

Executive Summary – Fiscal Year 2012 Operating and Capital Budgets

The proposed operating and capital budgets presented in this information item mark the beginning of a new legislative biennium. While the University of Washington's state funding continues to fall precipitously, the state general fund appropriation for FY12 is nearly 35 percent lower than the previous year; other areas of the budget are expected to grow.

Note that several key developments differentiate the UW Administration's proposed FY12 operating and capital budgets from previous budgets:

- All documents and presentations have been redesigned to facilitate transparency, ease understanding, and more effectively highlight the most relevant information.
- All UW Health System clinics and hospital operations are now displayed in the budgeted operating revenues and expenses of the University.
- The capital budget includes an introduction of the One Capital Plan. The plan is an effort to integrate strategic academic program planning created by UW's Colleges and Schools – and characterized as College Precinct Plans – with prioritized short, mid, and long term space and capital needs.

Operating Budget - Revenues and Expenditures by Fund and Category

Budgeted revenues and expenditures for the coming fiscal year are \$5.6 billion, a 16 percent increase over the prior fiscal year. Note that the inclusion of budgeted operating funds for the medical system is a new feature, and that the FY11 adopted budget figures have been revised to include these funds for comparison purposes.

TABLE 1: Revenues and Expenditures by Area	FY 2011 Adopted	FY 2012 Proposed	Change FY11 to FY12 (\$)	Change FY11 to FY12 (%)
University Operating Resources				
State General Fund*	318,522,000	212,197,000	(106,325,000)	-33%
Tuition Operating Fee Revenue	369,897,000	463,500,000	93,603,000	25%
Use of Fund Balance for Temporary Expenditures	10,000,000	14,310,000	4,310,000	-
Designated Operating Fund	58,902,000	66,442,000	7,540,000	13%
Indirect Cost Recovery	230,000,000	230,000,000	0	-
Institutional Overhead	16,268,000	17,288,000	1,020,000	6%
TOTAL REVENUES	1,003,589,000	1,003,737,000	148,000	0%
TOTAL EXPENDITURES	1,003,589,000	1,003,737,000		
Research Enterprise				
Grants and Contracts Direct Costs	958,994,000	1,150,898,000	191,904,000	20%
TOTAL REVENUES	958,994,000	1,150,898,000	191,904,000	20%
TOTAL EXPENDITURES	958,994,000	1,150,898,000		
Restricted Funds				
Gift Income & Endowment Distributions	184,630,000	192,630,000	8,000,000	4%
State Restricted Funds	6,884,000	6,949,000	65,000	1%
TOTAL REVENUES	191,514,000	199,579,000	8,065,000	4%
TOTAL EXPENDITURES	191,514,000	199,579,000		
UW Health System				
UW Medical Center	725,600,000	827,700,000	102,100,000	14%
Harborview Medical Center**	755,900,000	729,500,000	(26,400,000)	-3%
Valley Medical Center	0	457,282,000	457,282,000	-
NW Hospital	240,000,000	244,000,000	4,000,000	2%
UW Physicians	231,400,000	245,400,000	14,000,000	6%
Airlift NW	36,600,000	36,900,000	300,000	1%
UW Neighborhood Clinics	25,100,000	26,800,000	1,700,000	7%
TOTAL REVENUES	2,014,600,000	2,567,582,000	552,982,000	27%
TOTAL EXPENDITURES	2,014,600,000	2,567,582,000		
Auxiliary Activities				
Housing and Dining	63,501,000	68,680,000	5,179,000	8%
Intercollegiate Athletics	63,664,000	71,872,000	8,208,000	13%
Educational Outreach	73,292,000	85,225,000	11,933,000	16%
Parking	33,224,000	35,152,000	1,928,000	6%
Other Auxiliary Activities	402,194,000	402,194,000	0	-
TOTAL REVENUES	635,875,000	663,123,000	27,248,000	4%
TOTAL EXPENDITURES	635,875,000	663,123,000		
Total Revenues	4,804,572,000	5,584,919,000	780,347,000	16.24%
Total Expenditures	4,804,572,000	5,584,919,000	780,347,000	16.24%

* Units already took a permanent reduction midyear in FY11 which is carried forward and included in the reduction for FY12 above.

