-Auth Denials: $326K</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>· Other Preventable Denials: $283K</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clinic Operations:</strong></td>
<td>Benefits included above</td>
<td>Benefits included above</td>
<td>Included above</td>
<td>Included above</td>
</tr>
<tr>
<td><strong>Revenue Cycle Standardization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· $0 - $3.5M</td>
<td>Assumptions and why range of $0 to $3.5M:</td>
<td>· June 2018 (or before depending on performance improvement)</td>
<td>$0M</td>
<td>$0 - $3.5M</td>
</tr>
<tr>
<td></td>
<td>· Annualized 6 month actuals from departmental budget of Pediatrics and Oral Surgery &quot;Proforma PEDO FY18 Annualized for Deloitte_2018_2_16&quot; which results in total deficit of -$4.7M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>· Excludes debt redemption for the Sand Point facilities = $1.2M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>· All Pre-Doc programming for Pediatrics and Oral Surgery are covered by GOF/DOF funding or tenured faculty who will be able to re-allocate time to that programming</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>· No other changes have been made to revenue or corresponding faculty and overhead expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clinic Operations:</strong></td>
<td>Benefits included above</td>
<td>Benefits included above</td>
<td>Included above</td>
<td>Included above</td>
</tr>
<tr>
<td><strong>Residency Program Evaluation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· $0 - $3.5M</td>
<td>The average cost per patient was determined by total clinical revenue and total patient volume equating to $143. A variance was calculated between Medicaid reimbursement rate (25.8%) and Commercial reimbursement rate (79.7%) using industry averages which equated to 53.9%. With a 53.9% increase, this translates to increasing average cost/patient to $221. Total cost for 1% of Medicaid patient was used by increased average cost and population size. For 1% shift, this results in approximately $102,000 annually.</td>
<td>· April 2018 (1% - 10%)</td>
<td>$25K - $250K</td>
<td>$100K - $1.1M</td>
</tr>
<tr>
<td><strong>Clinic Operations:</strong></td>
<td>Benefits included above</td>
<td>Benefits included above</td>
<td>Included above</td>
<td>Included above</td>
</tr>
<tr>
<td><strong>Clinic Financial and Growth Strategy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· $100K for every 1% shift in payer mix</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Anticipated Benefit</strong></td>
<td>$761K - $986K</td>
<td>$4.4M - $8.9M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Stakeholder Interview List
Stakeholder Interview List

Interviews were conducted with over a dozen stakeholders from UW and the SoD to identify operational and financial improvement opportunities as part of the data gathering process.

<table>
<thead>
<tr>
<th>Dept. / Area</th>
<th>Interviewee Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of the Provost</td>
<td>Sarah Hall</td>
<td>Associate Vice Provost, Planning &amp; Budgeting</td>
</tr>
<tr>
<td></td>
<td>Jason Campbell</td>
<td>Sr. Director of Financial Analysis &amp; Budget Strategy</td>
</tr>
<tr>
<td>SoD – Office of the Dean</td>
<td>James Johnson, DDS, MS, FICD</td>
<td>Interim Dean, Dentistry</td>
</tr>
<tr>
<td></td>
<td>Bob Wanezek</td>
<td>Assistant Dean, Clinical Strategy &amp; Planning</td>
</tr>
<tr>
<td></td>
<td>Jessie Garcia</td>
<td>Interim Assistant Dean, Finance &amp; Resources</td>
</tr>
<tr>
<td></td>
<td>Lara Alpert</td>
<td>Director, Clinical Accounting and Financial Reporting</td>
</tr>
<tr>
<td></td>
<td>Eve Phantumvanit</td>
<td>Analyst, Assistant Accountant</td>
</tr>
<tr>
<td>SoD Faculty / Clinic Operations</td>
<td>Ricardo Schwedhelm, DDS, MSD, FRCDC(P)</td>
<td>Associate Dean, Restorative Dentistry</td>
</tr>
<tr>
<td></td>
<td>Frank Roberts, DDS, PhD</td>
<td>Acting Chair, Periodontics</td>
</tr>
<tr>
<td></td>
<td>Thomas Dodson, DMD, MPH</td>
<td>Associate Dean and Chair, Oral and Maxillofacial Surgery, Acting Chair, Pediatrics</td>
</tr>
<tr>
<td></td>
<td>Mark Drangsholt, DDS, MPH, PhD</td>
<td>Chair, Oral Medicine</td>
</tr>
<tr>
<td></td>
<td>Travis Nelson, DDS, MSD, MPH</td>
<td>Clinical Associate Professor, Pediatric Dentistry</td>
</tr>
<tr>
<td>SoD – Students</td>
<td>Evan Mitchell</td>
<td>Student Council President, Dentistry</td>
</tr>
</tbody>
</table>
STANDING COMMITTEES

Finance and Asset Management Committee

UWINCO Investment Performance Quarterly Report – Quarter Ended December 31, 2017

INFORMATION

This item is for information only.

Attachment
UW Quarterly Investment Performance Report as of December 31, 2017
University of Washington
Quarterly Investment Performance Report
As of December 31, 2017

University of Washington Investment Management Company
Published February 2018
University of Washington
Quarterly Investment Performance Report
As of December 31, 2017

Table of Contents

UW Financial Assets Overview ................................................................. 1
Consolidated Endowment Fund (CEF) Asset Allocation ................................ 2
CEF Performance Summary ................................................................. 3
CEF Performance Update ................................................................. 4
CEF Activity and Campus Support From Investments ................................ 5
CEF Exposures .................................................................................. 6
Invested Funds Portfolio Summary .................................................. 7
UW Financial Assets Overview

As of December 31, 2017

($ Millions)

Total Assets $5,459

Endowment & Similar Funds
- Endowment Funds: $2,715
- IF - Long-term Pool: 646
- Consolidated Endowment Fund: $3,361
- Life Income Trusts: 111
- Outside Trusts: 122
- Non-CEF Endowments: 12
- Permanent Fund: 38

Total Endowment & Similar Funds: $3,644

Operating & Reserve Funds
- Operating: $1,815

Total Operating & Reserve Funds: $1,815

1. Assets whose management falls under the auspices of the Finance & Asset Management Committee of the Board of Regents, excluding Metro Tract and Forest Trust Lands.
2. Invested Funds (IF) Long-term Pool holds units of the Consolidated Endowment Fund (CEF) valued at $646 million. To avoid double counting, the dollars are included only in the CEF total.
3. Excludes general operating account balances of $83 million held to meet the next day operating expense payments.
4. Proceeds from sale of land grants and subsequent investment returns on deposit with the state of Washington.
5. Invested Funds (IF) Capital Assets Pool (CAP) consists of UW internally financed projects.
6. Bond Retirement Fund and Building Funds on deposit with the state of Washington.
7. Debt service reserve funds and construction project funds which have not yet been disbursed.
**CEF Asset Allocation**

As of December 31, 2017

($ Millions)

Total CEF $3,361

<table>
<thead>
<tr>
<th>Current Allocation</th>
<th>Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Markets Equity</td>
<td>$686</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>1,235</td>
</tr>
<tr>
<td>Private Equity</td>
<td>383</td>
</tr>
<tr>
<td>Real Assets</td>
<td>185</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>54</td>
</tr>
</tbody>
</table>

**Capital Appreciation**

- $2,543 | 76% | 70% | 55% - 85%

**Capital Preservation**

- $818 | 24% | 30% | 15% - 45%

**Consolidated Endowment Fund**

- $3,361 | 100%

* Uncalled capital commitments: 13%

Note: Percentages may not sum due to rounding.
CEF Performance Summary
As of December 31, 2017

### Rolling Year Returns (%)

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>20 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF Return</td>
<td>16.9%</td>
<td>8.1%</td>
<td>9.5%</td>
<td>4.8%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Passive Benchmark</td>
<td>16.7%</td>
<td>6.9%</td>
<td>7.9%</td>
<td>4.4%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Capital Appreciation</td>
<td>21.8%</td>
<td>9.8%</td>
<td>11.4%</td>
<td>5.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>MSCI ACWI (Net)</td>
<td>24.0%</td>
<td>9.3%</td>
<td>10.8%</td>
<td>4.7%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Capital Preservation</td>
<td>3.1%</td>
<td>2.9%</td>
<td>4.0%</td>
<td>2.2%</td>
<td>5.8%</td>
</tr>
<tr>
<td>BB/BC Intermediate Gov’t Bond</td>
<td>1.1%</td>
<td>1.1%</td>
<td>0.9%</td>
<td>2.2%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

### Fiscal Year\(^1\) Returns (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF Return</td>
<td>13.6%</td>
<td>-1.6%</td>
<td>6.8%</td>
<td>15.8%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Passive Benchmark(^2)</td>
<td>12.4%</td>
<td>-1.2%</td>
<td>1.1%</td>
<td>16.2%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Capital Appreciation</td>
<td>16.7%</td>
<td>-2.7%</td>
<td>8.1%</td>
<td>18.8%</td>
<td>17.0%</td>
</tr>
<tr>
<td>MSCI ACWI (Net)</td>
<td>18.8%</td>
<td>-3.7%</td>
<td>0.7%</td>
<td>22.9%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Capital Preservation</td>
<td>4.5%</td>
<td>1.1%</td>
<td>2.7%</td>
<td>8.0%</td>
<td>5.9%</td>
</tr>
<tr>
<td>BB/BC Intermediate Gov’t Bond</td>
<td>-1.2%</td>
<td>3.9%</td>
<td>1.8%</td>
<td>1.5%</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>

---

\(^1\) The University of Washington fiscal year runs from July 1st to June 30th

\(^2\) 70% MSCI ACWI (Net) + 30% BB/BC Intermediate Government Bond Index

---

### Public Peers with Endowments $1-5 Billion

- **University of Washington**: 16.9%
- **Cambridge Associates Median (Preliminary)**: 14.4%

### Market Value and Distributions Over 20 Years

- CEF Campus Distributions
- CEF Market Value

---

Page 5 of 9
## CEF Performance Update

**As of December 31, 2017**

<table>
<thead>
<tr>
<th>CONSOLIDATED ENDOWMENT FUND</th>
<th>Quarter</th>
<th>FYTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passive Benchmark&lt;sup&gt;1&lt;/sup&gt;</td>
<td>3.9</td>
<td>7.7</td>
<td>16.9</td>
<td>8.1</td>
<td>9.5</td>
<td>4.8</td>
</tr>
<tr>
<td>MSCI ACWI (Net)</td>
<td>5.7</td>
<td>11.2</td>
<td>24.0</td>
<td>9.3</td>
<td>10.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>9.4</td>
<td>17.4</td>
<td>41.8</td>
<td>13.9</td>
<td>10.5</td>
<td>5.8</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>3.7</td>
<td>7.8</td>
<td>17.6</td>
<td>7.9</td>
<td>11.6</td>
<td>5.3</td>
</tr>
<tr>
<td>Opportunistic (started 7/1/2010)</td>
<td>2.3</td>
<td>5.5</td>
<td>12.1</td>
<td>12.4</td>
<td>14.2</td>
<td>--</td>
</tr>
<tr>
<td>Subtotal</td>
<td>5.6</td>
<td>11.0</td>
<td>24.9</td>
<td>10.1</td>
<td>11.4</td>
<td>--</td>
</tr>
<tr>
<td>MSCI ACWI (Net)</td>
<td>5.7</td>
<td>11.2</td>
<td>24.0</td>
<td>9.3</td>
<td>10.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Private Equity&lt;sup&gt;2&lt;/sup&gt;</td>
<td>3.3</td>
<td>5.7</td>
<td>10.2</td>
<td>11.4</td>
<td>12.4</td>
<td>8.3</td>
</tr>
<tr>
<td>PE Benchmark&lt;sup&gt;2&lt;/sup&gt;</td>
<td>3.7</td>
<td>6.7</td>
<td>14.1</td>
<td>10.1</td>
<td>13.1</td>
<td>9.0</td>
</tr>
<tr>
<td>Real Assets&lt;sup&gt;3&lt;/sup&gt;</td>
<td>2.4</td>
<td>7.5</td>
<td>15.6</td>
<td>5.0</td>
<td>9.9</td>
<td>2.3</td>
</tr>
<tr>
<td>RA Benchmark&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1.7</td>
<td>2.4</td>
<td>9.0</td>
<td>2.7</td>
<td>6.0</td>
<td>6.1</td>
</tr>
<tr>
<td>CAPITAL PRESERVATION</td>
<td>0.7</td>
<td>1.2</td>
<td>3.1</td>
<td>2.9</td>
<td>4.0</td>
<td>2.2</td>
</tr>
<tr>
<td>BB/BC Intermediate Government Bond</td>
<td>-0.4</td>
<td>-0.1</td>
<td>1.1</td>
<td>1.1</td>
<td>0.9</td>
<td>2.7</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>1.0</td>
<td>1.5</td>
<td>3.7</td>
<td>3.6</td>
<td>5.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Policy Benchmark&lt;sup&gt;3&lt;/sup&gt;</td>
<td>1.1</td>
<td>2.5</td>
<td>4.1</td>
<td>2.1</td>
<td>3.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>0.2</td>
<td>0.7</td>
<td>2.1</td>
<td>1.4</td>
<td>1.6</td>
<td>1.3</td>
</tr>
<tr>
<td>BB/BC Intermediate Government Bond</td>
<td>-0.4</td>
<td>-0.1</td>
<td>1.1</td>
<td>1.1</td>
<td>0.9</td>
<td>2.7</td>
</tr>
</tbody>
</table>

### MARKET INDICES

<table>
<thead>
<tr>
<th>Index</th>
<th>Quarter</th>
<th>FYTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>6.6</td>
<td>11.4</td>
<td>21.8</td>
<td>11.4</td>
<td>15.8</td>
<td>8.5</td>
</tr>
<tr>
<td>Russell 2000</td>
<td>3.3</td>
<td>9.2</td>
<td>14.6</td>
<td>9.9</td>
<td>14.1</td>
<td>8.7</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>4.3</td>
<td>10.0</td>
<td>25.7</td>
<td>8.4</td>
<td>8.4</td>
<td>2.4</td>
</tr>
<tr>
<td>MSCI EMF</td>
<td>7.5</td>
<td>16.1</td>
<td>37.8</td>
<td>9.5</td>
<td>4.7</td>
<td>2.0</td>
</tr>
<tr>
<td>BB/BC High Yield</td>
<td>0.5</td>
<td>2.5</td>
<td>7.5</td>
<td>6.4</td>
<td>5.8</td>
<td>8.0</td>
</tr>
</tbody>
</table>

---

<sup>1</sup> 70% MSCI ACWI (Net) + 30% BB/BC Intermediate Government Bond Index

<sup>2</sup> Reported on a quarter lag

<sup>3</sup> Preliminary
# CEF Activity and Campus Support

## As of December 31, 2017

**($ Millions)**

### CEF Activity

<table>
<thead>
<tr>
<th>Rolling Years</th>
<th>FYTD 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>20 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$3,144</td>
<td>$2,968</td>
<td>$3,076</td>
<td>$2,889</td>
<td>$2,226</td>
<td>$2,192</td>
<td>$705</td>
</tr>
<tr>
<td>Endowment Gifts</td>
<td>46</td>
<td>87</td>
<td>89</td>
<td>244</td>
<td>375</td>
<td>720</td>
<td>1,246</td>
</tr>
<tr>
<td>Transfers</td>
<td>4</td>
<td>15</td>
<td>23</td>
<td>44</td>
<td>61</td>
<td>96</td>
<td>195</td>
</tr>
<tr>
<td>Operating Funds</td>
<td>(0)</td>
<td>(163)</td>
<td>(25)</td>
<td>(107)</td>
<td>90</td>
<td>195</td>
<td>299</td>
</tr>
<tr>
<td>Total Additions</td>
<td>$50</td>
<td>($61)</td>
<td>$88</td>
<td>$181</td>
<td>$526</td>
<td>$1,010</td>
<td>$1,740</td>
</tr>
<tr>
<td>Net Investment Return</td>
<td>241</td>
<td>378</td>
<td>(55)</td>
<td>715</td>
<td>1,270</td>
<td>1,305</td>
<td>2,687</td>
</tr>
<tr>
<td>Distributions to Unit Holders</td>
<td>(59)</td>
<td>(113)</td>
<td>(113)</td>
<td>(339)</td>
<td>(528)</td>
<td>(916)</td>
<td>(1,445)</td>
</tr>
<tr>
<td>Internal Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advancement Support</td>
<td>(12)</td>
<td>(23)</td>
<td>(23)</td>
<td>(68)</td>
<td>(106)</td>
<td>(184)</td>
<td>(257)</td>
</tr>
<tr>
<td>Investment Administration</td>
<td>(3)</td>
<td>(6)</td>
<td>(6)</td>
<td>(17)</td>
<td>(26)</td>
<td>(46)</td>
<td>(69)</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$3,361</td>
<td>$3,144</td>
<td>$2,968</td>
<td>$3,361</td>
<td>$3,361</td>
<td>$3,361</td>
<td>$3,361</td>
</tr>
</tbody>
</table>

### Active Management Contribution

<table>
<thead>
<tr>
<th>Rolling Years</th>
<th>FYTD 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>20 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment Return</td>
<td>$241</td>
<td>$378</td>
<td>($55)</td>
<td>$715</td>
<td>$1,270</td>
<td>$1,305</td>
<td>$2,687</td>
</tr>
<tr>
<td>Less: Passive Return&lt;sup&gt;1&lt;/sup&gt;</td>
<td>(243)</td>
<td>(351)</td>
<td>34</td>
<td>(624)</td>
<td>(1,065)</td>
<td>(1,160)</td>
<td>(2,084)</td>
</tr>
<tr>
<td>Less: Investment Administration</td>
<td>(3)</td>
<td>(6)</td>
<td>(6)</td>
<td>(17)</td>
<td>(26)</td>
<td>(46)</td>
<td>(69)</td>
</tr>
<tr>
<td>Net Active Management</td>
<td>($5)</td>
<td>$21</td>
<td>($26)</td>
<td>$73</td>
<td>$178</td>
<td>$99</td>
<td>$533</td>
</tr>
</tbody>
</table>

### Campus Support from Investments

<table>
<thead>
<tr>
<th>Rolling Years</th>
<th>FYTD 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>20 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF Distributions to Unit Holders</td>
<td>59</td>
<td>113</td>
<td>113</td>
<td>339</td>
<td>528</td>
<td>916</td>
<td>1,445</td>
</tr>
<tr>
<td>Advancement Support from CEF</td>
<td>12</td>
<td>23</td>
<td>23</td>
<td>68</td>
<td>106</td>
<td>184</td>
<td>257</td>
</tr>
<tr>
<td>Invested Funds Distributions&lt;sup&gt;2&lt;/sup&gt;</td>
<td>0</td>
<td>42</td>
<td>50</td>
<td>134</td>
<td>209</td>
<td>435</td>
<td>909</td>
</tr>
<tr>
<td>Total Campus Support</td>
<td>$71</td>
<td>$177</td>
<td>$185</td>
<td>$541</td>
<td>$843</td>
<td>$1,535</td>
<td>$2,611</td>
</tr>
</tbody>
</table>

---

<sup>1</sup> 70% MSCI ACWI (Net) + 30% BB/BC Intermediate Government Bond Index

<sup>2</sup> Invested Funds Distributions are made annually in June.
**CEF Exposures**

As of December 31, 2017

---

**Exposure by Strategy**

<table>
<thead>
<tr>
<th>Year</th>
<th>Emerging Markets</th>
<th>Developed Markets</th>
<th>PE</th>
<th>RA</th>
<th>Absolute Return</th>
<th>FI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PE = Private Equity; RA = Real Assets; * = Opportunistic; FI = Fixed Income

---

**Geographic Exposure***

- North America: 57%
- EM Asia: 16%
- EM EMEA: 3%
- Dev Europe & Middle East: 12%
- EM LatAm: 4%
- Japan: 5%
- Dev Asia ex Japan: 3%

**Equity Sector Exposure**

- Financials: 19%
- Industrials: 11%
- Healthcare: 9%
- Energy: 10%
- Materials: 5%
- Telecom: 2%
- Utilities: 2%
- Cash: 2%
- Consumer Discretionary: 15%
- Consumer Staples: 8%

---

*Foreign currency exposure: 39%.*
### Invested Funds (IF) Portfolio Summary

As of December 31, 2017

<table>
<thead>
<tr>
<th>Returns (%)</th>
<th>Quarter</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short &amp; Intermediate Pools</td>
<td><strong>0.1</strong></td>
<td><strong>1.6</strong></td>
<td><strong>1.3</strong></td>
<td><strong>1.0</strong></td>
<td><strong>2.1</strong></td>
</tr>
<tr>
<td>Weighted Benchmark</td>
<td>-0.3</td>
<td>0.5</td>
<td>0.8</td>
<td>0.7</td>
<td>2.0</td>
</tr>
<tr>
<td>IF including LTP&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>1.2</strong></td>
<td><strong>5.6</strong></td>
<td><strong>3.1</strong></td>
<td><strong>3.1</strong></td>
<td><strong>2.6</strong></td>
</tr>
<tr>
<td>Weighted Benchmark</td>
<td>0.9</td>
<td>4.9</td>
<td>2.5</td>
<td>2.6</td>
<td>2.8</td>
</tr>
<tr>
<td>IF including LTP&lt;sup&gt;1&lt;/sup&gt; &amp; CAP&lt;sup&gt;2&lt;/sup&gt;</td>
<td><strong>1.2</strong></td>
<td><strong>5.5</strong></td>
<td><strong>3.2</strong></td>
<td><strong>3.2</strong></td>
<td><strong>2.7</strong></td>
</tr>
</tbody>
</table>

**Mix of Investments**

- Long-term Pool: 26%
- Treasury & Agencies: 39%
- Mortgage Related: 17%
- Cash: 5%
- Asset Backed: 4%
- Other: 3%
- CAP: 6%

**Fund Allocation By Pool**

<table>
<thead>
<tr>
<th>Fund Allocation By Pool</th>
<th>Fund Allocation $ Millions</th>
<th>Range</th>
<th>Duration (Years) Actual</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Pool</td>
<td>$1,237</td>
<td>51%</td>
<td>10%-40%</td>
<td>1.2</td>
</tr>
<tr>
<td>Intermediate-term Pool</td>
<td>413</td>
<td>17%</td>
<td>25%-60%</td>
<td>3.0</td>
</tr>
<tr>
<td>Long-term Pool</td>
<td>646</td>
<td>26%</td>
<td>15%-45%</td>
<td></td>
</tr>
<tr>
<td>IF excluding CAP</td>
<td>$2,297</td>
<td>94%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Assets Pool&lt;sup&gt;3&lt;/sup&gt;</td>
<td>138</td>
<td>6%</td>
<td>0%-15%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Invested Funds</strong></td>
<td><strong>$2,435</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Growth of $10,000: Impact of Long-term Pool (LTP)**

1. Short-term Pool includes $239M of restricted Supplemental Retirement Funds.
2. Long-term Pool consists of CEF units and are included in the CEF market value.
STANDING COMMITTEES

Finance and Asset Management Committee

Benchmarking University Advancement Performance

INFORMATION

This item is for information only.

