



May 4, 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, MAY 9, 2018

5:30 p.m.	142 Gerberding Hall	REGULAR MEETING OF THE BOARD OF REGENTS: Regents Jaech (Chair), Ayer, Benoliel, Blake, Goddard, Harrell, Rice, Riojas, Tamaki, Zeeck
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THURSDAY, MAY 10, 2018

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 9:50 a.m.	Petersen Room, Allen Library	ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regents Benoliel (Chair), Goddard, Riojas, Tamaki
*10:15 to 12:30 p.m.	Petersen Room, Allen Library	FINANCE AND ASSET MANAGEMENT COMMITTEE: Regents Rice (Chair), Ayer, Blake, Harrell, Zeeck
12:50 p.m.	Petersen Room, Allen Library	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.



AGENDA

UNIVERSITY OF WASHINGTON BOARD OF REGENTS

Wednesday, May 9, 2018
5:30 p.m.
Gerberding Hall, Room 142

(Item No.)

I. CALL TO ORDER

II. ROLL CALL

III. CONFIRM AGENDA

IV. PUBLIC COMMENT PERIOD

To provide public comment at this meeting, sign up at the meeting before the start of the meeting.

V. BOARD ITEM

Preliminary FY19 Operating Budget: UW Medicine and Research (Information only)

B-1

Gerald Baldasty, Provost and Executive Vice President

Sarah N. Hall, Associate Vice Provost, Office of Planning & Budgeting

Jacqueline Cabe, Chief Financial Officer, UW Medicine

Mary Lidstrom, Vice Provost for Research

VI. ADJOURN



**UNIVERSITY OF WASHINGTON
BOARD OF REGENTS**

Academic and Student Affairs Committee
Regents Benoliel (Chair), Goddard, Riojas, Tamaki

**May 10, 2018
8:30 a.m. to 9:50 a.m.
Petersen Room, Allen Library**

Approval of Minutes of Committee Meeting on April 12, 2018

**COMMITTEE
ACTION**

- | | | | |
|----|---|--------------------|------------|
| 1. | Featured Student Experience: Undergraduate Research
Gerald Baldasty , Provost and Executive Vice President
Mackenzie Andrews , Senior, Bioengineering and Neurobiology
Noushyar (Noush) Panahpour Eslami , Junior, Chemistry | INFORMATION | A-1 |
| 2. | Preview of the 21st Annual UW Undergraduate Research Symposium on May 18, 2018
Ed Taylor , Vice Provost and Dean, Undergraduate Academic Affairs
Janice DeCosmo , Associate Dean, Undergraduate Academic Affairs
Jennifer Harris , Director, Center for Experiential Learning and Diversity, Undergraduate Academic Affairs | INFORMATION | A-2 |
| 3. | Academic and Administrative Appointments
Gerald Baldasty , Provost and Executive Vice President | ACTION | A-3 |
| 4. | Carnegie Community Engagement Classification
Thaïsa Way , Chair, Faculty Senate, and Professor, Landscape Architecture, College of Built Environments | INFORMATION | A-4 |
| 5. | UW Football Program
Chris Petersen , Head Football Coach | INFORMATION | A-5 |
| 6. | Other Business | | |



**UNIVERSITY OF WASHINGTON
BOARD OF REGENTS**

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

**May 10, 2018
10:15 a.m. to 12:30 p.m.
Petersen Room, Allen Library**

Approval of Minutes of Committee Meeting on April 12, 2018

**COMMITTEE
ACTION**

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|----|--|--------------------|-----|
| 1. | Treasurer of the Board Report
Jeff Scott, Executive Vice President, Finance & Administration, Treasurer of the Board of Regents | INFORMATION | F-1 |
| 2. | Finance & Capital Report
Brian McCartan, Vice President of Finance
Mike McCormick, Associate Vice President, Capital Planning and Development | INFORMATION | F-2 |
| 3. | Finance Update and Forecast
Brian McCartan, Vice President of Finance
Chris Malins, Associate Vice President, Treasury Office | INFORMATION | F-3 |
| 4. | Debt Management Annual Report
Brian McCartan, Vice President of Finance
Chris Malins, Associate Vice President, Treasury Office
Bill Starkey, Senior Associate Treasurer | INFORMATION | F-4 |
| 5. | Audit Advisory Committee Update
Joel Benoliel, Regent, Vice Chair, Audit Advisory Committee
Brian McCartan, Vice President of Finance | INFORMATION | F-5 |
| 6. | Seismic Improvements: Stage 1 & 2 Approval
Mike McCormick, Associate Vice President, Capital Planning and Development | ACTION | F-6 |
| 7. | UW Bothell Student Housing Budget and Rate Development Process Improvement Plan
Ruth Johnston, Vice Chancellor, UW Bothell
Chelsea Knodel, Director, Auxiliary Services, UW Bothell
Dominick Juarez, President, ASUW Bothell | INFORMATION | F-7 |
| 8. | UW Tacoma Housing Report
Mark Pagano, Chancellor, UW Tacoma
Tye Minckler, Vice Chancellor, Finance & Administration, UW Tacoma | INFORMATION | F-8 |

Mentha Hynes-Wilson, Vice Chancellor, Student &
Enrollment Services, UW Tacoma
Gurtej Singh, Residence Hall Association President, UW
Tacoma
Arwa Dubad, ASUW Tacoma President

9. **Investment Program Annual Report and UWINCO Board Update** **INFORMATION** F-9
Keith Ferguson, Chief Investment Officer, UWINCO
Scott Davies, Chief Operating Officer, UWINCO
Garth Reistad, Deputy Chief Investment Officer, UWINCO
10. **Comparative Performance and Asset Allocation** **INFORMATION** F-10
Max Senter, Investment Consultant and Managing Partner,
Cambridge Associates
11. **Other Business**



AGENDA

UNIVERSITY OF WASHINGTON BOARD OF REGENTS

**May 10, 2018
12:50 p.m.**

**Petersen Room,
Allen Library**

(Item No.)

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-5
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

Preliminary FY19 Operating Budget (Information only) B-2
Gerald Baldasty, Provost and Executive Vice President
Sarah N. Hall, Associate Vice Provost, Office of Planning & Budgeting
Jason Campbell, Senior Director, Financial Analysis & Budget Strategy,
Office of Planning and Budgeting

Approve the Naming of a Campus Space (Action) B-3
Rickey Hall, Vice President for Equity & Inclusion and Chief Diversity
Officer
Isaaksiichaa (Ross) Braine, Tribal Liaison, Office of Minority Affairs &
Diversity

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

VII. REPORT OF THE UNIVERSITY PRESIDENT: President Cauce

VIII. CONSENT AGENDA

Approval of Minutes of the Meetings on April 11 and 12, 2018

Seismic Improvements: Stage 1 & 2 Approval F-6

Approve Revisions to Resolution: Federal Contracts—Officers of the University B-4

IX. STANDING COMMITTEES

A. Academic and Student Affairs Committee: Regent Benoliel – Chair
Featured Student Experience: Undergraduate Research (Information only) A-1

Preview of the 21st Annual UW Undergraduate Research Symposium on May 18, 2018 (Information only) A-2

Academic and Administrative Appointments (Action) A-3

Carnegie Community Engagement Classification (Information only) A-4

UW Football Program (Information only) A-5

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

Treasurer of the Board Report (Information only) F-1

Finance & Capital Report (Information only) F-2

Finance Update and Forecast (Information only) F-3

Debt Management Annual Report (Information only) F-4

Audit Advisory Committee Update (Information only) F-5

UW Bothell Student Housing Budget and Rate Development Process Improvement Plan (Information only) F-7

UW Tacoma Housing Report (Information only) F-8

Investment Program Annual Report and UWINCO Board Update (Information only) F-9

Comparative Performance and Asset Allocation (Information only) F-10

X. REPORTS TO THE BOARD

Faculty Senate Chair – Professor Thäisa Way

Student Leaders:

ASUW President – Mr. Osman Salahuddin

GPSS President – Ms. Soh Yeun (Elloise) Kim

ASUW Tacoma President – Ms. Arwa Dubad

ASUW Bothell President – Ms. Leah Shin

Alumni Association President – Ms. Suzanne Dale Estey

XI. DATE FOR NEXT REGULAR MEETING: Thursday, June 7, 2018

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

XIII. ADJOURN

MINUTES

BOARD OF REGENTS University of Washington

May 10, 2018

The Board of Regents held its regular meeting on Thursday, May 10, 2018, beginning at 12:50 p.m. in the Petersen Room of the Allen Library. Notice of the meeting was appropriately provided to the public and the media.

CALL TO ORDER

Board Chair Regent Jaech called the meeting to order at 12:50 p.m.

ROLL CALL

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

Regent Blake and Ms. Dale Estey 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 three groups of individuals: the first from the Consolidated Laundry, the second from academic student employees, and the third from Huskies for Food Justice.

Clifford Robb is a truck driver at the Consolidated Laundry facility. He stated that his coworkers are like family. He and his hardworking, frequently long-serving coworkers wish to encourage the Legislature to assist the University in finding ways to keep the laundry open by funding capital improvements. He and his coworkers work hard to provide quality laundry services to UW Medical Center, to Harborview Medical Center, and Northwest Hospital and Medical Center. He fears for patient safety and the quality of care in the event of a natural disaster or other service disruption if laundry services are

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outsourced. Agnes Tabasco works at the Consolidated Laundry. She is an immigrant, female worker who speaks English as a second language. She asked the Board to keep the facility open because she fears that the reemployment prospects for generally older, immigrant, less-educated, and minority workers are poor. She stated that she and her coworkers wish to help find alternatives to closing the laundry so that they can support their families. Alonso Rivera, who has worked as a driver at the Consolidated Laundry facility for twenty-two years, asked the Board to consider alternatives to closing the laundry facility. Like other workers, he fears for his prospects of reemployment and his continued ability to provide for his family. Mustapha Getahin has worked at the laundry for twenty-one years. Like many, he is uncertain and apprehensive about the future. The closure of the laundry will present him, like many others, with difficult choices. He noted also that the facility tracks worker performance in two ways, by time and by piece. This allows the University to know that workers at the facility work hard, which, he says, they do.

Hayim Katsman stated that he spoke for all graduate students and academic student employees. He stated that 31 percent of undergraduate and 47 percent of graduate students suffer from depression. 10 percent of graduate students have thought to end their lives; 5 percent have a plan to do so. He stated that this is a life-or-death situation: from 2010 to 2015, thirteen UW students committed suicide; four more did so in 2017. He feels that current mental healthcare coverage for academic student employees is insufficient and demanded full mental healthcare coverage for graduate students and for academic student employees. Jacob O'Connor, a member of UAW 4121, stated that he chose to come to the UW because he felt comfortable as a queer student. He demanded that the University fund fully trans-affirming procedures of all types, blazing the path forward for society as a whole. He feels that he cannot tell recruited graduate students that the University is fully welcoming. Kenyon spoke for parents and single parents. His wife cannot join him to work at the UW because of visa issues, leaving him the effective single parent of a two-year-old daughter. It is hard to be a full-time graduate student and single parent. He wishes to have fee waivers for graduate students, freeing up money for childcare, and in general more supportive conditions for student parents and students more broadly. Kyle Kubler is a graduate student in the communications department. He and the union feel that student workers are workers who pay fees in order to work at the University. Given rising rents in the Seattle, academic student employees are often rent-burdened or severely rent-burdened. 80 percent of academic student employees pay 30 percent or more of their monthly incomes on rent. He believes that the University's negotiators have a philosophical objection to waiving fees for academic student employees. Mr. Kubler concluded by asking the Board to do anything in its power to ensure fair negotiations.

Emily Sun and Nathan Bombardier from Huskies for Food Justice, a student organization formerly known as the Husky Real Food Challenge, decried the exploitation of farmworkers and environmental destruction consequent upon unjust, unsustainable farming practices. They stated that President Cauce has issued a three-fold directive to Housing and Food Services asking for assessment, the formation of a working group on this topic, and the establishment of purchasing goals. Ms. Sun and Mr. Bombardier demanded clear goals, a timeline for their achievement, and accountability. They asked

the President and the Board to enact these goals into policy and expressed solidarity with the laundry workers, post-doctoral researchers, and academic student employees.

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.

BOARD ITEMS

UW Medicine Board Report (Agenda No. B-5) (Information only)

Dr. Paul Ramsey, CEO, UW Medicine, Executive Vice President for Medical Affairs and Dean of the School of Medicine, reported that one hundred senior leaders from UW Medicine had participated in a retreat late last week that focused on aligning strategic initiatives with UW Medicine's mission of improving the health of the public. Three topics were highlighted: first, how to improve the learning environment of approximately 5,000 trainees and students in the classroom, laboratory, and clinic; second, how to measure inequities in healthcare and develop plans to improve healthcare equity; third, how achieving the targets contained in Project FIT is necessary to fulfilling UW Medicine's mission.

Dr. Ramsey reported that the primary topic at last month's meeting of the UW Medicine Board was Clinical Transformation. Included in Project FIT, this is the culmination of the efforts of operational and healthcare teams working with information technology specialists to improve patient care by taking the last step in a process begun in 1995 when UW Medicine was among the first in the Pacific Northwest to adopt an electronic health record by launching the UW Neighborhood Clinics with the Epic system. Unifying what are presently seventy different electronic systems into one system will permit seamless communication between healthcare teams, provide improved business information, and offer patients a single interface. The UW Medicine Board endorsed the initiative.

Preliminary FY19 Operating Budget (Agenda No. B-2) (Information only)

Provost Baldasty explained that each year he seeks to improve upon the process, content, and format of budget items and presentations. The format of the operating budget was overhauled last year, so that this year's improvements are concentrated less in the format of the document than in the quality of the financial information that it contains.

This year's challenges include limitations on space and funding that limit growth in enrollment. Per-student funding remains low, lower than levels at all but two of twenty-three peer institutions. This makes it hard to maintain both access and quality. In addition, federal policies with respect to research funding or researcher visas remain uncertain. Within these constraints, the University has pursued a sound budget management process that began nine months ago, when Provost Baldasty requested reports from deans, vice presidents, and vice provosts. These reports inquired into two forms of vitality: the academic and programmatic vitality and the fiscal vitality of each

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unit. In addition, the Provost also required a four-year financial projection from each unit as the basis for conversations on how to manage growing demands with existing resources. As an example of these conversations, he asked central student-facing units including Student Affairs, the Office of Minority Affairs & Diversity, Undergraduate Academic Affairs, Enrollment Management, and the Graduate School to take a permanent 2-percent budget cut and then to redeploy those funds towards new demands.

The budgetary process examines compensation: the Provost now reviews all faculty hiring plans in light of each unit's fiscal vitality. He uses the four-year projections to attempt to resolve deficits before they occur. As a result, he has slowed growth at UW Bothell and UW Tacoma and is monitoring potential deficit areas going forward.

Sarah N. Hall, Associate Vice Provost, Office of Planning & Budgeting, reported that the budgetary process began last summer, when she engaged school and college financial officers to build forecast templates organized by categories of expense and by fund, including recharge transactions, reserves, and carry-overs. These were peer-reviewed by her team members. Any findings were elevated to unit financial officers and discussed in more than thirty budget meetings with the Provost. Aging financial systems make the process challenging, but she feels that this year's process rested on a deeper understanding than ever before.

Jason Campbell, Senior Director, Financial Analysis & Budget Strategy, Office of Planning and Budgeting, described how his team used redesigned Excel workbooks to get business intelligence out of the University's forty-two year-old financial system. For the first time, 3,700 data points organized in Excel provided a new level of insight. His team analyzed this data for four weeks in dialogue with campus units. This year's proposed operating budget rests on these 3,700 data points.

Provost Baldasty stated that the proposed budget amounts to \$7.8 billion, in comparison to last year's \$7.25 billion. Nearly all of that \$7.8 billion is highly restricted.

Ms. Hall stated that core operating revenue comes from two sources: General Operating Fund or GOF revenue comes from state appropriations and tuition; Designated Operating Fund or DOF revenue comes from Indirect Cost Recovery (ICR) and other local sources. Concerning GOF, the Board will be asked to approve tuition recommendations in June. An increase of 2 percent in resident undergraduate tuition rates is assumed, but depends on the State's determination of the rolling, fourteen-year median wage increase. The UW's resident undergraduate tuition remains below the mean of its peers. An increase of 3 percent for non-resident undergraduate tuition is proposed, still below the level of the UW's peers by \$597. Graduate tuition is proposed to increase by 2 to 4 percent, depending on unit. Tuition and fees within the School of Dentistry will be determined collaboratively with the School. The School of Law has asked to increase fees for incoming first-year law students by 5 percent to minimize the cost to current students while funding merit increases for faculty members. The Evans School has asked to increase fees for incoming students by 10 percent, returning to a fee structure differentiating incoming from continuing student fees and bringing costs closer to those at peer institutions such as the University of California, Berkeley, or the University of Michigan. UW Tacoma requested decreases in tuition for continuing MBA and Master of

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Business Analytics students; the latter are only apparent decreases because overall costs will remain stable as the program shifts from three to four quarters in duration in response to student requests.

Provost Baldasty explained that the only financial aid included in the proposed budget is financial aid deriving from tuition. He noted that nonresident undergraduates contribute more to this pool than is awarded to them: they receive \$13.5 million of the \$32 million that they contribute.

Mr. Campbell summarized the outlook for DOF revenue by source. Fiscal Year (FY) 2018 estimates of ICR were conservative and have since been revised to \$261 million. FY19 ICR is forecast at \$267 million, of which 72 percent derives from potentially vulnerable federal sources. Institutional overhead is forecast to be flat at \$26.1 million. This is a charge to self-sustaining units for their use of campus resources. Administrative overhead for the Bothell and Tacoma campuses consists of institutional overhead with administration costs subtracted and is equivalent to about 10 percent of GOF revenue. It is expected to increase from \$8.7 to \$9.2 million for FY19. Summer quarter tuition is projected to increase from \$56.1 to \$58.2 million. However, efforts to ‘right-size’ summer compensation and other costs will result in a net decrease of \$900,000 to central campus. Yield on investments is projected to decline from \$15.6 million in FY18 to \$9 million in FY19. The Internal Lending Program will for the second year allocate a sum to the Provost as a risk premium: this year’s amount will be \$2.1 million. Miscellaneous fees such as application or library fees, parking fines, and NSF check fees are expected to provide \$8.6 million, \$200,000 more than in FY18.

Ms. Hall stated of expenditures that state funds for compensation are distributed to units, as are each unit’s portion of ICR, according to the principles of activity-based budgeting (ABB). Taxes on these are received by the Provost’s reinvestment pool. The Provost’s Campus Initiatives Fund provides small, permanent allocations for investments in research and compensation. Legislative directives reflect provisos in state appropriations directing funds to particular sources. Other adjustments include a set-aside for Family and Medical Leave Act (FMLA) premiums that will be owed from January 2019, risk management and mitigation funds, additional distributions of summer quarter tuition to the Schools of Medicine and Dentistry, and investments in the libraries for the acquisition of serial collections and to increment student library workers’ hourly wages to the City of Seattle’s cost-of-living adjustments.

Mr. Campbell reported that auxiliary activities consist of 3,000 budgets managed by 500 departments. 386 of these are located in Continuum College. Excluding UW Medicine, 45 percent of auxiliary revenue comes from University Extension, Intercollegiate Athletics, Transportation Services, Housing and Food Services, and graduate medical education and community lab medicine in the School of Medicine. In prior years the Board saw high-level estimates because the Office of Planning & Budgeting lacked granular data. This year’s data informed unit-level projections that were cross-checked with unit financial officers and their four-year projections. In general, margins are tightening as expenses grow faster than revenues.

Ms. Hall noted that UW Medicine will update its figures for the Board’s June meeting.

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Mr. Campbell reported that adopted FY18 yield from gifts and endowments had been \$315 million. This was subsequently revised to \$380 million and is assumed to be \$419 million for FY19. Provost Baldasty interjected to remind the Board that only 2 percent of endowments yield discretionary funds.

Ms. Hall outlined next steps: the Board will review and act on final tuition recommendations next month. She thanked her team, Jason Campbell, Becka Johnson Poppe, and Erin Guthrie, and their respective team members.

Asked whether student enrollment was a budgetary lever, Ms. Hall responded that modest increases in enrollment are assumed in some small categories but that resident undergraduate and graduate enrollment is assumed to be flat, with a slight increase in non-resident undergraduate enrollment to compensate for summer ‘melt.’

Asked what justification was asked of graduate or professional programs requesting tuition increases, Ms. Hall and Provost Baldasty said that programs had to justify costs doubly. Less attention was now paid to market tuition levels than to fiscal vitality. In addition, four-year projections expose staff costs by category, facilitating questions about cost increases for staff positions not explicitly tied to student services. Ms. Hall added that, in the case of the School of Law, which will operate in deficit in FY19, there is more focus on balancing expenditures with revenues. In addition, the interim dean made the budget process more transparent both to members of the law faculty and to the Office of Planning & Budgeting. President Cauce interjected to say that requirements for program accreditation can sometimes be difficult to comprehend from a budgetary perspective.

Asked about measures of faculty productivity, President Cauce and Provost Baldasty replied that this occurs at the unit level, but requires deans to drive it down to the departmental level while remaining sensitive to department cultures and to disciplinary differences in the manner of work. Professor Way added that new budgetary processes are making faculty members more financially sophisticated and consequently more accountable.

Asked about classroom utilization, Provost Baldasty responded the Vice Provost Phil Reid’s new classroom scheduling program has successfully reduced inefficiencies and allowed for more efficient use of classroom space.

Regent Jaech observed that the greater visibility of budgetary processes and faculty members’ greater participation in them should make for a more sophisticated campus community that might, for instance, weigh the fiscal impact of curricular decisions.

President Cauce added that \$7.8 billion seems like such a big figure that 1 percent – or really any individual expense – seems small in comparison. However, neither the \$4 billion of that \$7.8 billion in UW Medicine, nor the \$1.5 billion dedicated to research, nor 98 percent of the \$500 million deriving from gifts, nor the \$1 billion in campus auxiliaries are fungible. In the end, the discretionary budget is something closer to \$800 million, a considerable sum but only 10 percent of the larger figure.

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Regent Zeeck expressed the gratitude of a newcomer to Ms. Hall and her team for this very public and complete information about the University's finances. He commended them for moving in the right direction.

See Attachment B–2.

Approve the Naming of a Campus Space (Agenda No. B–3) (Action)

Rickey Hall, Vice President for Equity & Inclusion and Chief Diversity Officer, stated that this naming celebrates the twenty-fifth anniversary of the UW Native American Advisory Board and the fiftieth anniversary of the Office of Minority Affairs & Diversity and honors the place where the University is located.

Iisaaksiichaa (Ross) Braine, Tribal Liaison in the Office of Minority Affairs & Diversity since 2012, said that this naming builds on the opening of wələbʔaltxʷ ('Intellectual House') in 2015. He brought two students to witness the Board's action today, thanking them for attending and the Board for considering his request.

Mr. Braine stated that the UW has been honoring place with its statement that 'the UW acknowledges the Coast Salish peoples of this land which touches the shared waters of the Muckleshoot, Suquamish, and Tulalip tribes.' He observed that outcomes for Native American and Alaska Native students at the UW exceed those at peer institutions. In conclusion, he requested that the Board rename Whitman Court sluʔwił ('Little Canoe Channel'), the name of the village site on the present location of the University Village.

Regent Rice moved, Regent Ayer seconded, and the Board of Regents approved the honorific renaming of Whitman Court sluʔwił.

See Attachment B–3.

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

Regent Jaech reported that he and three other Regents attended the Association of Governing Boards (AGB) annual conference for trustees in San Francisco last month. He believes that conferences are good places to step back from thinking about one's own institution so as to observe what peers are doing and to learn from them. Some topics of panels he attended included how universities need to adapt to the changing make-up of student bodies and to the shifting landscape of employment that students confront upon graduation; the challenges of managing freedom of expression on campus; and the effective oversight of intercollegiate athletics, in addition to the more usual topics of shared governance, strategic finance, and understanding fiduciary responsibilities.

In his April Chair's Report, Regent Jaech mentioned that he has been reflecting on how to encourage more discussion at the Board's meetings. Such changes are necessarily incremental, but they start with conversations about where the Board might wish to go and what success might look like.

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Besides required topics such as appointments and budget approvals, the Board includes topics on its agendas that provide Regents with a fuller picture of the University and better equip them to weigh in and vote on issues that come before the Board. Regent Jaech would like gradually to add more topics in a third category to the agendas of the Standing Committees and full Board: topics to which the Regents can add value through discussion. In this case, the Regents function as a sounding board for the President and her senior staff.

Last month Regent Jaech enumerated a few topics that might fit into this category of adding value through discussion. These include balancing the University's educational mission with its social mission; discussing changes in healthcare impelling UW Medicine to expand so as to operate at scale and the related question of how large UW Medicine should be; and discussing budgetary cross-subsidies at this and other universities. To these topics, Regent Jaech would add:

- i) What is the optimal size of the student body? What does this look like in terms of numbers of undergraduate and graduate students, different fields of study, ethnicity, age, and other measures? Must the University continually grow its student population in order to maintain a steady financial state, if at all? How do the Tacoma and Bothell campuses fit into any growth strategy?
- ii) How must the University change the way it educates students in response to the changing needs and desires of students and employers? How important will majors and departmental degrees be in a future in which jobs and students demand multi-disciplinary training? How should the University support life-long learning as graduates shift jobs and as new types of jobs are created?
- iii) Which policies on free speech are most consonant with the University's – and universities' – mission? How can the UW support free speech while keeping students, staff, faculty members, and campus visitors safe?

Meaningful discussion of these topics – and others – requires the Board to be comfortable with voicing its perhaps at times discordant opinions in a public setting. Public trust comes from transparency and from demonstrating that Regents are informed, well-meaning citizens trying to make the best decisions possible in a very complicated setting. The Board has an obligation to explain its decisions and actions to the citizens of the State of Washington. To that end, the process of decision-making is as important as the result. A lack of robust discussion works against the goal of gaining the Public's trust.

Regent Jaech suggests that the Board try picking a topic of discussion for an agenda, whether of a Standing Committee or of the full Board. Informational items for that agenda would then be selected to inform discussion of that topic. The Chair of the Committee or Board would prepare initial questions for presenters and Regents and moderate discussion. It might be best to try this tentatively for one committee agenda before generalizing the practice.

These changes cannot be effected by one Chair alone. Regent Jaech understands that his time as Chair is coming to an end, so he hopes that other Regents are interested in discussing some of the topics that he raised and that they wish to pursue this direction for the Board in coming years. He has used his prerogative as Chair to explain to the Board and its guests what his priorities are and to suggest how he thinks the Board might

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become even more effective at its governing role. He hopes that the next Chair will pursue this direction.

On a related note, Regent Jaech observed that meetings put great pressure on staff. Besides the Standing Committees – Academic and Student Affairs, Finance and Asset Management, Governance – there are the advisory committees – ACRE, Audit, Diversity, Equity and Inclusion, Governmental Affairs, Socially Responsible Investing, UWINCO, and UW Medicine. Given the burden these frequent meetings place on staff – and on the one or two Regents who sit on each advisory committee, he suggested that the Board might want to consider reducing the number of full Board or committee meetings that it holds each year and do more work in its standing and advisory committees. At the AGB conference, it was notable that the UW Board of Regents meets more frequently than the governing boards of many peers. A ‘lifeboat’ exercise in which the Board decides which items absolutely must be included on its agendas might be healthy. It might enable the Board to reduce the number of its meetings while adding greater value. Individual Regents should always feel free to suggest the inclusion of particular items on agendas to the Committee or Board Chairs. Reducing the number of full Board meetings may be part of the process of becoming a better, less routine board. Regents Jaech elicited his colleagues’ views on this and suggested that the July meeting of the Governance Committee is probably the right venue for this discussion. He also solicited personal communication of views.

Regent Jaech concluded his report and asked President Cauce to give her report.

REPORT OF THE UNIVERSITY PRESIDENT: President Cauce

President Cauce stated that she is happy to hear the list of questions offered by Regent Jaech because the administration is asking the same kinds of questions about enrollment mix, about the relationship of the three campuses, and about growth. In contrast to private universities, the UW controls fewer financial levers. However, in contrast to institutions in the Midwest and the Northeast, the UW exists in a region with a growing college-age population. She again directed Regents to the Husky 100, underscoring the quality of the students included. She thanked the Board for renaming Whitman Court because she will be delighted to communicate it to tribal leaders at tomorrow’s Tribal Summit.

She spoke of the life-long relationships of mutual learning engendered in universities, reflecting on how her advisor and her own students have learned from her and how she has learned from them. She noted that academic student employees have received 50 percent compounded wage increases over the past five years, bringing them to parity with their peers at the University of California. She recognizes that the cost of living is high in Seattle, but emphasized that wage increases must be equitable across the entire campus community. The University is seeking innovative solutions to maintain competitiveness in such an environment.

CONSENT AGENDA

Regent Jaech noted there were three 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 Benoliel, seconded by Regent Rice, the Board voted to approve the three items on the consent agenda below.

Minutes of the meetings on April 11 and 12, 2018

Seismic Improvements: Stage 1 & 2 Approval (Agenda No. F–6)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents grant Stage 1 and 2 approval to Phase 1 of the seismic improvement project, as presented.

See Attachment F–6.

Approve Revisions to Resolution: Federal Contracts—Officers of the University (Agenda No. B–4)

It was the recommendation of the administration that the Board of Regents approve revisions to the resolution concerning federal contracts and officers of the University, as presented in the item.

See Attachment F–6.

STANDING COMMITTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Benoliel, Chair

The following items were presented for information during the Academic and Student Affairs Committee meeting.

Featured Student Experience: Undergraduate Research (Agenda No. A–1) (Information only)

See Attachment A–1.

Preview of the 21st Annual UW Undergraduate Research Symposium on May 18, 2018 (Agenda No. A–2) (Information only)

See Attachment A–2.

Carnegie Community Engagement Classification (Agenda No. A–4) (Information only)

See Attachment A–4.

UW Football Program (Agenda No. A–5) (Information only)

See Attachment A–5.

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

Academic and Administrative Appointments (Agenda No. A–3) (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 a Regent, the Board voted to approve the personnel appointments. Regent Goddard abstained from the discussion and vote.

See Attachment A–3.

FINANCE AND ASSET MANAGEMENT COMMITTEE: Regent Rice, Chair

The following items were presented for information during the Finance and Asset Management Committee meeting.

Treasurer of the Board Report (Agenda No. F–1) (Information only)

See Attachment F–1.

Finance & Capital Report (Agenda No. F–2) (Information only)

See Attachment F–2.

Finance Update and Forecast (Agenda No. F–3) (Information only)

See Attachment F–3.

Debt Management Annual Report (Agenda No. F–4) (Information only)

See Attachment F–4.

Audit Advisory Committee Update (Agenda No. F–5) (Information only)

See Attachment F–5.

UW Bothell Student Housing Budget and Rate Development Process Improvement Plan (Agenda No. F-7) (Information only)

See Attachment F-7.

UW Tacoma Housing Report (Agenda No. F-8) (Information only)

See Attachment F-8.

Investment Program Annual Report and UWINCO Board Update (Agenda No. F-9) (Information only)

See Attachment F-9.

Comparative Performance and Asset Allocation (Agenda No. F-10) (Information only)

See Attachment F-10.

REPORTS TO THE BOARD OF REGENTS

Regent Jaech announced that Ms. Chin, who succeeded Dominick Juarez as ASUW Bothell President upon his resignation over the weekend, and Ms. Dale Estey were absent. He directed Regents to the concise and thoughtful written reports and materials in their packets.

Faculty Senate Chair: Professor Thaïsa Way

Professor Way admitted that her written report contains remarkable pictures from the trip to the Galapagos Islands and Macchu Picchu that she took with sixteen fantastic UW alumni with the support of the UW Alumni Association. She recommends the experience.

This month is the eightieth year of faculty governance at the UW. The Faculty Senate was formed on May 18, 1938. The President permitted the election of a Chair in 1946. Shared governance allows the faculty to steward the University's academic mission. The 2050 initiative is aimed at recognizing how forms and outlets of faculty scholarship are changing, and modifying promotion and tenure to reflect that. Teaching is changing along with student bodies and their needs, new and perennial. Some of this work is similar to that described by Coach Petersen in the morning, when he spoke of his efforts to develop football players into life-long learners, engaged citizens, and successful, healthy, happy graduates. Some of this work involves providing better support to students in crisis in partnership with student services and student government. The faculty must support its members in all these areas.

Professor Way commended the UW faculty for its engagement in the budgetary process, from the Faculty Senate down to the department level. The faculty looks forward to helping the University to navigate this environment of financial constraint creatively.

ASUW President: Mr. Osman Salahuddin

Mr. Salahuddin is excited to be back at the Board table. He attested to his own meaningful participation in undergraduate research and invited Board members to come view his presentation on his research at the UW Medical Center online and in person.

The ASUW has passed multiple resolutions, enumerated in his report, including a resolution in support of unionized academic student employees. ASUW elections are ongoing: his successor will be elected tomorrow. There have been many successful events over the past months, including discussions of capacity-constrained majors and the prevention of sexual assault. In its last month, the current ASUW Board of Directors hopes to solidify its work to improve mental healthcare for students and to include commuter students in student government. Mr. Salahuddin directed Regents to the impressive student highlighted in his report.

GPSS President: Ms. Elloise Kim

Ms. Kim is likewise delighted to be back. GPSS officers were elected last week in a newly streamlined, transparent process. Their names are included in her report. In addition, she and Mr. Salahuddin commended the committee that selected three finalists for the position of next year's Student Regent to forward to the Governor, thanking the Board and the administration that students have such an important role in the process. Their names are likewise provided in her report.

The GPSS Senate has passed many resolutions, including one supporting Title IX reporting by means of an online tool. Six more are planned for the next two meetings of the GPSS. There will be many events, including Husky Sunset, scheduled for next week in Sylvan Grove, earlier than in past years. Ms. Kim directed Regents to the student highlighted in her report, noting that she has been using this portion of the report to highlight students of color. She concluded that she was honored to be portrayed with other student leaders on the cover of the latest issue of *Viewpoint*.

ASUW Tacoma President: Ms. Arwa Dubad

Ms. Dubad is similarly delighted to have been portrayed on the cover of *Viewpoint*. She reported on ASUW Tacoma elections: next year's President will be Armen Papyan, this year's Director of Legislative Affairs. ASUW Tacoma has passed or is planning to pass numerous resolutions. The Service and Activities Fee Committee has completed its work, working with a new Compliance Officer at their request. She is excited to begin a summer internship in Senator Patty Murray's office in Washington, DC. She complimented her team for working together to accomplish its goals and set a sound base for next year's team, wishing them success. Ms. Dubad concluded by praising the student featured in her report.

ASUW Bothell President: Ms. Leah Shin was absent.

Alumni Association President: Ms. Suzanne Dale Estey was absent.

May 10, 2018

DATE FOR NEXT MEETINGS

Regent Jaech announced that the next regular meeting of the Board will be on Thursday, June 7, 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 3:50 p.m.



Tyler Lange
Secretary of the Board of Regents

Approved at the meeting of the Board on June 7, 2018.

BOARD OF REGENTS MEETINGPreliminary FY19 Operating Budget: UW Medicine and ResearchINFORMATION:

This item is for information only.

BACKGROUND

This information item provides the Regents with the opportunity for more substantive updates and discussion on two significant components of the preliminary FY19 operating budget: UW Medicine and the research enterprise. This “deeper dive” discussion is in response to regent request after the FY17 budget presentation. A discussion on the entire FY19 operating budget proposal, including tuition rates, will follow in the regular board meeting on Thursday.

The attachments include the UW Medicine and Research sections of budget for ease of reference. This information is identical to information provided in the full budget item. UW Medicine and the Office of Research will provide a detailed overview of this information, along with any additional contextual information that might impact the final budget or anticipated financial performance for FY19. A significant portion of time is allocated to respond to comments or questions from the Board.

Attachments

1. UW Medicine Preliminary FY19 Operating Budget
2. Strength of Ideas: Research Enterprise Preliminary FY19 Operating Budget

UW MEDICINE

The FY19 budget for UW Medicine is in process and has not yet been finalized. Upon budget completion, the respective budgets will be reviewed and approved by each entity's respective board committee. The starting point for determining targeted margins is the UW Medicine Long Range Plan, or "Project FIT," which was presented to the Board of Regents in November 2017. FY18 is the first year of our FIT plan, which reflected a \$158 million improvement, including inflation, over our FY17 results. On an overall basis, FY18 performance is on budget, though several individual entities are below budget. Our FY19 budget targets reflect improvement over 2018 of approximately \$140 million in the areas of revenue generation (e.g. clinical service growth and revenue cycle improvements) and cost savings (e.g. labor mix & productivity), as well as investment in infrastructure related to our clinical systems including our electronic health record. This work is necessary to achieve financial stability. Concentrated efforts continue to increase revenues and reduce expenses across all eight UW Medicine entities, the results of which can be seen in improved year-over-year margins year-to-date at Northwest Hospital (NWH), UW Medical Center (UWMC), and Valley Medical Center (VMC).

Preliminary financial results for FY18 through February are included for information in Table 11.

Table 11: Preliminary FY18 financial results as of February 2018, by UW Medicine Entity (in \$1,000s)

UW Medicine Entity ⁸	Month					YTD				
	Actual	Margin %	Budget	Variance To Budget	Prior Yr Actual	Actual	Margin %	Budget	Variance To Budget	Prior Yr Actual
HMC	(5,261)	-7%	(4,619)	(642)	(6,129)	(8,996)	-1%	3,142	(12,138)	2,818
UWMC	(7,953)	-9%	(4,764)	(3,189)	(9,731)	(6,829)	-1%	(8,471)	1,642	(34,054)
NWH	(4,710)	-17%	(1,662)	(3,048)	(3,871)	(13,613)	-6%	(8,261)	(5,352)	(16,849)
VMC	680	1%	(245)	925	(2,952)	15,333	4%	(2,581)	17,914	(2,364)
SUBTOTAL	(17,244)	-7%	(11,290)	(5,954)	(22,683)	(14,105)	-1%	(16,171)	2,066	(50,449)
UWNC	49	1%	(185)	234	(898)	(991)	-2%	(1,718)	727	(4,344)
ALNW	(1,014)	-31%	(667)	(347)	(788)	(3,761)	-12%	943	(4,704)	2,252
UWP**	-	0%	-	-	-	-	0%	-	-	-
SoM	7,294	6%	(1,404)	8,698	(264)	17,029	2%	(13,739)	30,768	1,189
TOTAL	(10,915)	-3%	(13,546)	2,631	(24,633)	(1,828)	0%	(30,685)	28,857	(51,352)

**Results for UWP are shown after amounts available to the School of Medicine.

Improved financial performance through execution of the FIT plan includes the following:

- *Enhancement of Revenues* – Improvements to revenue cycle operations to increase revenue realization, targeted growth of service lines and programs, and increased efficiency in care delivery models.
- *Reduction of Costs* – Improvements in labor productivity and expense through effective management of scheduling, staffing efficiencies, standardization of product usage, review of programs,

⁸ Each entity's name is spelled out in full in the Acronym Glossary on page 46.

enhancements of contract pricing and utilization management through focused supply chain projects, and space optimization.

- *Investments in Infrastructure* – Strategic investment in certain locations (NWH Childbirth Center) and systems (Clinical Transformation, including a single electronic health record) to improve efficiency and fuel future growth.

The production of an annual budget item requires that UW Medicine provide early projections of revenue, by entity, for the Board of Regents to adopt with all other University revenues. After the annual budget item is adopted, leadership from UW Medicine will provide a separate annual report to the Regents on UW Medicine's FY18 financial performance.

The environment in the health care industry nationwide is continuing to experience significant payment pressure, which is yielding overall rate increases that are not keeping pace with expense increases. This necessitates improved efficiency in the way we do our work. This trend is particularly challenging as labor represents the most significant portion of UW Medicine expense and it is anticipated that salaries and benefits will rise in FY19. Concurrently, supply costs continue to increase. For example, the cost of pharmaceutical agents is projected to increase by 7 percent in the next fiscal year. UW Medicine continues to be focused on expense reductions and strategies for providing care more efficiently, while improving quality of care and patient experience.

Preliminary projected revenues (operating and non-operating) and total margins for the FY18 and proposed FY19 budgets are as follows in Table 12.

Table 12: UW Medicine Budgets and Total Margin Estimates (excluding the UW School of Medicine)

UW Medicine	FY18 UW Regents Adopted	FY18 Subsequently Adopted Revenues	FY19 Projected Revenues	FY19 Target Margin from FIT Plan	FY19 Updated Budget Margin	FY19 Target Total Margin
UW Medical Center	1,186,000,000	1,216,000,000	1,301,000,000	26,300,000	26,300,000	2.0%
Harborview Medical Center	1,006,000,000	1,017,000,000	1,040,000,000	10,400,000	10,400,000	1.0%
Valley Medical Center	632,000,000	632,000,000	658,000,000	-	6,600,000	1.0%
Northwest Hospital	376,000,000	376,000,000	403,000,000	2,000,000	2,000,000	0.5%
UW Physicians*	302,000,000	294,000,000	326,000,000	-	-	0.0%
Airlift NW	59,000,000	59,000,000	59,000,000	2,100,000	2,100,000	3.6%
UW Neighborhood Clinics	52,000,000	55,000,000	60,000,000	-	-	0.0%
UW Medicine (excluding School of Medicine)**	3,613,000,000	3,649,000,000	3,847,000,000	40,800,000	47,400,000	1.2%

* UW Physicians targets a zero margin as cash generated from UWP is intended for use by the clinical departments to fund salaries and operations.

** UW School of Medicine projections are included within the Auxiliary/Self-Sustaining and Core Operating Budget Areas of the campus budget, so are excluded here. The UW School of Medicine projected budget for FY19 includes revenues of \$1.5 million. Thus, the total projected revenues for UW Medicine for FY19 are \$5.3 billion.

STRENGTH OF IDEAS: RESEARCH ENTERPRISE

The UW's record securing research funding is truly exceptional – it is one of the few universities in the United States with total research expenditures exceeding \$1 billion. In 2016 (the most recent national data available), the UW had more externally-sponsored research and development (R&D) funding than any other university in the nation, with the exception of Johns Hopkins University. The UW's success in securing research grants and contracts translates to consistently high scores in national and international rankings. The National Taiwan University ranks the UW sixth overall (fourth nationally) and first in public universities worldwide for the quality and impact of research endeavors and in 2018 U.S. News ranked UW 10th among world universities in the "Best Global University Rankings."

Another measure of research competitiveness can be demonstrated through UW's share of externally-sponsored R&D expenditures, compared to other higher education institutions. As Table 14 shows, the UW has increased its share of total federal and non-federal research expenditures over the last five years, despite increasing competition for limited funds.

Table 14: UW R&D Expenditures - Federal and Non-federal Market Share

	2012	2013	2014	2015	2016
Total expenditures	52,095,940,000	52,029,298,000	51,411,893,000	51,956,071,000	53,858,346,000
Total UW	1,039,814,000	1,120,658,000	1,111,147,000	1,121,373,000	1,182,611,000
Market share	2.00%	2.15%	2.16%	2.16%	2.20%

Source: National Science Foundation Higher Education Research & Development Survey (HERD), 2016.

Total research awards reached \$1.6 billion in FY17, a 19 percent increase from FY16. While federal awards increased 4 percent in FY17, the majority of UW's overall increase came from a \$280 million 10-year award from the Bill & Melinda Gates Foundation. We expect FY18 award levels to return to FY16 levels (between \$1.3 billion and \$1.4 billion).

Examples of additional **major awards** in FY17 include:

- \$8 million to support computational immunogen and vaccine design, together with the establishment of a Good Laboratory Practice protein production capability at the UW's Institute for Protein Design (UW-IPD) to support manufacturing of candidate vaccine products for pre-clinical research and technology transfer.
- \$3 million for the National Science Foundation's (NSF's) National Research Traineeship (NRT) program to develop a graduate training program at the interface of clean energy and data science. The program supports new research directions in data-intensive discovery of new energy materials.
- \$2.65 million from National Institutes of Health's (NIH's) High-Risk, High-Reward research program to build artificial heart tissue that can be remotely controlled after transplantation in a patient.
- \$2.6 million from the Department of Defense to test a telehealth intervention to increase treatment engagement and reduce symptoms among active duty soldiers with symptoms of post-traumatic stress at Joint Base Lewis-McChord.

The University of Washington's success in securing research funding has had a deep impact on the economy and education in the state of Washington and the Pacific Northwest. In FY17, UW launched 15 start-up

companies based on UW research advances, bringing the 13-year total to 151 technology start-ups. UW technologies generated over \$17 million in licensing revenue. More than 8,400 students worked under the guidance of UW faculty mentors devoted to research. Sponsored projects supported over 14,000 employees during FY17, including approximately 2,400 graduate students and roughly 1,200 postdocs. There were over 5,700 FTE employees paid on sponsored research funding in FY17.

FEDERAL OUTLOOK

While the UW continues efforts to diversify its research portfolio, federal funding still represents 78 percent of sponsored research expenditures. Despite the President's FY18 and FY19 proposals to significantly decrease the R&D budget of almost every federal agency, the overall federal R&D budget will increase in the 2018 federal fiscal year. However, the politicized nature of the federal government decision making will continue to fuel uncertainty in resolving FY19.

The UW administration will continue to monitor the situation and develop plans to quickly respond to any changes in federal funding. For example, the President's Budget proposal for FY19 proposes significant cuts to research budgets related to the Environmental Protection Agency (EPA), climate change, and other specific research areas. If successful, between \$15 million to \$20 million of UW research funding may be at risk. However, it is worth noting, Congress rejected similar proposals for FY18. The UW administration believes FY19 NIH funding will not be cut significantly, and we are monitoring developments closely, as NIH funding represents half of our total research funding.

For FY18, the President proposed to significantly restrict the allowable Facilities and Administrative (F&A) costs (i.e. research operating costs) for NIH-funded research. The President did so with the belief that restricting F&A reimbursements would allow more research to be funded with less NIH money overall. A national effort ensued, in which the UW took an active part, to educate legislators and their staff about the true costs of doing research and to provide examples to illustrate why cutting F&A costs would in fact decrease the amount of research carried out in the U.S. This effort resulted in a bipartisan commitment to maintain F&A costs at their current rate in the FY18 budget. Although it is unlikely that this issue will be revisited in near term, the University will continue to work closely with our national partners and our congressional delegation to monitor and address this crucial issue.

ESTIMATED SPONSORED PROJECTS EXPENSES

Table 15, below, shows a breakdown of projected sponsored research expenses in FY18 (original and revised projections) and FY19. Last year we projected a reduction of research expenditures for FY18 based on the Trump administration's proposals to significantly reduce the federal R&D budget. However, we are revising those projections based on current expenditure trends and the recently passed FY18 federal budget, which provides an overall increase to the federal R&D budget. It is too soon to know how that budget will change the UW's FY19 research expenditures, but it is likely that we will see at least small increases in research funding. Additionally, please note that these numbers represent not only all R&D and non-R&D sponsored projects at the UW, but also certain Washington state financial aid that is included in research totals for accounting purposes. Lastly, please note that direct and indirect expenditures do not necessarily align when comparing them to research awards. This is mainly due to two reasons: 1) some

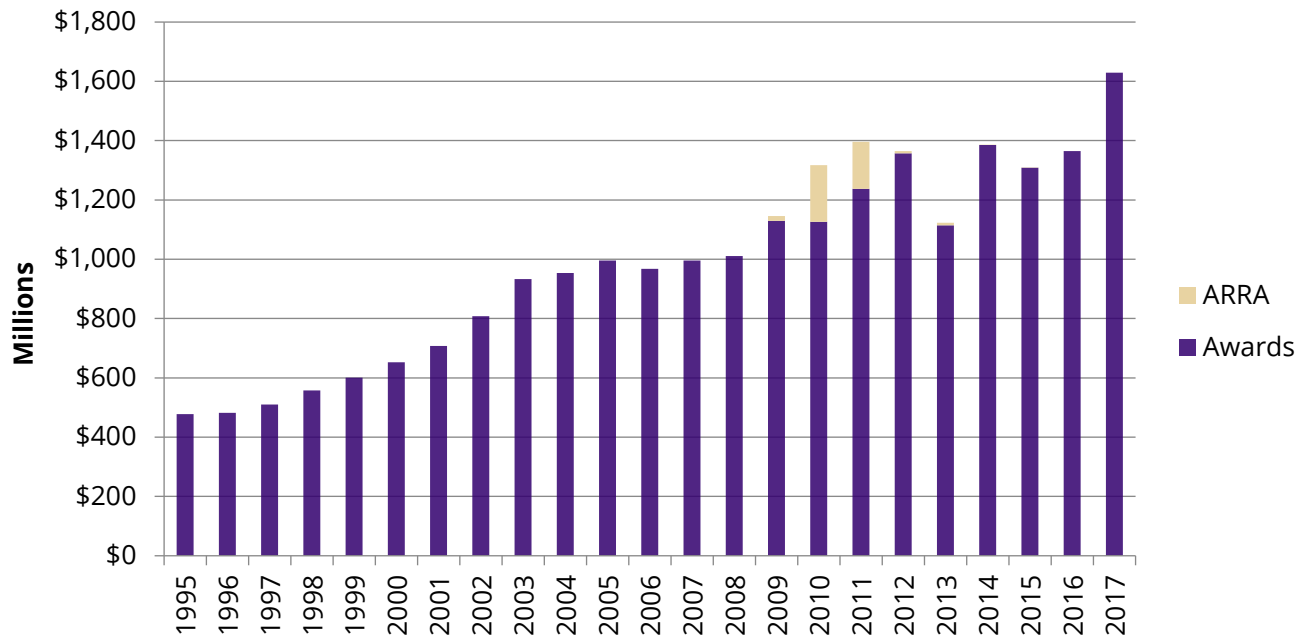
research awards are multi-year awards received in a single year and 2) awards are received throughout the state fiscal year and are not spent on the state fiscal year time frame.

Table 15: Projected Sponsored Research Expenses with Breakout of Indirect Costs

	FY18 Projected	FY18 Revised	FY19 Projected	Percent Change (Revised FY18 to FY19)
Federal	748,076,000	806,252,000	811,355,000	0.6%
State & local grants	93,250,000	94,438,000	94,461,000	0.0%
Non-federal	213,976,000	232,202,000	236,846,000	2.0%
Indirect Research Expenses	247,000,000	261,537,000	267,224,000	2.2%
Total	1,302,302,000	1,394,429,000	1,409,886,000	1.1%

Figure 9, below, provides a historical look at the UW's total grant and contract awards by year, with a breakout for American Recovery and Reinvestment Act (ARRA) grants.

Figure 9: Total Grant and Contract Awards by Year (1995-2017)



As the figure shows, the UW's grant and contract awards have steadily increased with time, and are now roughly flat. Note that FY13 numbers are artificially low because of delays in awards due to sequestration.

UW MEDICINE FINANCIAL IMPROVEMENT AND TRANSFORMATION (FIT)

BOARD OF REGENTS UPDATE

MAY 9, 2018

SITUATION

Extraordinarily challenging time for healthcare finances

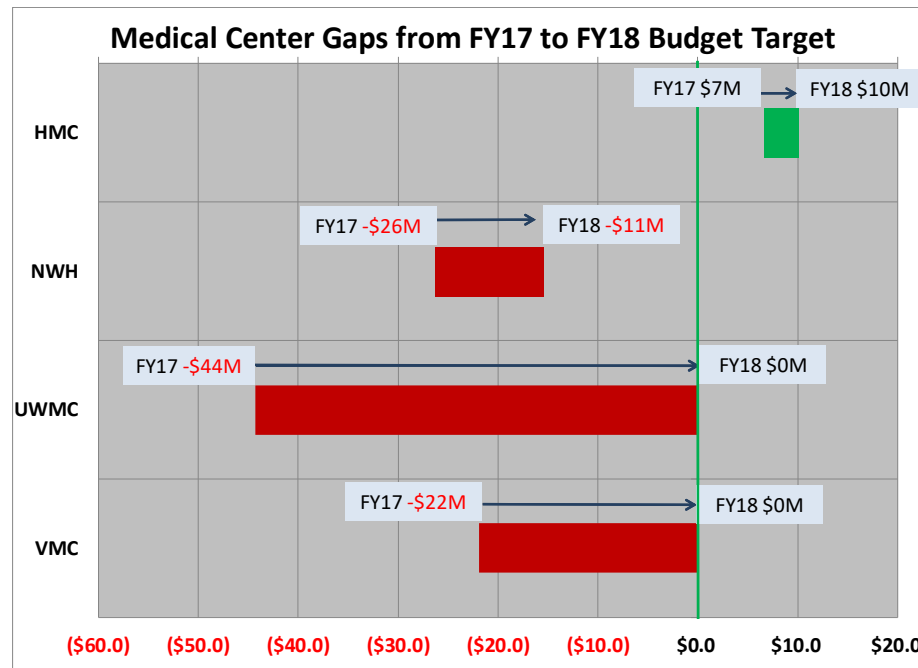
UW Medicine has grown but....our margins have declined—we lost \$75 million in the fiscal year that ended on June 30, 2017 and our budget for this year is breakeven

Our goal for FY19 is better than breakeven margins and we are working hard toward that goal.

Positive margins allow us to invest in people, programs, services, facilities, equipment and make the changes needed to improve quality of care and access for all patients

FY18 IS THE FIRST YEAR OF PROJECT FIT - BUDGET TARGETS ARE SIGNIFICANT

- FY18 budget targets are the immediate focus.
- For UWMC, HMC and NWH combined, the FY18 budget targets represent an improvement of \$158 million over FY17 when cost inflation impacts are considered.
- The FY18 budget process was robust and the initiatives built into our plans are currently in process. Success will be measured by evaluating budget to actual variances and reported out monthly.

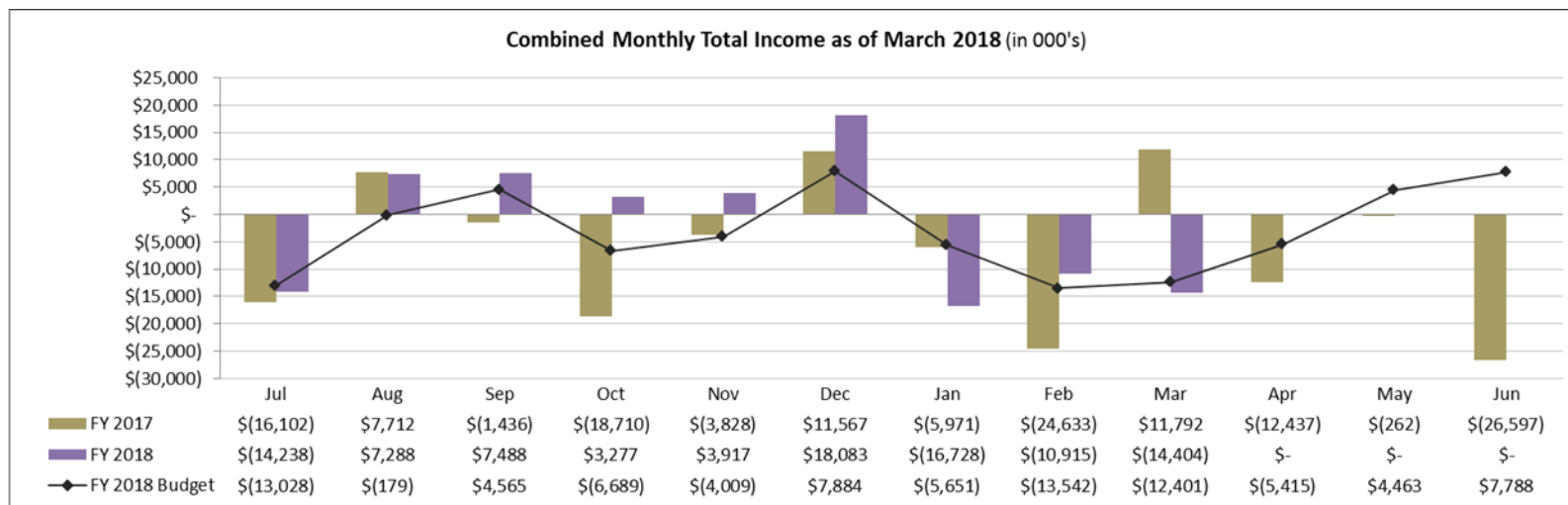


COMBINED MONTH AND YTD FINANCIAL RESULTS

Total Income (in \$000's) for the Month of March 2018 and YTD:

	Month Actual	Month Margin %	Month Budget	Variance To Budget	Month Prior Yr Actual	YTD Actual	YTD Margin %	YTD Budget	Variance To Budget	YTD Prior Yr Actual
HMC	\$ (1,355)	-2%	\$ 2,252	\$ (3,607)	\$ 1,260	\$ (10,351)	-1%	\$ 5,394	\$ (15,745)	\$ 4,078
UWMC	\$ (4,726)	-4%	\$ 4,024	\$ (8,750)	\$ 973	\$ (11,555)	-1%	\$ (4,447)	\$ (7,108)	\$ (33,081)
NWH	\$ (330)	-1%	\$ (384)	\$ 54	\$ (3,192)	\$ (13,943)	-5%	\$ (8,645)	\$ (5,298)	\$ (20,041)
VMC	\$ 2,951	5%	\$ 1,006	\$ 1,945	\$ (132)	\$ 18,284	4%	\$ (1,575)	\$ 19,859	\$ (2,496)
SUBTOTAL	\$ (3,460)	-1%	\$ 6,898	\$ (10,358)	\$ (1,091)	\$ (17,565)	-1%	\$ (9,273)	\$ (8,292)	\$ (51,540)
UWNC	\$ 72	1%	\$ 199	\$ (127)	\$ (303)	\$ (919)	-1%	\$ (1,485)	\$ 566	\$ (4,647)
ALNW	\$ (354)	-9%	\$ 94	\$ (448)	\$ 74	\$ (4,115)	-11%	\$ 1,038	\$ (5,153)	\$ 2,327
UWP**	\$ -	0%	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -
SoM	\$ (10,662)	-8%	\$ (19,592)	\$ 8,930	\$ 13,112	\$ 6,367	1%	\$ (33,330)	\$ 39,697	\$ 14,300
TOTAL	\$ (14,404)	-3%	\$ (12,401)	\$ (2,003)	\$ 11,792	\$ (16,232)	0%	\$ (43,050)	\$ 26,818	\$ (39,560)

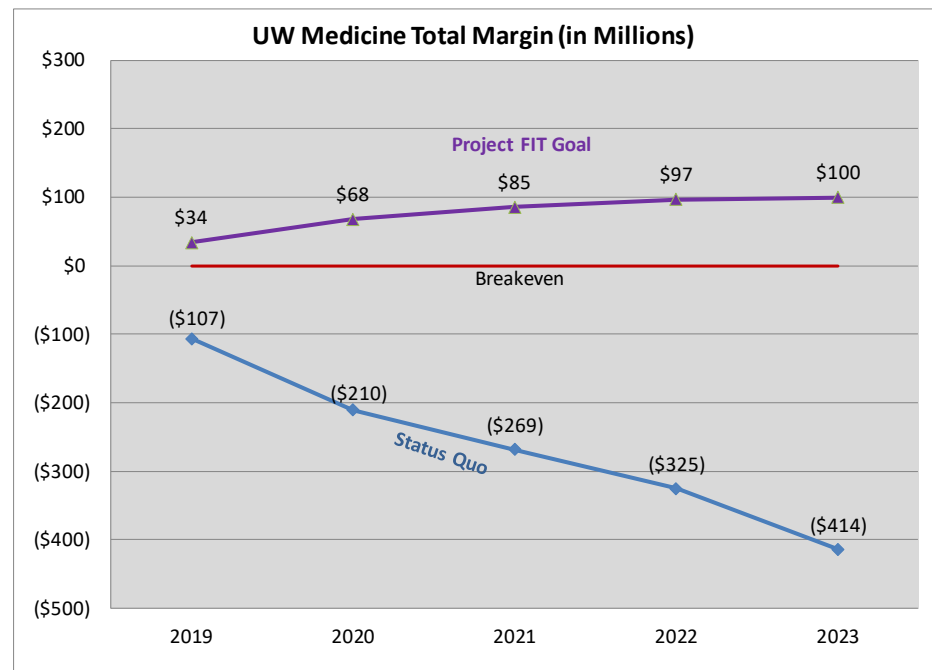
**Results for UWP are shown after amounts available to the School of Medicine.



BASELINE, TARGETS & GAP

The gap between our baseline and FY20 target margins is \$278M. The plan is to close the gap with a balanced portfolio of initiatives with the largest margin improvement coming from clinical service growth and labor mix and other productivity enhancements.

Total Margin		Targets				
	Budget FY18	FY19	FY20	FY21	FY22	FY23
HMC	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
NWH	-2.9%	0.5%	3.0%	3.0%	3.0%	3.0%
UWMC	0.0%	2.0%	3.0%	3.0%	3.0%	3.0%
ALNW	3.8%	3.5%	3.5%	3.5%	3.5%	3.5%
VMC	0.0%	0.0%	0.0%	1.5%	3.0%	3.0%
Industry benchmarks for Total Margin range from						
Moody's Baa		3.4%				
Moody's A		6.1%				



UW Medicine includes the Consolidated Clinical Enterprise after eliminations, plus HMC, VMC and the School of Medicine.

FINANCIAL IMPROVEMENT AND TRANSFORMATION OR FIT

- Multi-year financial improvement plan
- Part of our “Practice Fiscal Responsibility” pillar and long-range financial plan
- Supports UW Medicine’s overall strategic goals
- Combination of revenue generation, cost-savings and infrastructure
- Initiatives involve every entity in our entire system
- Transformation of the way we operate and deliver care
- Urgent – not business as usual
- Critical to our success and our ability to compete

FIT VS. PERFORMANCE IMPROVEMENT

FIT has similarities with the historic UWM Performance Improvement (PI) structure. However, there are some differences:

- FIT has accountability at the UW Regent level and below
- FIT is system wide (not just the hospitals)
- FIT is organized differently:
 - Structure supports “systemness” in identification and evaluation of initiatives and ultimately in decision making
 - Revenue Generation, Cost Savings, Infrastructure has evolved from Revenue Cycle, Transformation of Care and Supply Chain
- FIT is addressing large infrastructure asks with upper campus:
 - CBC at NWH
 - Clinical Transformation
- FIT is using support from outside consultants
 - Vizient
 - GE
 - Huron

OUR APPROACH

Combination of cost-savings, revenue generation and infrastructure

Revenue Generation

Clinical Service Growth

Expand select service lines, adding additional providers and nursing staff.