**Harborview Medical Center is managed by UW Medicine, but appears on King County's financial statement.

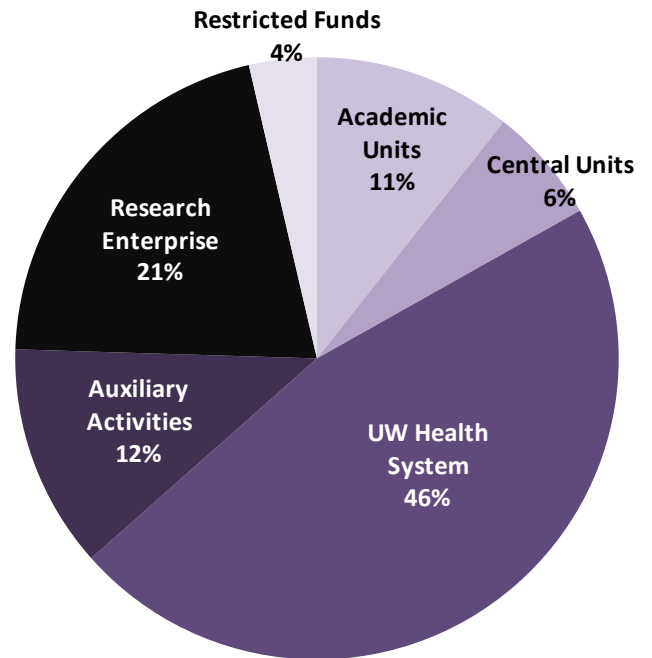
Significant Considerations for FY12

The UW's FY12 budget, combining all sources of revenue, is anticipated to be \$5.58 billion.

Primary revenue sources in FY12 include those from the UW's Health System, federal grants and contracts, and tuition operating fees.

Health System: Because most of the UW's Health System was not previously included in the Regents budget, the FY11 adopted budget has been retroactively adjusted by \$1.5 billion so that it can be accurately compared against the FY12 budget proposal. Note that Valley Medical Center is reflected in this presentation because final Regental action on the Center was taken in June 2011. Also note that while Harborview is reflected, it does not appear on the UW's audited financial statements.

Tuition Revenue vs. State Support: Tuition revenue now comprises 67 percent of the University's general operating fund resources (state funds plus tuition revenue). Slow economic recovery continues to stunt the state's general fund resulting in another significant state funding reduction for higher education. The UW's **state funding reduction** for the biennium, before tuition increases, is expected to be approximately 35 percent. Tuition revenue continues to supplant state general fund support.

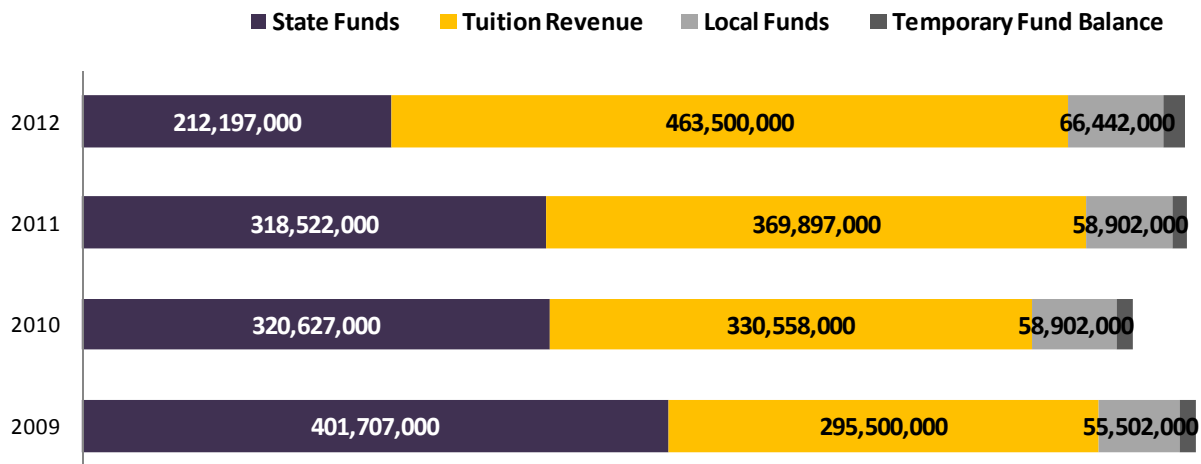


Important Considerations Implicit in the FY12 Budget:

1. UW Administration developed these budget recommendations according to the priorities and principles developed during broad cross-campus consultation (including in-depth discussion with unit leadership and consultation of both qualitative and quantitative data).
 - **Quality with regard to our mission: learning, discovery, and engagement**
 - **Impact on the student experience and on the faculty experience**
 - **Affordability and leverage**
 - **Positioning the University for the future**
2. Under the guidelines of Activity Based Budgeting (ABB), tuition revenue flows back to where it is produced. Tuition revenue has been distributed this way between UW's campuses. Additionally, on the Seattle campus, 70 percent of the incremental revenue from tuition increases will be allocated back to the **academic units** that generate tuition revenue while 30 percent will be maintained centrally to be utilized for central costs like payroll, facilities maintenance and for strategic investments such as the Provost's Reinvestment Funds.
3. FY12 budget recommendations are presented in a new format, as the UW Administration seeks to streamline this document to increase transparency and understanding. As a result, some FY11 numbers have been revised from those previously shown in the FY11 adopted budget for comparison purposes.