BACKGROUND

Originally known as the Council for Financial Aid to Education, CAE was established in 1952 by a group of enlightened business executives under the leadership of Alfred P. Sloan, Jr. (General Motors), Frank W. Abrams (Exxon Corporation), and Irving S. Olds (United States Steel Corporation) to advance corporate support of higher education. CAE's primary purpose was: “To promote a better understanding of the substantial contribution which higher education makes to the effectiveness, skill, growth, and success of American business, and to the development of the country.”

CAE was the first organization in the US to regularly provide statistical analyses of private giving to higher education on a national basis. CAE's Voluntary Support of Education (VSE) survey is the authoritative national source of information on private giving to higher education and private K-12, consistently capturing about 85 percent of the total voluntary support to colleges and universities in the United States. CAE has managed the survey as a public service for over 50 years.

The Benchmarking Data is based on VSE stats (2017 survey results released on February 6, 2018) and peer lists include Public Research/Doctoral Universities and Public and Private Research/Doctoral Universities.

Attachments
1. Public Research/Doctoral Universities – FY17
2. Public and Private Research/Doctoral Universities – FY17
### Public Research/Doctoral Universities - FY17
Ranked by 5-year contribution average

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Grand Total (5-Year Avg.)</th>
<th>Alumni Participation</th>
<th># Alumni of Record</th>
<th>Enrollment: Total Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University of California-Los Angeles</td>
<td>$474,572,306</td>
<td>8%</td>
<td>451,472</td>
<td>44,947</td>
</tr>
<tr>
<td>2</td>
<td>University of Washington</td>
<td><strong>$471,322,236</strong></td>
<td>14%</td>
<td><strong>383,928</strong></td>
<td><strong>56,809</strong></td>
</tr>
<tr>
<td>3</td>
<td>University of Michigan</td>
<td>$413,673,145</td>
<td>10%</td>
<td>574,522</td>
<td>61,893</td>
</tr>
<tr>
<td>4</td>
<td>University of California-Berkeley</td>
<td>$370,084,520</td>
<td>8%</td>
<td>490,470</td>
<td>40,173</td>
</tr>
<tr>
<td>5</td>
<td>University of Texas at Austin</td>
<td>$356,175,062</td>
<td>11%</td>
<td>502,122</td>
<td>50,170</td>
</tr>
<tr>
<td>6</td>
<td>Ohio State University</td>
<td>$355,392,210</td>
<td>14%</td>
<td>568,016</td>
<td>66,046</td>
</tr>
<tr>
<td>7</td>
<td>Indiana University</td>
<td>$353,142,437</td>
<td>7%</td>
<td>659,733</td>
<td>114,160</td>
</tr>
<tr>
<td>8</td>
<td>University of North Carolina at Chapel Hill</td>
<td>$300,720,992</td>
<td>16%</td>
<td>306,032</td>
<td>29,469</td>
</tr>
<tr>
<td>9</td>
<td>Texas A&amp;M University</td>
<td>$278,857,947</td>
<td>12%</td>
<td>881,075</td>
<td>66,175</td>
</tr>
<tr>
<td>10</td>
<td>University of Colorado</td>
<td>$260,294,657</td>
<td>4%</td>
<td>430,000</td>
<td>65,375</td>
</tr>
<tr>
<td>11</td>
<td>University of Oklahoma</td>
<td>$259,587,463</td>
<td>11%</td>
<td>175,487</td>
<td>29,539</td>
</tr>
<tr>
<td>12</td>
<td>University of Virginia-Main Campus</td>
<td>$237,193,949</td>
<td>18%</td>
<td>230,938</td>
<td>23,898</td>
</tr>
<tr>
<td>13</td>
<td>University of Florida</td>
<td>$230,546,391</td>
<td>11%</td>
<td>391,100</td>
<td>54,607</td>
</tr>
<tr>
<td>14</td>
<td>University of Nebraska</td>
<td>$226,683,820</td>
<td>8%</td>
<td>363,678</td>
<td>52,174</td>
</tr>
<tr>
<td>15</td>
<td>Penn State University</td>
<td>$204,683,273</td>
<td>12%</td>
<td>602,488</td>
<td>85,722</td>
</tr>
<tr>
<td>16</td>
<td>University of California-San Diego</td>
<td>$187,171,434</td>
<td>4%</td>
<td>168,259</td>
<td>35,816</td>
</tr>
<tr>
<td>17</td>
<td>University of Arizona</td>
<td>$186,907,580</td>
<td>6%</td>
<td>265,228</td>
<td>43,625</td>
</tr>
<tr>
<td>18</td>
<td>University of Kansas</td>
<td>$182,338,410</td>
<td>14%</td>
<td>233,733</td>
<td>28,401</td>
</tr>
<tr>
<td>19</td>
<td>University of Utah</td>
<td>$178,100,462</td>
<td>20%</td>
<td>226,163</td>
<td>32,760</td>
</tr>
<tr>
<td>20</td>
<td>University of Illinois at Urbana-Champaign</td>
<td>$176,513,393</td>
<td>7%</td>
<td>486,867</td>
<td>46,951</td>
</tr>
</tbody>
</table>

©2018 CAE
# Public and Private Research/Doctoral Universities - FY17

Ranked by 5-year contribution average

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Grand Total (5-Year Avg.)</th>
<th>Alumni Participation</th>
<th># Alumni of Record</th>
<th>Enrollment: Total Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stanford University</td>
<td>$1,113,108,421</td>
<td>24%</td>
<td>187,465</td>
<td>16,424</td>
</tr>
<tr>
<td>2</td>
<td>Harvard University</td>
<td>$1,093,001,684</td>
<td>17%</td>
<td>355,416</td>
<td>22,434</td>
</tr>
<tr>
<td>3</td>
<td>University of Southern California</td>
<td>$678,888,492</td>
<td>22%</td>
<td>299,046</td>
<td>47,765</td>
</tr>
<tr>
<td>4</td>
<td>Johns Hopkins University</td>
<td>$602,011,242</td>
<td>12%</td>
<td>171,225</td>
<td>24,277</td>
</tr>
<tr>
<td>5</td>
<td>Cornell University</td>
<td>$588,690,179</td>
<td>18%</td>
<td>228,631</td>
<td>23,388</td>
</tr>
<tr>
<td>6</td>
<td>Columbia University</td>
<td>$571,440,074</td>
<td>12%</td>
<td>310,750</td>
<td>30,884</td>
</tr>
<tr>
<td>7</td>
<td>University of Pennsylvania</td>
<td>$535,342,020</td>
<td>25%</td>
<td>314,710</td>
<td>24,960</td>
</tr>
<tr>
<td>8</td>
<td>Yale University</td>
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STANDING COMMITTEES

Finance and Asset Management Committee

Approve Institutional Gift Assessment

RECOMMENDED ACTION

It is the recommendation of the Administration, with the endorsement of the UW Foundation Executive Committee, and the Finance and Asset Management Committee that the Board of Regents approve the following:

1. Implementation of an institutional gift assessment to be applied at a 5 percent rate to new current-use gifts between $1,001 and $5 million effective July 1, 2018 (Fiscal Year 2019); and

2. Delegation of the authority to grant any necessary exemptions to the assessment jointly to the President and Provost

BACKGROUND


In the summer of 2016 Provost Baldasty charged a working group — including representatives from the Board of Deans and Chancellors, Advancement, UW Medicine, Faculty Senate, Finance & Facilities, Planning and Budgeting, Treasury and UWINCO — to assess the current advancement funding model and recommend potential options for a sustainable funding source to maintain momentum at the conclusion of the Be Boundless Campaign. University Advancement currently receives $3.5 million in temporary funding annually to support the campaign. This funding is no longer available in FY 2019.

The working group finalized its work in early 2017 and advanced a series of recommendations, including one to implement an assessment on current-use gifts. This recommendation provided key foundational insights for this plan, which was subsequently developed over the course of 2017 after consultation with leaders and chief advancement officers from colleges, schools and units, the UW Foundation Executive Committee and other key stakeholders.

Gift assessments are common at other universities. According to a Council for the Advancement and Support of Education (CASE) survey, two-thirds of the 42 universities surveyed have a current use gift assessment of some sort. For example, UCLA and UC Davis levy 6 percent assessments on all gifts, while UC Berkeley, the University of Oregon and Oregon State University all levy 5 percent
STANDING COMMITTEES

Finance and Asset Management Committee

Approve Institutional Gift Assessment (continued p. 2)

assessments. Closer to home, Washington State University (WSU) implemented a 5 percent assessment on all gifts effective July 1, 2017. WSU also has a 1.5 percent endowment management fee.

ASSESSMENT DETAILS

A 5 percent assessment would be applied to current-use gifts between $1,001 and $5 million. The only proposed exemptions from the assessment are gifts related to the purchase of seats at a sporting event and gifts to codified and existing University of Washington affiliates (i.e. KUOW/KEXP, Harborview, Henry Art Gallery Association) due to legal and contractual requirements. Gifts for endowments are not subject to this assessment, as endowed funds are already assessed a management fee. Private grants administered through the Office of Research and Sponsored Programs are assessed through a separate process and also will not be included.

ESTIMATED REVENUE AND USES

The assessment is estimated to distribute $5.2 million to the University. This assessment is based on FY2017 gift receipts. It represents revenue from 4,211 eligible gifts affecting 3,029 individual donors. This amount will vary from year to year based on eligible donations.

(Note that revenue generated by the assessment has been revised from an estimated high of $8 million as reported at the February meeting. This revision is due to refinements and corrections made to the code base since February.)

Revenue from the gift assessment will be centrally managed by the Provost. One hundred percent of gift funds will continue to support the mission of the UW, with 95 percent directly supporting the donor’s designations and 5 percent used to support the mission of the UW in two key ways:

- Provide sustainable funding for University Advancement to maintain momentum and progress on key institutional priorities — from scholarships and professorships to research funding — after the conclusion of the Be Boundless campaign. Currently, for every dollar that is invested in advancement efforts at the UW, the 5-year return on investment is $7.16, exceeding the peer institution average of $5.50.
- Provide funding for the Provost and the President to direct toward institutional priority areas that advance the UW's drive to be the greatest university in the world as measured by impact.
STANDING COMMITTEES

Finance and Asset Management Committee

Audit Advisory Committee (AAC) Update

INFORMATION

This item is being presented for information only.

BACKGROUND

Regent Kristianne Blake, Chair of the Audit Advisory Committee, will provide an update on its activities.
BOARD OF REGENTS MEETING

UW Medicine Board Report

INFORMATION

This item is for information only.

BACKGROUND

In January 2000, the Board of Regents established a board, known as the UW Medicine Board, to advise the Board of Regents, the University President, and the CEO of UW Medicine/Executive Vice President for Medical Affairs/Dean of the School of Medicine regarding the operation and governance of UW Medicine and to govern the patient care aspects of the University of Washington Medical Center.

Per Board of Regents Governance, Standing Orders, Chapter 9 and UW Medicine Board Bylaws, Article 1, Section 1, the board consists of nineteen members, including the UW President and at least one member of the Board of Regents.

This update is a standing item to provide Board of Regents representatives serving on the UW Medicine Board an opportunity to update the Board of Regents about current UW Medicine Board activities, discussions, and actions.

UW Regents Kristianne Blake and Rogelio Riojas currently serve on the UW Medicine Board.
Approve the Establishment of the Department of Health Metrics Sciences in the School of Medicine

RECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the establishment of the Department of Health Metrics Sciences effective July 1, 2018.

BACKGROUND

Details related to the establishment of the Department of Health Metrics Sciences are outlined in the attachments. It is important to note that in response to requests from faculty members, the Senate Committee for Planning and Budgeting and the Provost, a Joint Work Group committee has been charged to facilitate collaboration between the School of Medicine and the School of Public Health and a position description for an Associate Chair of Collaboration for the Department of Health Metrics Sciences has been drafted to guide an appointment.

The proposed reorganization has been reviewed following the Reorganization, Consolidation and Elimination Procedures outlined in the Faculty Code (Faculty Code, Section 26-41.D).

Attachments

1. May 17, 2017, letter from Dr. Ramsey to Provost Baldasty proposing the establishment of a Department of Health Metrics Sciences in the School of Medicine.
2. March 27, 2017, letter from Dr. Unutzer to Dr. Ramsey regarding the ad hoc Committee Report on the establishment of a Department of Health Metrics Sciences.
3. February 14, 2018, letter from Professor Mike Townsend, Secretary of the Faculty, to the Voting Faculty in the School of Medicine and the School of Public Health.
5. Department of HMS Associate Chair for Collaboration Position Description.
May 17, 2017

Gerald J. Baldasty, Ph.D.
Provost and Executive Vice President
Office of the Provost
University of Washington
baldasty@uw.edu

Dear Jerry,

I write to propose the establishment of a Department of Health Metrics Sciences in the University of Washington School of Medicine (UWSoM). My consideration of this proposal began approximately three months ago when I received a document from Dr. Chris Murray dated January 26, 2017 titled “Department of Health Metrics Sciences Rationale.” A copy of this document is attached (Attachment A). Following receipt of this document, I had an opportunity to speak with you and decided to form an ad hoc committee to provide recommendations regarding the potential establishment of a Department of Health Metrics Sciences in the UWSoM. I charged this ad hoc committee chaired by Dr. Jürgen Unützer on February 10, 2017 (Attachment B). My charge letter for this ad hoc committee was distributed broadly to faculty and the ad hoc committee received extensive feedback from faculty and department chairs. The report of the ad hoc committee, dated March 27, 2017, is included as Attachment C.

Following receipt of the ad hoc committee report, I have had numerous conversations with faculty and administrative leaders. I also reviewed the process that was followed to establish the Department of Global Health. In addition, I wrote to two highly respected national academic leaders to ask their opinion of the status of health metrics sciences as a scientific discipline (Attachment D). Dr. Julio Frenk is currently the president of the University of Miami and served previously as Dean of the T. H. Chan School of Public Health at Harvard University. Dr. Victor Dzau is currently president of the National Academy of Medicine. Enclosed are brief biographical sketches for Dr. Frenk and Dr. Dzau (Attachment E) and copies of responses to my letter (Attachment F). Prior to submitting this proposal to you, I have met and received feedback from the UWSoM University Relations Council (elected faculty senators), the Medical School Executive Committee (department chairs and other leaders) and the Board of Health Science Deans.

This proposal to establish a Department of Health Metrics Sciences in the UWSoM has similarities to the proposal to establish the Department of Global Health. In 2005, the enclosed proposal (Attachment G) was submitted to the UW Board of Regents to take advantage of a unique opportunity to establish a new academic discipline of “Global Health.” The programmatic elements of the new Department of Global Health came primarily from multiple research and educational activities related to infectious diseases. The research and educational activities were

Paul G. Ramsey, M.D.

C-314 Health Sciences Center University of Washington Box 356350 Seattle, WA 98195-6350 206.543.7718 FAX 206.685.8767 pramsey@uw.edu
multidisciplinary and led by Professor King Holmes whose primary academic appointment was in the Department of Medicine. Many of these activities were based in the internationally recognized Center for AIDS and STD Research. At the time this proposal was made to the Board of Regents, global health had not been established as an academic department at other universities in our country. Funding for the new Department of Global Health was derived from a major grant from the Bill & Melinda Gates Foundation, appropriated funds from the State of Washington and substantial research grant funding that was primarily based in the Department of Medicine. The grant funding was moved from the Department of Medicine and a few other units to the new Department of Global Health.

Like the Department of Global Health, the proposed new Department of Health Metrics Sciences would be based on the multidisciplinary research and educational activities of a major internationally recognized research program, the Institute for Health Metrics and Evaluation (IHME). Established in 2007, IHME is administratively based within the UWSom. The Department of Global Health is the current home for the faculty appointments for the majority of the 32 faculty members who base their research and educational activities in IHME. However, the multidisciplinary nature of the research and educational activities in IHME has also resulted in faculty appointments in clinical departments in the School of Medicine.

Since we recruited Dr. Christopher Murray, Dr. Emmanuela Gakidou, and Michael MacIntyre from Harvard University in 2007, the growth, success and impact of IHME has been exceptional. The initial budget for IHME included a large ten year grant from the Bill & Melinda Gates Foundation and appropriated funding from the State of Washington. The report from the ad hoc committee chaired by Professor Jürgen Unützer provides a brief summary of the remarkable success and impact of IHME. Most recently, we completed renewal of the core grant to support the work of IHME from the Bill & Melinda Gates Foundation. The new core grant has a budget of $279 million over the next decade. Along with the appropriations from the State of Washington for health metrics sciences research and education, the new core grant would form the financial basis for the proposed new department. In addition, faculty members in IHME have been very successful in generating other grant and contract support. If a new Department of Health Metrics Sciences is established, IHME would be administratively based in the new department. With the resources from IHME, the initial annual budget for the proposed new department would be approximately $50 million per year.

The ad hoc committee chaired by Dr. Jürgen Unützer identified multiple important advantages and opportunities related to establishment of a new Department of Health Metrics Sciences, including the opportunity to contribute to the UW’s Population Health Initiative. Attachment C enumerates the advantages and opportunities identified by the ad hoc committee, including the following:
1. Groundbreaking recognition of health metrics sciences as a discipline;
2. Establishment of local, national and global leadership in this new discipline;
3. Improved capacity to recruit faculty, staff, students and postdoctoral trainees;
4. Establishment of a “sense of identity” for the 32 faculty members who are currently based in HME;
5. Improved collaboration and participation with multiple departments in the SoM, School of Public Health, and other schools and colleges at the University of Washington;
6. Improved ability to attract external grant funding; and
7. Improved administrative efficiencies for faculty currently based in HME related to their educational and research activities.

