

STANDING COMMITTEES

Finance and Asset Management Committee

Finance, Budget, and Capital Report

INFORMATION

This item is for information only.

BACKGROUND

This is a standing monthly report.

*Attachments*

1. Monthly Budget Report – March 2020
2. Active Capital Projects Summary as of February 24, 2020

## OFFICE OF PLANNING &amp; BUDGETING

## MONTHLY BUDGET REPORT – MARCH 2020

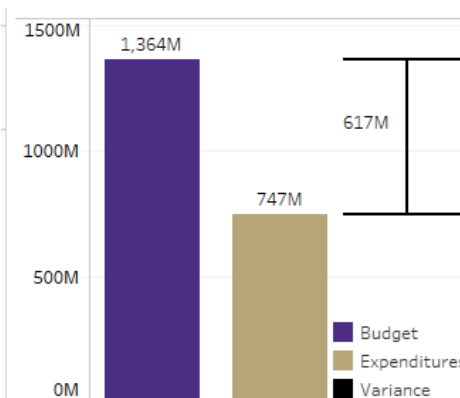


## CORE OPERATING BUDGET

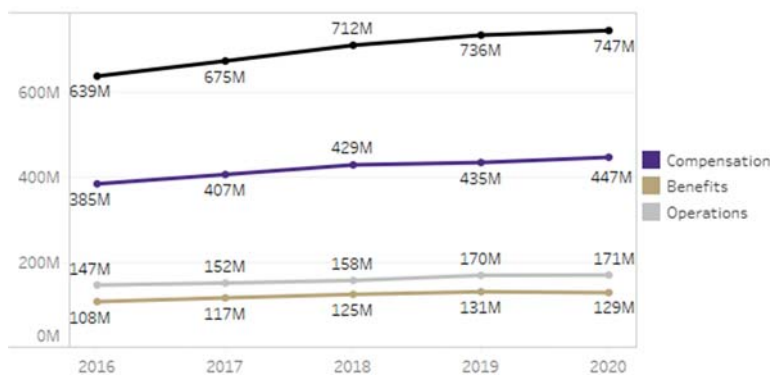
The UW's core operating budget consists of activities within the General Operating Fund (GOF) and Designated Operating Fund (DOF), which include state appropriations, tuition revenue, indirect cost recovery, institutional and administrative overhead, as well as several smaller sources. Data displayed below consist of expenditures against permanent and temporary spending authority distributed to business units. Unit carryover funds are not included within these displays.

*Overview – through January 2020 Month-End*

The UW's core operating funds as of January 2020 are on track to budget and in line with historical trends after factoring in inflationary impacts. Historically, 56% of the core funds distributed to business units were expended as of the end of January vs. 54.7% of core funds expended as of January 2020.

*Core Operating Budget Enterprise-Level Trends*

- Compensation expenditures on core funds are up 2.8% (from \$435 million to \$447 million), compared to the same period last year.
- Benefit expenditures on core funds are down 1.6% (from \$131 million to \$129 million), compared to the same period last year.
- Non-compensation operating expenditures on core funds are up 0.4% (from \$170 million to \$171 million), compared to the same period last year.
- In total, expenditures on core funds are up 1.5% (from \$736 million to \$747 million) compared to the same period last year.
- The figure to the right shows trends over the last five years.



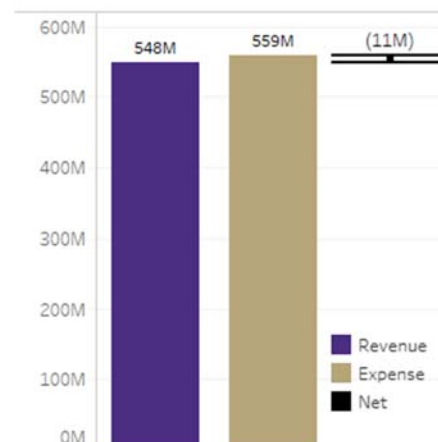
*\*All current year and comparison data is as of January month-end*

## “SELF-SUSTAINING” ENTERPRISE REVENUES AND EXPENDITURES

The UW's “Self-Sustaining” enterprise consists of many business-type activities that are established with the understanding that these activities generate sufficient revenue to cover direct expenditures and institutional overhead costs. This group encompasses a wide range of instructional, research, student, and institutional support functions. Data displayed in this section consist of revenues and expenditures, net of transfers. These data exclude UW Medicine, which is reported in a discrete item.