University Operating Resources

As the chart below demonstrates, state funds, tuition revenue, and designated funds are used to fund university operations. Over time, activity (academic) units have experienced growth in tuition revenue and designated funds, while state funds have declined. The Legislature’s final engrossed operating budget affects the university operating resource budget in three primary ways: first, the budget **authorizes 16 percent resident undergraduate tuition** rate increases in both FY12 and FY13 but E2SHB 1795 supersedes that by allowing Regents to exercise tuition setting authority for all tuition categories; second, the **budget reduces state funding by \$106 million in FY12**; and third, the budget stipulates that the **UW maintain student FTEs** at current levels.



The proposed FY 2012 University Operating Resources budget is presented in Table 2 below and proposed tuition increases for the 2011-12 academic year are presented in Table 3. Greater detail and policy considerations are available in Appendix items 1 and 2. Note that the University Operating Resource budget allocates \$14.3 million of temporary fund balance, distributed by the Interim Provost. Additionally, several new tuition rates are highlighted in Table 3 for Regental consent.

TABLE 2: University Operating Resources

Revenues	FY 2011 Adopted	FY 2012 Proposed
University Operating Resources		
State General Fund	318,522,000	212,197,000
Tuition Operating Fees	369,897,000	463,500,000
Use of Fund Balance for Temporary Expenditures	10,000,000	14,310,000
Designated Operating Fund	58,902,000	66,442,000
Indirect Cost Recovery	230,000,000	230,000,000
Institutional Overhead	16,268,000	17,288,000
TOTAL REVENUES	1,003,589,000	1,003,737,000
TOTAL EXPENDITURES	1,003,589,000	1,003,737,000

Proposed Tuition Rates for 2011-12

The following rate changes are presented for review. **Passage of E2SHB 1795 allows Regents to set undergraduate resident tuition rates; the rates and revenue amounts presented in tables 1 and 2 have changed since the May 12, 2011 meeting. As discussed at the June 16, 2011 meeting, the UW Administration recommends increasing resident undergraduate tuition by 20 percent.**

TABLE 3: Tuition Rate Changes for 2011-12

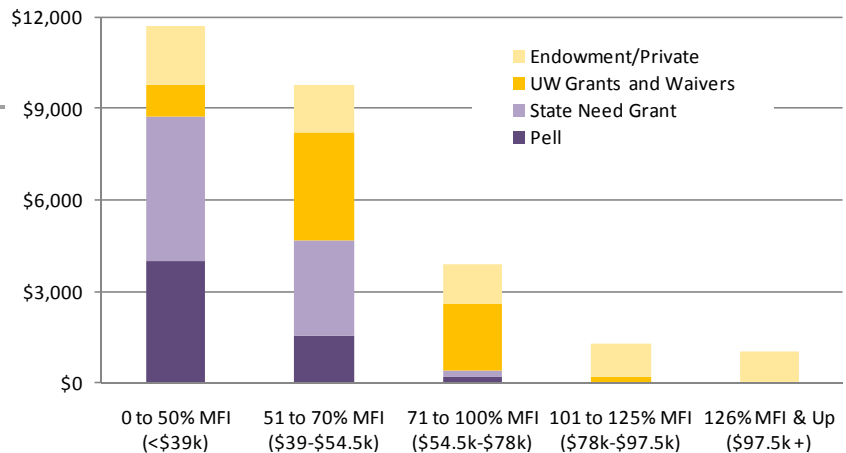
2011-12 Tuition Rates to be Approved				
Tuition Category	2011-12			
	Resident		Nonresident	
	Increase (%)	Annual Tuition	Increase (%)	Annual Tuition
Undergraduate				
Undergraduate	20.0%	9,746	10.00%	27,230
Graduate Tiers				
Graduate Tier I	11.0%	12,070	3.0%	24,940
Graduate Tier II	10.5%	12,610	3.0%	25,480
Graduate Tier III	10.0%	13,140	3.0%	26,010
Other Graduate				
Master of Library and Information Science <i>(moving to Educational Outreach FY13)</i>	7.0%	13,220	7.0%	28,930
Master of Public Affairs <i>(incoming)</i>	15.0%	15,860	15.0%	31,320
Master of Public Affairs <i>(continuing)</i>		13,790		27,230
Master of Public Health	10.0%	14,240	10.0%	28,910
College of Built Environments	14.0%	15,770	14.0%	34,500
Dental Professional (year 1)	14.0%	26,560	0.0%	49,470
Dental Professional (years 2,3,4)	10.0%	25,620	0.0%	49,470
Nursing Master and Doctor of Nursing Practice	12.0%	19,480	12.0%	38,550
Doctor of Pharmacy	12.0%	19,950	12.0%	37,050
Medical professional	10.0%	24,720	4.4%	53,700
Law (JD) <i>(note title change)</i>	8.5%	25,780	8.5%	39,850
Master of Laws (LLM) <i>(formerly Asian Law at Tier III)</i>	25.0%	14,930	25.0%	31,600
Master of Business Administration <i>(incoming)</i>	4.0%	25,510	2.0%	37,580
Master of Business Administration <i>(continuing)</i>		24,520		36,840
Master of Social Work	22.0%	13,270	8.0%	26,150
Professional Master of Earth & Space Sciences	10.5%	12,610	3.0%	25,480
Master of Nursing, Bothell <i>(remaining at Tier II)</i>	10.5%	12,610	3.0%	25,480
Master of Business Admin Bothell <i>(incoming)</i>	4.0%	21,720	2.0%	28,330
Master of Business Admin Bothell <i>(continuing)</i>		20,880		27,770
Master of Nursing, Tacoma <i>(remaining at Tier II)</i>	10.5%	12,610	3.0%	25,480
Master of Business Admin Tacoma <i>(incoming)</i>	4.5%	18,150	0.0%	31,570
Master of Business Admin Tacoma <i>(continuing)</i>		17,360		31,570
Category Changes				
School of Public Health				
Master of Science and PhD <i>(from Tier I to Tier III)</i>	21.0%	13,140	7.0%	26,010
College of the Environment				
Master of Earth and Space Sciences <i>(from Tier I to Tier II)</i>	16.0%	12,610	5.0%	25,480
School of Dentistry				
Dentistry Master of Science and PhD <i>(from Tier I to Tier II)</i>	16.0%	12,160	5.0%	25,480
School of Social Work				
IPhD of Social Work <i>(from Tier I to Tier II)</i>	16.0%	12,610	5.0%	25,480
Post Baccalaureate				
Post Baccalaureate/Non-Matriculated taking undergraduate courses only	20.0%	9,746	10.00%	27,230
Post Baccalaureate/Non-Matriculated taking graduate courses only	10.0%	13,140	3.00%	26,010