Based on the potential advantages and opportunities identified, the ad hoc committee recommended to me that I take the next steps in considering the establishment of a Department of Health Metrics Sciences.

As part of my consideration of the ad hoc committee’s recommendations, I have reviewed the committee’s thoughtful comments related to potential disadvantages and risks of establishing the proposed new department. Although I concur with the potential risks enumerated by the ad hoc committee, I believe that thoughtful implementation of the proposed new department can address the potential risks and if addressed appropriately, convert the risks to advantages or opportunities. I summarize below the potential disadvantages and risks identified by the ad hoc committee and include my thoughts regarding approaches to mitigate the risks.

A. Potential harm to collaboration between the School of Public Health and the SoM. To convert this potential risk to an opportunity, I would charge the leadership of a new Department of Health Metric Sciences to enhance collaborations among departments with faculty who contribute to the multidisciplinary work of health metrics sciences. Of particular importance, collaborations with departments such as Epidemiology and Biostatistics would be emphasized. The charge could include taking specific key steps to establish new collaborative opportunities with adjunct and joint faculty appointments and enhancing communication venues for collaborative research and education. The charge to the new department could also include development of regular communications with departments in the SoM, School of Public Health, and other schools and colleges on campus. These communications would be designed to identify collaborative opportunities and report on existing collaborations. I would envision that an administrative leader in the proposed new department would have responsibility and accountability for developing and sustaining collaboration in the research and educational programs.

B. Risks of potential overlaps and redundancies with existing departments. The ad hoc committee suggested that this risk could be overcome by creation of “a multi-departmental” working group that might include the new Department of Health Metrics Sciences, other
departments (e.g., Biostatistics, Biomedical Informatics and Medical Education, Epidemiology, clinical departments in the SoM, appropriate departments of other health science schools, and other departments across the university) to collaborate on "health data sciences" education. The ad hoc committee suggested that the eSciences Educational Working Group is a good example of such a collaborative effort. Since Health Metrics Sciences is a multidisciplinary effort, the creation of the department should enable the UW to capitalize on its expertise around many disciplines and apply that expertise specifically to health. Thus, faculty from the proposed new department would participate in the wider community of learners and educators in the data sciences. In addition to the creation of a strong working group, long lasting opportunities would be stimulated by joint and adjunct faculty appointments. Each one of these appointments would be accompanied by specific aims and appropriate funding to support the research and educational work. Given the transformative changes occurring in clinical medicine, one of the major opportunities would be establishment of joint postdoctoral training programs (e.g. fellowships) with clinical departments in the SoM.

C. Potential to negatively impact existing graduate programs. Leadership in the Department of Global Health expressed concerns to the ad hoc committee that the success of the relatively small but promising new PhD program in Global Health might be harmed by the creation of a new Department of Health Metrics Sciences. This new program has two tracks, implementations sciences and health metrics. Over time, it may be best to continue this training as one program. However, implementation science is developing as a discipline that stands on its own, and it is possible that a distinct new PhD program in health metrics sciences would complement the implementation sciences program. To evaluate risks of negative impact on existing graduate programs, all UW processes for considering change in graduate education would be followed by the proposed new department. Specifically, it would be important to appoint a small working group in coordination with the graduate school to ensure that any changes to graduate education would be made with input from faculty in all related disciplines.

D. Potential adverse financial implications to the Department of Global Health and the School of Public Health. IHME is currently administratively based entirely in the UWSoM and IHME's finances are primarily separate from the Department of Global Health. A new Department of Health Metrics Sciences would benefit from substantial administrative structure already in place at IHME. The structure and administration include financial management, grant administration, proposal development, faculty recruitment, faculty mentoring and advancement, student recruitment, and substantial resources for training. Currently, there is an allocation of indirect cost of approximately $62,000 per year from IHME to the Department of Global Health related to grants administration, per a 2014 memorandum of understanding between the respective organizational units. There is also an allocation of $25,000 per year in indirect costs from the SoM to the School of Public Health related to the same grants. As part of establishing a new department, these
allocations would be reviewed with leadership of the Department of Global Health and the School of Public Health and managed appropriately, taking into consideration the allocation of work effort related to specific grants and contracts. We would strive to avoid unnecessary duplication, but also emphasize the importance of collaboration among the different units. Efficiency and cost effectiveness would be emphasized as new arrangements were made.

In addition to identifying the potential disadvantages enumerated above, the ad hoc committee identified other issues that should be considered including the following:

A. Some faculty questioned the “uniqueness” of health metrics sciences as a scientific discipline. However, the UW has a distinguished history of recognizing the impact of multidisciplinary research and education and taking a leadership position in establishing such multidisciplinary activities within an academic department. Two examples in the UWSoM are the Departments of Global Health and Genome Sciences. When genome sciences was established as a department in 2001, the UW recognized that interdisciplinary approaches to genetics, biotechnology, mathematics, computer sciences, and molecular medicine were needed to take the next steps made possible by the extraordinary accomplishment of the Human Genome Project. Since the Department of Genome Sciences was established, the multidisciplinary nature of this work has continued to evolve and has created substantial opportunities in areas such as proteomics and precision medicine. As described above, the establishment of the Department of Global Health was recognized as an academic discipline that would require multidisciplinary faculty. Like Genome Sciences, the Department of Global Health has been very successful and continues to evolve and lead. The attached letters from international leaders in medicine suggest that the UW has an opportunity to lead in the creation of a Department of Health Metrics Sciences (Attachment F).

B. The ad hoc committee raised questions regarding the potential risks of establishing a new department with a single successful principal investigator. Although Dr. Christopher Murray has been extraordinarily successful, the proposed department initially would have 31 other faculty members who have also been highly successful with their research and educational activities, including obtaining grant funding from multiple sources. Senior faculty leaders such as Dr. Simon Hay, Dr. Emmanuela Gakidou, Dr. Stephen Lim, and Dr. Ali Mokdad are recognized international leaders in health metrics. Of the current 32 faculty members who would be part of the proposed new department, 19 are currently serving as principal investigators. I expect that a new Department of Health Metrics Sciences would focus on development of additional faculty for success with their research and teaching, and I would also ask the department to develop succession plans for leadership of the major activities. Furthermore, establishment of the new department
would provide leadership opportunities to retain a number of senior leaders who are likely to be recruited by multiple universities around the globe.

C. Some faculty asked the ad hoc committee why a new Department of Health Metrics Sciences would be located in the UWSoM rather than be developed as a "joint department" such as the Department of Global Health, reporting to both the UWSoM and the School of Public Health. Although the work of the proposed new department would be multidisciplinary across many schools and colleges, the primary focus on measuring the health of populations is at the core of the mission of UW Medicine to improve the health of the public. Successful healthcare reform and care transformation will depend on improved health metrics that are available to healthcare practitioners, educators, and researchers, and development of the health metrics approaches must entail strong collaboration with all clinical disciplines. A base for the proposed new department in the SoM would enable strong collaboration with all 18 clinical departments in the SoM and with leadership of the 12 basic science departments that are also focused on the mission of improving health. In addition, as indicated above, the SoM charge to the proposed new department would include collaboration far beyond the SoM departments.

D. The ad hoc committee received some expressed concerns regarding the "existing culture of IHME which seem more corporate than academic." A major reason for the success of IHME has been its ability to operate rapidly to define aims and objectives and conduct this work with extensive global collaboration. The multidisciplinary collaboration of IHME is a key differentiator and depends on the ability to generate and analyze data accurately. In many ways the challenges faced by IHME are similar to challenges faced by clinical departments in the UWSoM. Faculty in clinical disciplines are working in a highly competitive and rapidly changing environment. Thus, the environment for IHME has similarities to the environment of the SoM's clinical departments. However, as currently established in the SoM clinical departments, it is important to support faculty academic advancement and provide trainees with the mentorship needed to develop their own projects and pursue independent professional careers. The SoM is successfully navigating this challenge with a very large number of junior faculty and trainees. Within IHME, there are also examples of individuals who began with postgraduate training who are now rising to levels of independent leadership including five individuals who have become principal investigators on their own projects.

In summary, I believe that the University of Washington has an extraordinary opportunity to establish the world's first Department of Health Metrics Sciences. Similar to the creation of the Department of Genome Sciences and the Department of Global Health, the proposed new department would build upon internationally recognized multidisciplinary research and educational programs. I recommend that you and President Cauce consider a proposal to the UW Board of Regents to establish a Department of Health Metrics Sciences in the University of
Washington School of Medicine. I would be pleased to answer any questions that you have regarding this proposal.

Sincerely,

[Signature]

Paul G. Ramsey, M.D.
CEO, UW Medicine
Executive Vice President for Medical Affairs and
Dean of the School of Medicine,
University of Washington

PGR/mn

Enclosures
Department of Health Metrics Sciences Rationale — Executive Summary
January 26, 2017

Background
Through groundbreaking scientific innovation and cultivation of a community of multi-disciplinary team members working towards common, cross-cutting research goals, the Institute for Health Metrics and Evaluation has grown the institutional core of research that is defining globally what is meant by the science of health metrics. We define health metrics sciences as an integrated scientific field that is interdisciplinary, bringing together notions, methods, and techniques from statistics, demography, epidemiology, economics, and other social sciences aimed at providing rigorous measurement, using tested and high-performing instruments, to produce indicators that provide the empirical basis to understand the levels, relationships, and trends amongst health outcomes, drivers, and systems. [Murray, CIL and Frenk, J. “Health metrics and evaluation: strengthening the science,” The Lancet, Vol 371, 1191-1192] It is a field that relies upon specialized knowledge and is deeply driven by data analysis.

The team of faculty and researchers we have forged boasts authorship of some of the highest-impact scientific publications in recent years and the uptake and use of key results among donors, government, and international agencies is ever increasing. It is now time to match the institutional success in defining a field with its fortification as an academic department to ensure a steady stream of deepening knowledge, training, and scholarship. Creating a Department of Health Metrics Sciences at the University of Washington would recognize the field as lasting and sustainable.

There is a long history of new scientific fields developing from more general roots. For example, consider the creation of bioengineering departments as an outgrowth of increasingly specific and independently-defined research and learning in biology and engineer respectively; or the creation at UW of the Genome Sciences Department from components of molecular biotechnology and genetics. In our collective schema of advancing academic investigation, universities – in particular, the way we define disciplines into departments within them – have a dramatic impact upon the resiliency and currency of a field. By organizing a field as its own department, we recognize that it has its own community of shared knowledge, interests, and scientific goals. While early innovators and adopters may come from a variety of different backgrounds, we codify the value of their collective enterprise by agreeing to formally train others in the new field, cultivating an on-going community of learners who become the next generation of groundbreaking thinkers. Without the power of indoctrination into a new field, such budding academic efforts often rely solely upon the zeal and charisma of their advocates, never gaining a true foothold with scientific journals, acolytes, or policy advocates beyond the shelf life of their original progenitors. On the other hand, when such fields are galvanized into the university’s very fabric by becoming a department with its own ability to recruit faculty, build the community, and shepherd new students into the field, then they gain the opportunity for lasting impact, welded into the frame of intellectual knowledge.
Strategic Rationale
Key Drivers
There are five key drivers defining why now is the right time to create a Department of Health Metrics Sciences at the University of Washington, situated within the School of Medicine.

There is a growing recognition by donors, research funding agencies, researchers, policymakers, and health professionals that the results of multi-disciplinary quantitative analyses are valuable — and increasingly, essential — to their work.
This belief has been fueled by the globally-significant, innovative, and scientifically ground-breaking research that has been carried out by the faculty at IHME. Now is the time to capitalize upon this research growth and awareness that has led to blossoming attention to this field. In an article in the *Lancet* in 2008, Dr. Christopher Murray and Dr. Julio Frenk urged that as health rose in importance and emphasis on the global agenda, scientists had a compelling responsibility to develop a ‘scientific foundation of metrics and evaluation.’ They noted that there were positive signs that suggested such a field had good prospects, but that it would only be through concerted effort and cross-disciplinary learning that we could assure the ‘production, reproduction, and use of knowledge that is crucial to the advancement of global health.’ (Murray, Christopher JL et al. *The Lancet*, Volume 371, Issue 9619, 1191-1199)

Since that bellwether statement, there have certainly been signs that a host of different organizations and academia itself is recognizing the importance of high-caliber multi-disciplinary quantitative evidence to their efforts to improve health. The recognition of the critical importance of good metrics can be seen in the rise of acclaimed scholarship, the uptake of such metrics by intergovernmental and governmental actors, and by the investment by donors in such efforts.

For example, the Global Burden of Diseases, Injuries, and Risk Factors (GBD) study is a systematic, scientific effort to quantify the magnitude of health loss due to all diseases, injuries, and risks in a comparative way. Initially, the study was to deliver results at the regional level for 1990 and 2010. It did so, and when the findings were published, it became the first study in the history of the *Lancet* to occupy a full issue of that journal in its history. The findings were so expansive that it was also the first-ever triple-issue of the journal. The response to the estimates from policymakers and donors demonstrated clear demand to *annually update* results and to produce results at the *national level*. It also spurred the authors to produce results in select cases at the subnational level, making those results much more usable for policymakers. The collaboration that produces the GBD has now grown to over 2,000 people from more than 120 countries. The estimates are produced with cutting-edge methods. In short, the GBD has turned into the single largest epidemiological undertaking of its kind in history, and demand for more granular results, additional causes, and novel assessments of disparities, trends, and patterns continues to rise.

GBD articles are amongst the most cited in multiple high-impact journals. In *The Lancet* alone, GBD articles represent five of the top ten most cited in the last twelve months. Scholars who are leaders in the science of health metrics are now rising to lofty heights amongst their peers, as impressively, 4 of the top 20 highest-impact scientists across all disciplines as judged by Thompson Reuters last year were experts whose defining research is health metrics science.

This expansion of scholarly output and credibility has translated to policy circles as well. The World Bank has co-published reports using GBD estimates and insisted that their health sector staff be
trained using them. The Government of India has invested significant effort in contributing data never before released outside of its borders to produce subnational estimates. Public Health England has embedded burden of disease measurement into its target setting for its local health districts, requiring annual reporting. Gavi has turned to a health metrics sciences approach in its evaluation of operations, explicitly using quantitative analysis of data that was collected for the sole purpose of measuring the impact of Gavi’s programs in select countries. With Gavi as an exemplar, the Global Fund has now issued an RFP for exactly the same type of high-caliber quantitative evaluation using cutting-edge scientific methods to harness all available data. The impact of health metrics sciences extends to the more local levels as well, where representatives in Michigan have used county-level estimates of risk exposure to help understand disparities in lead exposure and advocate for action to reduce them. Perhaps most broadly — and tellingly — a consortium of institutions including the World Health Organization has recognized the increasing relevance of metrics sciences at the macro-level by issuing a shared set of guidelines, called GATHER, that are intended to outline a set of principles for transparency in publishing such data and the analytic code that goes into it. Such principles would never be needed except for the power and persuasiveness of health metrics science to the broader donor, multi-lateral, and policy communities.

Donors have reflected this enthusiasm and interest. Amongst multiple investments, we would point to the commitment made by the Bill & Melinda Gates Foundation to invest $279M over the next ten years in the Institute for Health Metrics and Evaluation and the University of Washington.

Faculty recruits to Health Metrics Sciences wish to work directly with others who have the same type of interdisciplinary interests but in a focused, integrated, and systematic way. Recruitment for faculty at top institutions like the University of Washington is highly competitive. Decisions are made not solely on salary, but also on prestige and global academic standing. Top universities are routinely noted by academic job-seekers for the relative reputation of their different departments. Think of the University of Chicago’s dominant position in economics, Stanford University’s for physics, or Columbia University’s for political science. In each case, recruitments are aided immensely by having a strong, shared, community that is strengthened through dedicated alumnae and professors who have cultivated a robust academic environment that emphasizes exceptional achievement and a strong distinction to the work that is accomplished. Recruits want to join the “faculty of...” because it places them in an upper echelon of peers within the wider intellectual community they care most about.

Currently, academics who effectively conduct research and set newly raised bars for innovation and discovery in health metrics sciences do not have that option or strength of community. Simply put, they do not have a like-minded disciplinary home. As the nature of their work naturally cuts across disciplines, to distinguish themselves they must generally swim against the tide of their single-discipline peers in whatever department they land. It may not be a surprise, then, that a significant number of them come from clinical backgrounds from where they can practice but then have much broader remit over the type of research they do, or come from more broadly cast degrees such as computer science where there is a greater assumption that the application of research is driven by data science more than by a specific contextual topic. In these cases, the methods and the data drive the ‘fit’ with a community and research. Other accomplished health metrics contributors make their name in one place and move on to another after redefining their own research interests, finding ‘homes’ in an economics department or a statistics department where large they are left alone because they come already as full professors with individually-specific areas of prestige. Such is not
an environment that is widely accommodating or encouraging to newly minted PhD graduates seeking professorial positions.

The creation of a Department of Health Metrics Sciences would be a seminal change for the field. It would at once create a naturally compelling home for recent PhD graduates who want to pursue data science for the public good and are tied less to traditional notions of disciplinary expertise. At the same time it would help to galvanize a community of like-minded intellectuals who see this as their home and their opportunity to help elevate the standing and accomplishment of the field with which they most relate. They would be united with their peers as opposed to being the anomaly amongst them.

Students interested in health metrics sciences desire a department where the faculty, courses, seminar, and overall learning environment is directly attuned to their driving interests data science. Students increasingly want to pursue quantitative interests where the data and the data science are at the heart of the intellectual problem they are tackling. These students have graduated from a wide range of undergraduate programs, but all are motivated by answering how one best turns an increasingly wide array of data into knowledge. A recent study by Tableau indicates that analytics-oriented degree programs have been dramatically rising in US universities in the last decade. [The State of data Education in 2016, Tableau] Top-150 universities have led the way recognizing that data science is now taking on a much more prominent role in the intellectual domain and in preparing students for how to contribute to society. The University of Washington proudly distinguishes itself in this regard, with 46 analytics-based programs, the largest single number of programs based at any one of the more than 7,000 colleges and universities who report to the Integrated Postsecondary Education Data System, as examined in the Tableau study. Yet, as the study also notes, the plurality of these programs (32%) are geared explicitly towards business applications. Companies like Facebook, Amazon, and Tableau itself are of course absorbing graduates of these programs, but so are organizations like McKinsey, American Express, and Blue Cross/Blue Shield. There are rarely programs that are specifically geared towards applying data science for the public good.

Graduates interested in data science for the public good are seeking alternative learning paths post-college. Completed applications for IHME’s Post Bachelor Fellowship are at an all-time high. Recent graduates are joining non-profit organizations with missions explicitly aimed to achieve a public good while on the side using Khan Academy and other online learning services to further their coding skills. They enroll in PhDs in a given field but then also join places like Microsoft Research or other ‘think tanks’ internal to larger firms where the focus is not as fastidiously about delivering products to market but also on experimental creation. Google has even embedded some of this ethos into their recruitment, allowing their employees dedicated time each month to spend on coding whenever they want on company time, regardless of whether it fits into the company’s explicit business mission. And obviously some graduate students enroll in more traditional PhD programs and attempt to carve out their multi-disciplinary niche, navigating red tape as they go to accomplish it at many universities and trying to placate multi-disciplinary panels of dissertation advisors who come from far-flung departments and disciplines.

There is clearly unmet demand that could be filled for graduate degree programs. Students are clearly seeking like-minded individuals to share ideas with and create new innovations. Not all interested in data science want to put their skills to use in the private sector, it just so happens that the private sector is the one to whom thus far universities seem to be catering their programs most. The University of Washington has an incredible opportunity to leverage its existing reputation as a
bastion of analytics programs by adding Health Metrics Sciences explicitly. A community of shared learning and action would no doubt develop around this new department, seeded by those like individuals who already apply to the Post Bachelor Fellows program at IHME and by those who have been working at locally-based technology- and data-focused companies to develop raw skills and competencies, but who want to apply those skills for a different set of socially beneficial reasons.