*Overview – through January 2020 Month-End*

Through January 2020, revenues, net of transfers trailed expenditures by approximately \$11 million, with a net margin of (1.96%) vs. prior fiscal year through January, revenues, net of transfers trailed expenditures by approximately \$12.3 million, with a net margin of (2.3%).



*\*Data reflects activity as of January month-end*

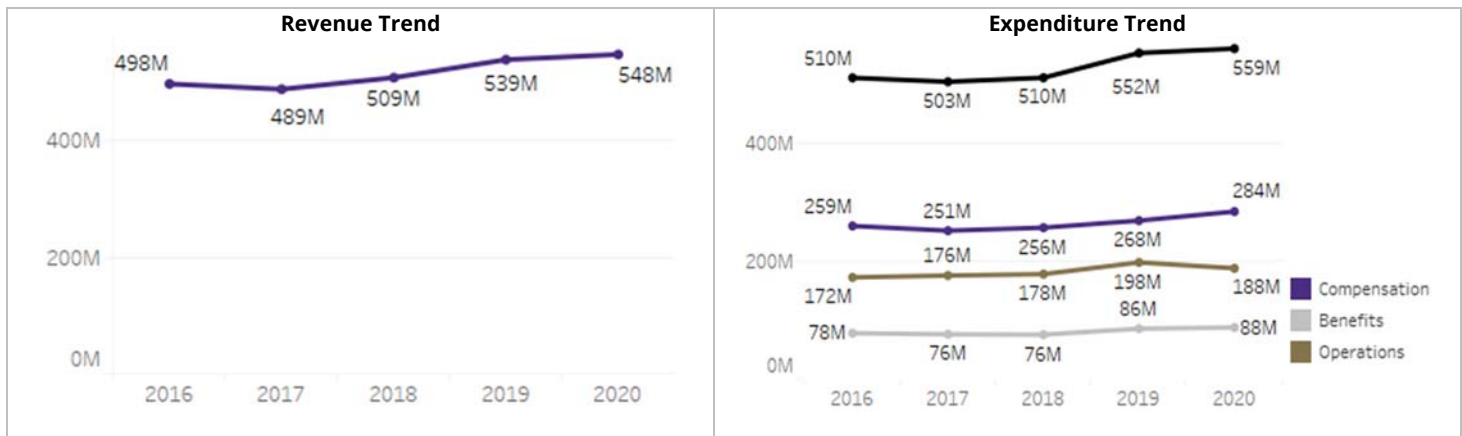
*“Self-Sustaining” Enterprise-Level Trends*

On self-sustaining funds, net of transfers:

- Revenues are up 1.7% (from \$539 million to \$548 million), compared to the same period last year.

- Compensation expenditures are up 5.7% (from \$268 million to \$284 million), compared to the same period last year.
- Benefit expenditures are up 2.3% (from \$86 million to \$88 million), compared to the same period last year.
- Non-compensation operating expenditures are down 5.0% (from \$198 million to \$188 million), compared to the same period last year.

The figures below show trends over the last five years.