Notes: Cohort model tuition allows students to pay the same tuition from program entry until graduation (assuming the student has continuous attendance)

Financial Aid Policy

Potential tuition increases are best evaluated alongside financial aid data. Eligible resident undergraduate students receive Pell and State Need Grants, and the University allocates the additional funds necessary to ensure that these students do not pay tuition, fees, and other educational costs (depending on need) as part of Husky Promise. Of graduate students in the tier tuition categories, 54 percent receive tuition waivers associated with their academic responsibilities.

Figure A: UW Resident Undergrads with Need (09-10)



Note: Median family incomes shown are for a family of four.

TABLE 4: Pell, State Need Grant, and Husky Promise Data

Pell & State Need Grant	2009-10 Actual Awards			2010-11 Actual Awards		
	Number of Students	Percent of Undergrad Enrollment	Amount Awarded	Number of Students	Percent of Undergrad Enrollment	Amount Awarded
Pell Grant Funding	8,600	25%	\$37,989,000	10,450	32%	\$43,215,000
State Need Grant Funding	7,000	20%	\$41,487,000	7,500	23%	\$39,390,500
Husky Promise Data	2009-10 Actual Awards			2010-11 Actual Awards		
	Number of Students	Percent of Undergrad Enrollment	Autumn 2009 Enrollment	Number of Students	Percent of Undergrad Enrollment	Amount Awarded
Seattle	5,635	25%	22,794	6,440	25%	25,534
Bothell	434	21%	2,103	610	25%	2,437
Tacoma	727	30%	2,445	960	36%	2,633

UW undergraduate students demonstrate significant financial need. 32 percent of UW students received Pell Grant assistance in 2010-11 and at least a quarter of undergraduate students received State Need Grant assistance. The State Need Grant is underfunded in the current academic year, as 22,000 eligible undergraduate students did not receive grant funding. Because of this shortage in state funds and the UW's significant population of students with demonstrated need, tuition increases must be mitigated by institutional financial aid.

Under the provisions of E2SHB 1795, the UW is required to increase the mandatory set-aside of tuition revenue for financial aid. While the law stipulates that the UW set aside 5 percent of total tuition revenue for financial aid, the UW will award \$38.6 million of tuition revenue back to resident undergraduate students for a total return to aid to undergraduate residents of 15.6 percent of tuition revenue in 2011-12. Note that this assumes that 50 percent of new, incremental revenue generated by resident undergraduate tuition is returned to aid.

2011-12 Proposed Fee Increases Requiring Legislative Authorization

Under terms of Initiative 1053, all agency fee increases (including tuition) must receive legislative approval prior to implementation. This approval is currently provided in Section 603 of the **final engrossed budget**. The language includes a specific increase level for undergraduate resident tuition. For all other fee categories, the Board of Regents is authorized to increase fees “by amounts judged reasonable and necessary by the governing board.”

Tuition rates for state-subsidized academic programs, service and activities fees, technology fees, and others are specifically approved by the Regents. For fee increases that are implemented under authority that the Regents have delegated to the President and Provost, the Regents must determine that fee increases in those categories are reasonable and necessary.

Campus Budget Reductions and Tuition Allocation

Budget reduction and tuition revenue allocations in the FY12 Central University Operations budget are summarized below.