Recognizing health metrics science as its own distinct field would elevate its status amongst traditional donors and increase the opportunities to raise additional research dollars. We have established a history of success in raising funds for health metrics through projects carried out by IHME. IHME's establishment itself represented a significant investment in health metrics on the part of the Bill and Melinda Gates Foundation and the state of Washington; the recent securement of a $279M commitment from the Gates Foundation to support the core operations and some of the fundamental research of IHME for the next 10 years is a significant expansion on that success. The success we have achieved has been often institutionally-driven with a carefully coordinated strategic approach to fundraising for IHME overall. Therefore, while individual research projects of course have Principal Investigators in a meaningful role, it is only in the last several years that we have placed greater emphasis on individual faculty driving the ideas that they want to pursue through grant funding to build upon the successful base.

The creation of a Department of Health Metrics Sciences would invigorate greater efforts in this regard, help diversify existing fund bases, and we think enhance chances for awards through more traditional funders in several ways. First, we believe that creating a department would instill a greater sense of driving pride in individual PIs to help advance the field and not just the organization to which they belong. This instinct would complement their own quest for promotions as time progresses, opening up more opportunities for them. With recognition as its own department will come a galvanizing spirit amongst investigators to help demonstrate the rigor, reach, and future possibilities of the field through an increased number of grant applications.

Second, it is objectively true that our success thus far has been more frequently with funders who are not as traditional in their review processes. For example, we have experienced more success with the Bill and Melinda Gates Foundation then, say, the National Institutes of Health or USAID. Part of the reason for that has been opportunistic. Part of the reason is because much of the research in health metrics sciences is so cross-cutting and does not so transparently align with funding priorities at more traditional donors. Our success with more traditional funders has already been growing as the publication track record in health metrics grows, but the creation of a department would amplify that. Indoctrinating health metrics sciences into the formal academic structure of knowledge as its own department would stand as a badge of approval to more traditional donors.

Finally, funding agencies such as the US National Institutes of Health and the US National Science Foundation, amongst others, often organize their formal review panels along discipline-based lines. This naturally influences the success of proposals that highlight a single discipline. By recognizing and growing the inter-disciplinary field of health metrics sciences the University of Washington we would send an important signal to those funders and simultaneously give them a group of individuals from whom they could select as reviewers in future. By establishing a Department of Health Metrics Sciences we would be enhancing further our chances for success in raising more funds and capitalizing upon research gains.
The University of Washington would assert intellectual leadership at the forefront of innovative pioneering science and demonstrate its commitment to putting ideas into action by creating a Department of Health Metrics Sciences.

When President Ana Mari Cauce announced her vision for a Population Health Initiative at the University of Washington she was opening the door to a breadth of innovative and creative activities to help define how the University fundamentally contributes to knowledge growth that translates into improvements in health around the globe. That is an ambitious and tantalizing vision. The UW already has a number of the leading lights of health metrics sciences amongst its faculty, and these individuals constitute a credible core that can be mobilized to attract the best and brightest of their peers from around the world. Health Metrics Sciences can be a pillar of that vision and indoctrinating it as its own individual academic department will demonstrate a willingness on the part of UW to transform the intellectual landscape for generations to come.

No other academic institution of the world that we know of has a Department of Health Metrics Sciences. President Cauce has already helped UW to attract the attention and praise of other institutions, the press, and donors with her announcement. She has stimulated thinking across campus from multiple disciplines in her Population Health Initiative Council. She has propitiously launched this initiative with an historic $210M gift from the Bill and Melinda Gates Foundation to create a new building expressly focused on Population Health.

With the goodwill and positive momentum created by these integrated events, there exists an opportunity to take a very concrete and university-specific step to ensuring long-term knowledge influence. By becoming the first major university to create a Department of Health Metrics Sciences, UW will become a bulwark for innovation and evolution in science that has a demonstrable impact on the public good. UW will establish itself as the mother tree for a host of branches – eventually across the world. UW-based health metrics experts currently navigate a sea of emerging data to create lighthouses of knowledge that shine across our most far-flung horizons of hope to improve lives. They train PhD students to do the same. They evaluate governmental policies and produce results that major donors use to strategically plan their investments. The current groundswell of support and goodwill about population health can be capitalized upon to propel forward these intellectual efforts, attracting even more top scientists, enlisting more students who then are trained at the intersection of data science and the public good, and producing more talented and driven individuals who can make a tangible impact in the world.

Reasons for the Department of Health Metrics Sciences being at the School of Medicine
The most established authorities in the field of Health Metrics Sciences come from a wide variety of different disciplines. The field attracts clinicians and coders in equal measure. Those doing the most cutting edge science have been trained in computer science, economics, clinical fields, statistics, engineering, survey methodology, applied mathematics, and epidemiology. It is people who want to apply quantitative competencies into applied knowledge that will improve the health of populations. Most notably, the fields tend not to be traditional public health-related fields, which increasingly pertain to direct service delivery and programmatic implementation. The School of Medicine has multiple examples of explicit departmental collaboration with the aforementioned disciplines or with hiring members of them into clinical departments to augment important research efforts. In addition, there are a host of opportunities for new research and application that could be strengthened significantly by engendering close collaboration and coordination with UW Medicine. The hospitals and clinics have a wide swathe of data that could be marshalled for new research, many clinicians have exhibited an interest in applying new practices and more effectively allocating
resources by learning from the results of health metrics research, and the care-giving environment presents a host of options for deploying new information tools. These factors strongly suggest that a Department of Health Metrics Sciences should reside in the School of Medicine. The School of Medicine, where a variety of types of data are routinely generated and put in front of students and practicing clinicians and faculty – from the results of blood tests, to death certificates, to expenditures on different types of health services – suggests an ample and appropriate cultural fit.

**Implementation Considerations**

**Mission Statement:**
The Department of Health Metrics Sciences aspires to improve the health of the world’s populations by developing and applying innovative data science to health challenges and training the next generation of exceptional, innovative and diverse leaders and scientists in health metrics.

**Management Plan**
Administratively, this Department would be staffed similarly to existing departments within the School of Medicine. We perceive that the essential areas of support provided by most departments at School of Medicine are academic development, core communications and administration, degree program support, and grants administration. In practice, the Institute for Health Metrics and Evaluation has been providing these services already. For example, staff from within IHME currently prepare academic appointment documentation, prepare academic promotions materials, and organize course syllabi for faculty associated with it but whose home departments are elsewhere. By creating a Department of Health Metrics Sciences we would eliminate a level of administrative facilitation and procedures, reducing the burden on other home departments for reviewing these materials in full after they have been prepared by IHME. The staff who support these activities currently could be shifted to the new department without any negative consequence to their remuneration, standing, or scope of work. In other cases, where IHME would continue to provide the support regardless of whether a new department was founded – such as with grants administration and research implementation – the degree to which departmental financial oversight needed to be provided could effectively be supplied in-kind from IHME.

The basic structure would likely follow the structure below:
Financial Implications
At the macro-level, we believe the creation of a Department of Health Metrics Sciences would increase federal research dollars received by the University of Washington. Federal research funding streams pay due deference to the traditional academic disciplines in their vetting process. Research review panels are often selected with representatives from different discrete disciplines in mind. This can ironically work against the aims of multi-disciplinary quantitative research proposals. These proposals often find themselves in front of research panels slanted towards one particular discipline’s perspective. By establishing a Health Metrics Sciences as its own field, we would provide donors with a more readily appropriate and available reviewer pool for such proposals. We would also signal the lasting significance of this science—brining it in from the cold of being labeled ‘experimental’ and at the ‘edges’ of existing disciplines—to instead something that has a firm foothold in the research canon and the collective knowledge base. Both aspects would we believe lead to increased dollars from institutions like the US National Institutes of Health, US National Science Foundation, and other more traditional donors who tend to solicit and review proposals along more strictly traditional disciplinary lines.

At the micro-level, the local financial impact would only be that evidenced by the shift of faculty from existing departments to the Department of Health Metrics Sciences. It is reasonable to assume that the majority (if not all) of the faculty who would be within the newly formed Department currently have some affiliation with the Institute for Health Metrics and Evaluation. IHME, which as an independent research institution does not have academic appointment authority, has existing memorandums of understanding with departments in which its faculty currently reside which dictate financial flows of indirect dollars. It also funds the overwhelming majority of salaries of faculty in health metrics sciences. That said, IHME actually administers all research proposals and grants that are secured by its faculty, no matter their home department. This shift in indirect dollars would have a small effect on existing departments. The largest—which is hardly significant in the whole—is the Department of Global Health which received from grants administered by IHME, an allocation of $62,000 from indirect dollars in FY16. This equates with 10% of the indirect share. In a separate agreement, School of Medicine allocated $25,000 in FY16 from indirect dollars to the School of Public Health related to these same grants.

Financial Support
The Department of Health Metrics Sciences is expected to initially have few expenses, all of which will be backstopped by IHME. Salary for support staff are already paid by IHME. The Chair’s salary would be paid for by IHME. There are likely to be only 1-2 faculty within the Department with tenure and their tenure support is already covered by IHME and would continue to be so. In time, tuition dollars would flow to the Department that would be used to defray these costs.

Pathways to Promotion
We anticipate that the promotion process for faculty in the Department of Health Metrics Sciences would be similar to the current process that IHME faculty in the Department of Global Health with a primary appointment in the School of Medicine follow. That said, we also anticipate that the promotion criteria will be adjusted to reflect the highly collaborative and multidisciplinary nature of the field of Health Metrics Sciences which would make the process more attuned to what drives high achievement in health metrics sciences. As a separate field, the pathway to promotion within Health Metrics Sciences would be more encouraging of cross-disciplinary research. It would emphasize accomplishments that are not disease, condition, or intervention-specific. There would be greater affinity amongst peers for accomplishments that manifest themselves as methodological innovations.
We believe that by recognizing Health Metrics Sciences as its own discipline, the priority and emphasis given to different types of research accomplishments would be positively altered. The traditions of those in other home departments — whether it be Global Health or otherwise — often are more narrowly defined. By intentionally opening up cross-cutting research as an explicit avenue for promotion we would be encouraging and ultimately rewarding a very different kind of research work, conducted by academics with very different interests in mind, but with equal societal and academic impact.

Peers on promotion committees who themselves conduct this type of cross-cutting, multi-disciplinary work will have an easier time understanding and assessing such work, and thus would also be better positioned to give it fair assessment as promotion criteria. We believe the most beneficial impact will be for those faculty who are most focused on data science methods. The research conducted by these individuals most often falls outside of the norms of existing home departments and therefore is more anomalous to promotion committees. Creating the Department of Health Metrics Sciences would allow us to create promotion committees for whom assessing data science is the norm, making much more consistent and routine decisions about promotions in this area that will help to strengthen the intellectual leadership within it. In the new department, we would propose to apply promotion criteria that took into account the multidisciplinary and highly collaborative nature of the work of our faculty, while maintaining consistency with school-level and University-level requirements, including rigorous and fair landmarks that faculty need to meet to get promoted.

Type of Employment changes
We do not expect any employment changes as a result of this new department other than the migration of some faculty already affiliated with the Institute for Health Metrics and Evaluation out of the Department of Global Health and into the new department. The impact of this change would be quite minimal and would largely reinforce the associations these faculty already have with one another in that their sole office space is provided by IHME, their research is administered and implemented by IHME, and IHME has been given joint responsibility for their bi-annual evaluations. One or two professional staff members may have their ‘home’ department changed from IHME to the new department to make administration easier, but the roles they play would remain the same in supporting academic appointments, courses, and faculty promotions. All changes would be matters of simplification and have no negative impact upon the work of the affected individuals.

Impact on Degree Programs
The creation of the Department of Health Metrics Sciences would have an impact on three degree programs:

1. There is a need to have a Master of Science (MSc) within the new department. A market analysis shows that there is significant demand for this type of degree amongst those who recently attained undergraduate degrees and have an interest in applying data science for the public good. The University of Washington will become a pioneer by being the first to offer such a degree and will become the example to follow for other universities wanting to tap into the currently unmet demand for this type of training. We anticipate that some of the graduating students will be competitive candidates to the PhD program. The creation of this new MSc degree will have no impact on existing degree programs, as there is no MSc of its kind in the University. We anticipate that the MSc could also serve as a highly appropriate companion degree for clinicians and those pursuing their MDs who want to conduct research in this arena. There is an increasing number of clinicians who approach IHME about
conducting research in health metrics and seriously contributing to ongoing projects; at present, while IHME welcomes such participation there is no adequate training option for them other than hands-on apprenticeship.

2. There is a "Health Metrics and Evaluation" track in the Master of Public Health (MPH) in the Department of Global Health. Historically, most of the interest in this track has come from staff and students already affiliated with IHME, with limited external interest in comparison. We believe part of the reasons demand is relatively low is because an MSc seems better aligned with the interests of those pursuing health metrics. Nevertheless, DGH could choose to keep the Metrics track within the MPH program, or incorporate it within the general MPH track. IHME would work with DGH to ensure that current students are not affected in any way by the creation of the new Department. To date, IHME has been staffing the Metrics track of the MPH – including recruitment, admissions, advising, and course development. IHME could continue to provide support to DGH until the current students graduate, and work with the DGH curriculum committee on a transition plan thereafter.

3. The Department of Global Health has a PhD program with two areas of emphasis: a) Metrics and, b) Implementation Science. We propose that the Metrics area of emphasis would move into the new Department of Health Metrics Sciences and students would receive a degree in Health Metrics Sciences. In the current program, IHME is solely responsible for securing funding for students in the Metrics area of emphasis. IHME currently provides funding to all students admitted in the Metrics area for up to five years in the program. The same level of funding would be available to students if the PhD program moved to the new department. We expect that over time, with the elevated credibility given the field by the creation of its own department, interest in the PhD program would increase and that the program would attract additional students with backgrounds in more quantitative fields. These are students who currently are highly unlikely to seek out PhD options in global health. At present, there are very few courses in DGH that are specifically meant for PhD students – the doctoral seminar and one additional methods course that focuses on the measurement of mortality are two exceptions. We would need to discuss the implications of the Department of Health Metrics Sciences to these courses with DGH and reach a mutual agreement. Courses offered through the new DHMS would be open to DGH students, so we do not anticipate that the creation of the new department would adversely affect the PhD students in Implementation Science.

It should also be noted that we would expect new courses could naturally develop not only for the MS but also for the PhD program, especially new courses that focus on methods development. These new courses would naturally be driven by the interest from students with a slightly different background and interest in data science. As a result, joint courses with a host of different departments – such as computer science or biostatistics – might also become more feasible and attractive. Each of these possibilities would need to be considered in turn, but they do represent opportunities that are only realized with the creation of a Department for Health Metrics Sciences. Equally important to note is that the new department would have no interest in creating undergraduate programs.

**Transition Strategy**

The transition to a new department would mainly affect faculty who decide to shift their home department to the Department of Health Metrics Sciences. Those who are most likely to wish to
switch home departments are those already affiliated with IHME, and of IHME affiliates the majority have been appointed with the Department of Global Health as their home department. That said, all faculty affiliated with IHME would be given the option to migrate departments. As Department of Global Health is likely the largest affected, we would negotiate a specific transition strategy with them.

Key attributes of the transition would likely include:

- A commitment by faculty to see out the full terms of their existing committee and other service-related obligations to Department of Global Health. This would include advisement to MPH and PhD students.
- Maintaining commitments for teaching courses that are critical for the MPH Health Metrics Track until the cohort of students entering that track in September 2017 is graduated.
- Fulfilling funding commitments to currently enrolled PhD students in Metrics and continuing to advise them until the group that enters in September 2017 is graduated. If the Department comes into being, then this cohort would be the last cohort within DGH with Metrics as a focus.
- Coordination on transition plans for any faculty member who wishes to stay within DGH. Such plans are likely to be fairly modest unless there is any faculty currently located at IHME who wishes to maintain a DGH home affiliation, in which case we would be willing to house them until completion of the new Population Health Initiative building and then have them move into new space at that time.
- Existing MPH students in the Health Metrics track would stay in DGH until they graduated. IHME would continue to provide advisement and mentoring to those students. Further involvement in the program, especially after an MSc was created in the new Department of Health Metrics Sciences, would be negotiated.

The true transition should be minimally disruptive. The vast majority of IHME-affiliated faculty have their only office space already in IHME physically. Their research management and academic promotion support comes mainly (and often exclusively) from IHME. Responsibility for setting their salaries and carrying out performance evaluations is currently shared with home departments and IHME; the process would remain the same going forward only with a new home department.

There are potentially 2-3 existing IHME staff who would transition either full-time to the new department or have their duties split. Their transition needs would be slight.

We would also need a transition strategy for courses that would be aligned with the transition suggested for degree programs. The Department of Health Metrics Sciences would need to negotiate with DGH the best way forward, but one suggestion would be to cross-list courses that are offered by Health Metrics Sciences-based faculty. There are not currently any courses that are offered for the main MPH or PhD in global health implementation track that would be affected by the transition.

**Institutional Context**

It is important to note that regardless of the outcome of this request for the creation of a Department of Health Metrics Sciences, the Institute for Health Metrics and Evaluation will continue to be a separate entity. It will be housed administratively in the department (its current administrative home is the School of Medicine Dean's Office), but it would maintain the same Management Board structure and governance it has had since inception. IHME's focus is and will remain on implementation of the research and training of those outside of academic programs. Its
mission is to improve the. While IHME will undoubtedly be strengthened by the creation of the Department of Health Metrics Sciences through improvements in the recruitment and retention of the highest caliber of quantitative researchers, revenue growth, and overall increased visibility of the health metrics field, IHME’s mission is nonetheless separate and distinct from that of the department. IHME aspires to make available to the world the timely, high-quality, scientific information on population health, its determinants, and the performance of health systems. The governance structure of IHME, which includes its own Management Board with authority seconded from the Board of Regents, has no chartered responsibility for overseeing a department. The premise under which IHME’s core funding is supplied, and the brand recognition for leadership in the field and setting standards for high-quality products, fortify the importance of keeping the two bodies separate but complementary to one another. At the same time, by housing IHME administratively within the department, we maximize the benefits of alignment in faculty, training, and the co-leveraging of resources where appropriate.
February 10, 2017

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Re: Consideration of academic department status for new Department of Health Metrics Sciences

Dear Colleagues:

I write to ask you to serve on an ad hoc committee chaired by Dr. Jürgen Unützer to make a recommendation regarding the creation of a new academic department within the School of Medicine, provisionally called the Department of Health Metrics Sciences.

Enclosed for your reference please find a document prepared by Dr. Christopher Murray, describing the emerging discipline of Health Metrics Sciences and the current work and status of the Institute for Health Metrics and Evaluation (IHME), which would remain as a separate institute under the new department. IHME is currently housed within the School of Medicine.

Please review the enclosed materials and obtain input from relevant faculty, staff and students who are knowledgeable about the work of IHME and activities in the discipline of health metrics sciences. I ask that you consider the following questions in your evaluation, and advise me on each of them:

Paul G. Ramsey, M.D.

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206.543.7718  FAX 206.685.8767  pramsey@uw.edu

HARBORVIEW MEDICAL CENTER | NORTHWEST HOSPITAL & MEDICAL CENTER | VALLEY MEDICAL CENTER | UW MEDICAL CENTER
UW NEIGHBORHOOD CLINICS | UW PHYSICIANS | UW SCHOOL OF MEDICINE | AIRLIFT NORTHWEST
1. What would be the effect (positive and negative) of establishing a new department on each of the following:
   a. faculty recruitment, retention and promotion
   b. faculty collaboration in research within and outside of the possible new department
   c. application for research grants
   d. donor relations
   e. relationship with other units or academic departments within the School of Medicine and UW
   f. financial status of the new department and impact of new department on finances of existing department of Global Health
   g. other (if there are other key areas of change or impact, please address them)

2. To what extent if at all would establishment of a new department result in changes to faculty employment and/or degree programs, including but not limited to:
   a. movement or reassignment of tenure lines
   b. change in primary or joint appointments of faculty members
   c. change in duties and responsibilities of faculty members who have current associated with IHME (teaching, scholarship, administrative service)
   d. faculty compensation changes
   e. changes in appointment and promotions criteria
   f. faculty space assignments
   g. addition or elimination of degree programs

3. In what ways is health sciences metrics identifiable as a specific existing or emerging academic discipline and, to the extent not answered above, in what ways would the creation of a new department serve to establish and/or strengthen that academic discipline within the School of Medicine and the UW and further the mission of UW Medicine to improve the health of the public as well as our ability to meet the triple aim (better health care for individual patients, better health for the population we serve, and reduced per capita costs)?