*\*All current year and comparison data is as of January month-end for each respective fiscal year displayed*

## PLANNING & BUDGETING INITIATIVES

**Annual Review:** “Annual Review” submissions from UW academic and administrative units have been received and initial analysis has been performed on the financial and non-financial data elements. These data included FY20-FY23 forecasts, by fund type, accompanied by extensive narrative responses. Follow up discussions are ongoing and will resolve outstanding questions or concerns prior to Chancellor/Dean/VP meetings with the President and Provost. The following table provides summary highlights and risks gleaned from the submissions:

Highlights	Overall Risks
<ul style="list-style-type: none"> <li>• Research funding forecasts are strong.</li> <li>• There is an evident focus on leveraging interdisciplinary partnerships as resources become increasingly constrained.</li> <li>• Units continue to emphasize diversity, equity, and inclusion (DEI).</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation – units are continuing to experience a highly competitive market, both in and out of the higher ed. sector.</li> <li>• Compensation funding for core programs that rely on tuition.</li> <li>• Student debt levels in certain professional programs.</li> <li>• Plant infrastructure, both deferred maintenance and sub-optimal space configuration.</li> </ul>

Annual Review Calendar									
September	October	November	December	January	February	March	April	May	June
OPB Develops Budget Assumptions and Creates Unit Templates									
		Units Enter Data & Complete Templates			Unit Responses Due				
					OPB Data Validation & Budget Analysis				
						Unit Meetings with Provost			
						↑	OPB Develops UW Operating Budget		
								Presentation & Approval of UW Operating Budget	

**Activity Based Budgeting (ABB) Phase III:** At the end of February 2020, the steering committee completed a preliminary report summarizing the findings and recommendations from each subcommittee report for consideration by the Provost. A final report to campus will be published by the end of April 2020 for implementation in the FY21 ABB cycle.




**Legislative Session & State Budget Process:** The 2020 legislative session is scheduled to conclude on March 12. Throughout the session, OPB has worked with the Office of State Relations to complete over 100 fiscal notes and track nearly 900 bills. OPB has published a summary of budget proposals from the Governor and House and Senate leadership, and will release a brief on the final compromise budgets as they are released toward the end of the session.

# ACTIVE CAPITAL PROJECTS SUMMARY

as of February 24, 2020

Project Name	Regent Approval	Financial Details			Schedule		Project Health Trending					M/W Equity Goal %	M/W Equity Forecast
		Budget	Forecast	Funding Committed	Target	Forecast	Budget	Funding	Schedule	Safety	Business Equity		
<b>NCH Phase IV(b): Denny Field, Haggett &amp; Oak Halls</b> Kieran Timberlake/Absher	II, 02/19	\$65.50	\$65.38	\$65.50	7/20	7/20						N/A	3%
<b>Hans Rosling Center for Population Health</b> Miller Hull Partnership/LCL	II, 01/18	\$230.84	\$226.38	\$230.84	7/20	7/20						15%	25%
<b>Parrington Hall Renovation</b> INTEGRUS Architecture, PS/Absher	II, 04/19	\$23.80	\$23.80	\$23.80	8/20	8/20						15%	19%
<b>Stevens Court Exterior Enclosure</b> RDH Building Sciences Inc./GLY	Delegated	\$9.30	\$13.84	\$9.30	9/20	9/20						15%	9%
<b>Kincaid Hall Renovation</b> Perkins+Will/Skanska	II, 04/19	\$43.22	\$43.00	\$43.22	3/21	3/21						15%	23%
<b>Northwest Hospital Childbirth Center</b> ZGF Architects/ABBOTT	II, 11/18	\$26.80	\$26.80	\$25.00	10/21	11/21						15%	20%
<b>Founders Hall (old MacKenzie)</b> LMN Architects/Hoffman	II, 11/19	\$75.10	\$76.01	\$75.10	12/21	12/21						15%	15%
<b>Seismic Improvements - Phase 2</b> Mithun Architects/CLARKCONS	Delegated	\$15.00	\$15.00	\$15.00	12/21	12/21						TBD	TBD
<b>UW Bothell   Cascadia College STEM 4</b> Mithun Architects/LCL	II, 03/19	\$79.65	\$79.44	\$79.40	4/22	4/22						TBD	TBD
<b>Health Sciences Education Building</b> Miller Hull Partnership/LCL	II, 12/19	\$100.62	\$103.76	\$100.62	5/22	5/22						15%	15%
<b>UW Tacoma Milgard Hall (Academic Innovation)</b> /ANDCON	I, 11/19	\$50.00	\$50.00	\$4.50	1/23	1/23						TBD	TBD
<b>University District Building</b> Perkins+Will/GLY	II, 12/19	TBD	TBD	TBD		5/23						N/A	N/A
<b>ICA Basketball Ops &amp; H2P Center</b> /	02/20	\$60.51	\$60.51	\$60.51	5/23	5/23						TBD	TBD
<b>Behavioral Health Teaching Facility</b> Clark Construction Group, LLC/ABBOTT	07/19	\$224.50	\$224.50	\$33.25	11/23	11/23						15%	15%
<b>Totals</b>		<b>\$1004.84</b>	<b>\$1008.95</b>	<b>\$705.76</b>									

