

## Approve Fiscal Year 2026 Operating Budget

RECOMMENDED ACTION

It is the recommendation of the administration that the Board of Regents—pursuant to its authority under RCW 28B.20.130, the Bylaws of the Board of Regents, and the Board of Regents Standing Orders, Chapter 1—approve the proposed fiscal year 2026 (FY26) operating budget for the University of Washington. The FY26 operating budget is presented in the attached document, which includes proposed tuition rate recommendations for FY26.

In this action item, the Board of Regents, in its sole and independent discretion adopts the proposed FY26 operating budget for the University of Washington;

1. approves the UW Medicine budget for FY26 (Attachment 1);
2. approves the UW Academy budget for FY26 (Attachment 1):
  - approves tuition rates for the 2025-26 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, and are reasonable and necessary; and
  - considers proposed changes to tuition and required student fees in the context of a Proposed Cost of Attendance appendix item (Attachment 3);
3. approves the FY26 budget for Intercollegiate Athletics included in Attachment 1, and for presentation purposes attached separately as a standalone document (Attachment 4); pursuant to information provided in Item B-1, and RCW 28B.15.120, the Board of Regents:
  - approves Capital Assets Pool allocation for Intercollegiate Athletics (Attachment 5);
  - approves Financial Stability Plan Waiver for Intercollegiate Athletics (Attachment 5);
  - includes utilization of a non-interest operating loan from the B10 conference of \$10 million; and
  - approves institutional support from non-state and non-tuition sources for one-time capital and operating costs associated with the ongoing transition to the B10 Conference, a waiver of institutional overhead for FY26, and support from non-state sources for student athlete health, wellness, and financial aid.

## BOARD OF REGENTS MEETING

### Approve Fiscal Year 2026 Operating Budget (continued p. 2)

#### BACKGROUND

The budget document offers specific and granular analytical views of the University's FY26 budget. Supplementary data, analysis, and contextual narrative is available in the FY26 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 FY26, which begins on July 1, 2025, and ends on June 30, 2026. The FY26 proposed operating budget (Attachment 1) assumes the proposed tuition rates (Attachment 2) are adopted. Since the beginning of calendar year 2025, the University has been tracking and responding to a wide range of policy changes and directives from the federal government while also planning for reductions to state funding in the upcoming biennium. FPB will provide monthly standing budget updates throughout FY26.

Changes to the proposed FY26 operating budget have been made based on updated projections; all changes are highlighted in yellow for ease of review. The FY26 proposed operating budget includes:

- an introduction and links to the University's mission and commonly cited facts;
- an executive summary of the University's proposed FY26 operating budget including an assessment of current uncertainty; and
- a preliminary budget for:
  - Core Academic Units;
  - Auxiliary activities, including projected revenue, expenditures, and ending balances for FY25 and FY26;
  - Gift income and endowment distribution projections for FY26;
  - Sponsored research activity, including projections for FY25 and FY26; and
  - UW Medicine.

#### *Attachments*

1. University of Washington Proposed Operating Budget—Fiscal Year 2026
2. Proposed Tuition Rates for FY26
3. 2025-26 Cost of Attendance for First-Year UW Undergraduates
4. Proposed FY26 Sources/Uses Budget for Intercollegiate Athletics
5. Capital Assets Pool Allocation for Intercollegiate Athletics (ICA) and Financial Stability Plan Waiver Extension for FY26



FINANCE, PLANNING & BUDGETING  
UNIVERSITY *of* WASHINGTON

# OPERATING BUDGET

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Fiscal Year 2026



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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 University-wide expenditures and the revenues that support these expenditures, including state appropriations, 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 and reach of the University's operations.

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:

- [2024-25 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, 2025, through June 30, 2026, which is known as fiscal year 2026 (FY26).

**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 **research enterprise**, a large, complex landscape dedicated to the advancement of scholarship, knowledge and life-saving treatments supported by externally funded grants and contracts.

## NAVIGATING UNCERTAINTY

There is no question that the UW, like many peers across the higher education landscape, is navigating unprecedented uncertainty impacting, directly or indirectly, all aspects of our mission and operations.

