

Approve Fiscal Year 2025 Operating BudgetRECOMMENDED ACTION

It is the recommendation of the administration that the Board of Regents—pursuant to its authority under RCW 28B.20.130 and RCW 28B.15.120, the Bylaws of the Board of Regents, and the Board of Regents, Standing Orders, Chapter 1—approves the proposed fiscal year 2025 (FY25) operating budget for the University of Washington, including actions to provide liquidity support for the Intercollegiate Athletics during the University’s transition to the Big Ten (B10) Conference.

In this action item, the Board of Regents, in its sole and independent discretion adopts the proposed FY25 operating budget for the University of Washington:

1. approves the UW Medicine budget for FY25 (Attachment 1);
2. approves the UW Academy budget for FY25 (Attachment 1):
 - approves tuition rates for the 2024-25 academic year for all tuition categories (Attachment 2),
 - 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, are reasonable and necessary,
 - considers proposed changes to tuition and required student fees in the context of a Proposed Cost of Attendance appendix item (Attachment 3); and
3. approves the Intercollegiate Athletics (ICA) budget for FY25 included in Attachment 1, and for presentation purposes attached separately as a stand-alone document (Attachment 4). Pursuant to information provided in Item B–1, and RCW 28B.15.120, the Board of Regents:
 - approves a Capital Assets Pool allocation for ICA (Attachment 5),
 - approves a Financial Stability Plan Waiver for ICA (Attachment 5),
 - approves liquidation of unrestricted investments held by ICA in the Consolidated Endowment Fund (CEF) pursuant to the CEF Policy governing the liquidation of Board-established quasi-endowments (Attachment 6),
 - includes utilization of a non-interest-bearing operating loan from the B10 conference of \$10,000,000,
 - includes utilization of a non-interest-bearing operating loan from the Fox News Network of \$10,000,000, and
 - approves institutional support from non-state and non-tuition sources for one-time capital and operating costs associated with a transition to

BOARD OF REGENTS MEETING

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the B10 Conference, as well as a waiver of institutional overhead for FY25, and support from non-state and non-tuition sources for student athlete health, wellness, and financial aid.

BACKGROUND

In early 2024, the University President and Provost initiated an integration of the Office of Planning & Budgeting (OPB) and UW Finance. The new organization, Finance, Planning & Budgeting (FPB) is pleased to present its first annual budget for review by the Board.

This budget document represents a significant shift corresponding with our implementation of Workday Finance and Adaptive Planning. Longform prose present in prior budget presentations has been removed and, in many cases, is available on web links provided in Attachment 1. The reimagined budget document offers specific and granular analytical views of the University's FY25 budget. Supplementary data, analysis, and contextual narrative is available in the FY25 Operating Budget Section on the Annual Budgets page (<https://www.washington.edu/opb/uw-budget/annual-budgets/>).

This action item presents the University's proposed operating budget package for FY25, which begins on July 1, 2024, and ends on June 30, 2025. The FY25 proposed operating budget (Attachment 1) assumes the proposed tuition rates (Attachment 2) are adopted.

Changes to the proposed FY25 operating budget are based on updated projections; all changes made since the May Board meeting are highlighted in yellow for ease of review. The FY25 proposed operating budget includes:

- introduction and links to the University's mission and commonly cited facts;
- executive summary of the University's proposed FY25 operating budget;
- budgets for:
 - Core Academic Units;
 - auxiliary activities, including projected revenue, expenditures, and ending balances for FY24 and FY25;
 - gift income and endowment distribution projections for FY25;
 - sponsored research activity, including expense projections for FY24 and FY25; and
 - UW Medicine.

Attachments

1. University of Washington Proposed Operating Budget, Fiscal Year 2025
2. Proposed Tuition Rates for FY25

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3. 2024-25 Cost of Attendance for First-Year UW Undergraduates
(proposed)
4. UW Intercollegiate Athletics: FY25 Budget
5. Capital Assets Pool Allocation for Intercollegiate Athletics and Financial
Stability Plan Waiver Extension for FY25
6. Liquidation of Quasi-Endowment for Intercollegiate Athletics



FINANCE, PLANNING & BUDGETING
UNIVERSITY *of* WASHINGTON

OPERATING BUDGET

Fiscal Year 2025

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INTRODUCTION

This document is the vehicle through which the UW Board of Regents reviews, and ultimately approves, the University's operating budget and tuition rates for the next fiscal year. This document is published in the interest of promoting a greater understanding of the University's operating budget. Incorporating state appropriations and revenue projections of tuition and fees, auxiliary/self-sustaining activities, clinical operations, research grants and contracts, and gifts and endowment distributions, the budget is meant to give both the Regents and the public a sense of scale for projected revenues and expenditures.

The figures contained within this budget were the result of a truly "bottoms up" effort from more than a thousand contributors across the Academy and Medicine working in concert with Finance, Planning and Budgeting. Given the significant shifts occurring in the University's planning efforts and budget and data systems, efforts are ongoing to resolve data accuracy issues that could affect numbers in this budget document. Therefore, this document reflects the best information available at a snapshot in time.

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 along with a large clinically integrated health system. For more information, please visit the following web pages:

- [2024 Fast Facts](#): a two-page document highlighting frequently used UW data
- [About the UW](#): a one-stop shop for information relating to our University
- [Role and Mission of the University](#): Board of Regents Policy

EXECUTIVE SUMMARY

This document describes the UW's operating budget for the period of July 1, 2024, through June 30, 2025, which is known as fiscal year 2025 (FY25).

The focus of this document is on the University's comprehensive budget, including:

- **Our core operating resources**, which are predominately utilized to support the academic and public service missions of the University.
- **UW Medicine**, our comprehensive clinical, research and learning health system in the five-state WWAMI (Washington, Wyoming, Alaska, Montana, Idaho) region.
- **Auxiliary resources**, which make up a wide variety of mission supporting and mission adjacent activities, ranging from service and recharge centers to non-state supported "fee based" educational programs, housing and dining, transportation, and clinical activities outside of UW Medicine.
- **Gift and endowment distribution resources**, comprised of current use gifts and current use income derived from gifts contributed for perpetual income purposes.
- The University's **research enterprise**, a large and complex landscape dedicated to the advancement of scholarship and knowledge and including both grants and contracts.

IMPACT OF FINANCE TRANSFORMATION ON BUDGET DEVELOPMENT

Transformation of the University's financial systems has enabled the budget setting process to shift significantly towards more traditional budget displays utilized by other large institutions of higher education. The FY2025 budget represents the first year of a multi-year process to bring the University's budget displays in closer alignment with financial statement presentation, while retaining management utility for thousands of budget managers across the institution. This year, figures for the UW, including the academy, are presented as "sources" and "uses," by "resource," - an evolution from previous budget documents which enumerated sources and narratively described uses. UW Medicine figures are presented in a consistent manner with prior operating budget documents.

- **Sources** include external revenue streams and internal sales generated by business units and exclude funding transfers between business units or resources.
- **Uses** include expenses incurred by the University as well as business unit expenditures for internal purchases of goods and services from other University business units.
- **Net position** represents the anticipated contribution to or use of accumulated net position, referred to in legacy academy systems as "carryover" or "fund balance."
- **Resource** is a construct of the Workday platform offering an additional level of description beyond an accounting "fund," and is used to group revenue streams and their uses in a manner that is more granular and applicable to the UW's budget models than an accounting "fund" can provide.

It is expected that academy units will accumulate net position over time for purposes of building reserves for strategic initiatives, investment in capital projects, planning for large one-time outlays or contributing to operating contingencies, and deploy these funds in a constrained period to execute strategic, or otherwise planned, initiatives. **The budgeted net contribution to, or use of, net position therefore may present a positive or negative figure in a given year, neither of which are, as a single data point, an indicator of improving or declining financial health overall.** As is common across the higher education landscape, many of the University's **funding sources are restricted to specific uses by internal policy or external factors, which significantly limits utilization of potential surpluses in one source to offset potential shortfalls in other sources.**

The modernization of our financial systems enabled transformation and realignment of the grouping of budgetary resources for management reporting, which was not possible with legacy systems. This effort enabled historical management reporting financial structures to be completely reimaged without the constraints of legacy systems. **As a result, certain "resources" are now constructed differently than they had been in prior budgetary displays, leading to the appearance of growth or contraction of budgeted figures. It is not possible nor practical to fully recreate current views retroactively.** There are notations within this document where changes are materially impactful.

FY2025 OPERATING BUDGET

Table 1. FY25 Operating Budget (in millions)

	UW Academy					UW Medicine ³	Eliminations ⁴	Enterprise Total
	Core Operating Resources	Auxiliary Resources	Gift ¹ & Grant Resources	Other Resources ²	Total UWA			
Budgeted Sources								
Tuition & Fees, Net	889	268	-	36	1,193	-		1,193
State Opp.	529	-	-	-	529	106		635
Appropriations	-	21	-	-	21	5,688		5,709
Patient Services	-	-	1,973	-	1,973	-		1,973
Grants and Contracts	347	-	(347)	-	-	-		-
Indirect Cost Recovery	49	1,484	-	11	1,544	-		1,544
Allocation to Core	-	-	435	-	435	-		435
Sales of Goods & Services	59	201	29	70	360	510		870
Gifts & Endowments Distribution								
Other Revenues								
Total Budgeted Sources	1,873	1,974⁵	2,090	117	6,055	6,304	(606)	11,753
Budgeted Uses								
Salaries, Wages, & Benefits	1,362	1,483	1,112	31	3,988	3,243		7,231
Other Operating Expenses	520	647	926	72	2,165	3,029		5,194
Total Budgets Uses	1,882	2,130	2,038	103	6,153	6,272	(606)	11,819
Contribution to (Uses of) Accumulated Net Position	(9)	(156)⁵	52	14	(99)	32		(67)

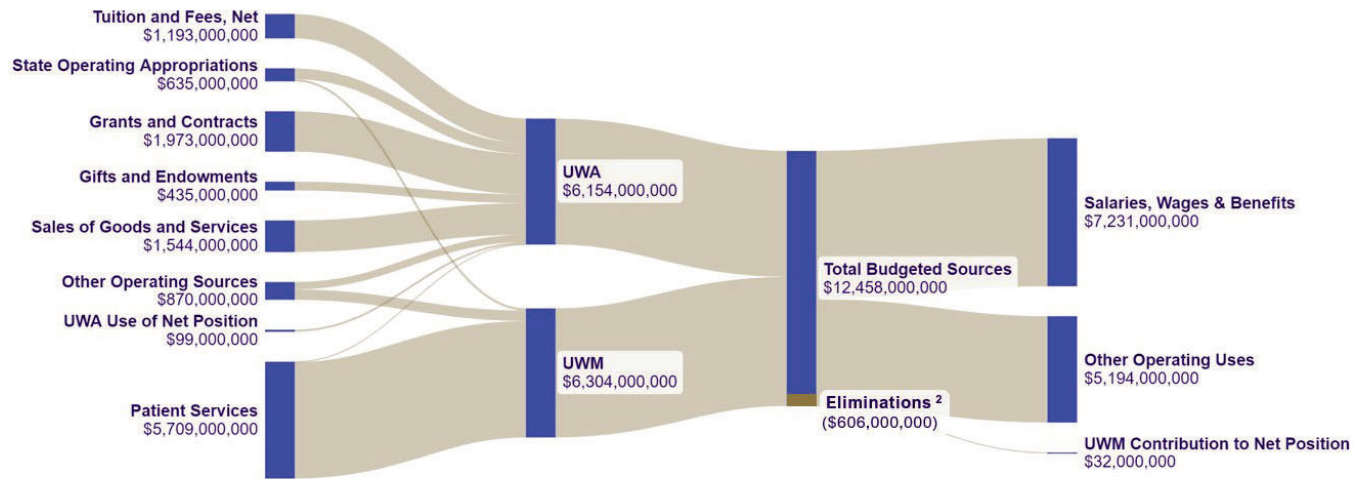
1) Total gift expenses are forecast to align to historical patterns of spend.