**Targets****Budget:** Budget is equal to or greater than Forecast (1% Tolerance)**Funding:** Funding and cashflow as planned**Schedule:** Forecast is equal to or sooner than Target**Safety:** Total Recordable Incident Rate of 2 or lower**Business Equity:** Green=meeting plan; Yellow=behind plan, recovery plan in place; Red=currently behind plan, recovery not possible.**Legend**

	Meeting Target
	Not Meeting Target, Plan in Place
	Not Meeting Target, No recovery Plan in Place

**Notes:**

- (1) Minor safety incidents have occurred exceeding the target safety goal for the project. The contractor and University project teams are committed to finishing the project with no additional incidents.
- (2) The additional phase 2 costs were not originally forecast. As phase 1 progressed, the additional cost due to scope and market conditions were aligned with the insurance funding. A revised work plan will document the revision.
- (3) Business equity to date is currently less than the intended plan. A recovery plan is in place. Procurement of two buildings remain with a plan to achieve the project equity goals.
- (4) A safety incident during the demolition phase of work resulted in arm laceration. The worker was treated and returned to work that day. The project hours and this incident result in a yellow indicator light.
- (5) Proposed budget revision will combine original project (\$26.8M) with separate adjacent project (\$8M). Combining the two projects has cost, schedule and minimized disruption advantages.
- (6) The project schedule is unrecoverable due to delays in obtaining the building permit.
- (7) The forecast is 1.5% over budget. The early stages of the project includes several options for recovery.
- (8) The budget forecast exceeds the approved budget. A budget recovery plan is being implemented with full recovery anticipated.

## PENDING PROJECT APPROVAL

as of February 24, 2020

Project Name	Planned Regent Action	Financial Estimates	Scheduled Completion	Project Overview
College of Engineering Interdisciplinary Education	Spring 2020	\$75M	Fall 2023	Create a student-focused, interdisciplinary center for the College of Engineering to promote project-based learning, collaboration and innovation for faculty and students in a curricular and co-curricular setting among new construction, renovation, and strategically reallocated spaces while fostering College of Engineering and campus connectivity.
W27 Development	Stage 1, 12/ 2019 Stage 2 Fall 2020	\$309M	Spring 2023	The building will be approximately 340,000 GSF and will house UW clean energy researchers and other public and private sector tenants with compatible research and technologies. Using a P3 procurement method, a developer will design, finance, construct, operate and maintain a development that provides well-integrated core uses aligned with UW goals as well as house a variety of uses that provide a variety of supporting benefits, such as spaces for dining, meeting and informal gathering consistent with the 2019 CMP.
UW Bothell Husky Village Redevelopment	Fall 2020	\$150M	Summer 2023	Husky Village Apartments will be demolished and replaced with developer-built mixed-use project on land leased from UW. The project would provide a minimum of 900 student beds in a variety of residential unit sizes, plus ground floor office and a dining hall. The proposal maintains University control over the land while providing the near-term student housing consistent with the UW Cascadia College 2017 Campus Master Plan.