4. Do you recommend that I take next steps towards consideration of establishing a new department?

5. Are there any other concerns, issues or advice that you would like to provide having looked into the possible establishment of this new department?
I ask that you provide me with your report including an overall recommendation regarding the creation of a new Health Metrics Sciences Department by March 10, 2017. Please let me know if you are willing to serve on this committee.

Sincerely,

Paul G. Ramsey, M.D.
CEO, UW Medicine
Executive Vice President for Medical Affairs and
Dean of the School of Medicine,
University of Washington

PGR/mn

cc: Mark Green
    Mary Fran Joseph
    Michael MacIntyre
    Ruth Mahan
    Christopher Murray, M.D., Ph.D.
    Carlos Pellegrini, M.D.

Enclosure
March 27, 2017

To: Paul Ramsey, MD  
CEO, UW Medicine  
Executive Vice President for Medical Affairs  
Dean of the School of Medicine  
University of Washington  
Box 356350

From: The ad hoc Committee on the establishment of a Department of Health Metrics Sciences (DHMS) in the UW School of Medicine (SoM)

On Feb 10, Dean Ramsey charged an ad hoc committee of faculty (Appendix A) to consider the creation of a new Department of Health Metrics Sciences (DHMS) proposed by Chris Murray, MD, DPhil, and others at the Institute for Health Metrics and Evaluation (IHME) (Appendix B). Committee members consisted of Jürgen Unützer, MD, MPH (committee chair); Ian Bennett, MD, PhD, Professor, Family Medicine, Psychiatry and Behavioral Sciences, and (adjunct) Global Health; Ali Mokdad, PhD, Professor, Department of Global Health, IHME; Sheila Lukehart, PhD, Professor, Medicine (Infectious Diseases) and Global Health, Associate Dean for Research and Graduate Education, School of Medicine; and Andy Stergachis, PhD, Professor, Pharmacy and Global Health and Associate Dean for Research and Graduate Programs, School of Pharmacy.

The committee members met five times: February 23, March 3, March 14, March 17, and March 21, 2017.

Committee members reviewed the proposal from Dr. Murray (Appendix B) and met with IHME leadership and senior faculty (C. Murray, E. Gakidou, M. MacIntyre, S. Hay) on March 17. The committee also met as a group with leaders from the Department of Global Health (J. Wasserheit, J. Baeten, C. Farquhar) on March 3. The committee consulted with Barbara Van Ess in the SoM Dean’s office to gain a better understanding of the relevant sections of the UW Faculty Code (i.e., chapter 26-41) and the process for Reorganization and Consolidation of Programs (RCEP) and consulted with Julie Reid in the SoM to gain a better understanding of number and academic appointments of the current faculty at IHME and the financial implications of establishing a DHMS. Individual committee members consulted extensively with additional key stakeholders about the potential effects of establishing a DHMS on IHME, the DGH, the SoM, the School of Public Health (SPH), and the larger UW community; included King Holmes, MD PhD, former Chair of Global Health, and Joel Kaufman, MD, MPH, Dean SPH. Committee members also received unsolicited input from a number of faculty in the SoM and SPH.

The committee considered the question, posed by Dean Ramsey, of whether Health Metrics is a specific, existing or emerging academic discipline and whether creating a new DHMS could further the mission of UW Medicine to improve the health of the public by meeting the triple aim of health care reform: better health care, better outcomes, and lower health care costs.
The committee also discussed the potential impact of the proposed new DHMS on issues such as faculty recruitment, retention, and promotion; existing and new tenure lines; faculty collaboration and relationships with other units of the SoM, UW more broadly, and external partners; grant funding; existing degree programs; curricular offerings; and financial impact on IHME, DGH, and potentially other units in the SoM or the UW more broadly. The committee did not pursue an extensive evaluation or discussion of the potential effect of creating a new DHMS on donor relations.

The committee members believe that the review of the proposal from IHME, the interviews conducted, and the committee’s internal discussions provide a sufficient understanding of the situation to provide our recommendation to Dean Ramsey which is summarized below.

**Background:**

IHME was established as an Institute in 2007 and situated administratively in the DGH, a joint department between the SoM and the SPH. By way of reminder, the UW Department of Global Health was also established in 2007, bridging the SoM and SPH, with a “mandate to harness the expertise and interdisciplinary power of all 16 UW schools and colleges.” Subsequently, IHME was transitioned to become an institute based administratively within the SoM with a reporting relationship to the Dean of the SoM. IHME is not tied currently to a specific department for faculty recruitments, but given the initial relationship with DGH, the majority of its faculty's primary appointments are in the DGH, some with adjunct appointments in other SPH departments, especially Epidemiology and Biostatistics. Most IHME-based faculty are considered for academic promotion through the DGH appointment and promotions process which involves both the SoM and the SPH. A smaller number have primary appointments in a clinical department of the SoM and their promotions run through that clinical department with input from IHME.

Since its inception, the growth, success, and impact of IHME have been simply exceptional. The Bill & Melinda Gates Foundation (BMGF) provided substantial support to IHME at its inception in 2007, and in January of this year invested an additional $279 million to continue IHME’s work over the next decade. IHME’s many accomplishments and recognition over the years include (http://www.healthdata.org/about/history):

- January 2016 – Thomson Reuters reported IHME and the University of Washington among ‘World’s Most Influential Scientific Minds’
- May 2015 – IHME and WHO signed an agreement to improve data used to generate estimates of levels and trends in health.
- October 2014 – the UW Center for Demography and Economics of Aging was established at IHME
- November 2013 – IHME launches the Roux Prize to reward use of Global Burden of Disease evidence to improve health
- December 2012 - The Global Burden of Diseases, Injuries, and Risk Factors Study 2010 (GBD 2010), covering the years 1990 to 2010, is published in The Lancet, the first time the journal has dedicated an entire triple issue to one study.
- July 2011 – IHME wins award for innovative tool to map global health trends over time
- March 2011 – IHME launches new Global Health Data Exchange
IHME currently has 32 faculty. Establishing this unit as a new department would create a department that is relatively small when compared to other clinical departments but well within typical faculty sizes for basic science departments in the SoM.

IHME currently has $1.5 million in state salary support that includes support for two tenured faculty lines. That funding would transfer to the new department and when combined with fund balances available in IHME would provide more than sufficient financial support for the new department to operate.

Committee members and consulted key stakeholders identified a number of potential advantages, disadvantages, and concerns related to establishing a new DHMS. These are discussed below:

**Advantages and opportunities related to establishing a new Department of Health Metrics Sciences**

Several potential advantages were summarized in the proposal from Dr. Murray. They include items a. through g. below:

a. Improved support for recognition of Health Metrics Sciences as a discipline
b. Improved local, national, and global visibility and impact
c. Improved capacity to recruit and retain top talent
   Establishment of a new department could help draw greater attention to the field of HMS and related programs in Health Metrics and Evaluation and help the UW and UW Medicine attract and retain the most talented faculty and trainees to such a new department. Several individuals interviewed pointed to the creation of the DGH a decade ago as an example of such benefits when a new department is created from existing divisions, centers, or institutes. Establishing a DHMS could help the UW "plant the flag" and be even more readily recognized in the HMS field. It could also further highlight the UW’s recent commitment to a Population Health Initiative.

d. Improved faculty morale
   A number of IHME-based faculty indicated that departmental status for a DHMS would help improve their sense of identity as Health Metrics scientists. They also identified that having such a department in the SoM would help them feel more valued as a core component of the SoM.

e. Improved collaboration and influence within the SoM
   Establishing a DHMS in the School of Medicine could strengthen collaboration of IHME-based faculty with other SoM departments and programs and thus strengthen the contribution of IHME to the mission of the SoM to "improve the health of the public." Increased participation of DHMS leadership in meetings with other department chairs could be mutually beneficial. Increased availability of experts in HMS could give investigators in the SoM new opportunities for scientific collaboration. At the same time, closer collaboration with clinical and methodological experts in existing SoM departments would likely strengthen the relevance and impact of the work done by IHME.

It is important to point out, however, that several key stakeholders in the SoM and the SPH indicated that IHME's track record of such collaboration has been limited during the first 10 years of its existence at UW. While IHME has collaborated extensively with global experts in areas of their interest, requests
for collaborations within the SoM or SPH have had a limited track record of success. While many stakeholders are excited about the potential of increased and improved collaboration, some expressed concern that IHME’s becoming a department might actually further increase the independence of this program, thus possibly decreasing further collaboration with the SoM and the larger UW community. At this point, only a few IHME-based faculty have joint or adjunct appointments in SoM clinical departments while a large number of IHME faculty have joint or adjunct appointments in the SPH. Potential ways to address these concerns might be joint hires of new faculty with expertise in health metrics sciences in the new DHMS and in relevant departments in the SoM. Other opportunities would include regular and systematic consultation with clinical or methodological experts in SoM clinical or basic science departments when the DHMS undertakes new initiatives or partnerships. Committee members believe that realizing opportunities for improved collaboration between IHME-based faculty and key experts in relevant SoM departments is likely the single most important potential benefit of establishing a new DHMS, but that a substantial commitment would have to be made by the new department, especially its leadership, to help realize this potential.

f. Improved ability to attract grant funding
IHME leadership reports that they employ a proposal development team who search for new opportunities and bring these to the attention of faculty, especially junior faculty. They report a 30-40% grant success rate and average of 2-3 grant submissions per year by each faculty member, with approximately 60 submissions overall by IHME annually. IHME leadership believes that having departmental status would substantially improve their faculty members’ ability to obtain grants from federal and other funders.

g. Improved administrative efficiencies for IHME-based faculty
IHME leadership believes that the current administrative structures which require close consultation with the DGH and with two schools when it comes to faculty appointments, promotions, and other administrative matters complicate their work unnecessarily. IHME leadership also points out that faculty frequently feel that they must exceed expectations from both schools to achieve promotion. A new DHMS with its own A&P criteria and processes might be able to more efficiently support its faculty.

Potential disadvantages and risks related to establishing a new Department

A number of the faculty in the DGH and the SPH voiced concerns about the establishment of a new department.

a. Potential harm to SPH and / or existing collaborations between SPH and SoM
Concerns were expressed that a new DHMS based in the SoM could weaken existing departments in the SPH that have traditionally collaborated with SoM faculty, such as the Departments of Biostatistics, Health Services, and Epidemiology. Just as creation of a DHMS could improve morale among IMHE-based faculty, a weakening of relationships between the SPH and the SoM could worsen the morale of faculty in Biostatistics, Epidemiology, and other SPH faculty who have traditionally collaborated with SoM investigators. This is especially true at a time when relevant SPH departments are experiencing substantial resource constraints while IHME appears to have fewer resource constraints and have been remarkably successful in generating funds.
b. Potential overlaps and redundancies with existing departments

Several key stakeholders interviewed pointed out significant redundancies in mission and methods that would be created by a new DHMS that overlap with the Departments of Epidemiology, Biostatistics, and with a relatively new degree program in ‘Data Sciences’ at UW. One potential way to mitigate such redundancies would be to create a multi-departmental working group that might include the new DHMS and the Departments of Biostatistics, Biomedical Informatics, Epidemiology, and others (including other Health Sciences Schools) to collaborate on a new interdisciplinary “Health Data Sciences” degree program. The eSciences Educational Working Group on campus was suggested as a good example for such a collaborative effort. Other concerns expressed involve potential “faculty and student drain” from the UW Departments of Epidemiology and/or Global Health and potential “erosion of the discipline of epidemiology”.

Potential ways to address these concerns might be joint hires of new faculty with expertise in health metrics methodology in the new DHMS and relevant SPH departments such as Epidemiology and/or Biostatistics, for example.

c. Potential to negatively impact existing graduate programs

The proposed creation of a DHMS could jeopardize the success of the relatively small but promising new PhD program in Health Metrics and Implementation Sciences that is based in the DGH. Separating the Health Metrics and the Implementation Sciences PhD program into separate degree programs, housed in different departments could weaken the existing program and may not provide students with the requisite breadth and mastery of knowledge necessary to not only measure the world’s major health problems (metrics) but also to systematically apply scientific approaches to address questions regarding intervention efficacy and implementation scale-up (implementation science). IHME leadership believes that the two components of this program are in reality already largely separate, with distinct recruitment and coursework (with one exception), and that a transition could be orchestrated in such a way that the PhD program track in Implementation Sciences in the DGH could be unharmed. However, this belief is not necessarily held by DGH leadership.

In addition, DGH offers a Health Metrics and Evaluation track in their Global Health MPH degree. This degree opportunity could be lost from DGH if IHME faculty move to a new department and if IHME develops its proposed MSc in Health Metrics Sciences.

d. Financial implications to DGH, SPH and new department

There are also financial implications and disadvantages for DGH and SPH if IHME forms a separate department. IHME’s finances are already mostly separate from DGH, but there is an allocation of indirects (RCR) of approximately $62K/ year from IHME to DGH for grants administered by IHME, per a 2014 MOU between the respective organizational units, and an allocation of $25K/ year in indirects from SoM to SPH related to the same grants.

Finally, creating a new department would require setting up new and potentially duplicative administrative support structures such as a departmental A&P process, HR, and financial management programs and processes within the SoM, although some of the necessary administrative structures already exist at IHME.
The committee also identified a number of other issues that should be considered:

a. A number of key stakeholders and several committee members questioned the uniqueness of Health Metrics Sciences as a scientific discipline. They believe that, while IHME and associated faculty use compelling new methodological approaches and while the scope of the work undertaken by IHME is remarkably audacious and of tremendous impact, the basic methods used are essentially applied public health sciences including epidemiology and biostatistics rather than an entirely new scientific discipline. There is some difference of opinion about the argument that HMS represents a new scientific discipline. Most committee members agree that organizing expert faculty from relevant interdisciplinary backgrounds in a new DHMS could strengthen the visibility and impact of UW’s contributions to the important area of Health Metrics.

b. Several stakeholders raised questions about the wisdom of establishing a new department that is largely defined by the work and the funding of a single highly successful investigator, Dr. Murray. Concerns were raised about what would happen to the proposed new department if Dr. Murray and senior colleagues were recruited to another institution in the future.

c. A number of stakeholders asked why a new DHMS should be located in the SoM rather than the SPH, as the work conducted by IHME is largely applied public health science rather than pre-clinical, clinical, or basic medical science. Others wondered whether the new department should be a joint department such as the DGH, reporting to both the SoM and the SPH. Dr. Murray and other members of IHME's leadership strongly believe that the added administrative burden and complexities of reporting to two schools outweigh the benefits and that for future work of IHME and the DHMS, a closer relationship with clinical experts in SoM departments would have substantial benefits.

d. Several stakeholders raised concerns about the existing culture of IHME which seems more corporate than academic in the sense that junior faculty and faculty in general often work on large IHME programs of one or two principal investigators rather than on investigator-initiated funded research or other scholarly programs that help them establish a track record of independent scholarly productivity in terms of independent grant funding and first-authored publications. A number of key stakeholders mentioned that this has been an issue in the promotions of a number of junior faculty based at IHME in recent years. This might be mitigated by creating appointment and promotions criteria for the new department that would reflect the nature of the work conducted at IHME such as large scale team science.

Summary:

The ad hoc committee identified and confirmed a number of important advantages and opportunities related to the establishment of a new DHMS, particularly to IHME, the SoM, and the UW's new Population Health Initiative. The committee also identified a number of potential disadvantages, risks, and concerns that should be considered as the SoM contemplates the establishment of a DHMS. With this in mind, the ad hoc committee recommends that Dean Ramsey take next steps in considering the establishment of a DHMS.
April 10, 2017

Julio Frenk, M.D., Ph.D.
President
University of Miami
president@miami.edu

Dear Julio,

I am considering a proposal to the provost and president of the University of Washington to establish a new Department of Health Metrics Sciences. This new academic department would be based in the University of Washington School of Medicine and would have collaborative research and educational activities with many other academic departments at the University of Washington. If we establish this department, one goal would be to increase collaboration, including the development of numerous joint and adjunct faculty appointments. A faculty committee led by the professor and chair of our Department of Psychiatry and Behavioral Sciences (Professor Jürgen Unützer) has made a recommendation to me to move forward with a proposal to establish the new Department of Health Metrics Sciences. As part of the committee's deliberations, one question that has been raised is whether "health metrics sciences" is a scientific discipline with an associated research agenda and educational activities that would be consistent with an academic department in a major research University.

Enclosed is a proposal to consider the establishment of a new Department of Health Metrics Sciences. This proposal was prepared by Professor Christopher Murray and several of his colleagues. I write to ask your opinion regarding the status of "Health Metrics Sciences" as a scientific discipline. Do you believe that a Department of Health Metrics Sciences would have an ongoing research agenda and range of educational activities that would be consistent with other academic activities in a major research University? Would you recommend that the University of Washington proceed with a proposal to establish a new Department of Health Metrics Sciences?

Please call me if you have questions regarding my request. I look forward to receiving your thoughts about a proposal to establish a new Department of Health Metrics Sciences in the University of Washington School of Medicine. Best regards.

Sincerely,

[Signature]

Paul G. Ramsey, M.D.
CEO, UW Medicine
Executive Vice President for Medical Affairs and
Dean of the School of Medicine,
University of Washington

PGR/mn

Enclosure
April 10, 2017

Victor Dzau, M.D.
President
National Academy of Medicine
VDzau@nas.edu

Dear Victor,

I am considering a proposal to the provost and president of the University of Washington to establish a new Department of Health Metrics Sciences. This new academic department would be based in the University of Washington School of Medicine and would have collaborative research and educational activities with many other academic departments at the University of Washington. If we establish this department, one goal would be to increase collaboration, including the development of numerous joint and adjunct faculty appointments. A faculty committee led by the professor and chair of our Department of Psychiatry and Behavioral Sciences (Professor Jürgen Unützer) has made a recommendation to me to move forward with a proposal to establish the new Department of Health Metrics Sciences. As part of the committee’s deliberations, one question that has been raised is whether “health metrics sciences” is a scientific discipline with an associated research agenda and educational activities that would be consistent with an academic department in a major research University.

Enclosed is a proposal to consider the establishment of a new Department of Health Metrics Sciences. This proposal was prepared by Professor Christopher Murray and several of his colleagues. I write to ask your opinion regarding the status of “Health Metrics Sciences” as a scientific discipline. Do you believe that a Department of Health Metrics Sciences would have an ongoing research agenda and range of educational activities that would be consistent with other academic activities in a major research University? Would you recommend that the University of Washington proceed with a proposal to establish a new Department of Health Metrics Sciences?

Please call me if you have questions regarding my request. I look forward to receiving your thoughts about a proposal to establish a new Department of Health Metrics Sciences in the University of Washington School of Medicine. Best regards.

Sincerely,

Paul G. Ramsey, M.D.
CEO, UW Medicine
Executive Vice President for Medical Affairs and
Dean of the School of Medicine,
University of Washington

PGR/mn

Enclosure
About President Julio Frenk

A fourth-generation physician whose paternal grandparents fled Germany in the early 1930s to build a new life in Mexico, Julio Frenk catalyzed his deep gratitude for the kindness of strangers into a lifelong mission to improve the health, education, and well-being of people around the world.

Dr. Frenk became the sixth president of the University of Miami in August of 2015. He also holds academic appointments as Professor of Public Health Sciences at the Leonard M. Miller School of Medicine and as Professor of Health Sector Management and Policy at the School of Business Administration.

Prior to joining the University of Miami, he was the dean of the Harvard T.H. Chan School of Public Health and the T & G Angelopoulos Professor of Public Health and International Development, a joint appointment with the Harvard Kennedy School of Government.

Julio Frenk served as the Minister of Health of Mexico from 2000 to 2006. There he pursued an ambitious agenda to reform the nation’s health system and introduced a program of comprehensive universal coverage, known as Seguro Popular, which expanded access to health care for more than 55 million previously uninsured Mexicans.

He was the founding director-general of the National Institute of Public Health in Mexico, one of the leading institutions of its kind in the developing world. He also served as executive director in charge of Evidence and Information for Policy at the World Health Organization and as senior fellow in the global health program of the Bill & Melinda Gates Foundation, among other leadership positions.