Since the beginning of calendar year 2025, the University has been tracking and responding to a wide range of policy changes and directives from the federal government while also planning for reductions to state funding. In the last year, the University conducted more than \$1.2 billion of federally sponsored research. This high value and impactful work is at risk of significant contraction, which will result in loss of educational opportunities for students and our ability to conduct innovative, and in many cases, life-saving, research. Our state is facing a \$12+ billion budget deficit over the next four years, and the final state budget for the upcoming biennium reduces the University's state appropriations and assumes unsustainable increases to compensation and benefits costs.

Combined, these and other proposals would have major negative impacts on our students, our patients, our production of novel research, and our economic impact on the state of Washington and beyond. With changes of this magnitude, we simply would not be able to provide students with the same level of educational excellence, provide our patients with the same level of access to high quality care, produce the same volume of impactful research and development, or continue to have the same degree of positive economic impact. These effects would ripple across the state and beyond for years and decades to come, as we still have not fully recovered from the state funding cuts of the Great Recession.

To address the increasingly unsustainable imbalance between revenue and expenses, the recently launched ["Together We Thrive" program](#) is intended to address the University's financial situation, the challenges we face and next steps for a collaborative approach to pursuing financial resilience. The risk of not acting poses a threat to UW's long-term vitality, will pressure our ability to substantially invest in our mission, and is likely to lead to draconian financial measures that lack nuance and strategy.

Beyond federal and state funding, other challenges range from unsustainable and growing deferred maintenance levels, uncertainty surrounding our operating and regulatory environments, demographic shifts, inflationary pressures on wages, goods and services, and challenging social and political questions about the value of higher education.

We will continue focusing on operational efficiencies; improved transparency and resource source/use accountability; strengthening financial management approaches and policies; and identifying our essential priorities and resources for impact. Additionally, we intend to conduct this work in a way that reflects the values of community, collaboration, and commitment to excellence that are central to the UW. As we navigate these and future challenges, we will be guided by our mission of expanding access to an excellent education and to serving the public good, as well as our University's values. Most importantly, we will continue to prioritize the well-being of our students, patients, faculty and other academic personnel, and staff as we make decisions.

# FY2026 OPERATING BUDGET

**Table 1. FY26 Operating Budget (in millions)<sup>1</sup>**

|                                                                                   | UW Academy          |                          |                                  |              | UW Medicine <sup>3,4</sup> | Eliminations <sup>5</sup> | Enterprise Total |
|-----------------------------------------------------------------------------------|---------------------|--------------------------|----------------------------------|--------------|----------------------------|---------------------------|------------------|
|                                                                                   | Auxiliary Resources | Gift and Grant Resources | All Other Resources <sup>2</sup> | UWA Total    |                            |                           |                  |
| <b>Budgeted Sources</b>                                                           |                     |                          |                                  |              |                            |                           |                  |
| Tuition and Fees, Net <sup>6</sup>                                                | 911                 | 292                      | 36                               | 1,239        |                            |                           | 1,239            |
| State Appropriations                                                              | 508                 |                          |                                  | 508          | 34                         |                           | 542              |
| Patient Services                                                                  |                     | 23                       |                                  | 23           | 5,314                      |                           | 5,337            |
| Grants and Contracts                                                              |                     |                          | 1,489                            | 1,489        |                            |                           | 1,489            |
| Indirect Cost Recovery Allocation to Core                                         | 248                 |                          | (248)                            | -            |                            |                           | -                |
| Sales of Goods and Services                                                       |                     | 1,844                    | 5                                | 1,863        |                            |                           | 1,863            |
| Gifts & Endowment Distributions                                                   |                     | 2                        | 428                              | 430          |                            |                           | 430              |
| Other Revenues                                                                    | 78                  | 82                       | 23                               | 257          | 489                        |                           | 747              |
| <b>Total Budgeted Sources</b>                                                     | <b>1,745</b>        | <b>2,244</b>             | <b>1,697</b>                     | <b>5,811</b> | <b>5,837</b>               | <b>(705)</b>              | <b>10,942</b>    |
| <b>Budgeted Uses, Operating Purposes<sup>7</sup></b>                              |                     |                          |                                  |              |                            |                           |                  |
| Salaries, Wages and Benefits                                                      | 1,347               | 1,654                    | 947                              | 3,973        | 3,420                      |                           | 7,393            |
| Other Operating Uses                                                              | 398                 | 687                      | 712                              | 1,888        | 2,366                      |                           | 4,254            |
| <b>Total Budgeted Uses, Operating Purposes</b>                                    | <b>1,745</b>        | <b>2,341</b>             | <b>1,658</b>                     | <b>5,861</b> | <b>5,786</b>               | <b>(705)</b>              | <b>10,942</b>    |
| <b>Contributions to (Uses of) Accumulated Net Position for Operating Purposes</b> | <b>-</b>            | <b>(97)</b>              | <b>39</b>                        | <b>8</b>     | <b>(51)</b>                | <b>-</b>                  | <b>-</b>         |
| <i>UW Academy Planned Transfers for Capital Purposes<sup>8</sup></i>              | (45)                | (93)                     | (24)                             | -            | (163)                      |                           | (163)            |
| <b>Total Contributions to (Uses of) Accumulated Net Position<sup>9</sup></b>      | <b>(45)</b>         | <b>(190)</b>             | <b>14</b>                        | <b>8</b>     | <b>(213)</b>               | <b>51</b>                 | <b>(163)</b>     |

