

# PROPOSED FY18 BUDGET

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Jerry Baldasty, Provost and Executive Vice President

Sarah Norris Hall, Associate Vice Provost, Planning & Budgeting

Jacqueline Cabe, CFO, UW Medicine

# Recommended Action

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- Adopt proposed FY18 budget;
- Establish tuition rates; and,
- Reinstate fee setting delegations.



# BACKGROUND

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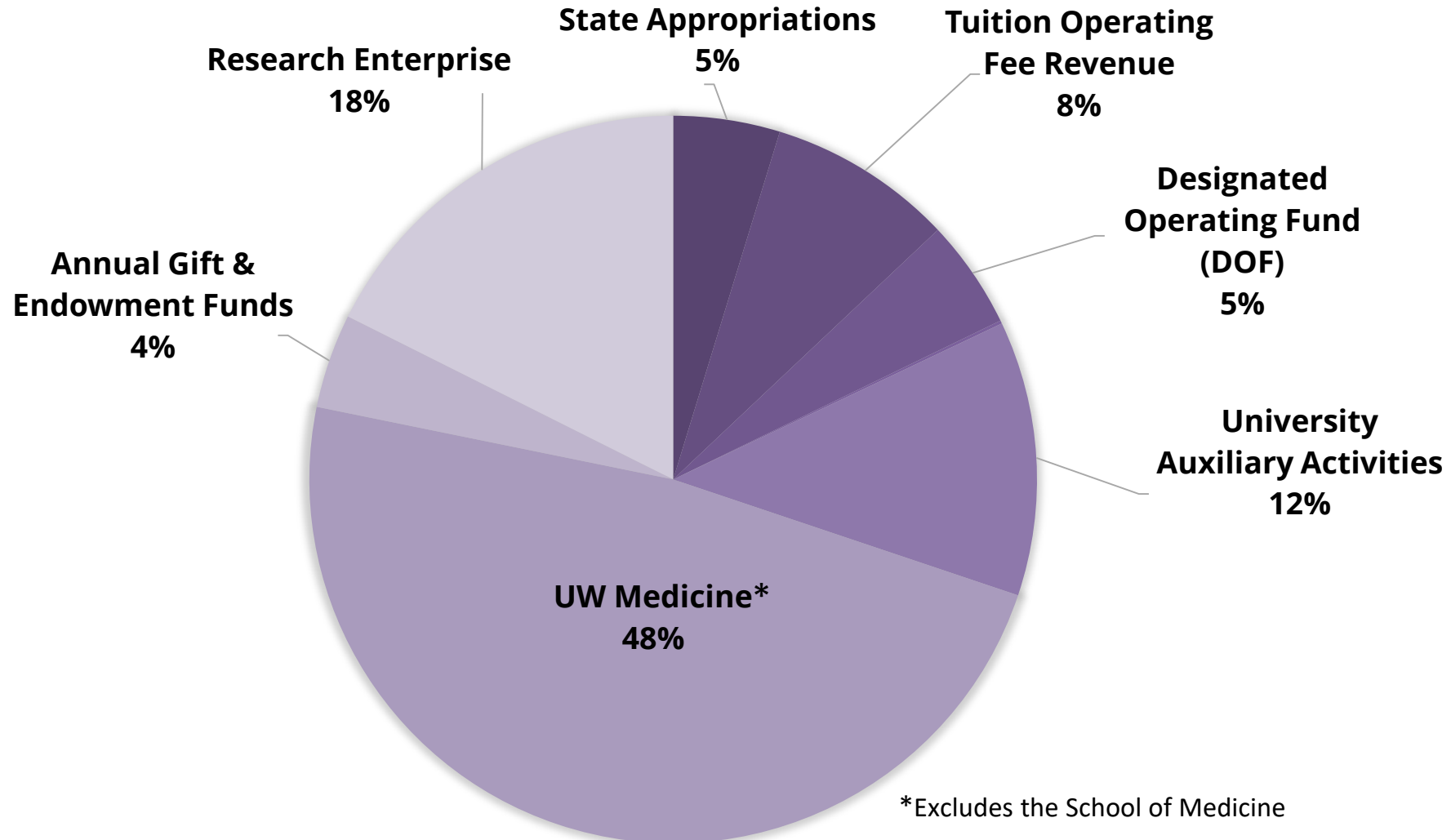
Challenges that shape our University's budget include:

- Limitations on enrollment growth and mix;
- Per student funding levels;
- Tuition-setting authority and predictability;
- Rising compensation expenses;
- Regional pressures and inflationary increases in utilities and property expenses;
- Challenging and increasingly complex regulations; and
- Federal funding and policy uncertainties.