Maximize Capacity

Increase access to care

Revenue Cycle Improvements

New process and technology to get timely billing and collection

Philanthropy

Raise funds to support operations

Cost Savings

Labor Mix & Productivity

Look at overtime expenses, staffing mix, opportunities to streamline

Clinical product standardization

Standardize purchased products and services across the organization

Property/Space

Make better use of existing property, space

Admin Efficiencies

Optimize administrative functions

Infrastructure

EHR Funding

Standardize technology (electronic health record)

Child Birth Center at NWH

Invest in new amenities for women and infants

Appropriations

Plan ahead for fluctuations in this funding

EXAMPLES OF FIT INITIATIVES

REV UP ENGAGEMENT TIMELINE



KEY METRICS

REALIZED IMPROVEMENTS - UWMC

All key indicators continue to demonstrate improvements from baseline; nearly all metrics are on-pace to achieve goal levels by fiscal year end

Metric	Baseline ^{1,2}	Current ^{2,3}	Change from Baseline	Leading Practice Goal	Timeframe to Achieve Leading Practice
Gross A/R Days Reduction	61.0	53.2	-7.8	45.0	FY 19 and Beyond
Agings Reduction	20.9%	19.0%	-1.9%	24.0%	Achieved
Denials Rate Reduction ⁴	28.0%	23.2%	-4.8%	-	-
Denials Rate Reduction – excludes info. Requests ^{4,5}	13.0%	11.8%	-1.2%	<10%	FY 18
Administrative Write-off Rate Reduction ⁴	1.9%	1.3%	-0.6%	<1%	FY 19
Secure Rate – Elective IP	82%	94%	12%	>95%	FY 18
Secure Rate – Elective OP (FACT Scope)	87%	98%	11%	>95%	Achieved
Due Diligence Complete – Urgent	93%	95%	2%	>95%	Achieved
Billing Backlog Reduction	6.9	3.5	-3.4	3.0	FY 18
Follow-up WIP Reduction	16.2	3.1	-13.2	2.0	FY 18

¹Baseline metrics were determined using historical data (Feb. 2017-Oct. 2017)

²Data sources include Epic reporting and Revenue Cycle Performance Analytics

³Current metrics are as of 4/27/18

⁴Baseline and current metrics are 3-month averages

⁵Excludes Additional Info. and Billing Info. denials; leading practice performance would require improvements in non-covered and medical necessity denials

BENEFIT MEASUREMENT

PRELIMINARY RESULTS TO-DATE BY FACILITY

Project Timeline: June 2017 – April 2018

Benefit Measurement Timeline: August 2017 – July 2018

RevUp benefit is measured using a cash factor model that isolates the benefit of performance improvement work and neutralizes environmental factors not attributed to RevUp (e.g., payer rate changes, price changes).

- Benefit measurement is underway with nine months measured (Aug. '17 - April '18)
- Preliminary results thru April show \$42M in annualized improvement with \$27M in Recurring benefit annually
- Benefit is realized across both facilities with HMC at \$23M and UWMC at \$19M annually

Facility	Target Benefit Range	Annualized Results (Total Cash Improvement)	Total Cash Improvement (Project To-Date)	One-Time Benefit (Project To-Date)	Recurring Benefit (Project To-Date)
HMC + UWMC	\$45M - \$70M	\$42M	\$31.4M	\$10.8M	\$20.6M
HMC	\$22M - \$35M	\$23M	\$16.9M	\$4.7M	\$12.2M
UWMC	\$23M - \$35M	\$19M	\$14.5M	\$6.1M	\$8.4M

HURON ACCESS EVALUATION

UW Medicine engaged Huron to conduct a 12-week Patient Access opportunity assessment starting in early February.

- + Analyze end-to-end patient scheduling and registration process enterprise wide at UW Medicine from a patient experience, technology optimization, and access to care perspective including:

- | | |
|-----------------------------|--|
| • Referral management | • Clinic/department access operations |
| • New patient scheduling | • Service recovery (no-show, cancellation, reschedule) |
| • Return patient scheduling | |

- + Document variability in access workflows, technology, and functionality across UW Medicine service areas to understand opportunity for consistency and patient experience challenges
- + Emphasis will include specialty and primary care clinics, hospital outpatient scheduled services, and Contact Center scheduling work functions

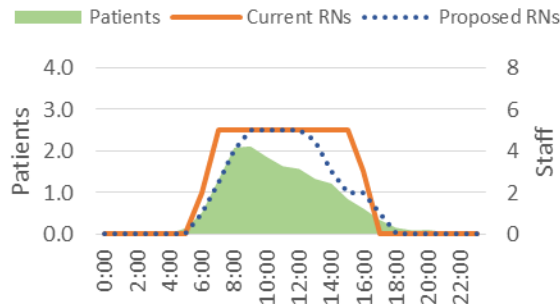
VIZIENT: LABOR OPTIMIZATION CASE STUDY

Recommendations

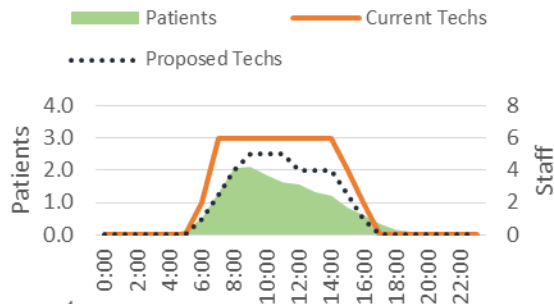
- Staff to demand by adjusting shift lengths and staggering start times
- Adjust skill mix
- Align budget and staffing plan with agreed Target Hrs/UOS
- Build schedule to flex with volume
- Eliminate incidental overtime
- Incorporate daily productivity into daily huddle and dashboard

Staffing to Demand

Cath Lab - RN Schedule

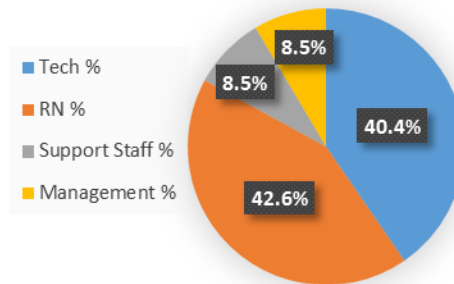


Cath Lab - Tech Schedule



Skill Mix

Optimal Skill Mix



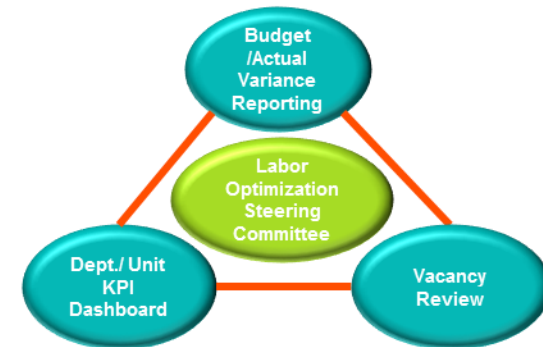
Job Group	Current		Proposed		Diff
	Prod FTEs	%	Prod FTEs	%	
RN	6.3	39.7%	5.0	42.6%	1.3
Tech	7.0	44.4%	4.8	40.4%	2.3
Support Staff	1.5	9.5%	1.0	8.5%	0.5
Mgmt	1.0	6.3%	1.0	8.5%	0.0
	15.8	100%	11.8	100%	4.0

Savings and Monitoring

FIA Savings Calculation

	Worked Hrs Per UOS	Volume (Procedures)	Worked Hours	Productive FTEs
Baseline	14.4	2,275	32,760	15.8
Proposed/Agreed	10.7	2,275	24,440	11.8
Improvement/Variance	3.7		8,320	4.0

Avg. Hourly Rate \$40.64
 Labor Savings (Avg. Hourly Rate x Hrs Reduction) \$338,125



CLINICAL PRODUCT AND SMART INNOVATION PROCESS

- New process to standardize product selection and manage new technologies to ensure we are improving patient outcomes, minimizing variation and reducing expenses.
- Vizient and UW Medicine have identified a minimum of \$10M in the clinical product area by fiscal year 2020.
- Lead by a new system-wide oversight committee of clinical leaders.
 - Clinically lead core groups will be chartered by specialty area to make product selection, standardization, utilization, and new technology assessment recommendations to oversight committee.
 - We are working with the CMO's office and the Clinical Chairs to identify clinical leaders to help drive change in their areas based on opportunity areas
- Support and advocacy for this work is a critical part of helping us meet our clinical and financial goals.

FY19 BUDGET

We are approaching the finish line on the FY19 budgets but we have not yet identified every initiative

Placeholders to get each entity to their targeted margin will be developed in order to provide targets to the executive teams

Work will continue through June that will allow for each initiative to be well planned and budgeted to ensure accountability

On July 1, 2018 we will hit the ground running in order to ensure we meet our budget targets. Enhanced accountability tools and education will be provided to assist managers and directors in achieving their goals

STANDING COMMITTEES

Academic and Student Affairs Committee

Featured Student Experience: Undergraduate Research

INFORMATION

This item is for information only. It features student presenters from the Twenty-First Annual UW Undergraduate Research Symposium, to be held on May 18.

FEATURED STUDENTS



Mackenzie Andrews, Senior, Bioengineering and Neurobiology

Mackenzie is a first-generation college student studying bioengineering and neurobiology. She attended high school in Olympia, WA. In her current research with Dr. Charles Chavkin, Mackenzie is designing a device to optically stimulate multiple brain regions while simultaneously recording the electrophysiological activity of those brain regions in an awake and behaving animal. After graduation, she is planning to go into industry to pursue a biomedical device design career.



Noushyar (Noush) Panahpour Eslami, Junior, Chemistry

Noush is currently a junior at the University of Washington studying Chemistry. He attended high school in Edmonds, WA. In his current research with Dr. Brandi Cossairt, Noush is working to efficiently synthesize electrocatalysts that are involved in molecular hydrogen reactions.

STANDING COMMITTEES

Academic and Student Affairs Committee

Preview of the 21st Annual UW Undergraduate Research Symposium on May 18, 2018

INFORMATION

This item is for information only.

BACKGROUND

The annual Undergraduate Research Symposium is a celebration of undergraduate accomplishments in research, scholarship, and creative expression in all academic disciplines, including the performing and visual arts and design. The Symposium includes poster and presentation sessions by students from all academic disciplines and all three UW campuses, plus invited student presenters from around the region. The event provides a forum for students to share what they've learned with the public, and to showcase the transformational impact of participation in research on their Husky Experience.

The Symposium also celebrates the faculty, graduate student, post-doc, and staff mentors who guide undergraduates in their research and scholarly work.

While many universities and colleges have similar events, the UW's is one of the nation's largest. This year, 1,260 students plan to present their work.

Attachment

21st Annual UW Undergraduate Research Symposium

21st ANNUAL UW UNDERGRADUATE RESEARCH SYMPOSIUM

Ed Taylor, Vice Provost and Dean, Undergraduate Academic Affairs

Janice DeCosmo, Associate Vice Provost for Undergraduate Research
and Associate Dean, Undergraduate Academic Affairs

Jennifer Harris, Director, Undergraduate Research Program

UW Board of Regents

May 10, 2018



UNDERGRADUATE RESEARCH

Rise of Undergraduate Research

- Late 1960s – First institution-wide undergraduate research programs established
- 1980s -1990s – Increased efforts to establish undergraduate research programs
- 1998 – Boyer Commission Report on Educating Undergraduates in the Research University

UW Undergraduate Research Program

- 1996 – Mary Gates Endowment for Students established
- 1998 – First Undergraduate Research Symposium (70 presenters)
- 1999 – First director of Undergraduate Research Program
- 2018 – 21st Undergraduate Research Symposium (1,260 presenters!)



WHY UNDERGRADUATE RESEARCH?

Benefits of Undergraduate Research

- Enhanced and applied learning: authentic research motivates student learning and application of knowledge
- Confidence-building: students gain the ability to perform research and contribute to a field
- Next steps: Preparation for graduate study and careers
- Impact even greater for first-generation, low-income, and underrepresented students
- Recognized as one of five “High Impact Practices” (Kuh, AAC&U, 2010)



WAYS FOR STUDENTS TO GET INVOLVED IN UNDERGRADUATE RESEARCH

- > Research assistant with faculty mentor/research group
- > Student research idea developed with guidance from faculty member (e.g., senior thesis)
- > Research course or capstone experience
- > Community-based participatory research
- > Research and design teams

By the numbers:

- # **8,411** students participated in at least 1-qtr of research (2016-17)
- # Over **1,200** students present their work in the annual UW Undergraduate Research Symposium
- # Nearly **200** students received Mary Gates Research Scholarships (2016-17)





STUDENTS ▾ / MENTORS ▾ / SYMPOSIUM ▾ / SUMMER RESEARCH ▾ / RESEARCH EXPOSED! ▾ / WORKSHOPS ▾ / ABOUT ▾

Advising

Find research at UW

Research funding

Academic credit

Conferences and
publishing

Undergraduate Research
Leaders

Research ethics

Pre-college students

Find research at UW

Undergraduate Research Program

Undergraduate Research Program

CONTACT US

171 Mary Gates Hall
Center for Experiential Learning &
Diversity

Email: urp@uw.edu
Phone: 206-543-4282

ADVISING INFO

www.uw.edu/undergradresearch



[STUDENTS](#) ▾ / [MENTORS](#) ▾ / [SYMPOSIUM](#) ▾ / [SUMMER RESEARCH](#) ▾ / [RESEARCH EXPOSED!](#) ▾ / [WORKSHOPS](#) ▾ / [ABOUT](#) ▾

Undergraduate Research Program

[Home](#) > [Undergraduate Research Program](#) > [Undergraduate Research Symposium](#)

Undergraduate Research Symposium

The 21st Annual Undergraduate Research Symposium is on **Friday, May 18, 2018**
11:00 a.m.-6:00 p.m.

[MY SYMPOSIUM](#)

- [Volunteer](#)
- [View Schedule](#)
- [Sign Up for Workshops:](#)
 - [Poster Design Workshops](#)
 - [PowerPoint Workshops](#)

The Annual Undergraduate Research Symposium is a chance for undergraduates to present what they have learned through their research experiences to a larger audience. The Symposium also provides a forum for students, faculty, and the community to discuss cutting edge research topics and to examine the connection

Undergraduate Research Symposium

[Symposium 20th anniversary](#)[Information for applicants](#)[Symposium on social media](#)[Information for research mentors](#)[Information for participants](#)[Volunteer](#)[Research mentor awardees](#)[FAQ](#)[Past symposia](#)[Media](#)

symposium.uw.edu



2018 Schedule of Events

11:00 AM		Welcome Mary Gates Hall, 11:00	
11:30	Poster Presentations Session 1		
12:00 PM	Mary Gates Hall 11:00–1:00		
12:30			
1:00 PM	Poster Presentations Session 2	Oral Presentations Session 1 Mary Gates & Johnson 12:30–2:15	Performing Arts Presentations Mary Gates Hall, 389 12:30–2:00
1:30	Mary Gates Hall 1:00–2:30		
2:00 PM			
2:30	Poster Presentations Session 3		
3:00 PM	Mary Gates Hall 2:30–4:00		
3:30			Visual Arts & Design Showcase Odegaard Library 3:00–4:30
4:00 PM	Poster Presentations Session 4	Oral Presentations Session 2 Mary Gates & Johnson 3:30–5:15	
4:30	Mary Gates Hall 4:00–6:00		
5:00 PM			
5:30		Closing	

UW President
Cauce opens the
event at 11 am





Welcome to the Online Proceedings for the 2018 Undergraduate Research Symposium. The Twenty-First Annual Undergraduate Research Symposium is organized by the [Undergraduate Research Program](#), which facilitates research experiences for undergraduates in all academic disciplines. The Symposium is a chance for undergraduates to present what they have learned through their research experiences to a larger audience. It also provides a forum for students, faculty, and the community to discuss cutting edge research topics and to examine the connection between research and education. The event includes poster and presentation sessions by students from all academic disciplines and all three UW campuses, plus invited guests.

Schedule

Poster Session 1

247 student presenters

Performing Arts

4 student presenters

+ Oral Presentation 1

133 presentations in 20 sessions

Poster Session 2

241 student presenters

Find Students

Search by student name or select a major/award to see all students in that major/award.

Student Name:

Student Major:

Student Award:

Find Mentors

Search by mentor name or select a department to see all students with mentors in that department.

Mentor Name:

Mentor Department:

Online Proceedings

CELEBRATING UNDERGRADUATE RESEARCH



“The URS was an amazing opportunity to share my research, develop as a scholar, and interact with peers.”

- 2017 Presenter

CELEBRATING UNDERGRADUATE RESEARCH

A large crowd of students is gathered in a hall with arched doorways, likely for an undergraduate research symposium. Many students are looking at research posters displayed on easels. The atmosphere is busy and academic.

Please Join Us on May 18!

**“The URS was an amazing opportunity
to share my research, develop as a
scholar, and interact with peers.”**

- 2017 Presenter

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

School/College/Campus	Department	Worker Last Name	Worker First Name	Title	Start Date
Administrative Appointments					
College of Built Environments	Architecture	Cheng	Renee	Dean	1/1/2019
ROTC	Military Science	Miller	Scott	Chair	5/28/2018
School of Law	Law	Barnes	Mario	Dean	7/5/2018
Academic Appointments					
College of Arts and Sciences	Asian Languages and Literature	Kim	JungHee	Lecturer Full-time competitive recruitment	9/16/2018
College of Arts and Sciences	Communication	Kessler	Lauren	Artist in Residence	9/16/2017
College of Built Environments	Architecture	Cheng	Renee	Professor	1/1/2019
College of Engineering	Electrical Engineering	Johnson	Brian	Assistant Professor	4/1/2018
College of Engineering	Electrical Engineering	Zurk	Lisa	Professor	4/16/2018
College of Engineering	Industrial and Systems Engineering	Rajivan	Prashanth	Assistant Professor	9/1/2018
College of the Environment	School of Environmental and Forest Sciences	Gough	Heidi	Associate Professor-Tenure Track	3/16/2018
Michael G. Foster School of Business	Finance and Business Economics	Stern	Lea	Assistant Professor	5/14/2017
ROTC	Military Science	Miller	Scott	Professor	5/28/2018
School of Medicine	Global Health - Medicine / Global Health - Public Health	Soge	Olusegun	Assistant Professor WOT	4/1/2018
School of Medicine	Neurology	Graber	Jerome	Associate Professor WOT	5/1/2018
School of Medicine	Psychiatry and Behavioral Sciences	Bearss	Karen	Assistant Professor WOT	5/1/2018
School of Law	Law	Barnes	Mario	Professor	7/5/2018

STANDING COMMITTEES

Academic and Student Affairs Committee

Carnegie Community Engagement Classification

INFORMATION

This item is being presented for information only.

BACKGROUND

The Classification for Community Engagement is the Carnegie Foundation's only elective classification, requiring institutions to undertake a self-assessment process. It is supplemental to the Foundation's main category (UW Seattle remains classified as “highest research activities”, formerly R1). Initial classifications were awarded in 2000 and occur every five years. The next announcement of successful applications is in 2020.

The classification is not simply an award. It requires evidence-based documentation of institutional practice to be used in a process of self-assessment and quality improvement for community engagement. The purpose is the process.

UW Bothell, UW Seattle, and UW Tacoma are applying separately for the classification, as required by the Foundation, and work group leaders from each campus meet monthly to collaborate.

Further information on the 2020 classification can be found here:
<https://www.brown.edu/swearer/carnegie/2020-classification-application-information>.

The 2020 application can be found here:
<https://drive.google.com/file/d/1pWgsE4gq4CLdQhWb7wXvECIz9I4eJgBK/view>.

Attachments

1. Carnegie Community Engagement Classification: In a Nutshell
2. Carnegie Community Engagement Classification: Working Group Description

CARNEGIE COMMUNITY ENGAGEMENT CLASSIFICATION: IN A NUTSHELL



WHAT IS THE CARNEGIE COMMUNITY ENGAGEMENT CLASSIFICATION?

The Classification for Community Engagement is the Carnegie Foundation's only elective classification, requiring self-assessment process by institutions. It is supplemental to the Foundation's main category (UW Seattle is classified as "highest research activities", formerly R1). Initial classifications were awarded in 2000 occur every five years. The next announcement of successful applications is in 2020.

The classification is not simply an award. It requires evidence-based documentation of institutional practice to be used in a process of self-assessment and quality improvement for community engagement. The purpose is the process.

UW Bothell, UW Seattle, and UW Tacoma are applying separately for the classification, as required by the Foundation, and work group leaders from each campus meet monthly to collaborate.

HOW DOES CARNEGIE DEFINE COMMUNITY ENGAGEMENT?

"Community engagement describes collaboration between institutions of higher education and their larger communities (local, regional/state, national, global) for the **mutually beneficial exchange of knowledge and resources in a context of partnership and reciprocity.**

The purpose of community engagement is the partnership of college and university knowledge and resources with those of the public and private sectors to enrich scholarship, research, and creative activity; enhance curriculum, teaching and learning; prepare educated, engaged citizens; strengthen democratic values and civic responsibility; address critical societal issues; and contribute to the public good."

ATTACHMENT 1

A-4.1/205-18
5/10/18

The Carnegie application is based on:

- > Institutional Identity, Culture and Communication
- > Community Relations, Outreach and Partnerships
- > Curricular and Co-Curricular Engagement
- > Professional Activity and Scholarship
- > Infrastructure and Finance
- > Tracking, Monitoring and Assessment
- > Faculty and Staff Support and Rewards
- > Alignment with Other Institutional Initiatives

WHAT IS THE TIMELINE?

- **Jan. 22, 2018:** 2020 framework released
- **May 1-July 1, 2018:** Application request portal open
- **April 15, 2019:** Application deadline
- **December 2019:** Campus notifications
- **January 2020:** Public announcement of 2020 Carnegie Community Engaged Institutions

WILL THIS COST ANYTHING?

- No new funds commitments are required for this application.
- The self-assessment process will help guide ongoing investments in community engagement.

361 Institutions have Carnegie Community Engagement classification, including:

- > UCLA, USC, and University of Utah
- > U Minnesota, Penn State, and U Wisconsin
- > Cornell, Rutgers, Georgetown, and Purdue
- > OSU, WSU, Gonzaga and Seattle University

For a full list, see <http://nerche.org/index.php>

WHY IS UW SEATTLE PURSUING THE CARNEGIE COMMUNITY ENGAGEMENT CLASSIFICATION?

In 2017, based on President Cauce's request, a task force examined the Carnegie Community Engagement classification framework and its alignment with efforts on the UW Seattle campus. Community engagement is woven into the fabric of our DNA, and the Task Force agreed that we should apply for the 2020 classification. At the same time, people and programs across campus are engaging in conversations around how we can build on individual community engagement efforts in ethical, equitable and impactful ways. In this way, the pursuit of the Carnegie classification is both a *means* and an *end*.

Carnegie provides a *means* of becoming more intentional and systematic as an institution about how we develop effective and equitable community engagement infrastructure in alignment with national best practices, including institutional partnership strategy, faculty rewards, curricular integration, and assessment of outcomes for students, faculty, partners, and the institution.

It is an *end* in that it enables us to become a visible member of a national community made up of institutions that share our commitment to community engagement.

In other words, it is a *means* to the *end* of ensuring that we practice what we preach, and that we are consistently reflecting upon and improving our practice in collaboration with a larger community of practice.

Carnegie-Identified Institutional Motivations:

> **Institutional self-assessment and self-study:** a way to bring the disparate parts of our campus together in alignment with a larger vision while, at the same time, identifying promising practices that could be shared across the institution.

> **Accountability:** A way to demonstrate the fulfillment of our mission to serve the public good and to partner with community in ways that are impactful for them.

> **Catalyst for Change:** a tool for fostering institutional conversations and alignment for community-based learning, teaching, and scholarship.

> **Institutional Identity:** The classification provides clarity and legitimacy to our identity and mission.

HOW IS THE APPLICATION PROCESS BEING ORGANIZED?

The application process is being led by a cross-campus working group, under the advisement of Ed Taylor, Vice Provost and Dean of Undergraduate Academic Affairs; and Thaisa Way, Chair of the Faculty Senate and Director of Urban@UW.

The working group, assembled in early 2018, represents faculty, staff, students, and community partners from all units and with diverse perspectives on our community engagement efforts at UW Seattle. The Working Group will work with Rachel Vaughn, Director of the Carlson Center; Jen Davison, Program Manager for Urban@UW; to steward the application in the following ways:

- **Provide guidance and connection** in uncovering and filtering activities related to community engagement across UW-Seattle.
- **Advise** on processes of assessment, evaluation, and narrative development for the application.
- **Advocate** for both the purpose and the process of the Carnegie Community Engagement Classification over the coming months, increasing investment and participation across units.
- **Develop** a compelling, cohesive, data-driven application telling the story of UW's strategy, impact, and selected examples of community engagement.

HOW DO I STAY INFORMED?

The Working Group will provide periodic updates as outlined in the charge letter. An online presence will be developed shortly. You may always direct any questions about the application process to CCEC2020@uw.edu.

CARNEGIE COMMUNITY ENGAGEMENT

CLASSIFICATION: WORKING GROUP DESCRIPTION



Why: The **purposes** of UW-Seattle Working Group for the Carnegie Community Engagement Classification are to:

1. Uncover and share activities related to community engagement across UW-Seattle;
2. Advise on assessment, evaluation, and narrative development required by the application;
3. Advocate for the self-assessment process within your unit and beyond; and
4. Develop strategies and recommendations to build on community engagement at UW-Seattle.

Who: The Working Group consists of **faculty, staff, and students** representing academic and core units across UW-Seattle, and **community partners** working with UW-Seattle. Co-chairs are Rachel Vaughn, Director, Carlson Leadership and Public Service Center; and Jen Davison, Program Director, Urban@UW.

What: The intended outcomes of the Working Group include:

1. A comprehensive set of data and stories capturing UW-Seattle's community engagement as it exists in academic year 2017-8;
2. A compelling, cohesive, evidence-based story of UW-Seattle's community engagement strategy, activities, assessment, and impact, highlighting key examples; and
3. A set of recommendations, for UW-Seattle to strengthen and build on our community engagement efforts.

When:

- **May 1-July 1, 2018:** Application request portal open
- **June 15, 2018:** Share work plan with Dean Taylor and Professor Way
- **April 1, 2019:** Provide completed application to UW Executive Leadership and UW Faculty 2050 project
- **April 15, 2019:** Application deadline
- **December 2019:** Campuses notified by Carnegie Foundation
- **January 2020:** Public announcement of 2020 Carnegie Community Engaged Institutions

How: Expectations for our time together include:

- The Working Group will meet monthly for 90 minutes while school is in session, through April 2019; members will communicate to the co-chairs if you need to miss some or all of the meeting, or need to call in.
- Agendas, location and call-in information will be shared with the Working Group prior to each meeting.
- In the spirit of co-creation of both the content and the process, members will bring relevant evidence and examples and creative, diverse ideas to the group.
- Meeting notes and action items will be distributed in a timely manner; members will address action items and provide feedback to the co-chairs prior to the next meeting.
- Members may spend up to 1-2 hours/month of additional time identifying and sharing data, examples and contacts, and providing feedback on materials.
- Task Groups within the Working Group may develop to inform and shape specific aspects of the application.

Carnegie Working Group Meeting Schedule:

Please add the dates below to your calendar.

• Wednesday, February 28 , 12:00 – 1:30	• Wednesday, November 28 , 3:00 – 4:30
• Wednesday, April 4 , 3:00 – 4:30	• Wednesday, January 9 , 12:00 – 1:30
• Wednesday, May 9 , 10:00 – 11:30	• Wednesday, February 13 , 10:00 – 11:30
• Tuesday, June 12 , 12:00 – 1:30	• Wednesday, March 13 , 3:00 – 4:30
• Wednesday, September 19 , 12:00 – 1:30	• Wednesday, April 10 , 12:00 – 1:30
• Wednesday, October 17 , 10:00 – 11:30	

Communicating with the Working Group:

The listserv "**Carnegie_WG@uw.edu**" will be used to share information among the Working Group. A website will be developed to share information publicly. Please feel free to email the co-chairs or CCEC2020@uw.edu.

STANDING COMMITTEES

Academic and Student Affairs Committee

UW Football Program**INFORMATION**

For information only.

BIOGRAPHICAL SKETCH**Chris Petersen, Head Coach, UW Football**

When Chris Petersen was hired after the 2013 season, no one knew for sure how long it might take to return the Husky program to the top levels of the college football world. It turns out, it took about three years.

In 2016, the Huskies had their best season since 2000 and one of their best ever, winning the Pac-12 Championship, earning a spot in the College Football Playoff and finishing ranked No. 4 in the final polls. They did it with high-achieving, young players across the starting lineup while also succeeding in the classroom at an unprecedented and sustained rate.

That success continued in 2017, as the UW has posted back-to-back, 10-win seasons for the first time since 1990-91 and earned a spot in a New Years Six bowl game while going 11-2 overall and 7-2 in Pac-12 play. In the meantime,

STANDING COMMITTEES

Academic and Student Affairs Committee

UW Football Program (continued p. 2)

during the fall academic quarter, the Huskies posted a team GPA of 3.16, shattering the program's record, set the previous fall.

Petersen, who built a reputation as an offensive innovator who carried the Boise State football program to its highest highs and had been courted by innumerable programs, was swayed to take on a new challenge when he agreed to become head coach of the Huskies in December of 2013. Petersen's "Built for Life" philosophy, on which the program is based, achieved its highest level of fruition to date with the successes of the team in 2016.

Along with those on-field victories, the team continued to achieve at never-before-seen levels academically as the team achieved a 3.09 grade point average (second-highest in recorded history for UW football) during the fall 2016 academic quarter. In 2016, three Huskies earned District 8 Academic All-America and Jake Eldrenkamp was named the Pac-12's Scholar-Athlete of the Year for football.

Along with a 12-2 (8-1 in the Pac-12), the Huskies posted other eye-popping numbers on offense, defense and special teams. The Huskies led the nation in turnover margin and were first in the conference and eighth in the nation in both total offense and total defense. The UW led the Pac-12 in 17 different team statistical categories.

Following the 2016 season, in May of 2017, Petersen was honored with the Gene Stallings Award, awarded annually to a college head football coach who is both a humanitarian and an exceptional coach.

In 2015, Petersen's Huskies, featuring one of the nation's youngest squads and a schedule ranked by many as the nation's toughest, rallied for the Dawgs' sixth consecutive bowl berth, which resulted in a victory over Southern Miss in the Heart of Dallas Bowl. A stout Husky defense (first in the Pac-12 in scoring and total defense) led the way as a freshman-laden offense showed steady growth en route to a 7-6 season record.

Off the field, Petersen's impact on the football program's academic success was clear as well. In the most recently-completed academic quarter (spring, 2015), the football team posted a team GPA of 3.08, highest in school history for football.

In his first season at Washington, Petersen led the Huskies to an 8-6 record and a berth in the TicketCity Cactus Bowl. He became the fastest active FBS coach to reach 100 career victories – doing so in 117 games – and tied with Knute Rockne

STANDING COMMITTEES

Academic and Student Affairs Committee

UW Football Program (continued p. 3)

for fifth fastest all-time after a win over cross-state rival Washington State in the Apple Cup.

Petersen's 'Built for Life' coaching philosophy has been embraced on and off the field by the Huskies in less than a year. Not only did Washington produce three first-team and seven honorable mention All-Pac-12 players, but a combined five players earned first or second team Academic All-Pac-12 recognition, including Danny Shelton who was named First-Team Academic All-American – a first for Washington since 1991.

Petersen, 52, the only two-time winner of the Paul "Bear" Bryant Award (2006 and 2009), compiled an exceptional 92-12 record in his eight seasons as Boise State head coach (2006-2013), including two unbeaten seasons (13-0 in 2006 and 14-0 in 2009) and two BCS bowl berths. He won five conference titles and posted a 57-6 record in conference play (WAC from 2006-10 and Mountain West from 2011-13).

Petersen, who won the Bobby Dodd Coach of the Year Award in 2010, led the Broncos to 10 or more wins in seven of eight seasons and to 12 or more in four straight (2008-11).

In 2006, Petersen's first season in charge in Boise, he led the Broncos to their first undefeated season since 1958, when the school was a junior college. The 2006 season was capped by a 43-42 overtime win over Oklahoma in the Fiesta Bowl, a game remembered by many as one of the greatest in bowl-game history. That Boise team ended the year ranked No. 5 in the final Associated Press top 25 poll.

The following season, the Broncos went 10-3 and finished out of the polls for what would be the only time in Petersen's first seven seasons. The 2008 squad went 12-1 and ranked No. 11 in the final top 25, finishing the regular season undefeated.

In 2009, Petersen led the Broncos to their second undefeated campaign and another Fiesta Bowl berth. Boise State beat TCU, 17-10, in Arizona, becoming the first team from a non-BCS conference ever to win two BCS bowl games. The '09 Broncos checked in at No. 4 in the final AP poll.

The 2010 season ended with a 12-1 record, a No. 9 final ranking and a win in the Las Vegas Bowl, the first of three straight trips to Vegas for Boise State. In 2011, BSU once again went 12-1, finishing with a No. 8 final ranking. In 2012, Petersen's team went 11-2 and beat Washington in the Las Vegas Bowl, good for

STANDING COMMITTEES

Academic and Student Affairs Committee

UW Football Program (continued p. 4)

a No. 18 final ranking.

In 2013, Boise State, which faced UW in the first game at newly renovated Husky Stadium, finished the regular season with an 8-4 record and earned a berth in the Hawai'i Bowl.

Throughout his teams' unmatched on-field success, Petersen also saw his Broncos succeed in the classroom. In 2011, Boise State was the only school to finish in the top 10 in both major polls and also receive a Public Recognition Award from the NCAA for finishing in the top 10 percent of the Academic Progress Rate (APR), the second of three straight such awards for the program.

Boise State's APR was second in the nation in 2011 and 2012 and Petersen was recognized in 2012 for having the best APR for the two previous years among all FBS coaches.

Known for his work with quarterbacks, Petersen tutored Ryan Dinwiddie, Jared Zabransky and Kellen Moore at Boise State. Moore, a classmate of former Husky wide receiver Cody Bruns at Prosser (Wash.) High, set an NCAA record with 50 career wins as a starting QB while winning three conference player of the year awards. Moore was the only player ever to record four 3,000-yard seasons in both passing and total offense. His 142 passing touchdowns were second-most in NCAA history while his 14,667 career passing yards were fifth-most. He twice led the nation in passing efficiency and set an NCAA record for season interception percentage, throwing just three in 431 attempts in 2009.

Before taking over as head coach at Boise State, Petersen served as the Broncos' offensive coordinator from 2001-05, during which his teams averaged 41.3 points per game, leading the nation in scoring in both 2002 and 2003.

Petersen began his coaching career in 1987 as freshman coach at his alma mater, UC Davis. In 1989, he became the Aggies' varsity wide receivers coach. In 1992, Petersen moved to Pittsburgh, where he was quarterbacks coach. That season, Alex Van Pelt passed for more than 3,100 yards and 20 touchdowns.

In 1993, Petersen moved back west to take over as QBs coach at Portland State, helping the Vikings to Division II playoff berths in each of his two seasons.

In 1995, he took a job at Oregon as the receivers coach under Mike Bellotti, a position he held before moving to Boise as offensive coordinator in 2001.

STANDING COMMITTEES

Academic and Student Affairs Committee

UW Football Program (continued p. 5)

Born in Yuba City, Calif., on Oct. 13, 1964, Petersen graduated from Yuba City High in 1983 and went on to play quarterback at Sacramento City College. From there, he transferred to UC Davis, earning a bachelor's degree in psychology in 1988. He later earned a master's in educational psychology from Davis.

At Davis, he set numerous school records, including the single-season standards for passing efficiency, completions, completion percentage, touchdown passes and total offense as well as the career mark for completion percentage. He still remains in the top 10 in Aggies history in numerous season and career categories and his season and career completion percentage records still stand.

In 1986, Petersen was named the Northern California Athletic Conference Player of the Year and earned UC Davis' Colby E. Slater Award as the school's Male Athlete of the Year. He was also a captain and won the team's Jerry Norris Award (Most Valuable and Inspirational). He was inducted into the Cal Aggie Athletic Hall of Fame in 1997.

Petersen and his wife, Barbara, are parents of two sons, Jack and Sam.

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. University Financial Forecast
2. Integrating Capital Planning & Development and Facilities Services
3. VP Facilities Search
4. Business Continuity Initiative

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 April, 23 2018
2. Active Capital Projects Business Equity Scorecard



Active Capital Projects Summary as of April 23, 2018

Project Name	Financial Details			Schedule		Women & Minority Business Equity*		Project Health Trending				
	Budget	Forecast	Funding Committed	Target	Forecast	Committed	Utilization	Budget	Funding	Schedule	Safety	Business Equity
NCH Phase IV(a): McCarty, Madrona, & Willow Halls Kieran Timberlake/WG Clark	\$253.00	\$252.98	\$253.00	6/18	7/18	\$70.68	34.1%					
Life Sciences Building Perkins+Will/Skanska	\$171.45	\$167.41	\$171.56	7/18	7/18	\$5.96	3.8%					(1)
SOM South Lake Union 3.2 Perkins+Will/Sellen	\$144.98	\$144.47	\$144.98	11/18	7/18	N/A	N/A				(2)	
UWMC ED East Extension Salus Architecture /Skanska	\$14.70	\$14.84	\$14.70	10/18	10/18	\$1.16	9.7%					
Bill and Melinda Gates Center for CSE LMN Architects/Mortenson	\$105.50	\$105.75	\$105.50	12/18	12/18	\$4.64	5.1%					(1)
New Burke Museum Olson Kundig/Skanska	\$79.70	\$80.79	\$79.70	7/19	7/19	\$3.32	5.3%	(3)				(1)
Population Health Facility Miller Hull Partnership/LCL	\$230.00	\$230.00	\$230.00	3/20	4/20	\$0.88	2.4%			(4)		
NCH Phase IV(b): Denny Field, Haggett & Oak Halls Kieran Timberlake/WG Clark	\$86.20	\$86.20	\$86.20	7/21	7/21	\$0.03	0.4%					
Totals	\$1,085.53	\$1,082.44	\$1,085.64			\$86.67	15.2%					

\$ 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

Legend



Meeting Target

Not Meeting Target, Plan in Place

Not Meeting Target, No recovery Plan in Place

Arrow Up

Improvement from Previous Month

Arrow Down

Setback from Previous Month

Notes:

- (1) Project General Contractor buyout largely complete and business equity goals cannot be met with remaining spend
- (2) A recordable safety incident this month resulted in safety to trend down
- (3) Project budget and funding will be reconciled during demo and site improvement phase
- (4) Forecasted permit review times from the City are longer than anticipated

Business Equity Scorecard
as of April 23, 2018

Project Name	Total Project Budget*	Project Total Commitments*				Business Equity Commitments								
		Committed	Forecast	Uncommitted		OMWBE Businesses <i>(State-Certified Only)</i>			Women & Minority Businesses <i>(Certified and Self-Identified)</i>			WBE, MBE, and SBE Businesses <i>(Certified and Self-Identified)</i>		
		(A)	(B)	(B-A)	((B-A)/B)	(C)	(C/A)	Firms**	(D)	(D/A)	Firms**	(E)	(E/A)	Firms**
NCH Phase IV(a): McCarty, Madrona, & Willow Halls Kieran Timberlake/WG Clark	\$223.29	\$207.57	\$223.39	\$15.82	7.1%	\$5.55	2.7%	12	\$70.68	34.1%	20	\$75.27	36.3%	30
Life Sciences Building Perkins+Will/Skanska	\$161.86	\$155.81	\$158.26	\$2.45	1.5%	\$2.04	1.3%	16	\$5.96	3.8%	29	\$18.44	11.8%	62
UWMC ED East Extension Salus Architecture /Skanska	\$12.84	\$11.90	\$12.97	\$1.07	8.2%	\$1.14	9.6%	6	\$1.16	9.7%	8	\$1.30	10.9%	18
Bill and Melinda Gates Center for CSE LMN Architects/Mortenson	\$93.11	\$90.41	\$97.28	\$6.87	7.1%	\$1.49	1.6%	11	\$4.64	5.1%	18	\$20.67	22.9%	31
New Burke Museum Olson Kundig/Skanska	\$70.32	\$62.93	\$71.36	\$8.43	11.8%	\$1.19	1.9%	14	\$3.32	5.3%	30	\$8.08	12.8%	96
Population Health Facility Miller Hull Partnership/LCL	\$199.00	\$36.81	\$199.01	\$162.20	81.5%	\$0.72	2.0%	6	\$0.88	2.4%	9	\$2.14	5.8%	19
NCH Phase IV(b): Denny Field, Haggett & Oak Halls Kieran Timberlake/WG Clark	\$74.89	\$6.22	\$74.89	\$68.67	91.7%	\$0.02	0.3%	8	\$0.03	0.4%	7	\$0.79	12.7%	15
Totals	\$835.31	\$571.64	\$837.16	\$265.52	31.7%	\$12.15	2.1%	39***	\$86.67	15.2%	72***	\$126.68	22.2%	178***

* Project Total Commitments and Budget 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 across all projects

STANDING COMMITTEES

Finance and Asset Management Committee

Finance Update and Forecast

INFORMATION

This item is being presented for information only.

BACKGROUND

Brian McCartan, Vice President for Finance, and Chris Malins, Associate Vice President, Treasury Office, will present information about the University's current and forecasted finances

Attachment

University of Washington May 2018 Financial Forecasts



UNIVERSITY OF WASHINGTON

May 2018 Financial Forecasts

May 10, 2018

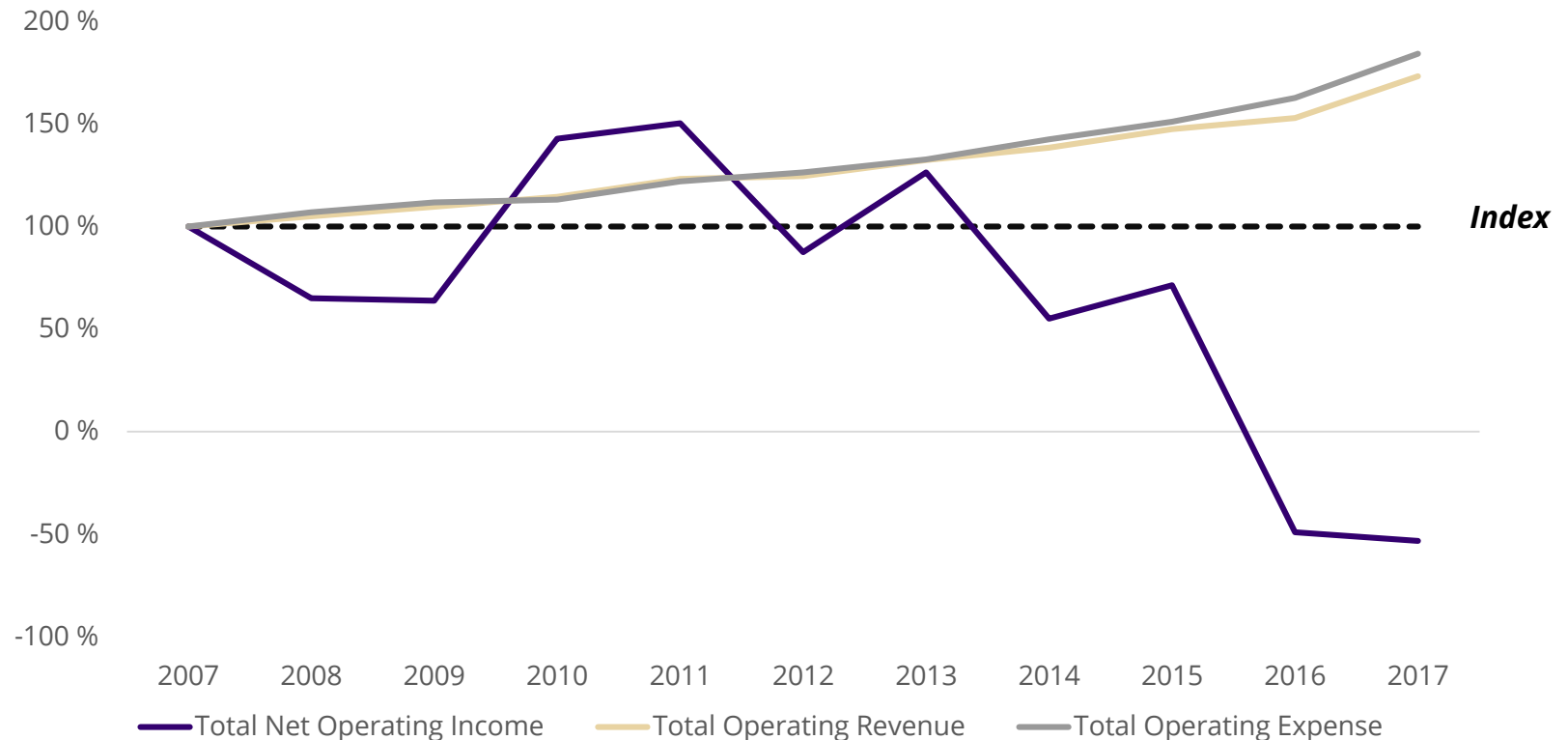
FINANCIAL FORECAST OBJECTIVES & APPROACH



- Five year forecast of UW Financial Position
 - Review expectations for future performance
 - Understand impact of current revenue and expense trends
 - Develop likely outcomes
- Background: forecast presented in April and November 2017
- Key outputs
 - Revenues, Expenses
 - Statement of Cash Flow
 - Change in Net Position

Widening Operating Deficits Since 2013

The University's net operating income deficit widened since 2013 as expense growth significantly outpaced revenue growth



Notes:

- Total Operating Revenue includes State Appropriations, Gifts, Investment Income (normalized), and Pell Grant revenue
- Total Operating Expense includes Interest

Operating Deficits Offset by Investments/Gifts

Net assets grew 9 of last 11 years, despite declining net operating income, due to strong investment growth



Financial Forecast

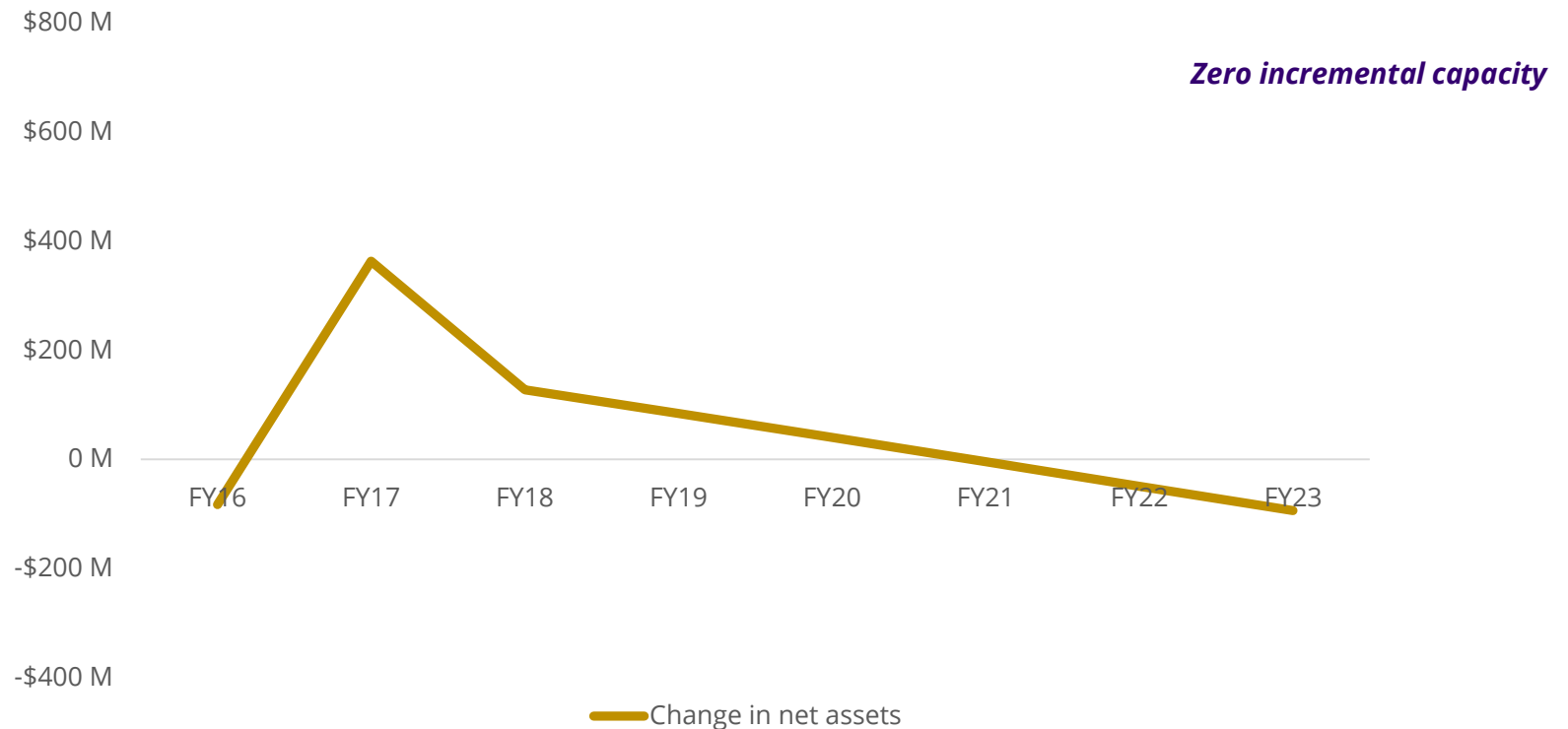


- Five year forecast of UW Financial Position
 - Based on 2016 & 2017 Actuals
- UWM financial plan taken as input - assumes successful FIT Plan
- 100+ inputs from across the University of key financial variables
 - Tuition
 - Enrollment
 - Grants
 - State Appropriations
 - Patient Services
 - Salary & Benefits
 - Other expenses
- Key output: change in net assets:
 - Revenue – Expenses + Investments + Gifts

Expense Growth Exceeds Revenue Growth Scenario

If expense growth continues to outpace revenue growth the University would reach a negative change in net assets by FY 2021

- Assuming \$250M in investment income

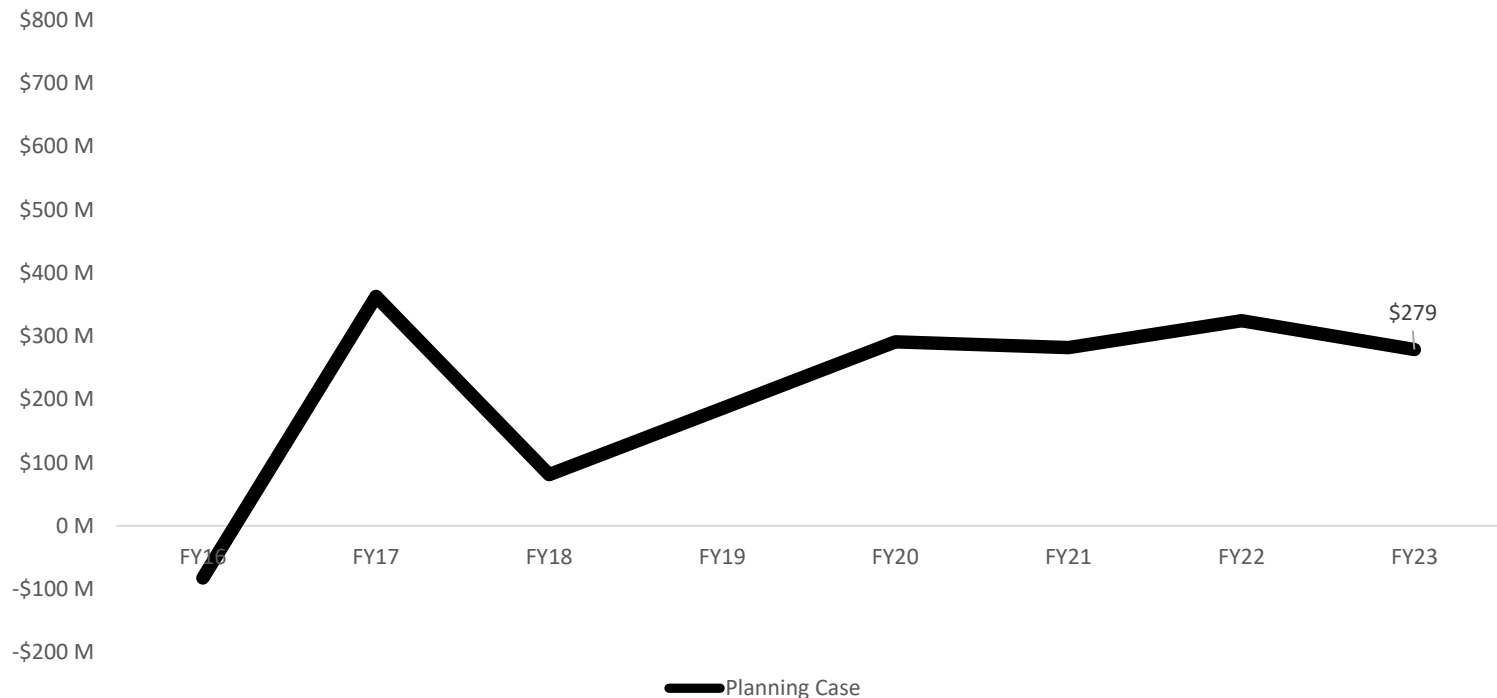


Average yearly increase in revenues and expenditures from FY13 to FY17 applied to prospective years.

PLANNING CASE: Change in Net Assets

Aligning revenue and cost growth across the University at ~3%

Five-Year Maximum Debt Capacity \$500 million



Notes:

- Growth assumptions from campus departments with instructional salary expense adjusted to maintain the historical ratio of tuition revenue to instructional salary expense
- Endowment return of 6% assumed in prospective years

Sensitivity Analysis, Revenues and Expenses*

Financial results are sensitive to relatively small changes

For each 1% increase in:	Change in Cash Flow (\$M)	
	1-year impact	5-year cumulative impact
Student enrollment	6.6	110.2
Non-resident UG tuition rate	4.0	66.6
Appropriations	3.6	64.5
Resident UG tuition rate	2.5	41.6
Student fees	1.7	28.9
Housing & dining rates	1.4	24.0
Sports program revenue	0.7	13.0

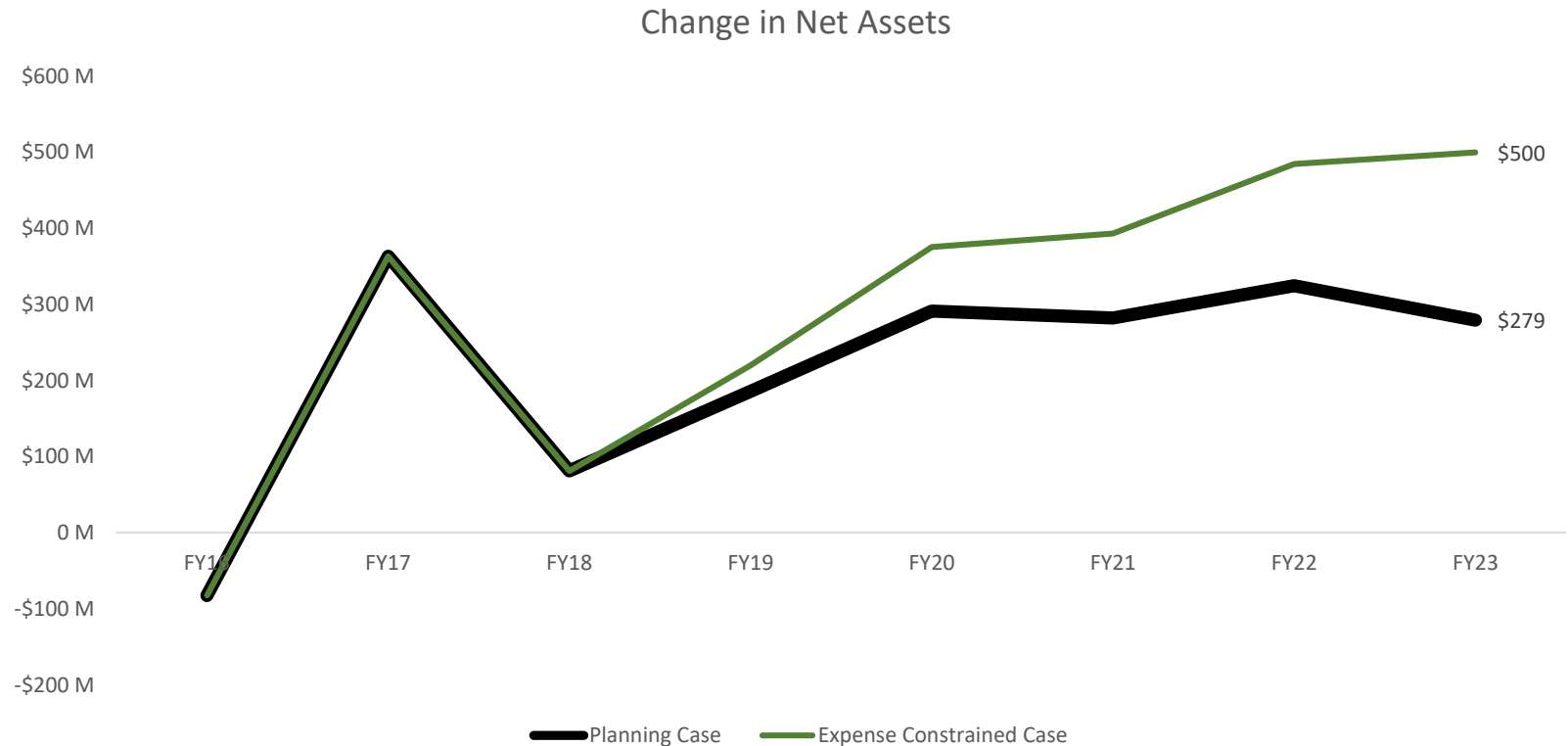
For each 1% decrease in:	Change in Cash Flow (\$M)	
	1-year impact	5-year cumulative impact
Compensation	21.5	358.4
Benefit rates	20.1	113.2
Workforce	20.9	348.5
Non-personnel expenses	6.8	116

*Does not include UWM

EXPENSE CONSTRAINED CASE

Planning case with 1% slower expense growth

Five-Year Maximum Debt Capacity \$745 million



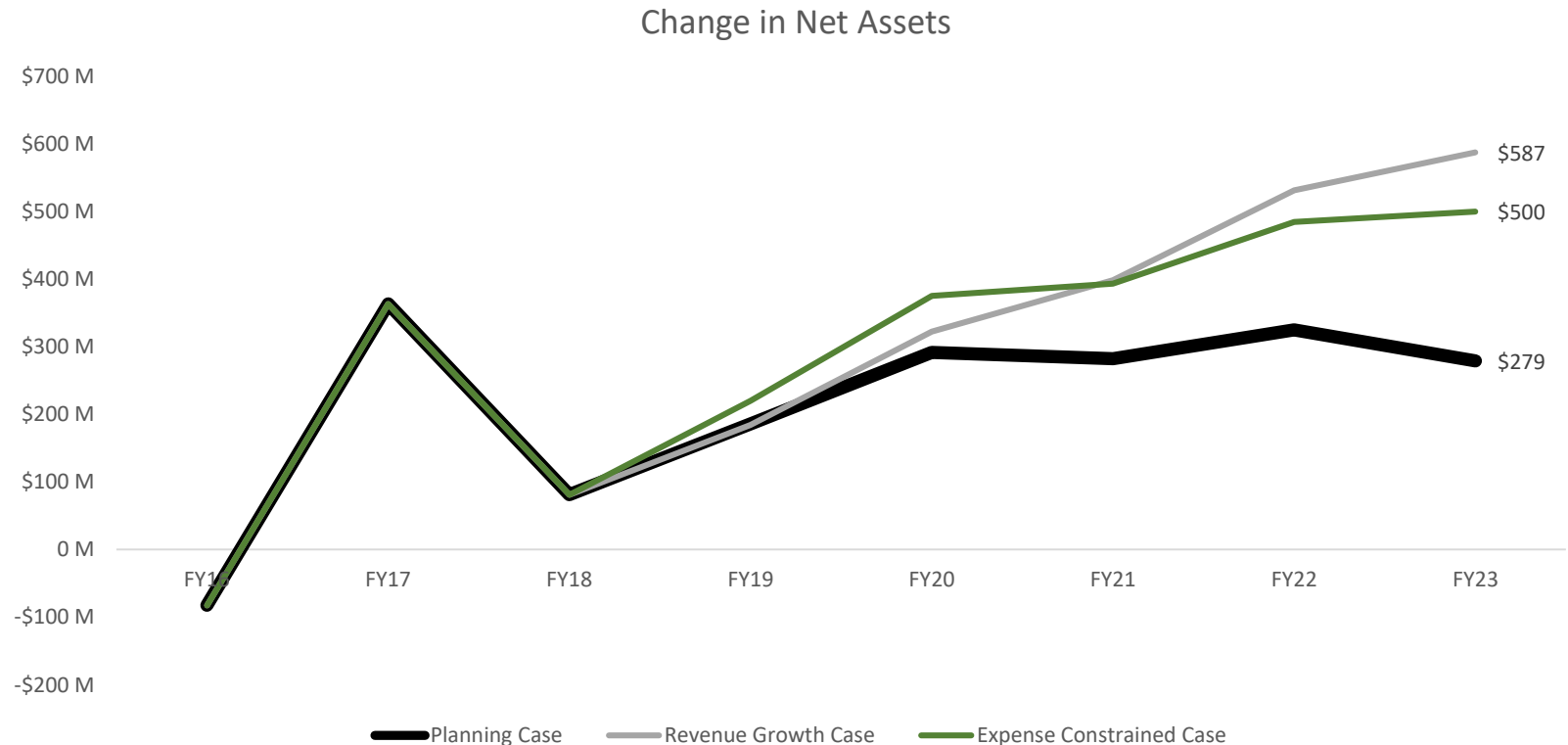
Notes:

- Planning Case adjusted to lower the annual rate of increase of salary expense and benefit expense by 1%

REVENUE GROWTH CASE

Planning case +1.0% CAGR for revenue growth

Five-Year Maximum Debt Capacity \$823 million

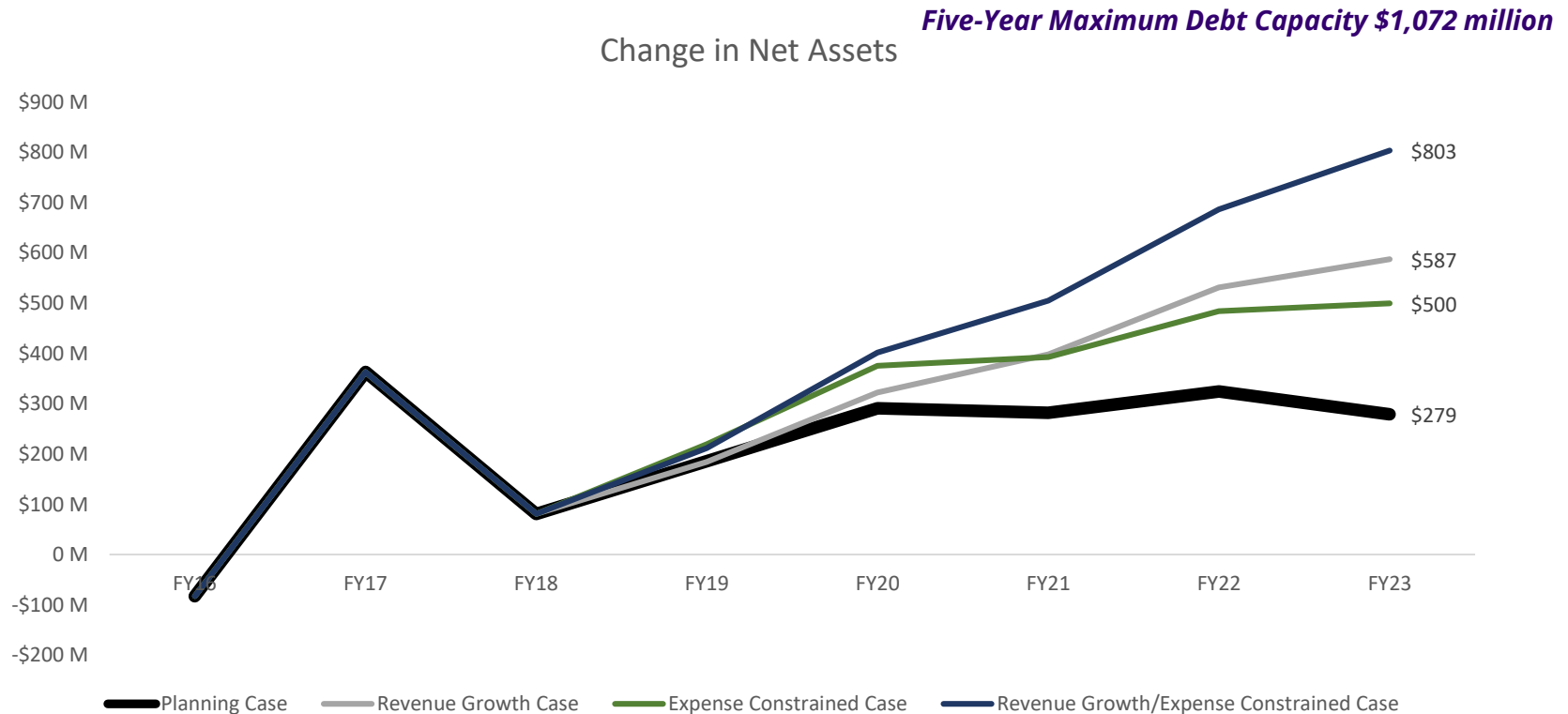


Notes:

- Planning Case adjusted to increase total revenue growth by an additional 1% annually

REVENUE GROWTH/EXPENSE CONSTRAINED CASE

Combines revenue increases with lower growth for salary and benefits



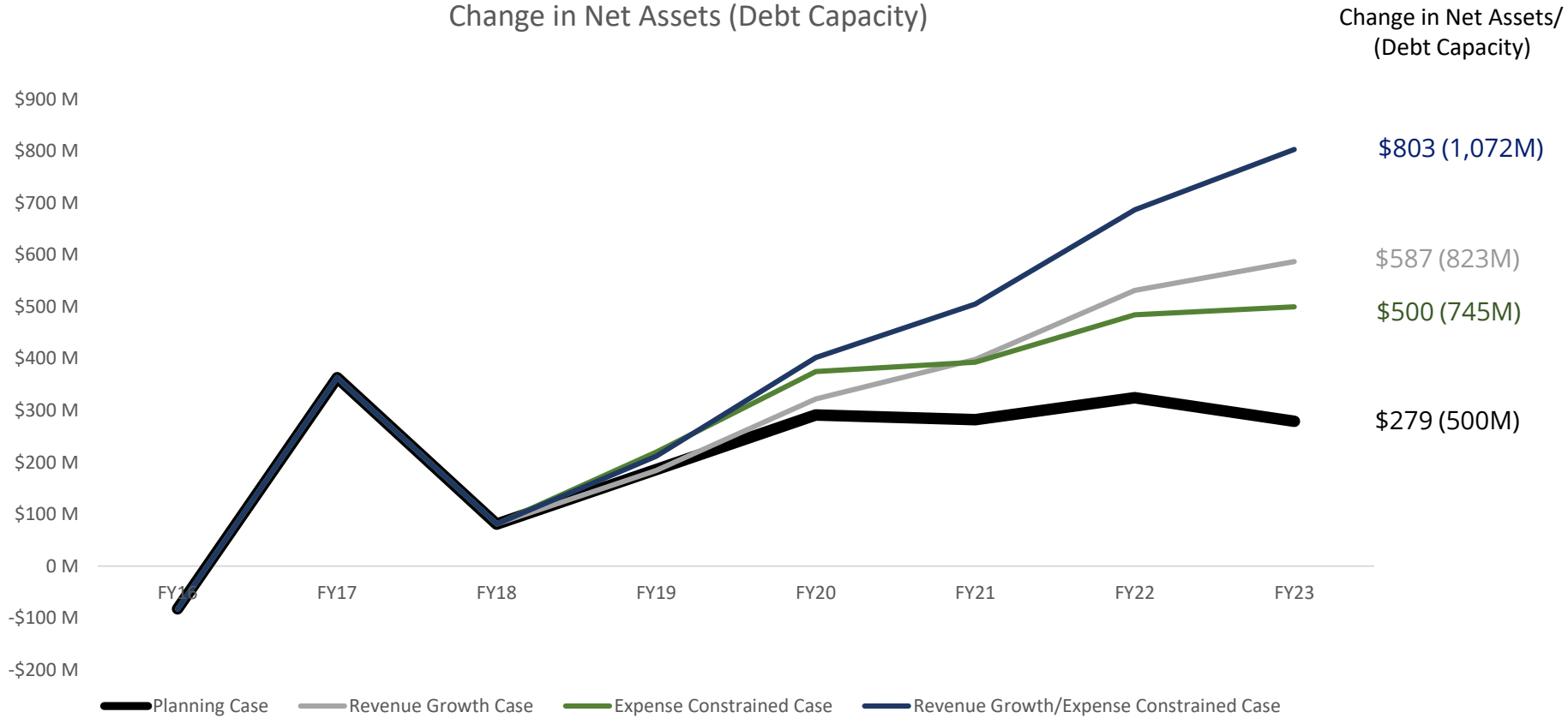
Notes:

Planning Case with the following adjustments:

- Annual rate of change of total revenue increased by 1%
- Annual rate of change of salary expense and benefit expense decreased by 1%

SUMMARY OF SCENARIOS

Change in Net Assets (Debt Capacity)



CONCLUSION



- Expense growth has outpaced revenue growth in recent years
- Tight expense management is a prerequisite for sustainability
- Key levers to impact future financial position:
 - Tuition
 - Enrollment
 - Cost management
 - Successful implementation of UWM's FIT plan
- Next Steps:
 - Continued refinement of planning scenarios
 - Further alignment with University strategies, initiatives, and budget decisions

STANDING COMMITTEES

Finance and Asset Management Committee

Debt Management Annual Report

INFORMATION

This item is for information only.