2) All Other Resources includes items not historically included in the UW Academy budgets: Portage Bay Insurance, Student Mandatory Fees, and Student Loans.

3) UW Medicine includes UW Medical Center, UW Physicians, Airlift NW, UWM Primary Care Clinics, Harborview Medical Center, and Valley Medical Center.

4) Enterprise eliminations (estimated) account for certain flows of funds between the Academy and Medicine related to clinical activities within the School of Medicine and UW Medicine

5) Within auxiliary, the primary drivers of the use of net position is planned, strategic spending down of accumulated net position by three units: the School of Medicine (\$55m), Housing and Food Services (\$23m), Intercollegiate Athletics (\$12m). Initially, Housing and Food Services (Seattle) anticipated recognizing revenues of approx. \$120m in FY25 associated with the UH4 transaction. This transaction concluded earlier than anticipated, in FY24, resulting in a material positive variance in FY24 and thus a material increase in the use of net position in FY25 vs the preliminary FY25 operating budget (May 2024).

Figure 1. FY25 Operating Budget Sources and Uses Diagram¹

1) Amounts may differ from Table 1 due to rounding.

2) Enterprise eliminations (estimated) account for certain flows of funds between the Academy and Medicine related to clinical activities within the School of Medicine and UW Medicine. Effect of eliminations (estimated) in this chart is to display unduplicated budget sources.

RISK MANAGEMENT & BUDGET ALIGNMENT

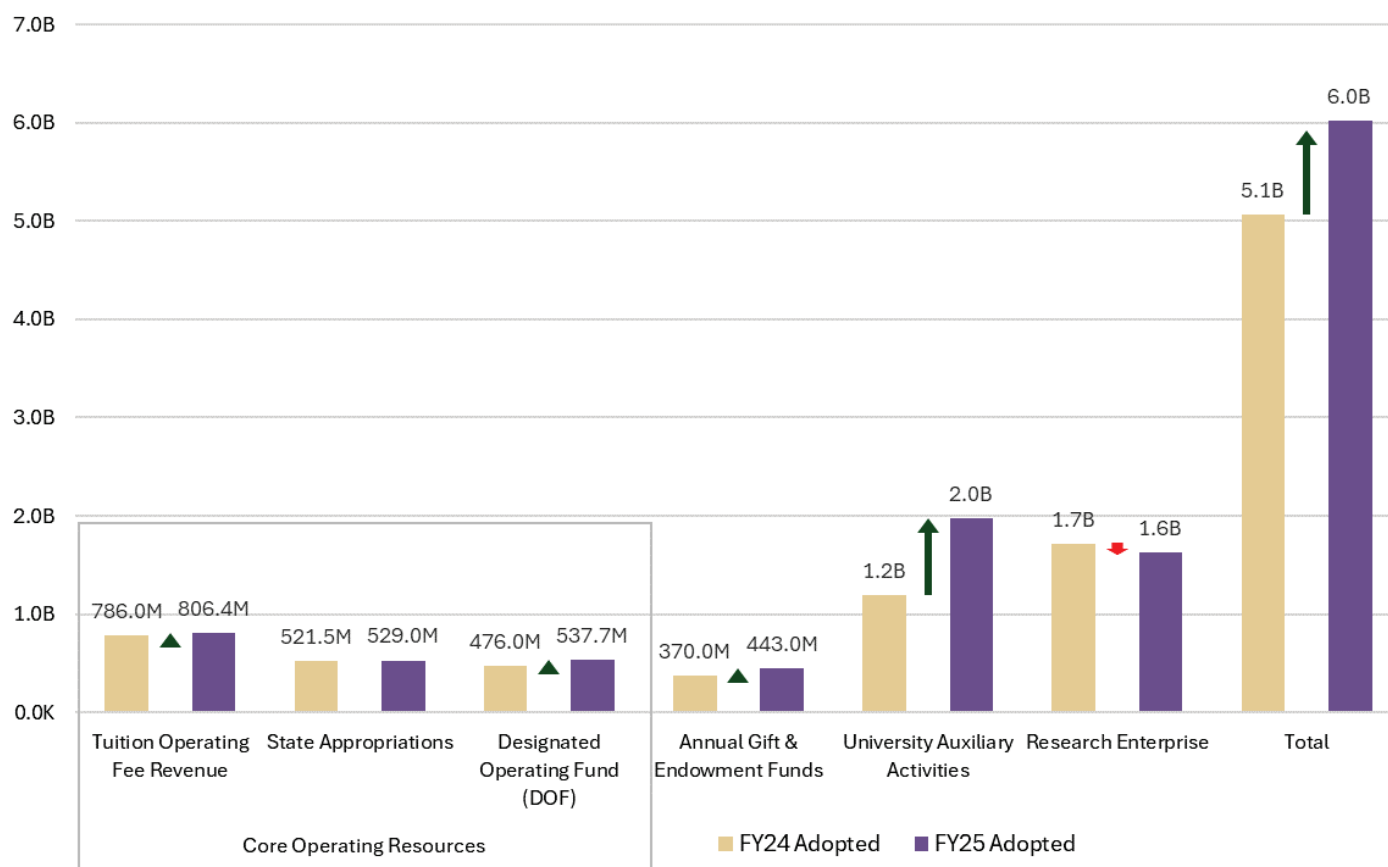
The University's Enterprise Risk Management Program (ERM) Program provides a report to the Board of Regents annually. The [2023 Risk Management Report](#) identifies risks across three tiers and maps risks based on risk level (impact, likelihood, and velocity), and Risk Management Capability. Since the 2021 assessment, the University continues to face significant challenges with our aged and siloed nature of information technology systems and challenges related to recruitment and retention of employees.

Further, 2023 findings noted that high level risks shifted to having increased management capability. Cyber-security, condition of facilities, and societal/campus climate remained as key areas to evaluate and improve upon. Risks such as ADA compliance, campus safety/security, and student/employee wellness remain in similar positions in terms of their risk level and management capability. These risks and opportunities shape budget decisions across the University.

ACADEMY OPERATING BUDGET

The Academy's operating budget groups the comprehensive breadth and diversity of activities undertaken by UW academic units and supported by central administrative units into four resource categories generally aligned to the nature of restriction or the degree of discretion available to the university as to their use: Core Operating Resources, Auxiliary Resources, Gift & Grant Resources, and Other Resources. For the purpose of providing a high-level overview of the major changes to the resource streams supporting the Academy, Figure 2, below, provides a comparative view of the FY24 adopted and FY25 adopted operating resources.

Figure 2. Comparative View of FY24 Adopted Budget and FY25 Adopted Budget¹



Note: comparison excludes "All Other Resources" which represents items not historically included in the UW Academy budgets: Portage Bay Insurance, Student Mandatory Fees, and Student Loans.

Core Operating Expenses: To ground the FY25 budget in context, we examined expense trends compared to other research-intensive institutions. Higher education expenditure trends have long been a focal point nationally and at the UW. As the national conversation prompts local assessment and ongoing monitoring, analyses must consider institutional differences. At the UW, for example, financial statements include our hospital system, and expenses are mixed across the dataset. In reviewing core operating expenses by function, the areas of research, instruction, and academic support categories have been and continue to be UW's most prominent areas of expenses and together make up more than three-quarters of all core

academy operating expenses. The remaining quarter of the operating expenses fall into broad categories of student services, institutional support, and public service.

Core operating expenses by natural category, such as salaries, benefits, and contractual services, etc., are also monitored according to peer averages and year over year growth and contraction. This budget includes a salary plan to increase faculty and professional staff salaries by 3 percent in FY25, effective September 1, 2025; competitive compensation for our faculty and staff remains a top priority for resource deployment.

Core Operating Revenues and Funding: Core operating resources are derived from state appropriations, net tuition operating fee revenue, indirect cost recovery from grants and contracts, overhead from self-sustaining activities, summer quarter tuition, and other local resources. The largest components, state appropriations and net tuition operating fee revenues are detailed below, and indirect cost recovery is displayed within the grants and gifts section.

State Appropriations

The 2024 legislative session concluded on March 7 with the adoption of supplemental budgets for FY25. The supplemental operating budget provides approximately \$91 million in increased funding to the UW over the 2023-25 biennial operating budget adopted in 2023. Of this, \$60 million (one-time) is to support critical safety net care, medical training and education, and other services at UW Medical Center and Harborview Medical Center. An additional \$20 million in initial funding is provided to support 75 long-term civil commitment beds at the Center for Behavioral Health and Learning Support (formerly the Behavioral Health Teaching facility). These appropriations are discussed further in the UW Medicine section below.