# PROPOSED FY18 BUDGET

## \$7.25 billion



**FY18**

**CORE OPERATING BUDGET**

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# CORE OPERATING REVENUE

Budget by Fund and Category	FY17 Budget	Incremental Change	FY18 Proposed
<b>General Operating Fund (GOF)</b>	<b>940,483,000</b>	<b>34,701,000</b>	<b>975,184,000</b>
State Appropriations	332,343,000	19,383,000	351,726,000
Tuition Operating Fee Revenue	608,140,000	15,318,000	623,458,000
<b>Designated Operating Fund (DOF)</b>	<b>360,643,000</b>	<b>3,487,000</b>	<b>364,130,000</b>
Indirect Cost Recovery	247,000,000	0	247,000,000
Institutional Overhead	26,000,000	0	26,000,000
Remaining DOF	87,643,000	3,487,000	91,130,000
<b>Core Operating Budget</b>	<b>1,301,125,000</b>	<b>38,189,000</b>	<b>1,339,314,000</b>

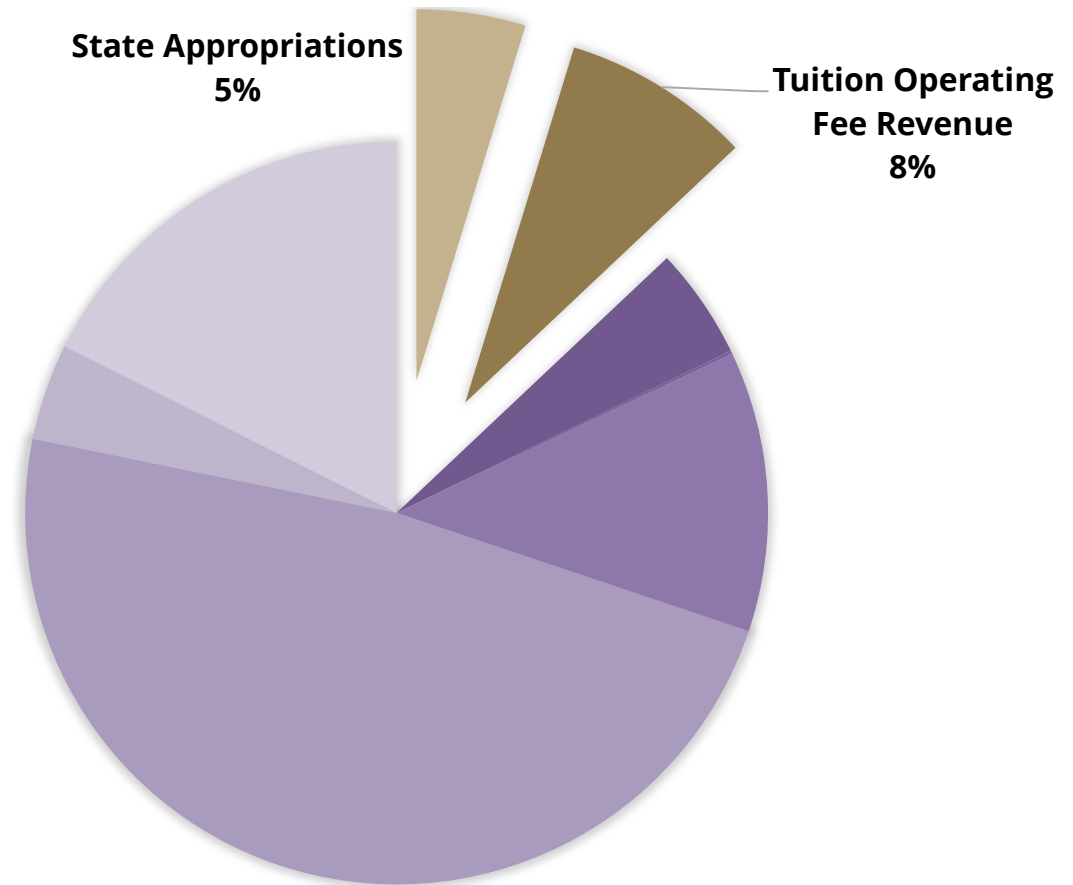


# GENERAL OPERATING FUND

## Total budget: \$975 million

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- State budget continues current tuition policy, provides some compensation funding, and imposes some new charges and cuts
- Additional justification requested and published for tuition increases, though most recommendations  $\leq 3\%$

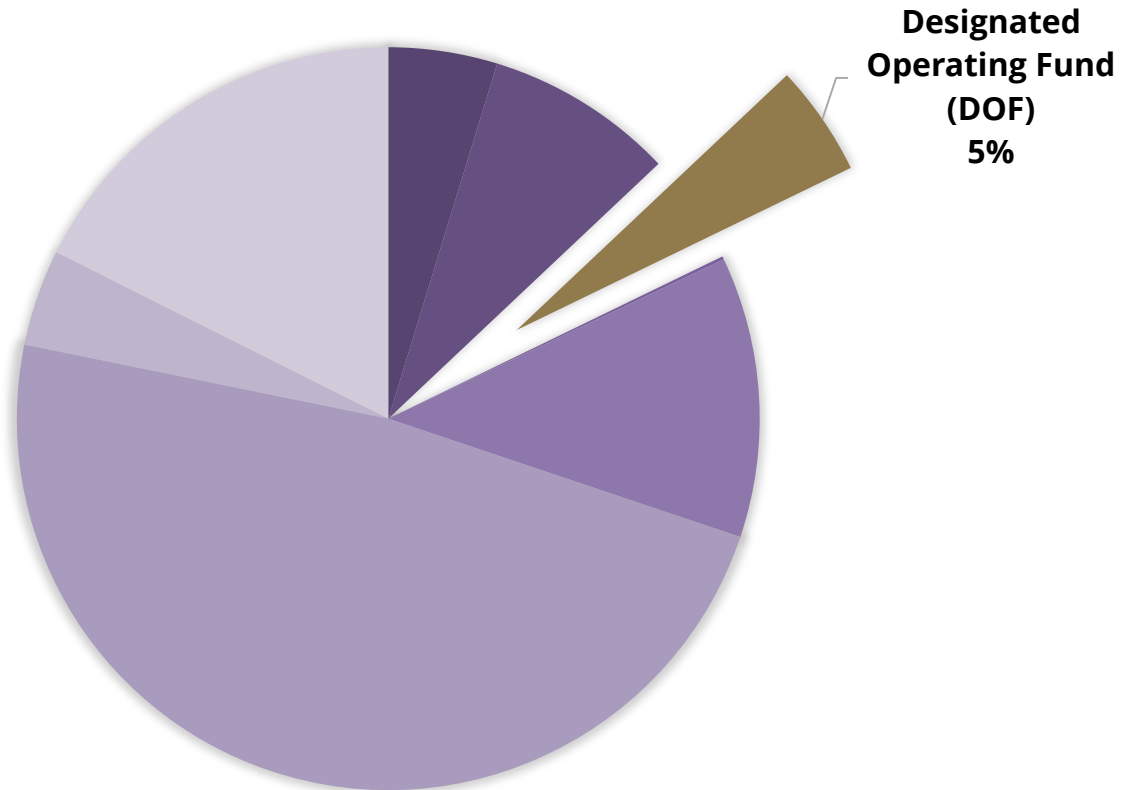


# DESIGNATED OPERATING FUND

## Total budget: \$364 million

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- ICR: Federal funding is uncertain
- Institutional Overhead: growth not expected, given auxiliary/self-sustaining activity
- Summer Quarter: marginal increases from online course offerings