BACKGROUND

The Board of Regents is charged with oversight of the University's internal and external debt portfolios.

Oversight of the University's external debt portfolio is accomplished by adopting the University's Debt Management Policy, guiding credit standards, authorizing the issuance of external debt, and ensuring compliance with bond covenants and IRS regulations.

Internally, the Board approves the use of financing programs to fund projects, monitors internal loans, and approves Financial Stability Plans. The Board also approves changes to the Internal Lending Program rate and authorizes withdrawals other than those described in the Debt Management Policy.

The Debt Management Annual Report provides the Board with a broad overview of the internal and external debt portfolios, macro challenges, and how the University is managing those challenges. Its purpose is to provide the Board with information and context to inform decisions about the University's external borrowing and internal lending activities. This report does not require Regental action.

Attachment

University of Washington Debt Management Annual Report



UNIVERSITY OF WASHINGTON

Debt Management Annual Report

**Board of Regents Finance and Asset Management
Committee**

May 10, 2018

AGENDA

- > External Borrowing
 - Portfolio Overview
 - Approach to Variable Rate Debt
 - Debt Capacity Update
- > Internal Lending
 - Portfolio Overview
 - Rate Recommendation

EXTERNAL BORROWING AND INTERNAL LENDING OVERVIEW

The University manages two separate but related portfolios

External Borrowing

Mission

- > Achieve the lowest risk adjusted cost of capital
- > Assure continued access to capital markets

Regental Roles

- > Adopt Debt Policy
- > Approve annual Bond Resolution
- > Review portfolio performance
- > Guide University credit and issuance standards, including debt capacity

Reporting

- > Bondholders Report including audits to investors
- > Periodic Debt Reports to Regents
- > Future debt issuance and liquidity information to rating agencies

Internal Lending

Mission

- > Offer stable and predictable interest rates to campus borrowers and allow for capital funding in a rising rate environment

Regental Roles

- > Approve and monitor ILP loans
- > Approve distributions and ILP rate
- > Approve use of Capital Assets Pool
- > Approve Financial Stability Plans

Reporting

- > Semi-Annual Borrower Reports
- > Semi-Annual ILP Report
- > Debt Management Annual Report
- > Annual ILP Audit



External Borrowing

EXTERNAL DEBT PORTFOLIO

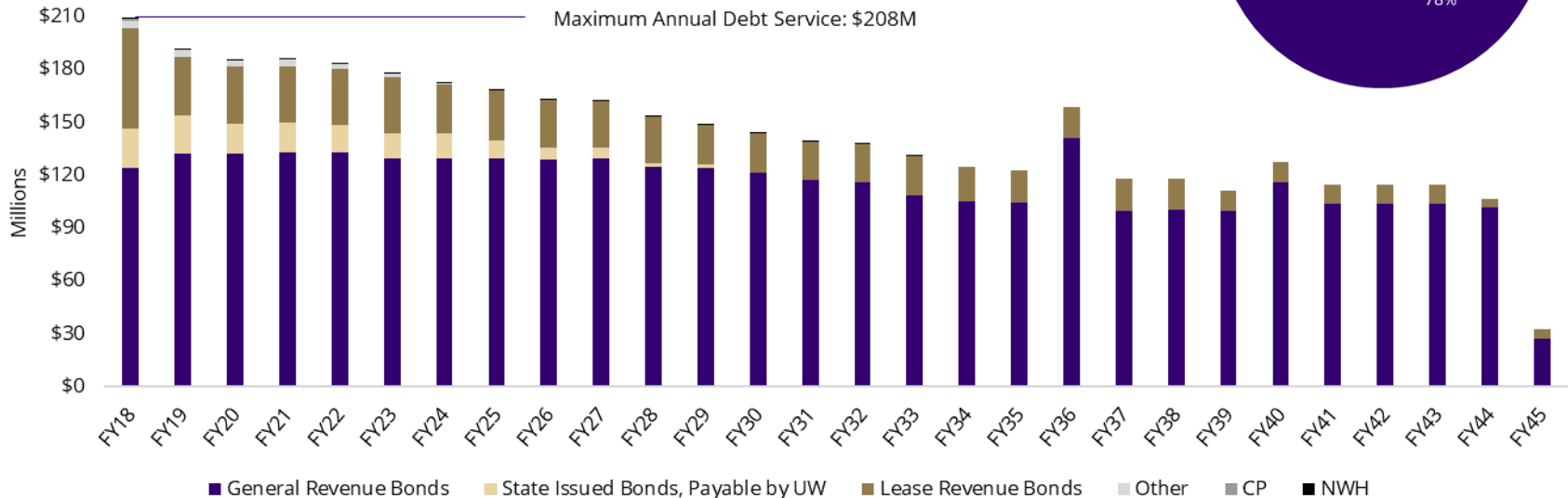
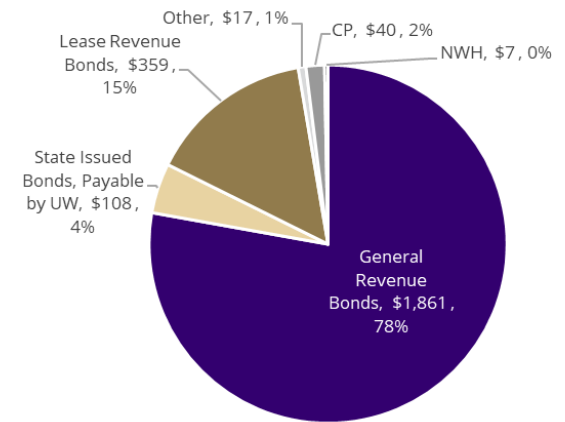
The University has a large and conservative debt portfolio

- > The debt portfolio consists primarily of \$2.4 billion fixed rate debt with \$40 million of variable rate debt through the Commercial Paper program (CP)
- > Average borrowing rate for portfolio is 3.89%
- > There is \$100 million in authorized debt remaining to be issued in 2019
- > Approximately \$80-\$100 million of principal is repaid annually
- > Nearly 80% of debt has been issued as General Revenue Bonds

Outstanding Debt by Type

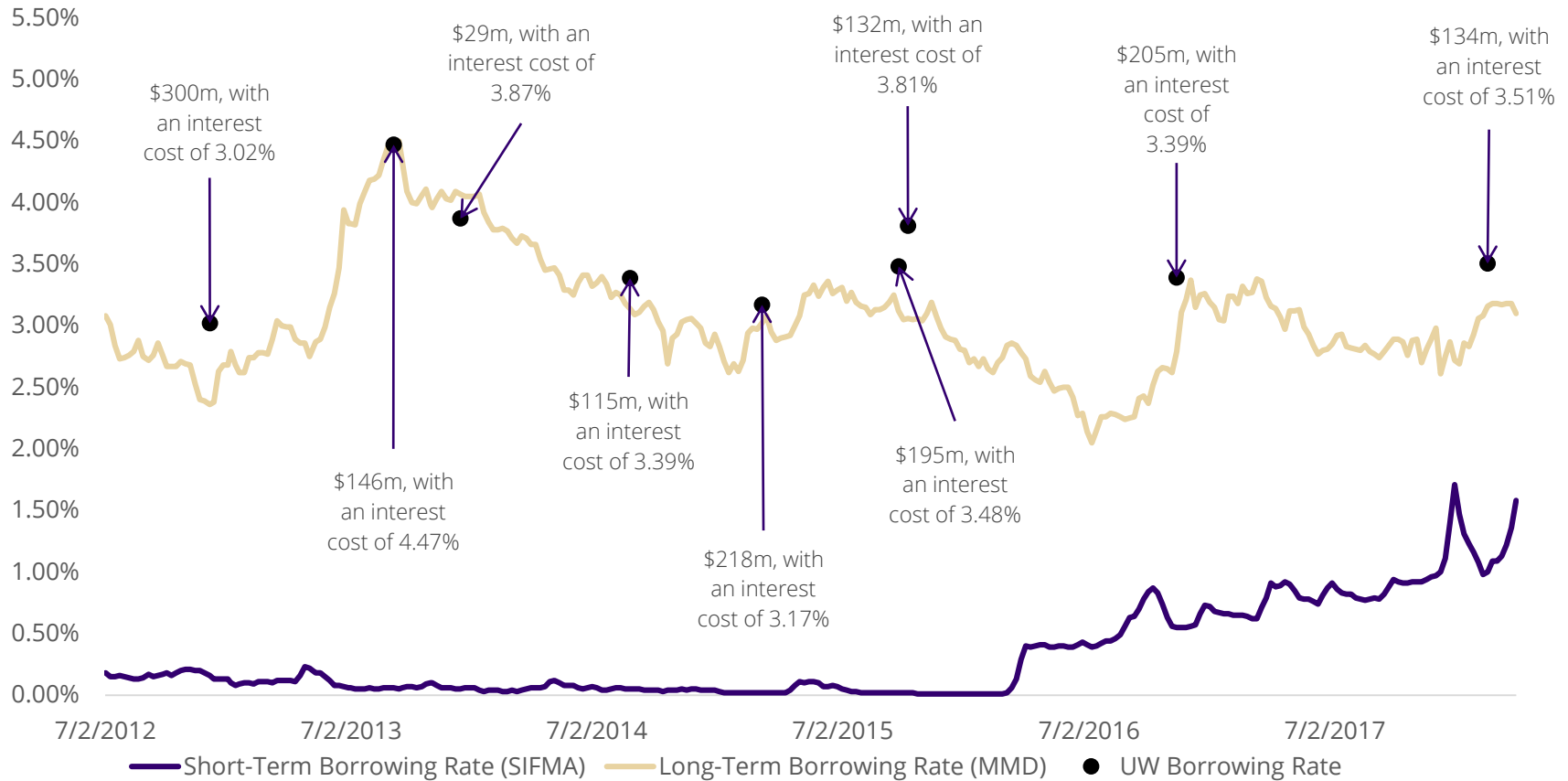
Total Debt: \$2,392

(In millions as of March 31st, 2018)



ISSUANCE HISTORY

Long and short-term rates have increased in the past year



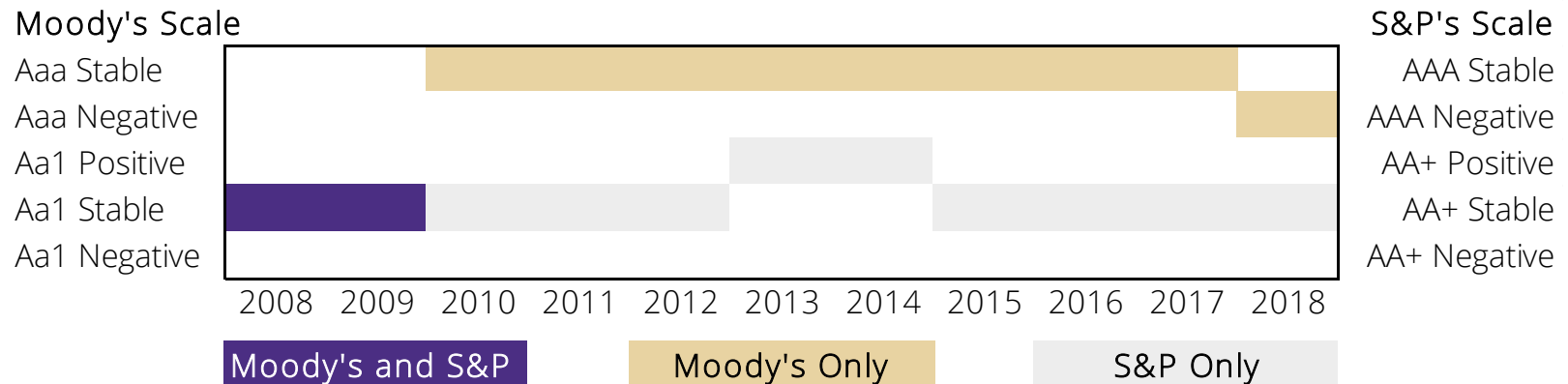
- > Since fiscal year 2013, the University has borrowed \$1,474 million (includes refundings of \$412 million) at an average rate just under 3.5%
- > The University's borrowing rate is impacted by a variety of factors including market conditions, term, debt type, tax status, couponing, etc.
- > The University issued \$134 million in 2018 to (a) fund Life Sciences and Housing and Food Services Phase 4a and (b) refund CP for HR Payroll

CREDIT RATING OVERVIEW

In January 2018, Moody's changed the University's outlook from stable to negative

- > The University's ratings remain at Aaa/AA+ (Moody's/S&P). The change in outlook did not have a measureable impact on borrowing cost
- > Factors that could lead to a downgrade:
 - Failure to improve consolidated and health system operations in fiscal 2018 and beyond
 - Further declines in unrestricted liquidity
 - Material debt plans beyond those outlined
 - Significant reduction in research funding and revenue

Agency Credit Rating by Year



VARIABLE RATE DEBT

Many issuers use variable rate debt to lower the cost of external borrowing

- > Under policy the University has a maximum variable rate of 20% of the external portfolio
- > The University's use of variable rate debt is currently limited to its commercial paper (CP) program
 - \$25 million as a permanent variable rate allocation (1% of portfolio)
 - Remaining CP (up to \$225 million) is used to manage project cash flows between long-term bond issuances

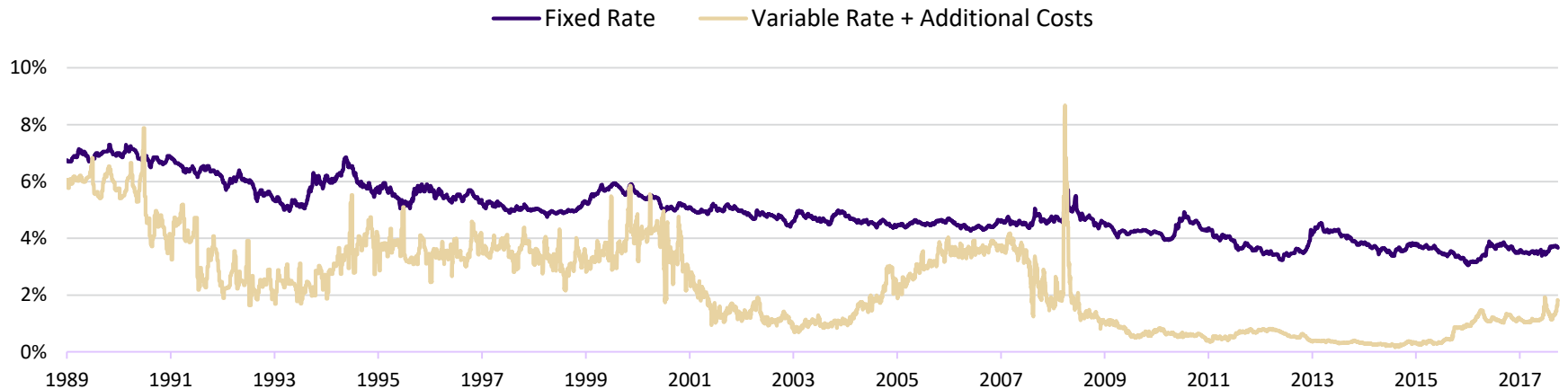
Benefits	Risks
<ul style="list-style-type: none"> > Historically lower cost of capital <ul style="list-style-type: none"> – Floating rates on average have been 45% of fixed rate debt since 1989 > Prepayment flexibility <ul style="list-style-type: none"> – Typically payable at any time without penalty – Internal loan prepayments able to directly pay off debt > May reduce institutional risk by matching variable rate liabilities (debt) with variable rate assets (investments) 	<ul style="list-style-type: none"> > Continuous exposure to changes in short-term rates > Changes in tax law can increase borrowing cost after issuance > Counterparty risk > Liquidity support may be required > Additional reporting and operating requirements

FIXED vs VARIABLE RATES

Variable rates have historically been lower than fixed rates

- > The current interest rate differential of issuing variable rate debt is significant
- > The University is considering issuing \$100 million of variable rate debt in early 2019
- > After this \$100 million issuance, variable rate exposure would be at 5% and well below target levels

Rates History (1989 – Present)



Trailing Averages from Prior Years to Present

	20	15	10	7	5	3	2	1
Fixed Rate	4.4%	4.2%	3.9%	3.7%	3.7%	3.5%	3.5%	3.6%
Variable Rate	1.8%	1.4%	0.8%	0.7%	0.7%	0.9%	1.1%	1.2%

ESTIMATING DEBT CAPACITY

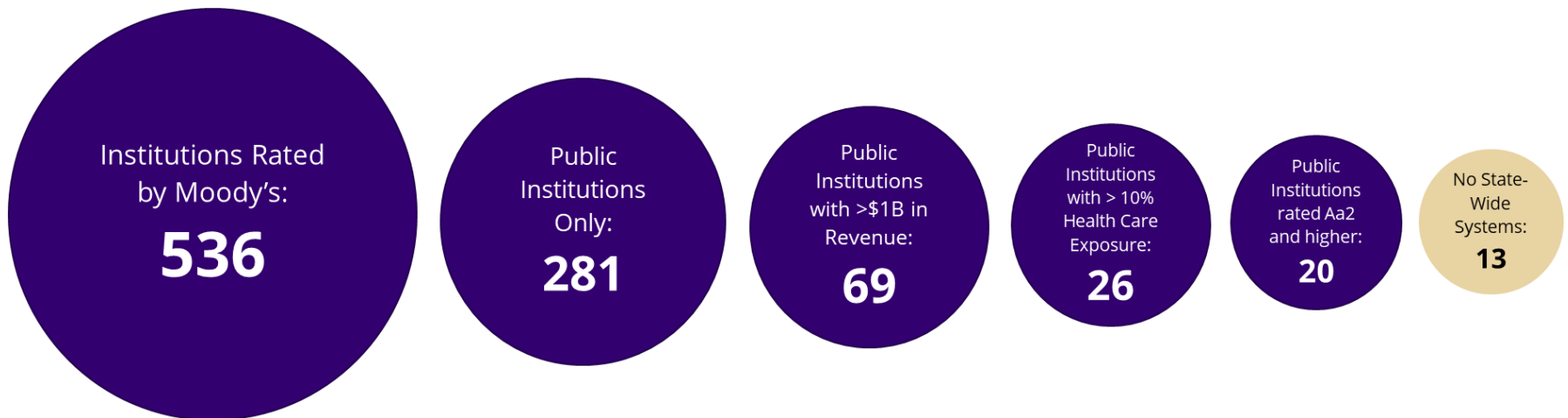
The University estimates debt capacity by projecting institutional growth and benchmarking to peers

- > Debt capacity is estimated semi-annually
 - In the spring as part of Debt Management Annual Report, and
 - In the fall after fiscal year results become known
- > 4 main drivers of the quantitative analysis are:
 - Forecast assumptions (Planning Case)
 - Peers
 - Financial Ratios
 - Weighting

PEER GROUP BENCHMARKS

Benchmarking criteria helps identify schools similar to the University

- > Moody's rates over 500 colleges and universities
- > The peer group is evaluated annually
- > 13 schools meet peer criteria:
 - Ohio State University
 - Pennsylvania State University
 - State University of Iowa
 - University of Alabama at Birmingham
 - University of Arkansas
 - University of Colorado
 - University of Kentucky
 - University of Michigan
 - University of New Mexico
 - University of North Carolina at Chapel Hill
 - University of Utah
 - University of Virginia
 - University of Washington



Note: The University of Nebraska was removed from the peer group due to a significant decrease in healthcare exposure

RATIO WEIGHTING

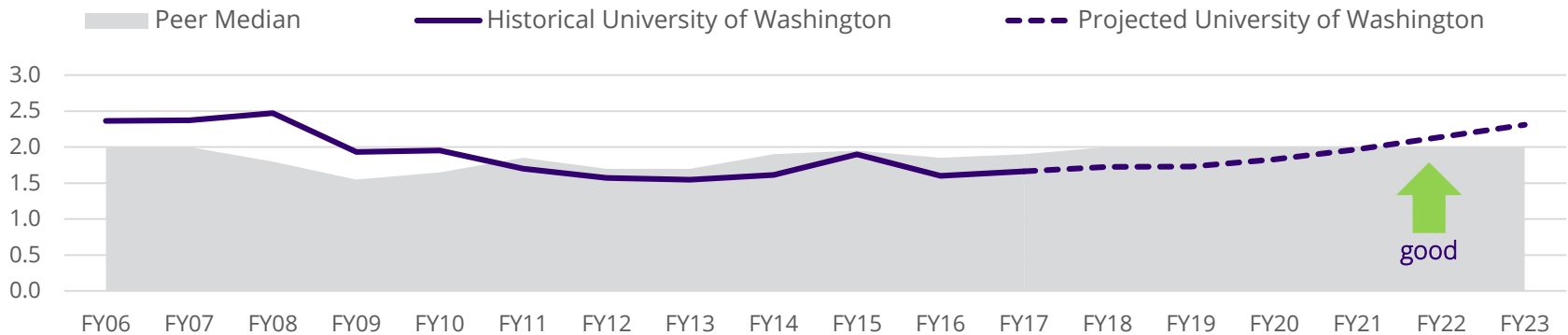
Weighting ratio approximates rating agency decisions

	FY20 – FY23 Incremental Capacity		Weighting
Spendable Cash and Investments to Debt	\$319 M	×	60%
Debt to Operating Revenue	\$716 M	×	30%
Debt to Cash Flow	-\$67 M	×	10%
<hr/>			<hr/>
	Total Incremental Capacity	=	\$400 M
	Authorized Debt Issued in 2019	+	\$100 M
<hr/>			<hr/>
	Total Debt Capacity	=	\$500 M

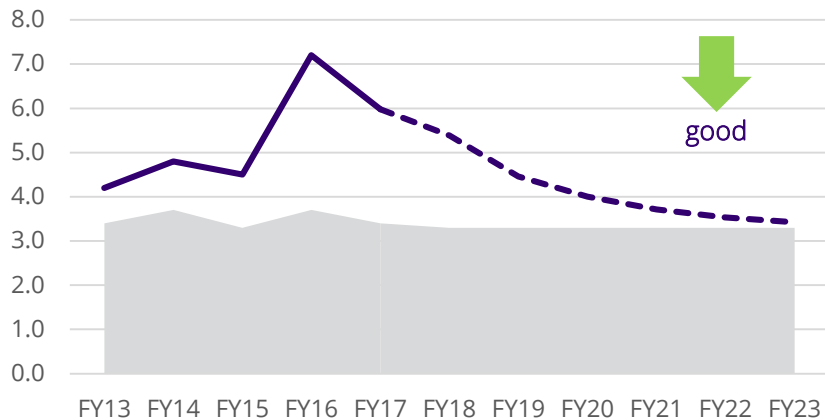
RATIO TRENDS

Under the Planning Case, the University's debt capacity ratios are projected to increase compared to the 2018 peer median⁽¹⁾

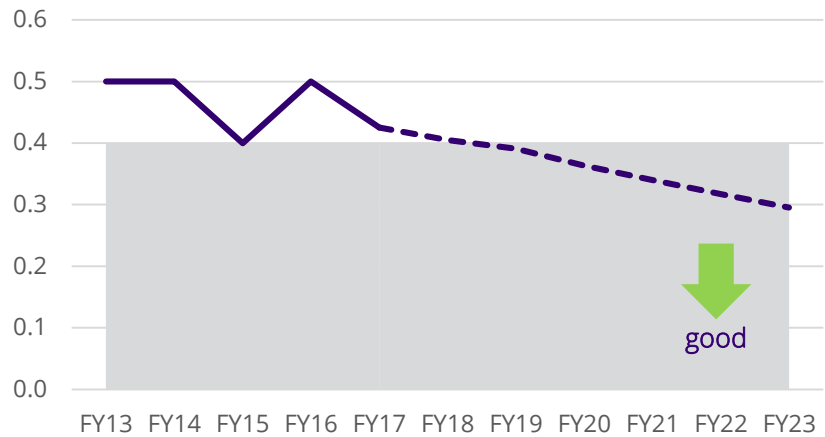
Spendable Cash & Investments to Total Debt



Debt to Cash Flow



Debt to Operating Revenue



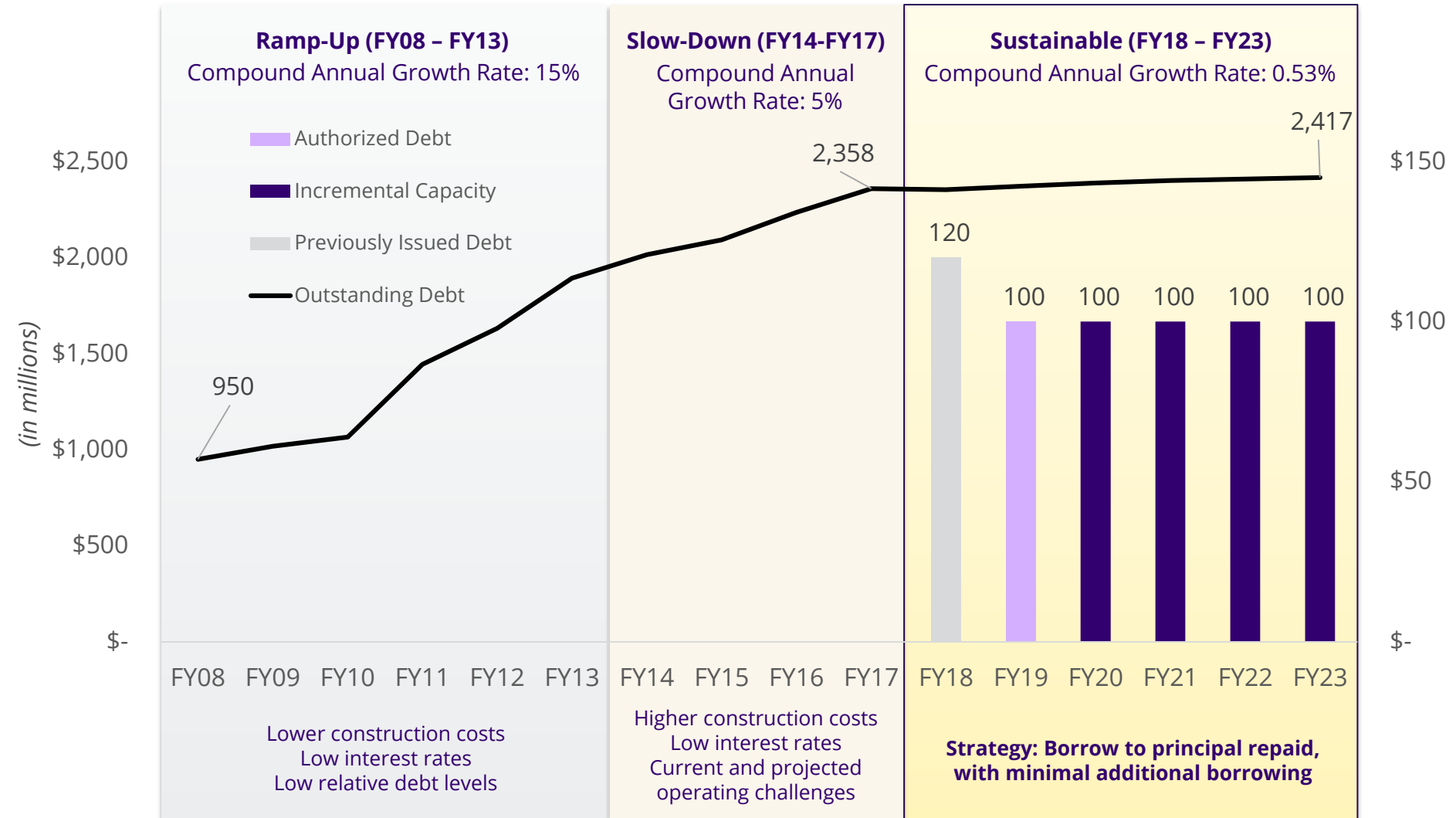
DEBT CAPACITY ESTIMATES

The University issued \$120 million in new debt during FY18 to support previously authorized projects. It will issue an additional \$100 million in FY19

- > In November 2017, the 5-year estimated project (FY18-FY22) capacity was \$550M, including \$220M in funding for authorized projects
- > Based on the updated analysis, 5-year debt capacity (FY19-FY23) is \$500M, including \$100M in funding for authorized projects
- > 5-year estimates will be revised this winter based on FY18 actual results and the Planning Case forecast

Projected Debt Balances FY19-FY23 (in millions)					
	Beginning Balance	Debt Retired	Authorized Issuance	Estimated Incremental Capacity	Ending Balance
FY19	2,354	(83)	100	0	2,371
FY20	2,371	(82)	0	100	2,388
FY21	2,388	(88)	0	100	2,400
FY22	2,400	(91)	0	100	2,409
FY23	2,409	(92)	0	100	2,417
Totals		(437)	100	400	

DEBT HISTORY AND FUTURE





Internal Lending

LENDING PROGRAMS

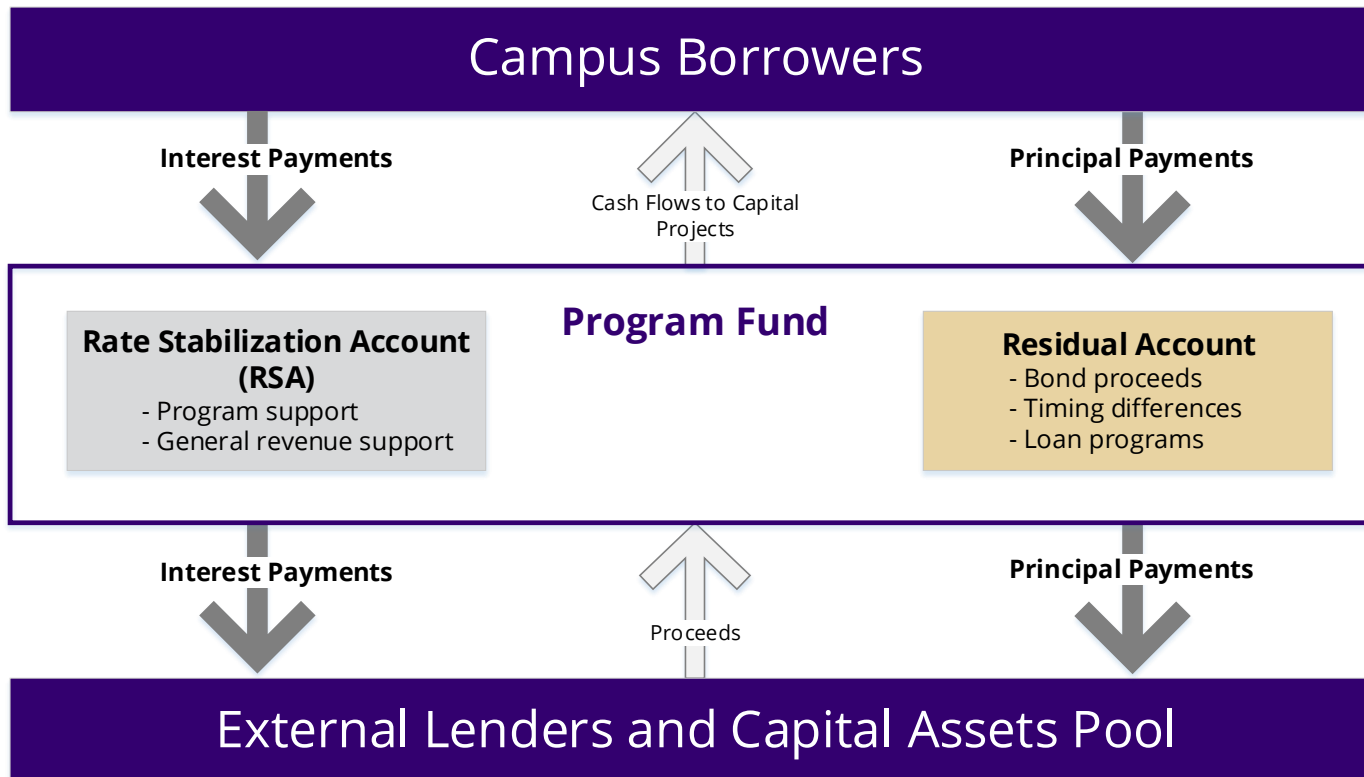
Treasury offers a variety of loan programs to meet the needs of campus borrowers

Program	Internal Lending Program (ILP)	Short-Term Financing Program (FAST)	Bridge Program
Purpose	Provide stable long-term rate to campus borrowers	Finance short-term assets at low cost of funds	Short-term loans for gift funded capital projects (up to 5 years)
Program Description	Loans for long-lived capital assets	Provide small short-term (up to 10 years) fixed rate loans to campus borrowers	Fund timing gap of construction cash flows and gifts
Financing Rate	ILP Rate, currently 4.50%	Short-term market rate	Short-term market rate
Funded By	Debt and CAP	ILP Balances and External Debt	ILP Balances
Recent Examples	Childbirth Center	IT Servers	CSE II

MECHANICS OF LENDING PROGRAMS

External borrowing and internal lending come together in the Program Fund. The Program Fund is the mechanism used to facilitate University lending

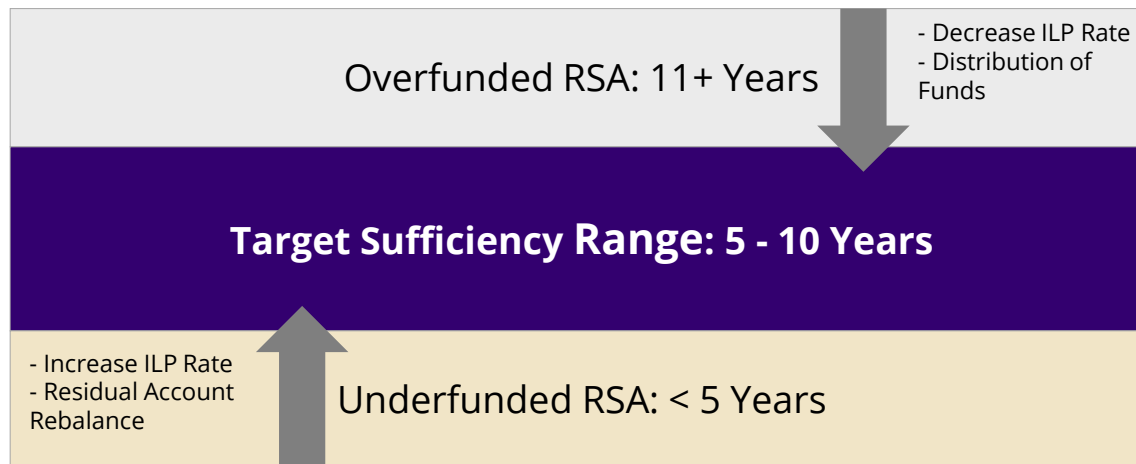
- > Benefits of the ILP
 - Provides stable long-term rate to campus borrowers
 - Generates balances that can be used for short-term financing programs such as BRIDGE



ILP RESERVE EVALUATION

UW Treasury Office recommends no change to the ILP rate

- > The Rate Stabilization Account (RSA) is used to maintain the ILP lending rate in a rising external rate environment
 - > As of FY18, the RSA has 12 years of sufficiency
- > The Residual Account (RA) is used for a variety of purposes, including debt service payments and funding ILP loan programs (e.g. the "Bridge" program)
 - > RA balances are expected to grow over time as bond premium is realized
- > An extensive evaluation is underway to identify future calls on reserves. Available funding above minimum could be redeployed with Regental approval
- > The Board must approve any changes to the ILP rate or distributions from the ILP



STANDING COMMITTEES

Finance and Asset Management Committee

Audit Advisory Committee (AAC) Update

INFORMATION

This item is being presented for information only.

BACKGROUND

Regent Joel Benoliel will provide an update on the activities of the Audit Advisory Committee.

STANDING COMMITTEES

Finance and Asset Management Committee

UW Seismic Improvements: Stage 1 & 2 Approvals

RECOMMENDED ACTION

The Administration and the Finance and Asset Management Committee recommend that the Board of Regents approve:

1. Project Budget of \$17.6 million;
2. Delegation of Award of Design Build Contract.

BACKGROUND

In 2016, UW Capital Planning & Development commissioned a study to identify the highest building risks in the event of a significant seismic event. In keeping with the approach taken in other active seismic areas and an emerging policy the City of Seattle is developing, the study focused on collapse prevention – both whole buildings and components of buildings – and specifically on unreinforced masonry which is most susceptible to damage. The study categorized these risks in the following areas:

1. Unreinforced masonry bearing walls (7 buildings);
2. Unreinforced masonry parapets (24 buildings); and
3. Unreinforced masonry infill and façade details (9 buildings).

The proposed approach, often referred to as “Bolts Plus”, will allow us to address the primary seismic concerns in all of these buildings. However, it is not a full seismic upgrade that would meet today’s codes. The work is simply meant to stabilize the buildings and to make them less vulnerable to collapse during a seismic event.

The total estimated cost of addressing all of the unreinforced masonry is roughly \$55M. We are planning a three phase approach with funding appropriated by the legislature. This biennium, \$17.5M was appropriated from the UW Building Account to accomplish the first phase (11 buildings).

Attachment

Seismic Improvements – Phase 1: Project Summary

Seismic Improvements - Phase 1: Project Summary

Regent Actions

Stage 1 &2
Action:
May 2018

Approve Phase 1 project budget -- \$17,600,000 (funded by State appropriation)
Delegate authority to award design build contract

Objectives

- Improve life safety by reducing the risk of injury from collapse of unreinforced masonry.
- Reduce adverse effects on University operations in the event of an earthquake.
- Develop a phasing plan that coordinates the execution of the work with the least amount of impact to the building occupants.
- Connect UW staff with available resources by which departments and schools can increase their own seismic resilience.
- Preserve integrity of the historical structures.

Description

This project will improve seismic preparedness in unreinforced masonry (URM) buildings on the Seattle campus. Twenty-five buildings were identified to be repaired over the next seven years. Phase 1 will focus on eleven of those buildings. The work will reinforce URM bearing and non-bearing walls and reinforce parapets to reduce the risk of collapse of buildings and masonry falling from buildings.

Financials

Proposed Budget

Consultant Services	\$	477,852	3%
Construction Cost	\$	15,760,886	90%
Equipment and Furniture	\$	115,319	1%
Other Costs	\$	416,201	2%
Project Management	\$	829,742	5%
Escalation	\$		
Total Project Cost	\$	17,600,000	100%

Sources

ILP Debt Funds	\$		0%
Donor Funds	\$		0%
*UW Central Funds	\$	100,000	1%
State Funds	\$	17,500,000	99%
Departmental Funds	\$		0%
Other	\$		0%
Total Funds	\$	17,600,000	100%

* funding previously committed for the study

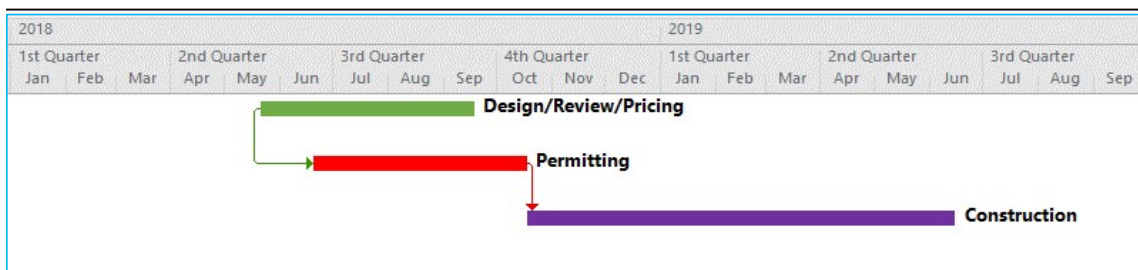
Project Cost Benchmarks

Predesign was completed to help establish the funding/budget requirements, as little information is available for this work.

Schedule Narrative

The project will be delivered via a Design-Build process, with the contractor/design team selection process completed by May 2018. The design and permitting process will occur in June thru October 2018. Construction will begin in October 2018 with an anticipated substantial completion for Phase One in June 2019. Phase One will require swing space during the work anticipated for Lewis Hall and this cost is included in the project budget.

Schedule



STANDING COMMITTEES

Finance and Asset Management Committee

UW Bothell Student Housing: Budget and Rate Development Process Improvement Plan

INFORMATION

This item is for information only.

BACKGROUND

The UW Bothell (UWB) Housing and Residential Life program actively works with student housing residents and student leadership to engage and dialogue with them as part of the annual housing budget and rates review process. This practice has been demonstrated and documented through each of the annual rates proposals brought the Board of Regents for review and approval each March. The UWB Student Housing and Residential Life program welcomes the opportunity to further enhance outreach to students in the annual housing budget and rates review process whenever possible.

At the Board of Regents meeting on March 8, 2018, ASUW Bothell President Dominick Juarez was asked by the Board to state his opinion on student involvement with the rate process at the Bothell campus. He stated that ASUW Bothell as a whole was not consulted by UWB Housing and Residential Life. President Juarez remarked that the assigned ASUWB Residence Hall Association (RHA) representative assigned to this work had not been adequately trained about the ASUWB RHA liaison and communications role. The Board requested the same proviso on the UW Bothell rate proposal as had been appended to the UW Tacoma rate proposal: to report back to the Board of Regents meeting in May and demonstrate how UW Bothell will enhance the plan and approach for student engagement in the budget and rates review process for the future.

2019-20 HOUSING BUDGET & RATES DEVELOPMENT PROCESS PLAN

After the March 8 Board of Regents meeting, the Housing and Residential Life team met with the RHA executive board, ASUWB President, Dominick Juarez and ASUWB Director of Government Relations, Nate Blanchard, to collaborate and develop an agreed-upon plan for approaching next year's budget and rates review process.

There were two main points of improvement needed in the process based on feedback from the RHA executive board and ASUWB that the new proposed approach for next year's budget and rates review process will resolve.

STANDING COMMITTEES

Finance and Asset Management Committee

UW Bothell Student Housing: Budget and Rate Development Process Improvement Plan (continued p. 2)

1. A communication breakdown between the ASUWB executive board and the ASUWB RHA liaison representative. Solely relying on this ASUWB position to accurately share information between ASUWB and RHA/Housing relating to the budget and rates review process resulted in miscommunication and, at times, no communication between the groups.
2. The RHA executive board's time this year was heavily focused on learning about and supporting the Budget and Rates review process as well as hosting the RHA Community Conversations. The RHA executive board believes the student engagement process this year was successful. However, the RHA executive board would like to have more time next year to focus on non-budget related, social RHA community events as well.

The formation of a new UWB Housing Budget Advisory Council (HBAC) for the next academic year was reviewed and endorsed by both the RHA executive board members and ASUWB President Dominick Juarez. This council's mission and role will have a specific focus on the housing budget and rates review process. HBAC will have consistent member representation from both RHA and ASUWB on the council in order to address the two concerns outlined above by ASUWB and RHA this year.

The RHA executive board will continue to host RHA community conversations during Fall and Winter Quarter to support the budget and rates review process as needed in coordination with the HBAC.

The Housing Administration and ASUWB agreed to add additional communication touch points directly between Housing Administration and ASUWB by inviting the Housing Administration to present on the budget at ASUWB meetings during Fall and Winter Quarters.

The ASUWB President will be added to the annual briefing meeting held between UWB Housing Administration and the Student Regent prior to the Final Rates Proposal process to ensure the ASUWB President is engaged directly in the process.

All of these changes and enhancements are reflected in the drafted internal timeline document enclosed as an attachment for review.

STANDING COMMITTEES

Finance and Asset Management Committee

UW Bothell Student Housing: Budget and Rate Development Process Improvement Plan (continued p. 3)

STRATEGY FOR ASSESSING NECESSITY OF OPERATIONAL CHANGES

UW Bothell Housing and Residential Life remains committed to maintaining its approach to the annual budget development process under the following parameters:

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.

Attachments

1. Housing Budget Advisory Council Application Packet (Draft)
2. RHA President Letter of Endorsement, dated April 18, 2018
3. UWB Housing Stakeholders Communication Flow Chart
4. UWB Student Housing Budget and Rate Development Process: 2018-19 Key Dates and Consultative Dates (Draft)
5. Student Leadership Role Descriptions Related to UWB Housing Program

HOUSING BUDGET ADVISORY COUNCIL

APPLICATION PACKET

(Due by 5 pm on Friday, October 12, 2018)

****DRAFT VERSION****

University Housing Office
Husky Hall

 UNIVERSITY *of* WASHINGTON | BOTHELL

Dear HBAC Applicant:

Thank you for your interest in the Housing Budget Advisory Council for the Student Housing Program at the University of Washington Bothell. I appreciate your interest in getting involved in the future of the student housing program at the University of Washington Bothell campus.

This packet includes:

- ✓ an overview of the Housing Budget Advisory Council (HBAC)
- ✓ an application form
- ✓ three application questions (located on the application form)
- ✓ a blank weekly schedule form

To be considered for membership on the council, you must meet one of the following criteria:

- 1) a student living in campus housing (three-four positions available)**
- 2) a member of the Residence Hall Association Executive Board (one position available)
- 3) a Resident Assistant (two positions available)
- 4) an elected ASUWB member (one position available)
- 5) a live-in professional staff person (one position available)

Completed applications must be received by 5 pm on Friday, October 12th 2018. Please submit your application to the Student Housing Office via email at uwbhousing@uw.edu . If you have any questions about the application or the Housing Budget Advisory Council, please contact the Student Housing Office at 425-352-3839 or uwbhousing@uw.edu .

Thanks again for your interest in the Housing Budget Advisory Council.

Sincerely,

Chelsea Knodel
UWB Director of Auxiliary Services

** To be eligible to serve on the Housing Budget Advisory Council as an at-large student, you must live in campus housing.

UWB Housing Budget Advisory Council

Membership

The Housing Budget Advisory Council will be made up of a minimum of 5 students (one Resident Advisor, one RHA Executive Board member, one ASUWB member and two students-at-large), the Institutional Planning and Budget Analyst, the Director of Residential Life and Student Conduct, the Housing Operations Manager, and the Director of Auxiliary Services.

Mission of the Advisory Council

Provide input to the Housing and Residential Life administration with regards to housing budget and annual rates review related topics. The mission of the council is as follows:

- review the annual housing budget and participate in housing rate development process for the next academic year
- review housing policies and procedures and recommend policy additions and changes if needed
- offer guidance and feedback regarding housing program improvements and changes
- other housing related issues that arise related to the mission of the council

Meeting Schedule

The HBAC will meet beginning at the end of October. Meetings will take place in Fall Quarter through Winter Quarter with the exception of holidays/break weeks. Weekly meetings will be scheduled for one and one half hours each. A sample schedule is attached to the packet for review. *Note: During the height of budget season, in January/February, meeting times may go longer than 1.5 hours each.*

Selection

Selection for the HBAC will be by application and, if necessary, interview. Applications will be due to the Office of Student Housing by 5:00 pm on October 12th 2018. Review and selection of the applicants will be done by the Housing and Residential Life administration.

Multiple criteria will be used for selection including information shared in the application; however, scheduling will be a key part of the decision when selecting candidates. Majority will rule in terms of those who apply and are able to be available at the same time each week for a one hour meeting.

Questions regarding the process can be emailed to the UW Bothell Housing Office at uwbhousing@uw.edu or by calling 425-352-3839.

****To be eligible to serve on the Housing Budget Advisory Council as an at-large student, you must live in student housing program.**

UWB HOUSING BUDGET ADVISORY COUNCIL APPLICATION

Name _____ ID# _____

Local Address _____ Year in School _____

Telephone Number _____ Role in Housing Program _____
(ie. student, RA, RHA, ASUWB, full-time staff)

E-mail Address _____

MEMBERSHIP:

The Housing Budget Advisory Council will be made up of a minimum of 5 students (one RA, one RHA Executive Board member, one ASUWB RHA Liaison member and two students-at-large), the Institutional Planning and Budget Analyst, the Director of Residential Life and Student Conduct, the Housing Operations Manager, and the Director of Auxiliary Services. Membership is subject to change.

MEETING SCHEDULE

The HBAC will meet weekly beginning at the end of October. Meetings will continue weekly from Fall Quarter through Winter Quarter with the exception of holidays/break weeks. Meetings will be scheduled for one and one half hours each.

Note: During the height of budget season, in January/February, meetings can go longer than 1.5 hours each and agenda topics are subject to change.

MISSION:

The Housing Budget Advisory Council's role will be to advise the Housing and Residential Life Program on budgetary, policy, procedural, and improvement issues related to the residential community. The HBAC will also be responsible for initial review and endorsement of the annual housing rates. While the Council may make recommendations related to proposed changes to policies, procedures and rates, the Residence Hall Association General Assembly, University Housing Administrative Staff, and University Leadership will be involved in the annual rates review and approval process.

With this mission in mind, please respond to the following questions on an additional sheet of paper.

- 1) Please explain why you are interested in serving on the Housing Budget Advisory Council.
- 2) Name what you believe to be the three most important issues for students regarding their residential living experience? Describe why these issues are important and what role the Housing Budget Advisory Council can play in relation to these issues.
- 3) Finally, discuss your skills and experience with regard to prioritizing issues. How do you go about making decisions? What do you do when working with others to come to consensus?

SCHEDULE FORM **Fall Term, 2018**

Time	Monday	Tuesday	Wednesday	Thursday	Friday
8:00 am					
8:30 am					
9:00 am					
9:30 am					
10:00 am					
10:30 am					
11:00 am					
11:30 am					
NOON					
12:30 pm					
1:00 pm					
1:30 pm					
2:00 pm					
2:30 pm					
3:00 pm					
3:30 pm					
4:00 pm					
4:30 pm					
5:00 pm					
5:30 pm					

Please block out times when you are **NOT** available (when you are in class, have meetings, work, etc)
 Return with your completed application. Thank you!

SAMPLE SCHEDULE FOR WEEKLY HBAC MEETINGS

Tentative Dates	Participants	Topic	Facilitators
Week of October 22 nd 2018	Housing Budget Advisory Council (HBAC)	Introductions of Housing and Residential Life staff, program history/background; org chart; "What do you know" quiz	Housing and Residential Life
Week of October 29 th 2018	HBAC	Show Me the Money! Housing Operations Annual Budget Breakdown "What do you know" quiz	Housing Operations and IBP
Week of November 5 th 2018	HBAC	Budget Challenges/Considerations for 2019-2020; Deferred Building Maintenance Discussion	Housing Operations and IBP
Week of November 13 th 2018	HBAC	Student Housing Campus Partners Visit; Commuter Services & Facility Service	Housing Operations, Commuter Services, Facility Services
Week of November 26 th 2018	HBAC	End of Quarter Wrap Up, Q & A Session	Housing and Residential Life
Week of January 7 th 2019	HBAC	2019-20 Proposed Housing Agreement Revisions discussion Revisions FY19 Budget Development Update (Q&A Session)	Housing Operations and IBP
Week of January 14 th 2019	HBAC	2019-20 Housing Agreement Revisions Finalized FY19 Budget Development Discussion Wrap Up (Q&A Session)	Housing Operations and IBP
Week of January 28 th 2019	HBAC	2019-20 Final Housing Budget & Rates Review	Housing, IBP, and Residential Life

Friday, Feb 1 st 2019	Residence Hall Association General Assembly	Email Notification of Proposed 2019-20 Housing Rates and Invite to RHA Community Conversation	HBAC and Housing and Residential Life
Week of Feb 4 th 2019	RHA Community Conversation	Final 2019-20 Housing Rates Presentation	HBAC, Housing and Residential Life

Wednesday, April 18th 2018

Dear Board of Regents,

The Residence Hall Association Executive Board supports the proposed creation of the Housing Budget Advisory Council (HBAC) for the 2018-19 academic year. This council formation will help to enhance communication and information sharing related to the housing budget and rate development process between ASUWB, RHA, and the Housing staff and student residents. This committee will be in charge of ensuring involvement of students in the housing rates proposal process. HBAC will be composed of an RHA representative, the ASUWB RHA liaison, 1 Resident Advisor, and 2 residents.

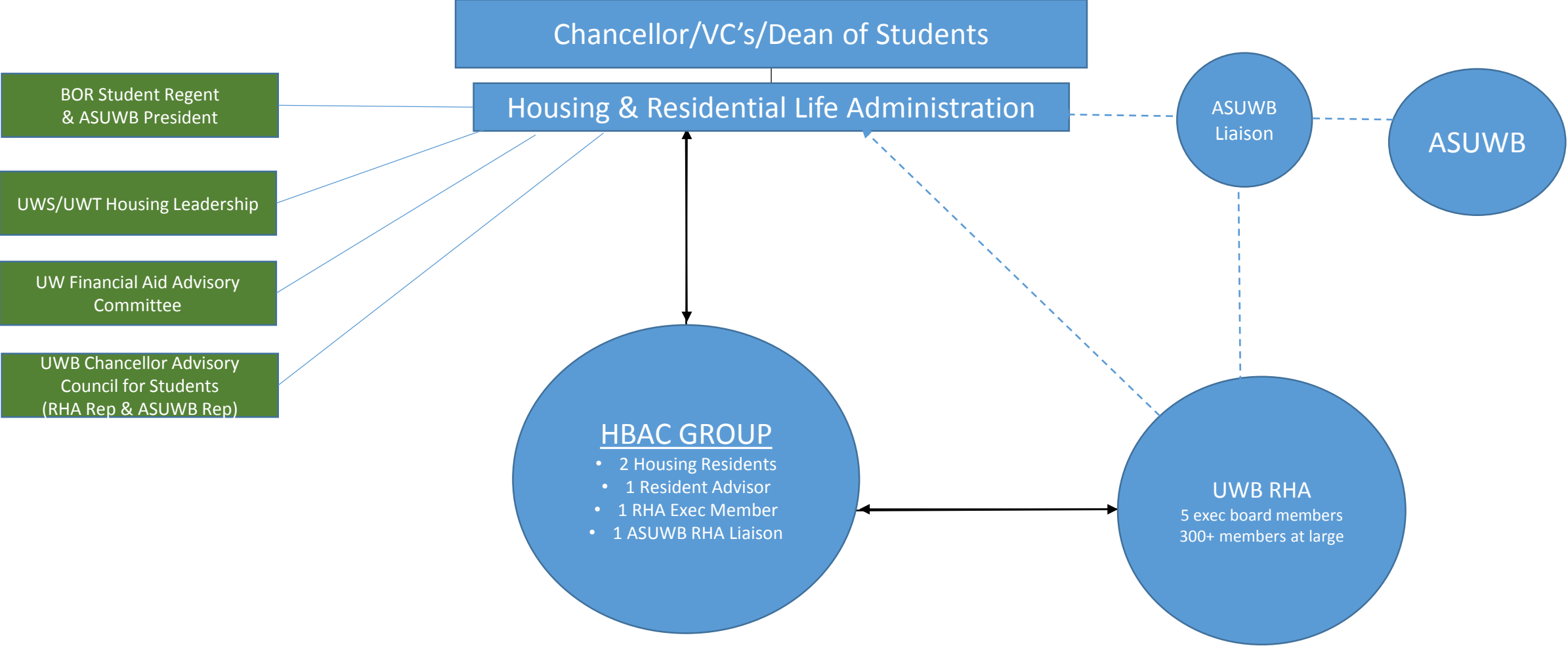
The 2017-18 RHA Executive Board met with ASUWB's Director of Government Relations, Nate Blanchard, on April 11th 2018. During this meeting, we discussed and confirmed that ASUWB will commit once more to assigning an ASUWB RHA liaison for next year. This ASUWB liaison will attend the RHA Community Conversations (Town Hall) on a regular basis and serve as the point of contact for the RHA Executive Board and residents. We believe that this liaison appointment and the creation of HBAC will provide avenues for strong communication between ASUWB and RHA. Additionally, it will create spaces for students to raise their concerns and be informed of important decisions being made by Housing and Residential Life at UWB.