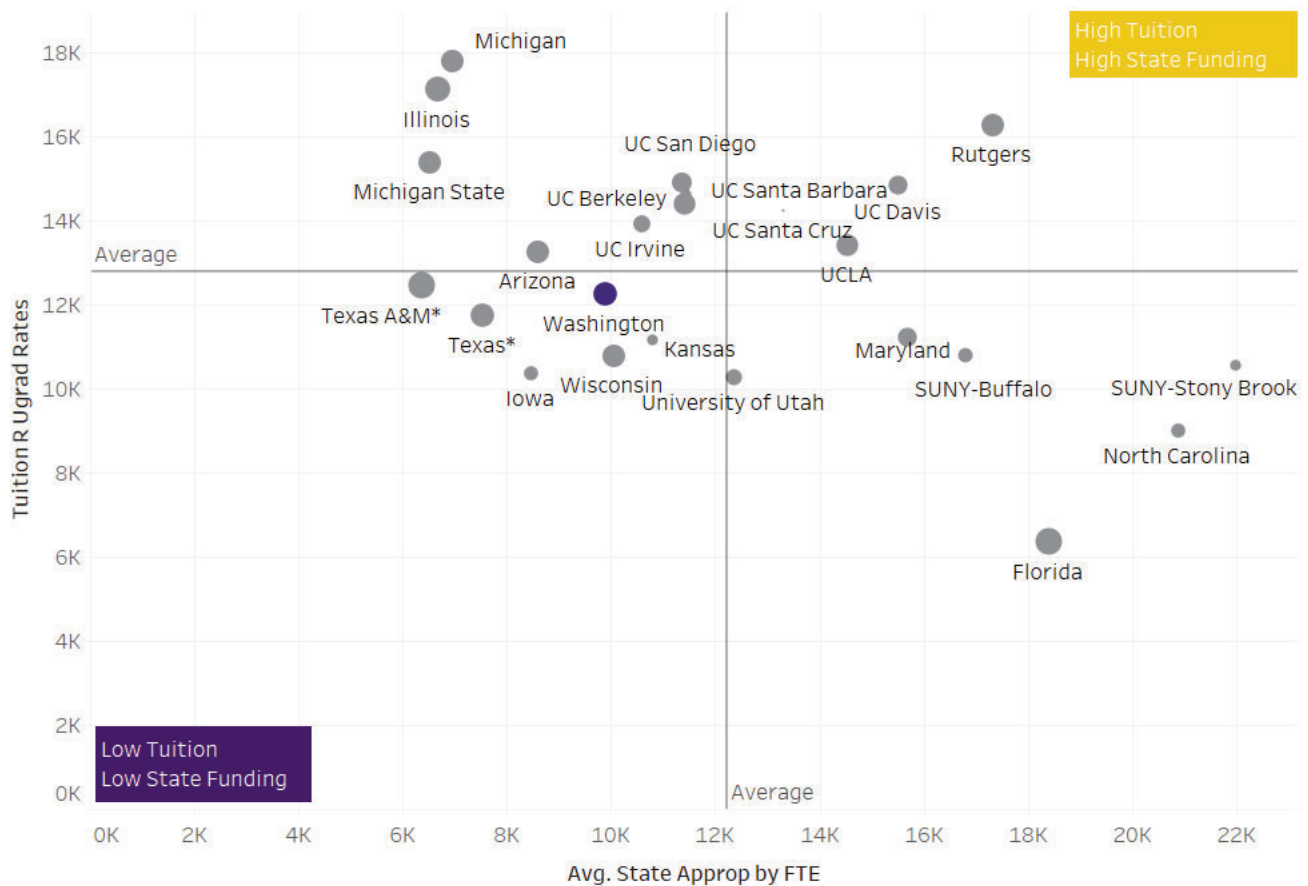
The approximately \$11 million remaining is split between a variety of priorities, including \$2.5 million (ongoing) to expand the Regional Initiatives in Dental Education (RIDE) program in Spokane, \$330,000 (\$455,00 ongoing) to fully fund the Allen Scholars program, and \$239,000 (\$144,000 ongoing) to study jet fuel emissions around SeaTac International Airport. All three were University priorities.

According to the most recent data available, the University's state funding per FTE is more than \$2,300 below peers (R1 Public Institutions). The state would need to increase funding by more than 20 percent to put the University on par with the peer average (\$12,226). Two main sources of revenue that help students are tuition revenue and state appropriations. Figure 3 below shows the 2021-22 tuition rates for resident undergraduates on the y-axis. On the x-axis is the average state funding (support) per student FTE for the same academic year. Each circle stands for an AAU public institution, and the size is based on total enrollments.

Institutions in the upper right quadrant have higher than average tuition rates for resident undergraduates and higher than average state support. In the opposite quadrant (lower left), institutions have lower than average resident tuition rates and lower state funding. UW is in this lower left quadrant with Texas, Texas A&M, Kansas, and Wisconsin.

For the 2021-2022 academic year, generally, those institutions with lower state funding (e.g., Illinois, Michigan) have some of the highest resident undergraduate tuition rates.

Figure 3. State Appropriations Per Student FTE and Resident Undergraduate Tuition Rates Benchmarking (AAU Public Comparisons, FY22)



Source: AAU Data Exchange

The size of the round circles corresponds to total enrollments

*Note: Texas and Texas A&M are uniquely positioned to keep tuition low despite low state appropriations due to their endowment. About 5 percent is paid out each year to UT and A&M — this year, a record \$1 billion.

Tuition & Financial Aid

Current resident undergraduate (RUG) tuition policy ([RCW 28B.15.067](#)) allows institutions to increase operating fees by up to the 14-year rolling average of Washington's median hourly wage as reported by the Bureau of Labor Statistics (BLS). The Board of Regents has the authority to set tuition rates for nonresident undergraduates, and all graduate and professional tuition categories.

The tuition rate recommendations in Attachment 2, 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 analysis, enrollment changes, waiver implications, statement of impact to low-income students, and information regarding the use of incremental revenue. Projected tuition

revenue—net of building fee, required financial aid set-aside, and waivers—is shown in tables and figures throughout this document as “Tuition Operating Fee Revenue.”

For more information about current tuition and fees, please see our [Cost of Attendance](#) (updated with mandatory fees for the upcoming year) and [Current Tuition and Fees Dashboards](#).

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 includes programs such as Husky Promise, which guarantees that 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 authorized or required by the state, such as those to veterans and surviving spouses and dependents of fallen police officers and firefighters.

Table 2, below, shows both the amount of operating fee revenue generated by students and the amount of financial aid funded by tuition. As was the case last year, the recommendation reflected in Table 2 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 also that a great deal of financial aid is provided by gifts and endowments, which is not shown here. Additional support for graduate students comes from grants and contracts (for research assistants) and from core operating funds (for teaching assistants). Table 2 shows only the projected portion of aid that is derived from tuition (representative of **all three UW campuses**).

Table 2. 2024-25 Net Operating Fee Revenue and Tuition-Based Aid¹

	Undergraduate			Graduate/Professional			Total
	Resident	Nonresident ²	Total	Resident	Nonresident	Total	
Full-Time Equivalent (FTE)	27,545	9,935	37,480	5,411	6,753	12,164	49,644
Gross Operating Fee Revenue	\$322,399,000	\$395,457,000	\$717,856,000	\$112,481,000	\$209,103,000	\$321,584,000	\$1,039,440,000
State-Mandated Aid	\$12,071,000	\$15,473,000	\$27,544,000	\$3,807,000	\$4,212,000	\$8,019,000	\$35,563,000
UW Institutional Aid	\$35,445,000	\$17,057,000	\$52,502,000	\$4,201,000	\$4,668,000	\$8,869,000	\$61,371,000
Waivers - Foregone Revenue³	\$7,722,000	\$4,223,000	\$11,945,000	\$12,816,000	\$98,937,000	\$111,753,000	\$123,698,000
Faculty and Student Reinvestment Pool⁴	\$4,899,000	\$2,351,000	\$7,250,000	\$1,250,000	\$1,250,000	\$2,500,000	\$9,750,000
Net Operating Fee Revenue	\$262,263,000	\$356,352,000	\$618,615,000	\$90,408,000	\$100,036,000	\$190,444,000	\$809,059,000
Total Aid from Group	\$55,238,000	\$36,753,000	\$91,991,000	\$20,824,000	\$107,817,000	\$128,641,000	\$220,632,000
Total Aid to Group	\$85,988,000	\$13,014,000	\$99,002,000	\$23,943,000	\$97,687,000	\$121,630,000	\$220,632,000
Aid to Group as % of Gross	27%	3%	14%	21%	47%	38%	21%

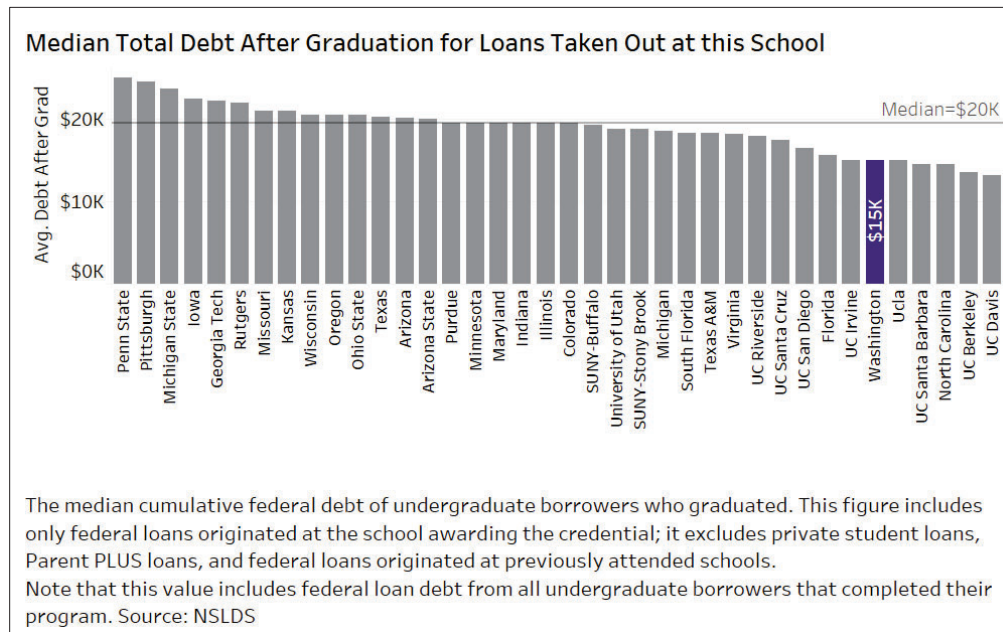
¹ Numbers are rounded to thousands and, therefore, may not match within this table or others in the document.

² Incremental revenue from past nonresident undergraduate tuition increases has been used to fund aid for domestic nonresident undergraduates.

³ More than 85 percent of waivers are provided to graduate teaching and research assistants as function of their appointment.

⁴ Funds held centrally to support faculty compensation (one-time adjustment to the aid budget in FY20).

Revenue received through nonresident undergraduate tuition contributes greatly to the financial aid funding pool. While nonresident undergraduate tuition generates more than \$36 million in financial aid funds, these students are awarded approximately \$13 million. As a result of these aid sources, UW’s median loan debt after graduation (undergraduates) is \$15,000, well below the peer median.

Figure 4. Median Total Debt

UNIVERSITY AUXILIARY ACTIVITIES

The UW, like many large R1 institutions, operates a broad portfolio of auxiliary business enterprises that exist to support the multipart mission of the institution. These activities are different from those supported by tuition, state appropriations, and federal and state grants or contracts in that they are intended to function sustainably within the revenues generated from internal and external customers. Due to the diverse nature of the portfolio of auxiliary enterprises and, in some cases, the debt covenants associated with their participation in the UW's Internal Lending Program (ILP), this component of the University's operations may operate with sizable, accumulated net position. Therefore, **where total uses exceed total projected sources, this does not represent an operating deficit but rather an intentional use of accumulated net position.**

Many of our schools, colleges, campuses, or administrative units have several types of auxiliary operations, ranging from specialty operations that focus on supporting a specific type of activity to large operations that provide broad support to the University mission. Financial activity is concentrated with less than 1 percent of all auxiliary units generating more than \$50 million per year in revenue and greater than 90 percent of all auxiliary units generating between \$0 and \$5 million per year in revenue. In FY23, auxiliary units each generating greater than \$50 million per year in revenue accounted for greater than half of total auxiliary revenue, while the 90 percent of auxiliary units that generate between \$0 and \$5 million per year accounted for just under twenty percent of total auxiliary revenue. These trends have remained stable over time and continue to play out in the FY25 budget.