# CORE OPERATING EXPENDITURES

Expenditures	FY17 Adopted	Incremental Change	FY18 Proposed
<b>FY17 Expenditures</b>	<b>1,301,125,000</b>		
Base Adjustments		(120,000)	
<b>Incremental Adjustments:</b>			
Compensation Distributions to Units		7,266,000	
Tuition Distributions to Units		14,445,000	
Provost Reinvestment Pool		1,105,000	
Legislative Directives		13,586,000	
Other Adjustments			
Summer Tuition Distributions		500,000	
Utilities - Power Plant		700,000	
Electricity		1,500,000	
Water and Sewer		1,500,000	
Fuel (Natural Gas)		(1,193,000)	
Risk Management		(1,100,000)	
<b>FY18 Expenditures</b>	<b>1,301,125,000</b>	<b>38,188,000</b>	<b>1,339,313,000</b>



# 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

2017-18	Undergraduate			Graduate/Professional			Total
	Resident	Nonresident	Total	Resident	Nonresident	Total	
<b>Gross Operating Fee Revenue</b>	259,482,000	282,236,000	541,718,000	102,089,000	159,264,000	261,353,000	803,071,000
<b>State-Mandated Aid</b>	9,883,000	11,193,000	21,076,000	3,458,000	3,340,000	6,798,000	27,874,000
<b>UW Institutional Aid</b>	33,053,000	15,041,000	48,094,000	4,997,000	4,511,000	9,508,000	57,602,000
<b>Waivers - Foregone Revenue</b>	5,116,000	3,011,000	8,127,000	12,734,000	73,275,000	86,009,000	94,136,000
<b>Net Operating Fee Revenue</b>	211,430,000	252,991,000	464,421,000	80,900,000	78,138,000	159,038,000	623,459,000