1) Numbers are rounded to millions and may not total or match exactly to other numbers in the document.

2) All Other Resources includes: Portage Bay Insurance, Student Mandatory Fees, and Student Loans.

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

4) UW Medicine does not include Valley Medical Center Does or the School of Medicine which is included in the UW Academy totals.

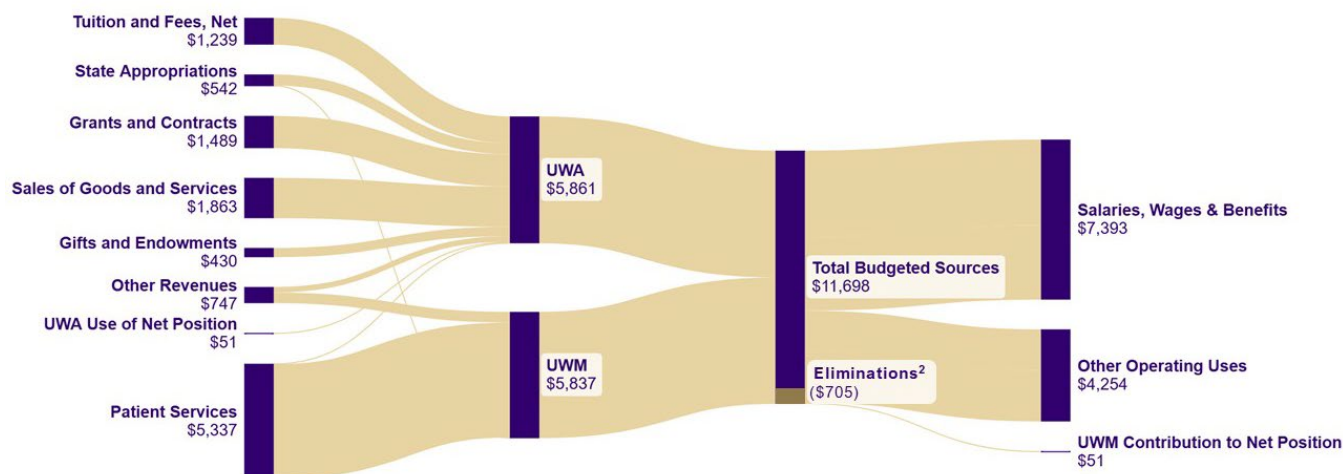
5) Enterprise eliminations (estimated) account for certain flows of funds between the Academy and Medicine related to clinical activities within the School of Medicine and UW Medicine.

6) Tuition and Fees, Net includes Net Operating Fees for Autumn, Winter and Spring Quarters as well as Summer Quarter and Student Non-Tuition Fee revenues.

7) Expenditures for purposes of conducting UW operations, excluding transfers for major physical plant and equipment.

8) Transfers of business unit accumulated net position for major physical plant and equipment.

9) Sum total result of operations and one-time capital transfers.

**Figure 1. FY26 Operating Budget Sources and Uses Diagram<sup>1</sup>**

1 Figures reflect all sources and uses for operating purposes. Amounts may differ from Table 1 due to rounding.

2 Enterprise eliminations 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 in this chart is to display unduplicated budget sources.