As has been the case previously, auxiliary activity is concentrated in a handful of units in the FY25 budget. The School of Medicine accounts for over half of the total sources and uses and due to the change in resource categorization that accompanied Finance Transformation's implementation of Workday Financials, **newly includes approximately \$697 million of auxiliary activity related to clinical medicine (82% of the incremental increase in FY25 budget over the FY24 adopted budget).**

Within auxiliary, the primary contributors to the use of net position is planned, strategic spending down of accumulated net position by three units: the School of Medicine (\$55m), Housing and Food Services (\$23m), Intercollegiate Athletics (\$12m).

The primary uses for the School of Medicine's accumulated net position are facility and equipment upgrades for the Department of Laboratory Medicine and Pathology, ongoing stabilization of the School's finance transformation efforts, and staff salary increases. Housing and Food Services has built up net position for use in cash-funded development and renovations of student housing facilities. Intercollegiate Athletics expects to use net position to stabilize operations during the transition to the Big Ten Conference.

Additionally, units report that demand remains strong even as inflationary pressures increase costs. Overall, the total budget aligns with historical trends.

Figure 5. UW Academy Auxiliary Components

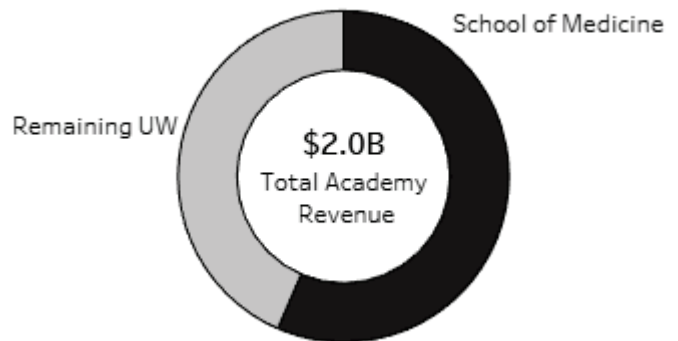


Table 3. FY24 Adopted to FY25 Adopted Budget

	FY24 Adopted	FY25 Adopted	Change
Sources	1,194,500,000	1,973,900,000	779,400,000
Uses	1,179,400,000	2,129,800,000	950,400,000
Net Contribution to (use of) Accumulated Net Position	15,100,000	(155,900,000)	(171,000,000)

GRANTS AND GIFTS

As a leading global research-intensive public institution, the UW supports a dynamic philanthropic and research portfolio. The UW has long been a hub for scholarship, discovery, problem-solving, and community engagement.

We take pride in our culture of collaboration and innovation, which keeps the UW globally competitive and our schools, colleges, and campuses at the forefront of significant multi-disciplinary initiatives tackling some of the most persistent issues of our era. Transformative work necessitates substantial collaboration across the University and with partners across the world, supported by a strong network of sponsoring agencies and committed supporters of our mission.

Federal R&D Funding: UW continues to receive more federal research and development (R&D) funding than any other public university and remains highly competitive with public and private universities in funding from a variety of sources.

Global Reach: International collaborator with over 100 universities across 36 countries.

Workforce and Sponsors: Approximately 5,900 full-time employees (FTEs) were supported by awards in FY23 from over 1,700 active sponsors.

Awards: More than 5,500 awards granted, 261 of which exceeded \$1 million, with a total award value of \$1.87 billion.

Projected research expenditures are expected to remain strong, with growth in state, local and nongovernmental grants, and slight declines in federal expenditures.

Figure 6. HERD Rankings by Fund Source

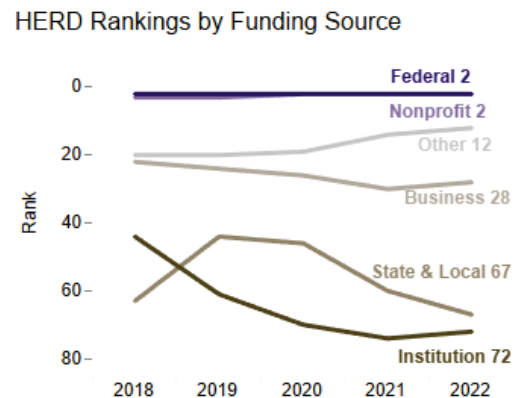


Figure 7. Total Awards 2014-2023

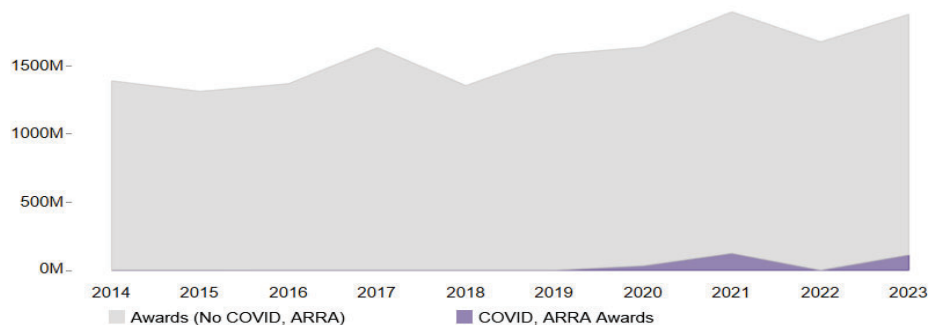


Table 4. Projected Sponsored Research Expenses with Breakout of Indirect Costs

	FY24 Adopted	FY24 Forecasted	FY25 Projected	Percent Change (Forecasted FY24 to FY25)
Federal	1,258,000,000	1,167,000,000	1,178,000,000	1%
State & local grants	129,000,000	131,000,000	131,000,000	0%
Nongovernmental	308,750,000	314,000,000	317,000,000	1%
Indirect Research Expenses	345,000,000	344,000,000	347,000,000	1%
Total	2,040,750,000	1,956,000,000	1,973,000,000	0.87%

Philanthropic support: In FY23, the UW ranked second in current-use fundraising totals, a metric which includes current-use gifts and current-use private grants, with \$456,284,718 on the Council for Advancement and Support in Education (CASE)'s Voluntary Support of Education (VSE) survey of 935 institutions. UW's current-use gifts alone of \$276,783,893 would have ranked tenth on the same survey.

Figure 8. Fundraising Peer Rankings

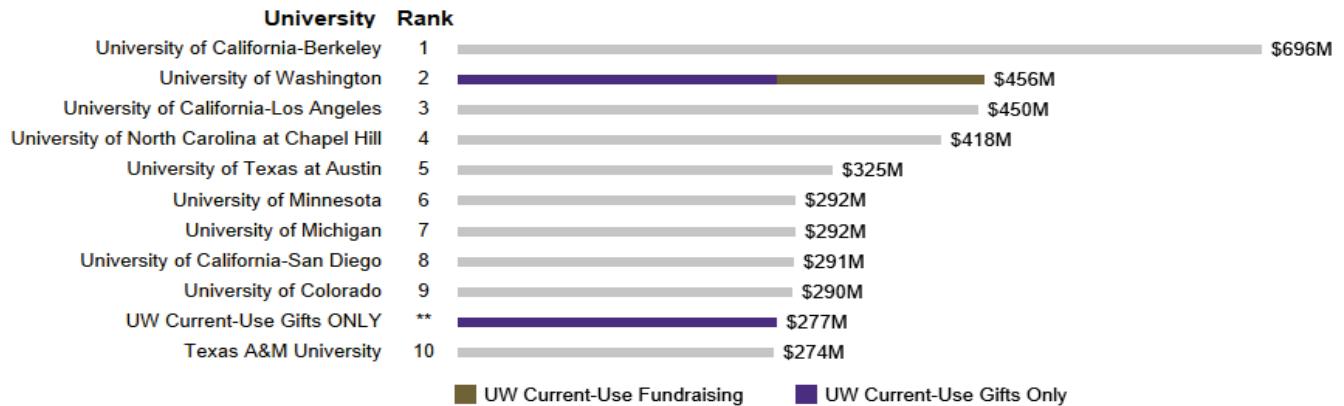


Table 5 below shows changes between the FY24 adopted budget, revised projections for FY24, and the FY25 budget. The gift income figure—defined as current-use support—is a subset of total annual private support, which Advancement projects will be about \$605 million in FY24. It does not include revenue from private grants (approximately \$205 million) or new endowment gifts. An estimated increased gift income for FY24 is due to the hiring and replacement of a record number of frontline fundraiser vacancies. The \$311 million FY25 gift income projection reflects continued fundraising for current initiatives and long-term priorities, including support for students, faculty, programs, and key academic facilities. The 2.0 percent growth rate is in line with UW historical trends and sector trends.

Table 5. FY25 Annual Gift & Endowment Distributions

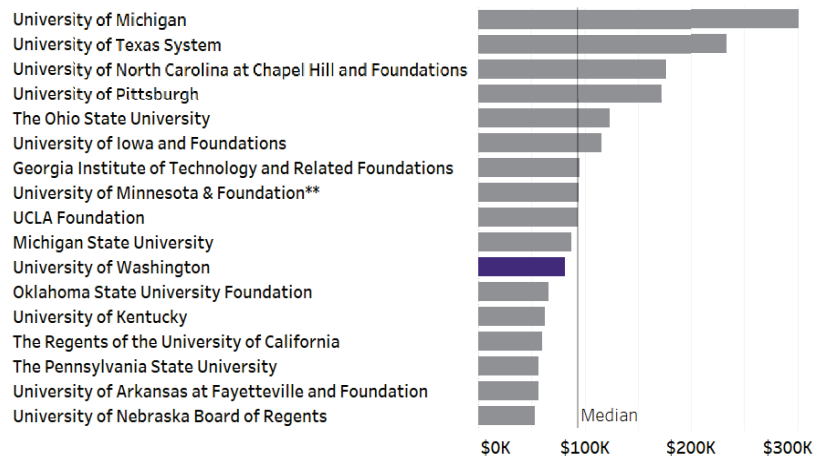
	FY24 Adopted	FY24 Forecasted	FY25 Projected	% Change (Forecasted FY24 to FY25)
Gift Income	238,000,000	305,000,000	311,000,000	2.0%
Endowment Distributions	132,000,000	127,000,000	132,000,000	3.9%
Total	370,000,000	432,000,000	443,000,000	2.5%

According to the FY23 NACUBO Endowment Study, UW has the ninth largest endowment among top public research universities (and university systems). When compared to the top 20 public universities or system endowments, the UW's endowment per student FTE of \$82K falls just below the median of \$88K.

The UW's endowment is composed of over 5,000 individual endowments, each with its own unique purpose, with **99 percent restricted to donor-directed purposes**, with approximately two-thirds directly supporting students and faculty.

Figure 9. Endowment Value Per Student FTE

FY23 Top Public Universities or System Endowments



OTHER RESOURCES

The Other Resources category groups together resources that are not widely used across the University, often limited to use within a single unit or department. These resources are often highly restricted and may have required separation from other funds in the design of our new financial data structure to enable strict monitoring and reporting activities. The largest component of this group (59%) is activity related to Portage Bay Insurance, the University's captive insurance company. The balance pertains to Student Mandatory Fees resources.