Dr. Frenk holds a medical degree from the National University of Mexico, as well as a master of public health and a joint Ph.D. in Medical Care Organization and in Sociology from the University of Michigan. He has received honorary degrees from seven universities.

His scholarly production, which includes over 160 articles in academic journals, as well as many books and book chapters, has been cited more than 15,000 times. In addition, he has written three best-selling novels for youngsters explaining the functions of the human body.

He is a member of the American Academy of Arts and Sciences, the U.S. National Academy of Medicine, and the National Academy of Medicine of Mexico. He serves on the boards of the United Nations Foundation and the Robert Wood Johnson Foundation. He has received numerous recognitions, including the Clinton Global Citizen Award for changing the way practitioners and policy makers across the world think about health, the Bouchet Medal for Outstanding Leadership presented by Yale University for promoting diversity in graduate education, and the Welch-Rose Award for Distinguished Service from the Association of Schools and Programs of Public Health.
Victor J. Dzau, M.D., President

Victor J. Dzau, M.D., is the President of the National Academy of Medicine (NAM), formerly the Institute of Medicine (IOM). In addition, he serves as Chair of the Health and Medicine Division Committee of the National Academies of Sciences, Engineering, and Medicine. He is Chancellor Emeritus and James B. Duke Professor of Medicine at Duke University and the past President and CEO of the Duke University Health System. Previously, Dr. Dzau was the Hersey Professor of Theory and Practice of Medicine and Chairman of Medicine at Harvard Medical School’s Brigham and Women’s Hospital, as well as Chairman of the Department of Medicine at Stanford University.

Dr. Dzau has made a significant impact on medicine through his seminal research in cardiovascular medicine and genetics, his pioneering of the discipline of vascular medicine, and his leadership in health care innovation. His important work on the renin angiotensin system (RAS) paved the way for the contemporary understanding of RAS in cardiovascular disease and the development of RAS inhibitors as widely used, lifesaving drugs. Dr. Dzau also pioneered gene therapy for vascular disease, and his recent work on stem cell paracrine mechanisms and the use of microRNA in direct reprogramming provides novel insight into stem cell biology and regenerative medicine.

In his role as a leader in health care, Dr. Dzau has led efforts in health care innovation. His vision is for academic health sciences centers to lead the transformation of medicine through innovation, translation, and globalization. Leading this vision at Duke, he and his colleagues developed the Duke Translational Medicine Institute, the Duke Global Health Institute, the Duke-National University of Singapore Graduate Medical School, and the Duke Institute for Health Innovation. These initiatives create a seamless continuum from discovery and translational sciences to clinical care, and they promote transformative innovation in health.

As one of the world’s preeminent academic health leaders, Dr. Dzau advises governments, corporations, and universities worldwide. He has been a member of the Council of the IOM and the Advisory Committee to the Director of the National Institutes of Health (NIH), as well as Chair of the NIH Cardiovascular Disease Advisory Committee and the Association of Academic Health Centers. He served on the Governing Board of the Duke-National University of Singapore Graduate Medical School and the Board of Health Governors of the World Economic Forum and chaired its Global Agenda Council on Personalized and Precision Medicine. He also served as the Senior Health Policy Advisor to Her Highness Sheikha Moza (Chair of the Qatar Foundation). Currently, he is a member of the Board of Directors of the Singapore Health System, the Expert Board of the Imperial College Health Partners, UK, and the International Advisory Board of the Biomedical Science Council of Singapore. In 2011, he led a partnership
between Duke University, the World Economic Forum, and McKinsey, and he founded the International Partnership for Innovative Healthcare Delivery and currently chairs its Board of Directors.

Among his honors and recognitions are the Gustav Nylin Medal from the Swedish Royal College of Medicine; the Max Delbruck Medal from Humboldt University, Charité, and the Max Planck Institute; the Commemorative Gold Medal from the Ludwig Maximilian University of Munich; the Inaugural Hatter Award from the Medical Research Council of South Africa; the Polzer Prize from the European Academy of Sciences and Arts; the Novartis Award for Hypertension Research; the Distinguished Scientist Award from the American Heart Association (AHA); and the AHA Research Achievement Award for his contributions to cardiovascular biology and medicine. Recently, he was awarded the Public Service Medal by the President of Singapore. He has received nine honorary doctorates.
Dear Paul,

Thank you for sharing this excellent development with me and for seeking my opinion.

In answer to you specific questions, I do believe that health metrics sciences is an emerging scientific discipline with a vigorous agenda. Therefore, I strongly recommend that the University of Washington proceed to establish a Department of Health Metrics Sciences. If the University of Washington were to take this important step, they would be at the forefront of research and educational institutions providing a stable home to a discipline with a very promising future.

With my best wishes,

Julio

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Julio Frenk, M.D., Ph.D.
President
University of Miami
CEO, UW Medicine
Executive Vice President for Medical Affairs and Dean of the School of Medicine,
University of Washington

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Mylinh Nguyen, Program Coordinator
Office of Paul G. Ramsey, M.D.
CEO, UW Medicine
Executive Vice President for Medical Affairs and Dean of the School of Medicine,
University of Washington
May 17, 2017

Paul G. Ramsey, M.D.
CEO, UW Medicine
Executive Vice President for Medical Affairs and
Dean of the School of Medicine,
University of Washington

Dear Dr. Ramsey:

I am writing to give my enthusiastic support for the proposal to establish a new Department of Health Metrics Sciences within the University of Washington, School of Medicine. I commend the vision to create an interdisciplinary department that fosters high-impact research and education relevant to health metrics sciences.

There is an important need to advance the field of health metrics sciences, which is defined as “an integrated scientific field that is interdisciplinary, bringing together notions, methods, and techniques from statistics, demography, epidemiology, economics, and other social sciences aimed at providing rigorous measurement, using tested and high-performing relationships, and trends amongst health outcomes, drivers, and systems” (Murray and Frenk, 2008). As Murray and Frenk wrote in the Lancet in 2008, one way to view the scope of this emerging field is in terms of key activities to strengthen its scientific basis: “development of new methods, instruments, software, and hardware; setting global norms and standards for data collection; increasing the availability of high-quality primary data; systematic analysis and synthesis of existing datasets; strengthening national capacity to obtain, analyse, and use data; and reporting and disseminating results.”

The importance of health metrics and evaluation as a strategy to improve health cannot be understated. Today, we live in a globalized world consisting of diverse populations and environments. Improving global health requires an understanding of the health outcomes and challenges of different populations as well as their environmental and social factors and the impact of global health programs and policies. Health metrics and evaluation provide an important foundation for policy makers, health system leaders, and funders to make informed decisions that maximize health system impact and ultimately improve health outcomes globally.

The University of Washington is well positioned to become a world leader in the field of health metrics sciences. The university’s Institute for Health Metrics and Evaluation (IHME) has...
already established itself as a pioneer in the field – its work has arguably helped define the field of health metrics science. Indeed, IHME and the entire university houses some of the world’s top faculty and researchers in many fields relevant to health metrics science, with authorship of the highest impact publications and numerous examples of uptake of key results by donors, governments, and international organizations. The Bill & Melinda Gates Foundation recently pledged $269 million over ten years to expand the work of IHME, a reflection of IHME’s long history of outstanding work but also a testament to the continued importance of the field.

The creation of a Department of Health Metrics Sciences is very timely, in light of the growing importance of health and data driven approaches in the global agenda. A Department of Health Metrics Sciences would bring together world class researchers and faculty in health metrics science with a common vision and allow the university to leverage its strengths and build on past successes. It would help to advance the field by elevating its status as an academic discipline and thereby increasing opportunities for research, scholarship, and training. Furthermore, it will position the University of Washington to be a global leader in this very important arena. For these reasons, I strongly urge the university to give this proposal its most favorable consideration.

Sincerely,

Victor J. Dzau, M.D.
Establishment of the Department of Global Health

RECOMMENDED ACTION:

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Department of Global Health be established as a joint department in the Schools of Medicine and Public Health & Community Medicine effective February 1, 2006.

BACKGROUND:

The Department of Global Health will serve as a focal point for the University’s programs to identify and evaluate health problems and health inequities in underserved populations, and to identify, develop and implement innovative interventions that can dramatically reduce disease burden and improve health for all populations. Dean Pat Wahl and Dean Paul Ramsey proposed the establishment of this new department in a letter to President Emmert and Provost Wise dated December 1, 2005 (copy attached).

As described in the letter from Deans Wahl and Ramsey, the financial support for the proposed department will be achieved through a combination of University funds and a significant level of support from the Bill and Melinda Gates Foundation.

This recommendation as presented by Deans Wahl and Ramsey has been approved by the Provost and the President.

ENCLOSURES:

1. December 1, 2005 letter from Dean Pat Wahl and Dean Paul Ramsey to President Mark Emmert and Provost Phyllis Wise.
2. Budget summary
ENCLOSURE 1

December 1, 2005

Dr. Mark Emmert
President
301 Gerberding Hall

Dr. Phyllis Wise
Provost
301 Gerberding Hall

Dear President Emmert and Provost Wise:

We write to propose that a Department of Global Health be established in the Schools of Medicine and Public Health & Community Medicine. The following paragraphs provide the context for this proposal and an outline of the organization, vision, mission, and programs of the proposed department.

BACKGROUND
Globalization of the world’s economies, politics, and cultures has brought about recognition of the global nature of health problems, the impact of health on human development, and the need for international commitment and collaboration in addressing the major health issues of our time. During the last two decades of the twentieth century, emerging and re-emerging diseases have created epidemics of unprecedented proportions and in some cases have resulted in a net loss in life survival gains made in the mid-twentieth century.

An examination of the worldwide distribution of populations and deaths in 2004 from the World Health Organization demonstrates vast disparities in health and life expectancy between the developing and developed world. For example, in Sierra Leone and Botswana the life expectancies in 2004 were 28.6 and 35.7 years. In contrast, the life expectancies in the United States and Japan were 69.3 and 75.0 years, respectively. Infectious diseases currently account for 26 percent of total global mortalities. In addition, for the more than one billion people who live in developing countries, infectious diseases now cause chronic diseases and disability that overlap into and permeate the developed world.

These global health disparities create an imperative that medical and public health centers worldwide must alter their curricula and provide education to prevent and control global diseases. Recent data suggest that exposing medical students to
international health experiences increases the likelihood that they will later work with underserved populations in the U.S. Therefore, addressing worldwide health disparities also provides a focus for work on improving health for the U.S. population. Public health and medicine must work together more effectively to improve health for all populations.

In summary, it is time for the academic community to broadly engage in global health. It is essential that we contribute to clinical care, medical education, research, and public health practice in global settings that suffer from extreme health problems and disparities. The University of Washington is one of the pre-eminent institutions for medical and public health training, care and research in the world. The faculty of the University of Washington as a whole represent leading experts in research, education, and public health practice in many disciplines relating to global health. The Schools of Medicine and Public Health & Community Medicine jointly propose the formation of a Department of Global Health that will pool the resources of both schools and involve other schools of the University of Washington to address the health problems of the world.

VISION
The vision of the Department of Global Health at the University of Washington will be to develop and implement innovative interventions to improve health for populations worldwide and reduce the devastating health, social, and economic consequences of disease. To achieve this vision the department will conduct interdisciplinary research internationally; educate scientists, public health practitioners, and medical care providers; work to positively influence public health and medical policy; and help build infrastructure and institutional capacity to increase access to affordable health services that can provide sustainable and improved quality of health globally.

MISSION AND PROGRAMS
The overarching mission of the Department of Global Health will be to develop and implement educational programs in global health, promote and support research activities that address global health disparities, and provide opportunities to translate these educational and research activities into improving the health of all global citizens through clinical care and public health initiatives. These activities will, by design, be fully integrated and will overlap synergistically. For example, research and service-based activities will provide important educational opportunities. Similarly professional students, residents and fellows enrolled in educational programs can help implement and advance new areas of research and clinical work overseas. Although each activity is described separately below, the work will be integrated fully to address the overall mission of the department.

Education. The top priority for the department will be to develop curricula relevant to global health for undergraduate students, medical students, graduate students, and post doctoral trainees at the University of Washington and for foreign nationals. The
goal will be to train clinicians, scientists, and public health practitioners from the U.S. and from other countries to learn, promote, and implement measures to improve the quality of life of people globally and especially those in greatest need. The department will offer educational programs and opportunities to engage the next generation of University of Washington graduates in global health careers.

**Research.** The department will strengthen existing research programs and develop new inter-institutional research centers. An active interdisciplinary research program will be targeted to develop, utilize and implement new biomedical and health services interventions that can lead to advances in reducing global health problems and inequities that will save and improve lives and reduce the economic and social consequences of disease in developing countries. The department will have a major research presence, and will serve as the University's home for the proposed Seattle Vaccine and Immunization Research Center (SVIRC). The SVIRC is a collaborative effort between the University of Washington and Fred Hutchinson Cancer Research Center. The mission of the SVIRC will be to promote the development of new vaccines for infectious diseases like HIV and diseases like cancer that have a significant impact on global health and to serve as a resource to investigators in the region, nation and world for the promotion of vaccine development.

**Clinical Care/Public Health Practice.** The department leadership will establish interdisciplinary service programs based within developing countries that are designed to promote sustainable improvements in health. The department will work with key developing countries to establish education and training opportunities within their countries and to strengthen their research capacity and infrastructure by training their scientists and technical personnel. UW faculty, professional students, and post-doctoral trainees will provide direct medical care and public health services with the long-term goal of improving the health infrastructure in developing countries through technical assistance, consulting, training materials, and health policy advice.

**Integration.** Because of the diverse areas covered under the umbrella of global health, an interdisciplinary approach to accomplish the work of the department will be developed. This will include close collaborations with the many schools and colleges across the University of Washington campus. Current faculty as well as new faculty within the Department of Global Health will focus on a number of areas that directly affect global health. These include infectious diseases, chronic diseases, cancer, nutrition, maternal and child health, environmental health, disaster relief/international safety, injury prevention, social equity and justice, minority health problems and disparities, health of transient populations, economic impact, and statistical modeling in health and disease.

**FINANCES AND STAFFING**
The start-up and annual funding requirements will be met through a combination of funds from the University, the Schools of Medicine and Public Health and Community Medicine, and the Bill and Melinda Gates Foundation (BMGF). The following chart
summarizes the estimated distribution of the funding sources over the first ten years of operation. This chart does not include direct grant funds that will be used to support the research programs.

The following table summarizes the cumulative phasing-in of the faculty and staff FTE complement.

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Thank you for your consideration of this important proposal.

Sincerely,

Patricia W. Wahl, PhD
Dean and Professor
School of Public Health and Community Medicine

Paul G. Ramsey, MD
Vice President for Medical Affairs and
Dean of the School of Medicine
March 27, 2017

To: Paul Ramsey, MD
CEO, UW Medicine
Executive Vice President for Medical Affairs
Dean of the School of Medicine
University of Washington
Box 356350

From: The ad hoc Committee on the establishment of a Department of Health Metrics Sciences (DHMS) in the UW School of Medicine (SoM)

On Feb 10, Dean Ramsey charged an ad hoc committee of faculty (Appendix A) to consider the creation of a new Department of Health Metrics Sciences (DHMS) proposed by Chris Murray, MD, DPhil, and others at the Institute for Health Metrics and Evaluation (IHME) (Appendix B). Committee members consisted of Jürgen Unützer, MD, MPH (committee chair); Ian Bennett, MD, PhD, Professor, Family Medicine, Psychiatry and Behavioral Sciences, and (adjunct) Global Health; Ali Mokdad, PhD, Professor, Department of Global Health, IHME; Sheila Lukehart, PhD, Professor, Medicine (Infectious Diseases) and Global Health, Associate Dean for Research and Graduate Education, School of Medicine; and Andy Stergachis, PhD, Professor, Pharmacy and Global Health and Associate Dean for Research and Graduate Programs, School of Pharmacy.

The committee members met five times: February 23, March 3, March 14, March 17, and March 21, 2017.

Committee members reviewed the proposal from Dr. Murray (Appendix B) and met with IHME leadership and senior faculty (C. Murray, E. Gakidou, M. MacIntyre, S. Hay) on March 17. The committee also met as a group with leaders from the Department of Global Health (J. Wasserheit, J. Baeten, C. Farquhar) on March 3. The committee consulted with Barbara Van Ess in the SoM Dean’s office to gain a better understanding of the relevant sections of the UW Faculty Code (i.e., chapter 26-41) and the process for Reorganization and Consolidation of Programs (RCEP) and consulted with Julie Reid in the SoM to gain a better understanding of number and academic appointments of the current faculty at IHME and the financial implications of establishing a DHMS. Individual committee members consulted extensively with additional key stakeholders about the potential effects of establishing a DHMS on IHME, the DGH, the SoM, the School of Public Health (SPH), and the larger UW community; included King Holmes, MD PhD, former Chair of Global Health, and Joel Kaufman, MD, MPH, Dean SPH. Committee members also received unsolicited input from a number of faculty in the SoM and SPH.

The committee considered the question, posed by Dean Ramsey, of whether Health Metrics is a specific, existing or emerging academic discipline and whether creating a new DHMS could further the mission of UW Medicine to improve the health of the public by meeting the triple aim of health care reform: better health care, better outcomes, and lower health care costs.
The committee also discussed the potential impact of the proposed new DHMS on issues such as faculty recruitment, retention, and promotion; existing and new tenure lines; faculty collaboration and relationships with other units of the SoM, UW more broadly, and external partners; grant funding; existing degree programs; curricular offerings; and financial impact on IHME, DGH, and potentially other units in the SoM or the UW more broadly. The committee did not pursue an extensive evaluation or discussion of the potential effect of creating a new DHMS on donor relations.

The committee members believe that the review of the proposal from IHME, the interviews conducted, and the committee’s internal discussions provide a sufficient understanding of the situation to provide our recommendation to Dean Ramsey which is summarized below.

Background:

IHME was established as an Institute in 2007 and situated administratively in the DGH, a joint department between the SoM and the SPH. By way of reminder, the UW Department of Global Health was also established in 2007, bridging the SoM and SPH, with a “mandate to harness the expertise and interdisciplinary power of all 16 UW schools and colleges.” Subsequently, IHME was transitioned to become an institute based administratively within the SoM with a reporting relationship to the Dean of the SoM. IHME is not tied currently to a specific department for faculty recruitments, but given the initial relationship with DGH, the majority of its faculty’s primary appointments are in the DGH, some with adjunct appointments in other SPH departments, especially Epidemiology and Biostatistics. Most IHME-based faculty are considered for academic promotion through the DGH appointment and promotions process which involves both the SoM and the SPH. A smaller number have primary appointments in a clinical department of the SoM and their promotions run through that clinical department with input from IHME.

Since its inception, the growth, success, and impact of IHME have been simply exceptional. The Bill & Melinda Gates Foundation (BMGF) provided substantial support to IHME at its inception in 2007, and in January of this year invested an additional $279 million to continue IHME’s work over the next decade. IHME’s many accomplishments and recognition over the years include (http://www.healthdata.org/about/history):

- January 2016 – Thomson Reuters reported IHME and the University of Washington among ‘World’s Most Influential Scientific Minds’
- May 2015 – IHME and WHO signed an agreement to improve data used to generate estimates of levels and trends in health.
- October 2014 – the UW Center for Demography and Economics of Aging was established at IHME
- November 2013 – IHME launches the Roux Prize to reward use of Global Burden of Disease evidence to improve health
- December 2012 - The Global Burden of Diseases, Injuries, and Risk Factors Study 2010 (GBD 2010), covering the years 1990 to 2010, is published in The Lancet, the first time the journal has dedicated an entire triple issue to one study.
- July 2011 – IHME wins award for innovative tool to map global health trends over time
- March 2011 – IHME launches new Global Health Data Exchange
IHME currently has 32 faculty. Establishing this unit as a new department would create a department that is relatively small when compared to other clinical departments but well within typical faculty sizes for basic science departments in the SoM.

IHME currently has $1.5 million in state salary support that includes support for two tenured faculty lines. That funding would transfer to the new department and when combined with fund balances available in IHME would provide more than sufficient financial support for the new department to operate.