# OTHER BUDGET AREAS

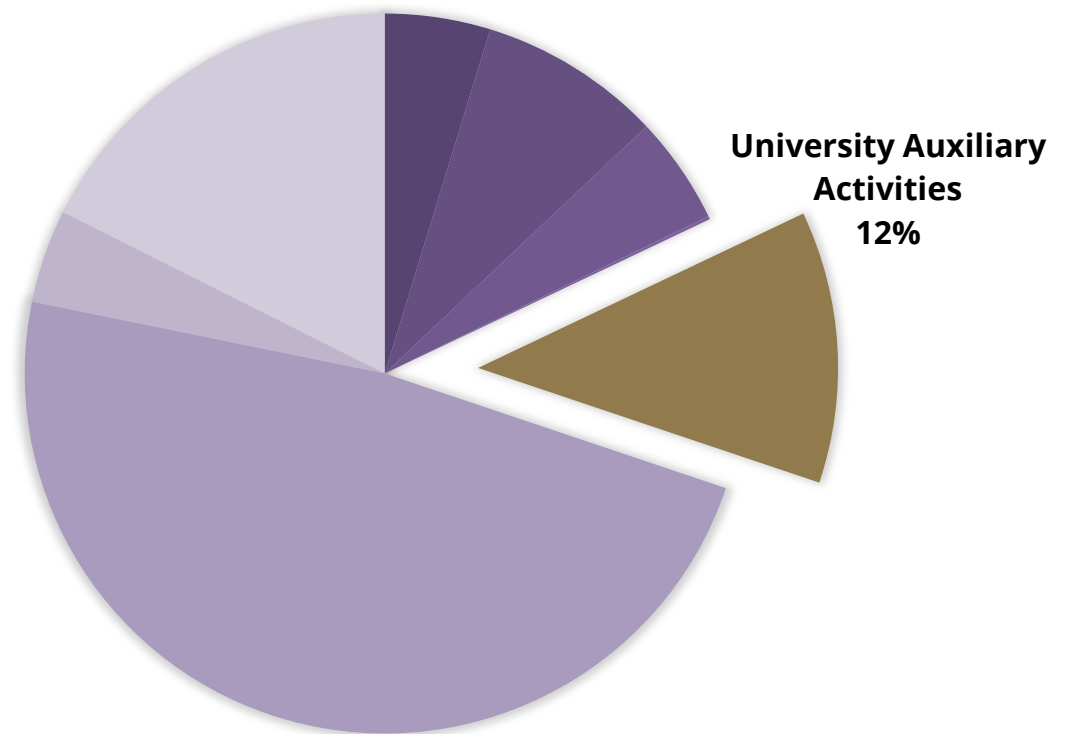


# AUXILIARY ACTIVITIES

## Total budget: \$919 million

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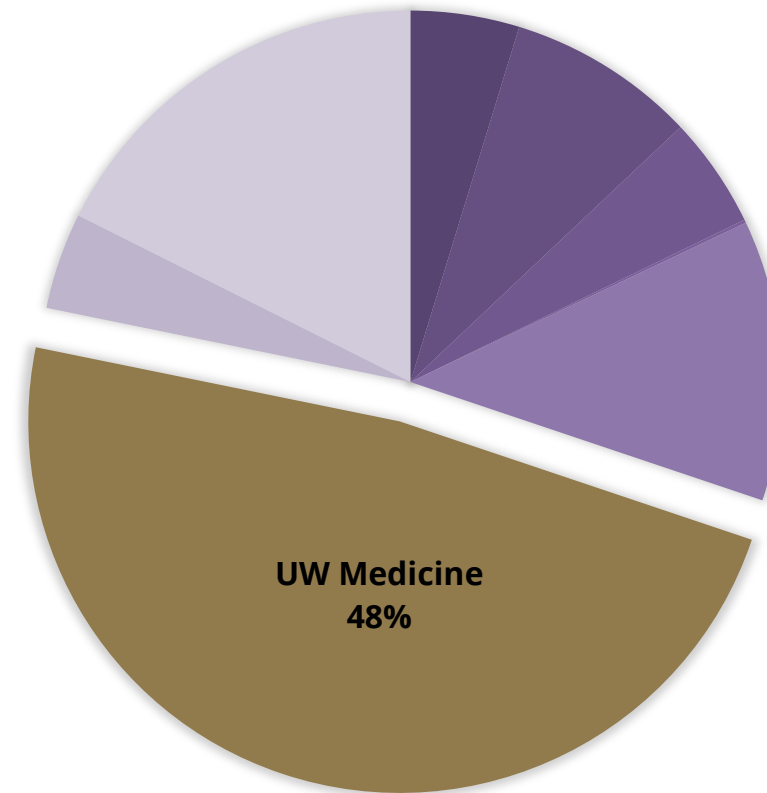
- Over 3,500 auxiliary budgets owned and managed by over 500 departments
- More information is provided this year than last
- Not expecting significant growth



# UW MEDICINE

## Total budget: \$3.61 billion (excluding School of Medicine)

- FY17 was a financially challenging year across the enterprise
- FY18 budget is a breakeven budget, but is a significant improvement over current year performance
- The rapid pace of change in the industry is requiring the evaluation of all facets of our business



# UW MEDICINE

## Financial Stability Plan

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- Work with UW Treasury and leadership across UW Medicine is underway to develop Financial Stability Plan
- Plan will be brought to the Regents in November for review and approval of temporary relief from internal ILP requirements

Several initiatives are already underway to improve financial performance over the next three years with a goal in FY2020 of a 3% total margin