UW MEDICINE OPERATING BUDGET

The clinically integrated parts of UW Medicine consist of the UW School of Medicine, the two campuses of UW Medical Center at Montlake and Northwest (UWMC), Harborview Medical Center (HMC), Valley Medical Center (VMC), UW Physicians (UWP), Airlift Northwest (ALNW), UW Medicine Primary Care Clinics (UWMPC) and Fred Hutchinson Cancer Center (effective April 1, 2022). The budget for UW Medicine also includes the UW Medicine Shared Services. UW Medicine is led by the CEO of UW Medicine, who also serves as Executive Vice President for Medical Affairs, and Dean of the School of Medicine, University of Washington.

Environmental factors, industry and economic trends, and operating challenges are considered carefully in developing the budget for UW Medicine.

The pandemic had a remarkable impact on healthcare systems across the country, including UW Medicine. Like many health systems, we struggled with serious capacity, access and staffing challenges compounding unprecedented financial impacts. We needed to quickly address short-term improvements while planning for long-term success to continue serving our critical role in our region. In FY23 we engaged an external consultant to launch Mission Forward, a systemwide initiative to ensure a future for UW Medicine that is financially stable, operationally efficient, and promotes the well-being of our staff, faculty and trainees so we can continue providing high-quality, equitable patient care to our community.

In FY23 and FY24 Mission Forward work increased revenues, reduced costs, and focused investment in key infrastructure while standardizing work across the system. This was extremely beneficial, and we are on track to achieve \$220 million by the end of the fiscal year with significant improvements seen in revenue cycle and in length of stay reductions. However, the continued labor market wage and benefit pressure, other inflationary pressures, capacity challenges, and a high length of stay continue to offset the significant financial improvement generated from initiatives successfully executed on in the last year. Non-recurring State Appropriations and FEMA funding has improved the FY24 results over budget.

Over the last several years, the labor market has become a major driver of financial performance. UW Medicine has been intensively focused on the recruitment and retention of our faculty and staff. In the summer of 2022, we reached an agreement with our labor partners that resulted in historic and competitive increases to salary levels that are scheduled to occur periodically through FY25. This has allowed us to significantly reduce our reliance on contract labor. In addition, considerable work was devoted throughout the year to continue building the relationship with the Fred Hutchinson Cancer Center (FHCC), which occurred on April 1, 2022. FHCC serves as UW Medicine's cancer program.

Consistent with the goals established, UW Medicine focused on delivering world-class clinical care, research, education, and training while continuing to respond to the demands of the pandemic, implementing its strategic plan where possible, and achieving the UW Medicine Patients Are First pillar goals.

FY24 Performance Summary by Entity

UWMC integrated Northwest Hospital and UW Medical Center on January 1, 2020, becoming one hospital with two campuses. The integration has provided a crucial platform to coordinate patient care across the two campuses of UWMC more efficiently and importantly, provided a platform for growth. The utilization of facilities on the Northwest campus has substantially increased since integration. Construction of the new Center for Behavioral Health and Learning on the Northwest campus, planned and funded in partnership with the State to provide critically needed mental health services for all Washington residents, began a

phased opening in April 2024. Strong volume growth, benefits of Mission Forward, and continued reductions in contract labor contribute to a stronger than budgeted financial performance at UWMC in FY24. The approval of the outpatient and inpatient directed payment programs provide additional federal funding through a Medicaid supplemental program. These direct payment programs are expected to add approximately \$152 million in reimbursement to UWMC annually. One-time FEMA recoveries as well as non-recurring state appropriation have helped to mitigate the losses, but the cash position of the medical center remains well below benchmark levels. Days of cash on hand in FY23 was 42 days, and cash levels in FY24 have increased to 65 days at the end of March 2024 including UW Medicine non-interest bearing funding of \$53.5 million as well as approximately \$70 million payable to the University that will be settled when workday capability is in place.

UWMC continues to experience extremely high occupancy rates. Inpatient volume growth is projected due to the additional 50 new medical surgical inpatient beds available for patients in the Center for Behavioral Health and Learning who need both behavioral health and medical or surgical care. UWMC and HMC do not have the ability to discharge certain patients no longer needing acute levels of care, which has created significant challenges in managing throughput and continues to create capacity pressures.

UWMC has significant deferred maintenance which requires capital support. Funding support including timely access to capital and efficient deployment of strategic initiatives will be crucial success drivers in the ability to address deferred maintenance over time while achieving financial targets. Volumes, while continuing to improve at UWMC, are a critical component to achieving the FY25 budget.

UWP works closely with the medical centers during the development of the budget and the long-range plan to ensure the volume and reimbursement assumptions are consistent. UWP has prepared a budget that anticipates growth in key areas, consistent with the prioritized strategies of UW Medicine overall.

UWMPC expects continued growth in outpatient primary care volumes with strong demand for our primary care services. UWMPC has experienced a successful transition toward a more robust telehealth environment during the pandemic and opened a Virtual Primary Care service in FY24 for patients to receive quick, on-demand virtual care. In FY25, the Virtual Primary Care and Kirkland clinic will be open for a full year and UWMPC is planning expansion via clinic remodels to gain more exam room capacity. UWMPC will also open Kirkland Urgent Care in FY25.

ALNW has experienced deteriorating financial performance throughout FY24 due to lower than anticipated volumes due to increased ground ambulance competition and fixed wing pilot and aircraft availability. In addition, there has been a decrease in interfacility transfers in certain regions due to hospitals adding services to care for those patients that would have normally been transferred. Airlift opened a new helicopter base in Davenport, WA in June 2022. The new base at Davenport Municipal Airport enables helicopter transport to more quickly service hospitals in Lincoln County and the greater Northeast Tri-County area. Mitigating strategies such as preferred provider contracts with Kaiser Permanente, UW Medicine transfer center integration and Alaska cruise ship partnerships are to improve the financial performance of ALNW are being evaluated by leadership.

HMC continues to run at or above 100 percent occupancy regularly, requiring focused work to safely manage stay length. Some inpatient volume growth is projected and will allow for additional volumes expected to be generated from population growth as well as continued growth in HMC Centers of Emphasis. The inability to discharge certain patients who no longer need acute levels of care has created enormous

challenges in managing throughput and the issue continues to create capacity pressures with a resulting significant negative financial impact. UW Medicine is working with legislators to develop solutions that will alleviate the levels of these “complex discharge” patients. Also, HMC filed and received approval of a Certificate of Need Application with the Department of Health to increase its licensed beds to accommodate the volumes experienced over the last few years. Construction of four new outpatient operating rooms are scheduled to open in January 2026. The approval of the outpatient and inpatient directed payment programs provides additional federal funding through a Medicaid supplemental program. These direct payment programs are expected to add approximately \$223 million in reimbursement to HMC annually.

In the fall of 2020, the voters of King County approved a \$1.7 billion bond measure to enhance and expand the HMC campus. The multi-year planning process is underway in partnership with King County and UW Medicine. Enhancements are expected to include inpatient, emergency, operating room capacity, replacements to aged infrastructure and extensive seismic upgrades.

UW Medicine is committed to managing Harborview in a fiscally responsible manner in order to provide and teach exemplary patient care, to provide health care to a mission population of the underserved as defined by King County, as well as serving patients from all walks of life through the Centers of Emphasis based there.

VMC serves as Public Hospital District #1 of King County, in the south-east King County region. The region has experienced significant population growth, and VMC is experiencing corresponding growth in demand, specifically in the outpatient areas. VMC has experienced some trended deterioration in both market share and payer mix. Management continues to focus on selected strategic growth in some outpatient areas and geographies to mitigate the effect of competitor investment in our District. The primary emphasis for FY25 will be on a continued trend towards financial stabilization.

In FY24, legislative activity was very impactful for VMC. Continuing to assure the impacts to community hospitals and public district hospitals are considered as the legislators move forward will be imperative. FY24 has been a year of successful practitioner recruitment for VMC, expanding in specialties with demand and community need and providing more capacity in primary care in our communities experiencing the most growth. In 2023, the Washington State Legislature passed a law that enhanced Medicaid funding to an average commercial rate. This was codified into the public hospital district RCWs. This program is expected to add approximately \$65 million in FY25.

SoM experienced positive financial results in FY23 primarily due to greater clinical medicine fund draws from the practice plans and increased revenue from research grants, offset by a decrease in Lab Medicine and Pathology COVID-19 related testing. An unfavorable variance to budget in the current year is the result of on-going Workday system and business process stabilization, however variances resulting from transaction processing delays, workarounds or other short-term impacts are expected to diminish as systems stabilize and business processes mature. The budgeted negative result in FY25 is primarily attributable to the 1601 Lind building construction costs covered by Laboratory self-sustaining reserves and operational spending of gift funds for the Brotman Baty Institute and Institute of Protein Design.

CURRENT FINANCIAL PERFORMANCE

Table 6, below, depicts the FY24 margins recorded at all the UW Medicine entities through April 2024. A subtotal has been incorporated to highlight the results specific to the Select Units (SU). The SU represents the entities that are part of the borrowing unit for UW Medicine, which includes all UW Medicine organizations other than HMC, VMC, and the SoM. When UW ILP debt requirements are re-established for the SU they will be measured only on the results of the SU. Financial results through April 2024 include one-time FEMA disaster relief funding of \$214.5 million and non-recurring State appropriations of \$87.8 million. Without these one-time funds of \$83.5 million for HMC, \$140.6 million for UWMC, and \$78 million for Valley, UW Medicine would have reported a loss of \$31.5 million.

Table 6. FY24 Financial Results by UW Medicine Entity, as of April 2024 (in \$000's)

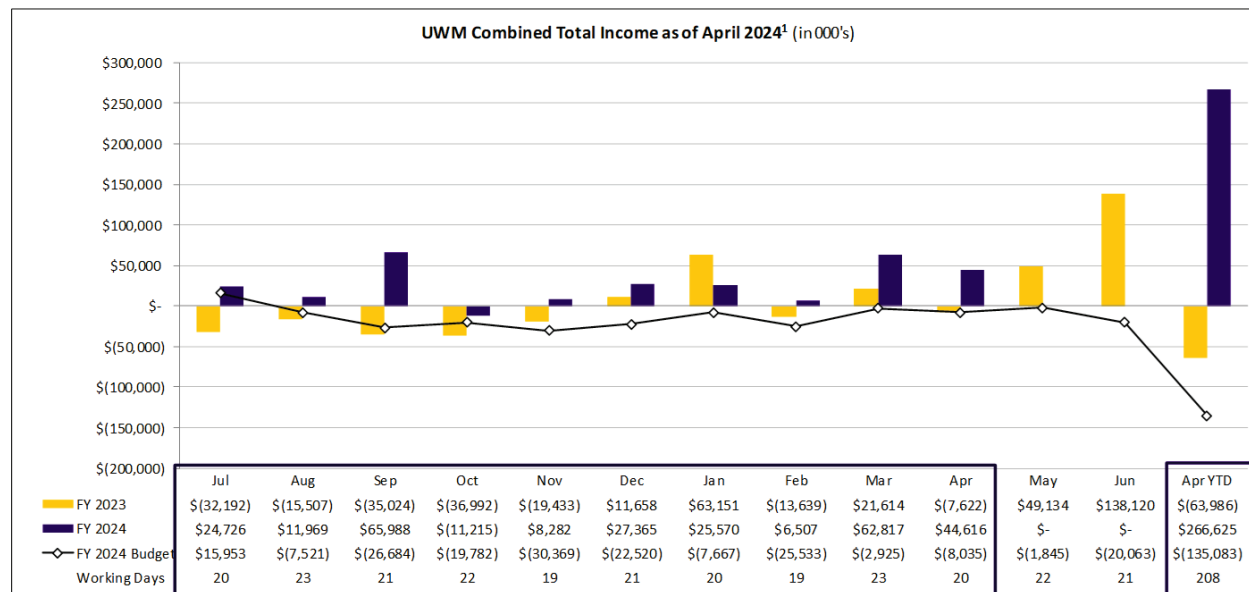
	YTD Actual ²	YTD Budget	Variance to Budget
UWMC	143,451	(101,165)	244,616
ALNW	(7,687)	(380)	(7,307)
UWMP	3,570	(1,349)	4,919
UWP ¹	-	-	-
SUBTOTAL, SU	139,334	(102,894)	242,228
HMC	68,939	(58,400)	127,339
VMC	58,352	26,211	32,141
SoM ³	-	-	-
TOTAL	266,625	(135,083)	401,708

1 Results for UWP are shown after amounts available to the School of Medicine. OPEB actuarial adjustments have not yet been recorded in FY24 and will be recorded in audited results.