Committee members and consulted key stakeholders identified a number of potential advantages, disadvantages, and concerns related to establishing a new DHMS. These are discussed below:

Advantages and opportunities related to establishing a new Department of Health Metrics Sciences

Several potential advantages were summarized in the proposal from Dr. Murray. They include items a. through g. below:

a. Improved support for recognition of Health Metrics Sciences as a discipline
b. Improved local, national, and global visibility and impact
c. Improved capacity to recruit and retain top talent

Establishment of a new department could help draw greater attention to the field of HMS and related programs in Health Metrics and Evaluation and help the UW and UW Medicine attract and retain the most talented faculty and trainees to such a new department. Several individuals interviewed pointed to the creation of the DGH a decade ago as an example of such benefits when a new department is created from existing divisions, centers, or institutes. Establishing a DHMS could help the UW “plant the flag” and be even more readily recognized in the HMS field. It could also further highlight the UW’s recent commitment to a Population Health Initiative.

d. Improved faculty morale
A number of IHME-based faculty indicated that departmental status for a DHMS would help improve their sense of identity as Health Metrics scientists. They also identified that having such a department in the SoM would help them feel more valued as a core component of the SoM.

e. Improved collaboration and influence within the SoM
Establishing a DHMS in the School of Medicine could strengthen collaboration of IHME-based faculty with other SoM departments and programs and thus strengthen the contribution of IHME to the mission of the SoM to “Improve the health of the public.” Increased participation of DHMS leadership in meetings with other department chairs could be mutually beneficial. Increased availability of experts in HMS could give investigators in the SoM new opportunities for scientific collaboration. At the same time, closer collaboration with clinical and methodological experts in existing SoM departments would likely strengthen the relevance and impact of the work done by IHME.

It is important to point out, however, that several key stakeholders in the SoM and the SPH indicated that IHME’s track record of such collaboration has been limited during the first 10 years of its existence at UW. While IHME has collaborated extensively with global experts in areas of their interest, requests
for collaborations within the SoM or SPH have had a limited track record of success. While many stakeholders are excited about the potential of increased and improved collaboration, some expressed concern that IHME’s becoming a department might actually further increase the independence of this program, thus possibly decreasing further collaboration with the SoM and the larger UW community. At this point, only a few IHME-based faculty have joint or adjunct appointments in SoM clinical departments while a large number of IHME faculty have joint or adjunct appointments in the SPH. Potential ways to address these concerns might be joint hires of new faculty with expertise in health metrics sciences in the new DHMS and in relevant departments in the SoM. Other opportunities would include regular and systematic consultation with clinical or methodological experts in SoM clinical or basic science departments when the DHMS undertakes new initiatives or partnerships. Committee members believe that realizing opportunities for improved collaboration between IHME-based faculty and key experts in relevant SoM departments is likely the single most important potential benefit of establishing a new DHMS, but that a substantial commitment would have to be made by the new department, especially its leadership, to help realize this potential.

f. Improved ability to attract grant funding
IHME leadership reports that they employ a proposal development team who search for new opportunities and bring these to the attention of faculty, especially junior faculty. They report a 30-40% grant success rate and average of 2-3 grant submissions per year by each faculty member, with approximately 60 submissions overall by IHME annually. IHME leadership believes that having departmental status would substantially improve their faculty members’ ability to obtain grants from federal and other funders.

g. Improved administrative efficiencies for IHME-based faculty
IHME leadership believes that the current administrative structures which require close consultation with the DGH and with two schools when it comes to faculty appointments, promotions, and other administrative matters complicate their work unnecessarily. IHME leadership also points out that faculty frequently feel that they must exceed expectations from both schools to achieve promotion. A new DHMS with its own A&P criteria and processes might be able to more efficiently support its faculty.

Potential disadvantages and risks related to establishing a new Department

A number of the faculty in the DGH and the SPH voiced concerns about the establishment of a new department.

a. Potential harm to SPH and / or existing collaborations between SPH and SoM
Concerns were expressed that a new DHMS based in the SoM could weaken existing departments in the SPH that have traditionally collaborated with SoM faculty, such as the Departments of Biostatistics, Health Services, and Epidemiology. Just as creation of a DHMS could improve morale among IMHE-based faculty, a weakening of relationships between the SPH and the SoM could worsen the morale of faculty in Biostatistics, Epidemiology, and other SPH faculty who have traditionally collaborated with SoM investigators. This is especially true at a time when relevant SPH departments are experiencing substantial resource constraints while IHME appears to have fewer resource constraints and have been remarkably successful in generating funds.
b. Potential overlaps and redundancies with existing departments

Several key stakeholders interviewed pointed out significant redundancies in mission and methods that would be created by a new DHMS that overlap with the Departments of Epidemiology, Biostatistics, and with a relatively new degree program in ‘Data Sciences’ at UW. One potential way to mitigate such redundancies would be to create a multi-departmental working group that might include the new DHMS and the Departments of Biostatistics, Biomedical Informatics, Epidemiology, and others (including other Health Sciences Schools) to collaborate on a new interdisciplinary “Health Data Sciences” degree program. The eSciences Educational Working Group on campus was suggested as a good example for such a collaborative effort. Other concerns expressed involve potential “faculty and student drain” from the UW Departments of Epidemiology and/or Global Health and potential “erosion of the discipline of epidemiology”.

Potential ways to address these concerns might be joint hires of new faculty with expertise in health metrics methodology in the new DHMS and relevant SPH departments such as Epidemiology and/or Biostatistics, for example.

c. Potential to negatively impact existing graduate programs

The proposed creation of a DHMS could jeopardize the success of the relatively small but promising new PhD program in Health Metrics and Implementation Sciences that is based in the DGH. Separating the Health Metrics and the Implementations Sciences PhD program into separate degree programs, housed in different departments could weaken the existing program and may not provide students with the requisite breadth and mastery of knowledge necessary to not only measure the world’s major health problems (metrics) but also to systematically apply scientific approaches to address questions regarding intervention efficacy and implementation scale-up (implementation science). IHME leadership believes that the two components of this program are in reality already largely separate, with distinct recruitment and coursework (with one exception), and that a transition could be orchestrated in such a way that the PhD program track in Implementation Sciences in the DGH could be unharmed. However, this belief is not necessarily held by DGH leadership.

In addition, DGH offers a Health Metrics and Evaluation track in their Global Health MPH degree. This degree opportunity could be lost from DGH if IHME faculty move to a new department and if IHME develops its proposed MSc in Health Metrics Sciences.

d. Financial implications to DGH, SPH and new department

There are also financial implications and disadvantages for DGH and SPH if IHME forms a separate department. IHME’s finances are already mostly separate from DGH, but there is an allocation of indirects (RCR) of approximately $62K / year from IHME to DGH for grants administered by IHME, per a 2014 MOU between the respective organizational units, and an allocation of $25K / year in indirects from SoM to SPH related to the same grants.

Finally, creating a new department would require setting up new and potentially duplicative administrative support structures such as a departmental A&P process, HR, and financial management programs and processes within the SoM, although some of the necessary administrative structures already exist at IHME.
The committee also identified a number of other issues that should be considered:

a. A number of key stakeholders and several committee members questioned the uniqueness of Health Metrics Sciences as a scientific discipline. They believe that, while IHME and associated faculty use compelling new methodological approaches and while the scope of the work undertaken by IHME is remarkably audacious and of tremendous impact, the basic methods used are essentially applied public health sciences including epidemiology and biostatistics rather than an entirely new scientific discipline. There is some difference of opinion about the argument that HMS represents a new scientific discipline. Most committee members agree that organizing expert faculty from relevant interdisciplinary backgrounds in a new DHMS could strengthen the visibility and impact of UW’s contributions to the important area of Health Metrics.

b. Several stakeholders raised questions about the wisdom of establishing a new department that is largely defined by the work and the funding of a single highly successful investigator, Dr. Murray. Concerns were raised about what would happen to the proposed new department if Dr. Murray and senior colleagues were recruited to another institution in the future.

c. A number of stakeholders asked why a new DHMS should be located in the SoM rather than the SPH, as the work conducted by IHME is largely applied public health science rather than pre-clinical, clinical, or basic medical science. Others wondered whether the new department should be a joint department such as the DGH, reporting to both the SoM and the SPH. Dr. Murray and other members of IHME’s leadership strongly believe that the added administrative burden and complexities of reporting to two schools outweigh the benefits and that for future work of IHME and the DHMS, a closer relationship with clinical experts in SoM departments would have substantial benefits.

d. Several stakeholders raised concerns about the existing culture of IHME which seems more corporate than academic in the sense that junior faculty and faculty in general often work on large IHME programs of one or two principal investigators rather than on investigator-initiated funded research or other scholarly programs that help them establish a track record of independent scholarly productivity in terms of independent grant funding and first-authored publications. A number of key stakeholders mentioned that this has been an issue in the promotions of a number of junior faculty based at IHME in recent years. This might be mitigated by creating appointment and promotions criteria for the new department that would reflect the nature of the work conducted at IHME such as large scale team science.

Summary:

The ad hoc committee identified and confirmed a number of important advantages and opportunities related to the establishment of a new DHMS, particularly to IHME, the SoM, and the UW’s new Population Health Initiative. The committee also identified a number of potential disadvantages, risks, and concerns that should be considered as the SoM contemplates the establishment of a DHMS. With this in mind, the ad hoc committee recommends that Dean Ramsey take next steps in considering the establishment of a DHMS.
Date: February 14, 2018

To: Voting Faculty of the School of Medicine and School of Public Health in the Departments of Global Health, Biostatistics, Epidemiology, Anesthesiology and Pain Medicine, Emergency Medicine, Family Medicine, Laboratory Medicine, Medicine, Neurological Surgery, Neurology, Obstetrics and Gynecology, Ophthalmology, Orthopaedics and Sports Medicine, Otolaryngology/Head and Neck Surgery, Pathology, Pediatrics, Psychiatry and Behavioral Sciences, Radiation Oncology, Radiology, Rehabilitation Medicine, Surgery, Urology, and Health Services

From: Mike Townsend
Secretary of the Faculty

RE: Establishment of a Department of Health Metrics Sciences in the School of Medicine

The Senate Committee on Planning and Budgeting reviewed a proposal on October 23, 2017, and November 3, 2017, from Paul Ramsey, CEO and Dean of the School of Medicine to establish a Department of Health Metrics Sciences and voted to proceed under the Procedures for Limited Reorganization and Consolidation of Programs, Section 26-41.D. of the Faculty Code. Faculty were invited to petition the Provost no later than February 1, 2018, for a full review under the procedures outlined under Section 26-41.C of the Faculty Code if they believed that a full review was warranted.

The advice from the SCPB was conditioned on the need for action on a commitment of collaboration between the School of Medicine and School of Public Health; the provost accepted the advice. Simultaneous to the limited RCEP process, the provost has requested that Dean Ramsey and Dean Kaufman create a Joint Work Group on Collaboration with the proposed Department of Health Metrics Sciences that was outlined in the November 6, 2017, correspondence. To be included in the materials submitted to the Board of Regents is the joint work group composition, the work group’s charge, and a draft position description for an associate chair for collaboration by the IHME leadership, information attached.

The Provost received no petition by the above deadline, and no formal objections about the reorganization of this program have been received by the Secretary of the Faculty. Therefore, the reorganization process proposed under Section 26-41.D. of the Faculty Code will proceed with conditions stated above.

/nlb

Attachments

cc: Gerald Baldasty, Provost and Executive Vice President
    Paul Ramsey, CEO and Dean, School of Medicine
    Joel Kaufman, Interim dean of the School of Public Health
    Zoe Barsness, Chair, Senate Committee on Planning and Budgeting
February 5, 2018

Jared Baeten, Professor, Department of Global Health, School of Medicine
Shirley A.A. Beresford, Professor, Department of Epidemiology, Senior Associate Dean, School of Public Health (Co-Chair)
Elizabeth Cromwell, Assistant Professor, Department of Global Health, School of Medicine
Michele Curatolo, Professor, Department of Anesthesiology, School of Medicine
David Grembowski, Professor, Department of Health Services, School of Public Health
Steve Hawes, Associate Professor, Department of Epidemiology, School of Public Health
Terry Kavanagh, Professor, Department of Environmental & Occupational Health Services, School of Public Health
Rafael Lozano, Professor, Department of Global Health, School of Public Health
Ali Mokdad, Professor, Department of Global Health, School of Public Health
Bobby Reiner, Assistant Professor, Department of Global Health, School of Medicine
John Slattery, Vice Dean, Research & Graduate Education, School of Medicine (Co-Chair)
Matthew Thompson, Professor, Department of Family Medicine, School of Medicine
Jon Wakefield, Professor, Department of Biostatistics & Statistics, School of Public Health
Jürgen Unützer, Professor and Chair of Psychiatry and Behavioral Sciences, School of Medicine

Re: Joint Work Group on Collaboration with the Department of Health Metrics Sciences

Dear Colleagues:

We write to ask you to serve on a work group regarding collaboration with the Department of Health Metrics Sciences, called the “Joint Work Group on Collaboration.”

Background
The UW School of Medicine (SoM) has proposed creating a new Department of Health Metrics Sciences (DHMS). The proposal has moved through the Reorganization, Consolidation or Elimination of Programs (RCEP) process set out in the faculty code and has been recommended for approval by the Provost and President with final approval by the Board of Regents.

This memorandum formally charges the Joint Work Group with making recommendations at the inception of the new Department, and with ongoing responsibility to recommend and foster tangible opportunities for collaboration across schools and colleges, but particularly between the new Department and Departments in the School of Public Health (SPH) and Departments in the SoM.

An explicit goal of the new Department is to encourage more collaborative research and education, a goal that is particularly robust given the current hospitable environment on campus.
for such collaboration generated by the President’s creation of the Population Health Initiative. Collaboration across multiple disciplines, departments, and topics will be key to the success of a new Department. The new Department should strategically complement existing programs without undermining them.

The work group is based on the following principles: 1) A commitment to improved collaboration between the new Department and other units on campus including SPH; 2) A commitment that the work of the new Department will be complementary to, and not competitive with, the educational and research work of the SPH, SoM, or other schools; 3) an aspiration that there will be joint faculty recruited with academic homes shared between the new Department and existing departments including but not limited to SPH Epidemiology and Biostatistics. A leader in the new Department will be named as the associate chair for collaboration, to champion collaborations across campus and serve on the Work Group as well.

The new Department will be able to draw upon many campus strengths, including the existence of the Institute for Health Metrics and Evaluation (IHME); the continued success of long-standing and high-achieving programs in medicine, epidemiology, and biostatistics; and a forward-thinking intellectual environment to incorporate data science into the curriculum. Aptly maximizing the impact of collaborative opportunities will require seeking opportunities creatively with adequate time and planning. We therefore with this letter invite you to participate as a member of the Joint Work Group on Collaboration.

**Work Group Charge**

The Work Group is charged with the following:

1. Identifying, implementing and monitoring strategies to promote collaboration across the University of Washington on research and educational initiatives related to health metrics sciences. Emphasis should be given to collaboration among departments in the SoM and the SPH and in other schools and colleges across campus.

Specific areas of focus will include:

- Promotion of collaboration between the new department faculty and other faculty in the Department of Global Health (DGH) related to health metrics research and teaching.
- Promotion of collaboration between the new department faculty and faculty in departments in the SPH related to health metrics research and teaching.
- Promotion of collaboration between the new department faculty and faculty in other departments in the SoM related to health metrics research and teaching.
- Promotion of collaboration between the new department faculty and faculty in departments in other schools and colleges related to health metrics research and teaching.
2. Discussing potential overlap of academic disciplines and opportunities to exploit synergy between the new Department and existing departments in the two schools:
   • Ensure that, as new topics for the DHMS are identified for which outreach internationally is planned, parallel outreach to identified local experts within UW is also performed.
   • Promote collaborative planning related to educational programs.

3. Seeking out opportunities for joint faculty appointments:
   • Ensuring that as new faculty hiring opportunities arise within DHMS/IHME, joint hires with one of the SPH departments is considered, with consideration of joint or adjunct appointment for each new hire.
   • Recognizing that joint recruits may be especially effective in fostering collaborative activities if the selected individuals have primary faculty appointments (i.e., with some teaching and mentoring responsibilities) in a department elsewhere at the UW e.g. in one of the SPH or SoM departments, but with a research portfolio based at IHME.

4. Further identifying opportunities for collaboration, in communication with the Population Health Initiative, that are presented by the co-location of the DGH and substantial portions of the SPH with DHMS and the Institute for Health Metrics and Evaluation in the new Population Health Facility.

Objectives and metrics for success in meeting these objectives should be established by the committee. Review of information relevant to items two and three above should be on the agenda for each regular meeting of the Work Group.

As you conduct your work, we expect you will solicit feedback from additional leadership from both Schools, faculty, and students. You may also wish to communicate with members of the elected faculty council from each School, Population Health Initiative Council members, and with other faculty, staff and students with interest in health metrics science across campus.

The Work Group will establish goals and objectives and will report on their progress jointly to the undersigned. We anticipate that the Work Group will continue to meet at least quarterly through the first two years of the new Department. At that time, if there is mutual agreement between the deans of SoM and SPH that the effort warrants continued attention to achieve the goals and objectives, the Work Group will continue for an additional one year term. We do not anticipate that the Work Group needs to be a permanent committee.

Membership
The Work Group will be co-chaired by John Slattery, PhD, vice dean for research and graduate education as designee of the Dean of SoM and Shirley A. A. Beresford, PhD, senior associate dean
as designee of the Dean of SPH. The Work Group will include no more than 15 members. The members shall include:

- At least six faculty members without primary appointments in the new department, including at least three faculty members from each of SPH and SoM (Baeton, Grembowski, and Kavanagh for SPH and Unützer, Thompson, and Curatolo for SoM).
- At least one representative nominated by each of the two department chairs of Epidemiology and Biostatistics (Hawes, Wakefield).
- At least one elected faculty council member from both SPH and SoM (Kavanagh, Curatolo).
- An associate chair for collaboration, named by the newly created Department of Health Metrics Sciences (Mokdad) plus three other members of the new Department (Lozano, Reiner, and Cromwell).
- Three additional members from schools and colleges outside of SPH and SoM, nominated by their peers (TBD).

**Staffing**
The new department will provide staffing support for the Work Group.

There is great excitement about the continued growth of health metrics sciences at the University of Washington. The issues presented by concerned faculty to date can be addressed in a manner that creates an outstanding department that serves to complement existing strong academic programs at the University. We are confident the issues presented can be addressed, and through further collaboration—including through the work of this joint work group—the creation of the new department will ultimately be of great benefit to the University and its research and educational programs.

Thank you in advance for your willingness to participate on this important committee and to improve collaboration at the University of Washington.

Sincerely,

Paul G. Ramsey, M.D.
CEO, UW Medicine
Executive Vice President for Medical Affairs and
Dean of the School of Medicine,
University of Washington

Joel D. Kaufman, M.D., MPH
Professor and Interim Dean
School of Public Health
University of Washington
Department of Health Metrics Sciences
Associate Chair for Collaboration
Position Description

This position description outlines the requirements and responsibilities of the individual who will serve as the Associate Chair for Collaboration in the Department of Health Metrics Sciences in the School of Medicine.

Overview of Position: The Associate Chair for Collaboration in the Department of Health Metrics Sciences will have a primary focus on fostering collaboration between Department faculty and faculty throughout the University. He/she will serve as a member of the Joint Working Group on Collaboration. The Associate Chair will ensure strong ties with the campus community and serve as a constant conduit to both engender and consider creative, mutually beneficial collaboration proposals.

Background and Experience: The individual performing this role will be regular faculty, with a primary appointment in the School of Medicine, Department of Health Metrics Sciences. The position will report to the Chair of the Department.