## RISK MANAGEMENT & BUDGET ALIGNMENT

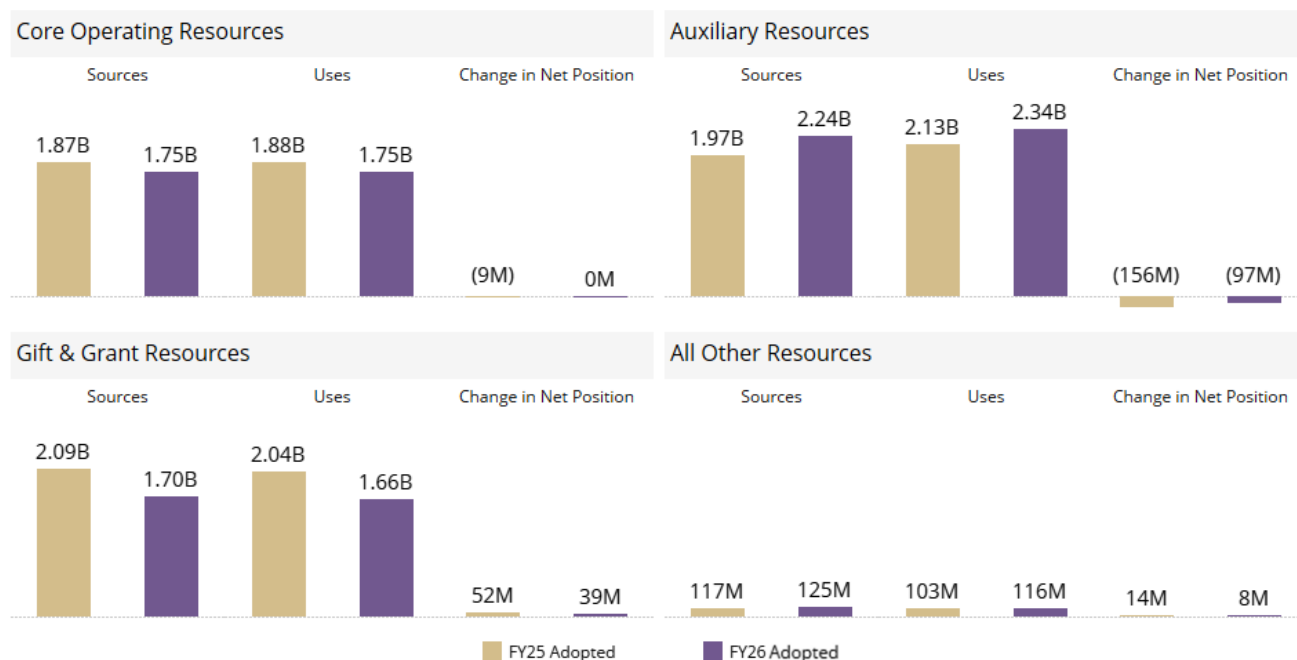
The University's Enterprise Risk Management Program (ERM) Program, led by Compliance and Risk Services, provides a report to the Board of Regents annually. The [2024 Risk Management Report](#) identifies risks across three tiers and maps risks based on risk level (impact, likelihood, and velocity), and Risk Management Capability. Since the 2021 assessment, the University continues to face significant challenges with our aged and siloed information technology systems and challenges related to recruitment and retention of employees.

Further, 2024 findings noted high level risks regarding cybersecurity, condition of facilities, societal/campus climate, ADA compliance and lack of centralized compliance-related resources, campus safety/security, and student/employee wellness. These risks and opportunities shape budget decisions across the University.

In early 2025, the ERM program contracted with Aon to evaluate the program's maturity and establish a roadmap that identifies key activities in the areas of governance, process, communication and risk culture. Recent risk identification examples include employment practices and financial reporting in Workday.

## 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 All Other Resources. Figure 2, below, provides a comparative view of the FY25 adopted and FY26 adopted operating budgets.

**Figure 2. Comparative View of FY25 Adopted Budget and FY26 Adopted Budget**

Notes: Grant Resources are shown without Indirect Cost Recovery, which is included in Core Operating Resources. Figures represent all sources and uses for operating purposes.