2 YTD Actual results include \$214.5 million in one-time FEMA disaster relief funding (\$74.9 million for HMC, \$61.4 million for UWMC and \$78.2 million for VMC) and \$87.8 million in non-recurring appropriations (\$8.6 million for HMC and \$79.2 million for UWMC). Without this one-time funding, the year-to-date loss is \$31.6 million.

3 Ongoing Workday system and business process stabilization does not allow complete and accurate financial reporting for SoM at this time.

Figure 10. Combined Monthly Total Income as of April 2024 (in \$000's)



¹Ongoing Workday system and business process stabilization does not allow complete and accurate financial reporting for SoM at this time.

FEDERAL AND STATE FUNDING FOR COVID-19

As has been the case with other disasters experienced in various parts of the country, we expect it will take years of focused work to fully realize the disaster recovery funding available. COVID-19 will have a lasting impact on our financial performance and cash position. In our FY20 through FY23 audited financial statements, we recognized the Provider Relief Funds (PRF), FEMA Public Assistance and other recovery funding as depicted in Table 7 below. UW Medicine has submitted requests for FEMA Funding which have not yet been recovered and are expected to be received in FY24 or FY25. All recoveries received are subject to audit by the federal government. In addition to the amounts displayed in the table, liquidity support was provided in the form of Medicare Advance Payments, which has been repaid in full.

Table 7. UW Medicine Federal and State COVID-19 Recovery Funding (as of April 15, 2024)

Funding Source	Cash Received	Recognized in FY20	Recognized in FY21	Recognized in FY22	Recognized in FY23	Recognized in FY24 April YTD
State Allocation of Federal Funds	48,342,000	3,885,356	4,300,970	40,155,674	-	-
State Allocation of State Funds	10,000,000	8,148,087	1,851,913	-	-	-
FEMA Public Assistance	146,325,000	-	-	32,421,000	113,904,000	214,462,000
CARES Provider Relief Funds	219,040,000	126,610,000	71,901,000	20,529,000	-	-
Total	448,707,000	138,643,443	113,053,883	93,105,674	113,904,000	214,462,000

LOOKING AHEAD: PERFORMANCE, BUDGET, CLINICAL STRATEGIC AND LONG-RANGE PLANNING

With Mission Forward and other strategic initiatives, we completed our capital plans and adjustments have been made to reduce or delay our planned capital spending as necessary to maintain needed days cash on hand. During FY23 and FY24 we have started work on several capital projects that will continue into FY25. UW Medicine is planning for an increased level of capital necessary to address delayed maintenance and strategic growth projects.

Projected revenues and total margins for FY23 and FY24 are in Table 8. The FY25 revenue, expenses, and total margins are completed pending approval. While the UW Medicine FY25 budget does not include FHCC, it will be included in the University's FY25 financial results as a discreetly presented component unit. The target margins for FY25 are displayed in the chart below.

All the hospital budgets for FY25 were approached with the goal of preserving liquidity given the challenges in financial performance that UW Medicine and our peers are facing. Specifically, at UWMC, work has been done to develop short term strategies that will provide the runway to establish the initiatives necessary to improve financial results on a sustained basis.

The 2024 Legislative Session resulted in significant state investments in UW Medicine. The budget includes non-recurring appropriations for UW Medicine for \$60 million in FY25. This funding recognizes the vital role played by UWMC and HMC as the safety net hospitals of Washington State and is a crucial investment in the public health of our community, these funds provide short term support that partially offset the rapid and significant rise in operating expenses, most notably labor. We are prioritizing our work to implement Mission Forward Initiatives and evaluate other structural changes necessary for long-term financial viability.

The appropriation will serve as bridge funding to support financial recovery. Recognizing the significance of our losses excluding one-time disaster relief funding and non-recurring State appropriations as well as our need to fully implement our Mission Forward initiatives UW Medicine will use the appropriation funding to help offset the significant increase in labor costs and other inflationary cost increases at UWMC and HMC. The \$60 million appropriated for FY25 is budgeted to be allocated \$21 million to HMC and \$39 million to UWMC. The appropriations provided are included in the FY25 budget and are included in the FY25 budget margins in Table 8.

Table 8. FY23 and FY24 YTD Actual Revenues and Margins and FY25 Budget, in 000s

UW Medicine	FY23 Actual Total Margins	FY24 Budget Revenues ²	FY24 April Annualized Revenues	FY24 April Annualized Total Margins ³	FY25 Budget Revenues	FY25 Budget Margin	FY25 Budget Margin %
UWMC	115,339	2,260,802	2,532,000	172,000	2,784,000	3,400	0.1%
UWP	-	524,701	525,000	-	582,000	-	0.0%
Airlift NW	(7,934)	81,169	68,000	(9,000)	81,000	(1,400)	-1.7%
UWMPC	(2,194)	158,011	156,000	4,000	173,000	(2,300)	-1.4%
Subtotal SU⁴	105,211	3,024,683	3,281,000	167,000	3,620,000	(300)	0.0%
HMC	20,302	1,331,090	1,434,000	83,000	1,592,000	32,100	2.0%
VMC	11,094	912,632	910,000	70,000	986,000	-	0.0%
UW Medicine	136,607	5,268,405	5,625,000	320,000	6,198,000	31,800	0.5%

¹ School of Medicine projections are included within the Auxiliary/Self-Sustaining and Core Operating Budget areas of the University budget, so are excluded here.

² The revenue amounts differ slightly from the amounts approved in the FY24 budget due to final budget refinements.

³ Total margins do not include pension and OPEB year-end actuarial adjustments.

⁴ Select Unit subtotals do not include Shared Services, ITS, and eliminating entries in FY23, FY24, or FY25.

⁵ FY25 Budget Revenues reflect GASB Operating Revenues and do not include State Appropriations revenue of \$106 million included in Table 1.

BUDGET PRIORITIES

Achieving sustainable financial performance and liquidity continues to be one of UW Medicine's top strategic priorities. Pressure on reimbursement from all UW Medicine payers has resulted in less than inflationary increases. The cumulative impacts of inflation, particularly related to labor costs, continue to trend higher than expected overall blended governmental and commercial rate increases. As we move into FY25, our primary clinical goals remain to provide world-class safe care to our patients, to provide a safe working environment and support the well-being of our staff, to focus on improving our work as it relates to diversity, equity, and inclusion, and to focus on our multi-year plan of improving financial performance.

Our FY25 budgets include strategic capital investments and assume a planned level of access to capital via the Internal Lending Program. A portion of these investments will be made using operating cash, and anticipated debt service has been included in budgets. Details related to the planned investments are included within the University's capital budget item that will be brought forward for Regental approval.

UW Medicine's budget challenges have always existed due to the significant inflationary expense increases that are projected every year. Salary and benefit inflation for our workforce, pharmaceutical inflation, and supply inflation are included in the FY25 budgets. Additional cost savings or revenue-producing initiatives are required to offset these increases. Successful execution of UW Medicine's multi-year Mission Forward program focused on revenue growth and cost savings is critical to achieving FY25 budget targets.

Achievement of Mission Forward goals will require continued transformation in the way UW Medicine does its work.

Before integration, NWH experienced sustained operating losses over the years, resulting in pressure on liquidity. To ensure NWH had the ability to meet its working capital requirements, payment was delayed to the University for supplies and services provided. The amount due to the University on June 30, 2024, will be approximately \$115 million. Upon integration, UWMC assumed the monthly minimum payments annualizing to \$5 million each year on the payable. The University deferred the annual installment payment beginning May 2023 through fiscal year 2024 due to financial pressures at UW Medical Center. These payments will resume in FY25.

CLINICAL STRATEGIC PLANNING AND LONG-RANGE FINANCIAL PLANNING: FY24-FY38

Academic Medical Centers (AMCs) across the country have seen declines in financial performance as the ability to weather the current economic challenges has become further strained. In an April 2024 study, McKinsey & Company report that across 45 AMCs, median operating margin fell from 3.7% in 2017 to 1.5% in 2022. At the same time, hospitals need to be able to make large capital expenditures to keep current with advances in technology, provide needed access to care, and address delayed maintenance. The industry continues to be in a period of system consolidation and re-stabilization post-COVID-19. The operating, clinical, and financial aspects of our business will be challenging over the next few years as we navigate our way past significant inflationary cost increases while reimbursement rates continue to decline. The development of strong, public sources of revenue to support UW Medicine's mission, clinical priorities and hospital operations will be a key focus for our leaders going forward. UW Medicine will continue to focus on the strategic directives of the organization, prioritizing the following:

- Focus on continuing our work on maximizing revenues and lowering costs on a volume adjusted basis through our work on Mission Forward
- Clinical strategic initiative deployment across the enterprise, including:
 - Inpatient capacity growth and targeted Primary and Specialty care growth
 - Investments in digital innovations
 - Continued enhancement of our investment in a single EHR platform
- Ambulatory network strategy development
- Strengthening strategic alignment with our clinically integrated partners such as Fred Hutch Cancer Center and Valley Medical Center
- Focus on key service line growth initiatives and improving access to care for our patients
- Successful stabilization and enhancements of the Workday financial platform
- Investments in campus renewal at each site
- Length of stay and other efficiency improvements
- Philanthropic support

UW Medicine's ability to successfully deliver on our mission to improve the health of the public requires that it has strong, effective, and visionary leadership; makes well-informed strategic choices; recruits and retains excellent staff and faculty; implements best practices in all aspects of its business; and strengthens its financial health to be able to invest in the future. UW Medicine overall provided uncompensated care of more than \$835 million in fiscal 2023 (the most recent year measured), which requires that we continually focus on ways to improve our efficiency while providing top quality care to all our patients. Continuous improvement and efficiency gains across the care continuum, sustainable growth, maintaining quality, safety, service, and improving access to care for our patients will all be crucial to our financial success and our ability to achieve our goals.