Specific Responsibilities: The Associate Chair for Collaboration will:

- Exhibit and convey to others a strong command of the primary mission of the Department of Health Metrics Sciences and its constituent elements while simultaneously understanding the breadth of diverse competencies of potential partners for collaboration across the University.
- Set Department-specific goals for collaborative engagements.
- Both seek out, identify, and field opportunities for specific collaborations to include but not be limited to: joint or adjunct faculty appointments; co-written funding proposals; student exchanges; cross-disciplinary student advisement; jointly taught classes; and undertaking select research and publication endeavors themselves.
- Provide advice and guidance to the Department Chair and others in leadership on which collaborative opportunities hold most promise and how to pursue them.
- Develop and maintain an established channel for facilitating review and discussion of collaborative opportunities.
- Remain in steady contact with the University’s Population Health Initiative to identify ways that the Department can contribute best to the PHI’s overall ambitions.
- Seek out new resources that could specifically support creative and mutually beneficial collaboration.
- Attend campus symposium, strategic meetings, and related events to best understand opportunities with other departments at the University.
- Engage with both the University and the UW Medicine Advancement offices to encourage and support collaborative opportunities be pursued for funding.
- Serve as point of contact for multiple audiences at the University interested in engaging with the Department, including faculty, students, professional staff, and related interest groups.
- Track and report annually on the collaborations of all kinds – both on campus and off – that Department faculty carry out over the course of the year. Represent the Chair and the Department at campus meetings deemed appropriate to the broader pursuit of fortifying relationships between the Department and a broad set of campus actors.
February 5, 2018

Jared Baeten, Professor, Department of Global Health, School of Medicine
Shirley A.A. Beresford, Professor, Department of Epidemiology, Senior Associate Dean, School of Public Health (Co-Chair)
Elizabeth Cromwell, Assistant Professor, Department of Global Health, School of Medicine
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We write to ask you to serve on a work group regarding collaboration with the Department of Health Metrics Sciences, called the “Joint Work Group on Collaboration.”

Background
The UW School of Medicine (SoM) has proposed creating a new Department of Health Metrics Sciences (DHMS). The proposal has moved through the Reorganization, Consolidation or Elimination of Programs (RCEP) process set out in the faculty code and has been recommended for approval by the Provost and President with final approval by the Board of Regents.

This memorandum formally charges the Joint Work Group with making recommendations at the inception of the new Department, and with ongoing responsibility to recommend and foster tangible opportunities for collaboration across schools and colleges, but particularly between the new Department and Departments in the School of Public Health (SPH) and Departments in the SoM.

An explicit goal of the new Department is to encourage more collaborative research and education, a goal that is particularly robust given the current hospitable environment on campus.
for such collaboration generated by the President’s creation of the Population Health Initiative. Collaboration across multiple disciplines, departments, and topics will be key to the success of a new Department. The new Department should strategically complement existing programs without undermining them.

The work group is based on the following principles: 1) A commitment to improved collaboration between the new Department and other units on campus including SPH; 2) A commitment that the work of the new Department will be complementary to, and not competitive with, the educational and research work of the SPH, SoM, or other schools; 3) an aspiration that there will be joint faculty recruited with academic homes shared between the new Department and existing departments including but not limited to SPH Epidemiology and Biostatistics. A leader in the new Department will be named as the associate chair for collaboration, to champion collaborations across campus and serve on the Work Group as well.

The new Department will be able to draw upon many campus strengths, including the existence of the Institute for Health Metrics and Evaluation (IHME); the continued success of long-standing and high-achieving programs in medicine, epidemiology, and biostatistics; and a forward-thinking intellectual environment to incorporate data science into the curriculum. Aptly maximizing the impact of collaborative opportunities will require seeking opportunities creatively with adequate time and planning. We therefore with this letter invite you to participate as a member of the Joint Work Group on Collaboration.

**Work Group Charge**
The Work Group is charged with the following:

1. Identifying, implementing and monitoring strategies to promote collaboration across the University of Washington on research and educational initiatives related to health metrics sciences. Emphasis should be given to collaboration among departments in the SoM and the SPH and in other schools and colleges across campus.

Specific areas of focus will include:

- Promotion of collaboration between the new department faculty and other faculty in the Department of Global Health (DGH) related to health metrics research and teaching.
- Promotion of collaboration between the new department faculty and faculty in departments in the SPH related to health metrics research and teaching.
- Promotion of collaboration between the new department faculty and faculty in other departments in the SoM related to health metrics research and teaching.
- Promotion of collaboration between the new department faculty and faculty in departments in other schools and colleges related to health metrics research and teaching.
2. Discussing potential overlap of academic disciplines and opportunities to exploit synergy between the new Department and existing departments in the two schools:
   • Ensure that, as new topics for the DHMS are identified for which outreach internationally is planned, parallel outreach to identified local experts within UW is also performed.
   • Promote collaborative planning related to educational programs.

3. Seeking out opportunities for joint faculty appointments:
   • Ensuring that as new faculty hiring opportunities arise within DHMS/IHME, joint hires with one of the SPH departments is considered, with consideration of joint or adjunct appointment for each new hire.
   • Recognizing that joint recruits may be especially effective in fostering collaborative activities if the selected individuals have primary faculty appointments (i.e., with some teaching and mentoring responsibilities) in a department elsewhere at the UW e.g. in one of the SPH or SoM departments, but with a research portfolio based at IHME.

4. Further identifying opportunities for collaboration, in communication with the Population Health Initiative, that are presented by the co-location of the DGH and substantial portions of the SPH with DHMS and the Institute for Health Metrics and Evaluation in the new Population Health Facility.

Objectives and metrics for success in meeting these objectives should be established by the committee. Review of information relevant to items two and three above should be on the agenda for each regular meeting of the Work Group.

As you conduct your work, we expect you will solicit feedback from additional leadership from both Schools, faculty, and students. You may also wish to communicate with members of the elected faculty council from each School, Population Health Initiative Council members, and with other faculty, staff and students with interest in health metrics science across campus.

The Work Group will establish goals and objectives and will report on their progress jointly to the undersigned. We anticipate that the Work Group will continue to meet at least quarterly through the first two years of the new Department. At that time, if there is mutual agreement between the deans of SoM and SPH that the effort warrants continued attention to achieve the goals and objectives, the Work Group will continue for an additional one year term. We do not anticipate that the Work Group needs to be a permanent committee.

Membership
The Work Group will be co-chaired by John Slattery, PhD, vice dean for research and graduate education as designee of the Dean of SoM and Shirley A. A. Beresford, PhD, senior associate dean
as designee of the Dean of SPH. The Work Group will include no more than 15 members. The members shall include:

- At least six faculty members without primary appointments in the new department, including at least three faculty members from each of SPH and SoM (Baeton, Grembowski, and Kavanagh for SPH and Unützer, Thompson, and Curatolo for SoM).
- At least one representative nominated by each of the two department chairs of Epidemiology and Biostatistics (Hawes, Wakefield).
- At least one elected faculty council member from both SPH and SoM (Kavanagh, Curatolo).
- An associate chair for collaboration, named by the newly created Department of Health Metrics Sciences (Mokdad) plus three other members of the new Department (Lozano, Reiner, and Cromwell).
- Three additional members from schools and colleges outside of SPH and SoM, nominated by their peers (TBD).

**Staffing**
The new department will provide staffing support for the Work Group.

There is great excitement about the continued growth of health metrics sciences at the University of Washington. The issues presented by concerned faculty to date can be addressed in a manner that creates an outstanding department that serves to complement existing strong academic programs at the University. We are confident the issues presented can be addressed, and through further collaboration—including through the work of this joint work group—the creation of the new department will ultimately be of great benefit to the University and its research and educational programs.

Thank you in advance for your willingness to participate on this important committee and to improve collaboration at the University of Washington.

Sincerely,

Paul G. Ramsey, M.D.
CEO, UW Medicine
Executive Vice President for Medical Affairs and
Dean of the School of Medicine,
University of Washington

Joel D. Kaufman, M.D., MPH
Professor and Interim Dean
School of Public Health
University of Washington
Department of Health Metrics Sciences
Associate Chair for Collaboration
Position Description

This position description outlines the requirements and responsibilities of the individual who will serve as the Associate Chair for Collaboration in the Department of Health Metrics Sciences in the School of Medicine.

Overview of Position: The Associate Chair for Collaboration in the Department of Health Metrics Sciences will have a primary focus on fostering collaboration between Department faculty and faculty throughout the University. He/she will serve as a member of the Joint Working Group on Collaboration. The Associate Chair will ensure strong ties with the campus community and serve as a constant conduit to both engender and consider creative, mutually beneficial collaboration proposals.

Background and Experience: The individual performing this role will be regular faculty, with a primary appointment in the School of Medicine, Department of Health Metrics Sciences. The position will report to the Chair of the Department.

Specific Responsibilities: The Associate Chair for Collaboration will:

- Exhibit and convey to others a strong command of the primary mission of the Department of Health Metrics Sciences and its constituent elements while simultaneously understanding the breadth of diverse competencies of potential partners for collaboration across the University.
- Set Department-specific goals for collaborative engagements.
- Both seek out, identify, and field opportunities for specific collaborations to include but not be limited to: joint or adjunct faculty appointments; co-written funding proposals; student exchanges; cross-disciplinary student advisement; jointly taught classes; and undertaking select research and publication endeavors themselves.
- Provide advice and guidance to the Department Chair and others in leadership on which collaborative opportunities hold most promise and how to pursue them.
- Develop and maintain an established channel for facilitating review and discussion of collaborative opportunities.
- Remain in steady contact with the University’s Population Health Initiative to identify ways that the Department can contribute best to the PHI’s overall ambitions.
- Seek out new resources that could specifically support creative and mutually beneficial collaboration.
- Attend campus symposium, strategic meetings, and related events to best understand opportunities with other departments at the University.
- Engage with both the University and the UW Medicine Advancement offices to encourage and support collaborative opportunities be pursued for funding.
- Serve as point of contact for multiple audiences at the University interested in engaging with the Department, including faculty, students, professional staff, and related interest groups.
- Track and report annually on the collaborations of all kinds – both on campus and off – that Department faculty carry out over the course of the year. Represent the Chair and the Department at campus meetings deemed appropriate to the broader pursuit of fortifying relationships between the Department and a broad set of campus actors.
March REPORT

Dominick Juarez
ASUW Bothell President
8th of March 2018
OVERVIEW OF MONHTLY ACTIVITIES, EVENTS, ENGAGEMENTS

General Update

- ASUWB is collectively has completed a restructure for student government at UWB to determine how to best represent students on our campus. Our constitution has been updated, and our Bylaws have been changed to fit the needs of our organization. We have been working on bringing other food options on campus, in which we surveyed about 17% of the campus since last week to gather student feedback.

Incidents

- ASWUB has allowed space for students to access our administration to voice concerns with the intention not to impede on students work and voice. After the incidents of displacement, feces, a club being targeted in a message, and a hijabi picture being vandalized, ASUWB has spoken with both parties to mediate the tension built by students and administration and faculty.

- These have taken priority as they have been highly sensitive areas for students.

OVERVIEW OF YEARLY GOALS, PROGRESS TOWARDS GOALS, CHALLENGES

Parking & Food:

- Updates
  - We have completed a parking graphic for easy understanding of where the money is spent.
  - We are gathering more food feedback about more food options to have on campus as restaurant.
  - We are hiring a student to develop an app for the student discounts in the community.

Health Services:

- Updates
  - Our Director of Student Advocacy has been meeting with different stakeholders and a facility or space has been notified to our space allocation committee.

Student Involvement:

- Updates
  - Still posting our cutouts around campus to increase awareness
  - Will be working on a marketing video for our upcoming elections and why they should run for ASUW Bothell

Save SAEF:

- Updates
  - Allotment of $20k for Academic Enhancement Travel
    - Currently our main priority to get rolling for students to use by start of spring
    - Different stakeholders are being consulted as we want to get this implemented ASAP
STUDENT PROFILE

Salvador Salazar Cano, ASUWB’s Olympia Advocate, a soon to be graduate from the University of Washington Bothell, where I am majoring in Society, Ethics and Human Behavior and minor in Human Rights. As a transfer student, I graduated from Columbia Basin College in the summer of 2016.

As the first in my family to attend college, I have found resilience in my parents who have yearned to see one of their children in higher education. Their goal has been realized; their work ethic has been passed down onto me. Because every time I stare into the eyes of my mother, I am reminded that her support has been integral to my development.

I’m honored to be the first Olympia Advocate for UW Bothell and hope to see more equitable policies arise in our state of Washington by ASUWB’s active participation in our legislature.

My goals are to boost civic engagement through online platforms by completing a web development degree next year and then applying for Harvard University the following year to pursue a Master’s in Policy Studies where I will then apply it to create my own organization to bolster civic engagement.
2018 March Report

Soh Yeun (Elloise) Kim
GPSS President
March 8th, 2018
Results of the 2018 Legislative Session
In the 2018 Legislative Session that is ending this week, GPSS has made a remarkable success. GPSS started the session closely tracking four bills: decoupling services and activities fees (HB 1433), the Student Loan Bill of Rights (SB 6029), the Student Opportunities, Assistance, and Relief Act (HB 1169), and student veterans’ mental health counselors on public four-year campuses (SB 5525). In addition to them, GPSS picked up two more bills during the session: establishing the child care collaborative task force (HB 2367) and concerning suicide prevention and behavioral health in higher education (SB 6514). It is a wonderful news that we have seen the passage of five of these six bills. At this point, we are waiting for Governor Inslee to sign the bills that have passed. After introducing SB 5525 last year with the Associated Students of Central Washington University, GPSS worked hard on this bill as well, but it did not pass.

Campus Climate
Last month’s Patriot Prayer event has created substantial conversations among students about what our university should and can do on the subject of freedom of speech, when conflicting interests and divided political views affect our community’s equity and safety severely. This is a challenging issue with no easy answer, but many students are feeling anxious and frustrated seeing a vague direction that we are heading.

Post-Completion OPT Fee
On Feb. 6, ISS sent a notice to international students that beginning Spring Quarter 2018, they would implement a Post-Completion Training fee for students applying for Optional Practical Training (OPT) and Academic Training (AT). According to International Student Services (ISS), as much as 51% of international students applied for OPT last year and the number of students who use OPT has grown significantly over the last few years. While understanding that the fee would be helpful for maintaining the ISS service, GPSS, ASUW, and UAW 4121 noted an absence of communications about the decision and took action: GPSS unanimously passed a resolution requesting suspension of the fee implementation until a transparent and inclusive process is consulted with students; UAW 4121 filed a grievance about a violation of its collective bargaining contract. Under the direction of Provost Baldasty, the university has been investigating the case closely and ISS announced on Feb 28 that the fee's implementation would be delayed until further notice.

Graduate Student Experience Survey
GPSS is conducting a campus-wide survey to learn what resources graduate and professional students use on campus. The survey result will help GPSS direct its effort more effectively on needed resources and services for graduate students.

What’s Happening in Coming Months
SAGE in D.C. in April 7-11
Concluding its State-level lobbying, GPSS is preparing its trip to Washington, D.C. with the SAGE Coalition. Four GPSS representative (3 officers and 1 staff member) and Student Regent Goddard will be UW delegates this year. After two days of preparation and meetings, the Coalition will have a SAGE day and State day to lobby.

2018-2019 GPSS Officer Elections on May 2
The elections that will decide the next year’s GPSS leaders will happen on May 2. Candidacy filing is due by April 23 and a campaign period begins on April 24.

2018-2019 Student Regent Application
The Student Regent Selection Committee reviews applications, conducts interviews, and recommends finalists to the Governor. It is composed of ASUW representatives from all three campuses and GPSS representatives plus a representative from other student groups such as OMA&D Student Advisory Board. The committee will meet in the beginning of next quarter to discuss this year’s criteria and decide its interview processes. The application call will go out in the first week of Spring Quarter.
OVERVIEW OF MONTHLY ACTIVITIES, EVENTS, ENGAGEMENTS

February Recap February was a very busy month, jam-packed with various events, bylaw revisions, and initiatives (including my birthday!). All 60+ employees hit the ground running in winter quarter. To recap the month:

- **ASUW Events:** We had JCC Week, a week dedicated to exploring different aspects of the Diversity Commissions in the ASUW. The Womxn's Action Commission hosted the annual Monologues and the Middle Eastern Student Commission hosted their first Culture Fest.

- **Bylaw Revisions:** In order to make the ASUW and Board of Directors more accessible to all, we made comprehensive amendments to the policies and procedures that guideline the ASUW elections (which will be happening in late April–early May. We are also working on a more comprehensive organizational chart.

- **Initiatives:** As UW Recreation is looking to renovate the Shell House and make it usable again, we signed on as sponsors of the building and put our names back on the building (contingent on the recognition of the Native tribe whose land it sits on). As well, we selected students for the Student Wellness and Access Task Force. Finally, we went through a rebrand and got a new logo! Here it is:

Spring Quarter Forecast We want to emphasize the success of our Lobbying efforts in Olympia with regards to our legislative priorities. These included decoupling SAF from tuition, establishing open educational resources, and fully funding the State Need Grant. Over 25 students attended a Town Hall on a Saturday to advocate for the SNG! Further, we have a plan to reschedule Everybody Every Body and are excited for that. Finally, we look to work more with the Commuter and Transfer Commons. This community does not have representation in the form of a legislative body and it would be great to partner with them to ensure they get the resources they need.

OVERVIEW OF YEARLY GOALS, PROGRESS TOWARDS GOALS, CHALLENGES

What's on the Minds of Our Students? ASUW Student Senate is one of the best places to get student opinion. Here is a brief list of some of this year's highlights:

- **R-24-7:** Support of Pacific Islander Studies at the University of Washington
- **R-24-12:** Support of the IMA's All Gender Locker Room and Pool Renovation
- **R-24-15:** Opposition to Increases in HFS Rental Rates for Purposes That Are Not Solely for Operations or Maintenance Cost Increases
- **LD-24-2:** Legislative Directive in Opposition to the Purchase of Goods and Services by Washington State Agencies from Inmate Work Programs
- **LD-24-4:** Legislative Directive in Opposition of HR 620 "Americans with Disabilities Act Reform and Education Act"

STUDENT PROFILE

Yasmeen Elkordy, Junior, Communications, Medical Anthropology, and Global Health Yasmeen is a junior studying Communications, Medical Anthropology, and Global Health – needless to say, she loves school! Her unique Egyptian-American heritage allowed her to connect with the Middle Eastern Student Commission within ASUW and she now interns with them to ensure equity for all. Yasmeen's core principle is that we are powerful, capable, and prosperous because of our collective diversity, which is greater than the sum of our differences. She believes variations don't break us, they only make us stronger, and strives to impart this belief in the UW community. Some of her hobbies include traveling, hiking, and horseback riding.
March REPORT

Arwa M. Dubad
ASUWT President
March 8th, 2018
OVERVIEW OF MONTHLY ACTIVITIES, EVENTS, ENGAGEMENTS

In the past month, we hosted Run Your issue, an interactive event where our constituents could speak to us about various issues on campus. This past Thursday we presented our annual budget to the Student Activities Fee Committee (SAFC). We are adding two new hiring positions in ASUWT, a city liaison, and a graduate student employee. The decision to create two positions stemmed from our lack of connections with city level officials, along with a need to better support and advocate for graduate students. ASUWT Legislative Liaison Adan Espino Jr. has been working hard for the State Need Grant in Olympia, he testified on SSB 6029 Student Loan Bill of Rights. In the upcoming quarter, we will be focusing on elections, late-night study space, housing and food insecurity on campus.

OVERVIEW OF YEARLY GOALS, PROGRESS TOWARDS GOALS, CHALLENGES

ASUWT was leading many initiatives on our campus that align with our mission and values. Due to the hard work of the twenty-one student employees of ASUWT, we have accomplished all our initials goals in the first seven month of our term. The Late-Night Study Space Access was approved to run as a pilot program, our students will have the opportunity to study on our campus till 2 am. Currently, ASUWT is working on new goals such as Housing vouchers for many of our students that face homelessness. We want to bring awareness to the issue of homelessness and the effect it had on student success at UW Tacoma. We have been working with faculty and the Homelessness and Food insecurity survey is out and students are being encouraged to do the survey.

STUDENT PROFILE, April Lai

As a Junior Studying Business Marketing and Economics, my post-graduation career is constantly on my mind. I work as the Director of Finance on campus, research with business school faculty about gender and leadership, and work for Red Bull's marketing team outside of classes. Throughout my entire academic career, it has been difficult to envision where I want to work within the business world, part of this because there are simply not many women of color who are business leaders to look up to. With that, there is also a lack of professors who resemble me and other female students of color: a lack of mentors who come from similar backgrounds. Alongside my experience at UW Tacoma as a first-generation college student, it is my goal to become a woman leader in the business industry, on a corporate board or as CEO. I've been paving a path to be the role model and inspiration to future generations of young women that I never had.