TABLE 5: Budget Reductions and New Allocations for FY12

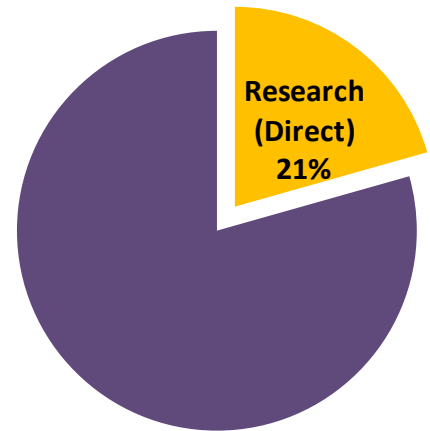
<u>CAMPUS BUDGET REDUCTIONS</u>	
Seattle FY12 Reductions	(98,651,000)
Bothell FY12 Reductions	(4,569,000)
Tacoma FY12 Reductions	(5,858,000)
Total Budget Reductions	(109,078,000)
<u>TOTAL INCREMENTAL TUITION ALLOCATION TO UNITS</u>	
UW Seattle Academic Units	55,623,000
UW Seattle Program Moves to Ed Outreach	(2,039,000)
UW Seattle Provost Reinvestment Funds	22,840,000
UW Bothell	9,698,000
UW Tacoma	7,474,000
Total Incremental Revenue Allocated to Units	93,596,000
<u>NET REDUCTIONS/INCREASES BY CAMPUS</u>	
UW Seattle	(22,227,000)
UW Bothell	5,129,000
UW Tacoma	1,616,000
Total UW Net Reduction	(15,482,000)

The total **budget reduction for the UW Seattle** campus is **\$98,651,000**, which includes **\$15,000,000 of required cost increases for FY12** to compensate for expenses that all units will experience.

UW Bothell's and UW Tacoma's estimated budget reductions are **\$4,569,000 and \$5,858,000, respectively**. Bothell and Tacoma's required cost increases will be implemented locally. The Chancellors for UW Bothell and UW Tacoma will conduct a process to determine how budget reductions will be distributed at each campus.

These reductions are representative of budget reductions before any increases in designated operating fund revenues are applied.

Research Enterprise



Direct expenditures on grants and contracts are projected to increase in FY12 over the budgeted level in FY11 by about 20 percent. FY11 projections were projected too low last June given our success rate securing American Recovery and Reinvestment Act (ARRA) grants. The budgeted level of grant and contract direct costs will probably decline in FY12 as about 90 percent of the funding the UW received from ARRA grant awards will have been spent. In addition, it is reasonably likely that there may be further reductions in National Institutes of Health and National Science Foundation research budgets in the federal budget process for FY12.

Indirect cost recovery revenue is newly presented on Table 1 along with other (previously shown) university operating resources. This is to account for the fact that the University uses these funds for general operations as well as general institutional expenses to support the research, public service and research functions of the University. For comparison purposes, FY11 totals in Table 1 have been adjusted to reflect this change.

TABLE 6: Research Enterprise

Revenues	FY 2011 Adopted	FY 2012 Proposed
Research Enterprise		
Grants and Contracts Direct Costs	958,994,000	1,150,898,000
TOTAL REVENUES	958,994,000	1,150,898,000
TOTAL EXPENDITURES	958,994,000	1,150,898,000

Restricted Funds

Expenditures for nearly all gifts and state restricted funds can **only be used** for the purposes specified by the granting agency, donor or legislature. Thus, annual expenditures for these areas are assumed to be equal to budgeted levels.

State restricted funds primarily comprise appropriations from the Accident and Medical Aid accounts, which benefit the School of Public Health for specific activities performed by the Department of Environmental Health. In addition, there is a small appropriation from the Bio-Toxin and Geoduck accounts that are included in this category.

Note that gift income and endowment distributions projected for FY12 are based on revenue for these budgets, not expenditures. This is a departure from prior budget presentations as we attempt to standardize budgeting methods across all units.

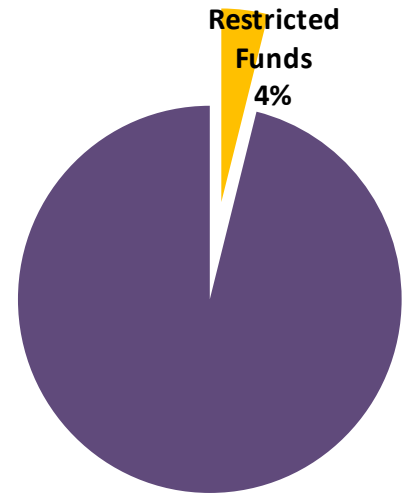
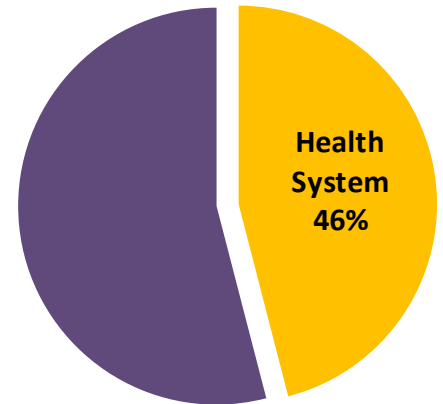