## CORE OPERATING RESOURCES

**Core Operating Expenses:** To ground the FY26 budget in context, we examined expense trends compared to other intensive research 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 combined for the academy and our hospitals and clinics. **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 concentrated areas of expenses and together make up more than half of core academy operating expenses. The remaining quarter of the operating expenses fall into broad categories of student services, institutional support, and public service.**

In response to emerging and growing risks resulting from federal policy changes, the state's financial crisis, and necessary measures to ensure the long-term financial health of the UW under the Together We Thrive program, UW Academy units implemented expenditure reductions on core operating resources against preliminary budgets that were submitted for review in February.

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. **Salary and benefits make up three-quarters of the total core operating expenses.** While competitive compensation for our faculty and staff remains a top priority, increases are dependent on state authorizations and funding levels for salary and benefits changes, sufficient incremental auxiliary resources, and other factors. Based on final state budget outcomes, and considering the financial position of the UW, **this budget assumes a 2 percent**

**salary increase for faculty and professional staff in FY26. For classified represented employees, collective bargaining agreements dictate wage changes.**

**Core Operating Revenues:** 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 discussed within the grants and gifts section.

### ***State Appropriations – as of May 30, 2025***

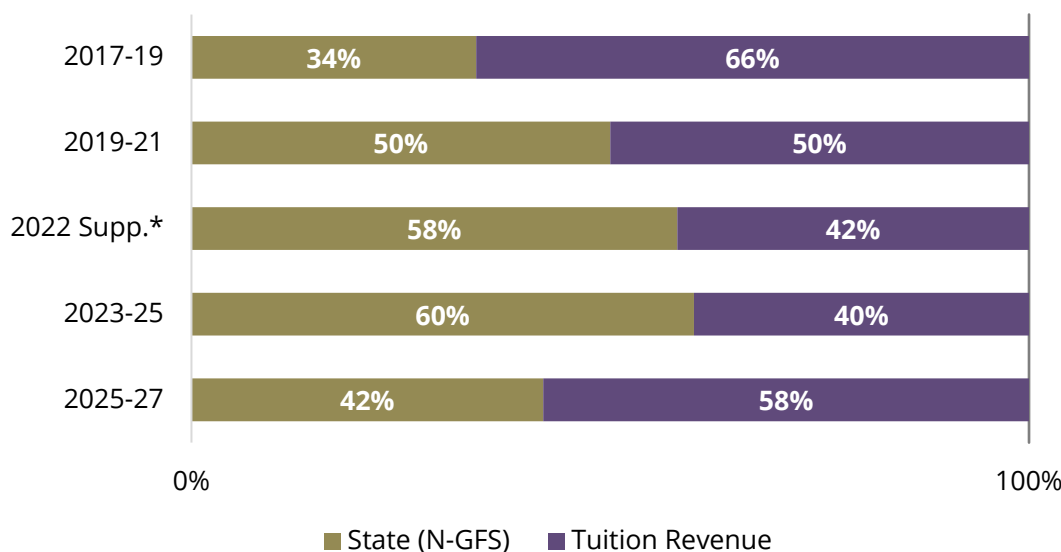
The Economic Revenue Forecast Council (ERFC) reported to lawmakers throughout the 2023-25 biennium that revenue collections were continuing to slow, and projections remained relatively flat. Lawmakers faced even more uncertainty as they entered the 2025 regular session. The March 2025 Revenue Forecast revised revenue projections down for the upcoming 2025-27 and 2027-29 biennia and the four-year budget deficit was projected to be \$12-15 billion.

In the 2025 legislative session, which concluded on April 27, state lawmakers approved a 2025-27 biennial operating budget (affecting FY26 and FY27), and a second supplemental budget for the remainder of FY25. Through a combination of state budget cuts and new revenue, the budgets balanced the deficit in the March Revenue Forecast. Governor Ferguson approved the budgets without major modification.