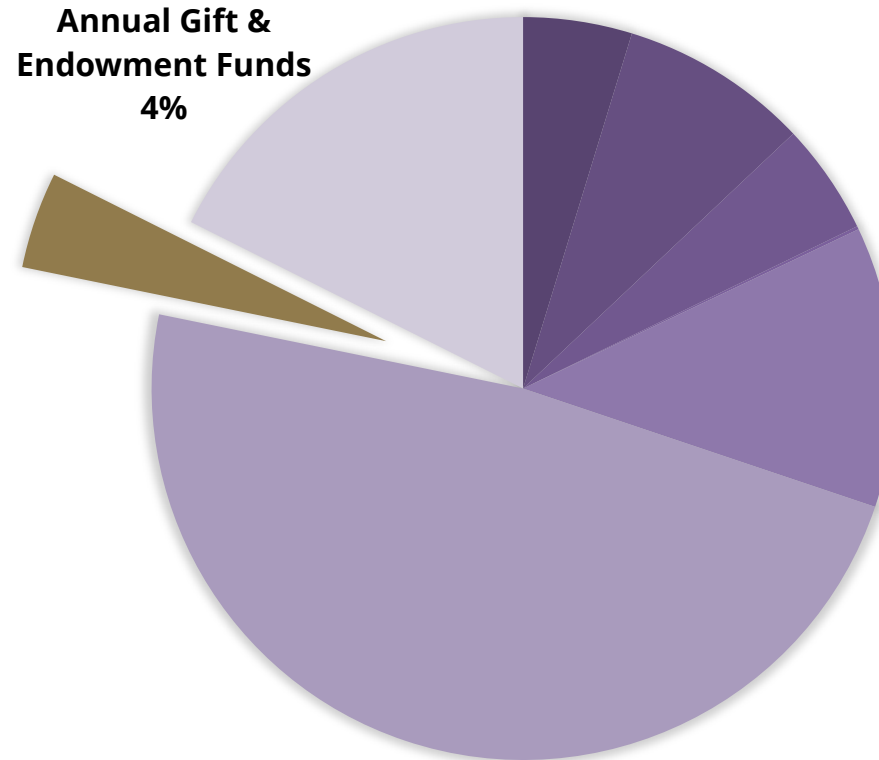


# GIFTS & ENDOWMENT FUNDS

## Total budget: \$316 million

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- Fundraising continues to be strong
- Distributions from CEF are governed by the UW's spending policy set by the Board

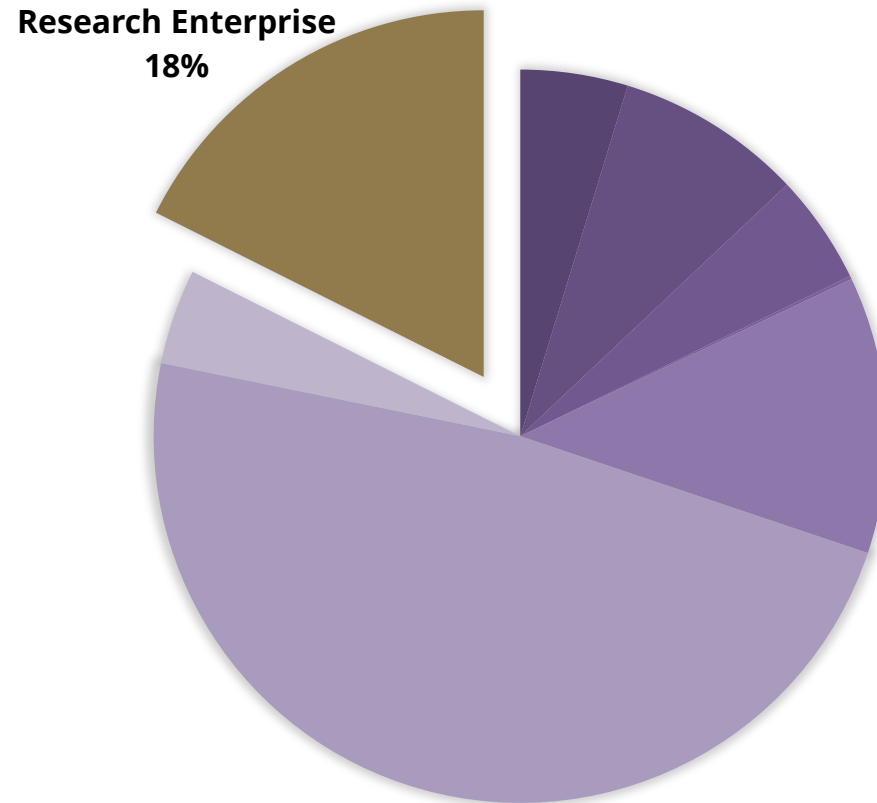


# RESEARCH ENTERPRISE

## Total budget: \$1.30 billion

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- UW maintained market share, despite increasing competition for limited funds
- Future of federal research funding is uncertain
- University is closely monitoring developments