Sincerely,



Kaitlyn Kinzel
UWB RHA President

UWB HOUSING STAKEHOLDERS COMMUNICATION FLOW CHART



UWB Internal Document *DRAFT*****
Student Housing Budget and Rate Development Process
2018-19 Key Dates and Consultative Dates

<i>Fall Quarter</i>	
<u>DATES</u>	<u>Key Item & Consultative Group</u>
October-March	Housing Budget Advisory Council Meetings (HBAC) <i>*See separate proposed schedule on page 2 for details</i>
Early November	Housing Budget/Rates Process Introduction Presentation to ASUWB
Early November	Housing Budget/Rates Process Introduction Presentation to RHA General Assembly
Mid-November	Meeting with VC's and Dean of Students to update on HBAC and Rate Development Process for FY19
<i>Winter Quarter</i>	
<u>DATES</u>	<u>Key Item & Consultative Group</u>
Mid-January	Budget/Rate Development Update Discussion with RHA General Assembly, Community Conversation
Mid-January	Budget/Rate Development Update Discussion with ASUWB
End of January	Meeting with VC's and Dean of Students to present HBAC endorsed 2018-19 Housing Rates Proposal
February 1 st 2019	Email Letter Notification to RHA General Assembly of Proposed Rates 2018-19, invite to RHA General Assembly Conversation in February
Early February	Present Final 2018-19 Rates Proposal to RHA General Assembly
Early February	Present Final 2018-19 Rates Proposal to ASUWB
Mid-February	Review Final 2018-19 Budget/Rates Proposal with Student Regent & ASUWB President
Mid-February	UW Seattle Financial Aid Committee Finalize 2018-19 Room/Board rates for aid packages
Mid-February	Submit Proposed Rates Agenda Item Materials to Board of Regents
Early March	UWB Housing Rates Reviewed/Approved by Board of Regents

UWB Internal Document
Housing Budget Advisory Council Schedule *DRAFT*****

Week of October 22 nd 2018	Introductions of Housing and Residential Life staff, program history/background; org chart; "What do you know" quiz
Week of October 29 th 2018	Show Me the Money! Housing Operations Annual Budget Breakdown "What do you know" quiz
Week of November 5 th 2018	Budget Challenges/Considerations for 2019-2020; Deferred Building Maintenance Discussion
Week of November 13 th 2018	Student Housing Campus Partners Visit; Commuter Services & Facility Service
Week of November 26 th 2018	End of Quarter Wrap Up, Q & A Session
Week of January 7 th 2019	2019-20 Proposed Housing Agreement Revisions discussion Revisions FY19 Budget Development Update (Q&A Session)
Week of January 14 th 2019	2019-20 Housing Agreement Revisions Finalized FY19 Budget Development Discussion Wrap Up (Q&A Session)
Week of January 28 th 2019	2019-20 Final Housing Budget & Rates Review
Friday, Feb 1 st 2019	Email Notification of Proposed 2019-20 Housing Rates and Invite to RHA Community Conversation
Week of Feb 4 th 2019	Final 2019-20 Housing Rates Presentation

Student Leadership Role Descriptions Related to UWB Housing Program

Residence Hall Association (RHA)- 5 executive members/+300 general members

One RHA executive board member to sit on Housing Budget Advisory Council.

The Residence Hall Association is a volunteer student-led organization established to serve as an advocate of the needs of students living on campus at the University of Washington Bothell while also building a welcoming and inclusive community for all campus housing residents. This group is governed by an appointed executive board of 5 members that plan and execute community-wide programs while also advocating for resident needs and concerns regarding their living experience.

Associated Students of UWB (ASUWB) –

One ASUWB elected position will sit on Housing Budget Advisory Council as the RHA Liaison.

The official representative voice for all students within the university, ASUWB exists to empower the student body through seeking to enhance the entire student experience by supporting and/or drafting policy that promote student interests, needs, and welfare. ASUWB will appoint an elected ASUWB representative to serve as a liaison between the ASUWB and the RHA.

Resident Advisor Team (RA) - 10 live-on student staff positions

One Resident Advisor to sit on Housing Budget Advisory Council.

An RA has many roles and responsibilities, including building a residential community through programming, acting as a para-counselor for students, being a familiar first resource for student residents, and enforcing residence policies. The RA team goes through a rigorous training process prior to the start of the academic year in preparation for their position. RAs balance their schedule and priorities with the needs of the students they are supporting. RA's serve as an example and uphold professional and personal accountability as outlined by the Housing Program and University.

STANDING COMMITTEES

Finance and Asset Management Committee

UW Tacoma Housing Report

INFORMATION

This item is being presented for information only, as requested by the Finance and Asset Management Committee of the Board of Regents at its meeting on March 8, 2018.

BACKGROUND

UW Tacoma Housing & Residence Life has worked collaboratively with campus leadership, ASUWT, and the Court 17 Residence Hall Association (RHA) to thoughtfully respond to the Board's request for updates regarding future student engagement in the rental rate development process and regarding the internet services provided at the Court 17 Apartments.

1. Attachment 1 provides additional information on the demographics of Tacoma residential student population.
2. Attachments 2, 3 and 4 outline UW Tacoma's efforts to expand our student engagement for the FY20 Rental Rate Development process including the establishment of a Housing & Residence Life Student Budget Committee including representation from RHA, ASUWT, and at-large University of Washington Tacoma students.
3. To assist with providing additional context regarding the provided internet services, a building-wide canvass was conducted in April 2018 to gather information about service interruptions and to assess student's overall satisfaction with provided internet services. Data, analysis and a comprehensive improvement plan are included in Attachment 5.

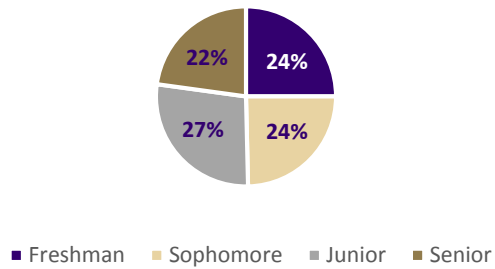
Attachments

1. Court 17 Resident Demographics: Spring 2018
2. Current Year (2017-2018) Student Engagement Summary Regarding Housing Rates
3. Housing Rate Development Process and Student Engagement Plan (FY20)
4. Student Budget Committee Interest Packet
5. Court 17 Internet Services

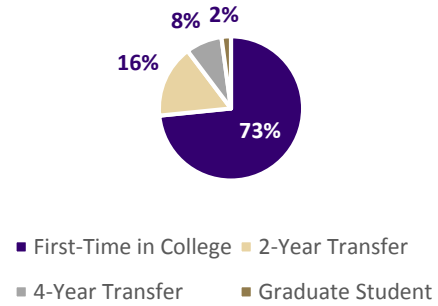


282 students are calling Court 17 home during Spring Quarter 2018.

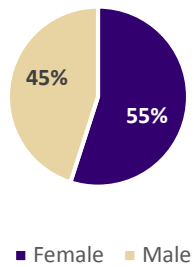
Class Standing



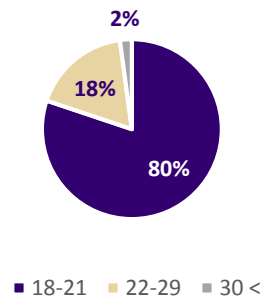
Academic Origin



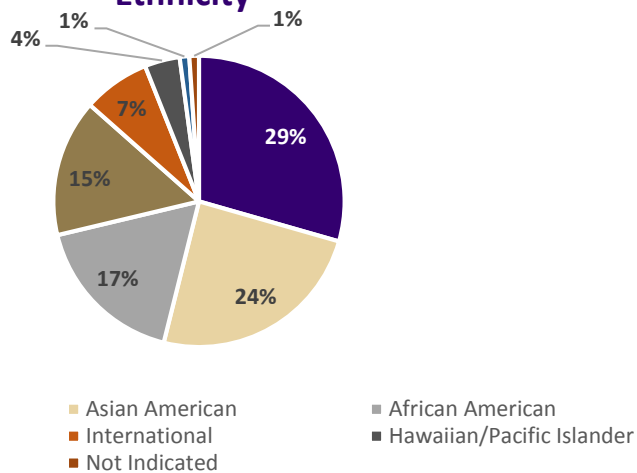
Gender



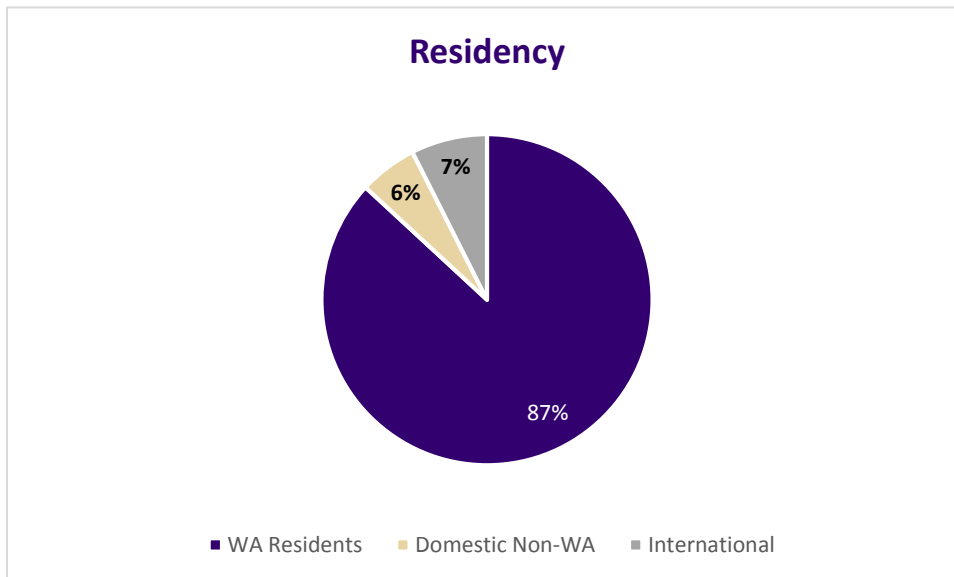
Age



Ethnicity



282 students are calling Court 17 home during Spring Quarter 2018.



Top 5 Home Addresses		
TACOMA	38	13%
KENT	19	7%
SEATTLE	19	7%
PUYALLUP	16	6%
VANCOUVER (WA)	13	5%
AUBURN	9	3%
FEDERAL WAY	9	3%

Additional Resident Characteristics	
Affiliated with the Military	17%
Declared a disability	5%
Enrolled Part-Time	5%

Date	Audience	H&RL Action	Purpose
8 January	ASUWT	E-mail President	Invite participation in RHA meetings. Requested that H&RL be invited to an ASUWT meeting to share and discuss rate proposal.
10 January	Residence Hall Association (RHA)	Attend regularly scheduled meeting	Educate RHA and ASUWT guests about budgeting principles and preview rate development process and timeline.
17 January	ASUWT	E-mail President	Remind ASUWT about 1/24 RHA meeting and reiterate hope that ASUWT will attend.
17 January	ASUWT RHA	E-mail President E-mail Members	Share the 2017-18 rate proposal information and minutes from the March 2017 Board of Regents meeting.
24 January	RHA	Attend regularly scheduled meeting	Review Court 17 2018-19 projected revenue/expenses, rate development process, proposed rate structure and rationale for proposed rates. Ask RHA to talk about proposal with peers.
25 January	ASUWT	E-mail President	Share information from 1/24 RHA meeting and answer questions about the current rate structure and proposed 2018-2019 rates.
26 January	ASUWT	E-mail President	Share the 2017-18 rate proposal information and minutes from the March 2017 Board of Regents meeting.
29 January	Court 17	E-mail all residents	Share 2017-18 rate proposal and advertise opportunities to learn more and share feedback.
31 January	Court 17	Host Open Meeting	Review Court 17 2018-19 projected revenue/expenses, rate development process, proposed rate structure and rationale for proposed rates. Answer student questions and solicit feedback.
2 February	ASUWT	E-mail President	Response to questions posed and to provide rate tables by scenario, an expense and revenue summary and to re-share the rate development information shared on January 25, 2018.
5 February	Court 17	E-mail all residents	Remind them about 2017-18 rate proposal and advertise opportunities to learn more and share feedback.
6 February	Court 17	Host Open Meeting	Review Court 17 2018-19 projected revenue/expenses, rate development process, proposed rate structure and rationale for proposed rates. Answer student questions and solicit feedback.
7 February	ASUWT	Attend ASUWT Director's Meeting	Review Court 17 2018-19 projected revenue/expenses, rate development process, proposed rate structure and rationale for proposed rates. Answer student questions and solicit feedback.
14 February	ASUWT	E-mail President	Thanks for opportunity to participate in 2/7/18 meeting. Update that HRL will phase-in right-sizing and that EBC decided to support phased-in rates (attached to email).



Guiding Principles & Commitments

The administration of UW Tacoma is responsible for creating a high-quality on-campus living and learning experience for our students and to ensure the financial viability of university operations. As such, we are committed to engaging with students around the creation of that experience and in the financial viability of operations.

To guide its decision-making, leadership of Finance & Administration and of Student & Enrollment Services, commits to the following in developing its annual housing rates:

- enter its annual planning process with assuming no particular percent in increase in rates/revenue;
- reference local rental market rates and be able to articulate how the Court 17 proposal accounted for the local market;
- via Housing and Residence Life (HRL), partner with the Residence Hall Association (RHA), as the voice of current Court 17 residents, to solicit feedback from current residents about their Court 17 experience and to shape future plans for the residential life program;
- provide RHA and other interested students with education about budget planning in higher education generally, and about budget planning for Court 17 in particular;
- discuss future needs and opportunities for Court 17 with RHA to prioritize future plans;
- engage RHA and the Associated Students of the University of Washington Tacoma (ASUWT), as representatives of all UW Tacoma Huskies and potential future Court 17 residents, to weigh the pros and cons of Court 17 planning scenarios to understand the benefits and impacts to students;
- propose to the University of Washington Regents a rate model that sustains an exceptional on-campus living and learning experience in the most affordable way.

Housing and Residence Life Budget Committee

HRL will convene a Budget Committee with the purpose of informing students about the Housing and Residence Life Budget, including but not limited to: HRL being self-sustaining, expenses, sources of revenue, organizational structure, and key financial drivers. The Budget Committee will meet a minimum of 5 times between October and February and will include the following representatives:

- RHA (minimum 2, max 3), to be appointed by the RHA President;
- ASUWT liaisons (2, at least one of which must be a non-residential student), to be appointed by the ASUWT President;
- At-Large Court 17 Residents (max 2), to be recruited by HRL and selected collaboratively with the RHA President;
- At-Large UW Tacoma Students (max 2), to be recruited by HRL and selected collaboratively with the ASUWT President.

It will be the responsibility of Budget Committee members to share budget information with their organizations and stakeholders and bring any thoughts for collaboration to the committee on their behalf.



UW Tacoma Housing & Rate Development Process Student Engagement Plan	
Objectives	
<ul style="list-style-type: none"> Establish a HRL Student Budget Committee (HRL SBC) that includes representatives from RHA, an ASUWT liaison and residents-at-large. Develop HRL SBC members' understanding of the following: <ul style="list-style-type: none"> Key budgeting concepts including but not limited to self-supporting programs; revenue; fixed costs; variable costs; capital expenses; contingency funds Court 17's revenue and expenses – historical, current and projected Court 17's capital and facilities plan Solicit and incorporate Court 17 residents feedback to identify and priorities future investments via RHA, SBC, Residence Hall Staff, and resident surveys and/or focus groups Empower HRL SBC members' to engage and educate their peers about Court 17 rate development and to solicit feedback to share with the SBC and HRL leaders. Develop baseline measures of HRL SBC's understanding of budget concepts, Court 17 budget. Develop baseline measures of Court 17 residents' awareness of housing rates and the rate-setting process. 	
Engagement Milestones	
Spring 2018	<ul style="list-style-type: none"> a) HRL leadership work with RHA and ASUWT, including the organizations' advisors, to establish liaisons between these two student governance organizations (Brittany, Mike, Kathleen, Ed, Liz, Arwa, Gurtej) b) HRL leadership work with RHA to do preliminary vision of RHA budget committee (Brittany, Mike, Gurtej)
Summer 2018	<ul style="list-style-type: none"> a) Work with ASUWT Advisors to refine timeline and tools needed to operationalize engagement model for following year's rate development (Brittany, Mike, Kathleen, Ed, Liz)
Autumn 2018	<ul style="list-style-type: none"> a) By week 4, convene HRL SBC (Brittany, RHA President) b) SBC meets twice each month to develop understanding of budgeting concepts and Court 17 budget c) Late November, RHA & ASUWT leaders meet with VCs for SAES and F&A, and with HRL leaders to review engagement to date and review timeline for student communication and engagement during Winter Quarter d) Last week of quarter
Winter 2018	<ul style="list-style-type: none"> a) Week 1, HRL present rate proposal to HRL SBC b) Weeks 2 & 3, HRL present rate proposal to ASUWT and hold community forums c) Week 5, rate proposal final d) Week 6, Chancellor and VCs for SAES and F&A review final proposal and supporting documents e) Week 7, HRL and SBC leaders reach out to student Regent f) HRL & SBC leaders prepare presentation to Board of Regents



HOUSING & RESIDENCE LIFE

UNIVERSITY *of* WASHINGTON | TACOMA

Student Budget Committee Interest Packet

Housing and Residence Life Student Budget Committee

Committee Members:

- Residence Hall Association (RHA) (minimum 2, max 3), to be appointed by the RHA President;
- ASUWT liaisons (2, at least one of which must be a non-residential student), to be appointed by the ASUWT President;
- At-Large Court 17 Residents (max 2), to be recruited by HRL and selected collaboratively with the RHA President;
- At-Large UW Tacoma Students (max 2), to be recruited by HRL and selected collaboratively with the ASUWT President.
- HRL Leadership Team Members (at least 2 at each meeting)

Mission:

- Develop HRL SBC members' understanding of the following:
 - Key budgeting concepts including but not limited to self-supporting programs; revenue; fixed costs; variable costs; capital expenses; contingency funds
 - Court 17's revenue and expenses – historical, current and projected
 - Court 17's capital and facilities plan
- Solicit and incorporate Court 17 residents feedback to identify and priorities future investments via RHA, SBC, Residence Hall Staff, and resident surveys and/or focus groups
- Empower HRL SBC members' to engage and educate their peers about Court 17 rate development and to solicit feedback to share with the SBC and HRL leaders.
- Develop baseline measures of HRL SBC's understanding of budget concepts, Court 17 budget.
- Develop baseline measures of Court 17 residents' awareness of housing rates and the rate-setting process.

Meetings and Commitment:

Housing and Residence Life will convene a Budget Committee with the purpose of informing students about the Housing and Residence Life Budget, including but not limited to: Housing and Residence Life being self-sustaining, expenses, sources of revenue, organizational structure, and key financial drivers. The Budget Committee will meet a minimum of 5 times between October and February.

Questions:

Please reach out to Housing and Residence Life with questions—Brittany Iwaszkiw can be reached at iwaszkiw@uw.edu or Court17@uw.edu.

UW Tacoma | Housing and Residence Life

Housing and Residence Life Budget Committee Interest

PART I: Personal Information

Name				Student ID#	
Address				Phone (Home)	
City		Zip		Phone (Cell)	
UW Email					
Academic Program					
Student Organization Affiliation				Residential Student or Commuter Student:	

PART IV: Signature

Please note that by signing below, you also give permission for access to your educational records including class schedules, and conduct records.

Interested Student Name (Print)

Interested Student Signature

Date



EXECUTIVE SUMMARY

UW Tacoma Housing & Residence Life (HRL) has reviewed operational data from the 2017-2018 Academic Year and has performed an informative door-to-door canvass to gather additional feedback directly from student residents. The outcome of this work reflects both a high level of overall satisfaction (92%) with provided internet services and a need for continued process improvement. Additional details and data points regarding provided internet services, historical operational data, canvass methodology, data results, and mitigation efforts are included in this report.

H&RL will continue to actively work towards improving the quality and reliability of provided internet services by engaging with students, administrators, and service provider to identify solutions to student concerns.

BACKGROUND

Prior to the purchase of Court 17, Comcast Xfinity services were provided as part of the master leased agreement with the former property management company. During the acquisition process, it was determined that full implementation of the UW Network and UW Wi-Fi was not advisable due to overall cost and timing of acquisition. UW Tacoma Information Technology assisted with developing a relationship with Comcast that would provide high quality services at a competitive cost. In September 2016, Comcast services were installed in all apartments at Court 17. Each apartment common area is provided with a Wi-Fi router providing Performance Pro (up to 75Mbps download) internet services and a digital television box providing Bulk Video services. All services are managed centrally through a Housing & Residence Life bulk account. The costs for these services are included in the published rental rates. Since installation, Comcast has worked closely with UW Tacoma Housing & Residence Life to respond to service interruptions and proactively maintain a high level of connectivity. Highlights include:

- Establishment of a direct line of communication with local Comcast account support and service center managers, and assignment of service calls to Comcast technicians with prior knowledge of Court 17 and operating environment.
- Comcast staff presence during Autumn move-in days to assist with resident connection set-up and device troubleshooting
- Expansion of after-hours account support through the Xfinity Communities Platinum Support Line, available 7 days a week from 8am to 6pm
- Facility-wide inspection and connectivity assessment conducted by Comcast technicians during Summer 2017 to assist with ensuring functionality and high levels of service and prior to the Autumn move-in.
- On-going contact with Regional Xfinity Communities Account Executives and continued conversations regarding service expansions.

During the current academic year, a total of 12 out of 127 occupied apartments reported concerns with their internet services to Housing & Residence Life staff. All reports were initially troubleshooted by Housing & Residence Life and then escalated to Comcast if unresolvable. The most common issues noted to date include:



- Firmware Update Issues (6) – stuck in update process, network settings reset after update
- Physical Connection Issues (3) - loose/disconnected cables, in-wall poor connections
- Hardware Failure (3) – provided equipment fails to connect for unknown reasons

Once reported, all concerns were pursued until resolved as confirmed by the resident(s). While Housing & Residence Life and Comcast strive to provide the highest level of service, a measurable level of interruption is unavoidable due to the operating environment and required maintenance updates. H&RL recognizes that while some level infrequent and limited duration interruption may be determined to be reasonable, H&RL has attempted and will continue to attempt to minimize the impacts of these interruptions.

CONCERN & ASSESSMENT

During the Fiscal Year 2019 Rental Rate Development Process, ASUWT raised concerns regarding the reliability of provided internet services and about the limited number of ways in which students can work to resolve these concerns. This concern of reliability and impact to the student experience was echoed during the March 8th Board of Regents meeting.

To assist with exploring this issue more deeply, Housing & Residence Life performed a door-to-door canvass on Tuesday, March 10th between 4pm and 8pm, conducted by a team of both students and administrators. The team included:

- Gurtej Singh, Residence Hall Association President
- Christine Paulsen, Residence Hall Association 1st Floor Representative
- Bereket Anshebo, ASUWT Director of Student Technology
- Brittany Iwaszkiw, H&RL Staff - Residence Life Coordinator
- Mike Russell, H&RL Staff - Housing Operations Manager

For a majority of the canvass, two students and two H&RL staff were present and took turns engaging with the residents and performing data input. At least one student was present for the entire duration of the canvass. At each stop, one member of the canvass team engaged with the resident(s) present utilizing the attached standardized process and question flow diagram. Resident responses to inquiries about service interruptions and satisfaction were recorded independently by one student and one administrator using an authenticated UW Google Apps Form. The data gathered includes responses from 66 out of 127 occupied apartments (52%).

OUTCOMES & IMPROVEMENTS

The canvass provided additional information about student's experiences with the provided internet services and overall satisfaction. A fuller summary of the data is included in this report. The following themes were noted after reviewing the data:

- A higher percentage of apartments were experiencing service interruptions than previously reported to Housing & Residence Life Staff.
- A large percentage of reported interruptions were limited in duration or infrequent.



- While many residents took action to attempt to resolve their service interruptions, not all students were aware of the resources available to assist with timely resolution.
- Some residents expressed a desire for faster connection speeds, especially during high-use parts of the day.
- Overall, 92% of apartment surveyed reported being satisfied with the quality and reliability of provided internet services.

In response to feedback received through the canvassing process, the following actions have been taken and process improvements have been identified:

Immediate Action & Improvements:

- 1) Follow-up with apartments who reported recurrent service interruptions for the first time during the canvass, working with Comcast to bring to full resolution.
- 2) Work with Residential Life to provide training and resources to assist with after hours and weekend interruption resolution
 - a) Train Resident Assistant staff on most common issues and their resolutions
 - b) Provide Professional On-call staff with information on how to contact Xfinity Communities Platinum Support Line, available 7 days a week from 8am to 6pm
 - c) Provide on-call staff with limited access Xfinity Hot Spot login information, allowing resident access by utilizing the secondary network broadcast throughout the building
- 3) Update student Work Request Portal to more intentionally high-light resources available for emergent needs, including on-call Residential Life staff.

Planned Action & Improvements:

- 1) Explore System Improvements with Comcast
 - a) Service Redundancy: Comcast offers a Property Wide Wi-Fi solution that broadcasts a singular network utilizing multiple access points. Should one access point fail or experience an interruption, resident would maintain access to services so long as there is sufficient signal broadcast from the surrounding access points.
 - b) Speed: Review historical bandwidth levels and request additional capacity on an on-going or time bound basis, recognizing peak traffic periods
- 2) Similar to Summer 2017, Comcast technicians perform a comprehensive systems assessment ensuring functionality and high levels of service and prior to the Autumn move-in.
- 3) Working with Residential Life, review and improve resident communications and resources regarding service interruptions prior to the Autumn 2018 move-in.
- 4) Through the Court 17 Residence Hall Association, request student feedback and suggestions for improvements to provided services.
- 5) As a part of the FY20 Rental Rate Proposal Process, review, update and conduct canvass during the Autumn 2018 quarter to continue to assess service interruptions and overall satisfaction.

CANVASS DATA

Figure 1 – Primary Uses

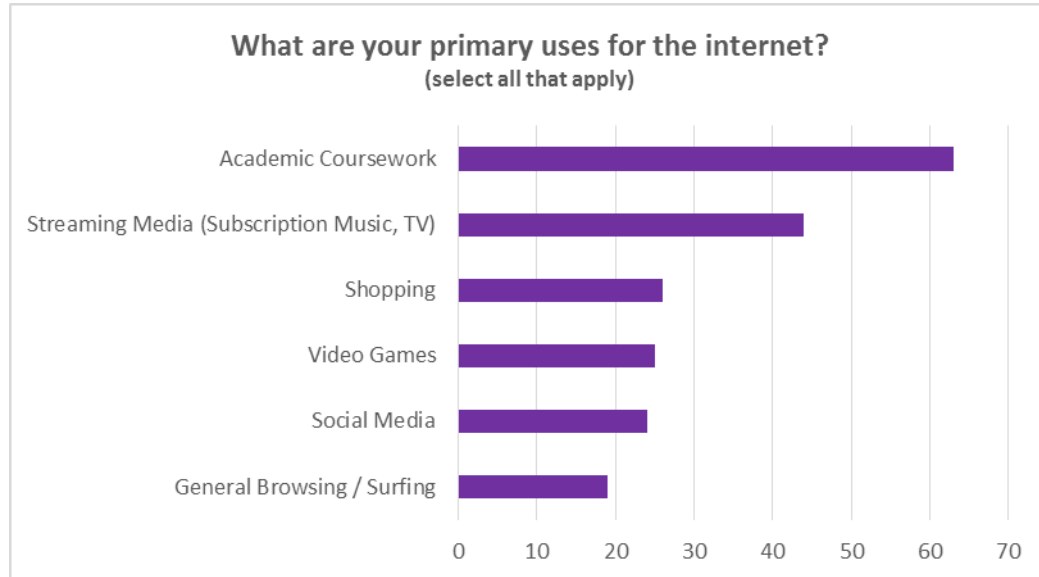


Figure 2 – Experience with Interruptions

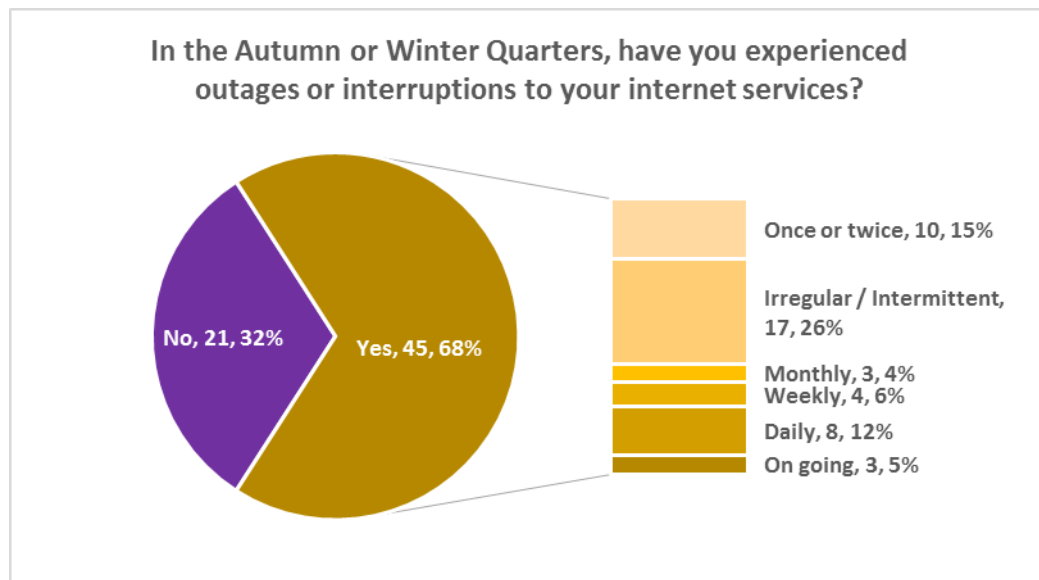




Figure 3 - Summary of Canvass Reported Service Interruptions by Frequency and Duration

	<u>Unsure</u>	<u>Momentary</u> (0-15 min)	<u>Brief</u> (15 min to 2 hours)	<u>Extended</u> (2+ hours)	Total
Once or twice	0	4	6	0	10
Irregular / Intermittent	1	7	8	1	17
Monthly	0	2	1	0	3
Weekly	0	3	1	0	4
Daily	0	6	2	0	8
On going outage	1	1	0	1	3
Total	2	23	18	2	45

	#	%
<u>Reasonable</u> Interruption infrequent and duration limited	28	62%
<u>Unreasonable</u> Interruption frequent and/or extended duration	17	38%
Total	45	100%

Figure 4 – Methods of Interruption Resolution

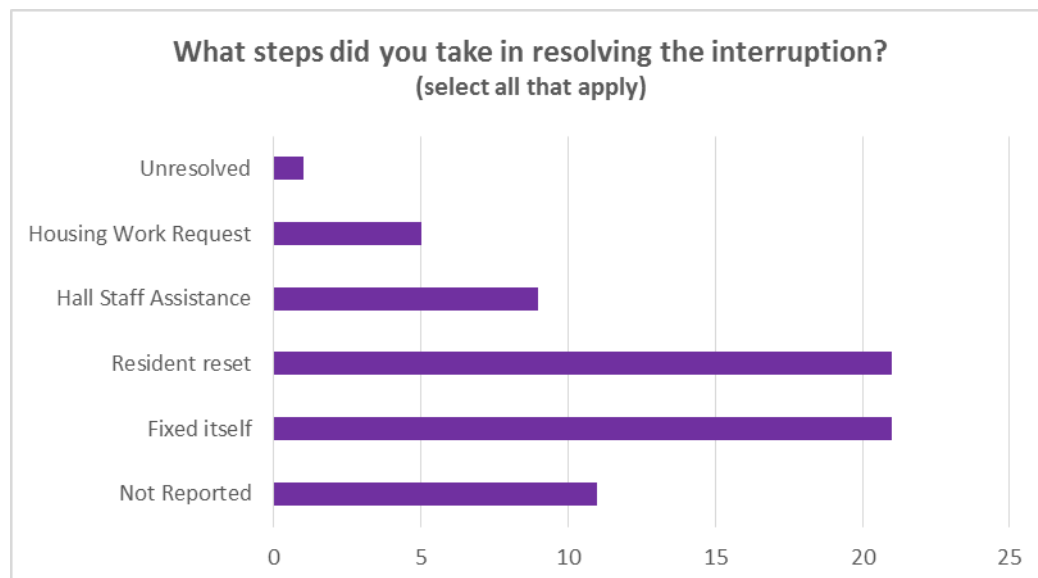
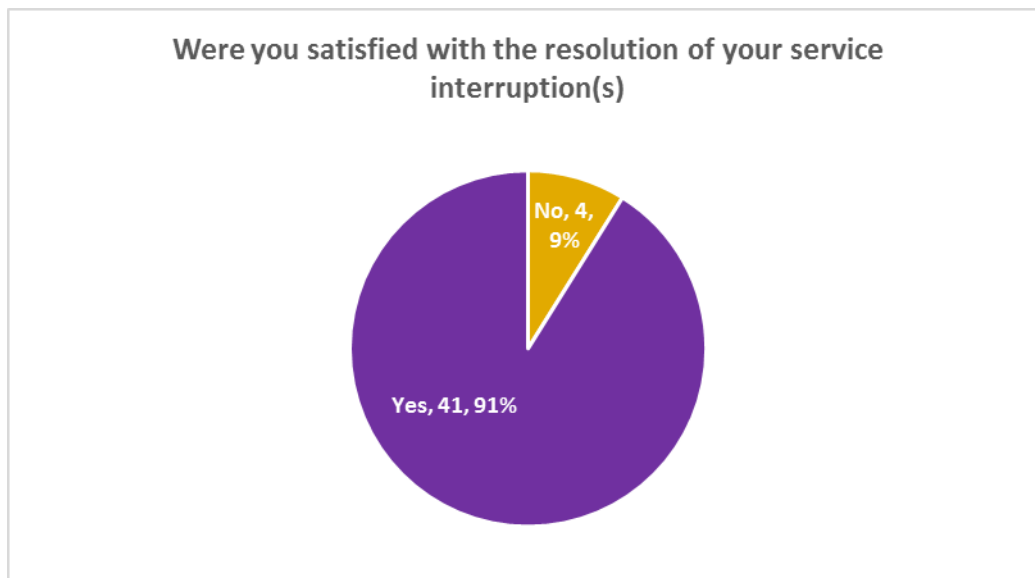


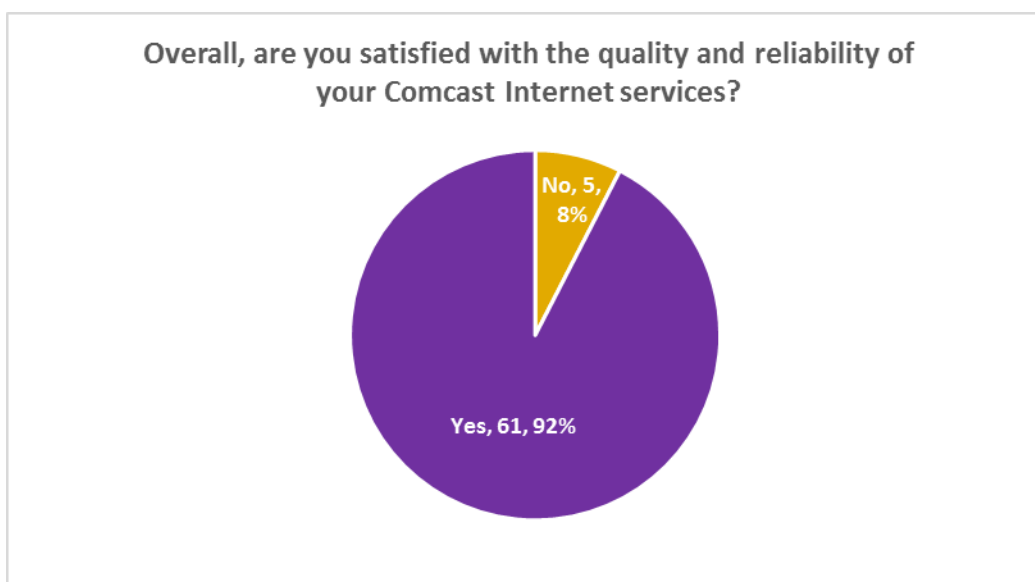
Figure 5 – Resolution Satisfaction & Feedback



If no, what feedback can you provide to assist us in improving our resolution of service interruptions?

Has not reported in 3 years.
keeps happening
Less than ideal, had faster in previous living situations
Goes out to often and at night

Figure 6 – Quality and Reliability Satisfaction & Feedback





If no, what feedback can you provide to assist us in improving the quality and reliability of your internet services?

None
Wish it was faster. Friday nights and some evenings
more reliability, faster number of residents are here present
It could be better. Wondering if they can get it replaced.
Goes to much at night

Figure 7 – Additional Comments & Feedback

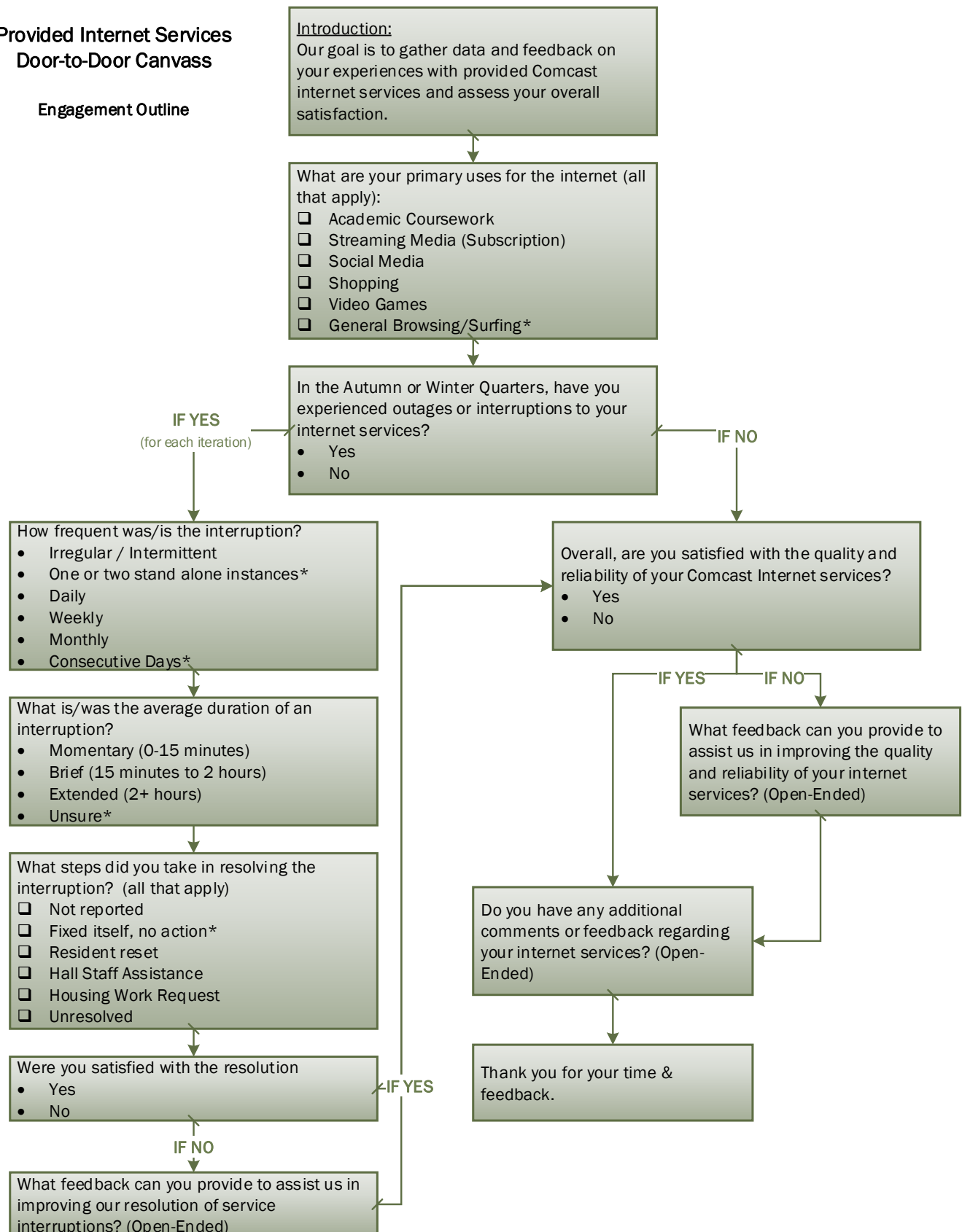
Do you have any additional comments or feedback regarding your internet services?

Alright. DNS server connection 11:30pm	No not really
at times slow	None (x12)
defintely satisfied, works well	Not at the moment.
Happy with provided internet. Mentioned that sometimes it's slow	Not really
I like it and it's pretty nice! Downloads games really quickly.	Prefer the UW WiFi but is satisfied. Slower in the back bedroom in the 2 bedroom.
It's awesome!	Really nice. Random midnight outages, but probably due to Comcast maintenance
its great	Resident reported that the hotspots also go out
Kind of slow in the morning 10-11am and nights (Friday)	slows down at later times (5-6 am)
likes it works with TV. more reliable than other floor	Sometimes it crashes while doing homework. Residents go to campus to use the UW wifi
Looking to replace equipment	Sometimes it feels overloaded
midnight outages, dont use TV services-use computer	Sometimes it resets (between midnight and 2am) on its own
Mostly fine, sometimes slow	sure
No (x10)	Thank you.
no issues since router swap.	We good
no issues since router swap.	Works for me!
no issues since work request	works its good



Provided Internet Services
Door-to-Door Canvass

Engagement Outline



* denotes response option added during process to reflect recurring/consistent student feedback

STANDING COMMITTEES

Finance and Asset Management Committee

Investment Program Annual Report and UWINCO Board Update

INFORMATION

This item is being presented for information only.

Attachment

Investment Program Update, May 10, 2018

A photograph of the University of Washington campus. In the background is the large, historic red brick building with multiple gables and windows. In the foreground, there is a green lawn and a paved path. Several people are walking on the path, and one person is riding a bicycle. Large cherry blossom trees with pink flowers are in full bloom, framing the top and sides of the image.

Investment Program Update

Report to the Board of Regents

May 10, 2018

**University of Washington Investment
Management Company**



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Annual Update – Governance Review

Key Roles and Responsibilities

Board of Regents

Sets investment policy

- Spending rate
- Strategic asset allocation
- Delegations

Appoints investment officers/ advisors

- Chief Investment Officer
- UWINCO Board Members
- Investment consultants

Reviews program

- Program oversight / accountability

UWINCO Board

Advises the CIO

- Investment planning
- Asset allocation
- Manager identification
- Market trends

Advises Board of Regents/ President

- Investment program oversight
- CIO oversight

Chief Investment Officer (CIO)

Implements investment program

- Day-to-day management
- Tactical asset allocation
- Manager appointments
- Manager terminations
- Risk management
- Research

Monitors results

- Performance reporting

Governance of the investment program is defined around clearly established roles and responsibilities.

Executive Summary

Overview

The Consolidated Endowment Fund (CEF) and Invested Funds (IF) are reviewed annually with the Board of Regents. UWINCO staff has completed an analysis of the asset allocation and the capital markets for the UWINCO Board.

Spending risk has been identified by the UWINCO Board as the biggest risk to the CEF.

Relative to both peer institutions and global market indices, the distinguishing characteristics of the CEF continue to be more emerging markets exposure and less private investments, especially natural resources. Increased tactical exposure to Emerging Markets and Private Equity is being considered.

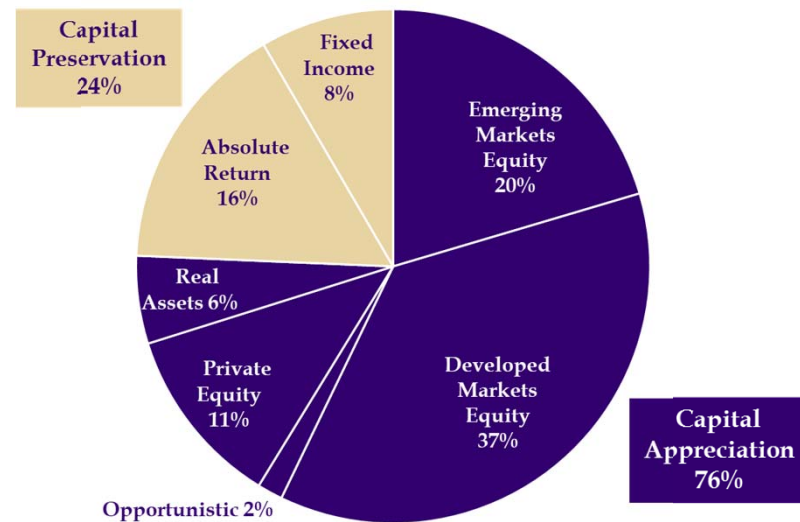
Performance

The CEF and IF returned 16.9% and 5.6%, respectively, for calendar year 2017. CEF returns have fluctuated over the past decade, with the ten-year return at 4.8%.

CEF performance relative to peers has been solid and UWINCO has consistently generated excess returns (net of fees) over a passive 70/30 benchmark.

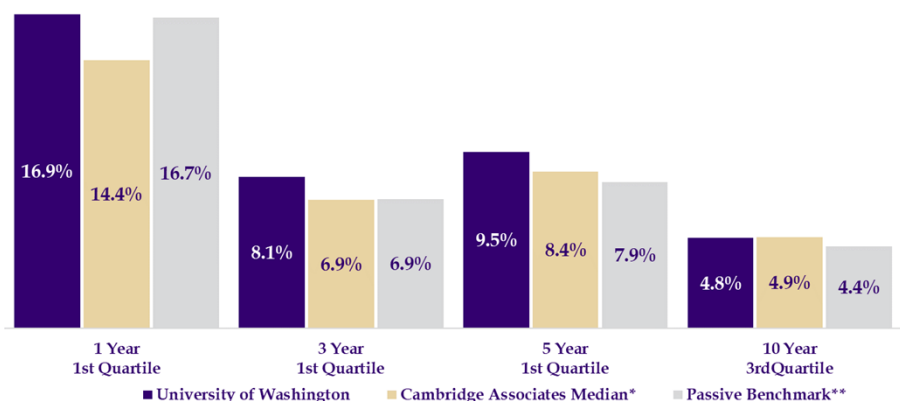
CEF Asset Allocation - \$3.4 Billion

As of December 31, 2017



CEF Performance

As of December 31, 2017



*Cambridge Associates Quarterly Survey of Public University Endowment of \$1-\$5 billion

**Passive Benchmark: 70% MSCI ACWI (Net)+30% Bloomberg Barclays (BB/BC) Intermediate Government Bond Index

UWINCO page 2

Executive Summary (cont.)

Campus Support

The CEF and IF contribute meaningfully to campus funding. Strong performance has translated into higher distributions over time.

Campus Support from Investments
As of December 31, 2017

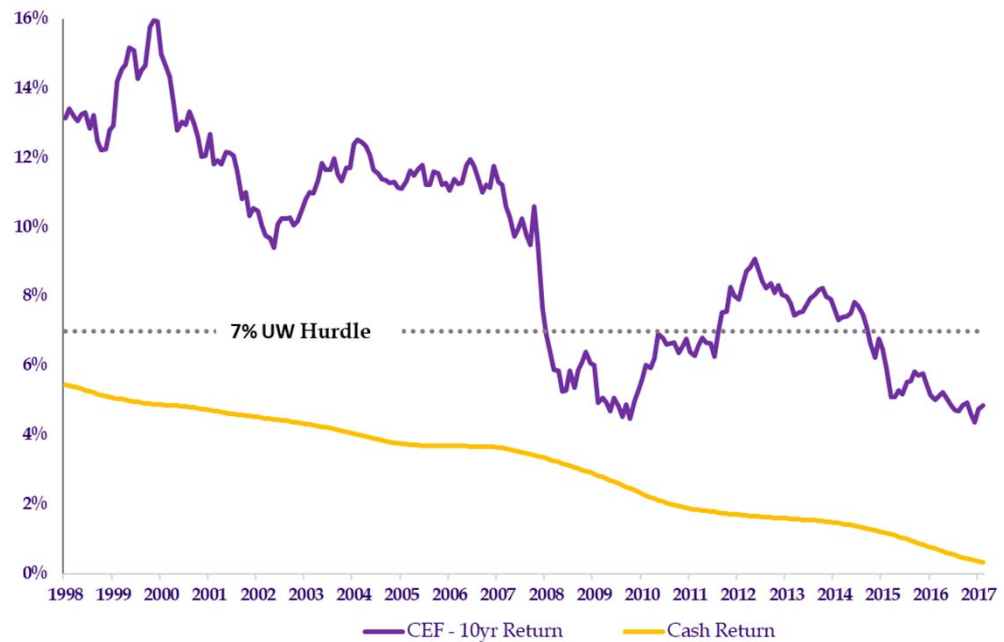
\$ = Millions	1 Year	5 Year	10 Year	20 Year
CEF Distributions to Unit Holders	\$117	\$528	\$916	\$1,445
Advancement Support from CEF	\$23	\$106	\$184	\$257
Invested Funds Distributions	\$42	\$209	\$435	\$909
Total Campus Support	\$182	\$843	\$1,535	\$2,611

Returns Trending Downward

Longer-term returns have been trending downward. Returns have dipped below the CEF's 7% spending hurdle of 5% real return plus nominal 2% inflation.

The decline in CEF returns over time is consistent with reduction in the T-bill, risk-free rate (gold line). UW and other institutional investors could earn 4%+ without assuming any risk over a decade ago. Low yields today increase the challenge (and risk) in meeting the 7% target.

CEF Rolling 10-Year Returns vs Spending Hurdle



Executive Summary (cont.)

Market Outlook

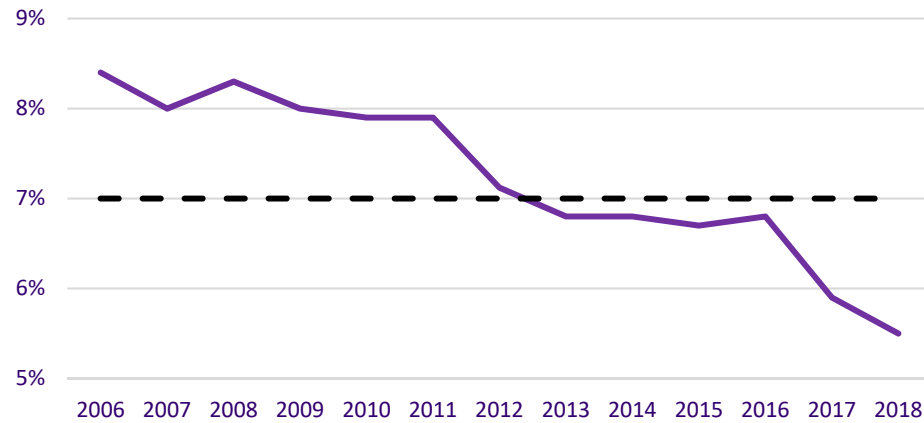
Over the next 5–7 years, UWINCO Board, UWINCO staff, and other market participants continue to project a low return environment. The CEF is forecast to return 5.5%, nearly 150bps lower than two years ago, which aligned more closely with the spending hurdle. The decrease is consistent with most consultants, banks, and peers.

The lower forecast return increases spending risk (the odds of eroding the endowment by ~\$350 million in five years) to 50%, up from 40% in 2016. Impairment risk (the probability of a real drop in endowment value over a 50-year period) has also increased to 42%.

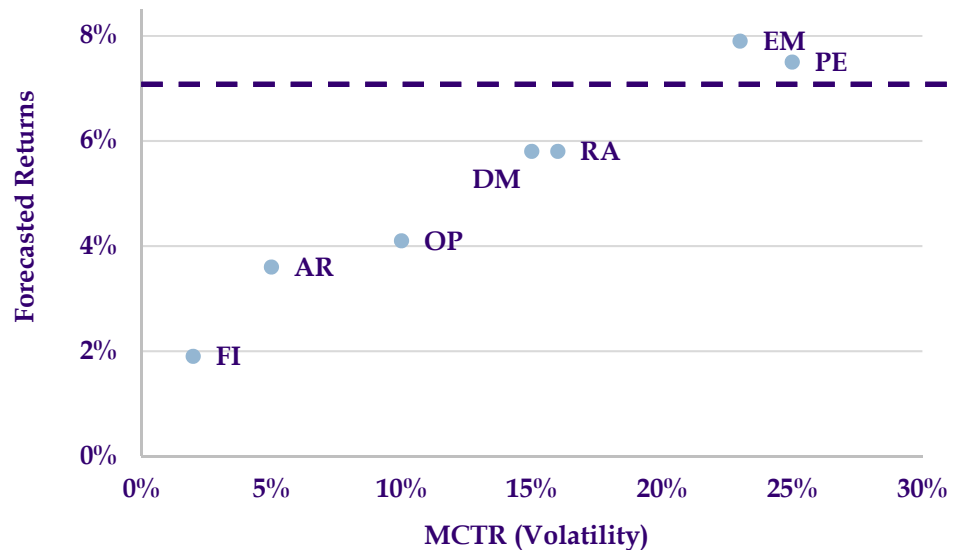
Asset Class Return / Risk

Options to increase prospective returns remain limited. Emerging Markets (EM) and Private Equity (PE) represent the only asset classes forecasted to deliver returns in excess of the CEF's 7% spending hurdle, but with greater volatility. Increased tactical exposure to these two asset classes is being evaluated.

CEF Forecasted Return vs Spending Hurdle



2018 Return / Risk Analysis



Executive Summary (cont.)

Options for Governance Consideration:

1. Increase CEF risk profile to offset forecasted return shortfall

- Valuations near peak across asset classes; potentially at top of bull market cycle; volatility rising
- Adding to EM and PE would nominally increase returns, yet still fall short of 7% spending target; would move UW peer risk from below median up to highest quartile
- UWINCO Board's Advice: Add risk cautiously over time as opportunities arise; major adjustments not prudent

2. Erode the endowment corpus

- Intergenerational equity not preserved; UPMIFA regulations require protecting purchasing power of the fund
- UWINCO Board's Advice: Take necessary steps to protect endowment corpus

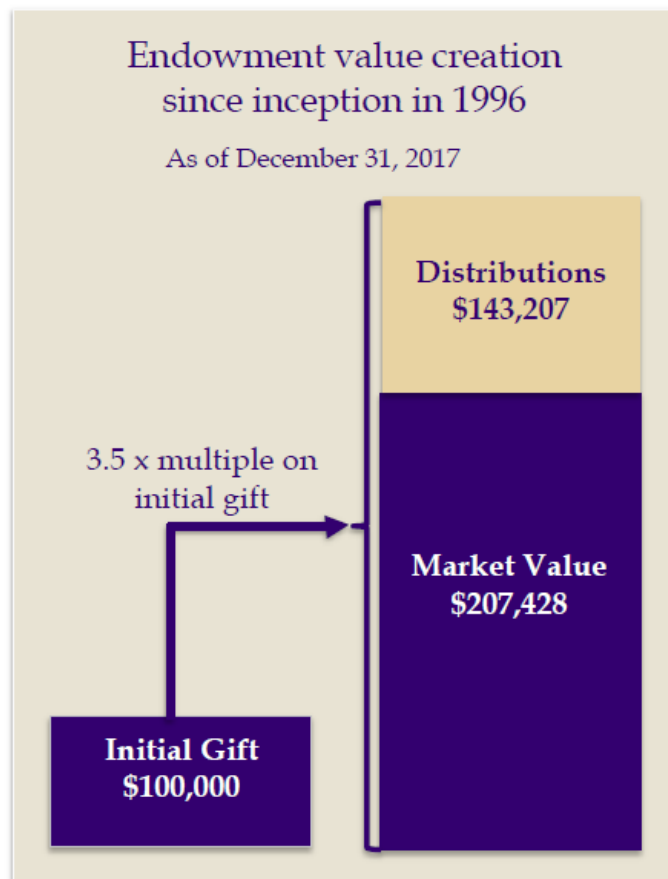
3. Reduce spending rate

- In March 2017, UWINCO Board recommended spending rate reduction from 5.0% to 4.5%; UWINCO Board re-affirmed the recommendation in March 2018 (UW Administration deferring further discussion to early 2019)
- UPMIFA regulations require consideration of the fund's "expected total return" in determining whether to distribute or accumulate the funds
- UWINCO Board's Advice: Reduce spending rate soon to manage the impact of lower forecasted returns

A hybrid approach of a spending reduction and nominally increasing risk profile is required to mitigate endowment corpus erosion.

Endowment Impact

WILLIAM P. & RUTH GERBERDING ARCS ENDOWED FELLOWSHIP GROWTH



Gerberding Beneficiary Highlights:

Currently supports two students in the medical field:

3rd year
medical student



PhD candidate in
Oral Health Sciences

Eight graduate scholars earned PhDs and launched promising STEM-area careers:

Research



1 Research
Director

Science Education



4 Professors

Medical Field



2 Professors
1 Resident

The generous \$100,000 gift from William and Ruth Gerberding invested in 1996 provided a powerful impact, distributing \$143K in fellowship support and still having a market value of double its original value.

Consolidated Endowment Fund (CEF)

As of December 31, 2017

Profile

Description: A permanent fund established through private gift funds to support the program specified by the donor.

Composition: 4,864 individual endowments which are commingled for investment purposes similar to a mutual fund.

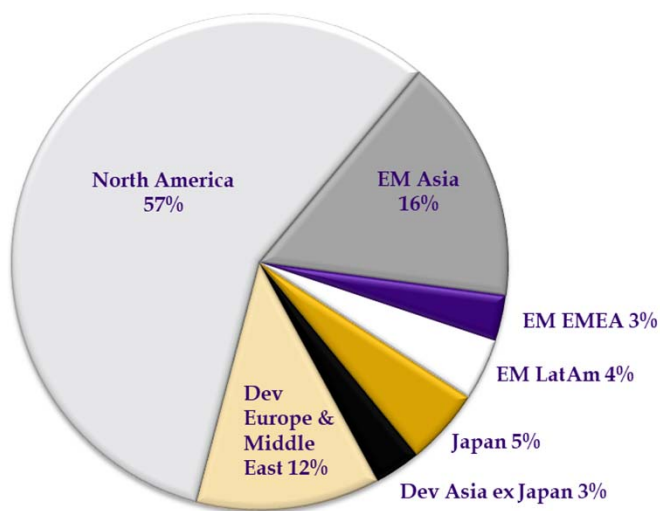
Primary Objective: To preserve the purchasing power of each endowed gift over time. This objective drives the discussion on spending policy, return requirements, long-term asset allocation and risk tolerance.

Secondary Objective: To provide a steady stream of income to support individual programs. This objective influences the spending formula used in calculating the income distribution.

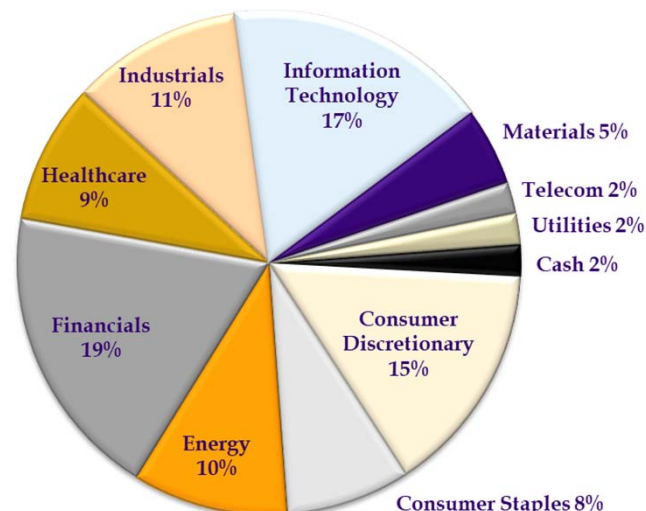
Asset Allocation

Current Allocation			Policy	
	(\$ = Millions)		Target	Range
Emerging Markets Equity	\$686	20%	17%	
Developed Markets Equity	1,235	37%	30%	
Private Equity	383	11%	15%	
Real Assets	185	6%	5%	
Opportunistic	54	2%	3%	
Capital Appreciation	\$2,543	76%	70%	55% - 85%
Absolute Return	535	16%	19%	
Fixed Income	283	8%	11%	
Capital Preservation	\$818	24%	30%	15% - 45%
Total CEF	\$3,361	100%		

Geographic Exposure



Equity Sector Exposure

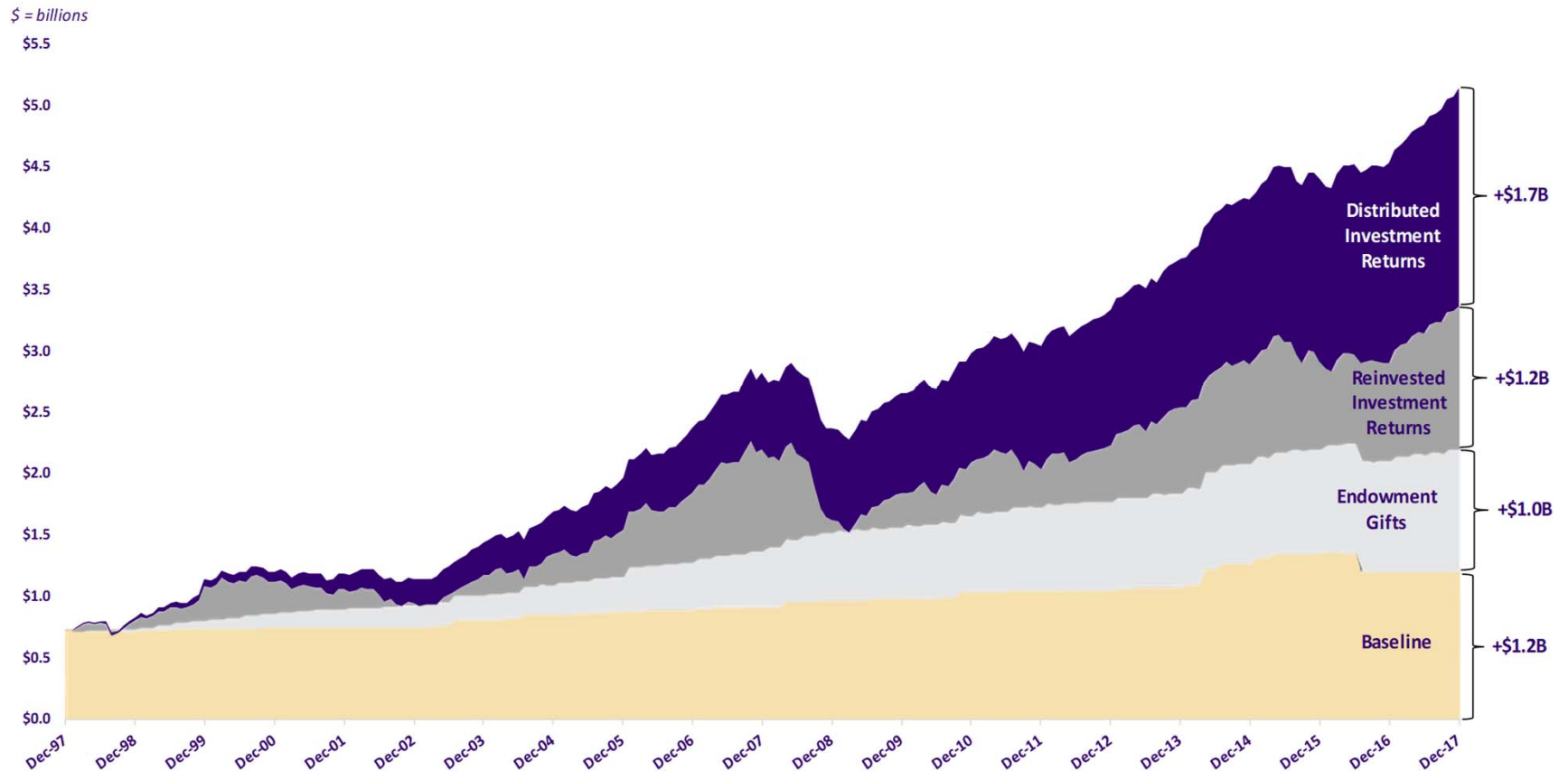


UWINCO page 7

CEF Performance

Campus Distributions & Contributors of Endowment Growth over Last 20 Years

As of December 31, 2017



In addition to the CEF market value of \$3.4 billion, cumulative distributed investment returns (purple area) over the past 20 years total \$1.7 billion.