Total Near General Fund-State (NGF-S) funding in the final compromise budget is \$1.07 billion over the 2025-27 biennium. Compared to recent years, this reflects a small increase over the carry-forward level (in this case, the cost of continuing 2023-25 budget decisions into 2025-27). At a high level:

- The budget does not fund any of the University's policy level requests. Increases in the operating budget are highly restricted and largely attributed to investment in UW Medicine's Center for Behavioral Health and Learning (CBHL).
- In addition, the budget includes a 1.5 percent state funding reduction to the University and reduces specific proviso allocations.
- The budget authorizes salary increases for non-represented employees of 3 percent in FY26 and 2 percent in FY27 but walks back on recent progress made on our "fund split," the proportion of UW's compensation and benefit costs covered by state funding vs. tuition, providing only 42 percent of the total incremental funding needed to fund these increases. This is compared to a 60 percent fund split in recent years, and far lower than what other higher education institutions receive.

Figure 3 shows the state's "fund-split" for UW compensation over the past several biennia. The state legislature provides funding for certain compensation items. These include salary, wages, and benefits for represented and non-represented faculty and staff, as well as for central services charged to state agencies. Compensation items are funded on various "fund splits," with some items receiving a higher proportion of state funding than others. Figure 3 depicts the state and tuition split for all compensation items assumed in state budgets over a five-biennium period.

**Figure 3. State "Fund-Split" for Compensation**

\* Due to the COVID-19 pandemic, state funding for some compensation items was suspended for FY22 and FY23 (the 2021-23 biennium). During the 2022 supplemental session, the state restored compensation funding for FY23 at 58 percent.

**Salary increases contemplated in the state budget only apply to positions that are paid for by the combination of state funding and tuition revenue, and account for a small fraction of our employee base.** Salary increases for all other employees are funded from other sources of revenue. Combined with proposed cuts to overall state funding and uncertainty with federal funding, the compensation and benefits changes in state budget proposals would be extraordinarily challenging to implement for the University. As a non-cabinet state agency, the University has flexibility to implement increases that differ from authorized levels and must do so as we balance our net adjusted operating income losses with our desire to provide competitive compensation.

Table 2 shows the net funding provided in the compromise budget, total cost of salary and benefits changes for state-funded positions, and the effective "fund split" provided by the state.

**Table 2. Gap Analysis of FY26 Operating Budget**

**GF-S and Tuition (in \$1,000s)**

|                                                 | FY26       |               |
|-------------------------------------------------|------------|---------------|
| Net State Funding (funding - cuts)              | 5,857      |               |
| Total Cost of State Salary & Benefits in Budget | 31,646     |               |
|                                                 | <b>Gap</b> | <b>25,789</b> |

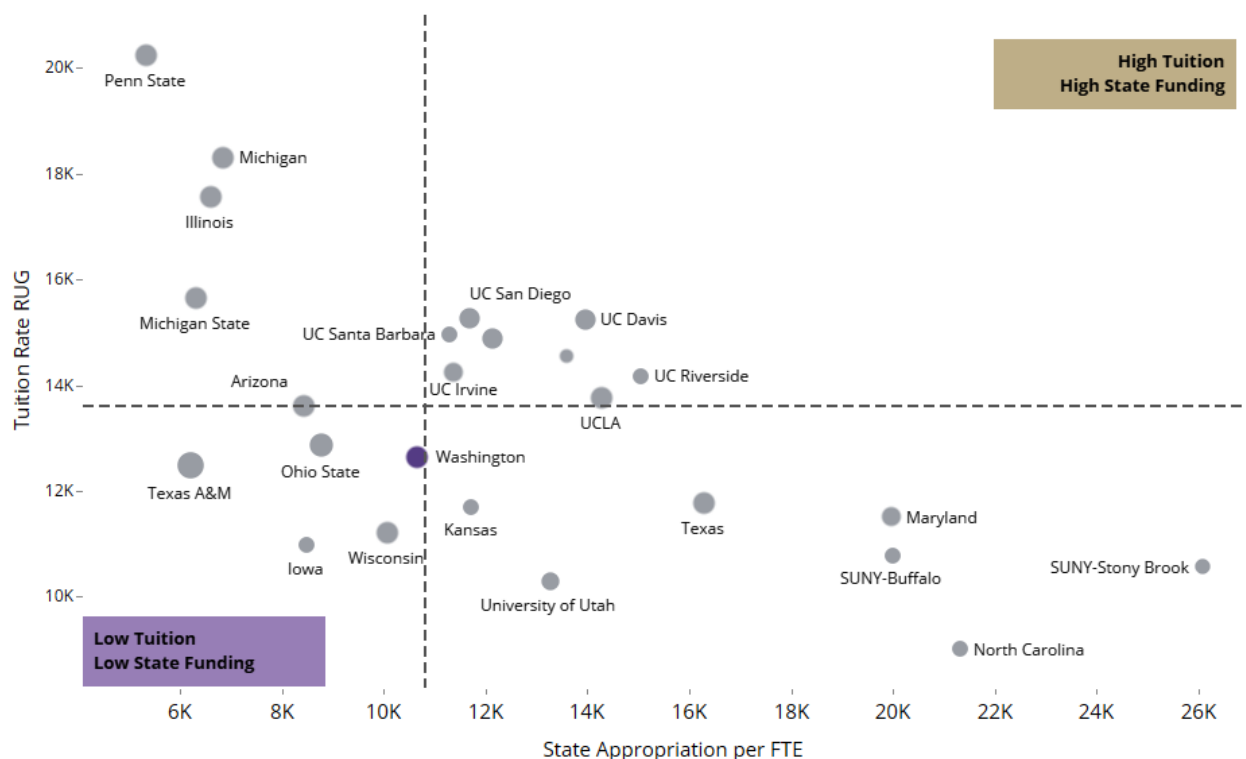
**Effective fund split % state      18.5%**