TABLE 7: Restricted Funds

Revenues	FY 2011 Adopted	FY 2012 Proposed
Restricted Funds		
Gift Income & Endowment Distributions	184,630,000	192,630,000
State Restricted Funds	6,884,000	6,949,000
TOTAL REVENUES	191,514,000	199,579,000
TOTAL EXPENDITURES	191,514,000	199,579,000

UW Health System

In past budget items, revenue and expenditures from the University of Washington Medical Center were presented for information only. As part of the Administration's ongoing effort to illuminate the full UW revenue landscape, all seven components of the UW Health System are now included in Table 1 above and in Table 8 below.



Effective July 1, 2011, the UW will enter into an affiliation agreement with Valley Medical Center. The UW Board of Regents approved this agreement at their June 16, 2011 meeting. Revenues and expenditures for Valley Medical Center are only shown for FY12, as the affiliation agreement is effective at the start of the upcoming fiscal year.

TABLE 8: UW Health System

Revenues	FY 2011 Adopted	FY 2012 Proposed
UW Health System		
UW Medical Center	725,600,000	827,700,000
Harborview Medical Center	755,900,000	729,500,000
Valley Medical Center	0	457,282,000
NW Hospital	240,000,000	244,000,000
UW Physicians	231,400,000	245,400,000
Airlift NW	36,600,000	36,900,000
UW Neighborhood Clinics	25,100,000	26,800,000
TOTAL REVENUES	2,014,600,000	2,567,582,000
TOTAL EXPENDITURES	2,014,600,000	2,567,582,000

Auxiliary Units

The University's large, self-sustaining auxiliary business enterprises (Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services) are all financially stable and slow growth is expected in FY 2012.

Auxiliary enterprises also include internal service units (Stores, Motor Pool, Publication Services, etc.), Student Government, Recreational Sports, and miscellaneous other activities.

The University charges institutional overhead to all of these units to recover the cost of central services utilized by these academic enhancement and support activities.

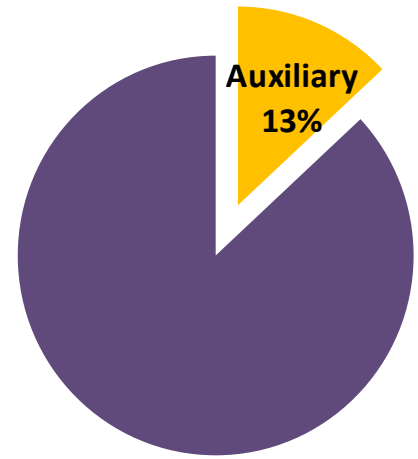


TABLE 9: Auxiliary Units

Revenues	FY 2011 Adopted	FY 2012 Proposed
Auxiliary Activities		
Housing and Dining	63,501,000	68,680,000
Intercollegiate Athletics	63,664,000	71,872,000
Educational Outreach	73,292,000	85,225,000
Parking	33,224,000	35,152,000
Other Auxiliary Activities	402,194,000	402,194,000
TOTAL REVENUES	635,875,000	663,123,000
TOTAL EXPENDITURES	635,875,000	663,123,000

Capital Budget

The proposed FY 2012 University of Washington Capital Budget presented on the following page reflects several years of integrated program and infrastructure planning resulting in a capital investment prioritization approach - UW's One Capital Plan.

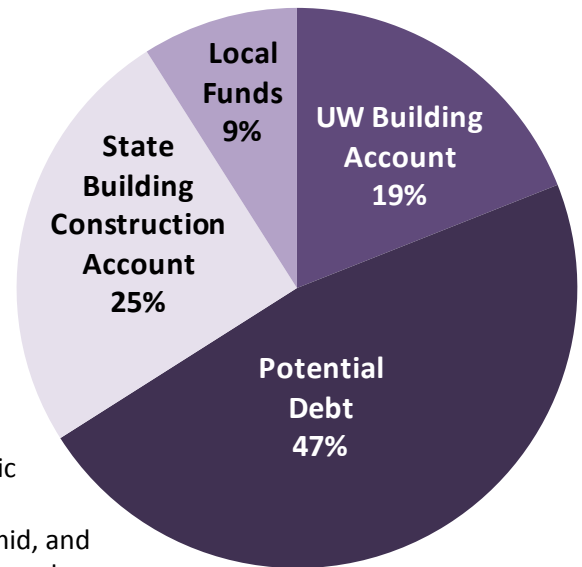
UW's **One Capital Plan** is an effort to integrate strategic academic program planning created by UW's Colleges and Schools – and characterized as College Precinct Plans – with prioritized short, mid, and long term space and capital needs. The integration of these rigorously developed academic program needs combined with the university's need to target recapitalization investments in our current capital space and infrastructure assets, results in a comprehensive plan of capital projects/programs identified in the One Capital Plan. The capital projects summary identified in the One Capital Plan appendix endeavors to **identify capital projects, programs, potential fund sources, and chronology in one place; while the summary is not exhaustive, it represents a current-to-date summary of key potential future capital investment opportunities for Regental consideration.**