Proposed Tuition Rates for FY25

Unit	Tuition Category		FY24 (Current Annual Rate)	FY25	
				% Change	Proposed Tuition Rate
University-wide	Undergraduate	Resident	\$11,524	3.0%	\$11,869
		Non-Res	\$40,878	3.0%	\$42,105
	Graduate Tier I	Resident	\$17,514	1.0%	\$17,688
		Non-Res	\$31,392	1.0%	\$31,707
	Graduate Tier II	Resident	\$17,958	3.0%	\$18,498
		Non-Res	\$32,061	3.0%	\$33,024
	Graduate Tier III	Resident	\$20,067	3.0%	\$20,670
		Non-Res	\$35,769	3.0%	\$36,843
Seattle Campus					
Built Environments, College of	Master of Construction Mgmt., Landscape Architecture, Urban Design & Planning	Resident	\$16,965	3.0%	\$17,475
		Non-Res	\$30,210	3.0%	\$31,116
	Master of Architecture and MSRE (Real Estate)	Resident	\$17,940	0.0%	\$17,940
		Non-Res	\$37,779	0.0%	\$37,779
Dentistry, School of	Dental Professional (DDS) Year 1	Resident	\$48,135	2.0%	\$49,098
		Non-Res	\$72,762	0.0%	\$72,762
	Dental Professional (DDS) Year 2	Resident	\$48,135	2.0%	\$49,098
		Non-Res	\$72,762	0.0%	\$72,762
	Dental Professional (DDS) Year 3	Resident	\$48,129	2.0%	\$49,092
		Non-Res	\$72,762	0.0%	\$72,762
	Dental Professional (DDS) Year 4	Resident	\$44,490	2.0%	\$45,381
		Non-Res	\$72,762	0.0%	\$72,762
	Graduate Dental - Oral Biology	Resident	\$17,439	2.0%	\$17,787
		Non-Res	\$33,678	2.0%	\$34,353
	Graduate Dental - Oral Medicine, Pediatric Dentistry, Periodontics, and Prosthodontics	Resident	\$19,368	2.0%	\$19,755
		Non-Res	\$36,708	2.0%	\$37,443
	Graduate Dental - Endodontics	Resident	\$20,886	2.0%	\$21,303
		Non-Res	\$36,708	2.0%	\$37,443
	Graduate Dental - Orthodontics	Resident	\$26,595	2.0%	\$27,126
		Non-Res	\$36,708	2.0%	\$37,443
Education, College of	Master of Education and Master in Teaching	Resident	\$18,465	3.0%	\$19,020
		Non-Res	\$34,233	3.0%	\$35,259
	Doctor of Education and Education PhD	Resident	\$18,465	3.0%	\$19,020
		Non-Res	\$34,233	3.0%	\$35,259
Engineering, College of	Master of Chemical Engineering	Resident	\$24,954	3.0%	\$25,704
		Non-Res	\$39,342	3.0%	\$40,521
	Master of Industrial and Systems Engineering	Resident	\$24,954	3.0%	\$25,704
		Non-Res	\$39,342	3.0%	\$40,521
	Master of Material Science and Engineering (Applied)	Resident	\$24,954	3.0%	\$25,704
		Non-Res	\$39,342	3.0%	\$40,521
Master of Applied Bioengineering	Resident	\$32,394	3.0%	\$33,366	
	Non-Res	\$39,342	4.2%	\$40,995	
Environment, College of the	College of the Environment Graduate Programs	Resident	\$17,958	3.0%	\$18,498
		Non-Res	\$32,061	3.0%	\$33,024
	Masters in Earth Space Science: Applied Geosciences	Resident	\$18,567	3.0%	\$19,125
		Non-Res	\$32,367	3.0%	\$33,339

Unit	Tuition Category		FY24 (Current Annual Rate)	FY25	
				% Change	Proposed Tuition Rate
Evans School	Master of Public Administration (MPA)	Resident	\$26,922	3.5%	\$27,864
		Non-Res	\$46,140	3.5%	\$47,754
Foster School	Master of Business Administration - Incoming	Resident	\$38,889	3.0%	\$40,056
		Non-Res	\$56,727	0.0%	\$56,727
	Master of Business Administration - Continuing	Resident	\$37,392	4.0%	\$38,889
		Non-Res	\$55,074	3.0%	\$56,727
Graduate School	Graduate School Interdisciplinary Programs Tier I ¹	Resident	\$17,514	1.0%	\$17,688
		Non-Res	\$31,392	1.0%	\$31,707
	Graduate School Interdisciplinary Programs Tier III ¹	Resident	\$20,067	3.0%	\$20,670
		Non-Res	\$35,769	3.0%	\$36,843
Law, School of	Law (JD) 1L	Resident	\$42,465	3.0%	\$43,740
		Non-Res	\$54,498	2.0%	\$55,587
	Law (JD) 2L	Resident	\$40,053	3.0%	\$41,256
		Non-Res	\$52,917	2.0%	\$53,976
	Law (JD) 3L	Resident	\$39,081	3.0%	\$40,254
		Non-Res	\$51,861	2.0%	\$52,899
	Master of Laws (LLM)	Resident	\$28,893	3.0%	\$29,760
		Non-Res	\$46,341	2.0%	\$47,268
Medicine, School of	Medical Professional (MD)	Resident	\$25,206	3.0%	\$25,962
		Non-Res	\$46,341	2.0%	\$47,268
	Nursing Master and Doctor of Nursing Practice	Resident	\$40,203	3.0%	\$41,409
		Non-Res	\$71,787	3.0%	\$73,941
Pharmacy, School of	Doctor of Pharmacy	Resident	\$31,359	4.0%	\$32,613
		Non-Res	\$45,201	4.0%	\$47,010
	PharmD/MBA dual program with UW Bothell	Resident	\$34,866	0.0%	\$34,866
		Non-Res	\$56,430	-14.2%	\$48,417
Public Health, School of	Master of Public Health	Resident	\$37,752	0.0%	\$37,752
		Non-Res	\$56,430	-14.2%	\$48,417
	Public Health Graduate Programs - Other than MPH	Resident	\$23,832	4.0%	\$24,786
		Non-Res	\$41,487	4.0%	\$43,146
	Public Health Graduate Programs PhD Program	Resident	\$20,391	4.0%	\$21,207
		Non-Res	\$35,313	4.0%	\$36,726
Social Work, School of	Master of Social Work - Incoming	Resident	\$22,551	5.5%	\$23,790
		Non-Res	\$38,742	5.5%	\$40,872
	Master of Social Work - Continuing	Resident	\$21,477	5.0%	\$22,551
		Non-Res	\$36,897	5.0%	\$38,742

Unit	Tuition Category		FY24 (Current Annual Rate)	FY25	
				% Change	Proposed Tuition Rate
Bothell Campus					
UW Bothell	Nursing - Incoming	Resident	\$17,643	3.0%	\$18,171
		Non-Res	\$31,494	3.0%	\$32,439
	Nursing - Continuing	Resident	\$17,214	2.5%	\$17,643
		Non-Res	\$30,726	2.5%	\$31,494
	Master of Business Administration - Incoming	Resident	\$25,437	3.5%	\$26,328
		Non-Res	\$31,893	3.5%	\$33,009
	Master of Business Administration - Continuing	Resident	\$24,939	2.0%	\$25,437
		Non-Res	\$31,269	2.0%	\$31,893
Tacoma Campus					
UW Tacoma	Master of Business Administration - Incoming	Resident	\$19,923	0.0%	\$19,923
		Non-Res	\$29,580	0.0%	\$29,580
	Master of Business Administration - Continuing	Resident	\$19,923	0.0%	\$19,923
		Non-Res	\$29,580	0.0%	\$29,580
	Master of Business Analytics	Resident	\$16,803	0.0%	\$16,803
		Non-Res	\$21,162	0.0%	\$21,162

¹ Although these tuition categories follow Tier I and Tier III rates, respectively, the revenue from interdisciplinary programs is distributed under a different formula than other tuition revenue, hence the need for separate tuition categories.

2024-25 COST OF ATTENDANCE FOR FIRST-YEAR UW UNDERGRADUATES

This table shows student budgets for the regular academic year: fall, winter, and spring quarters.

Annual Student Budget Items	Bothell	Seattle	Tacoma
Room & Board ¹ (traditional undergraduates)	\$17,538	\$18,405	\$16,371
Books, Personal, Transportation ¹	\$5,010	\$3,927	\$4,482
Annual Student Fees – Total ²	\$1,420	\$1,500	\$1,549
<i>New Student Enrollment & Orientation Fee (NSEOF) – one time fee ³</i>	\$370	\$396	\$250
Student Tech Fee	\$126	\$81	\$132
Services and Activities Fee	\$324	\$507	\$492
Student Activities Center	\$441		
Student Activities Center Programming	\$69		
Sports Field	\$90		
Facilities Renovation Fee		\$210	
Intramural Activities Building		\$96	
U-PASS ^{4,5}		\$210	\$135
YMCA ⁵			\$540
Resident Annual Tuition	\$11,869	\$11,869	\$11,869
Resident Annual Total	\$35,837	\$35,701	\$34,271
Non-Resident Annual Tuition	\$42,105	\$42,105	\$42,105
Non-Resident Annual Total	\$66,073	\$65,937	\$64,507

¹ Annual student budgets 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 all fees under this header, except NSEOF. For the NSEOF, student representatives provide support recommendations, which campus administrations weigh when developing proposals for Regental approval. Regents approve rate changes for all fees except U-PASS, which is governed by Regent-approved MOUs. Please note that many students pay fees beyond those presented here, such as course fees (which vary by discipline) and student insurance fees.

³ The effective date of each new NSEOF rate varies by campus. Bothell and Seattle are not proposing a change to their current rate. Tacoma will begin charging its new rate in Fall 2024 to students entering in Winter 2025. In the upcoming 2025-26 academic year, all campuses will be aligned with NSEOF rates beginning in Fall 2025 for students entering Fall 2025.

⁴ Tacoma's U-PASS fee of \$45/quarter was first charged in Spring 2019. For UW Tacoma students residing in Thurston County, the U-PASS fee is \$20/quarter, or \$60 for the regular academic year.