To put state funding in context with tuition revenue and financial aid (discussed in the following sections), Figure 4 shows state appropriations per FTE and resident undergraduate tuition rates compared to the University's Association of American Universities (AAU) public peer group. Note that other institutions represented in the figure receive other forms of state support not contemplated here. The UW receives relatively modest state appropriations and maintains comparatively low tuition rates. The combination of low tuition and low state funding means our total resource base supporting instruction is lower than most

of our peers. This reality limits our ability to invest in faculty and staff, programs, and student support, potentially affecting educational quality and the long-term sustainability of our institution.

More information regarding state budgets, including a comprehensive summary of budget proposals, can be found in relevant documents on the [FPB Briefs](#) webpage. This page includes a summary of the final compromise 2025-27 biennial operating and capital budgets.

**Figure 4. State Appropriations Per Student FTE and Resident Undergraduate Tuition Rates Benchmarking (AAU Public Comparisons, FY24)**



Source: AAU Data Exchange

The size of the round circle corresponds to total enrollments.

The dotted lines represent median values.

## Tuition & Financial Aid

### Tuition & Fees

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 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 review our [Cost of Attendance](#) (updated with a link to tuition and mandatory fees for the upcoming year) and [Current Tuition and Fees Dashboards](#).

## Financial Aid

The UW is committed to providing educational access and opportunity, as well as quality educational experiences and academic success for students.

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 3, 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 3 is that the UW adjusts its contribution to need-based institutional aid for tuition changes (increases or decreases) and for expected changes in resident undergraduate enrollment.

**Table 3. 2025-2026 Net Operating Fee Revenue and Tuition-Based Aid<sup>1</sup> (in \$1,000s)**

|                                                         | Undergraduate |                          |            | Graduate/Professional |             |             | Total       |
|---------------------------------------------------------|---------------|--------------------------|------------|-----------------------|-------------|-------------|-------------|
|                                                         | Resident      | Nonresident <sup>2</sup> | Total      | Resident              | Nonresident | Total       |             |
| <b>Full-Time Equivalent (FTE)</b>                       | 30,293        | 9,868                    | 40,161     | 4,644                 | 5,613       | 10,257      | 50,418      |
| <b>Gross Operating Fee Revenue</b>                      | \$342,446     | \$405,713                | \$748,159  | \$119,592             | \$211,275   | \$330,867   | \$1,079,026 |
| <b>State-Mandated Aid</b>                               | (\$12,812)    | (\$15,871)               | (\$28,683) | (\$4,020)             | (\$4,291)   | (\$8,311)   | (\$36,994)  |
| <b>UW Institutional Aid</b>                             | (\$37,430)    | (\$16,732)               | (\$54,162) | (\$4,539)             | (\$4,780)   | (\$9,319)   | (\$63,481)  |
| <b>Waivers - Foregone Revenue<sup>3</sup></b>           | (\$8,451)     | (\$4,431)                | (\$12,882) | (\$14,297)            | (\$99,037)  | (\$113,334) | (\$126,216) |
| <b>Faculty &amp; Student Reinvest. Pool<sup>4</sup></b> | (\$4,707)     | (\$2,543)                | (\$7,250)  | (\$1,250)             | (\$1,250)   | (\$2,500)   | (\$9,750)   |
| <b>Net Operating Fee Revenue</b>                        | \$279,047     | \$366,136                | \$645,183  | \$95,485              | \$101,917   | \$197,402   | \$842,585   |
| <b>Total Aid from Group</b>                             | \$58,693      | \$37,034                 | \$95,727   | \$22,856              | \$108,108   | \$130,964   | \$226,691   |
| <b>Total Aid to Group</b>                               | \$89,572      | \$12,683                 | \$102,255  | \$26,649              | \$97,787    | \$124,436   | \$226,691   |
| <b>Aid to Group as % of Gross</b>                       | 26%           | 3%                       | 14%        | 22%                   | 46%         | 38%         | 21%         |