CEF Performance

Returns and Risk

As of December 31, 2017

CEF Current Value \$3.4 Billion		3 Year	5 Year	10 Year	20 Year
RETURN %	Total CEF Return (%)	8.1%	9.5%	4.8%	8.0%
	Policy Benchmark	7.1%	8.7%	5.6%	7.1%
	Passive Benchmark ¹	6.9%	7.9%	4.4%	5.8%
	Peer Quartile Ranking ²	1st	1st	3rd	1st
RETURN (\$ M)	Total CEF Cash Return	\$715	\$1,270	\$1,305	\$2,687
	Less: Passive Returns	(624)	(1,065)	(1,160)	(2,084)
	Less: UWINCO Fee	<u>(17)</u>	<u>(26)</u>	<u>(46)</u>	<u>(69)</u>
	Net Active Management Contribution	\$73	\$178	\$99	\$533
RISK	CEF Sharpe Ratio³	1.4	1.8	0.6	0.7
	Policy Benchmark Sharpe Ratio ³	1.3	1.7	0.6	0.6

¹ 70% MSCI ACWI (Net) + 30% Bloomberg Barclays (BB/BC) Intermediate Government Bonds Index

² Cambridge Associates Public Colleges and Universities reporting with endowments between \$1 billion and \$5 billion

³ The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance. All figures reflect cash accounting.

CEF performance has been solid. UW is a top-quartile performer over most periods relative to public peers. Active management has generated significant incremental dollars for CEF and campus.

Invested Funds (IF)

As of December 31, 2017

Profile

Description: Locally generated operating and capital reserves of the University.

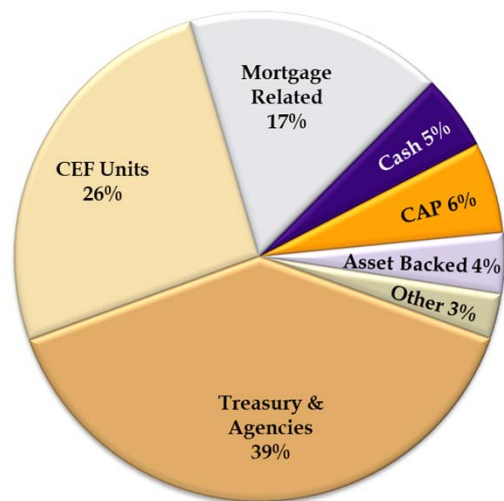
Composition: Institutional funds (40%) and funds on deposit by campus departments (60%).

Financial Objective: To meet the day-to-day financial obligations of the University as they come due. Access to funds on demand under normal conditions.

Investment Objectives: To achieve investment returns above those of money market instruments.

Liquidity Objective: Provide strong liquidity levels to maintain flexibility and permit cost effective issuance of debt.

Mix of Investments



Fund Allocation By Pool (\$ = Millions)

	Fund Allocation		Range	Duration (yrs)	
	MV	%		Actual	Maximum
Short-term Pool ¹	\$1,237	51%	10%-40%	1.2	3.0
Intermediate-term Pool	413	17%	25%-60%	3.1	5.0
Long-term Pool ²	646	27%	15%-45%		
IF excluding CAP	\$2,297	94%			
Capital Assets Pool ³	138	6%	0%-15%		
Total Invested Funds	\$2,435	100%			

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.

³ Capital Assets Pool (CAP) consists of UW internally financed projects.

Risk and Return

	1 Year	3 Year	10 Year	20 Year
IF Return including LTP¹	5.6%	3.1%	2.6%	4.9%
Money Market Funds ²	0.8%	0.4%	0.3%	2.0%
Policy Benchmark	4.9%	2.5%	2.8%	4.8%
IF Return excluding LTP	1.6%	1.3%	2.1%	3.8%
Policy Benchmark	0.5%	0.8%	2.0%	3.6%
LTP Return Contribution (\$M)	\$96	\$145	\$267	\$581
IF incl LTP Sharpe Ratio	6.86	1.39	0.93	1.09
Policy Benchmark Sharpe Ratio	4.77	0.91	0.97	1.10

¹ Long-term Pool consists of CEF units and are included in the CEF market value.

² Money Market Funds represented by the 3 month Tbill

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Deferred Gift Assets Program

As of December 31, 2017

Profile

Description: UW planned giving and outside endowment portfolios managed by Kaspick & Co, a leading provider in gift administration and Life Income Trust asset management.

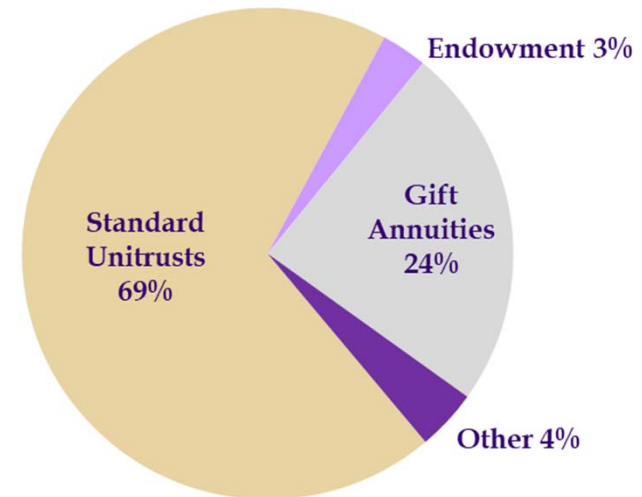
Composition: 110 separately managed donor portfolios totaling \$114.5 million. Six types of investment allocations balance growth and income.

Primary Objective: To meet the payout requirement of the gift instrument.

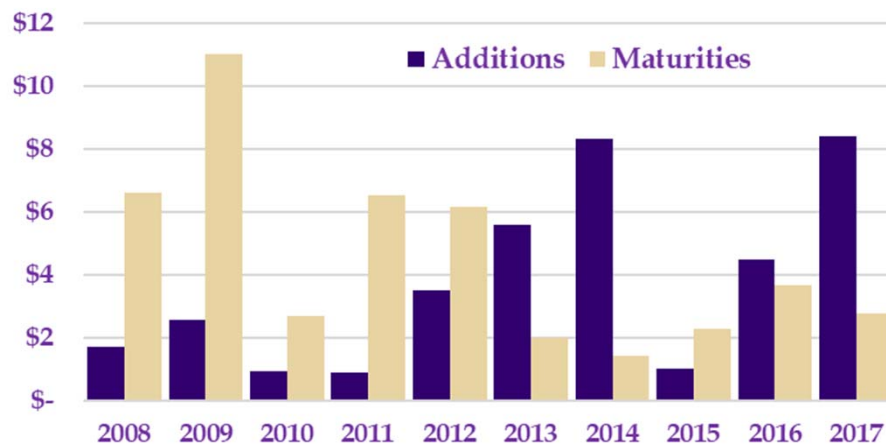
Secondary Objective: To maximize the expected real value of the residual trust to benefit the University with an appropriate level of risk given the primary objective.

Investment Objective: To achieve competitive risk-adjusted returns as measured against both multi-asset and traditional benchmarks.

Portfolio Type



Additions and Matured Gifts (\$ = Millions)



Deferred Gift Assets Returns

	1 Year	3 Year	10 Year	20 Year
Kaspick Growth UW	15.6%	6.9%	5.7%	7.4%
Multi-asset Benchmark	14.7%	7.3%	5.8%	6.9%
60/40 Traditional Benchmark	13.6%	7.6%	6.7%	6.4%

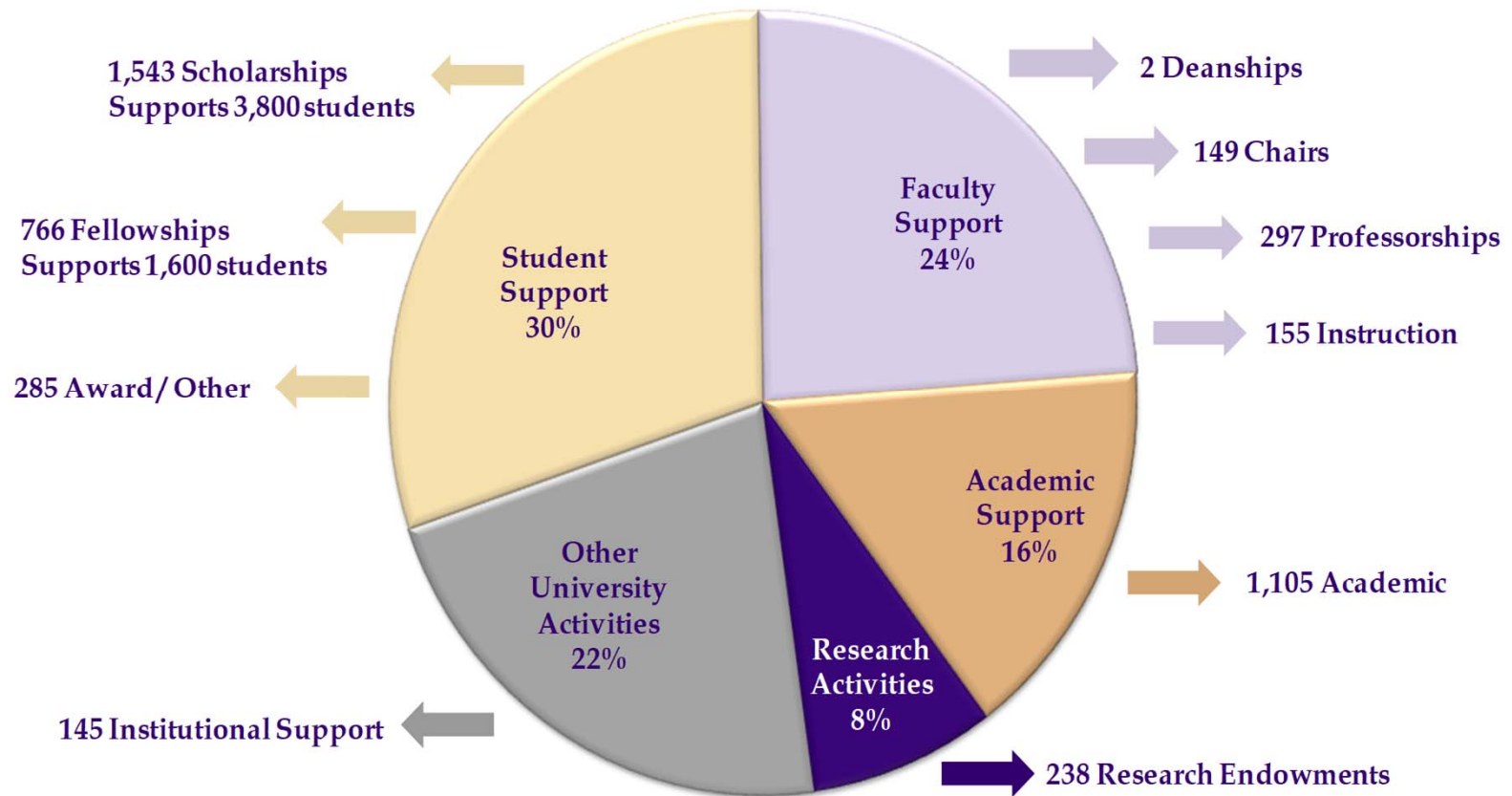
Background: Out of the 6 investment allocations offered by UW through TIAA Kaspick, the Growth Composite Portfolios are the most common representing 66% of the total UW donor assets managed and 74% of the 110 UW donor portfolios.

Appendices



Appendix – Endowment Impact

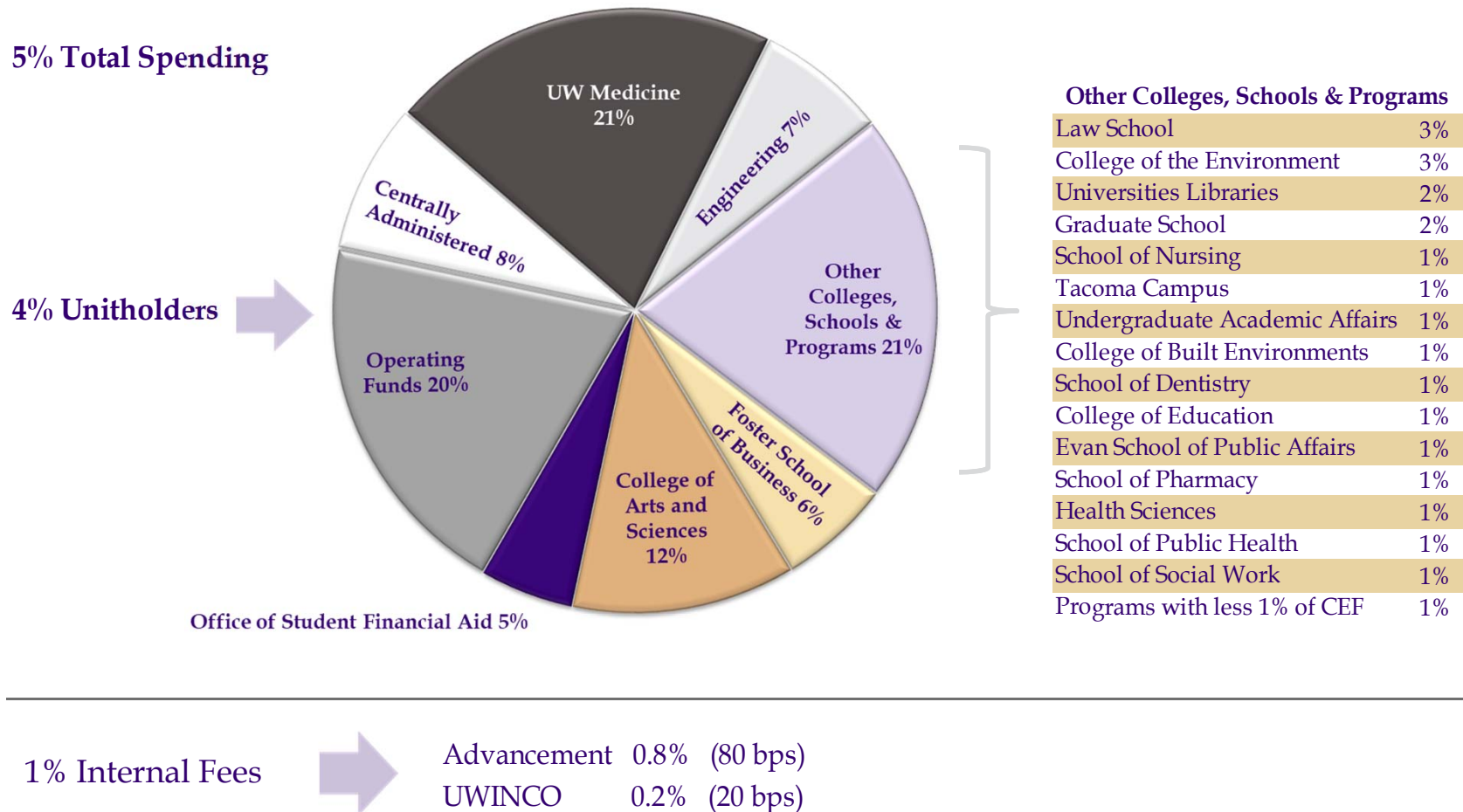
FY 2017 Endowment Impact



Distributions supporting campus unit holders totaled \$916 million over the past decade. Despite representing a small percentage of total UW operating revenues, distributions remain a critical funding source for beneficiaries.

Appendix – Endowment Support

FY 2017 Endowment Support by Unit and Purpose



Appendix - CEF Cash Flows

As of December 31, 2017

CEF Activity and Campus Support

CEF Activity

(\$ = millions)	Fiscal Years			Rolling Years			
	FYTD 2018	2017	2016	3 Year	5 Year	10 Year	20 Year
Beginning Balance	\$3,144	\$2,968	\$3,076	\$2,889	\$2,226	\$2,192	\$705
Endowment Gifts	46	87	89	244	375	720	1,246
Transfers	4	15	23	44	61	96	195
Operating Funds Transactions	(0)	(163)	(25)	(107)	90	195	299
Total Additions	\$50	(\$61)	\$88	\$181	\$526	\$1,010	\$1,740
Net Investment Return	241	378	(55)	715	1,270	1,305	2,687
Distributions to Unit Holders	(59)	(113)	(113)	(339)	(528)	(916)	(1,445)
Internal Fees							
Advancement (80 bps)	(12)	(23)	(23)	(68)	(106)	(184)	(257)
UWINCO (20 bps)	(3)	(6)	(6)	(17)	(26)	(46)	(69)
Ending Balance	\$3,361	\$3,144	\$2,968	\$3,361	\$3,361	\$3,361	\$3,361

Campus Support From Investments

CEF Distributions to Unit Holders	\$59	\$113	\$113	\$339	\$528	\$916	\$1,445
Advancement Support from CEF	12	23	23	68	106	184	257
Invested Funds Distributions*	0	42	50	134	209	435	909
Total Campus Support	\$71	\$177	\$185	\$541	\$843	\$1,535	\$2,611

*Invested Funds Distributions are made annually in June.

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Appendix - Spending

As of June 30, 2017

CEF Spending Update

(\$ = 000's)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Beginning Market Value	2,111,332	2,346,693	2,832,753	3,076,226	2,968,013
Distributions to Unit Holders ¹	87,492	93,778	105,279	112,880	112,818
Distributions as a % of UW Revenues ²	2.5%	2.5%	2.9%	3.2%	2.7%
Effective Spending Rate excluding Fees	4.1%	4.0%	3.7%	3.7%	4.0%
Internal Fees ³	4,374	4,689	5,303	5,644	5,641
UW Effective Spending Rate including Fees	5.2%	5.0%	4.6%	4.6%	5.0%
Peer Effective Spending Rate including Fees ⁴	4.8%	4.7%	4.4%	4.6%	5.0%
Total CEF Return	13.5%	15.8%	6.8%	-1.6%	13.6%

Fiscal Year Additions

Period	Additions Excluding LTP Purchases	Additions as a % of Beginning Market Value
FY 2013	53,929	2.6%
FY 2014	78,721	3.4%
FY 2015	59,978	2.1%
FY 2016	112,686	3.7%
FY 2017	101,629	3.4%

Per Unit Distributions

Period	Annual Payout	% Change from Prior Year
FY 2013	\$3.06	0%
FY 2014	\$3.12	2%
FY 2015	\$3.21	3%
FY 2016	\$3.31	3%
FY 2017	\$3.38	2%

¹ Actual distributions are administered on a quarterly and per unit basis. New gifts are added quarterly and receive payouts at the next distribution date.

² UW Revenues excludes discrete component unit including health care

³ Internal fees support Advancement (80 bps) and Investments (20 bps).

⁴ Data collected by Cambridge Associates Colleges and Universities Annual Survey

CEF spending has been comparable to peers since the 2010 policy change.

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Appendix - CEF Performance

Annual Returns by CEF Asset Class For the calendar years ending December 31

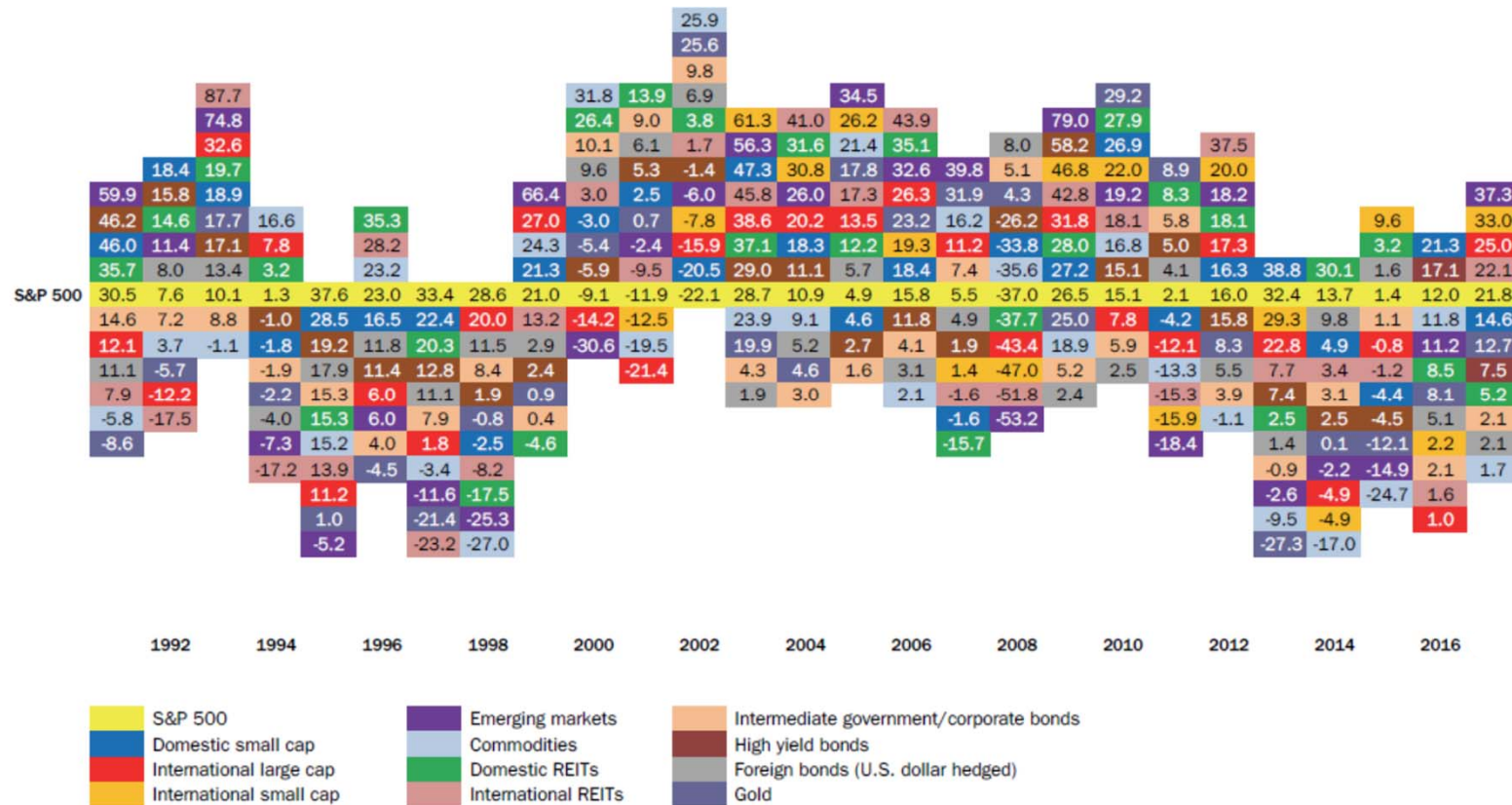
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10 Years (Annualized)
Best Absolute Performance ↓ Worst Absolute Performance	Fixed Income -2.9%	Emerging Equity 71.4%	Emerging Equity 26.5%	Real Assets 10.7%	Emerging Equity 21.1%	Developed Equity 29.0%	Real Assets 20.7%	Private Equity 14.0%	Opportunistic* 19.4%	Emerging Equity 41.8%	Private Equity 8.3%
	Private Equity -4.4%	Developed Equity 25.9%	Developed Equity 12.9%	Private Equity 9.4%	Opportunistic* 18.9%	Opportunistic* 25.7%	Private Equity 15.7%	Opportunistic* 6.0%	Private Equity 10.1%	Developed Equity 17.6%	Emerging Equity 5.8%
	Real Assets -22.9%	Absolute Return 24.2%	Absolute Return 10.7%	Fixed Income 1.6%	Developed Equity 16.1%	Real Assets 15.0%	Opportunistic* 8.9%	Absolute Return 2.6%	Developed Equity 8.0%	Real Assets 15.6%	Developed Equity 5.3%
	Absolute Return -23.0%	Fixed Income 2.2%	Private Equity 10.1%	Absolute Return 1.5%	Private Equity 15.9%	Private Equity 12.1%	Developed Equity 6.6%	Fixed Income 1.0%	Real Assets 6.8%	Opportunistic* 12.1%	Absolute Return 4.0%
	Developed Equity -38.3%	Private Equity -7.2%	Fixed Income 2.5%	Opportunistic* -0.6%	Absolute Return 6.8%	Absolute Return 9.5%	Emerging Equity 6.3%	Developed Equity -0.9%	Emerging Equity 5.2%	Private Equity 10.2%	Real Assets 2.3%
	Emerging Equity -52.0%	Real Assets -13.2%	Real Assets 0.1%	Developed Equity -4.6%	Real Assets 4.9%	Emerging Equity 5.1%	Absolute Return 6.3%	Emerging Equity -1.0%	Absolute Return 4.5%	Absolute Return 3.7%	Fixed Income 1.3%
	* Opportunistic strategy added 7/1/2010			Emerging Equity -15.3%	Fixed Income 1.4%	Fixed Income 1.0%	Fixed Income 2.7%	Real Assets -6.2%	Fixed Income 1.2%	Fixed Income 2.1%	NM -Opportunistic strategy added 7/1/2010
CEF	-27.5%	14.0%	11.7%	-1.5%	12.2%	14.9%	8.3%	1.2%	7.0%	16.9%	4.8%

Private Equity and Emerging Markets strategies drove CEF performance over the past 10 years.

Appendix - Capital Markets

As of December 31, 2017

Performance of Diversifying Asset Classes Relative to S&P 500 (1991-2017)



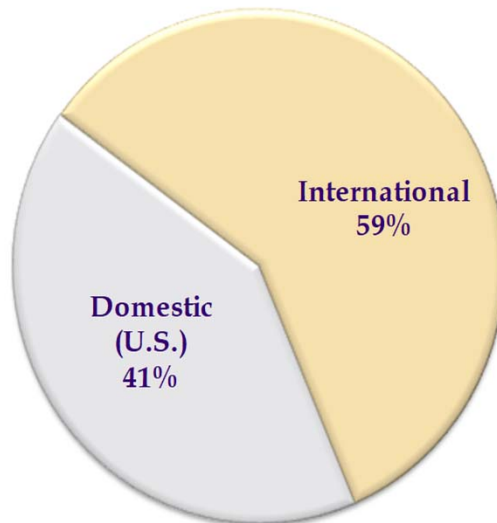
Sources: TIAA Kaspick

S&P 500 (yellow highlight) has exhibited periods of both out- and under-performance, demonstrating the long-term benefits of diversification.

Appendix - Capital Markets

As of December 31, 2017

Share of Capital Markets



Domestic (U.S.)

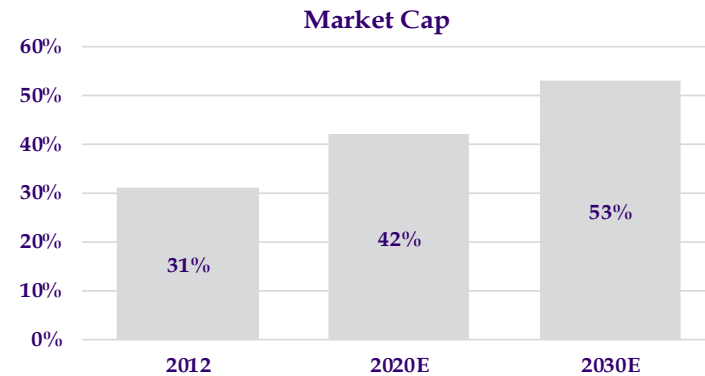
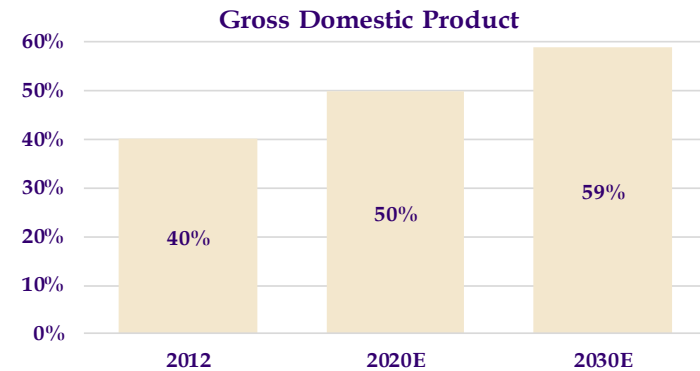
Equity	17%
Private Equity	2%
Fixed Income	12%
Real Assets	<u>10%</u>
Total	<u>41%</u>

International

Developed Equity	12%
Emerging Equity	6%
Private Equity	0%
Developed Fixed Income	15%
Emerging Fixed Income	2%
Real Assets	<u>23%</u>
Total	<u>59%</u>

Sources: Wellington and LaSalle

Emerging Markets Share of World



Source: Goldman Sachs

Over the last decade, the US relative share of global capital markets decreased from 62% to 41%. Emerging markets' share is anticipated to rise substantially and could overtake developed markets by 2030.

STANDING COMMITTEES

Finance and Asset Management Committee

Comparative Performance and Asset Allocation

INFORMATION

This item is being presented for information only. Max Senter from Cambridge Associates will provide an independent review of the University of Washington's investments.

Attachment

Comparative Performance and Asset Allocation: University of Washington – Board of Regents, May 10, 2018



Comparative Performance and Asset Allocation

University of Washington—Board of Regents

May 10, 2018

ATTACHMENT

F-10.1/205-18

5/10/18

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CAMBRIDGE



ASSOCIATES

Performance has been strong vs. Policy and Passive portfolios

As of December 31, 2017

UW CEF Relative Performance

For Periods Ending December 31, 2017

CEF Total Return

Policy Benchmark¹

Passive Benchmark²

1 Year	3 Year	5 Year	10 Year
16.9%	8.1%	9.5%	4.8%
15.2%	7.1%	8.7%	5.6%
16.7%	6.9%	7.9%	4.4%

Excess Return vs. Policy Benchmark

Excess Return vs. Passive Benchmark

+1.7%	+1.0%	+0.8%	-0.7%
+0.2%	+1.2%	+1.6%	+0.4%

¹ Policy benchmark subject to change until HFRI index is finalized

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

Performance has been strong vs. Peer Portfolios

As of December 31, 2017

UW CEF Relative Performance

Peer Comparisons from Cambridge Associates

For Periods Ending December 31, 2017

CEF Total Return

1 Year	3 Year	5 Year	10 Year
16.9%	8.1%	9.5%	4.8%

Top 50 Peer Median¹

14.2%	7.3%	8.9%	5.3%
1st	1st	2nd	4th

UW Quartile

\$1-5B Public Peer Median²

14.8%	7.1%	8.5%	4.9%
1st	1st	1st	3rd

UW Quartile

¹ Forty-five of the largest 50 college and university endowments

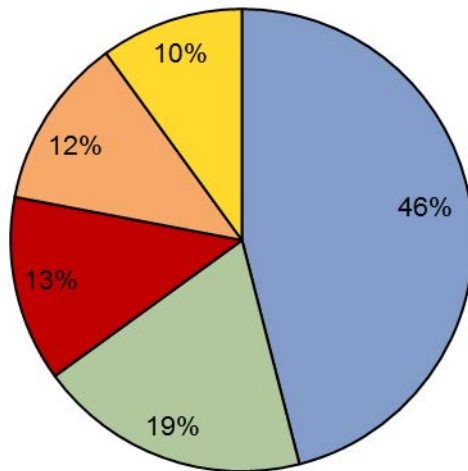
² Twelve of the fourteen public colleges and universities with \$1-5b endowments

Endowment Asset Allocation Comparison

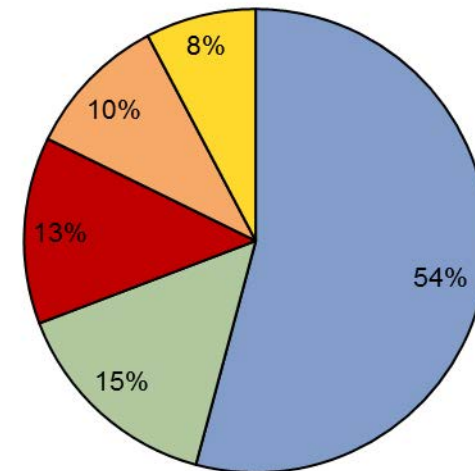
Public Colleges & Universities Between \$1 - \$5 Billion Endowment. As of December 31, 2017

- Alternative investments - hedge funds, private investments, and real assets - make up approximately 45% of a typical endowment portfolio.
- Traditional investments of public equity, bonds, and cash make up almost 55% of a typical endowment portfolio.
- In comparison, the University's endowment holds more in traditional investments and less in alternative assets.

Public \$1 to \$5 Billion



University of Washington



■ Global Equity
 ■ Hedge Funds
 ■ Private Equity
 ■ Real Assets
 ■ Bonds & Cash

Note: May not sum to 100% due to rounding.

Hedge Funds include Long-Short Hedge Funds, Absolute Return, and Distressed Securities.

Private Investments include Venture Capital, Non-Venture Private Equity, and Other Private Investments.

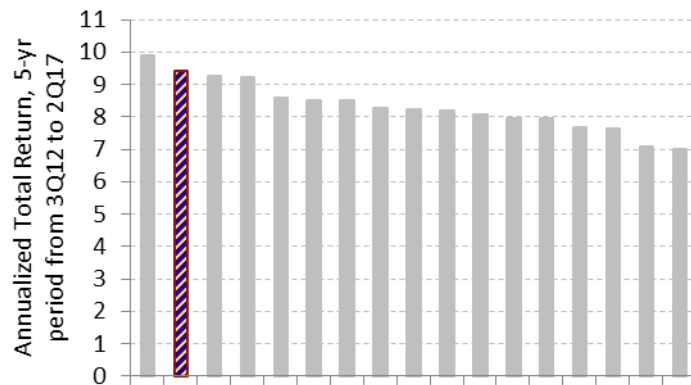
Real Assets include Public Real Estate, Private Real Estate, Commodities, Inflation-Linked Bonds (TIPS), Private Oil & Gas/Natural Resources, Timber, and Public Energy/Natural Resources.

Bonds include U.S. Bonds, Global ex U.S. Bonds, and High-Yield Bonds.

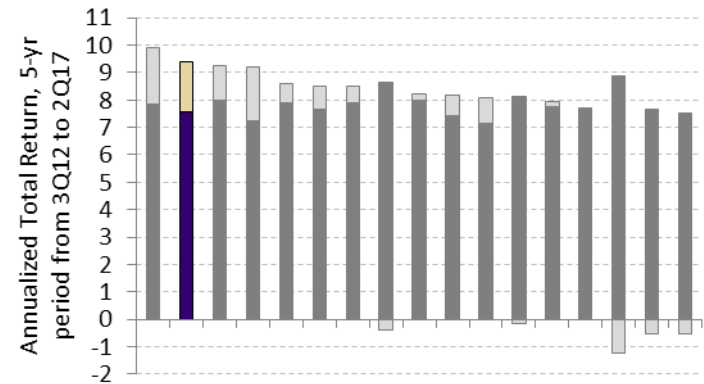
- ◆ Relative to peers UW has distinguished itself through portfolio implementation
- ◆ Implementation primarily refers to manager selection and regional investing
- ◆ Performance has been particularly strong within Emerging Markets
- ◆ UW has achieved high returns with less risk than peers

As of June 30, 2017

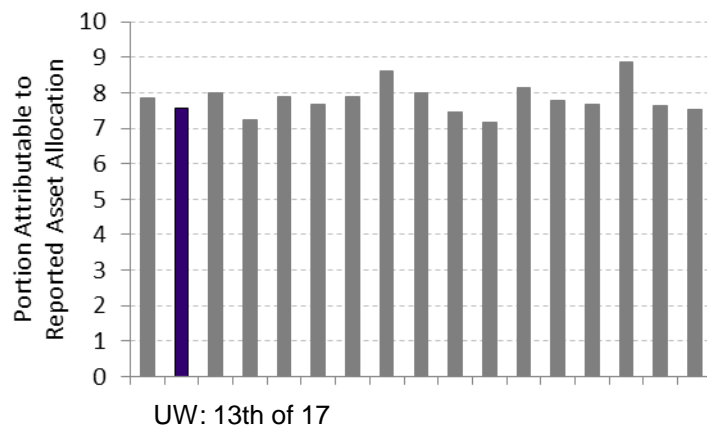
◆ Total Returns: UW ranked 2nd of 17



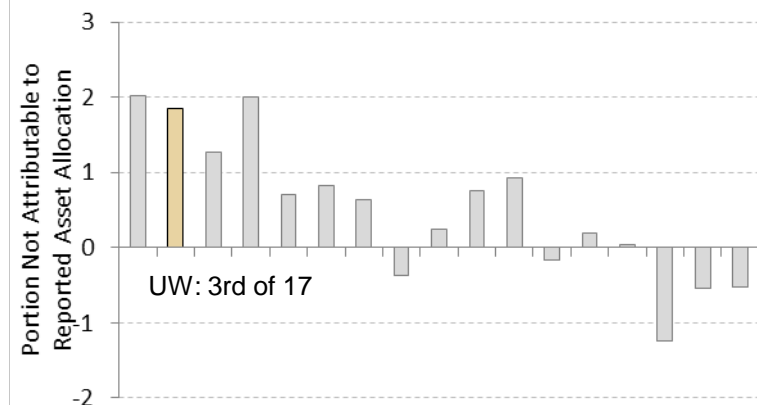
◆ Asset Allocation vs. Implementation



◆ *Asset Allocation* drove overall performance...

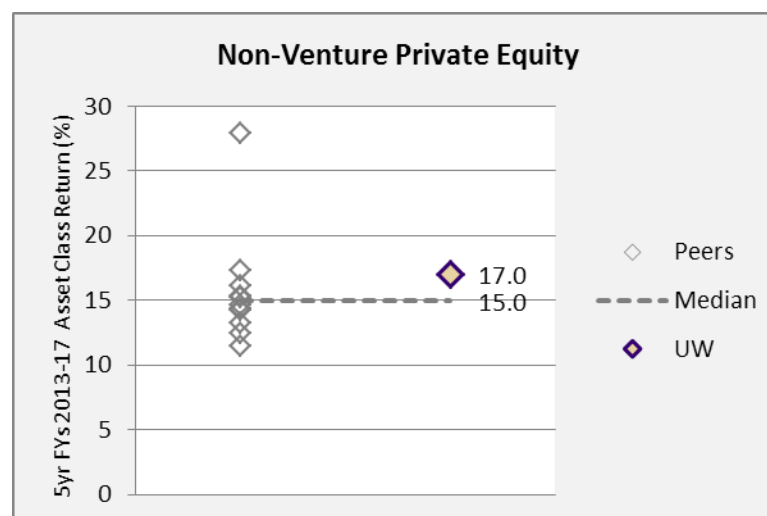
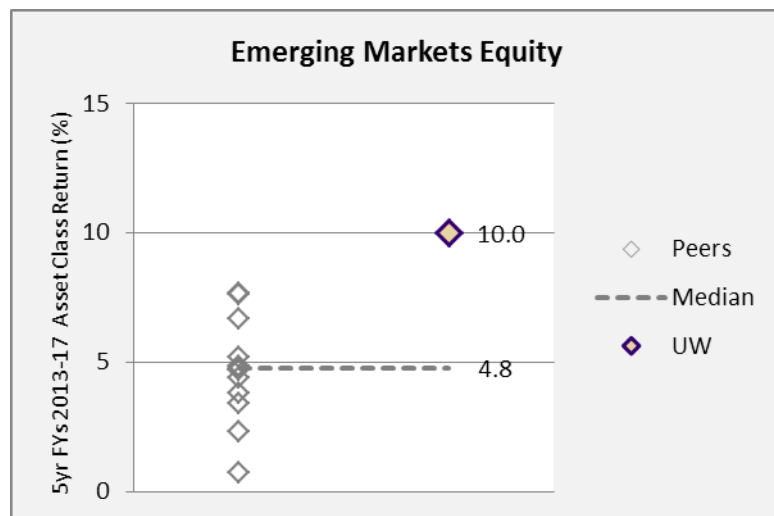
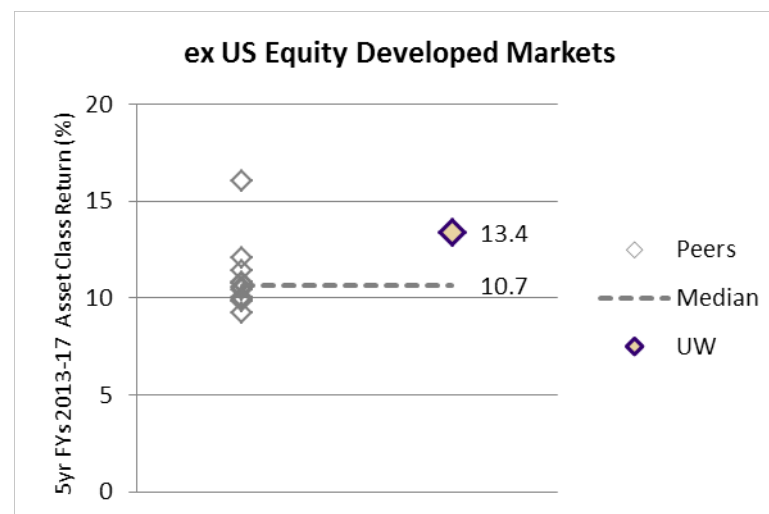
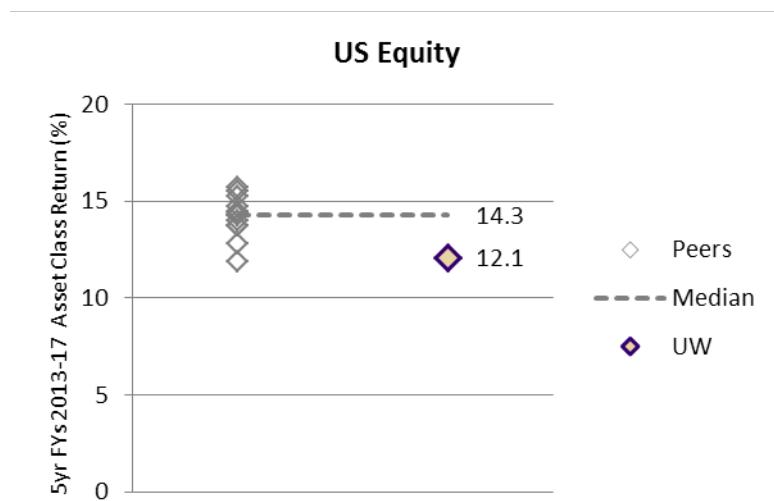


◆ But *Implementation* drove peer-relative performance



Asset Class Performance – Strong excess returns from Emerging Markets

As of June 30, 2017



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BOARD OF REGENTS MEETINGPreliminary FY19 Operating BudgetINFORMATION

It is the recommendation of the administration that the Board of Regents—pursuant to its authority under RCW 28B.20.130, the Bylaws of the Board of Regents, and the Board of Regents Standing Order No. 1—consider as preliminary the fiscal year 2019 (FY19) operating budget for the University of Washington. The preliminary FY19 operating budget is presented in the attached document, which includes tuition rate recommendations for FY19.

In this information item, the Board of Regents, in its sole and independent discretion:

1. Reviews the preliminary FY19 operating budget;
2. Considers preliminary tuition rate recommendations for the 2018-19 academic year for all tuition categories except resident undergraduate tuition;
3. Affirms that the Board of Regents has delegated authority to the President and Provost to implement certain academic fee increases that are consistent with limitations that the Board has specified, and are reasonable and necessary; and,
4. Considers preliminary proposed changes to the tuition and fees in the context of a cost of attendance appendix item.

BACKGROUND

This information item presents the University's preliminary operating budget for FY19, which begins on July 1, 2018 and ends of June 30, 2019. The FY19 operating budget includes proposed tuition rates and is presented as one comprehensive draft for discussion.

In response to feedback from Regents regarding the University's FY17 operating budget, the University's FY18 operating budget provided more information and context for every area of the budget, including budget oversight and policies. This preliminary FY19 operating budget builds on the improvements made in the FY18 budget and by refining the presentation of information and the methodology used to make budget projections. The preliminary FY19 operating budget includes:

- An introduction from the Provost;

BOARD OF REGENTS MEETING

Preliminary FY19 Operating Budget (continued p. 2)

- An overview of the University's mission and commonly-cited facts;
- An executive summary of the University's overall preliminary FY19 operating budget;
- Background information to provide context for the University's current budget challenges and proposals;
- An overview of the processes and policies that guide the University's careful management and distribution of resources;
- Details regarding expected revenue and proposed expenditures and fund uses for the General Operating Fund and Designated Operating Fund, which are known together as the University's "Core Operating Budget;"
- Preliminary tuition and financial aid recommendations for the 2018-19 academic year; and
- Preliminary budget information for:
 - Auxiliary activities, including projected revenue, expenditures, and ending balances for FY19;
 - UW Medicine, including preliminary FY18 financial results and target operating margins for FY19;
 - Gift income and endowment distribution projections for FY19; and,
 - Sponsored research activity, including expense projections for FY18 and FY19.

The University's preliminary FY19 operating budget will be modified, based on feedback and updated information, and will be presented as an action item at the Board's June meeting.

Attachments

1. Preliminary Operating Budget: Fiscal Year 2019
2. Preliminary FY19 Operating Budget (PowerPoint slides)
3. Preliminary 2018-19 Cost of Attendance for First-Year UW Undergraduates

UNIVERSITY *of* WASHINGTON
OFFICE OF PLANNING & BUDGETING

PRELIMINARY OPERATING BUDGET

Fiscal Year 2019



INTRODUCTION FROM THE PROVOST

The University of Washington's preliminary fiscal year 2019 (FY19) operating budget represents many months of collaboration among deans, faculty, students, and staff along with executive and other academic leadership. With my upcoming retirement in June, this budget also represents my final budget as Provost.

Budgets are strategy put into practice. One of my goals, as Provost, has been to provide creative, equitable solutions that balance resource constraints with short- and long-term University needs and priorities. This year, I posed two core questions to the leaders of schools, colleges, campuses, and administrative units for annual reviews: (1) What is the academic or programmatic vitality of your unit, and (2) what is the fiscal vitality of your unit? I have reiterated that any provost and any unit leader should know the answers to these questions and be actively using those answers for strategic planning.

In developing this year's operating budget, we have faced, head-on, financial shortfalls in vital areas such as compensation, building maintenance, and technological and physical infrastructure. Unfortunately, our ability to close these gaps is hindered by the fact that state appropriations are still well below pre-recession levels, and revenues from other key sources are restricted in use, or constrained in other ways. Such resource constraints demand difficult conversations that assess the alignment of current operations and funding levels with the University's priorities and mission.

Further, we are working diligently to identify and resolve deficits throughout the University. In support of this work, I asked unit leaders to provide more detailed and long-term financial forecasts than ever before as part of this year's Annual Review process. Each unit submitted multi-fund, multi-year income statements that project out to FY21. These data clarified our presumptions: the University is relying upon reserves to backstop operations and we must take a holistic look at unit finances and operations in order to assess the operational and financial health of each unit and the University as a whole.

I thank the many committed administrators, academic leaders, faculty, staff, and students who have taken a University-first, rather than unit-first, approach to strategic planning. To build a sustainable future for the University and its academic mission, difficult decisions will be needed to manage growing demands within existing resources and diminishing reserves. We will need to keep communicating with each other about our constraints, needs, priorities, and goals. My aspiration is to lay the foundation for productive conversations in the years to come.

PRIORITIES AND KEY FOCUS AREAS

Our priorities for the coming fiscal year were developed in consultation with academic, student, and administrative leadership and were identified as follows:

- Provide competitive compensation
- Transform administration
- Fund areas of critical compliance
- Preserve funding related to the student experience and student safety

Our priorities were clear, but influenced by factors external to the UW, including uncertain funding levels from both the state and federal governments; shifting global and national financial markets; and, importantly, local market conditions, including rising regional wages and cost of living. Consequently, new investments were minimal and targeted toward the most critical initiatives and projects.

- In the coming months, we plan to initiate fiscally responsible salary and benefit increases for faculty, librarians, and professional staff that will provide much needed relief in areas of salary compression and external—both regional and national—competition. In conjunction with state action, merit-based salary increases of 2 percent will be authorized and have been integrated into this document and into planning documents furnished to leadership on all campuses.
- Electronic journal and serial access are important to support a quality-learning environment and a competitive research enterprise. This budget contains a modest increase to maintain access to some, but not all, serials and journals in UW Libraries.
- This budget also contains new funding for absolutely critical research enterprise investments and new funding for an enterprise solution to faculty recruitment and talent management.

CONSIDERATIONS

Publication of this document is made in the interest of promoting a greater understanding of the University's operating budget, and the processes through which it is annually determined. This document provides the Board of Regents with the following operating plans: 1) state operating budget revenues and uses; 2) gross and net tuition operating fee revenue projections and uses; and, 3) self-sustaining and auxiliary revenues, expenditures and projected ending balances. Not included are carryover fund balances from prior fiscal years, or unit-level expenditures related to grants and contracts. Auxiliary, self-sustaining, and other university units worked closely with the Provost's office to prepare and submit the information compiled in this publication. Every effort has been made to provide accurate information in this publication; however, this document represents the best and most accurate projections at a given moment in time.

This budget incorporates changes in state funding and revenue projections, including tuition and fees, grants and contracts to support research, restricted funds, UW Medicine, and auxiliary/self-sustaining activities. The operating budget provides Regents and the public with a sense of scale for total revenue projections, but focuses primarily on the sources and uses of the Core Operating Budget. This item is intended to contextualize the broad budget of the University, while stipulating the specific actions required to enact this budget. Specifically, in June, we will ask the Board to take action on tuition rates, the delegation of fee setting authority, and the general use of core operating revenues. Following my introduction, you will find an overview of the University and its activities, an executive summary of the preliminary FY19 budget, and a short guide on "how to read" the remainder of this budget document.

Sincerely,



Gerald J. Baldasty
Provost and Executive Vice President

Professor, Department of Communication

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OVERVIEW OF THE UNIVERSITY

Founded in Seattle in 1861, the University of Washington (UW) is a public research university with campuses in Seattle, Tacoma, and Bothell. The UW is the largest university in the northwestern United States and is one of the oldest universities on the west coast. The University's preliminary fiscal year 2019 (FY19) operating budget totals \$7.81 billion, and its Consolidated Endowment Fund is approximately \$3.36 billion (as of December 2017). The University employs more than 33,000 benefits-eligible faculty and staff, and 4,400-plus benefits-eligible graduate-student employees. The UW's three campuses occupy 337 buildings on 792 acres, with more than 20.9 million gross square feet of space.

As the state's flagship university, the University of Washington enrolled nearly 58,000 undergraduate, graduate, and professional students in fall 2017. The UW Continuum College, formerly UW Educational Outreach, educates more than 55,000 students annually via in-person and online degree and certificate programs and continuing professional education programs. The three UW campuses offer a broad range of graduate and undergraduate degrees, and collectively support more than 606 degree options across 314 programs, 970-plus student organizations, and undergraduate research opportunities for more than 8,400 students. In 2016-17, the UW awarded more than 16,000 bachelors, masters, doctoral, and professional degrees.

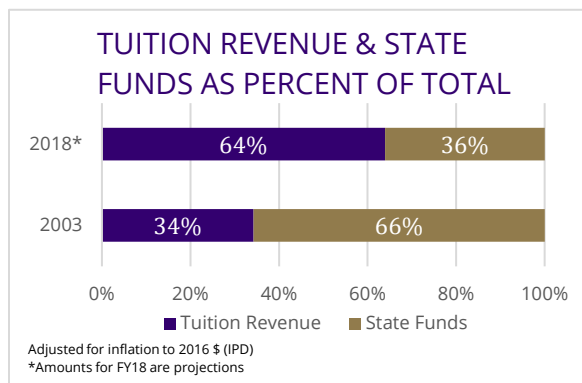
UW MISSION

The primary mission of the University of Washington is the preservation, advancement, and dissemination of knowledge. The University preserves and advances knowledge through its libraries and collections, its courses, the scholarship of its faculty and students, and the support of its staff. It advances new knowledge through many forms of research, scholarship, inquiry, and discussion, and disseminates knowledge through the classroom and the laboratory, scholarly exchanges, creative practice, international education, and public service. As one of the nation's outstanding research and teaching institutions, the University is committed to maintaining an environment for robust and imaginative inquiry, and for the original scholarship and research that ensure the production of new knowledge in the free exchange of facts, theories, and ideas.

2018 UW FAST FACTS

PROFILE

- The University of Washington has three campuses that offer more than 606 degree options across 314 programs
- The UW's proposed fiscal year 2019 (FY19) budget totals over \$7.81 billion
- Tuition revenue comprises 64 percent of the UW's general operating fund** resources (state funds plus tuition revenue), compared to 34 percent in 2003. This number is *down* from 71 percent in FY15, due to legislatively mandated tuition reductions and accompanying increases in state funding



- The UW's 2017-18 resident undergraduate tuition and fee rate is \$10,974, which is **below the mean and median of our U.S. News & World Report (U.S. News) Top 25 Public Research University peers**

ENROLLMENT AND DEGREES

FALL 2017 TOTAL ENROLLMENT				
	SEATTLE	BOTHELL	TACOMA	TOTAL
UNDERGRAD	31843	5370	4457	41670
GRAD/PROF	14843	625	728	16196
TOTAL	46686	5995	5185	57866

The UW's **average time to degree is four years**, and 82 percent of entering freshmen graduate within six years, the highest percentage of any public university in the state.

The UW educates Washington's most promising students:

- 74 percent** of UW undergraduate students are residents of Washington
- 3.1 percent** - increase in the number of freshman applications to the Seattle campus over the past year
- 65.5 percent** - freshman admission rate for students from Washington
- All 39** Washington counties have students at the UW

In fall 2017, 41 percent of UW students were pursuing at least one science, technology, engineering & mathematics (STEM) major and in 2016-17, **the UW awarded 6203 STEM degrees, 8.8 percent more than 2015-16**. Forty-one percent of students who have declared STEM majors are women.

DEGREES AWARDED 2016-2017				
	SEATTLE	BOTHELL	TACOMA	TOTAL
BACHELOR'S	7738	1553	1336	10627
MASTER'S	3895	230	341	4466
DOCTORAL	762	N/A	4	766
PROFESSIONAL	575	N/A	N/A	575
TOTAL	12970	1783	1681	16434

UW Continuum College (formerly Educational Outreach) educates more than 55,000 students annually through UW Professional & Continuing Education, International and English Language Programs, Summer Youth, Summer Quarter, UW in the High School, and the Osher Lifelong Learning Institute.

AFFORDABILITY AND ACCESS

- Prior to the recession, the number and proportion of **underrepresented minority students at the UW has increased, comprising 21.4 percent of the 2017 incoming domestic freshman class**
- In 2017-18, **35 percent of all domestic UW students** entering college for the first time would be the **first generation in their families to attain a bachelor's degree**. That number is **44 percent at UW Bothell and 58 percent at UW Tacoma**
- Over half of all UW undergraduates graduate with no known debt, and those who borrow still graduate with less debt than the national average
- In 2017-18, **27 percent of undergraduates are eligible for Federal Pell Grant funding**
- As of 2015-16, **the UW has more Pell Grant recipients than 22 of our U.S. News Top 25 Public Research University peers**
- In 2016-17, **31 percent (nearly 10,000) of UW undergraduate residents were eligible for Husky Promise**, which provides free tuition to students with financial need
- Since the start of the Husky Promise program in 2007, about **39,000 students** have received support from the program across the UW's three campuses
- In 2017-18, about **53 percent of UW undergraduates are receiving some form of financial aid**, totaling over \$430 million
- In 2017-18, 3,550 and 8,000 UW students are projected to receive funds from the College Bound Scholarship Program and the Washington State Need Grant, respectively
- In 2017-18, the UW is awarding more than \$102 million in institutional grants and scholarships to Washington residents

AWARDS AND HONORS

- The UW is one of the best universities in the world, ranked No. 10 globally by U.S. News (No. 2 among U.S. public institutions), No. 13 globally by the Academic Ranking of World Universities and No. 8 nationally by Washington Monthly
- The UW has 52 graduate programs among the nation's top ten; many of which are in the top five (U.S. News)
- Kiplinger's ranks the UW as the No. 7 best value in the nation for in-state students, and Washington Monthly ranks the UW campus in Seattle No. 30, UW Bothell No. 18, and UW Tacoma No. 1 in its "Best Bang for the Buck" rankings
- The UW has been home to 7 Nobel Prize winners, 15 MacArthur Fellows, 175 members of the National Academies of Sciences, Engineering & Medicine and 181 fellows in the American Association for the Advancement of Science

RESEARCH AND SERVICE

- The UW receives more federal research dollars than any other public university in the nation—in FY17, the UW received \$1.63 billion in total research awards (federal and non-federal sources)
- According to the 2014 UW Economic Impact Report, the UW is one of the top five largest employers in Washington, supporting more than 79,000 jobs, with an annual economic impact of \$12.5 billion
- Over the last five years, CoMotion launched 86 new startups, and the UW was recently rated the No. 1 most innovative public university in the U.S. by Reuters, which examined scholarly articles and patent applications
- Over the last ten years, the UW has produced **more Peace Corps volunteers than any other U.S. university**
- Entrepreneur.com reported the UW as the most common alma mater on resumes of employees at the top 100 tech companies

EXECUTIVE SUMMARY: PRELIMINARY FY19 BUDGET

This document describes the University of Washington’s (UW) operating budget for the period of July 1, 2018, through June 30, 2019, which is known as Fiscal Year 2019 (FY19). The UW’s projected FY19 budget totals \$7.81 billion. Of that total, our University’s core operating budget is projected to be \$1.40 billion; the sources and uses of this amount are the primary focus of this item.

In an effort to provide comprehensive budget information, this document includes summarized and contextualized financial projections for the UW’s research enterprise, UW Medicine, annual gift and endowment funds, and auxiliary/self-sustaining activities. The Board of Regents will receive updates on the financial performance of these areas throughout the year via standalone, detailed items.

Figure 1, below, shows each major component of the UW’s FY19 budget and the share of the total budget that each represents.

Figure 1: FY19 Budget by Major Area

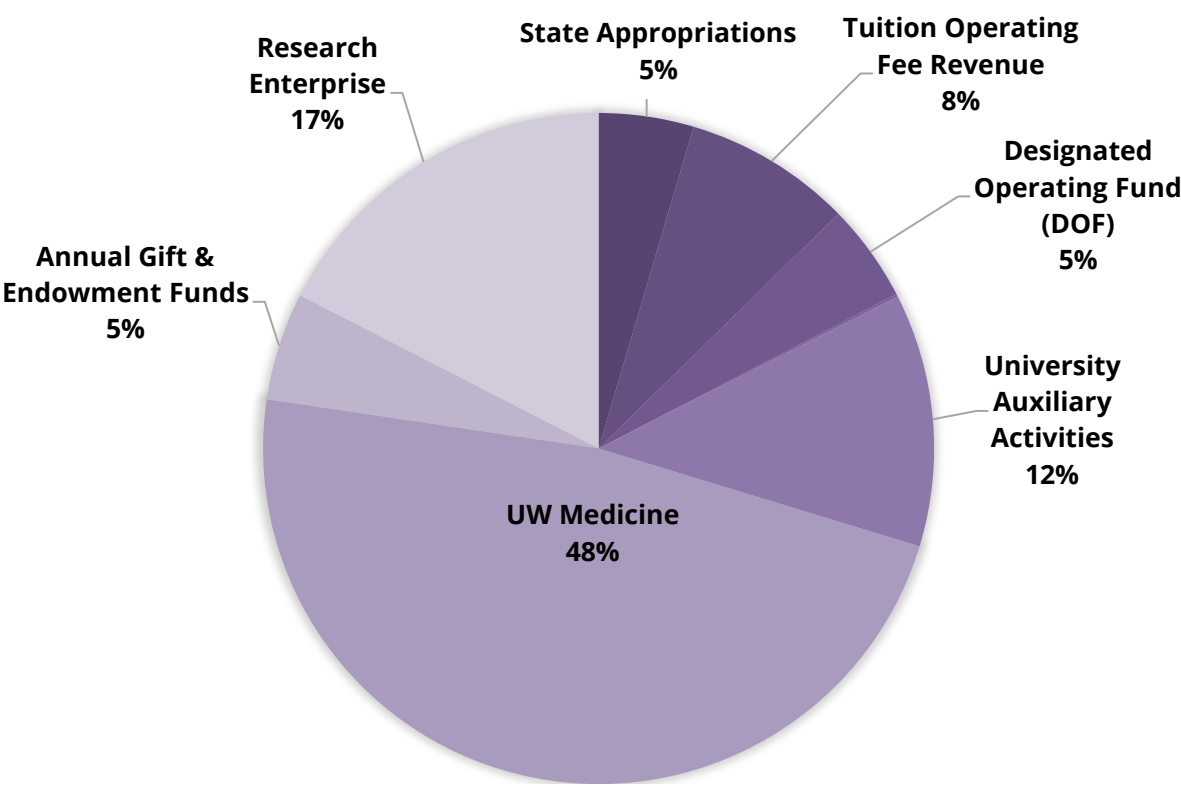


Table 1, on the next page, shows the total projected budgets for FY19, compared to the total budgets that were approved by the Board of Regents for FY18, and the incremental change between the two.