State Actions: The final engrossed 2011-13 capital budget includes \$36,379,000 in State Building Construction Account funds for minor capital building systems renewal and major infrastructure improvements, and supports new investments including design and construction funding for Phase I of the Odegaard Undergraduate Learning Center and the Intellectual House project. The Legislature also appropriated \$27.8 million in UW Building Fee funds.

Local Funding: \$13,000,000 of UW Local funds, primarily from sponsored research indirect cost recovery, are proposed for critical minor capital program improvements and continued precinct planning activities for the College of Arts and Sciences Life Sciences, UW Health Sciences, the UW's Energy Future infrastructure assessment, West of 15th Avenue planning, and the permanent relocation of the UW Police to a more secure location.

Debt Funding: Potential debt of \$67,800,000 is proposed to implement a comprehensive capital investment program to support critical core research facilities. The investment program would include multiple concurrent projects that will allow UW's core biomedical research mission to be successful. The revenue source for this large capital program's debt service is proposed to be from an allocation of indirect cost recovery funds from the operating budget.

While state capital resources remain a critical component of the UW's capital resource planning future, the ability of the public to fund major capital investments will remain very limited for the foreseeable future. As we bring greater rigor and clarity to our long range academic program and campus infrastructure needs, and identify those components most critical to success in both the short and long term, our capital needs will continue to require much more than the State can reasonably support - particularly our infrastructure and the burgeoning deferred maintenance recapitalization requirements necessary to support our core teaching and research missions.



Our planning activities include review of several potential **revenue generating partnerships** critical to fulfilling the capital investment approaches and priorities in UW's One Capital Plan. Future opportunities that must be explored include targeted philanthropy, enhancement of the Metropolitan Tract contributions to UW Seattle capital asset development, and innovative public/private partnerships particularly related to recapitalization of our infrastructure assets.

Finally, included as a budget shift from capital to operating resources in the 2009-11 State capital appropriation, the final budget continues the 2009-11 precedent by providing \$25,825,000 for the UW's preventative facility maintenance operating budget funded from the UW Building Account. Note that we display the FY12 amount of building fee for facility maintenance and building system repairs of \$12,912,500.

For FY12, the Administration recommends the following summary for your review and consideration:

TABLE 10: FY12 Capital Budget

Capital Budget- FY 2012	UW Building Account	State Building Construction Account	Local Funds	Potential Debt	TOTAL
Infrastructure					
College of Arts & Sciences- Life Sciences Precinct Plan			100,000		100,000
Major Infrastructure - Improvement Projects		4,365,000			4,365,000
Major Infrastructure - UW Energy Future			500,000		500,000
Minor Capital Repair	27,801,000	11,186,000	11,500,000		50,487,000
UW Health Sciences Precinct Plan			350,000		350,000
West of 15th Avenue Plan			250,000		250,000
Instruction					
Anderson Hall Renovation		1,553,000			1,553,000
Odegaard Undergraduate Learning Center - Phase 1		16,575,000			16,575,000
Research					
Core Research Facilities Improvement Program					
E Wing 6th Floor Renovation				2,200,000	2,200,000
Foegen East				10,000,000	10,000,000
Guthrie Renovation				14,000,000	14,000,000
NHP I Wing				20,800,000	20,800,000
SLU Brotman Building Renovation				3,800,000	3,800,000
Western Building Renovation				3,000,000	3,000,000
T Wing Level 1 Renovation				14,000,000	14,000,000
Biological & Environmental Sciences Building			100,000		100,000
Student Life					
Intellectual House		2,700,000			2,700,000
UW Police Department Relocation			200,000		200,000
TOTAL CAPITAL INVESTMENTS	27,801,000	36,379,000	13,000,000	67,800,000	144,980,000
Facility Maintenance and Operations					
Fund shift capital to operating	12,912,500				12,912,500