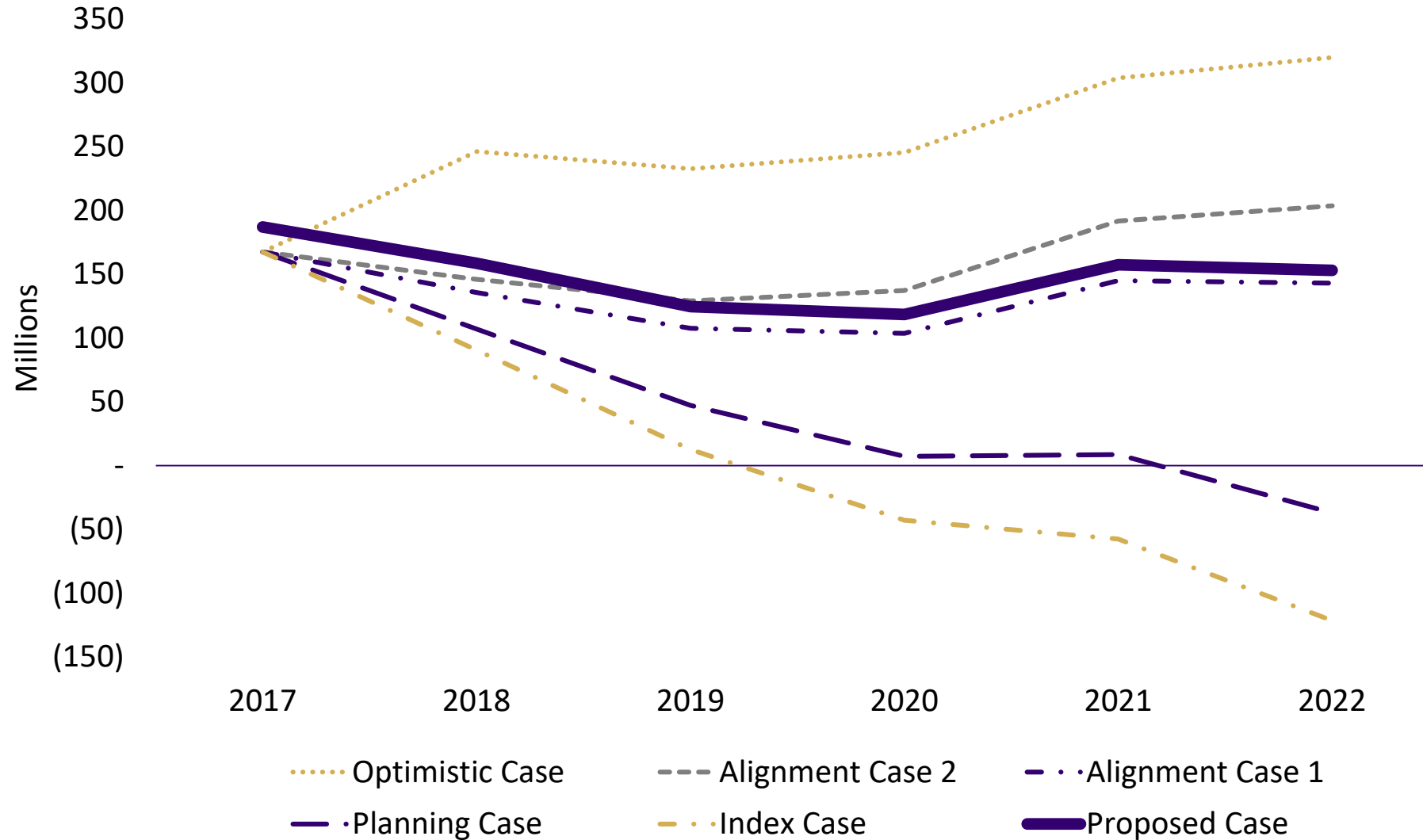




# LOOKING AHEAD



# CHANGE IN NET POSITION 2017 – 2022: Scenario Comparison



# NEXT STEPS

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- We will implement the proposed FY18 budget, with your approval
- Notify students and parents of 2017-18 tuition and fees
- Planning for FY19 underway, will begin in earnest this month



# QUESTIONS?