Table 1: Proposed Full FY19 Operating Budget by Fund and Category

Budget by Fund and Category	FY18 Adopted	Incremental Change	FY19 Proposed
Core Operating Budget	1,339,314,000	64,912,000	1,404,226,000
General Operating Fund (GOF)	975,184,000	48,562,000	1,023,746,000
State Appropriations	351,726,000	17,545,000	369,271,000
Tuition Operating Fee Revenue	623,458,000	31,017,000	654,475,000
Designated Operating Fund (DOF)	364,130,000	16,349,000	380,479,000
Indirect Cost Recovery	247,000,000	20,224,000	267,224,000
Institutional Overhead	26,000,000	130,000	26,130,000
Remaining DOF	91,130,000	(4,005,000)	87,125,000
State Restricted Funds	9,807,000	527,000	10,334,000
University Auxiliary Activities	918,982,000	65,673,000	984,656,000
Seattle	897,153,000	60,127,000	957,280,000
UW Bothell	12,354,000	5,171,000	17,526,000
UW Tacoma	9,475,000	375,000	9,850,000
UW Medicine	3,613,000,000	234,000,000	3,847,000,000
UW Medical Center	1,186,000,000	115,000,000	1,301,000,000
Harborview Medical Center*	1,006,000,000	34,000,000	1,040,000,000
Valley Medical Center	632,000,000	26,000,000	658,000,000
NW Hospital	376,000,000	27,000,000	403,000,000
UW Physicians	302,000,000	24,000,000	326,000,000
Airlift NW	59,000,000	0	59,000,000
UW Neighborhood Clinics	52,000,000	8,000,000	60,000,000
Annual Gift & Endowment Funds	315,583,000	103,915,000	419,498,000
Gift Income	200,583,000	90,915,000	291,498,000
Endowment Distributions	115,000,000	13,000,000	128,000,000
Research Enterprise	1,302,302,000	107,584,000	1,409,886,000
Federal	748,076,000	63,279,000	811,355,000
State and Local Grants	93,250,000	1,211,000	94,461,000
Non-federal	213,976,000	22,870,000	236,846,000
Indirect Expenditures**	247,000,000	20,224,000	267,224,000
TOTAL UNIVERSITY OPERATING BUDGET	7,251,988,000	556,388,000	7,808,375,000
<i>Some discrepancies may exist due to rounding.</i>			
* HMC is managed by UWMC, but appears on King County's financial statement.			
** The estimates for "Indirect Expenditures" are included in the "Research Enterprise" totals, but are not included in the University totals, as doing so would double-count the budget for Indirect Cost Recovery, which is part of the "Designated Operating Fund."			

How To Read This Document

Staying true to the research and academic mission of the University, this document is structured similar to a research paper:

- First, we explore the University's budget **background**, including the challenges and trends that have led us to where we are today;
- Second, we review the University's budget **"methodology"** (titled "Ensuring Sound Budget Management"), which discusses the processes and policies that guide the University's careful management and distribution of resources;
- Lastly, we present the budgetary **"results"** for each area of the University's preliminary FY19 budget:
 - Our Core Operating Budget
 - University Auxiliary Activities
 - UW Medicine
 - Annual Gifts & Endowment Funds
 - Research Enterprise

The full story would be incomplete without an understanding of how we got to where we are, so we recommend that you take a few moments to review the background and methodology. **However, since the "results" are often the most interesting aspect, you may wish to go straight to page 23, which is where we dive into "Our Core Operating Budget," the first major area of the UW's preliminary FY19 budget.**

Please note, **a glossary is available at the very end of the document** to provide a quick reference for acronym definitions.

BACKGROUND

This section articulates the funding challenges that continue to shape our University's budget going into FY19. Such challenges include:

- Limitations on enrollment growth and changes in the overall mix of enrollment;
- Per student funding levels that remain low compared to peers and pre-recession funding levels;
- Tuition-setting constraints, particularly for resident undergraduate (RUG) tuition;
- Rising expenses for compensation, including salary competition and mandatory cost increases for benefits;
- Regional pressures and inflationary increases in utilities and property expenses;
- Challenging and increasingly complex regulations requiring new investments of limited funds; and
- Federal funding and policy uncertainties.

This section concludes with a review of budget trends over the last three biennia.

CHALLENGE 1: ENROLLMENT LIMITATIONS AND CHANGES

Student enrollment growth is constrained by space and funding issues. A growing number of students are seeking to enter capacity-constrained majors. These majors tend to be the most expensive to teach and the most research intensive, which requires additional space. In response, the university is developing an enrollment strategy that better balances enrollment demands and capacities.

Over the past 10 years:

- The University has experienced an annual 2 percent per year tuition-based enrollment growth.
- The bulk of that growth has occurred at UW Bothell and UW Tacoma.
- The growth rate of undergraduate student enrollment has exceeded that of graduate and professional student enrollment at all three campuses.

Changes in the composition of the student body accompany this enrollment growth, which makes it incumbent on the University to ensure that student support services adjust accordingly.

Looking ahead, we anticipate Seattle enrollments will continue to remain stable as Bothell and Tacoma enrollments level off. More efficient class scheduling may add some capacity at Seattle, but any overall growth will be minimal.

CHALLENGE 2: STATE APPROPRIATIONS AND TUITION FUNDING PER STUDENT

Like many other state institutions, the UW has endured numerous state funding cuts in the past decade. Consequently, the majority of core education funding formerly provided by the state is now borne by students and families. The University must carefully balance its desire to invest in excellence and compete in international, national, and local markets, with the reality that many cost increases are outpacing inflation, while revenue increases are at or below inflation.

Important trends appear when examining the UW's core instructional funding (from state appropriations and tuition revenue) per full-time equivalent (FTE) student.¹ Namely, that **tuition increases at public institutions are due, in large part, to a decades-long trend of state budget cuts:**

- In 1991, the state provided 82 percent of total funding per student FTE, with students and families responsible for the remaining 18 percent from tuition.
- FY09 was the last year in which the majority of funding per student FTE was provided by the state.
- Between FY09 and FY12, the UW lost approximately half its state funding, while enrolling more students than ever.
- Projected funding per FTE for FY19 is \$20,064, with 36 percent covered by state funding.

Recently, the downward trend in state funding per student has been slightly reversed due to the additional state funding that was provided to backfill tuition revenue losses associated with a mandated decrease in resident undergraduate tuition (see the "Resident Undergraduate Tuition Policy" section below).

Regarding the 2017-19 biennium, state lawmakers faced immense financial pressures associated with fully funding K-12 education per the Washington state Supreme Court's ruling in *McCleary v. State of Washington*. While lawmakers were able to provide some new funding for higher education in FY18 and FY19, the majority of the new funding is earmarked for specific purposes and cannot be applied broadly to the UW's core educational operations. Lawmakers also maintained resident undergraduate tuition policy (described in the next section) in FY18 and FY19, which allows for modest, inflationary increases.

Although annual state appropriations have recovered, they are still approximately \$75 million below the annual amounts provided prior to the "Great Recession" (again, adjusted for inflation), and most of the new permanent revenue cannot be used to support the UW's broad academic mission.

Please note that this analysis leaves out other revenue sources that we increasingly rely on to support core educational operations: endowment returns, philanthropic gifts, and more. Thus, tuition and state funding per FTE student is **not** equivalent to the total amount of expenditures used to educate each FTE student.

The UW often compares itself to other U.S. News and World Report (U.S. News) Top Public Research Institutions in order to benchmark and check progress. According to 2015 data (the most recent year available) from the Integrated Postsecondary Education Data System (IPEDS), **the UW received less state funding per student than all but two of our 22 other U.S. News peer institutions.**

Looking ahead, we expect that higher education may become more of a priority for the state, now that obligations to fully fund K-12 education are, by many accounts, mostly resolved. However, the state still faces significant financial needs in terms of mental health caseloads, emergency response and preparedness, tax relief, and more. These will continue to compete with higher education, which remains vulnerable to reductions as the largest discretionary component of the state operating budget.

¹ Adjusting for inflation and considering tuition revenue from **all** tuition-based students, not just resident undergraduates.

CHALLENGE 3: TUITION-SETTING AUTHORITY AND PREDICTABILITY

As illustrated in the previous section, Challenge 2, the University heavily relies on tuition revenue to support its core academic mission. However, the University is not necessarily able to raise tuition rates whenever state funding (and other revenue sources) are insufficient. This is particularly true for resident undergraduate (RUG) tuition rates, which the state controls and, in recent years, has frozen or reduced. In addition, although tuition rates for non-resident undergraduate, graduate, and professional students are under the control of the University, our ability to increase these rates in response to funding needs is limited by a variety of constraints and considerations. These are explored in more detail, below.

Resident Undergraduate Tuition

As with direct state appropriations to the University, state decisions regarding resident undergraduate (RUG) tuition rates can be unpredictable. New policies are proposed nearly every legislative session and RUG tuition policy has changed nearly every biennium since the beginning of the Great Recession. For the two biennia prior to the recession, RUG tuition rates were allowed to increase by up to 7 percent per year. Here is an overview of the last three biennia:

- For 2013-14 and 2014-15, the state froze RUG tuition at 2012-13 levels. In exchange for the freeze, the state provided \$20 million per year in new funding, acknowledging that operating costs would continue to rise.
- In 2015, the legislature passed 2ESSB 5954, which made the following changes:
 - For 2015-16, the bill reduced the RUG **operating fee** to 5 percent below 2014-15 levels
 - For 2016-17, the bill reduced RUG **operating fee** to 15 percent below 2014-15 levels.
 - In accordance with the bill, the legislature provided funds to “backfill” the forgone tuition revenue associated with the RUG tuition reductions.
- For 2017-18 and 2018-19, the state legislature maintained the tuition policy of 2ESSB 5954 (2015), which limits RUG tuition increases to the 14-year rolling average of Washington’s median hourly wage for FY18 onwards (2.2 percent in FY18 and an estimated 2.0 percent FY19²). The policy also requires annual, inflationary adjustments to the previously provided backfill funds.

Unfortunately, RUG tuition freezes and inflationary backfill adjustments do not provide sufficient revenue to address rising costs and fill resource gaps left over from the Great Recession. Further, such RUG tuition policies can impact financial aid, making it challenging for students and university administrators to make responsible financial plans.

The constraints on RUG tuition-setting are reflected in comparisons with peer universities. As previously mentioned, the University uses the 2018 U.S. News “Top 25 Public Universities” as a peer comparison group when analyzing tuition costs and program rankings. Due largely to the legislatively mandated RUG tuition freeze and RUG tuition reductions detailed above, the UW remains affordable compared to its peers, many of whom increased tuition significantly over the same period. For the 2017-18 academic year, the UW’s RUG tuition and fee rate of \$10,974 is \$2,558 *below* the peer average (see Table 2 below).

² The Office of Financial Management will finalize allowable resident undergraduate tuition increases in mid-May. This is an estimate.

Table 2: Peer Comparison – 2017-18 Resident Undergraduate Tuition & Fees

U.S. News Top 25 Public Universities	2017-18 Tuition & Fees
College of William & Mary	22,044
University of Pittsburgh-Pittsburgh Campus	19,080
Pennsylvania State University-Main Campus	18,436
University of Virginia-Main Campus	16,781
University of Illinois at Urbana-Champaign	15,868
Clemson University	15,116
University of Connecticut	14,880
University of Michigan-Ann Arbor	14,826
Rutgers University-New Brunswick	14,638
University of California-Santa Barbara	14,451
University of California-Davis	14,419
University of Minnesota - Twin Cities	14,417
University of California-Berkeley	14,170
University of California-San Diego	14,018
University of California-Irvine	13,738
University of California-Los Angeles	13,261
Virginia Polytech Inst. & State University	13,230
Georgia Institute of Technology-Main Campus	12,418
University of Georgia	11,818
University of Washington-Seattle Campus	10,974
Ohio State University-Main Campus	10,591
University of Wisconsin-Madison	10,533
The University of Texas at Austin	10,452
Texas A&M University	10,403
University of Maryland-College Park	10,399
Purdue University-Main Campus	9,992
University of North Carolina at Chapel Hill	9,005
University of Florida	6,381
U.S. News Top 25 Publics Group Average	13,532

Sources: 2017-18 American Association of University Data Exchange, University of Virginia system survey, and institution websites

UW tuition and fees are excluded from the peer average

Other Tuition Categories

Resident undergraduate tuition is not the only category with tuition-setting constraints. When setting tuition rates for nonresident undergraduates and the many graduate and professional program categories, the University must carefully consider peer comparisons and, especially for graduate students, competitive recruitment and funding for teaching assistant (TA) and research assistant (RA) positions.

Nonresident undergraduate tuition has been steadily increasing and yet, in 2017-18, the UW's nonresident undergraduate tuition and fee rate of \$35,538 is still \$597 *below* the peer mean, as seen in Table 3. Although

the UW's nonresident undergraduate tuition rate increased by 2.2 and 2 percent in the last two academic years, these increases were less than the peer mean of 3.4 percent and 4.2 percent in the 2016-17 and 2017-18 academic years, respectively. This trend is an indication that the University responsibly manages the tuition rates for which it has tuition-setting authority.

Table 3: Peer Comparison – 2017-18 Nonresident Undergraduate Tuition & Fees

U.S. News Top 25 Public Universities	2017-18 Tuition & Fees
University of Michigan-Ann Arbor	47,476
University of Virginia-Main Campus	47,316
College of William & Mary	43,670
University of California-Santa Barbara	42,465
University of California-Davis	42,433
University of California-Berkeley	42,184
University of California-San Diego	42,032
University of California-Irvine	41,752
University of California-Los Angeles	41,275
Texas A&M University	37,155
University of Connecticut	36,948
The University of Texas at Austin	36,848
Clemson University	36,058
University of Washington-Seattle Campus	35,538
University of Wisconsin-Madison	34,783
University of North Carolina at Chapel Hill	34,588
Pennsylvania State University-Main Campus	33,664
University of Maryland-College Park	33,606
Georgia Institute of Technology-Main Campus	33,014
University of Illinois at Urbana-Champaign	31,988
Virginia Polytech Inst. & State University	31,014
University of Pittsburgh-Pittsburgh Campus	30,642
Rutgers University-New Brunswick	30,579
University of Georgia	30,392
Ohio State University-Main Campus	29,695
Purdue University-Main Campus	28,794
University of Florida	28,658
University of Minnesota - Twin Cities	26,603
U.S. News Top 25 Publics Group Average	36,135

Sources: 2017-18 American Association of University Data Exchange, University of Virginia system survey, and institution websites

UW tuition and fees are excluded from the peer average

Similar to nonresident undergraduate tuition, increases to graduate and professional tuition rates must be considered alongside peer comparisons. A variety of peer analyses is available on the following webpage, under "U.S. News Top 25": <http://opb.washington.edu/content/peer-comparisons>. When UW academic units make recommendations to increase certain graduate and professional tuition rates, they must also provide market analyses and additional justification for the proposed rate changes. The University collects these tuition recommendations and justifications each year through the annual unit budget submission process.

Submissions for FY19 and prior years can be found on the Office of Planning & Budgeting website (<http://opb.washington.edu/content/annual-budgets>), and FY19 tuition recommendations are summarized on page 27 of this document.

Graduate and professional tuition rates must also contemplate competitive recruitment and funding for teaching assistant and research assistant positions. Many students, primarily PhD students who serve as TAs or RAs, have their tuition waived or funded by the University as part of their compensation. Therefore, raising tuition in these categories affects our ability to recruit high quality graduate students in a competitive market, and affects academic units' ability to offer TA and RA positions because units often cover the cost of tuition for these students through general funding and research grants. Given the ongoing uncertainty regarding federal funding (which is explored in more detail later in this section), it is especially critical for the UW to be mindful of these issues.

CHALLENGE 4: COMPETITIVE COMPENSATION

Although the UW has been able to provide moderate salary increases for faculty and staff during the past few years, the state imposed a four-year salary freeze during the Great Recession and the fact remains that many UW faculty and staff are compensated below their counterparts at peer institutions.

Our top priority with the state legislature continues to be more funding for compensation. On a permanent basis, the legislature currently provides only one-third of the funds needed to support the state's authorized compensation increases for faculty and staff paid via General Operating Fund (GOF) revenue. This means the UW has to rely on new, incremental **tuition** revenue to cover the additional two-thirds of the cost. As this document has described, the UW's ability to generate new, incremental tuition revenue is highly constrained, thus this funding model is unsustainable. For staff funded through self-sustaining activities, revenues must increase sufficiently to afford salary and benefit increases.

Table 4, below, compares the UW's compensation increases for faculty and professional staff with the general wage increases authorized by the state for those employees. As other public universities have done, we have provided increases since the Great Recession in order to begin addressing salary gaps created by the recession and the state's salary freeze. Since the state only partially funds the increases that it authorizes, the UW has generally received only around a third of what it needs to implement the state's assumptions for GOF-paid employees, let alone to implement the UW's actual increases. This has created financial challenges that are now exacerbated by every additional salary increase that occurs on top of those previously underfunded increases.

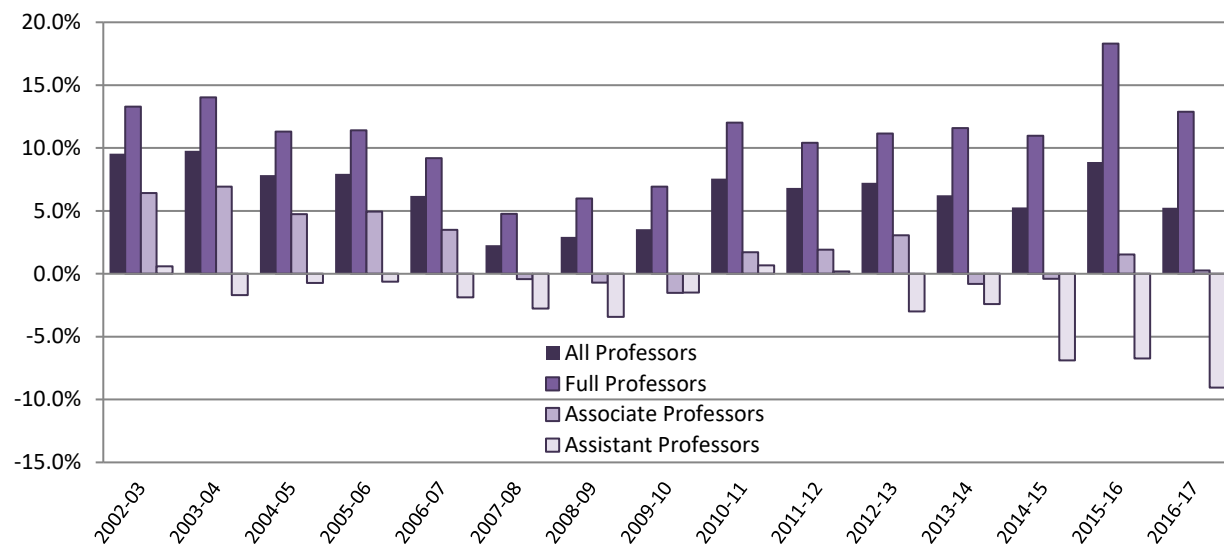
Table 4: Recent Compensation Increases for UW Faculty and Professional Staff

Fiscal Year	State Authorized	State Funded Proportion of State Authorized ¹	UW Implemented	Locally Funded Difference (between state authorization and UW implemented)
FY14	0%	0%	4%	4%
FY15	0%	0%	4%	4%
FY16	3%	38%	3%	0%
FY17	1.8%	38%	4%	2.2%
FY18	2%	34%	2%	0%

¹ Portion funded for non-represented employees paid via GOF

Despite these increases, according to our most recent analysis, shown in Figure 2, **UW faculty salaries across all professorial ranks would need to grow by approximately 5 percent in order to reach the average faculty salary at our U.S. News Top Public Research Institution peers.** Importantly, the gap differs by year and rank, highlighting the need for targeted salary adjustments.

Figure 2: Percentage Increase Required for Average UW Seattle Faculty Salaries to Reach U.S. News Top Public Research University Peer Average



Although the average salary for assistant professors is above the peer average, hiring for these positions has become increasingly competitive and has primarily occurred in the most expensive fields of study. In order to hire new assistant professors in fields like Engineering, the University must make offers that acknowledge the high local cost of living and the number of other universities competing for such positions.

For professional staff, the UW's employee-weighted average salary is 6.0 percent below the 50th percentile of the market, and particular job categories such as information technology staff, research scientists, graphic designers, and others lag substantially behind the market.

The high (and rising) cost of living in the Puget Sound region is also a major complicating factor for both faculty and staff as they find it increasingly expensive to live and commute in the area.

As a result, it has become increasingly challenging to recruit and retain high quality faculty and staff who, in turn, provide students with a quality and meaningful education. Therefore, it is a high priority of the UW administration to offer competitive compensation, so that the University can maintain and expand its reputation as a world-class research institution, and its exceptional record in scholarship, research, and student success.

CHALLENGE 5: MANDATORY COST INCREASES

Despite concerns about funding levels, some cost increases are mandatory. For example:

- **Compensation changes** for classified staff are *required* to enact collectively bargained agreements. In addition, as described above, adjustments for faculty and professional staff are necessary to

address recruitment, retention, and compression needs—all in a competitive regional, national and, in some cases, international market.

- **New and rising benefits expenses** are largely the byproduct of state benefits assumptions, including health benefit per employee premiums and the proportion of those costs borne by employees versus employers (approximately 15 and 85 percent, respectively). The state's current medical benefits make up the majority of these benefits expenses, but the state's newly enacted paid family & medical leave law will add to benefits expenses in FY19 and beyond.
- **New and rising state central service charges** are requiring the UW to divert incremental tuition revenue and other resources away from core needs, such as compensation. As an example, the UW will have to redirect \$1.5 million of student tuition revenue away from our core academic mission every year to pay for the state's recently instated central service charge to support the Governor's Office of Financial Management (OFM). This almost completely cancels out the UW's new, incremental resident undergraduate tuition revenue. This is not the only new or rising charge.
- Upward pressure on **utility costs** continue to challenge the UW, but conservation efforts and cost saving measures are projected to offset FY19 cost increases. The administration expects that FY20 utility expenses will exceed budgeted levels, and reserves will cover the increase.
- Expenses for employee and student **disability accommodations** have significantly increased over the last several years and there is every indication that costs for these necessary and important activities will continue to rise.
- This budget reflects active redeployment of budget authority for **critical compliance** areas.
- **System infrastructure upgrades**, such as replacing payroll software that dated back to the 1980s, were and are a necessity. Such upgrades are also extremely expensive. The next critical upgrade on the horizon is for the UW's financial and budgeting systems—to increase efficiency, compliance and provide early warning of developing budget problems. This will require its own significant investment.

Wherever possible, we have asked that units redeploy funds or cut budgets to effect service changes or new investments in areas of critical importance. For example, though real estate costs are increasing, the UW is looking to maximize the capacity of its centrally funded real estate portfolio. We are also looking at removing subsidies for self-sustaining or grant-funded units, in order to provide funds for cost increases.

CHALLENGE 6: FEDERAL OUTLOOK

FY18 Omnibus Synopsis

The federal FY18 appropriations process wrapped up in late March, approximately six months into the fiscal year. Although Congress reached an agreement earlier in the calendar year that provided additional funding for both defense and non-defense programs for FY18 and FY19, a conclusion to the appropriations process proved elusive for many weeks due to political hurdles on policy riders, such as those surrounding Deferred Action for Childhood Arrivals (DACA) and homeland security issues.

Ultimately, Congress did come to a very positive resolution for FY18. Almost all federally funded programs central to UW's mission, focus, and advocacy efforts received generous increases, and a few received the continuation of prior funding levels. Of note, the National Institutes of Health (NIH) received a \$3 billion increase and the maximum Pell award increased from \$5,920 to \$6,095 (a 3 percent increase). Overall, the

FY18 appropriations omnibus demonstrated a broad, bipartisan commitment to increasing investments in federally funded research.

At the end of 2017, Congress passed a sweeping tax reform package impacting all individuals and nearly all industries. While the potential changes to the taxes of graduate students is widely known, the final measure included significant impacts to universities, including elimination of the ability to issue tax-exempt advance refunding bonds, impacts to college athletics through areas such as eliminating seating rights deductions, and changes to overall tax structure and how universities can calculate their overall tax burden. It should be noted that the passage of tax reform will impact the University in the years ahead, and guidance from the Internal Revenue Service (IRS) has been slow and remains politically sensitive.

Looking Ahead to FY2019

The Trump Administration released its FY19 budget request in February prior to the conclusion of the FY18 appropriations process. While the President's FY19 budget request proposes programmatic cuts and eliminations, it is key to remember that Congress, not the Administration, is in the driver's seat of the appropriations process. Thus, like its FY18 budget proposal, much of the Trump Administration's package for FY19 will likely be met with bipartisan Congressional opposition. At this time, the UW Federal Relations team has submitted the UW's appropriations requests to the Washington Congressional Delegation. No FY19 appropriations measures have been introduced, but we can expect those measures to be rolled out in the months ahead.

On the policy front, conversations continue about the reauthorization of the Higher Education Act (HEA). In a truncated process at the end of 2017, the House Education and Workforce Committee introduced and passed a partisan reauthorization bill in a span of approximately three weeks. There has been widespread criticism of the House bill from various communities, including veterans' groups and universities. As a sign of the level of opposition to the bill, there is no commitment yet from the Republican leadership to bring the legislation to the House floor for a vote this year.

On the Senate side, the process has been more bipartisan, with the leaders of the Health, Education, Labor, and Pensions Committee, where Washington's Senator Patty Murray serves as Ranking Member, publicly committing to a bipartisan bill. Although a number of hearings have been held on a variety of topics related to HEA, no legislative text has been shared at this time.

Like past years, unforeseen political issues will likely arise during the year that may require action and engagement. With the midterm elections looming this November, members of Congress are expected to spend much of autumn in their respective districts and states until Election Day. At this time, it does not appear likely that FY19 appropriations will be completed before the beginning of the new fiscal year on October 1, which would necessitate a continuing resolution to keep the federal government open until FY19 appropriations can be completed, following the election.

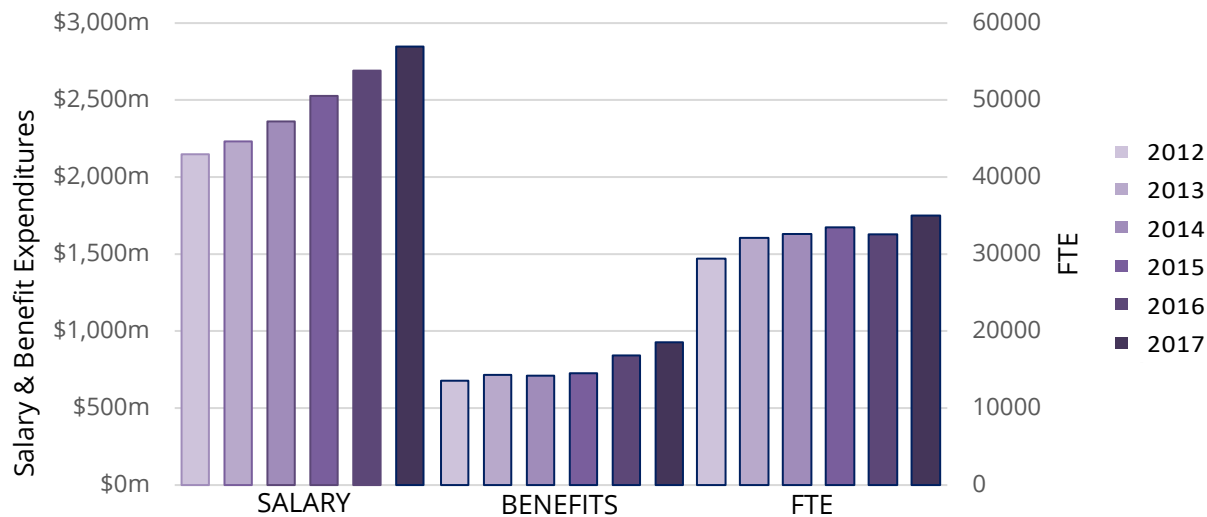
BUDGET TRENDS OVER THE LAST THREE BIENNIA

Salary and benefit expenditures have continued to climb over the past six years. This is mainly due to the continual increase in health benefit rates and the fact that the University has provided modest salary

increases in recent years. However, as shown in Figure 3, below, there has been little increase in total full-time equivalent (FTE) employees over the last six years.

Despite the increases in compensation expenditures, competitive compensation continues to be a significant challenge for the UW. This is partially because Washington state imposed a four-year salary freeze between FY10 and FY13.

Figure 3: Trends in Compensation Expenditures and FTEs Over Six Years (from all fund types)



Sources: FTE data come from the "ActualDistribution" table in the HumanResources_HEPPS database in EDW; Salary and benefit information was obtained from the Financial database expenditure data.

Other budget trends over the last six years have been driven by the implementation of Activity Based Budgeting (ABB). Seattle academic units continue to experience more budget growth than administrative units, both in terms of real dollars (\$190 million versus \$72 million) and in terms of proportionate growth (40 percent versus 23 percent), from FY13 to FY18. In FY18, Seattle academic units received 64 percent of the permanent Core Operating Resources going to Seattle, while Seattle administrative units received 36 percent.³ Administrative units include the Libraries, Graduate School, Undergraduate Academic Affairs, Student Life, Minority Affairs and Diversity—which have clear obligations to faculty, students and staff—and central administrative units that focus on compliance, operating and capital planning, finance, and human resource functions, to name a few. This clear differentiation is not an artifact of one year's budget process, but rather, sustained investments in the UW's academic mission. Data suggests that this trend will continue with the adoption of the FY19 budget.

Every year, we continue to refine the ABB model, which includes reviewing how base, permanent budget allocations are distributed to all units. Such efforts aim to minimize financial duress to individual units and recognize circumstantial changes in tuition revenue distribution and program delivery, while ensuring that the University as a whole is financially stable.

³ Please note, this ratio is different from the ratio of *distributed* net tuition revenue, under which 70 percent of net operating fee revenue is distributed to academic units and 30 percent is held centrally.

ENSURING SOUND BUDGET MANAGEMENT

As a public institution, it is essential that the University manage its resources to most effectively serve our students, faculty, staff, and the citizens of our state and region. This involves careful consideration of revenues and expenditures including budget oversight and informed distribution of resources. This section outlines central budget oversight strengths, as well as limitations, and concludes with an overview of budget policies and Activity Based Budgeting (ABB) distribution rules.

ADMINISTRATIVE DUE DILIGENCE

STRENGTH 1: ANNUAL REVIEW AND BUDGET DEVELOPMENT PROCESS

As part of the University's annual budget development cycle, each unit and campus submits a suite of "annual review" materials in preparation for annual meetings with the Provost. Annual reviews are meant to be a holistic look at unit finances and operations, in order to assess the operational and financial health of each unit and the University as a whole. Submissions are publicly available at the following website: <http://opb.washington.edu/content/annual-budgets>.

For the FY19 annual review cycle, the Provost requested that every school, college, campus, and administrative unit answer two chief questions: (1) What is the **academic or programmatic vitality** of your unit, and (2) what is the **fiscal vitality** of your unit? This information supported a **rigorous, nine-month review and consultation process**, involving students, faculty, staff, and executive leadership. Units were also asked to manage growing demands within existing resources and diminishing reserves. To allow more time for units to compile reports, develop tuition recommendations, and consult with faculty and student leadership, the Provost also extended the FY19 annual review timeline into the spring.

This year, unit leaders were asked to provide more detailed and long-term fiscal plans than ever before. Absent a modern financial system, the Office of Planning & Budgeting (OPB) analyzed over 3,500 data points in Excel to assess how the fiscal pressures and assumptions affect unit-level budgets, and to proactively identify and resolve deficits. OPB is in the process of working with unit leadership to resolve any known deficits and to prevent potential deficits in the future.⁴ Simultaneously, elected faculty councils, deans, and administrators worked in partnership with the Faculty Senate Committee on Planning & Budgeting to develop multi-year, comprehensive faculty salary plans. Merit was the guiding principal for these plans, but considerations of faculty size, peer competition, compression, and inversion were also brought to bear. Faculty salary plans informed fiscal vitality reports and forecasts: this is the first time our University went through a planning process so deep and comprehensive.

During the FY19 budget development process, the Provost reviewed an interactive financial model, driven by over 70 variables, created by OPB to project compensation and other expense increases against

⁴ The University's deficit resolution policy is available here:

http://opb.washington.edu/sites/default/files/opb/Budget/Deficit_Resolution_Policy.pdf

estimated net, new revenue. University Administration used this model to inform decisions regarding salary increases and the allocation of limited central resources for other critical needs.

In summary, robust information and data are being combined with forecasting tools and consultative processes to ensure sound programmatic and fiscal vitality for University units and the University as a whole. Future budget cycles will be managed with the goal of continuous improvement.

STRENGTH 2: AUXILIARY BUDGET OVERSIGHT

The University's large, self-sustaining auxiliary business enterprises include UW Continuum College, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services. UW Medicine is also an auxiliary, but, given its size and unique mission, it is typically identified separately and it has additional oversight and budget controls beyond those described below.

Chancellors, Deans, Vice Presidents, Vice Provosts, Vice Chancellors, and Directors are delegated authority to manage revenues and expenses associated with each auxiliary unit or unit with self-sustaining activities. In addition, **various central and external controls provide support to unit-level auxiliary budget oversight:**

- Supporting the Provost in his role as chief budget officer, OPB monitors all self-sustaining, general, and local operating fund budgets for deficits. Units must clear any deficits by either the close of the biennium or the close of the fiscal year. Some deficits may carry over into the subsequent year or biennium, but only with consent of senior leadership and approval of a deficit mitigation plan. This policy was put in place in FY10.
- For units that have not met debt covenants associated with an internal loan, a Financial Stability Plan is required and must be shared with the Board of Regents, in accordance with policy.
- Each of the University's major auxiliary units are audited annually. In addition, many smaller auxiliary programs conduct annual audits or other external reviews with outside firms.
- UW Finance & Administration (F&A), along with OPB, conducts annual reviews of large, non-externally audited self-sustaining or recharge units with more than \$10 million in revenue.
- Some of these auxiliary units, such as Continuum College and Housing & Food Services, charge fees. Where Regents have reserved fee-setting authority, rate approvals and/or fee change requests are brought to Regents for action. See "Fee Setting Authority," below, for more details.
- F&A reviews initial rate proposals to establish both service and recharge centers, and reviews rates annually thereafter. Deans and VPs are expected to review recharge center rates annually.

For more information about University Auxiliary Activities, see page 35.

STRENGTH 3: TUITION AND FEE-SETTING AUTHORITY

State law gives the Board of Regents broad authority to set fees necessary to run the University, but also requires that certain fee impositions and increases be approved by the legislature. Legislative approval is achieved through disclosures of possible and known fee increases.

Regents retain tuition-setting authority for all categories except resident undergraduate tuition, which is set by the legislature. Every June, the administration brings tuition recommendations to the Board for approval. These recommendations are the result of staff, faculty, student, and academic leadership

collaboration. Note that the University's ability to set tuition rates is constrained by a variety of factors, as described in the "Background" section.

As a general policy, **other academic fees that apply to all students on a given campus require the review and approval of the Board of Regents.** These include:

- New Student Enrollment & Orientation Fee
- Student Technology Fee
- Services and Activities Fee
- Dedicated fees for transportation and bond payments on student-funded capital projects and sports facilities
- Housing and dining fees, as applicable

In spring 2016, OPB began providing "cost of attendance" information to the Board of Regents to help the Board make informed decisions about changes to these fees. The cost of attendance document, which now accompanies all fee proposals going to the Board, lists all mandatory fees paid by undergraduate students at each campus and shows five years of trend data for each fee. At the Board's request, most fee proposals also include information about the effects of a "no increase" scenario. The cost of attendance document has also been updated to accompany the budget item.

The Board of Regents has delegated the approval of other academic fees to the President and Provost. These include:

- International student fees
- Application fees
- Transcript fees
- Course fees⁵
- Study abroad fees

Finally, **the Board has delegated approval of fee-based program rates (for programs that charge fees in lieu of tuition) to the Provost**, who sets rates after consulting with campus advisory bodies such as the Faculty Senate Committee on Planning & Budgeting and the Provost Advisory Committee for Students. An example of a large auxiliary unit that charges fees for programs is UW Continuum College, which offers a wide variety of fee-based instructional programs. This year, the Provost brought new rigor to the review of fee-based rate proposals and adjusted the approval timeline to provide students with more notice and to align decisions with other unit-level budget discussions.

Fee setting delegation is guided by Executive Order No. 44, User Fee Approval Policy, available at the following location: <http://www.washington.edu/admin/rules/policies/PO/EO44.html>.

STRENGTH 4: OTHER BUDGET CONTROLS

Unit leads (e.g. Chancellors, Deans, Vice Presidents, and Vice Provosts) are responsible for the financial performance of all departments or offices within their organization. Each unit leader has a financial

⁵ Academic departments, with the approval of the respective Dean or Director, may add course fees to specific course sections. New course fees in excess of \$50 and course fee increases in excess of 10 percent of the prior approved fee amount must also be approved by the Provost's Office.

administrator or chief financial officer who is responsible for providing the leader with necessary information on a regular basis.

Other central controls, beyond those noted previously, serve to ensure that programs are sound in terms of quality, consistency, and financial health:

- **Internal Audit** seeks to provide audit coverage across the entirety of the University, deploying its resources in areas of increased risk or operations they have not audited in the recent past. In addition, Internal Audit focuses its annual audit plan on areas of highest risk across the University's units and within its departments.
- **Training and outreach** is provided or required for certain expenditure types or programs. For example, Principle Investigators (researchers responsible for specific sponsored grants and contracts) are required to attend fiscal training and purchasing cardholders must attend training prior to taking card possession.
- **Workflow approvals** are incorporated into newer technology applications (e.g. procurement and travel and the new payroll system).
- The UW is also **accredited** by Northwest Commission on Colleges and Universities (NWCCU) and is a member of the Association of American Universities (AAU). NWCCU conducted a mid-cycle visit to the UW in May 2017.

BUDGET POLICIES AND ABB DISTRIBUTION

In 2013, **the University fully implemented Activity Based Budgeting (ABB) with the goal of bringing more transparency and predictability into the budget process.** In its most basic form, ABB is a method of budgeting in which revenues generated from instructional and indirect research activities are allocated directly to the unit responsible for the activity. ABB allows for enhanced local planning and accountability and creates incentives for units to more efficiently manage resources and expenditures. Further, direct control of resources generated from activities creates incentives to set priorities and develop new activities consistent with the overall mission and strategic goals of the institution.

However, as is the case with any budgeting model, ABB is imperfect and has shortcomings. The architects of ABB anticipated that periodic review and, eventually, a substantial formal review of ABB would be necessary, especially as market conditions, funding trends, and student demand evolve over time. Every academic year, faculty, staff, deans and students identify potential improvements to the model, and many of these stakeholders work to implement enhancements.

This academic year, a joint committee of deans and faculty was charged with a scope of work related to the “hold harmless” component of base budgets. The hold harmless component was calculated as the amount of funding necessary for each school or college to “break even” once tuition and indirect cost recovery were distributed based on share of activity. Despite initial thinking that these amounts would modify as tuition distributions began to shift across the campus, the hold harmless amounts never changed. With this budget cycle, funds will shift between units, in order to supplement operations in areas with less formulaically-driven funding, but static to increasing costs (e.g. faculty, staff, and operations).

Below are brief descriptions of the budget policies that guide our distribution of incremental operating resources throughout the University.

GENERAL OPERATING FUND (GOF) DISTRIBUTION

State Appropriations: The University distributes state appropriations to campuses, schools, colleges, and administrative units, in accordance with state policies and directions. While most state funding comes to the UW in the form of “provisos,” which are directed to specific programs or efforts, some funding (e.g. funding for compensation) is available for broader distribution. *Distribution under ABB: state funds with **no** legislative directive, though rare, are available to support the strategic priorities of the University and are distributed by the Provost, in consultation with academic and administrative leadership.*

Tuition Operating Fee Revenue: The University allocates new, *net* tuition revenue to the unit(s) that conduct the activity generating the new revenue. Net tuition revenue is the total of all operating fees charged to students, after subtracting waivers, grants, and certain fees. By statute, a certain portion of tuition fees is credited to the UW Building Account (building fees) and is to be used exclusively for constructing, altering, and maintaining buildings; these funds are appropriated by the legislature. *Distribution under ABB: of the net tuition operating fee revenue generated at the UW in Seattle, 70 percent is distributed to Seattle schools and colleges, and 30 percent is retained by the Provost for basic university functions and strategic investments. Increasingly, the amount retained centrally is used to fund compensation expenses in Seattle schools, colleges and administrative units. Tuition revenue generated at UW Bothell and UW Tacoma is distributed to those campuses.*

For more information about the University's general operating fund (GOF), which is composed of state general fund appropriations and tuition revenue, please see page 26.

DESIGNATED OPERATING FUND (DOF) DISTRIBUTION

Indirect Cost Recovery: Several negotiated rates of allowable facilities and administrative overhead fees govern the receipt of indirect cost recovery (ICR) collected on federal grants and contracts. *Distribution under ABB: Units receive 35 percent of ICR they generate from the 12-month period ending March 31, 2018. In this case, a large portion of the funds retained by the central administration are used for debt service, building operations and maintenance, and utilities costs. UW Bothell and UW Tacoma receive the indirect revenue generated by each campus.*

Institutional Overhead: A percentage of self-sustaining units' revenue from the sale of goods and services is charged to recover costs for building use, physical plant operations and maintenance, and institutional support at the Seattle campus. The institutional overhead rate is applied to revenues associated with these activities. The UW has two institutional overhead rate categories: on-campus and off-campus, determined by the location of the preponderance of effort by each entity. FY18 rates are 15.60 percent for on-campus and 6.85 percent for off-campus activities. *Distribution under ABB: Institutional overhead charges are received as revenue to the Designated Operating Fund (DOF) group and distributed back to units as part of the budget process.*

Remaining DOF: This includes investment income, Seattle summer quarter tuition, the Provost Internal Lending Program (ILP) risk fund, and administrative overhead charges to UW Bothell and UW Tacoma.

- *Seattle summer quarter:* There is no state support for Seattle summer quarter, and it is, generally, not part of the ABB model. Continuum College submits a summer quarter budget to the Provost each year for approval. Based on this budget, revenue is transferred from DOF fund balance to cover the budgeted expenses. After the quarter is over, fund balance is adjusted up or down to reconcile with

actual summer quarter tuition revenue and expenses. The net budget becomes part of the DOF pool of funds and is allocated back out to campus units. In FY17, the Provost approved a recommendation, based on analysis and review, that incremental summer tuition revenue from the 12-month professional programs of the School of Medicine and the School of Dentistry (which are run outside of Continuum College) should be distributed based on current ABB distribution rules. This summer tuition is allocated to the schools separately from the regular academic year tuition, since summer tuition is DOF, rather than GOF. In FY18, \$500,000 was distributed proportionally between the two schools. For FY19, an additional \$1 million will be distributed proportionately between the schools, along with the calculated new incremental revenue.

- *Administrative overhead:* These charges reflect a share of centralized administrative services provided by Seattle to UW Bothell and UW Tacoma, and are calculated as 10 percent of GOF revenue for each campus, excluding funds for salary increases and funds for operations and maintenance.

Distribution: Remaining DOF revenues are distributed back to units as part of the budget process.

For more information about DOF, please see page 30.

GIFT INCOME AND ENDOWMENT DISTRIBUTION

The policy approved by the Board of Regents allows 5 percent, or 500 basis points, of the endowment's average quarter market value⁶ to be distributed. Of this payout, 400 basis points are allocated to individual endowment shareholders. The remaining 100 basis points are allocated to offset endowment-related expenses, with 80 basis points going to Advancement and 20 basis points going to Treasury. The administration continues to monitor endowment performance and spending as it results from this policy.

In FY19, the administration will implement a gift assessment on current use gifts between \$1,001 and \$5 million. The assessment will be 5 percent and, although exclusions apply, the assessment will be directed to a central budget, to be deployed by the Provost and President to advance the mission of the University. The assessment revenue will be generated from the gift income forecast in this section, and directed to areas of critical importance on a quarterly basis.

Endowment funds and gift income can only be used for the purposes specified by the granting agency or donors, and are distributed accordingly.

For more information about Gift Income and Endowment Distribution, please see page 40.

⁶ The average quarter market value is based on a trailing 20-quarter, or 5-year, average.

OUR UW CORE OPERATING BUDGET

Critical to the academic and research mission of the University, our core operating budget is composed of state appropriations, net tuition revenue, cost recovery from grants and contracts, overhead from self-sustaining activities, summer quarter tuition and other, local resources. Table 5, below, shows core operating revenues, expenditures, and use of funds as adopted for FY18 and as proposed for FY19.

Table 5: FY19 Core Operating Revenue, Expenditures & Use of Funds¹

Revenues, Expenditures & Uses of Funds by Fund	FY18 Adopted	Incremental Change	FY19 Proposed
Total Operating Revenue:	1,339,314,000	64,912,000	1,404,226,000
General Operating Fund:	975,184,000	48,562,000	1,023,746,000
State Appropriations ²	351,726,000	17,545,000	369,271,000
Tuition Operating Fee Revenue	623,458,000	31,017,000	654,475,000
Designated Operating Fund:	364,130,000	16,349,000	380,479,000
Indirect Cost Recovery	247,000,000	20,224,000	267,224,000
Institutional Overhead	26,000,000	130,000	26,130,000
Administrative Overhead	8,726,000	468,000	9,193,000
Summer Quarter Tuition	56,186,000	2,044,000	58,231,000
Investment Income	15,676,000	(6,676,000)	9,000,000
Provost ILP Risk Fund	2,100,000	0	2,100,000
Miscellaneous Fees	8,442,000	159,000	8,601,000
Total Operating Expenditures, Adjustments & Uses:	1,339,313,000	64,912,000	1,404,226,000
State Adjustment to Prior Fiscal Year		(403,000)	
Compensation Distributions to Units ³		10,174,000	
Tuition Distributions to Units		23,985,000	
ICR Distributions to Units		4,459,000	
Provost Reinvestment Pool		8,244,000	
Provost Investment In Campus Unit Initiatives		6,027,000	
Legislative Directives		7,504,000	
Other Adjustments			
Paid Family & Medical Leave Contingency		2,000,000	
Risk Management & Mitigation		1,290,000	
Summer Tuition Distributions		1,000,000	
Permanent Core Funding for Library Operations		632,000	

¹ Due to rounding, total revenues may not match total expenditures.

² In FY18 and FY19, "State Appropriations" includes approximately \$25.5 million per year from the Pension Funding Stabilization Account, due to a temporary fund shift from the State General Fund.

³ Compensation distributions to units include temporary funds that the state directed us to use for compensation.

OUR CORE OPERATING EXPENDITURES

The University's core operating expenditures convey the priorities of UW leadership, including the President, Provost, and student and faculty leaders. As noted in the "Administrative Due Diligence" section (page 17), most of the core revenues of the UW are distributed formulaically through Activity Based Budgeting (ABB). Incremental funding allocations are made in alignment with priorities for the coming fiscal year, which were formed in consultation with faculty, staff, and student leaders. As noted in the introduction, key priorities for funding allocations outside of the ABB formulae were guided by the desire to provide competitive compensation in alignment with available funds, fund areas of critical infrastructure and compliance by redeploying existing budget authority, and maintain investments in the student experience and student safety. Again, expenditures of core operating resources reflect these priorities and are summarized in Table 5, above.

COMPENSATION

It continues to be the highest priority of the President, Provost, and Executive Vice President to improve compensation for our dedicated faculty and staff. Since last year, the Provost has continued to engage Deans and Chancellors in salary planning conversations to proactively contemplate salary equity, compression, and inversion.

Ultimately, the discussions and solutions are not just about salary; they involve a dynamic system of considerations and pressures, including meritorious work, staffing mix, faculty workload, salary policy goals and objectives, market pressures, and program and curriculum design. Sustaining long-term institutional success requires us to thoughtfully manage and better appreciate the dynamic links between these many contributing factors.

The salary planning process requires (a) making explicit the costs related to our activities, (b) deciding how to prioritize those activities in a way that most effectively serves our mission and addresses our needs and interests, and (c) being strategic about how we distribute funds. Further, this planning provides an opportunity for extensive and deep collaboration between faculty and administration in each school and college.

In this budget cycle, the Provost and the Office of Planning & Budgeting analyzed multi-fund multi-year financial forecasts for every unit on all three campuses. This work was instructive and clarified that funding 2 percent merit pools in perpetuity, without additional incremental funding from the state or tuition, will prove challenging in the years ahead. As a result, the Provost is prioritizing compensation again this cycle, and redeploying resources to meet this need.

The extent of our ability to address this priority, however, continues to depend on the state's investment of additional permanent resources for compensation. Our top priority this legislative session was to correct the "fund split" that the state applies to new, state-related expenses, primarily compensation. The UW's fund split is roughly 34/66 percent (34 state appropriation, 66 tuition revenue); however, all of the other Washington state public four-year universities have around a 50/50 percent fund split. This fund split is based upon years of assumptions about our ability to raise tuition rates to cover ever-higher annual expenses, and it is not sustainable. The legislative session ended on March 8, and though we received additional state funding to shift some of our "fund splits" to 50/50, the funding is temporary.

Based on the outcome of the state legislative session (described further on page 26) and on discussions between the Provost and each UW unit, the Provost plans to authorize merit-based salary increases of 2 percent for faculty, librarians, and professional staff in FY19. Calculations in this preliminary FY19 budget include the 2 percent merit increase, as well as the provisions of collective bargaining agreements for represented employees. The Provost will authorize final merit increases in May. In addition, the President, Provost, and Executive Vice President identified central cuts to cover a pool of unit adjustment funding for meritorious faculty.

Benefits expenditures are largely driven by the legislature's negotiated rates on employer contributions to employee benefits, which were set in the state's final 2018 supplemental operating budget at \$916 per employee per month in FY19, up from \$913 per employee per month in FY18.

While the increase is slight, higher legislative limits on benefits contributions result in higher University fringe load rates, which, in turn, result in higher costs to schools, colleges, administrative units, and campuses. Although the state provides some funding to offset the increased benefits expenditures, that funding only defrays part of the cost to the University and its units.

FIXED COSTS

"Fixed costs" is a term used to refer to those costs incurred by the University that are necessary or unavoidable, but are not costs generated by a particular unit. The largest fixed cost budget items are for utilities, such as electricity, fuel, power plant, sewer, etc. Other fixed costs include property rentals, back-up childcare and eldercare support, student and employee disability needs, University risk financing, a legal services revolving fund, and many others.

Although managed by units around campus, the funding is provided from central funds. At the end of the fiscal period, if over-expended, central funds cover the costs; conversely, if the budgeted level is under-expended, the savings accrue centrally.

Due to the nature of these budgets, cost projections can be difficult. Many fixed costs are driven by economic factors outside our control. In the utility sector, changes to rates are not always known at the time a budget is constructed. In addition to rate changes, utility expenditures are also affected by new buildings coming online.

Because the state budget provides less funding than anticipated and imposes new charges, incremental permanent funding that is meant to support the University's core academic mission must be redeployed. Most areas under "Other Adjustments" will receive less permanent funding than requested, even after this redeployment.

OUR CORE OPERATING REVENUES

University Operating Resources are derived from state appropriations, net tuition revenue, indirect cost recovery from grants and contracts, institutional overhead charged to self-sustaining budgets and auxiliary units of the University, administrative overhead charged to Bothell and Tacoma, and summer quarter tuition revenue. These revenues are combined into two major budget categories: the General Operating Fund (GOF) and the Designated Operating Fund (DOF).

GENERAL OPERATING FUND (GOF)

GOF is composed of state appropriations and tuition operating fee revenue (net of financial aid). Each is described in more detail below.

State Appropriations

Lawmakers have approved, and the Governor has signed, the state's 2018 supplemental operating and capital budgets, which include technical corrections and minor appropriation changes to the 2017-19 biennial operating and capital budgets.

Here is an overview of the major state funding decisions, from both the 2017-19 biennial budgets and the 2018 supplemental budgets, that influenced the UW's FY19 operating budget:

- Continuation of current tuition policy (2ESSB 5954), which allows resident undergraduate tuition increases of roughly 2.0 percent in FY19 and each year thereafter.
- Permanent incremental compensation funding of \$5.7 million in FY19 to partially fund the state's compensation assumptions of two 2-percent salary increases for faculty and professional staff.
- A **one-time allocation** of \$6 million in FY19 that temporarily increases the amount of state funding and allows us to temporarily reduce the amount of tuition revenue that we use to support compensation and central services. In short, the state budget includes temporary funding to cover ongoing expenses, which presents risks for the University when that temporary money expires. The state budget does, however, fund a study aimed at recommending a longer-term solution for higher education fund splits. Thus, there is a formal mechanism to continue the conversation with the state. A permanent fund split fix remains a high priority of the University.
- Approval and **partial** funding of collective bargaining agreements in FY19. The supplemental budget provides an "error correction" for SEIU and WSFE, as the collective bargaining agreements were over-funded in the 2017-19 budget due to a state calculation error.
- A slightly higher final limit on the monthly contributions that state agencies make to employee medical benefits: \$916 in FY19, which is up from \$913 in FY18.
- **Partial funding** for rising central service charges, which the UW is required to pay to the state and for things such as audit services, legal services, and archives management.
- A small amount of funding to help the UW to implement Paid Family & Medical Leave premiums, starting on January 1, 2019, pursuant to [SB 5975](#) (2017).
- In addition to provisos in the 2017-19 budget, a number of other provisos for the UW were added in the supplemental budget, including:
 - More than \$1 million in FY19, and \$1.7 million ongoing to operate the Bill & Melinda Gates Center for Computer Science & Engineering, which will be online in December 2018.
 - \$3 million per year, starting in FY19, to complete a goal of doubling the number of computer science degrees awarded from 300 to 600 annually;
 - \$1 million per year, starting in FY19, for the UW's Psychiatry Integrated Care Training Program;
 - \$970,000 in FY19 for an inflationary adjustment to the tuition backfill amounts from FY18.

In addition to these new, incremental changes in FY19, many of the state funding decisions for FY18 carry forward into FY19. For example, in FY18, the state implemented a new central service charge for its Office of

Financial Management (OFM), which requires that the UW annually use \$1.51 million in student tuition revenue to support OFM instead of the University's academic mission. The state also reduced the UW's general fund appropriation by \$1.3 million in FY18, due to an assumed reduction in the UW's state-supported graduate student waiver activity. These changes continue to impact the UW's FY19 budget.

Tuition Revenue & Recommendations

In the final 2017-19 state operating budget, lawmakers decided to retain current resident undergraduate tuition policy (2ESSB 5954, 2015), which allows the operating fee to increase by roughly 2.0 percent in FY19 and each year thereafter—the 14-year rolling average of Washington's median hourly wage.⁷ The 2018 state legislature left this tuition policy unchanged in the state's 2018 supplemental operating budget. The Board of Regents has the authority to set tuition rates for nonresident undergraduates and all graduate and professional students.

The tuition rate recommendations in Table 6, below, are the result of **many months of collaboration** between chancellors, deans, faculty, students, and staff along with executive and academic leadership. The administration solicited recommendations from deans and chancellors, but required that each dean and chancellor consult with students and elected faculty councils. **All tuition rate proposals were accompanied by a narrative justification, market analyses, enrollment changes, waiver implications, student debt impact, and information regarding the use of incremental revenue.**

The tuition rates in Table 6 include the operating fee and the building fee, and the percentage change applies to both fees. For example, the rate for nonresident undergraduate students assumes that the building fee will increase by the same percentage as the operating fee in FY19—3.0 percent. Please note students must pay other mandatory fees, besides the operating and building fee. Please see the Cost of Attendance attachment for more detail.

Projected tuition revenue—net of building fee, required financial aid set-aside, and, of course, waivers—is shown in Tables 1 and 5 as “Tuition Operating Fee” revenue. **Please note, although Table 6 reflects the most recently submitted tuition rate proposals, the calculations in Tables 1 and 5 do not include a few very recent modifications, due to timing issues.** Specifically, the calculations do not include recent changes from the Evans School, the School of Dentistry, the School of Public Health's Master of Public Health program, UW Bothell's Master of Business Administration program, or UW Bothell's Nursing program.

The difference between the tuition revenue projection for the approved FY18 budget and the projection for the preliminary FY19 budget is attributable to a few factors:

- Primarily, most tuition rates are recommended to increase by 2 to 4 percent, as shown in Table 6.
- Due to uncertainty regarding federal policies, the UW had conservatively estimated the number of undergraduate nonresident students, particularly undergraduate international students, who would enroll in FY18. Since FY18 projections have proven to be conservative, the FY19 projections account for known FY18 revenue and we have adjusted our projections accordingly.
- In addition, FY17 tuition collections were underestimated, which caused FY18 projections to also be underestimated. FY19 projections are based on updated projection methodology.

⁷ The Governor's Office of Financial Management will finalize allowable resident undergraduate tuition increases in mid-May. We are using 2.0 percent in this preliminary budget as a conservative estimate, and a final rate will be included in the final proposed budget item.

Table 6: FY19 Tuition Recommendations

Unit	Tuition Category		FY18 (Current Rate)	FY19	
				% Change	Tuition Rate
University-Wide	Undergraduate*	Resident	\$9,909	2.0%	\$10,107
		Non-Res	\$34,473	3.0%	\$35,508
	Graduate Tier I	Resident	\$15,207	2.0%	\$15,510
		Non-Res	\$27,255	2.0%	\$27,801
	Graduate Tier II	Resident	\$15,594	2.0%	\$15,906
		Non-Res	\$27,837	2.0%	\$28,395
	Graduate Tier III	Resident	\$17,424	2.0%	\$17,772
		Non-Res	\$31,059	2.0%	\$31,680
Seattle Campus					
Built Environments, College of	Masters - Construction Mgmt., Landscape Architecture, Urban Design & Planning	Resident	\$15,954	3.0%	\$16,434
		Non-Res	\$28,413	3.0%	\$29,265
	Masters - March and MSRE (Real Estate)	Resident	\$16,875	3.0%	\$17,382
		Non-Res	\$35,535	3.0%	\$36,600
Dentistry, School of	Dental Professional (DDS) Year 1	Resident	\$47,190	TBD	
		Non-Res	\$72,762		
	Dental Professional (DDS) Year 2	Resident	\$47,190		
		Non-Res	\$72,762		
	Dental Professional (DDS) Year 3	Resident	\$47,184		
		Non-Res	\$72,762		
	Dental Professional (DDS) Year 4	Resident	\$43,617		
		Non-Res	\$72,762		
	Graduate Dental - Oral Biology	Resident	\$15,795		
		Non-Res	\$30,504		
	Graduate Dental - Oral Medicine, Pediatric Dentistry, Periodontics, and Prosthodontics	Resident	\$17,541		
		Non-Res	\$33,246		
Graduate Dental - Endodontics	Resident	\$19,293			
	Non-Res	\$33,246			
Graduate Dental - Orthodontics	Resident	\$24,570			
	Non-Res	\$33,246			
Education, College of	Master of Education and Master in Teaching	Resident	\$16,407	3.0%	\$16,899
		Non-Res	\$30,417	3.0%	\$31,329
	Doctor of Education and Education PhD	Resident	\$16,407	3.0%	\$16,899
		Non-Res	\$30,417	3.0%	\$31,329
Engineering, College of	Master of Chemical Engineering	Resident	\$21,558	2.0%	\$21,990
		Non-Res	\$33,990	2.0%	\$34,671
	Masters of Industrial and Systems Engineering	Resident	\$21,558	2.0%	\$21,990
		Non-Res	\$33,990	2.0%	\$34,671
	Master of Material Science and Engineering	Resident	\$21,558	2.0%	\$21,990
		Non-Res	\$33,990	2.0%	\$34,671
	Master of Applied Bioengineering ¹	Resident	\$30,600	3.0%	\$31,518
		Non-Res	\$36,720	3.0%	\$37,821

Environment, College of the	College of the Environment Graduate Programs	Resident	\$15,594	2.0%	\$15,906
		Non-Res	\$27,837	2.0%	\$28,395
	Masters in Earth Space Science: Applied Geosciences	Resident	\$17,436	4.0%	\$18,132
		Non-Res	\$31,122	4.0%	\$32,367
Evans School	Master of Public Administration (MPA) Incoming ²	Resident	\$21,429	10.0%	\$23,571
		Non-Res	\$38,466	5.0%	\$40,389
	Master of Public Administration (MPA) Continuing ²	Resident	\$21,429	5.0%	\$22,500
		Non-Res	\$38,466	5.0%	\$40,389
Foster School	Master of Business Administration (Incoming)	Resident	\$32,274	3.0%	\$33,243
		Non-Res	\$47,541	3.0%	\$48,966
	Master of Business Administration (Continuing)	Resident	\$31,335	3.0%	\$32,274
		Non-Res	\$46,155	3.0%	\$47,541
Graduate School	Graduate School Interdisciplinary Programs Tier I ³	Resident	\$15,207	2.0%	\$15,510
		Non-Res	\$27,255	2.0%	\$27,801
	Graduate School Interdisciplinary Programs Tier III ³	Resident	\$17,424	2.0%	\$17,772
		Non-Res	\$31,059	2.0%	\$31,680
Law, School of	Law (JD) 1L	Resident	\$33,246	5.0%	\$34,908
		Non-Res	\$43,914	5.0%	\$46,110
	Law (JD) 2L	Resident	\$31,662	4.0%	\$32,928
		Non-Res	\$43,053	4.0%	\$44,775
	Law (JD) 3L	Resident	\$30,891	4.0%	\$32,127
		Non-Res	\$42,192	4.0%	\$43,881
	Master of Laws (LLM)	Resident	\$22,944	4.0%	\$23,862
		Non-Res	\$38,439	4.0%	\$39,978
	Law PhD	Resident	\$20,118	4.0%	\$20,922
		Non-Res	\$38,439	4.0%	\$39,978
Medicine, School of	Medical Professional (MD)	Resident	\$34,680	3.0%	\$35,721
		Non-Res	\$64,386	2.0%	\$65,673
Nursing, School of	Nursing Master and Doctor of Nursing Practice	Resident	\$25,461	3.0%	\$26,226
		Non-Res	\$38,934	0.0%	\$38,934
Pharmacy, School of	Doctor of Pharmacy	Resident	\$29,232	4.0%	\$30,402
		Non-Res	\$49,215	4.0%	\$51,183
	PharmD/MBA dual program with UW Bothell	Resident	\$31,698	4.0%	\$32,967
		Non-Res	\$49,215	4.0%	\$51,183
Public Health, School of	Master of Public Health (MPH)	Resident	\$19,959	4.0%	\$20,757
		Non-Res	\$34,749	4.0%	\$36,138
	Public Health Graduate Programs (other than MPH)	Resident	\$17,760	0.0%	\$17,760
		Non-Res	\$30,756	0.0%	\$30,756
	Public Health Graduate Programs PHD Program	Resident	\$17,760	0.0%	\$17,760
		Non-Res	\$30,756	0.0%	\$30,756
Social Work, School of	Master of Social Work	Resident	\$18,171	3.0%	\$18,717
		Non-Res	\$31,218	3.0%	\$32,154

Bothell Campus					
UW Bothell	Bothell - Nursing	Resident	\$15,594	3.0%	\$16,062
		Non-Res	\$27,837	3.0%	\$28,671
	Bothell - MBA Incoming	Resident	\$22,596	3.0%	\$23,274
		Non-Res	\$28,329	3.0%	\$29,178
	Bothell - MBA Continuing	Resident	\$22,371	0.0%	\$22,371
		Non-Res	\$28,329	0.0%	\$28,329
Tacoma Campus					
UW Tacoma	Tacoma - Nursing	Resident	\$15,594	0.0%	\$15,594
		Non-Res	\$27,837	0.0%	\$27,837
	Tacoma - MBA Incoming	Resident	\$18,699	0.0%	\$18,699
		Non-Res	\$31,122	0.0%	\$31,122
	Tacoma - MBA Continuing	Resident	\$20,325	-8.0%	\$18,699
		Non-Res	\$33,828	-8.0%	\$31,122
	Masters in Business Analytics ⁴	Resident	\$21,402	-26.3%	\$15,774
		Non-Res	\$26,844	-26.0%	\$19,866

* The Governor's Office of Financial Management will finalize resident undergraduate tuition increases in mid-May. This is an estimate.