Appendix 1
Proposed Budget
University Operating Resources for Fiscal Year 2012

	FY 2011 Adopted	FY 2012 Proposed	Comment
<u>REVENUES</u>			
State General Fund	318,522,000	212,197,000	
Net Tuition Operating Fee	369,897,000	463,500,000	
Designated Operating Fund	58,902,000	66,442,000	
Institutional Overhead	16,268,000	17,288,000	
Indirect Cost Recovery	230,000,000	230,000,000	
Subtotal: Ongoing University Operating Revenues	993,589,000	989,427,000	
Use of Fund Balance for Temporary Expenditures	10,000,000	14,310,000	
TOTAL REVENUES	1,003,589,000	1,003,737,000	
<u>EXPENDITURES</u>			
Adjusted Base Budget	1,003,589,000	976,869,000	
<u>UW Seattle Budget Reductions:</u>			
FY 2012 Reductions		(98,651,000)	
Subtotal for UW Seattle Budget Reductions		(98,651,000)	
<u>UW Bothell Budget Reductions</u>			
FY 2012 Reductions		(4,569,000)	
Subtotal for UW Bothell Budget Reductions		(4,569,000)	
<u>UW Tacoma Budget Reductions</u>			
FY 2012 Reductions		(5,858,000)	
Subtotal for UW Tacoma Budget Reductions		(5,858,000)	
TOTAL BUDGET REDUCTIONS		(109,078,000)	
<u>Incremental Tuition Allocation to Academic Units</u>			
UW Seattle Academic Units		55,623,000	
UW Seattle Program Moves to EO		(2,039,000)	
UW Bothell		9,698,000	
UW Tacoma		7,474,000	
Subtotal		70,756,000	
<u>Incremental Tuition Allocations to the Provost</u>			
Strategic Investments		22,840,000	
Subtotal		22,840,000	
<u>Compensation Adjustments</u>			
UW Seattle - Academic Units - Benefits Adjustments		4,779,000	
UW Seattle - Administrative Units - Benefit Adjustments		2,439,000	
Faculty Promotions		650,000	
Subtotal		7,868,000	
<u>Other Adjustments</u>			
Required Cost Increases/Adjustments		17,842,000	<i>See Appendix 2</i>
Research Cost Recovery Allocation Change		950,000	
Dedicated Indirect Cost Recovery Changes		500,000	
Legislative Actions		880,000	<i>See Appendix 2</i>
Subtotal		20,172,000	
SUBTOTAL: CORE EDUCATION EXPENDITURES		989,427,000	
Use of Fund Balance		14,310,000	
TOTAL EXPENDITURES		1,003,737,000	

Appendix 2
Required Cost Increases/Adjustments for Fiscal Year 2012

Item	FY 2012 Change
<u>Institutional Budgets</u>	
Utilities:	
Electricity	(100,000)
Natural gas	72,000
Water/sewer	625,000
Solid waste disposal	(285,000)
Solid waste staff	13,000
Power Plant	165,000
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Subtotal utilities:	490,000
 Other institutional budgets:	
Property rentals-general	1,300,000
State Department of Personnel Cost	40,000
Property rental-Sand Point unassigned space	126,000
Wellington Hills	(120,000)
Hazardous Materials Mitigation (Asbestos)	100,000
University Risk Financing	205,000
Investment Management Fees	150,000
Residential Parking Zone	35,000
Transportation subsidy	51,000
Sound Transit coordination (Brooklyn Station)	30,000
State audit misc	(25,000)
UW Tower Data Center Electricity	280,000
Disability Accommodations	200,000
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Subtotal other institutional budgets:	2,372,000
 <u>Debt Service</u>	
6th Floor Health Sciences Renovations Debt Service	120,000
Molecular Engineering Building - ICR supported debt	331,000
J Wing Floors 1&2 Renovation	200,000
Physics/Astronomy Building	400,000
Health Sciences K Wing	200,000
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Subtotal Debt Service	1,251,000

Appendix 2, continued
Required Cost Increases/Adjustments for Fiscal Year 2012

Item	FY 2012 Change
<u>Other Issues</u>	
WWAMI funding differential	250,000
Mainframe Financing agreement	850,000
Dean/VP Commitments	3,284,000
So. Lake Union Research Facilities - O&M Support	4,500,000
UW Bothell increase to ICR	190,000
UW Tacoma increase to ICR	190,000
Summer quarter cost increase	1,186,000
UW Bothell - FY12 Net Summer Qtr Tuition	1,688,000
UW Tacoma - FY12 Net Summer Qtr Tuition	1,591,000
Subtotal Other Issues	13,729,000
Subtotal Required Cost Increases	17,842,000
<u>Research Cost Recovery Policy Allocation</u>	
FY 2012 Projected RCR change	950,000
Subtotal Policy Application	950,000
<u>Dedicated Indirect Cost Recovery Dollars</u>	
Medicine - South Lake Union & Harborview Locations	500,000
Subtotal Dedicated Indirect Cost Recovery	500,000
Subtotal RCR & Dedicated Indirect Cost Recovery	1,450,000
<u>Legislative Actions</u>	
WWAMI Medical Education Program	150,000
Washington Park Arboretum	143,000
O&M UWT Phase 3	499,000
Embodied Energy & Carbon	88,000
Subtotal Legislative Actions	880,000
TOTAL REQUIRED COST INCREASES/ADJUSTMENTS	20,172,000