COST OF ATTENDANCE TREND DATA BY CAMPUS

BOTHELL	2020-21	2021-22	2022-23	2023-24	2024-25	5yr Change
Room & Board ¹ (traditional undergraduates)	\$13,191	\$14,154	\$15,282	\$17,115	\$17,538	\$4,347
Books, Personal, Transportation ¹	\$4,773	\$4,773	\$4,890	\$5,010	\$5,010	\$237
Annual Student Fees - Total ²	\$1,350	\$1,353	\$1,385	\$1,405	\$1,420	\$70
<i>NSEOF - one time fee</i> ³	\$330	\$330	\$350	\$370	\$370	\$40
Student Tech Fee	\$126	\$126	\$126	\$126	\$126	\$0
Services and Activities Fee	\$297	\$300	\$312	\$312	\$324	\$27
Student Activities Center	\$441	\$441	\$441	\$441	\$441	\$0
Student Activities Center Programming	\$66	\$66	\$66	\$66	\$69	\$3
Sports Field	\$90	\$90	\$90	\$90	\$90	\$0
Resident Annual Tuition	\$10,629	\$10,927	\$11,189	\$11,524	\$11,869	\$1,240
Resident Annual Total	\$29,943	\$31,207	\$32,746	\$35,054	\$35,837	\$5,894
Non-Resident Annual Tuition	\$37,998	\$38,757	\$39,687	\$40,878	\$42,105	\$4,107
Non-Resident Annual Total	\$57,312	\$59,037	\$61,244	\$64,408	\$66,073	\$8,761
SEATTLE	2020-21	2021-22	2022-23	2023-24	2024-25	5yr Change
Room & Board ¹ (traditional undergraduates)	\$13,887	\$14,871	\$16,068	\$17,982	\$18,405	\$4,518
Books, Personal, Transportation ¹	\$3,693	\$3,693	\$3,780	\$3,927	\$3,927	\$234
Annual Student Fees - Total ²	\$1,463	\$1,503	\$1,427	\$1,515	\$1,500	\$37
<i>NSEOF - one time fee</i> ³	\$347	\$354	\$374	\$396	\$396	\$49
Student Tech Fee	\$114	\$114	\$0	\$66	\$81	-\$33
Services and Activities Fee	\$438	\$453	\$471	\$489	\$507	\$69
Facilities Renovation Fee	\$210	\$210	\$210	\$210	\$210	\$0
Intramural Activities Building (IMA)	\$96	\$96	\$96	\$96	\$96	\$0
U-PASS ⁵	\$258	\$276	\$276	\$258	\$210	-\$48
Resident Annual Tuition	\$10,629	\$10,927	\$11,189	\$11,524	\$11,869	\$1,240
Resident Annual Total	\$29,672	\$30,994	\$32,464	\$34,948	\$35,701	\$6,029
Non-Resident Annual Tuition	\$37,998	\$38,757	\$39,687	\$40,878	\$42,105	\$4,107
Non-Resident Annual Total	\$57,041	\$58,824	\$60,962	\$64,302	\$65,937	\$8,896
TACOMA	2020-21	2021-22	2022-23	2023-24	2024-25	5yr Change
Room & Board ¹ (traditional undergraduates)	\$12,258	\$13,194	\$14,220	\$15,948	\$16,371	\$4,113
Books, Personal, Transportation ¹	\$4,260	\$4,260	\$4,362	\$4,482	\$4,482	\$222
Annual Student Fees - Total ²	\$1,428	\$1,431	\$1,439	\$1,518	\$1,549	\$121
<i>NSEOF - one time fee</i> ³	\$159	\$162	\$170	\$225	\$250	\$91
Student Tech Fee	\$120	\$120	\$120	\$126	\$132	\$12
Services and Activities Fee	\$474	\$474	\$474	\$492	\$492	\$18
U-PASS ^{4,5}	\$135	\$135	\$135	\$135	\$135	\$0
YMCA ⁵	\$540	\$540	\$540	\$540	\$540	\$0
Resident Annual Tuition	\$10,629	\$10,927	\$11,189	\$11,524	\$11,869	\$1,240
Resident Annual Total	\$28,575	\$29,812	\$31,210	\$33,472	\$34,271	\$5,696
Non-Resident Annual Tuition	\$37,998	\$38,757	\$39,687	\$40,878	\$42,105	\$4,107
Non-Resident Annual Total	\$55,944	\$57,642	\$59,708	\$62,826	\$64,507	\$8,563

Please see previous page for footnotes.

UW Intercollegiate Athletics | FY25 Budget

		2024-25 ICA Budget
Beginning Reserve Balance		(\$2,378,000)
REVENUE		
Gate Revenue		\$31,672,000
Contributions		\$36,000,000
NCAA / Conference		\$42,408,000
Royalties, Adv & Sponsorships		\$15,872,000
Tuition Waivers / Other Institutional Aid		\$5,946,000
Other Institutional Support		\$21,288,000
Other Revenue		\$11,852,000
TOTAL REVENUE		\$165,038,000
EXPENSE		
Salaries		\$58,892,000
Benefits		\$13,546,000
Athletics Student Aid		\$18,438,000
Sport Operational Expense		\$49,550,000
Direct Facilities, Maintenance & Utilities		\$10,870,000
Misc. Marketing / Promotion Expense		\$2,108,000
UW Institutional Overhead		\$0
Misc. Expenses		\$13,697,000
TOTAL EXPENSE		\$167,101,000
NET OPERATING INCOME		(\$2,063,000)
Debt Service		\$9,778,000
Minor Capital Expenditures / Deferred Maint		\$17,853,000
CASH FLOW		(\$29,694,000)
<i>Reserve Adjustment:</i>		
<i>Loan and Internal Financing Activities</i>		\$29,700,000
June 30 Cash Balance (excludes capital accounts)		(\$2,372,000)

Capital Assets Pool Allocation for Intercollegiate Athletics (ICA) and Financial Stability Plan
Waiver Extension for FY25

RECOMMENDED ACTION

It is the recommendation of the administration that the Board of Regents approve:

1. use of up to \$14,644,455 of the Capital Assets Pool to (a) fund a \$4,866,667 PAC-12 multimedia repayment (reimbursement to the Executive Office) and (b) support \$9,777,788 in FY25 debt service payments due to the Internal Lending Program (ILP) for the Husky Stadium and Husky Ballpark loans; and
2. extension of the Financial Stability Plan (FSP) waiver for ICA through June 30, 2025, with ILP covenant compliance required to resume by June 30, 2026.

BACKGROUND

Intercollegiate Athletics (ICA) received Board approval for the Husky Stadium renovation in 2010 with debt service beginning in FY14. In FY16, ICA entered a Financial Stability Plan (FSP). Starting FY20, ICA exited the FSP and resumed ILP covenants only to be confronted by the pandemic and financial pressures borne by the rapidly changing business model of higher education athletics.

In alignment with ICA's proposed FY25 operating budget, an equity loan of almost \$14.7 million from the CAP program to ICA will be used to (a) pay ICA's ILP debt service payment in FY25 (an interest only payment) and (b) reimburse the Executive Office for a portion of the PAC-12 multimedia rights (MMR) repayment advance that was paid with central funds in 2024.

LOAN QUALIFICATIONS AND TERMS

This month, the Board has been presented with an action item to amend and expand the use of the CAP program to include the ability to fund non-ILP operating support loans to internal borrowers that meet certain criteria. The amended CAP program would fund the proposed operating loan referenced above.

ICA qualifies for this loan program under Regent Policy No. 73, Debt Management Policy, B.1.f. (contingent on Board adoption of policy modifications presented in Item F-6). As ICA's outstanding internal loans of \$244 million represent 12 percent of the ILP, ICA's financial challenges present a systemic risk to the Internal Lending Program if debt service goes unpaid.

In alignment with the annual budgeting process, the University will evaluate ICA's ability to accelerate principal repayment of the operating loan, and/or other loan terms, such as the interest rate charged. Below are the anticipated initial loan terms:

- Authorization of up to \$14,644,455 million in borrowing;
- Funds are available to draw on starting July 1, 2024;
- Initial interest rate is set at 2.0% and will be evaluated annually in alignment with the budget process;
- Principal amortization is planned to begin in FY46 (after existing outstanding ILP loans are retired), but will be evaluated annually in alignment with the budget process;
- Estimated final maturity FY46.

OPERATING SUPPORT LOANS FUNDED BY CAPITAL ASSETS POOL (CAP)

The maximum amount of operating support loans funded by CAP is sized to a maximum of 3% of the Invested Funds. * As of March 31, 2023, available capacity within the CAP to fund these types of loans was \$96.7 million. ICA's draws for FY25 debt service, and the PAC-12 MMR repayment will require approximately \$14.7 million, leaving \$82.0 million in capacity.

INTERCOLLEGIATE ATHLETICS ILP COVENANT WAIVER EXTENSION

The Debt Management Policy governs the University's ILP and requires that borrowing units will be required to enter into an internal financing agreement with loan covenants that target specific operating benchmarks to be achieved and/or maintained during the term of the loan. If an ILP borrower fails to comply with the loan covenants, each borrower must present a mitigation plan for approval by the Board (i.e., Financial Stability Plan).

Cash flow challenges, up-front investments required to move to the Big Ten Athletic Conference, and depletion of reserves during the COVID-19 pandemic, do not present a scenario where ICA will be able to comply with ILP covenant requirements by the next measurement date of June 30, 2025.

To allow ICA continued time to assess its operating model and integration into the new conference, Treasury recommends that the FSP waiver for ICA be extended through June 30, 2025, with ILP covenant compliance required to resume by June 30, 2026, by which time the extension will have been re-evaluated. ICA will continue to provide Board updates through regular budget reports and Treasury Office Unit Performance Reporting.

REVIEW

This item has been reviewed and is recommended by the Senior Vice President/Chief Financial Officer, the Vice President of Finance and Budget Strategy, and the Associate Vice President, Treasury.

* Treasury excludes Invested Funds Long-Term Pool units that are held in the Consolidated Endowment Fund for the purposes of calculating total CAP capacity.

Liquidation of Quasi-Endowment for Intercollegiate Athletics

RECOMMENDED ACTION

It is the recommendation of the administration that the Board of Regents approve Intercollegiate Athletics' (ICA) request to liquidate its quasi-endowment at the conclusion of Q4 FY2024, as administratively practical.

BACKGROUND

In August 2024, the University of Washington will join the Big Ten Conference, an exciting and pivotal moment for the University and for Intercollegiate Athletics (ICA). The conference transition and competition at this new and elevated level carries with it significant investment requirements, placing demand on the cash position of ICA. As part of the FY2025 operating budget plan, ICA will require unencumbered access to its full share of quasi-endowed units in the Consolidated Endowment Fund (CEF) to seamlessly adapt and make needed cash investments in operations and capital to support this conference transition. ICA's quasi-endowment totaled approximately \$17.7 million as of March 31, 2024.

Quasi-endowments are not governed by donor agreements or restrictions. They are a path by which University departments were formerly able to invest cash balances in shares of the CEF. This function is now available through the Long-Term Pool of the Invested Funds (IF), which permits investment of a portion of departments' IF balances in units of the CEF. Use of the term 'quasi-endowment' follows a through-line with prior Board of Regents action. The funds liquidated will be utilized to support ICA operations.

Quasi-endowments are governed by the Statement of Investment Objectives and Policy for the Consolidated Endowment Fund, last amended in May 2024 (<https://uw-s3-cdn.s3.us-west-2.amazonaws.com/wp-content/uploads/sites/12/2024/05/01152930/2024-05-F-9.pdf>). The liquidation of quasi-endowments valued at \$1 million or higher requires approval of the full Board of Regents.

APPROVALS

The Senior Vice President/Chief Financial Officer, Athletic Director, and President have reviewed and support the need for immediate access to Intercollegiate Athletics' quasi-endowment.