1 Applied Bioengineering is a one-year program. The fee listed above is for 4 quarters including summer.

2 The Evans School is proposing a new tuition structure to split the MPA rate into incoming and continuing rates. This is not strictly a cohort model because continuing students may be subject to a tuition rate increase over the rate in their first year.

3 Although these tuition categories will follow Tier I and Tier III rates, respectively, the revenue from interdisciplinary programs will be distributed under a different formula than other tuition revenue, hence the need for separate tuition categories.

4 This reflects a change from a three-quarter to a four-quarter program, so total cost will stay approximately the same.

DESIGNATED OPERATING FUND (DOF)

Other, local sources of revenue that support operations for all University units are referred to, collectively, as the Designated Operating Fund (DOF). DOF includes the following local sources of revenue, but please review "Budget Policies and ABB Distribution" on page 20 for more information regarding distribution methodology:

- **Indirect Cost Recovery:** The UW's receipt of indirect cost recovery (ICR) from grants and contracts is the largest component of DOF. ICR provides reimbursement for prior institutional expenses associated with the UW's research activity. Based on historical trends and current year-to-date actuals, a significant increase to the ICR budget is warranted, which will bring the total budget to \$267 million. Last year, the UW could have increased the ICR budget, but instead decided to maintain spending authority at a modest level, given uncertainty surrounding federal agency funding and given discussion with the Board and the University community. Despite the uncertainty, ICR exceeded projections and, while we monitor federal policy toward research funding, the UW has and is projected to continue to exhibit strong performance in this area.
- **Institutional Overhead:** A percentage of self-sustaining units' revenue from the sale of goods and services is charged to recover costs for building use, physical plant operations and maintenance, and institutional support at the Seattle campus. In the coming year, the University administration will hold the institutional overhead budget nearly flat at \$26.1 million.

- **Administrative Overhead:** This is equivalent to institutional overhead, but is charged to UW Bothell and UW Tacoma. This overhead reflects a share of centralized administrative services provided to those campuses by the UW in Seattle. Administrative overhead is calculated as 10 percent of GOF for each campus, excluding funds for operations and maintenance. Projections are calculated based on the year-end budget at each campus, incorporating known allocations for the coming year, and are estimated to increase by \$468,000 in FY19.
- **Summer Quarter Tuition:** Continuum College manages the summer quarter program for the University. The approved budget dictates the incremental increase or decrease over prior year. In FY19, a budget increase of \$2.04 million was approved. This is partially offset by upward pressure on expenditures resulting in an incremental net decrease to central balances of approximately \$1 million.
- **Investment Income:** This is DOF revenue derived from invested funds after distributions to campus units. Treasury bases its projections for anticipated returns on market conditions for the upcoming fiscal year. The value of this fund can be volatile, depending on market forces and performance of the Diversified Investment Pool, and is currently projected to be \$9.0 million in FY19.
- **Provost ILP Risk Fund:** Beginning in FY17, Treasury started allocating a portion of the ILP rate charged to borrowers to compensate central administration for incurring incremental risk and providing credit support. Based on the first year's collections to-date, FY19 revenues are estimated to hold flat at \$2.1 million.
- **Miscellaneous Fees:** This is a group of fees that contribute to the DOF revenue. Some of the fees are charged directly to students such as application fees, library fines, late registration fees and others. Other fees are for such items as trademarks and licensing, insufficient funds for returned check fees, staff registration fees, etc. Fluctuations in miscellaneous fees account for a projected increase of \$159,000 in FY19.

ENSURING ACCESS AND COMPLETION: FINANCIAL AID

The UW is committed to providing educational access and opportunity, regardless of a student's ability to pay. By providing financial assistance programs, the UW promotes participation in higher education and bridges the gap between students' resources and the cost of attendance. The UW's commitment to financial aid helps students not only access the University, but also successfully complete a degree. Such resources include programs such as Husky Promise, which guarantees full tuition and standard fees will be covered by grant or scholarship support for eligible Washington state students. The UW also offers a variety of tuition waivers, such as those to veterans and surviving spouses and dependents of fallen officers.

Due to legislation and prior Regental actions, tuition revenue is used to provide student aid in three ways:

1. **State-Mandated Aid:** The state of Washington requires that the UW put an amount equal to 4 percent of total collected tuition revenue toward financial aid.
2. **Institutional Aid:** In an effort to ensure access, UW uses incremental tuition revenue to provide additional funds for need-based grants. In addition, UW policy allows that an amount equal to 4 percent of the total resident portion of tuition charged to all students be used for financial aid. Three-quarters of this aid is awarded on the basis of need and one-quarter on the basis of merit.
3. **Waivers - Foregone Revenue:** Waivers that represent foregone tuition revenue help many students pay for tuition. Such waivers are usually awarded automatically to students who fit certain criteria. Waivers automatically awarded to students with graduate student service appointments are by far the largest group of these waivers. Certain veterans also receive waivers. In our student system, the non-resident differential for students in the Washington, Wyoming, Alaska, Montana and Idaho (WWAMI) regional medical education program also shows up as a "waiver," even though the states from which these students originate are compensating the University.

Table 7, below, shows both the amount of operating fee revenue generated by students and the amount of financial aid funded by tuition revenue. As was the case last year, the recommendation reflected in Table 7 is that the UW adjust its contribution to need-based institutional aid for tuition changes (increases or decreases) and for expected changes in resident undergraduate enrollment.

Please note, the UW uses tuition revenue (roughly \$11 million in FY18) to compensate for the state's underfunded State Need Grant (SNG) program. The state's 2018 supplemental budget provided \$18.5 million in FY19 for the Washington Student Achievement Council to reduce the SNG waiting list by one-quarter, which will serve an additional 4,600 students statewide. While this SNG expansion will likely reduce the UW's offset to the unfunded portion of SNG, the magnitude of the effect is not yet known. Rough estimates indicate that as much as \$4 million could come to the UW, but due to this uncertainty, this budget does not assume any savings in institutional aid. If there are savings, it is recommended that the UW redirect a portion toward student support services and other vital areas, and subsequently adjust the program annually once SNG allocations are known. While the UW is very proud of the graduation and retention rates of students who receive aid, additional services could enhance student completion.

Please note also that a great deal of financial aid is provided by gifts and endowments, which is not shown here. Further, support for graduate students comes from grants and contracts (for research assistants) and from GOF (for teaching assistants). Table 7 shows only the projected portion of aid that is derived from tuition revenue.

Further, the table and figures on the next pages are representative of **all three UW campuses**.

Table 7: 2018-19 Net Operating Fee Revenue and Tuition-Based Aid

	Undergraduate			Graduate/Professional			Total
	Resident	Nonresident ¹	Total	Resident	Nonresident	Total	
Full-Time Equivalent (FTE)	27,710	9,160	36,870	6,061	6,187	12,248	49,118
Gross Operating Fee Revenue	274,332,000	307,364,000	581,696,000	105,460,000	166,402,000	271,862,000	853,558,000
State-Mandated Aid	10,320,000	12,060,000	22,380,000	3,533,000	3,438,000	6,971,000	29,351,000
UW Institutional Aid	32,586,000	17,585,000	50,171,000	4,102,000	3,675,000	7,777,000	57,948,000
Waivers - Foregone Revenue ²	5,370,000	2,400,000	7,770,000	12,919,000	76,629,000	89,548,000	97,318,000
Provost Pool for Faculty Reinvestment ³	1,619,000	881,000	2,500,000	1,000,000	1,000,000	2,000,000	4,500,000
Risk Pool ⁴	3,202,000	4,065,000	7,267,000	1,195,000	1,168,000	2,363,000	9,630,000
Net Operating Fee Revenue	221,235,000	270,373,000	491,608,000	82,711,000	80,492,000	163,203,000	654,811,000
Total Aid from Group	49,895,000	32,045,000	81,940,000	20,554,000	83,742,000	104,296,000	186,236,000
Aid from Group as % of Gross Op	18%	10%	14%	19%	50%	38%	22%
Total Aid to Group	72,151,000	13,519,000	85,670,000	23,318,000	75,629,000	98,947,000	184,617,000
Aid to Group as % of Gross Op	26%	4%	15%	22%	45%	36%	22%

¹ Incremental revenue from past nonresident undergraduate tuition increases has been used to fund aid for domestic nonresident undergraduates.

² More than 75 percent of waivers are provided to graduate teaching and research assistants as function of their appointment.

³ Please refer to the Compensation section on page 24 for more information.

⁴ To be conservative, a 1.5 percent risk pool has already been subtracted from projected operating fee revenue.

Nonresident undergraduates continue to contribute considerably more to financial aid than is awarded to them; they generate \$32 million in financial aid funds, but are awarded only \$13.5 million.

Figure 4, below, shows changes in **FTE enrollment** by student level and residency over time, while Figure 5 shows changes in **net revenue** by student level and residency over time. These figures suggest two things:

- Net operating fee revenue has been modestly increasing while enrollments have remained fairly flat,
- There has been little increase since FY15 in net operating fee revenue, largely because the pool of revenue from resident undergraduates has shrunk.

Figure 4: FTE Enrollment by Student Category

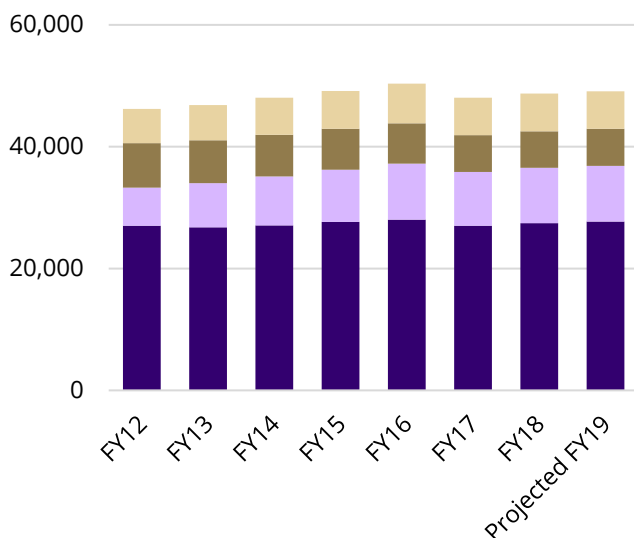
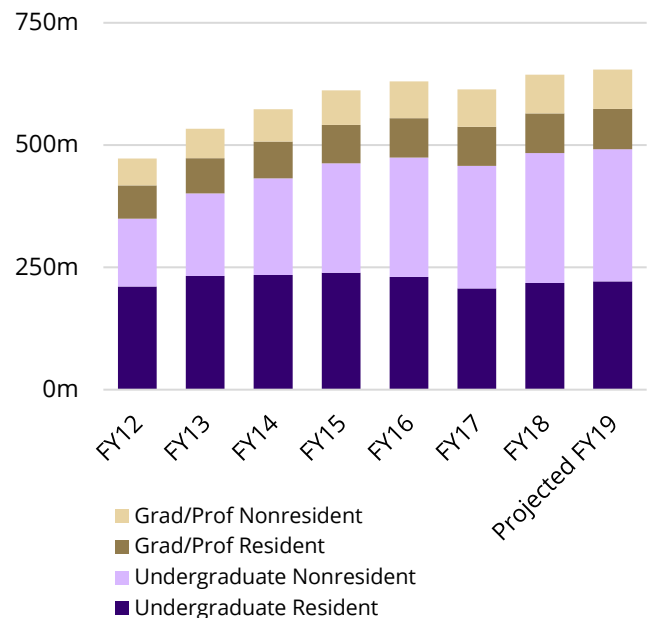


Figure 5: Net Revenue by Student Category



STATE RESTRICTED FUNDS

Certain state appropriations can only be used for the strategic purposes specified by the Washington state legislature, and are distributed accordingly. Restricted appropriations from accounts considered “Near-General Fund-State” (General Fund-State and Education Legacy Trust Account) are included in the “State Appropriations” section, on page 26. This category, however, includes amounts appropriated from accounts **other than** Near-General Fund-State accounts.

The original 2017-19 state budget provided several restricted fund allocations for FY18 and FY19. These were modified slightly with the 2018 supplemental budget. Table 8, below, shows restricted fund allocations. The majority of “state restricted funds” is comprised of approximately \$7 million per year in Accident and Medical Aid account funding, which is allocated to the School of Public Health for specific activities performed by the Department of Environmental and Occupational Health Sciences (DEOHS). An appropriation of \$1.51 million per year from the Economic Development Strategic Reserve account supports the Joint Center for Aerospace Innovation Technology. Also included are annual appropriations of \$298,000 for shellfish biotoxin monitoring and \$675,000 for ocean acidification research. In addition, an appropriation of \$247,000 from the Dedicated Marijuana account is provided for research and education on the effects of marijuana use. That funding is \$774,000 per year *less* than what the UW requested in order to fulfill the legislature’s obligations under 2E2SHB 2136 (2015), but is \$20,000 more per year than what the UW was previously receiving.

The 2018 supplemental budget provided \$200,000 per year beginning in FY19 from the Geoduck Aquaculture Research account for the Washington Sea Grant to complete a three-year study identifying best management practices that optimize the value of shellfish farms for shellfish production and as habitats for other species. Additionally, appropriations from the Economic Development Strategic Reserve, Accident and Medical Aid accounts were adjusted to account for a slight change in state employee benefit rates. These changes are reflected below.

Table 8: FY18 and FY19 State Restricted Funds

State Account	FY18 Original	FY18 Revised	FY19
Biotoxin Acct (Shellfish Monitoring)	298,000	298,000	298,000
Aquatic Lands Enhancement Account	675,000	675,000	675,000
Geoduck Aquaculture Acct	-	-	200,000
Economic Devel. Strategic Reserve Acct (Aerospace Ctr)	1,513,000	1,513,000	1,521,000
Dedicated Marijuana Account	247,000	247,000	247,000
Accident Account (DEOHS)	3,628,000	3,623,000	3,802,000
Medical Aid Account (DEOHS)	3,446,000	3,441,000	3,591,000
Total	9,807,000	9,797,000	10,334,000

*Note that all of these, except Dedicated Marijuana Acct, are biennial appropriations, and therefore funds can be spent across the biennium.

UNIVERSITY AUXILIARY ACTIVITIES

WHAT YOU NEED TO KNOW ABOUT AUXILIARY ACTIVITIES

The University has a large, self-sustaining auxiliary business enterprise. These activities are different from those supported by tuition, state appropriations, and federal and state grants or contracts in that they receive operating revenue, not budget authority. Some of these large business enterprises include:

- UW Parking and Transportation Services
- Housing and Dining
- Intercollegiate Athletics (ICA)
- Continuum College
- Graduate Medical Education
- Lab Medicine

Due to the nature of their business and, in some cases, the debt covenants associated with their participation in the UW's Internal Lending Program (ILP), these auxiliaries tend to carry sizable balances. Although UW Medicine is considered an auxiliary, it is identified separately, given its size.

Any school, college, campus or administrative unit may have several types of auxiliary budgets. Excluding UW Medicine, **there are approximately 2,900 auxiliary budgets owned and managed by over 500 departments across the University** (386 of which are part of the Continuum College).

Ultimately, unit leads (e.g. Chancellors, Deans, and Vice Presidents or Provosts) are responsible for the financial performance of self-sustaining programs within their units. However, **a variety of central and external controls exist to support unit-level auxiliary oversight**. For example, the Office of Planning & Budgeting monitors all 2,900 auxiliary budgets for deficits, external entities audit the primary auxiliary units (listed above) on an annual basis, and Financial Stability Plans are required of auxiliaries that have not met debt covenants. Please see "Auxiliary Budget Oversight" on page 18 for more details. To check assumptions and further assess financial health, the administration discretely reports larger auxiliary units' revenue and expenditure projections. In addition, each of these units was asked to provide predictions regarding programs expansion or contraction, and, in the case of program contraction, information regarding steps to address the reduced revenue expectations or costs.

Auxiliary budgets are defined by two different categories, Auxiliary Educational Activities and Auxiliary Enterprises and Internal Services:

- **Auxiliary Educational Activities** are typically referred to as departmental revenue budgets. Their major source of revenue is external (general public, students, etc.) and includes:
 - Activities relating to the educational mission of the UW
 - Activities providing an educational or academic service
 - Course fees
 - Extension credit fees
 - Visitor Fees
- **Auxiliary Enterprises and Internal Services** are non-academic in nature. Their major source of revenue is internal, often a recharge center or service center:

- Recharge Center budgets charge less than \$175,000 to federally sponsored programs and less than \$1 million in total charges.
- Service Center budgets charge more than \$175,000 to federally sponsored programs and more than \$1 million in total charges.
- Most of the large primary auxiliaries (Parking, Housing and Dining, and ICA) are in this category.

REVENUES AND EXPENSES

Projection Methodology

University administration continues to refine its revenue and expenditure projections by enhancing the granularity at which projections are made for auxiliary units. As in prior years, the FY19 budget tables, below, display beginning and ending fiscal year balances, along with projected revenue and expenses by campus.

Due to the timing of the fiscal year budget development, the most recent full fiscal year of data is FY17. In prior years, auxiliary activities were projected largely at a summary level by applying fixed assumptions to all units. As an additional benefit of this cycle's enhanced budget development process, supplementary data points were gathered from business units, which were then factored into the revenue and expense projections for the current and following fiscal year. As a result, unit-provided projections, seasonally adjusted forecasts, and full revenue and expense data from FY10 through partial FY18 were all utilized to project activity on a unit-by-unit basis for the remainder of FY18 and all of FY19.

In general, business units anticipate moderate revenue growth in FY2019, with the aggregate average of 2.65 percent. Expense growth is projected to slightly outpace revenue growth, at 2.74 percent, predominately due to compensation adjustments and a net increase to benefit expenses. Although revenue projections may show growth overall, some units carry structural deficits when expenses are taken into account. The Office of Planning & Budgeting develops and analyzes fiscal health reports for auxiliary activities on a quarterly basis, and works with unit administrators to ascertain areas of concern. Units generating or projecting deficits in self-sustaining activities are required to take action to resolve actual or forecasted fund balance deficits as well as file formal deficit reduction plans.

Revenues and Expenses

Revenue in Tables 9 and 10, below, is net of all revenue for the fiscal year, which includes ILP transfers and any revenue transferred into or from the self-sustaining program(s). Please note, the projected FY18 revenue shown in Table 9 differs from the projected FY18 revenue from the FY18 adopted budget, which is reflected in Table 1. This is because the Table 9 projections were done with updated data. Expenses include any expense transfers or Cost Transfer Invoices that post to the program, as well as the normal operations, salary and benefit costs. As a reminder, most self-sustaining budgets are charged an institutional overhead tax (per Administrative Policy Statement 33.2), which helps cover utilities, maintenance, and other costs incurred by the operation of these activities.

Table 9: FY18 Self-Sustaining Projected Revenue, Expenses, and Ending Balances*

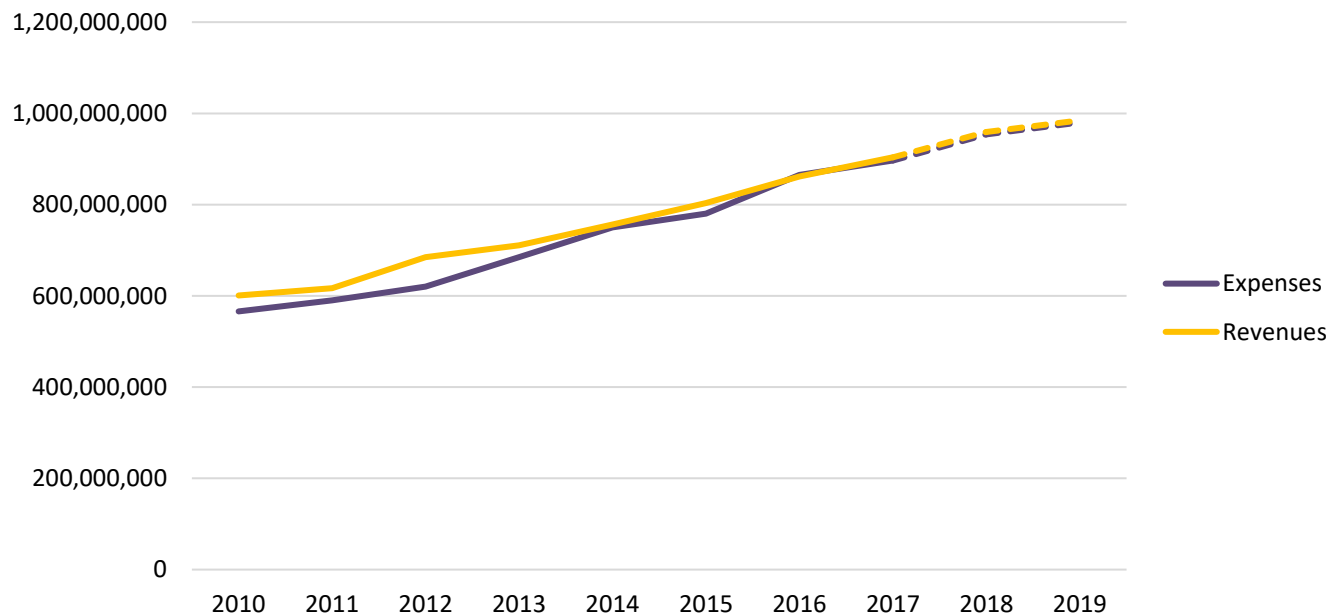
Unit Group	Beginning Balance	Total Projected Revenue	Total Projected Expenses	Projected Ending FY18 Balance
Seattle	368,034,000	932,984,000	929,427,000	371,591,000
UW Bothell	2,146,000	16,691,000	15,367,000	3,470,000
UW Tacoma	4,308,000	9,600,000	9,205,000	4,703,000
Total	374,488,000	959,275,000	953,999,000	379,764,000

Table 10: FY19 Self-Sustaining Projected Revenue, Expenses, and Ending Balances*

Unit Group	Beginning Balance	Total Projected Revenue	Total Projected Expenses	Projected Ending FY19 Balance
Seattle	371,591,000	957,280,000	954,681,000	374,190,000
UW Bothell	3,470,000	17,526,000	15,964,000	5,032,000
UW Tacoma	4,703,000	9,850,000	9,458,000	5,095,000
Total	379,764,000	984,656,000	980,103,000	384,317,000

*Figures may not tie due to rounding

To provide context for this data relative to historical activity, Figure 6 depicts consolidated revenues and expenses from FY10 through FY17.

Figure 6: Auxiliary Revenue and Expense Trends (excluding UW Medicine)

Over the past several years, primary drivers of expansion include self-sustaining academic programs and growth in the size and complexity of School of Medicine's self-sustaining programs and recharge centers, namely graduate medical education and lab medicine. While the size of the UW's auxiliary activities have grown significantly in size and scope over time, tightening margins in many, if not all, business areas are of significant concern. Consistent with the larger UW trend, expenses are projected to grow proportionally faster than revenues in many areas and, in certain isolated cases, the use of fund balance is already required to meet the cost of annual operations. A concentration on ensuring structurally sound business practices are in place will be a key focus of University's administration, schools, and colleges over the next year to ensure long-term viability of the University's auxiliary business enterprise.

UW MEDICINE

The FY19 budget for UW Medicine is in process and has not yet been finalized. Upon budget completion, the respective budgets will be reviewed and approved by each entity's respective board committee. The starting point for determining targeted margins is the UW Medicine Long Range Plan, or "Project FIT," which was presented to the Board of Regents in November 2017. FY18 is the first year of our FIT plan, which reflected a \$158 million improvement, including inflation, over our FY17 results. On an overall basis, FY18 performance is on budget, though several individual entities are below budget. Our FY19 budget targets reflect improvement over 2018 of approximately \$140 million in the areas of revenue generation (e.g. clinical service growth and revenue cycle improvements) and cost savings (e.g. labor mix & productivity), as well as investment in infrastructure related to our clinical systems including our electronic health record. This work is necessary to achieve financial stability. Concentrated efforts continue to increase revenues and reduce expenses across all eight UW Medicine entities, the results of which can be seen in improved year-over-year margins year-to-date at Northwest Hospital (NWH), UW Medical Center (UWMC), and Valley Medical Center (VMC).

Preliminary financial results for FY18 through February are included for information in Table 11.

Table 11: Preliminary FY18 financial results as of February 2018, by UW Medicine Entity (in \$1,000s)

UW Medicine Entity ⁸	Month					YTD				
	Actual	Margin %	Budget	Variance To Budget	Prior Yr Actual	Actual	Margin %	Budget	Variance To Budget	Prior Yr Actual
HMC	(5,261)	-7%	(4,619)	(642)	(6,129)	(8,996)	-1%	3,142	(12,138)	2,818
UWMC	(7,953)	-9%	(4,764)	(3,189)	(9,731)	(6,829)	-1%	(8,471)	1,642	(34,054)
NWH	(4,710)	-17%	(1,662)	(3,048)	(3,871)	(13,613)	-6%	(8,261)	(5,352)	(16,849)
VMC	680	1%	(245)	925	(2,952)	15,333	4%	(2,581)	17,914	(2,364)
SUBTOTAL	(17,244)	-7%	(11,290)	(5,954)	(22,683)	(14,105)	-1%	(16,171)	2,066	(50,449)
UWNC	49	1%	(185)	234	(898)	(991)	-2%	(1,718)	727	(4,344)
ALNW	(1,014)	-31%	(667)	(347)	(788)	(3,761)	-12%	943	(4,704)	2,252
UWP**	-	0%	-	-	-	-	0%	-	-	-
SoM	7,294	6%	(1,404)	8,698	(264)	17,029	2%	(13,739)	30,768	1,189
TOTAL	(10,915)	-3%	(13,546)	2,631	(24,633)	(1,828)	0%	(30,685)	28,857	(51,352)

**Results for UWP are shown after amounts available to the School of Medicine.

Improved financial performance through execution of the FIT plan includes the following:

- *Enhancement of Revenues* – Improvements to revenue cycle operations to increase revenue realization, targeted growth of service lines and programs, and increased efficiency in care delivery models.
- *Reduction of Costs* – Improvements in labor productivity and expense through effective management of scheduling, staffing efficiencies, standardization of product usage, review of programs,

⁸ Each entity's name is spelled out in full in the Acronym Glossary on page 46.

enhancements of contract pricing and utilization management through focused supply chain projects, and space optimization.

- *Investments in Infrastructure* – Strategic investment in certain locations (NWH Childbirth Center) and systems (Clinical Transformation, including a single electronic health record) to improve efficiency and fuel future growth.

The production of an annual budget item requires that UW Medicine provide early projections of revenue, by entity, for the Board of Regents to adopt with all other University revenues. After the annual budget item is adopted, leadership from UW Medicine will provide a separate annual report to the Regents on UW Medicine's FY18 financial performance.

The environment in the health care industry nationwide is continuing to experience significant payment pressure, which is yielding overall rate increases that are not keeping pace with expense increases. This necessitates improved efficiency in the way we do our work. This trend is particularly challenging as labor represents the most significant portion of UW Medicine expense and it is anticipated that salaries and benefits will rise in FY19. Concurrently, supply costs continue to increase. For example, the cost of pharmaceutical agents is projected to increase by 7 percent in the next fiscal year. UW Medicine continues to be focused on expense reductions and strategies for providing care more efficiently, while improving quality of care and patient experience.

Preliminary projected revenues (operating and non-operating) and total margins for the FY18 and proposed FY19 budgets are as follows in Table 12.

Table 12: UW Medicine Budgets and Total Margin Estimates (excluding the UW School of Medicine)

UW Medicine	FY18 UW Regents Adopted	FY18 Subsequently Adopted Revenues	FY19 Projected Revenues	FY19 Target Margin from FIT Plan	FY19 Updated Budget Margin	FY19 Target Total Margin
UW Medical Center	1,186,000,000	1,216,000,000	1,301,000,000	26,300,000	26,300,000	2.0%
Harborview Medical Center	1,006,000,000	1,017,000,000	1,040,000,000	10,400,000	10,400,000	1.0%
Valley Medical Center	632,000,000	632,000,000	658,000,000	-	6,600,000	1.0%
Northwest Hospital	376,000,000	376,000,000	403,000,000	2,000,000	2,000,000	0.5%
UW Physicians*	302,000,000	294,000,000	326,000,000	-	-	0.0%
Airlift NW	59,000,000	59,000,000	59,000,000	2,100,000	2,100,000	3.6%
UW Neighborhood Clinics	52,000,000	55,000,000	60,000,000	-	-	0.0%
UW Medicine (excluding School of Medicine)**	3,613,000,000	3,649,000,000	3,847,000,000	40,800,000	47,400,000	1.2%

* UW Physicians targets a zero margin as cash generated from UWP is intended for use by the clinical departments to fund salaries and operations.

** UW School of Medicine projections are included within the Auxiliary/Self-Sustaining and Core Operating Budget Areas of the campus budget, so are excluded here. The UW School of Medicine projected budget for FY19 includes revenues of \$1.5 million. Thus, the total projected revenues for UW Medicine for FY19 are \$5.3 billion.

POWER OF PHILANTHROPY: ANNUAL GIFTS & ENDOWMENT FUNDS

The UW is fortunate to benefit from an incredible legacy of private support. Last year, the University publicly launched the most expansive campaign in our history: **Be Boundless — For Washington, For the World**, scheduled to conclude in FY20. This campaign has increased momentum for fundraising and giving, with private support continuing to climb at a steady rate, year over year. Table 13 shows changes between the FY18 adopted budget, revised projections for FY18, and the preliminary FY19 budget. The revised FY18 column reflects updated revenue estimates based on more current data. Increases are partially due to the original estimates from FY18 being more conservative.

Table 13: FY19 Annual Gift & Endowment Distributions

	FY18 Projected	FY18 Revised	FY19 Projected	Percent Change (Revised FY18 to FY19)
Gift Income	200,583,000	265,868,722	291,498,000	9.6%
Endowment Distributions	115,000,000	115,000,000	128,000,000	11.3%
Total	315,583,000	380,868,722	419,498,000	10.1%

GIFT INCOME

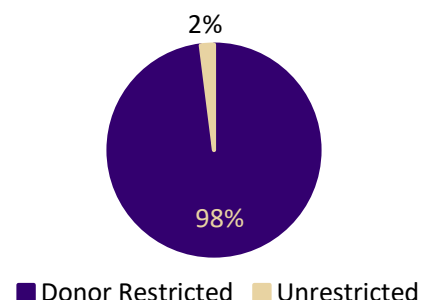
The \$291.5 million gift income estimate, shown in Table 13, reflects both the overall trajectory of UW's fund raising growth through the Be Boundless Campaign, and the results of efforts focused on securing gifts for key academic facilities, including the Population Health Building, the Gates Center for Computer Science & Engineering, the Foster School's Founders' Hall, and the Parrington Hall renewal project. Given the variability of capital project funding, this estimate should not be viewed as a new baseline. Rather, Advancement will endeavor each year to project a data-driven estimate taking into account recurring production, pledge flows, and extraordinary activity such as capital projects.

In FY19, the administration will implement a gift assessment on current-use gifts between \$1,001 and \$5 million. The assessment will be 5 percent and, although exclusions apply, the assessment will be directed to a central budget, to be deployed by the Provost and President to advance the mission of the University.

ENDOWMENT DISTRIBUTIONS

The UW's endowment is composed of over 4,600 individual endowments, each with its own unique purpose. Individual endowments are commingled for investment purposes. As Figure 7 shows, **of the UW's total endowment, 98 percent is restricted to donor-directed purposes**, leaving only 2 percent for the UW to use at its discretion for items such as general University operations and University-wide compensation increases.

Figure 7: Composition of UW Endowment

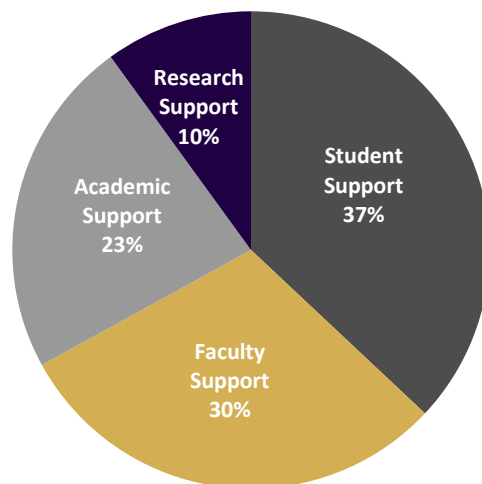


As seen in Figure 8, below, the UW's endowment serves core academic programs, with more than two-thirds directly supporting students and faculty.

The UW Board of Regents considers long-term inflation-adjusted returns and risk levels to establish sustainable investment and spending policies. In times of strong market performance, the UW builds reserves so that in bad markets, the UW can sustain spending and limit disruption to essential academic programs.

Annually, donors endow gifts of \$50 million to \$100 million, as well as fund current initiatives and priorities that allow the UW to meet today's greatest challenges. Endowments provide a quarterly income stream to the donors' designated purpose in perpetuity. Distributions from the Consolidated Endowment Fund (CEF) are governed by the UW's spending policy set by the Board of Regents. The spending policy, currently 4 percent of the five-year rolling average market value of the CEF, provides predictable and stable support to programs across campus.

Figure 8: Endowment Support by Purpose*



*Excludes operating funds and non-University endowments

STRENGTH OF IDEAS: RESEARCH ENTERPRISE

The UW's record securing research funding is truly exceptional – it is one of the few universities in the United States with total research expenditures exceeding \$1 billion. In 2016 (the most recent national data available), the UW had more externally-sponsored research and development (R&D) funding than any other university in the nation, with the exception of Johns Hopkins University. The UW's success in securing research grants and contracts translates to consistently high scores in national and international rankings. The National Taiwan University ranks the UW sixth overall (fourth nationally) and first in public universities worldwide for the quality and impact of research endeavors and in 2018 U.S. News ranked UW 10th among world universities in the “Best Global University Rankings.”

Another measure of research competitiveness can be demonstrated through UW's share of externally-sponsored R&D expenditures, compared to other higher education institutions. As Table 14 shows, the UW has increased its share of total federal and non-federal research expenditures over the last five years, despite increasing competition for limited funds.

Table 14: UW R&D Expenditures - Federal and Non-federal Market Share

	2012	2013	2014	2015	2016
Total expenditures	52,095,940,000	52,029,298,000	51,411,893,000	51,956,071,000	53,858,346,000
Total UW	1,039,814,000	1,120,658,000	1,111,147,000	1,121,373,000	1,182,611,000
Market share	2.00%	2.15%	2.16%	2.16%	2.20%

Source: National Science Foundation Higher Education Research & Development Survey (HERD), 2016.

Total research awards reached \$1.6 billion in FY17, a 19 percent increase from FY16. While federal awards increased 4 percent in FY17, the majority of UW's overall increase came from a \$280 million 10-year award from the Bill & Melinda Gates Foundation. We expect FY18 award levels to return to FY16 levels (between \$1.3 billion and \$1.4 billion).

Examples of additional **major awards** in FY17 include:

- \$8 million to support computational immunogen and vaccine design, together with the establishment of a Good Laboratory Practice protein production capability at the UW's Institute for Protein Design (UW-IPD) to support manufacturing of candidate vaccine products for pre-clinical research and technology transfer.
- \$3 million for the National Science Foundation's (NSF's) National Research Traineeship (NRT) program to develop a graduate training program at the interface of clean energy and data science. The program supports new research directions in data-intensive discovery of new energy materials.
- \$2.65 million from National Institutes of Health's (NIH's) High-Risk, High-Reward research program to build artificial heart tissue that can be remotely controlled after transplantation in a patient.
- \$2.6 million from the Department of Defense to test a telehealth intervention to increase treatment engagement and reduce symptoms among active duty soldiers with symptoms of post-traumatic stress at Joint Base Lewis-McChord.

The University of Washington's success in securing research funding has had a deep impact on the economy and education in the state of Washington and the Pacific Northwest. In FY17, UW launched 15 start-up

companies based on UW research advances, bringing the 13-year total to 151 technology start-ups. UW technologies generated over \$17 million in licensing revenue. More than 8,400 students worked under the guidance of UW faculty mentors devoted to research. Sponsored projects supported over 14,000 employees during FY17, including approximately 2,400 graduate students and roughly 1,200 postdocs. There were over 5,700 FTE employees paid on sponsored research funding in FY17.

FEDERAL OUTLOOK

While the UW continues efforts to diversify its research portfolio, federal funding still represents 78 percent of sponsored research expenditures. Despite the President's FY18 and FY19 proposals to significantly decrease the R&D budget of almost every federal agency, the overall federal R&D budget will increase in the 2018 federal fiscal year. However, the politicized nature of the federal government decision making will continue to fuel uncertainty in resolving FY19.

The UW administration will continue to monitor the situation and develop plans to quickly respond to any changes in federal funding. For example, the President's Budget proposal for FY19 proposes significant cuts to research budgets related to the Environmental Protection Agency (EPA), climate change, and other specific research areas. If successful, between \$15 million to \$20 million of UW research funding may be at risk. However, it is worth noting, Congress rejected similar proposals for FY18. The UW administration believes FY19 NIH funding will not be cut significantly, and we are monitoring developments closely, as NIH funding represents half of our total research funding.

For FY18, the President proposed to significantly restrict the allowable Facilities and Administrative (F&A) costs (i.e. research operating costs) for NIH-funded research. The President did so with the belief that restricting F&A reimbursements would allow more research to be funded with less NIH money overall. A national effort ensued, in which the UW took an active part, to educate legislators and their staff about the true costs of doing research and to provide examples to illustrate why cutting F&A costs would in fact decrease the amount of research carried out in the U.S. This effort resulted in a bipartisan commitment to maintain F&A costs at their current rate in the FY18 budget. Although it is unlikely that this issue will be revisited in near term, the University will continue to work closely with our national partners and our congressional delegation to monitor and address this crucial issue.

ESTIMATED SPONSORED PROJECTS EXPENSES

Table 15, below, shows a breakdown of projected sponsored research expenses in FY18 (original and revised projections) and FY19. Last year we projected a reduction of research expenditures for FY18 based on the Trump administration's proposals to significantly reduce the federal R&D budget. However, we are revising those projections based on current expenditure trends and the recently passed FY18 federal budget, which provides an overall increase to the federal R&D budget. It is too soon to know how that budget will change the UW's FY19 research expenditures, but it is likely that we will see at least small increases in research funding. Additionally, please note that these numbers represent not only all R&D and non-R&D sponsored projects at the UW, but also certain Washington state financial aid that is included in research totals for accounting purposes. Lastly, please note that direct and indirect expenditures do not necessarily align when comparing them to research awards. This is mainly due to two reasons: 1) some

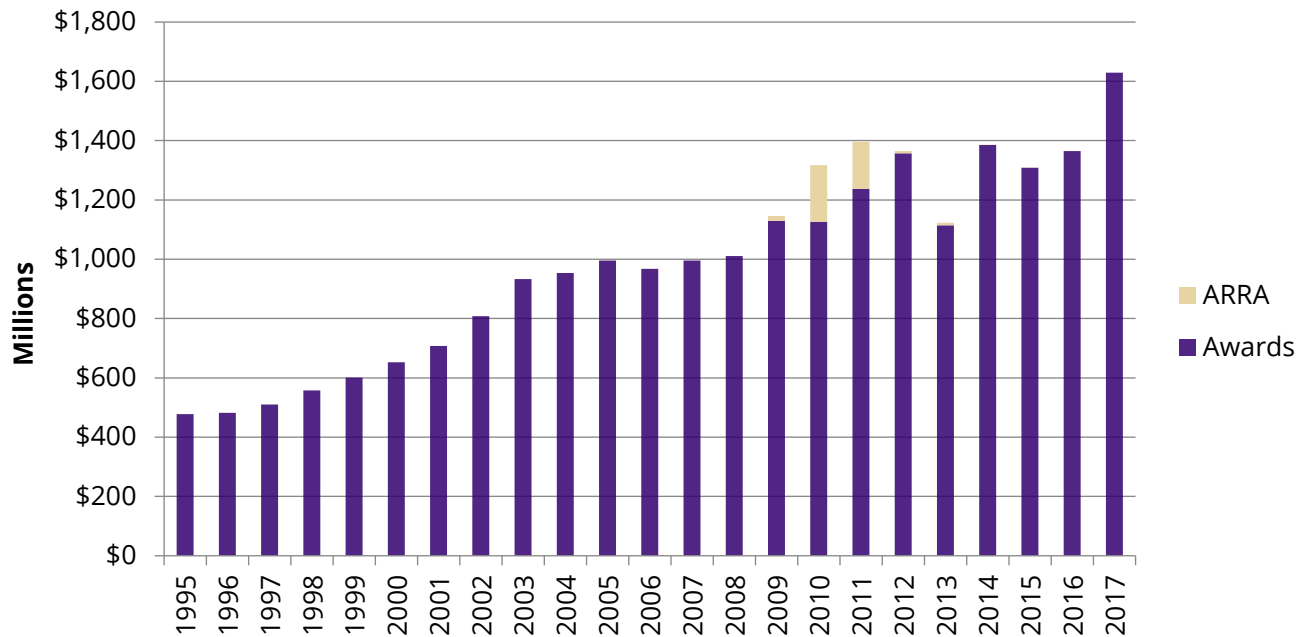
research awards are multi-year awards received in a single year and 2) awards are received throughout the state fiscal year and are not spent on the state fiscal year time frame.

Table 15: Projected Sponsored Research Expenses with Breakout of Indirect Costs

	FY18 Projected	FY18 Revised	FY19 Projected	Percent Change (Revised FY18 to FY19)
Federal	748,076,000	806,252,000	811,355,000	0.6%
State & local grants	93,250,000	94,438,000	94,461,000	0.0%
Non-federal	213,976,000	232,202,000	236,846,000	2.0%
Indirect Research Expenses	247,000,000	261,537,000	267,224,000	2.2%
Total	1,302,302,000	1,394,429,000	1,409,886,000	1.1%

Figure 9, below, provides a historical look at the UW's total grant and contract awards by year, with a breakout for American Recovery and Reinvestment Act (ARRA) grants.

Figure 9: Total Grant and Contract Awards by Year (1995-2017)



As the figure shows, the UW's grant and contract awards have steadily increased with time, and are now roughly flat. Note that FY13 numbers are artificially low because of delays in awards due to sequestration.

CONCLUSION: A LOOK BACK AND AHEAD

WHERE WE'VE BEEN

As described in the “Background” section, the University continues to face several challenges. These include limitations on enrollment growth, per student funding levels that remain low compared to peers and pre-recession funding levels, constrained tuition growth, uncertain state and federal funding, rising expenses for compensation and utilities, and an increasingly complex regulatory environment. These challenges limit the use of new resources to only the most critical activities, and necessitate that we effectively manage and deploy funding in a way that best serves our students, state, and region.

WHERE WE'RE HEADED

With Regental approval in June, the Office of Planning & Budgeting will begin implementing the FY19 Budget by making allocations to units, adjusting budget authority as needed, and implementing the salary increase process.

In the late summer or early fall, the University will have an opportunity to submit a new slate of requests to the state as part of the state's 2019-2021 budget submission process. A preliminary list of requests will accompany the updated version of this budget item in June.

Preparation for the University's FY20 operating budget will begin with the development and dissemination of annual review materials to units in the fall. Those materials will be in preparation for budget meetings with the Provost, which will occur in winter or spring quarter.

As we continue planning for FY20, we expect uncertainty regarding future federal and state funding and policy decisions. We will continue to be conservative in forecasting and planning to help manage those unknowns.

ACRONYM GLOSSARY

AAU	Association of American Universities
ABB	Activity Based Budgeting
ALNW	Airlift Northwest
ARRA	American Recovery and Reinvestment Act
DOF	Designated Operating Fund
EPA	Environmental Protection Agency
FTE	Full-Time Equivalent
FY	Fiscal Year
GOF	General Operating Fund
HMC	Harborview Medical Center
HR	Human Resources
ICA	Intercollegiate Athletics
ICR	Indirect Cost Recovery from Research
ILP	Provost Internal Lending Program
IPEDS	Integrated Postsecondary Education Data System
NIH	National Institutes of Health
NWCCU	Northwest Commission on Colleges and Universities
NWH	Northwest Hospital & Medical Center
OPB	Office of Planning & Budgeting
RA	Research Assistant
RUG	Resident Undergraduate
SoM	School of Medicine
STEM	Science, Technology, Engineering, Mathematics
TA	Teaching Assistant
TS	Transportation Services
UW	University of Washington
UWC ²	University of Washington Continuum College (formerly Educational Outreach)
UWMC	University of Washington Medical Center
UWNC	UW Neighborhood Clinics
UWP	UW Physicians
VMC	Valley Medical Center
WWAMI	Washington, Wyoming, Alaska, Montana, and Idaho Regional Medical Education Program

PRELIMINARY FY19 OPERATING BUDGET

Jerry Baldasty, Provost and Executive Vice President

Sarah Norris Hall, Associate Vice Provost, Planning & Budgeting

Jason Campbell, Senior Director of Financial Analysis & Budget Strategy



BACKGROUND

Challenges that shape our University's budget include:

- Limitations on enrollment growth and mix;
- Per student funding levels;
- Tuition-setting authority and predictability;
- Rising compensation expenses;
- Mandatory cost increases for state central services, compliance, utilities, and infrastructure; and
- Federal funding and policy uncertainties.



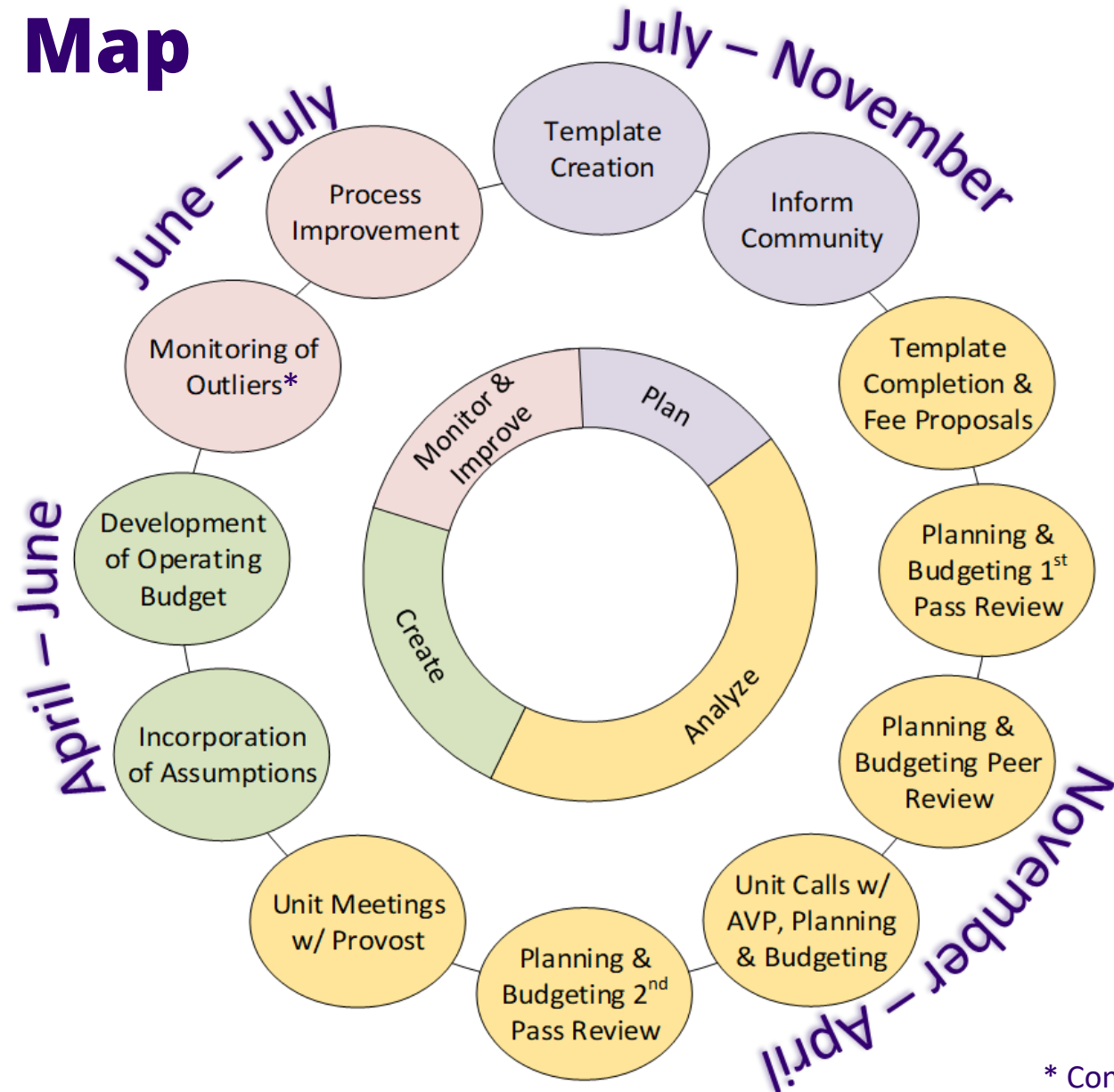
ENSURING SOUND BUDGET MANAGEMENT

- Rigorous nine-month annual review, consultation, and approval process
- Focus on compensation, compliance, and redeployment to invest in student experience and University-wide initiatives
- Central and external controls to support unit-level and auxiliary budget oversight (e.g. deficit monitoring)
- Regental and delegated approvals of fees; where delegated, consistent, detailed approach to reviewing fee requests



ENSURING SOUND BUDGET MANAGEMENT

Process Map



* Continuous Process



ENSURING SOUND BUDGET MANAGEMENT

Process Improvements

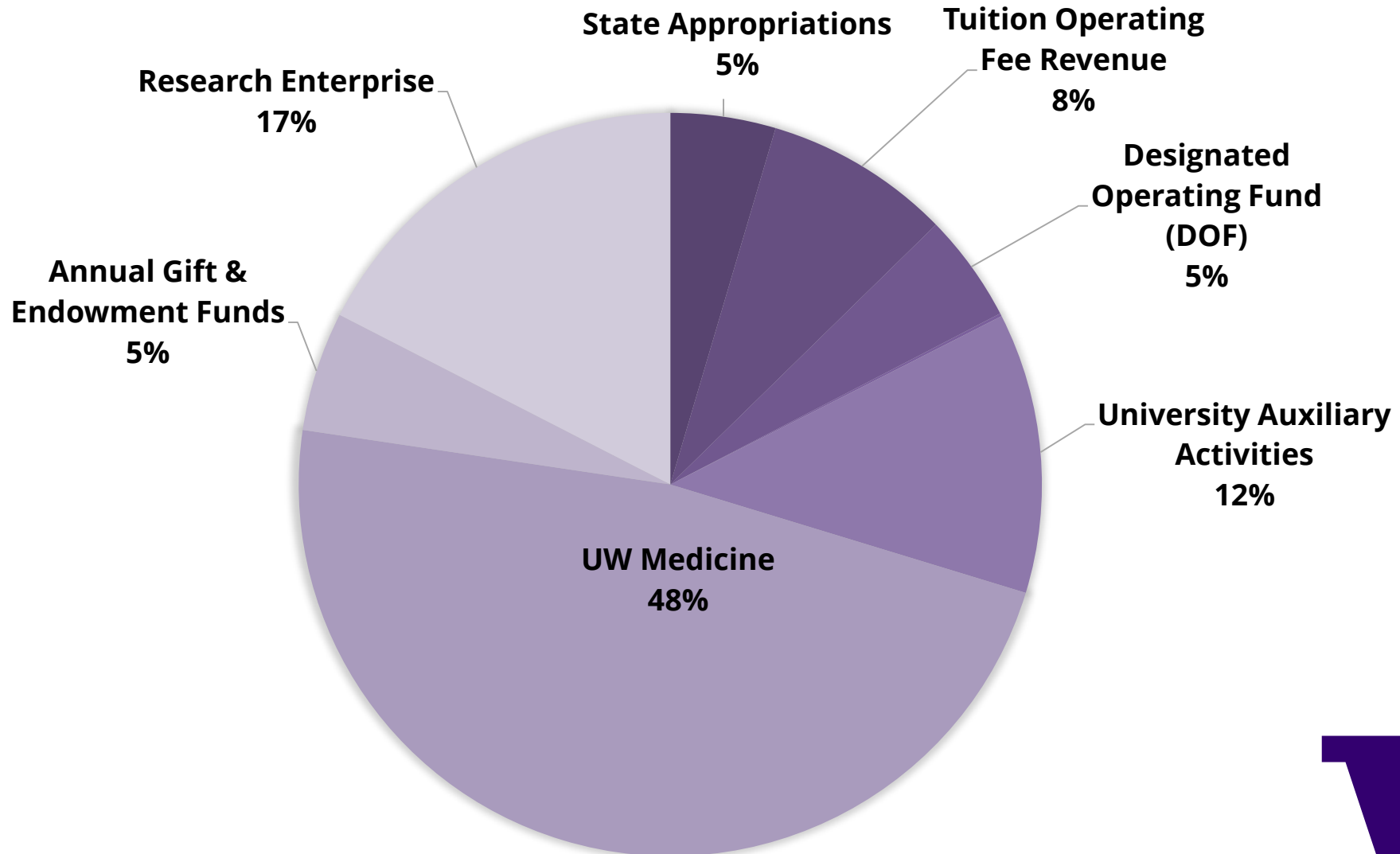
- Process and template improvements resulted in the collection of over 3,700 granular data points, by type and source, spanning two biennia

		Biennium 15 (Actuals in \$'s)			Biennium 17 (Plan in \$'s)		
		FY16 Beg Bal	FY16 Actual	FY17 Actual	FY18 Beg Bal	FY18 Plan	FY19 Plan
	BUDGET AUTHORITY/REVENUES						
BUDGET	General Operating Fund						
General	Carryover	\$ -			\$ 179,278		
General	Permanent Budget		\$ 1,277,481	\$ 2,604,980		\$ 2,663,828	\$ 2,719,672
General	Temporary Budget		\$ (68,603)	\$ 349,609		\$ 209,278	\$ -
General	Provisos						
General	Permanent Budget					\$ -	\$ -
General	Temporary Budget			\$ 370		\$ -	\$ -
General	TOTAL REVENUE		\$ 1,208,878	\$ 2,954,959		\$ 2,873,106	\$ 2,719,672
TOTAL	EXPENDITURES						
EXPEND	Salaries, Wages and Benefits						
EXPEND	Faculty and academic personnel (01-10)		\$ -	\$ -		\$ -	\$ -
EXPEND	Auxiliary teaching (01-20)		\$ -	\$ -		\$ -	\$ -
EXPEND	Professional staff (01-70)		\$ 831,709	\$ 1,832,746		\$ 1,676,006	\$ 1,947,371
EXPEND	Classified staff (01-60)		\$ -	\$ -		\$ -	\$ -
EXPEND	Graduate Students (01-30, 01-40, 01-90)		\$ -	\$ -		\$ -	\$ -
EXPEND	Post-doc research trainee (01-50)		\$ -	\$ -		\$ -	\$ -
EXPEND	Temporary staff (01-80)		\$ 18,631	\$ 50,371		\$ 53,348	\$ 33,900
EXPEND	Employee benefits (07)		\$ 257,174	\$ 602,825		\$ 555,745	\$ 618,966
EXPEND	Subtotal Salaries, Wages and Benefits		\$ 1,107,514	\$ 2,485,942		\$ 2,285,099	\$ 2,600,237
EXPEND	Operations		\$ 101,734	\$ 287,537		\$ 60,994	\$ 65,000
EXPEND	(All expr obj codes except 07, 21 and 25)		\$ -	\$ 1,832		\$ 1,035	\$ -
EXPEND	Cost transfer invoices (CTIs) (21)		\$ -	\$ -		\$ -	\$ -
EXPEND	Indirect Cost (25)		\$ -	\$ -		\$ -	\$ -
EXPEND	TOTAL EXPENDITURES		\$ 1,209,248	\$ 2,775,311		\$ 2,347,128	\$ 2,665,237
TOTAL	ENDING BALANCE		\$ (370)	\$ 179,648		\$ 525,978	\$ 54,435



PRELIMINARY FY19 BUDGET

\$7.81 billion



FY19

CORE OPERATING BUDGET



CORE OPERATING REVENUE

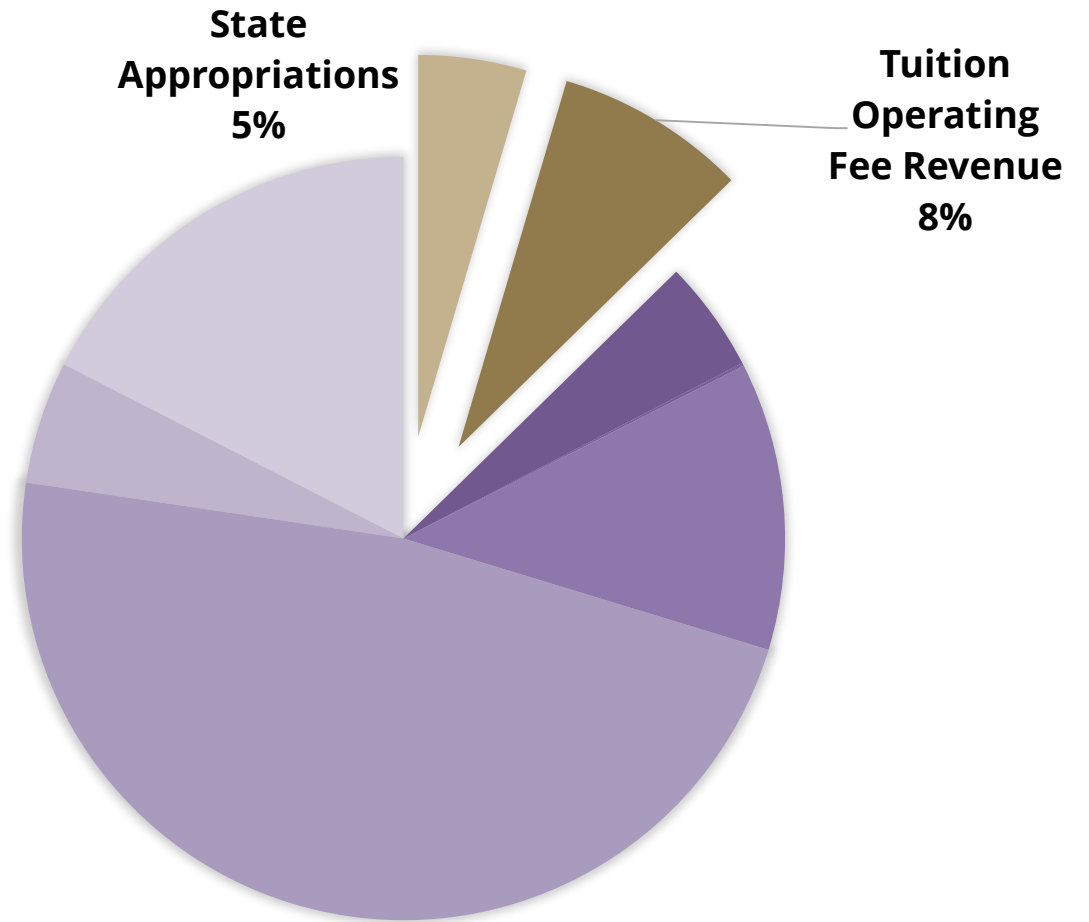
Budget by Fund and Category	FY18 Budget	Incremental Change	FY19 Proposed
General Operating Fund (GOF)	975,184,000	48,562,000	1,023,746,000
State Appropriations	351,726,000	17,545,000	369,271,000
Tuition Operating Fee Revenue	623,458,000	31,017,000	654,475,000
Designated Operating Fund (DOF)	364,130,000	16,349,000	380,479,000
Indirect Cost Recovery	247,000,000	20,224,000	267,224,000
Institutional Overhead	26,000,000	130,000	26,130,000
Remaining DOF	91,130,000	(4,005,000)	87,125,000
Core Operating Budget	1,339,314,000	64,912,000	1,404,226,000



GENERAL OPERATING FUND

\$1.02 billion

- State funding includes slight increases and several new provisos
- Rigorous review of recommended tuition increases, though most recommendations range from 2 to 4%



TUITION RATES

- Table 6, pages 28-30
- Resident Undergraduate Rate Increase: 2%
- Nonresident Undergraduate Rate Increase: 3%
- Graduate Tier Increases: 2%
- Most Grad & Professional Tuition Increases Range from 2% to 4%



FINANCIAL AID

- State law and prior Regental actions provide support for financial aid from tuition revenue
- These policies help support access and completion for students

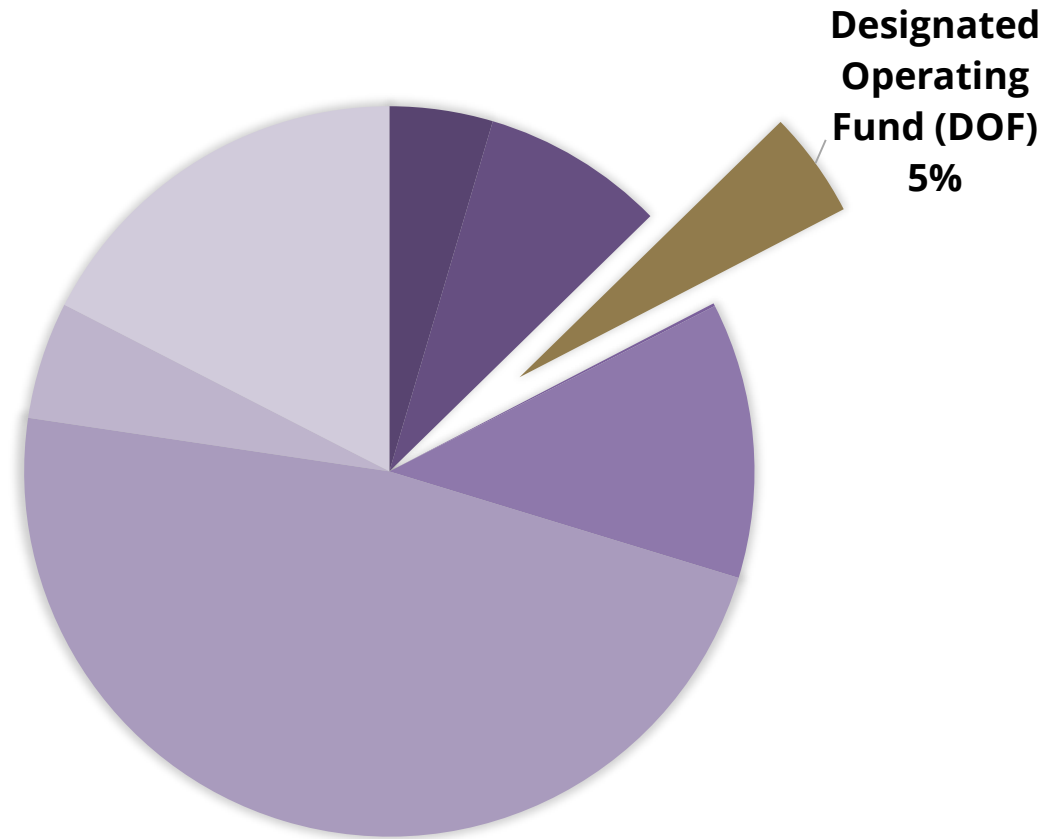
2018-19	Undergraduate			Graduate/Professional			Total
	Resident	Nonresident	Total	Resident	Nonresident	Total	
Gross Op Fee Revenue	274,332,000	307,364,000	581,696,000	105,460,000	166,402,000	271,862,000	853,558,000
State-Mandated Aid	10,320,000	12,060,000	22,380,000	3,533,000	3,335,000	6,971,000	29,351,000
Institutional Aid	32,586,000	17,585,000	50,171,000	4,102,000	3,675,000	7,777,000	57,948,000
Waivers - Forgone Rev	5,370,000	2,400,000	7,770,000	12,919,000	76,629,000	89,548,000	97,318,000
Provost Pool - Faculty Reinvest	1,619,000	881,000	2,500,000	1,000,000	1,000,000	2,000,000	4,500,000
Risk Pool⁴	3,202,000	4,065,000	7,267,000	1,195,000	1,168,000	2,363,000	9,630,000
Net Op Fee Revenue	221,235,000	270,373,000	491,608,000	82,711,000	80,492,000	163,203,000	654,811,000



DESIGNATED OPERATING FUND

\$380 million

- ICR: significant increase to due higher than expected grant and contract awards
- Institutional Overhead: growth not expected
- Summer Quarter: moderate increase expected



CORE OPERATING EXPENDITURES & USES

	FY18 Adopted	Incremental Change	FY19 Proposed
Expenditures, Adjustments, & Uses	1,339,313,000	64,912,000	1,404,226,000
State Adjustment to Prior Fiscal Year		(403,000)	
Compensation Distributions to Units		10,174,000	
Tuition Distributions to Units		23,985,000	
ICR Distribution to Units		4,459,000	
Provost Reinvestment Pool		8,244,000	
Provost Investment Campus Initiatives		6,027,000	
Legislative Directives		7,504,000	
Other Adjustments			
Paid Fam & Med Leave Contgncy		2,000,000	
Risk Management & Mitigation		1,290,000	
Summer Tuition Distributions		1,000,000	
Perm Core Funding – Library Ops		632,000	



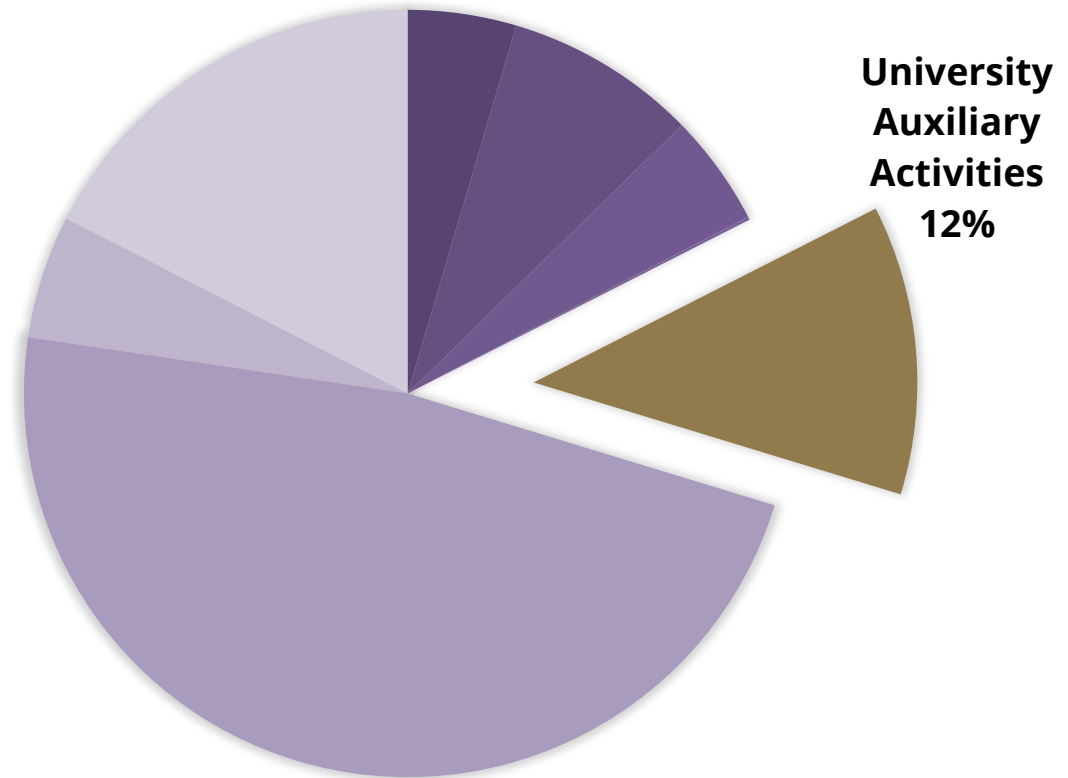
OTHER BUDGET AREAS



AUXILIARY ACTIVITIES

\$985 million

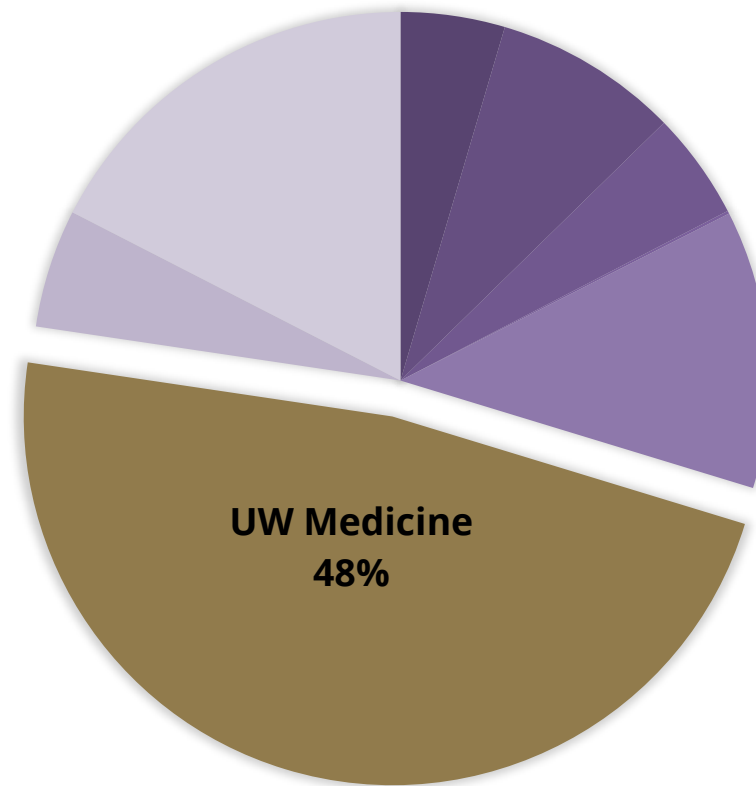
- Over 2,900 auxiliary budgets owned and managed by over 500 departments
- Projection methodology is more refined than last year
- Moderate growth is expected



UW MEDICINE

\$3.85 billion

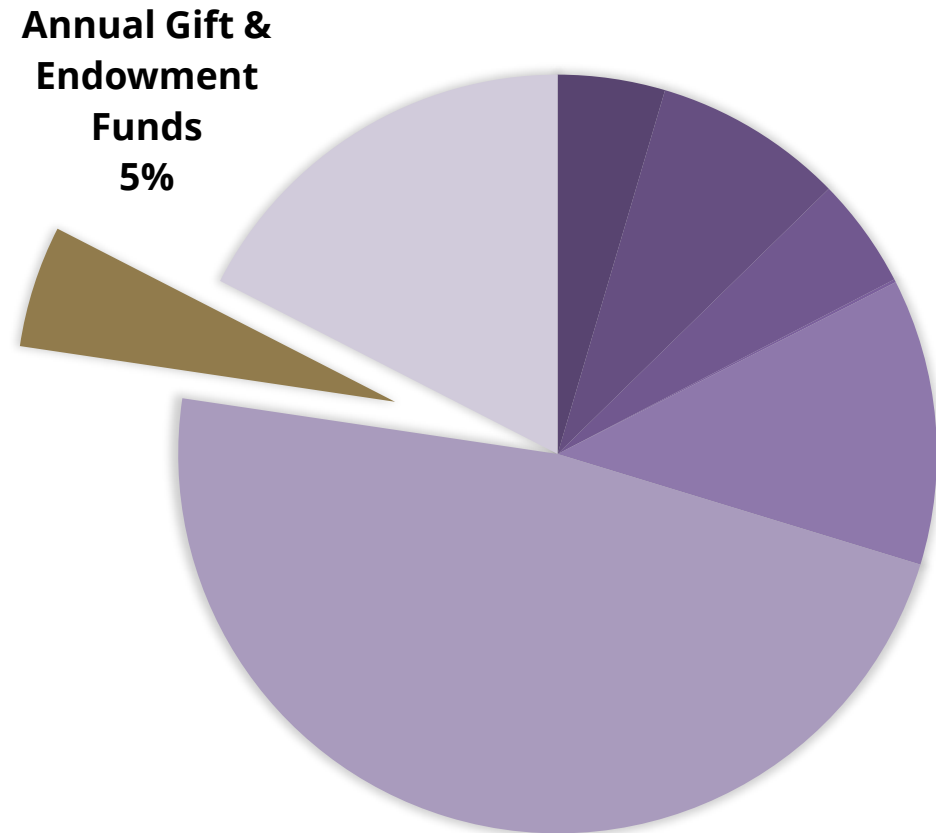
- FY18 performance is on budget, though several individual entities are below budget
- The FY19 budget targets reflect improvement over prior year



GIFTS & ENDOWMENT FUNDS

\$419 million

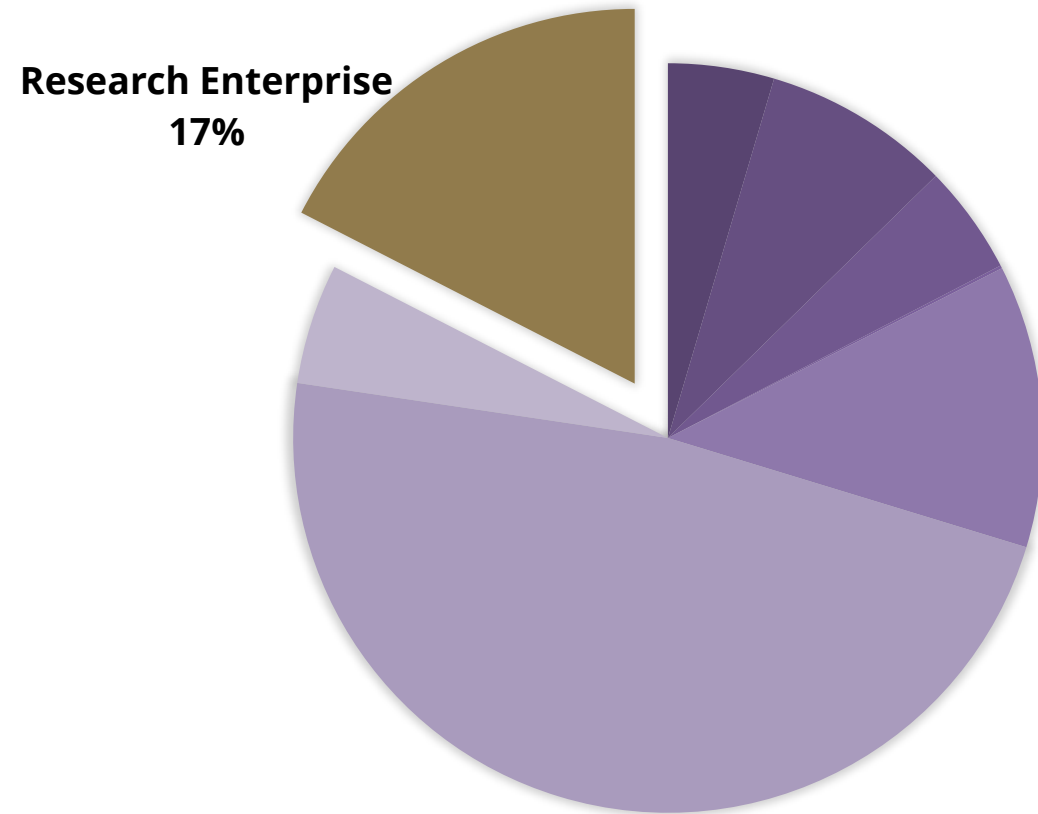
- Fundraising continues to be strong
- Distributions from CEF are governed by the UW's spending policy set by the Board



RESEARCH ENTERPRISE

\$1.41 billion

- UW has increased its market share, despite increasing competition for limited funds
- Future of federal research funding is still uncertain
- University is closely monitoring developments



LOOKING AHEAD



NEXT STEPS

- Update budget and resubmit to Regents in June, with:
 - Final tuition rate recommendations, including final state authorization for the resident undergraduate tuition increase
 - Refined projections for UW Medicine, Auxiliary Activities, and other areas of the budget
 - Final proposed uses of the Core Operating Budget



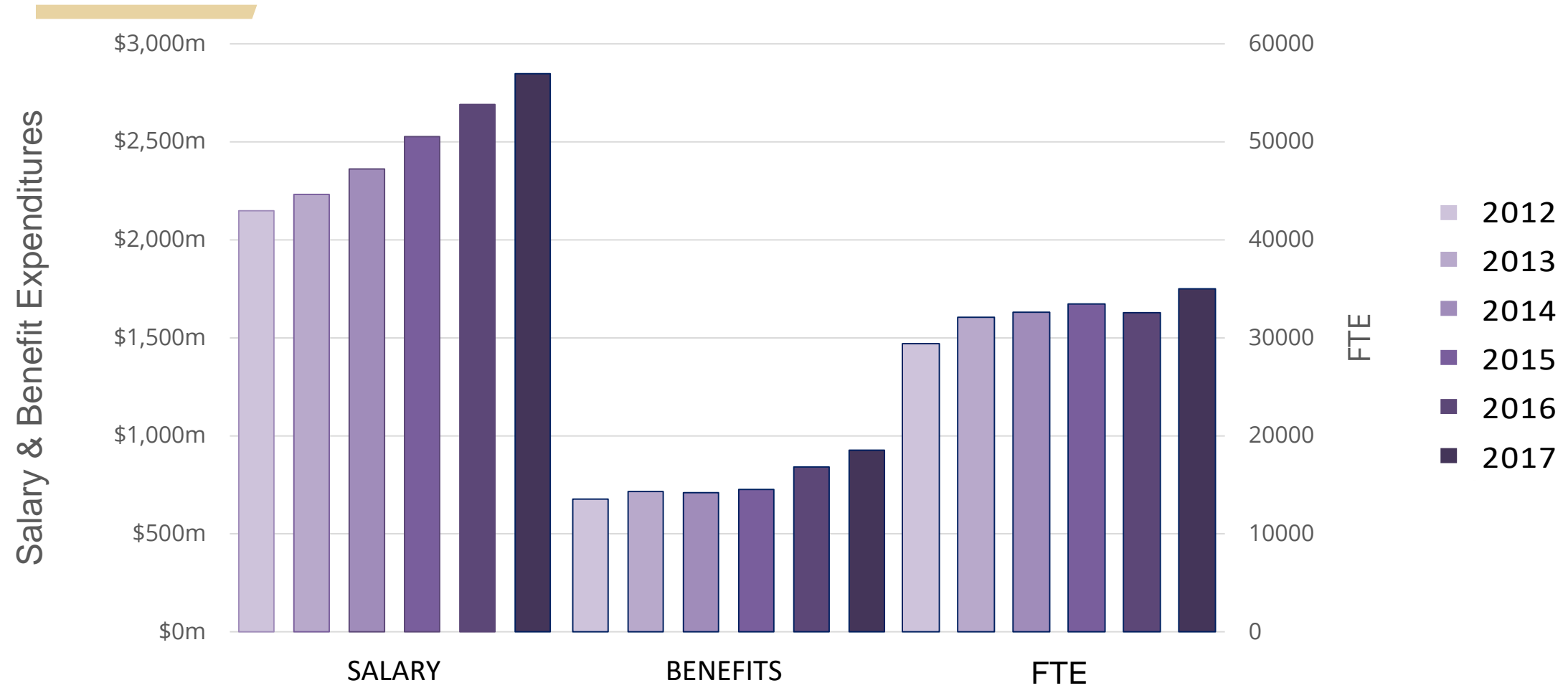
QUESTIONS?



APPENDIX: ADDITIONAL BUDGET DETAILS



BUDGET TRENDS OVER THE LAST THREE BIENNIA



AUXILIARY ACTIVITIES

FY18

Unit Group	Beginning Balance	Total Projected New Revenue	Total Projected Expenses	Projected Ending FY18 Balance
Seattle	368,034,000	932,984,000	929,427,000	371,591,000
UW Bothell	2,146,000	16,691,000	15,367,000	3,470,000
UW Tacoma	4,308,000	9,600,000	9,205,000	4,703,000
Total	374,488,000	959,275,000	953,998,000	379,764,000

FY19

Unit Group	Beginning Balance	Total Projected New Revenue	Total Projected Expenses	Projected Ending FY19 Balance
Seattle	371,591,000	957,280,000	954,681,000	374,190,000
UW Bothell	3,470,000	17,526,000	15,964,000	5,032,000
UW Tacoma	4,703,000	9,850,000	9,458,000	5,096,000
Total	379,764,000	984,656,000	980,102,000	384,317,000



UW MEDICINE

Preliminary financial results for FY18 are through February 2018.

UW Medicine Entity	Month					YTD				
	Actual	Margin %	Budget	Variance To Budget	Prior Yr Actual	Actual	Margin %	Budget	Variance To Budget	Prior Yr Actual
HMC	(5,261)	-7%	(4,619)	(642)	(6,129)	(8,996)	-1%	3,142	(12,138)	2,818
UWMC	(7,953)	-9%	(4,764)	(3,189)	(9,731)	(6,829)	-1%	(8,471)	1,642	(34,054)
NWH	(4,710)	-17%	(1,662)	(3,048)	(3,871)	(13,613)	-6%	(8,261)	(5,352)	(16,849)
VMC	680	1%	(245)	925	(2,952)	15,333	4%	(2,581)	17,914	(2,364)
SUBTOTAL	(17,244)	-7%	(11,290)	(5,954)	(22,683)	(14,105)	-1%	(16,171)	2,066	(50,449)
UWNC	49	1%	(185)	234	(898)	(991)	-2%	(1,718)	727	(4,344)
ALNW	(1,014)	-31%	(667)	(347)	(788)	(3,761)	-12%	943	(4,704)	2,252
UWP**	-	0%	-	-	-	-	0%	-	-	-
SoM	7,294	6%	(1,404)	8,698	(264)	17,029	2%	(13,739)	30,768	1,189
Total	(10,915)	-3%	(13,546)	2,631	(24,633)	(1,828)	0%	(30,685)	28,857	(51,352)



UW MEDICINE

As work progresses and assumptions are better defined, the UW Medicine FY19 budget and operating margins will be refined.

UW Medicine	FY18 UW Regents Adopted	FY18 Subsequently Adopted Revenues	FY19 Projected Revenues	FY19 Target Margin from FIT Plan	FY19 Updated Budget Margin	FY19 Target Total Margin
UW Medical Center	1,186,000,000	1,216,000,000	1,301,000,000	26,300,000	26,300,000	2.0%
Harborview Medical Center	1,006,000,000	1,017,000,000	1,040,000,000	10,400,000	10,400,000	1.0%
Valley Medical Center	632,000,000	632,000,000	658,000,000	-	6,600,000	1.0%
Northwest Hospital	376,000,000	376,000,000	403,000,000	2,000,000	2,000,000	0.5%
UW Physicians	302,000,000	294,000,000	326,000,000	-	-	0.0%
Airlift NW	59,000,000	59,000,000	59,000,000	2,100,000	2,100,000	3.6%
UW Neighborhood Clinics	52,000,000	55,000,000	60,000,000	-	-	0.0%
UW Medicine Total (excluding School of Medicine)	3,613,000,000	3,649,000,000	3,847,000,000	40,800,000	47,400,000	1.2%



GIFTS & ENDOWMENT FUNDS

- Fundraising continues to be strong: Campaign has increased momentum, with private support continuing to climb at a steady rate, year over year
- Distributions from the Consolidated Endowment Fund (CEF) are governed by the UW's spending policy set by the Board of Regents

	FY18 Budget	Incremental Change	FY19 Proposed
Gift Income	265,868,722	25,629,278	291,498,000
Endowment Distributions	115,000,000	13,000,000	128,000,000
Total	380,868,722	38,629,278	419,498,000



RESEARCH ENTERPRISE

- UW has maintained market share, despite increasing competition for limited funds.
- The future of federal research funding is better than anticipated last year, and this budget reflects cautious optimism about future growth.

	FY18 Projected	FY18 Revised	FY19 Projected	Percent Change (Revised FY18 to FY19)
Federal	748,076,000	806,252,000	811,355,000	0.6%
State & local grants	93,250,000	94,438,000	94,461,000	0.0%
Non-federal	213,976,000	232,202,000	236,846,000	2.0%
Indirect Research Expenses	247,000,000	261,537,000	267,224,000	2.2%
Total	1,302,302,000	1,394,429,000	1,409,886,000	1.1%



PRELIMINARY 2018-19 COST OF ATTENDANCE **FOR FIRST-YEAR UW UNDERGRADUATES**

*Student fee proposals for 2018-19 will be presented to the Board of Regents in June, therefore this document shows 2017-18 rates as placeholders (denoted with asterisks *). Tuition rates reflect assumptions from the UW's Preliminary FY19 Operating Budget and, therefore, are also subject to change.*

PLEASE NOTE: After accounting for grant and scholarship aid, UW students (particularly resident undergraduates) often pay far less than the total expenses shown here. In **2016-17** (the most recent year for which net price data is available), the published price for resident undergraduates at Seattle was **\$25,948**, whereas the net price for first-time, full-time, resident undergraduates at Seattle was **\$9,443**.

Annual Student Budget Items	Bothell	Seattle	Tacoma
Room & Board ¹ (traditional undergraduates)	\$11,877	\$12,798	\$11,028
Books, Personal, Transportation ¹	\$4,689	\$3,633	\$4,689
Annual Student Fees – Total ²	\$1,302	\$1,375	\$1,237
<i>New Student Enrollment & Orientation Fee (NSEOF) – one time fee</i>	<i>\$300</i>	<i>\$310</i>	<i>\$100</i>
Student Tech Fee ³	\$126 *	\$114 *	\$120 *
Services and Activities Fee	\$279 *	\$393 *	\$477 *
Student Activities Center	\$441 *		
Student Activities Center Programming	\$66 *		
Sports Field	\$90 *		
Facilities Renovation Fee		\$210 *	
Intramural Activities Building (IMA)		\$96 *	
U-PASS		\$252 *	
YMCA			\$540 *
Resident Annual Tuition (assumes a 2.0% increase)	\$10,107 *	\$10,107 *	\$10,107 *
Resident Annual Total	\$27,975	\$27,913	\$27,061
Non-Resident Annual Tuition (assumes at 3.0% increase)	\$35,508 *	\$35,508 *	\$35,508 *
Non-Resident Annual Total	\$53,376	\$53,314	\$52,462

¹ The annual student budget for these items are based on the federal "cost of attendance" definition, which is used to determine financial aid eligibility: <https://www.washington.edu/financialaid/getting-started/student-budgets/>.

² Student-led committees are responsible for recommending fee changes to the Board of Regents for all fees under this header, except the NSEOF. For the NSEOF, student representatives provide support recommendations, which each campus's administration weighs when developing final proposals for Regental approval. Please note, many students pay fees beyond those presented here, such as course fees (the cost of which varies by discipline), fees for student insurance, and fees for WashPIRG and WSA.

³ At Seattle, the Student Tech Fee is also charged in summer quarter (\$38). The annual rate shown in this table only reflects fall, winter and spring charges of \$38 per quarter.

* Rates are subject to change. See note at top of document for details.

COST OF ATTENDANCE TREND DATA BY CAMPUS

BOTHELL	2014-15	2015-16	2016-17	2017-18	2018-19	5yr Change
Room & Board ¹ (traditional undergraduates)	\$10,833	\$10,833	\$10,833	\$11,259	\$11,877	\$1,044
Books, Personal, Transportation ¹	\$4,995	\$4,995	\$4,614	\$4,614	\$4,689	-\$306
Annual Student Fees - Total ²	\$856	\$1,240	\$1,296	\$1,302	\$1,302	\$446
<i>NSEOF - one time fee</i>	\$250	\$250	\$300	\$300	\$300	\$50
Student Tech Fee	\$126	\$126	\$126	\$126	\$126 *	\$0 *
Services and Activities Fee	\$390	\$267	\$273	\$279	\$279 *	-\$111 *
Student Activities Center	\$0	\$441	\$441	\$441	\$441 *	\$441 *
Student Activities Center Programming	\$0	\$66	\$66	\$66	\$66 *	\$66 *
Sports Field	\$90	\$90	\$90	\$90	\$90 *	\$0 *
Resident Annual Tuition	\$11,305	\$10,768	\$9,694	\$9,909	\$10,107 *	-\$1,198 *
Resident Annual Total	\$27,989	\$27,836	\$26,437	\$27,084	\$27,975	-\$14
Non-Resident Annual Tuition	\$32,424	\$33,072	\$33,732	\$34,473	\$35,508 *	\$3,084 *
Non-Resident Annual Total	\$49,108	\$50,140	\$50,475	\$51,648	\$53,376	\$4,268
SEATTLE	2014-15	2015-16	2016-17	2017-18	2018-19	5yr Change
Room & Board ¹ (traditional undergraduates)	\$10,833	\$11,310	\$11,691	\$12,117	\$12,798	\$1,965
Books, Personal, Transportation ¹	\$3,885	\$3,885	\$3,504	\$3,504	\$3,633	-\$252
Annual Student Fees - Total ²	\$1,389	\$1,371	\$1,369	\$1,375	\$1,375	-\$14
<i>NSEOF - one time fee</i>	\$300	\$300	\$310	\$310	\$310	\$10
Student Tech Fee ³	\$123	\$123	\$114	\$114	\$114 *	-\$9 *
Services and Activities Fee	\$390	\$393	\$387	\$393	\$393 *	\$3 *
Facilities Renovation Fee	\$252	\$219	\$210	\$210	\$210 *	-\$42 *
Intramural Activities Building (IMA)	\$96	\$96	\$96	\$96	\$96 *	\$0 *
U-PASS	\$228	\$240	\$252	\$252	\$252 *	\$24 *
Resident Annual Tuition	\$11,305	\$10,768	\$9,694	\$9,909	\$10,107 *	-\$1,198 *
Resident Annual Total	\$27,412	\$27,334	\$26,258	\$26,905	\$27,913	\$501
Non-Resident Annual Tuition	\$32,424	\$33,072	\$33,732	\$34,473	\$35,508 *	\$3,084 *
Non-Resident Annual Total	\$48,531	\$49,638	\$50,296	\$51,469	\$53,314	\$4,783
TACOMA	2014-15	2015-16	2016-17	2017-18	2018-19	5yr Change
Room & Board ¹ (traditional undergraduates)	\$10,833	\$10,833	\$10,230	\$10,650	\$11,028	\$195
Books, Personal, Transportation ¹	\$4,995	\$4,995	\$4,614	\$4,614	\$4,689	-\$306
Annual Student Fees - Total ²	\$1,057	\$1,237	\$1,237	\$1,237	\$1,237	\$180
<i>NSEOF - one time fee</i>	\$100	\$100	\$100	\$100	\$100	\$0
Student Tech Fee	\$120	\$120	\$120	\$120	\$120 *	\$0 *
Services and Activities Fee	\$477	\$477	\$477	\$477	\$477 *	\$0 *
YMCA (began in winter of 2015)	\$360	\$540	\$540	\$540	\$540 *	\$180 *
Resident Annual Tuition	\$11,305	\$10,768	\$9,694	\$9,909	\$10,107 *	-\$1,198 *
Resident Annual Total	\$28,190	\$27,833	\$25,775	\$26,410	\$27,061	-\$1,129
Non-Resident Annual Tuition	\$32,424	\$33,072	\$33,732	\$34,473	\$35,508 *	\$3,084 *
Non-Resident Annual Total	\$49,309	\$50,137	\$49,813	\$50,974	\$52,462	\$3,153

Please see previous page for footnotes.

BOARD OF REGENTS MEETINGApprove the Naming of a Campus SpaceRECOMMENDED ACTION

It is the recommendation of the administration and the President that the Board of Regents approve the honorific renaming of Whitman Court slu?wił in accordance with the Board's general authority and with *Board of Regents Governance*, Regent Policy No. 6, Facilities and Spaces Naming Policy.

BACKGROUND

Per Revised Code of Washington, 28B.20.130, the "general powers and duties of the board of regents" include "[t]o have full control of the university and its property of various kinds, except as otherwise provided by law."

Board of Regents Governance, Regent Policy No. 6, provides that: "Buildings or outdoor areas or spaces may be named for a person, or family, associated with the University community who has rendered distinguished service to the University or who has made a significant contribution to society, or for a donor to the University whose gifts represent a 'substantial contribution' toward the project cost, provided that the individual or family or donor has a prominent relationship with the University and/or the region, with a positive image and demonstrated integrity. In the event of changed circumstances, the University reserves the right, on reasonable grounds, to revise the form of or withdraw recognition."

On the recommendation of the President, and in commemoration of the creation of Special Education Program in the fall of 1968 and the consequent fiftieth anniversary of its descendant, the Office of Minority Affairs & Diversity (OMA&D), and in commemoration of the twenty-fifth anniversary of the UW Native American Advisory Board, the Board of Regents chooses to honor the Coast Salish peoples of the land on which the University of Washington sits, and indigenous peoples across the State, by renaming Whitman Court slu?wił. The land on which the University sits touches the shared waters of the tribes and bands of the Muckleshoot, Suquamish, and Tulalip tribal nations. In the Lushootseed language of the Coast Salish peoples, slu?wił is the name for the village site closest to the campus, and means 'Little Canoe Channel.' The site is identified by letter B on this map:

http://www.burkemuseum.org/static/waterlines/images/maps-and-images/waterlines_map_medium.pdf

This naming honors neither an individual nor a family but the Coast Salish peoples whose ancestors inhabited the site of the University and who today are respected members of the UW community. It is the Board's intention to recognize

BOARD OF REGENTS MEETING

Approve the Naming of a Campus Space (continued p. 2)

the native place-names of the region and thereby to enrich the historical context of the campus. The Board feels that this naming action is particularly appropriate, given the proximity of Whitman Court to wəłəbʔaltx̣ʷ, meaning ‘Intellectual House,’ a multi-service learning and gathering space for American Indian and Alaska Native students, faculty, and staff.

BOARD OF REGENTS MEETINGApprove Revisions to Resolution: Federal Contracts—Officers of the UniversityRECOMMENDED ACTION

It is the recommendation of the administration that the Board of Regents approve the following update to a resolution passed on January 2, 2014 regarding security of classified information related to Federal contracts with the University of Washington.

The last update was approved on July 14, 2016. Recent membership changes on the Board of Regents necessitate this proposed update to the resolution.

BACKGROUND

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

Security clearances are conducted by the US Office of Personnel Management and a full background check may take anywhere from 60 days to 24 months. A TOP SECRET security clearance requires full disclosure of 10 years of personal data including details on family members, all residences, employment and employment relationships, all foreign travel, and a list of all contact with foreign nationals. Interviews are conducted with family members, neighbors, references and employers/employees. Cleared individuals must also participate in annual training and report all travel to foreign countries, including Canada. A full reinvestigation is required every five years.

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

BOARD OF REGENTS MEETING

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

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

The Board of Regents passed a resolution on January 2, 2014, to amend the University's agreement with the Department of Defense to exclude the Regents from access to classified information, thereby exempting the Regents from the requirement that each voting member obtain and maintain a TOP SECRET government security clearance. That resolution created a managerial group, to which the Board delegates all of its duties and responsibility for the negotiation, execution, and administration of classified Defense Department contracts with the University of Washington. The managerial group was designated as the President, the Vice Provost for Research or designee, and the Facility Security Officer.

The Vice Provost for Research designated the Applied Physics Laboratory Executive Director as the managerial group member to provide institutional perspective and oversight for classified research and contracts at the University.

As detailed in the *Board of Regents Governance*, Standing Orders, Chapter 1, the President (or the President's designee) is authorized to act for the Board regarding all matters concerning grants and contracts for research.

As the security program manager for activities involving access to classified information, including classified research, the Facility Security Officer directs and oversees the federally mandated security measures necessary to protect national security information. The Facility Security Officer reviews all research agreements involving access to classified information and approves these agreements based on criteria established by the President. The Facility Security Officer addresses any audit finding that involves institutional policy.

REVIEW AND APPROVALS

The resolution has been reviewed and approved by the Facility Security Officer and the Vice Provost for Research designee.

Attachment

Board of Regents Resolution: Security Clearance—Officers of the University

Board of Regents Resolution: Security Clearance—Officers of the University

BOARD OF REGENTS
UNIVERSITY OF WASHINGTON
RESOLUTION
DATED MAY 10, 2018

Security Clearance—Officers of the University

- 1) RESOLVED, that the Board of Regents shall and does hereby designate the President, the Vice Provost for Research or his or her designee, and the Facility Security Officer as the managerial group of the University of Washington with regard to all matters involving classified information, including, but not limited to, the negotiation, execution, and administration of classified contracts with the University of Washington under the meaning of the National Industrial Security Program Operating Manual, and shall and does hereby delegate to the managerial group such powers as may be necessary thereto, with the President being the final authority.
- 2) RESOLVED, that the members of the University of Washington Board of Regents named below shall not require access to classified information in the possession of the University of Washington and, therefore, shall not require, shall not have, and can be effectively excluded from access to any and all classified information in the possession of the University of Washington, and these members do not occupy positions that would enable them to adversely affect the institution's performance of classified contracts or programs.

William S. Ayer
Joel Benoliel
Kristianne Blake
Jaron Reed Goddard (Student)
Joanne R. Harrell
Jeremy Jaech, Board Chair 2017-2018
Constance W. Rice, Board Vice Chair 2017-2018
Rogelio Riojas
Blaine Tamaki
David Zeeck

- 3) RESOLVED, that the University shall not engage in research or other activities involving violation of:
 - a. Professional standards of academic, legal, or medical conduct;
 - b. U.S.-recognized international law; and/or
 - c. U.S. or Washington State law.

BOARD OF REGENTS MEETINGUW Medicine Board ReportINFORMATION

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.

UW FACULTY SENATE CHAIR REPORT MAY 2018



As you know I recently had the opportunity to travel with alumni on a UWAA tour to Peru and Ecuador. We visited Machu Picchu, Saskawayman, and the Sacred Valley in Peru and then headed to Ecuador and the Galapagos Islands. It was a trip of a lifetime for me as I lectured on ancient cities and the importance of understanding the role of landscape and environment in cultural histories and then my husband, a biology professor at UWB lectured on Darwin and evolutionary genetics while in the Islands.

Strengthening Shared Governance: Throughout our work in shared governance there are a number of

threads that define our efforts. There is a focus on student and pedagogical challenges as reflected in the work to establish a policy for students who need accommodations related to class attendance for religious reasons, the challenges of open source / online textbooks, and direct admission. The challenges of diversity and equity are evident in efforts to establish equitable benefits for adoptive parents, wellness rooms for nursing mothers and those needed a private space for medical purposes, and to increase the value of diversity scholarship. This year saw progress in each of these areas.

Elected Faculty Councils (EFCs) have been working with Deans to develop compensation plans and to review fiscal plans for the next year. This has required a new level of fiscal literacy by our EFC members. Additionally many EFCs have been working on merit, promotion, and tenure guidelines to address the forms of scholarship, teaching, and service that are increasingly a part of faculty careers, including community-engaged, public, collaborative, and interdisciplinary scholarship, research, and teaching. The Carnegie application for community engaged university designation is supporting this work as they collect evidence and document our ongoing efforts.



As noted in the fall, we are currently engaged in the process of a faculty governance review of our disciplinary and dispute resolution system as outlined by the faculty code. We have established a framework of guiding principles and values to inform the review process of the current system which is the accreted product of 30 years of incremental changes. Our intent is to develop a system that facilitates access while assuring greater fairness, accuracy, and efficiency. Our goal is to have a draft ready for review in the fall in partnership with the FCFA and other appropriate councils.

Diversity and Equity: While we have accomplished much in our efforts to create a more diverse, equitable, and inclusive community, there remains significant challenges and work ahead. Addressing the need to recognize the

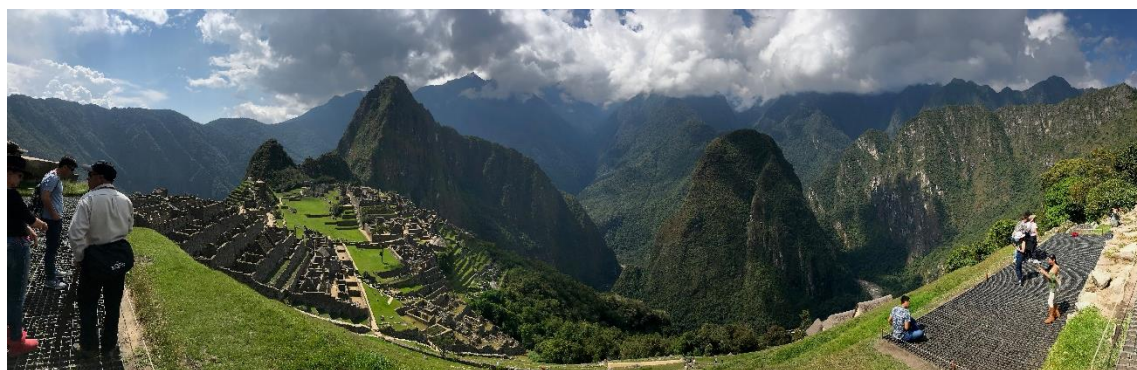


contributions of diversity scholarship, the Faculty Council on Multicultural Affairs has proposed legislation to alter our code so that scholarship and teaching on diversity “shall” be considered by promotion committees when requested and submitted by the faculty member. This does not require that we engage in diversity scholarship, teaching, or service, but requires that when we do we have the right to expect it to be acknowledged and considered in a review of our work as faculty. With Workday established the UW is collecting better data so that we can accurately and productively assess our efforts to build a diverse and inclusive community.

Lecturer career paths: The Faculty Council on Faculty Affairs has submitted two pieces of legislation this year: for voting rights and for clarifying promotion criteria. A task force is compiling a handbook for lecturers to assure that everyone has access to the information needed, and to correct the misperceptions that remain.

Fiscal stability and faculty compensation: We continue as faculty leadership to be concerned with the fiscal health of the university as well as with the need to address faculty compensation across schools, colleges, and campuses. The Senate Committee on Planning and Budgeting has been working hard with the Provost to review unit budget plans and while some units appear to be doing well, and others are recovering appropriately, there remain those who are struggling. Developing priorities and strategies is increasingly essential and we will be looking to Elected Faculty Councils to continue to partner with their deans and chancellors in this challenging work.

Finally, JoAnn Taricani, our Faculty Legislative Liaison, and I have sought to strengthen the faculty voice with our state legislators. Over a number of months, I have met with those legislators representing UW and my district (I live in the UW district) including Representative Nicole Macri, Speaker Frank Chopp, and Senator Jamie Pedersen to understand their perceptions of the University and our potential to be stronger partners. In turn, as JoAnn does on a regular basis, I have advocated for our faculty and our university. Our leaders have tough choices before them and it is important that we are viewed as partners. We very much appreciate your efforts as Regents to advocate for higher education across the state and for the University of Washington.



UNIVERSITY *of* WASHINGTON

Associated Students of the
University of Washington –
Seattle

MAY REPORT

OSMAN SALAHUDDIN

ASUW PRESIDENT

MAY 10, 2018



OVERVIEW OF MONTHLY ACTIVITIES, EVENTS, ENGAGEMENTS

April Recap Much of this past month has been focused on ASUW Jobs and ASUW Elections; however, there have been other great initiatives and events held by the ASUW as well:

- **Events:** ASUW Office of Government Relations hosted ASUW Spark, an event that brought together students and administrators to discuss capacity constrained majors. As well, the ASUW Sexual Assault and Relationship Violence Activists hosted a month of great events, some of which included Men and #MeToo and How to be an Ally. ASUW Arts and Entertainment brought comedian Hasan Minhaj to not only perform a comedy routine, but educate us on Islamophobia as well. The ASUW Student Food Co-op hosted Humble Feast, in which they cooked local and affordable meals for the community.
- **Campaigns:** Over 60 paid ASUW Jobs are open for next year, and many positions are starting to get hired. As well, the ASUW Elections is currently ongoing (voting ends tomorrow). There are 20 candidates running for 8 positions. Through advertising these positions, the ASUW hopes to emphasize its Rebrand as well.

Forecast for the Final Month With only one more month left in the current ASUW Board of Directors terms, the Board wants to maximize their impact for future years.

- **Mental Wellness and Access Task Force** This Task Force has one more meeting, after which ASUW representatives will draft a memo with research and recommendations on mental health at UW.
- **Finance Advisory Committee for Students (FACS)** ASUW President Osman Salahuddin and Director of Finance and Budgeting Josh Holler have met with Jeff Scott to discuss the possibility of this committee to provide a more collaborative avenue for students to learn about and share ideas on the work of the Executive VP of Finance and Administration.
- **Commuter Students Advisory Board** Further, the ASUW has recognized a lack of advocacy for commuter students at a student organization level (i.e., RCSA for residence halls; IFC, Panhellenic, and UGC for the Greek Community), so we have been working with the Commuter and Transfer Commons to see the feasibility of this advisory board to work on this community's main issues and concerns.
- **OMA&D 50th** Finally, President Osman Salahuddin and the ASUW will be recognizing the OMA&D and legacy organizations on their instrumental work in the creation of OMA&D 50 years ago.
- **Events:** Some final events for the quarter include a Women in Politics panel (5/10), the ASUW Spring Show (5/11), and Red and Blue Make Husky Purple, with guests including former Governor Christine Gregoire and former Attorney General Rob McKenna (5/14).

OVERVIEW OF YEARLY GOALS, PROGRESS TOWARDS GOALS, CHALLENGES

What's on the Minds of Our Students? Multiple resolutions were passed in the ASUW Student Senate that were asked to be shared with the Regents this month: **R-24-37:** A Resolution in Support of the UAW 4121 Bargaining Demands 2018; **R-24-34:** A Resolution Encouraging Faculty to Provide Alternate Testing Accommodations in Conflict with Graduate/Professional School Admissions Tests; and **R-24-25:** A Resolution to Rename Clark Hall.

STUDENT PROFILE

Shannon Simon, Senior, Law, Society, and Justice, UW Women's Soccer Shannon is a senior who is doing amazing things both on and off the soccer field. On the field, she was recognized as a two time Pac-12 All Academic and All Conference Selection, along with being a team captain. She scored 18 goals (13th in school history) and had 13 assists, (seventh-most). Off the field, she has served as the Washington Student Athlete Advisory Committee and a Women's Soccer Peer Advocate. Her work in the community has been outstanding, and she now plays soccer for the Seattle Reign while finishing her degree.



UNIVERSITY *of* WASHINGTON



2018 May

Soh Yeun (Elloise) Kim

GPSS President

May 9th, 2018



What's Happening with GPSS

2018-2019 Officers Elected

GPSS Senate had elections of 2018-2019 officers last week. The Next Year's officers will be:

- President: Giuliana Conti (PhD in Music Education)
- Vice President of Internal Affairs: Sydney Pearce (Public Policy and Governance)
- Vice President of External Affairs: Kelsey Hood (Public Policy and Governance)
- Secretary: Amy Gabriel (Public Policy and Governance)
- Treasurer: Robby Perkins-High (Public Policy and Governance)



Student Regent Finalists Selected

The Student Regent Finalist Selection Committee, which was comprised of student leaders from three campuses, selected three finalists for the position of 2018-2019 University of Washington Student Regent. These names were sent to Governor Jay Inslee for his consideration and selection. The finalists, in alphabetical order of their last name, are:

- Yazmin Aguilar, Master's student in Leadership in Higher Education
- Monica Cortes Viharo, PhD Candidate in Drama
- Kaitlyn Zhou, Senior majoring in Human Centered Design & Engineering and Computer Science Engineering, and admitted to Master's program of Computer Science

Senate Resolutions

On May 2 the Senate passed a resolution supporting the Title IX Investigation Office's implementation of *Callisto*, a non-profit, online reporting mechanism that provides a survivor-centric platform available 24/7 with a comprehensive list of options for survivors to make a reporting decision that is right for them. Another resolution proposes affordable summer parking for graduate students who are not AESs during summer but continue their research on campus.

2018 Husky Sunset

May 17th (Thu), 5-8 pm in Sylvan Grove Theater

GPSS will have its 4th annual Husky Sunset to celebrate a successful end of this year (a little early) and congratulate people completing their degree. As a twin event of the Husky Sunrise that is held in the beginning of a year, it is growing slightly each year and is very well received by graduate and professional students.



Student Highlight



Jiwoon Yu-Lee is a Ph.D. in Gender, Woman, and Sexuality Studies. Jiwoon's dissertation examines the emergence of old and new feminized laboring subjects in South Korean labor movement since the 1960s. Looking closely at the dynamics between the state's legal rhetoric and the newly emerged working-class struggle, *pijŏnggyujik* [contingent worker] movement, her research questions the political possibilities and limits of the reified labor relations and the new labor struggle in South Korea. Jiwoon worked as an international project coordinator at government institutions and feminist organizations. Her activist history includes organizing "Gender Justice

Action" against G20 Seoul Summit with a group of feminist organizations in 2010. Jiwoon received Martha H. Duggan Fellowship in Caring Labor (2016-2017) from Harry Bridges Center for Labor Studies and completed her fieldwork in Seoul, South Korea with the support of UW International Research Fellowship (2014).

UNIVERSITY of WASHINGTON

ASUW Bothell



MAY REPORT

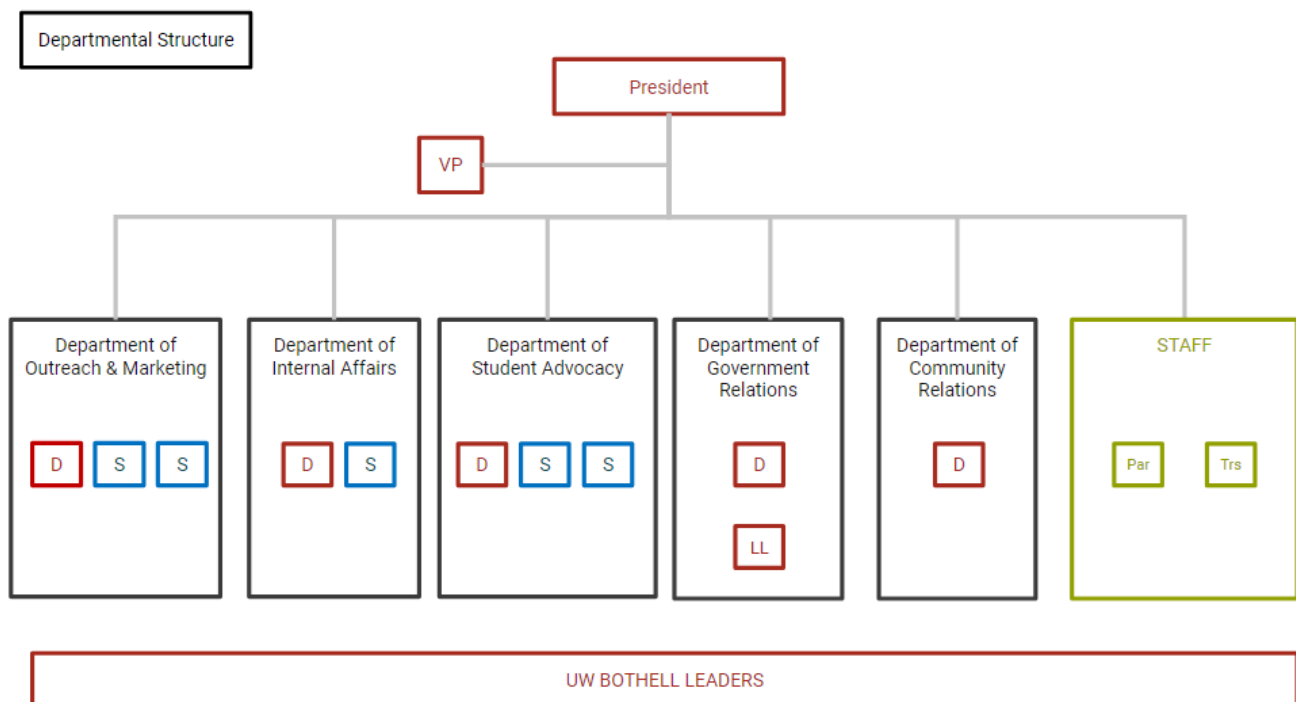
Leah Shin
ASUW Bothell President
7th of May 2018



OVERVIEW OF MONTHLY ACTIVITIES, EVENTS, ENGAGEMENTS

General Campus Updates:

- Effective immediately starting Friday, May 4th, Dom Juarez has resigned his role as ASUWB President for the 2017-2018 school year. This will allow him to focus on his studies and finishing the year stronger than ever in pursuit to find his career. Outlined by the By-Laws, Leah Shin, the former Vice President of ASUWB, has been confirmed to serve as the President for the rest of the term ending June 30th.
- ASUWB 2018-2019 spring elections have taken place during the weeks of April 30th-May 3rd. We had 25 students submit applications to officially be put on the voting ballot. Like we mentioned in the last report, ASUWB has restructured our Constitution and By-Laws. The official election results will be released by Friday, May 11th. The new structure consists of:



OVERVIEW OF YEARLY GOALS, PROGRESS TOWARDS GOALS, CHALLENGES

Communication with UWB Administration:

- On Tuesday, May 1st ASUWB's President, Vice President, and Advisors met with Chancellor Yeigh and his team to talk through a communications plan for students. ASUWB will be following up this upcoming month to walk through possible use cases on the communication format and how to best share information to the UWB community.

ASUWB Student Technology Fee Proposals:

- Our ASUWB Sophomore Senator Rayyan Hussain has submitted proposals on behalf of ASUWB to purchase and implement device charging stations across station. Our team has successfully advocated for this proposal to be accepted with the goal to place these stations in UWB's library, Activities Recreation Center, and other UWB academic buildings.

ARC-120 Room Space:

- Our ASUWB team has been in communication with Cascadia College Student Government to discuss the re-utilization of room ARC-120 room space. There has been a proposal to utilize that space to be a joint food pantry. However, with UWB having three locations currently for a food pantry the conversation has shifted to re-utilize that space as a potential Health Services location. Currently, both campuses do not have access to that resource. We will be transitioning our Director of Student Advocacy Ali Darvish to continue this conversation this month.


Student Involvement:

- Our UWB Diversity Center hosted a Faculty of Color meet and greet this past month. During this event students, staff, and faculty mingled and networked with Faculty of Color. This was a great opportunity to discuss how important representation of faculty of color are in class rooms. This will continue to be an ongoing goal for ASUWB to work towards.

Student Academic Enhancement Funds Launched:

- Our ASUWB team has launched our Student Academic Enhancement Funds (SAEF) Program early April after the past year of implementing new safety practices across numerous stakeholder groups. We have nearly \$22,000 to support student travel. The SAEF Program supports:

3 criteria for app	Funding can be approved for those students who have been offered the opportunity to present a research paper or project at a professional conference and who have the endorsement of a UWB faculty member in their discipline.
	Funding can be approved for those students who wish to enhance their current leadership role on campus by attending a skills-building conference or workshop . The student's application must be endorsed by the student organization adviser or administration.
	Funding can be approved for those students who wish to attend a conference or workshop in order to create or enhance a project or service that will directly benefit UWB students . The student's application must be endorsed by a UWB faculty or staff member intimately familiar with the project.



STUDENT PROFILE

The Chancellor's Medalist Award is an honor that recognizes a graduating senior who has achieved academic excellence and served as a consistent source of inspiration for faculty and students alike. Nominations were submitted to the Honors and Ceremonies Committee, which then presented its recommendations to Chancellor Yeigh.

Our sincere congratulations to Clinton Foriska, who has demonstrated a deep commitment to service -- as a veteran who served in the U.S. Army in Iraq, as a leader among students at UW Bothell, and as an aspiring physician with a goal to serve veterans who live in rural communities.

Clinton also developed programs for the UW Bothell campus community, taking a leadership role in the Biology Club, and demonstrated enthusiasm for group projects. Clinton's dedication and work on campus has been called brave. His leadership accomplishments and outstanding academic work in the classroom and in STEM projects at UW Bothell are noteworthy and inspirational to faculty, staff and students alike.

To read more, please visit: <http://www.uwb.edu/news/may-2018/chancellors-medal-foriska>

Clinton will be formally recognized when the Chancellor's Medal is presented at our June 10 Commencement ceremony. In the meantime, please join us in congratulating Clinton Foriska!



UNIVERSITY *of* WASHINGTON

Associated Students of University of
Washington Tacoma

May REPORT

Arwa M. Dubad

ASUWT President

May 8th, 2018



OVERVIEW OF MONTHLY ACTIVITIES, EVENTS, ENGAGEMENTS

In the past month, ASUWT conducted a successful election for next year's team. I am excited to hand of the torch and train the next President. We have been working with the student regent on Sexual Assault and harassment on our campus and just received the data from the Sexual Assault and harassment survey that was conducted two years ago. We are working with the student regent and the other two campuses to pass a resolution a unified resolution. It has come to our attention that ASUWT needed to advocated for members of SAFC and we as the Board wrote a letter on behalf of SAF committee members and the general student body to ask for the removal of the current SAFC Compliance Officer. The letter detailed how the compliance officer was overstepping their role by influencing the students to support certain projects. The Compliance Officer stepped down after the later was sent. There is an interim Compliance Officer for SAFC and we look forward to working with Vice Chancellor Mentha Hynes-Wilson to select the next Compliance Officer.

OVERVIEW OF YEARLY GOALS, PROGRESS TOWARDS GOALS, CHALLENGES

The year is coming to an end and I am excited and hopeful for the future of ASUWT. We have accomplished every single goal we outlined back in the summer. All that work wouldn't be possible without the hard work of 20 students who tirelessly worked on behalf of their fellow students. I was given an amazing opportunity to represent the students that I dearly love and care about and I am content with how the year went, the ups and downs. We have successfully moved the Center for Equity and Inclusion from the tiny room it was in to a big space with amazing view of the campus. SAF with our support is pushing the Chancellor to centralize some of the center fund by placing stipulations that will require him to take some of the responsibility on gradually over time. We have appointed over 120 students to various committees on campus. We have created the long awaited late night study space. Internally we added a position, a City Liaison, who will attend City council meetings, to ensure that Parking and street lighting is an issue that city is aware of. I am proud of the work my team has done and I am ready for the future of ASUWT now that the standards are higher for future team.

STUDENT PROFILE

My name is Madison (Madi) Jiles and I am a Freshman at University of Washington Tacoma. I am the Campus Ambassador; my job is to give tours and accurate information about our campus to incoming and future huskies. One of the challenges I face here at UWT is the lack of faculty of color. As a Black woman, I am always looking for space with people that look like me, that can be a mentor for me and help me in furthering my education. Another issue that comes to mind is the gap in resources between our campus and the Seattle campus. I hope that in the next three years of my stay at UWT to see the gap closer. I am a Criminal Justice major; I hope to use my degree to catapult me into the world of public service as a prosecutor for pierce county or working for the FBI BAU or DEA.



Report to the Board of Regents

May 10, 2018

Suzanne Dale Estey, President
UW Alumni Association Board of Trustees

At the UW Alumni Association, the first four months of the year have been incredibly busy, and that trend is only expected to continue as we join the University community in preparing for Commencement. A sampling of UWAA events and programming around Commencement includes:

- New graduates from all three campuses have the opportunity to purchase **Grad Packs**. These packs include special discounted rates for both annual and lifetime UWAA memberships, as well as an alumni license plate frame and more. Brochures featuring the benefits of Grad Packs are included in your packets. Notably, for the fourth year, the UWAA is partnering with the Senior Class Gift to offer a **Class Act** package where students receive Grad Packs in addition to contributing to the Senior Class Gift. This year's gift benefits the Boundless Impact Fund, the UW Tacoma Life Savers Fund, and the UW Bothell Student Emergency Fund. Packs and Class Act packages are important to the UWAA's efforts to engage new grads and also serve to promote philanthropy in the next generation. In addition, when students come to pick up their Grad Packs they will have the opportunity to register to vote or to update their voter registration, as UW Impact, the Alumni Association's legislative advocacy program, will be working with the UWAA membership team to roll out special voter registration opportunities for graduating seniors.
- The UWAA is actively seeking individuals to serve as **Guardians of the Gonfalons** to help the student gonfaloniers maneuver the heavy banners they carry. These volunteers will have a unique opportunity to connect with students on a truly memorable day.
- The UWAA also sponsors a **Grad Toast**. This increasingly popular annual event includes a champagne toast and a big welcome into the Husky alumni family for the Class of 2018. Held in Sylvan Grove, graduates ceremoniously touch the columns as they reflect on their time as students before embarking on their new identities as UW graduates. This year's Grad Toast will be held on Thursday, June 7, following next month's Board of Regents meeting and the annual Awards of Excellence ceremony.

The Alumni Association is very proud to participate in the **Awards of Excellence**. The UWAA, in conjunction with the University, administers several of these awards, including:

- The **Alumnus Summa Laude Dignatus (ASLD)** award, the highest award the University bestows upon a graduate, will be given posthumously to former Regent Orin Smith. This is a very special case in that the ASLD is not given posthumously. However, meeting shortly before his death, the ASLD Selection Committee was aware of his health situation and felt strongly that Orin's impactful and visionary leadership, legendary business acumen, and unwavering commitment to the University of Washington merited this prestigious honor. The June issue of Columns will have a feature on Orin. All of us at the Alumni Association look forward to joining the University's celebration of his remarkable lifetime achievements.

- The **Alumni Association's Distinguished Service Award** will be given to Ralina Joseph, Associate Professor for Communication and founding and acting Director of the Center for Communication, Difference, and Equity. This award recognizes Professor Joseph's efforts in helping the UWAA to connect alumni and under-represented students in new and innovative ways through the Interrupting Privilege seminar.
- The **Distinguished Alumni Veteran Award** will be given to Raymond Emory ('52, Architecture), who was also honored at the 2017 Veterans Day ceremony.
- The inaugural **Distinguished Teaching Legacy Award** recipient, the late Bill Cole, former professor of music and director of the Husky Marching Band, will also be honored at the Awards of Excellence ceremony.

In regard to alumni-student engagement, **Huskies@work**, our student-alumni job-shadowing program, is running again in May. A total of 781 individuals – 450 students and 331 alumni – signed up to participate this month. There also will be a Career Trek to Portland, June 10-13. Students will have opportunities to connect with Husky alums as they explore career options at organizations ranging from up-and-coming IT companies to multinational organizations such as Nike.

A few upcoming events of note:

- **UW Day with the Sounders FC** will be on Saturday, May 26, when the Sounders take on Real Salt Lake at CenturyLink Field. UW alumni, students, faculty, staff, friends and retirees receive discounted tickets. A portion of the proceeds from sales to this match will benefit UW Alumni Association student scholarships. It's a wonderful opportunity to have fun with fellow Huskies while supporting a great cause.
- The Class of '68 will return to campus for **50th reunion** activities the weekend of June 1-2. There will be campus tours, a panel discussion, a cocktail party, and more. The **Golden Graduates Brunch**, bringing together alumni who graduated more than 50 years ago, will be held that Saturday. At that brunch, we will honor Vivian Lee ('58, Nursing) with the 2018 Golden Graduate Alumna award.
- UW Impact and ASUW are co-hosting **"Red and Blue Make Husky Purple"** on May 14, bringing together College Republicans and College Democrats for an interactive event with political luminaries from both parties. This event is part of the UWAA's Common Ground initiative. Invitations are being sent, but anyone interested in attending should contact the Alumni Association.

Finally, the latest edition of Viewpoint magazine is included in your packets. Dolores Sibonga served as Guest Editor for this issue, which focuses on the 50th anniversary of the Office of Minority Affairs & Diversity through the lens of student leadership. You will note that the students in the top two photos are Elloise Kim and Osman Salahuddin, GPSS president and ASUW president, respectively. The Alumni Association is very proud that they are also student representatives on the UWAA Board of Trustees.