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

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

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

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

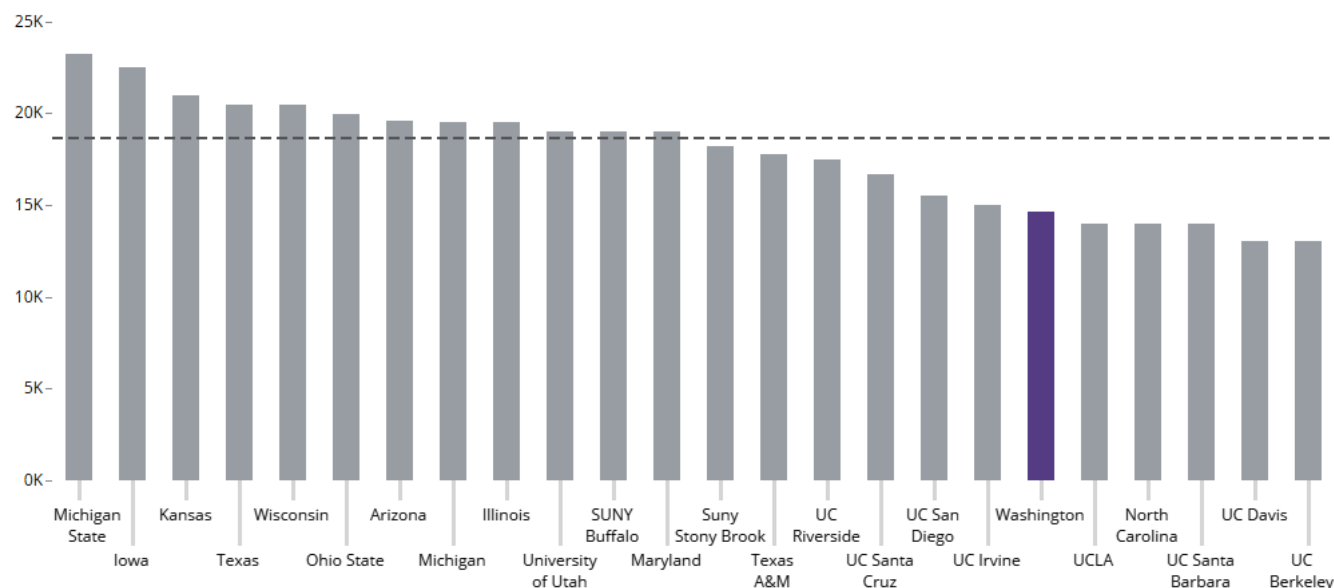
Revenue received through nonresident undergraduate tuition contributes greatly to the financial aid funding pool. While nonresident undergraduate tuition was estimated to have generated more than \$37 million in financial aid funds in FY26, these students are awarded approximately \$12.7 million.

Table 3, above, outlines the types of aid funded by tuition dollars. A significant portion of aid is also funded by non-tuition dollars, including gifts, UW endowments, federal, and state grants, scholarships, and loans (not shown here). Graduate students also receive support from research grants and contracts, and core

operating funds for teaching assistants. Table 3 only displays the projected aid derived from tuition across all three UW campuses.

Financial aid resources correlate to student loan debt. Displayed in Figure 5, the UW's median loan debt after graduation (undergraduates) is \$15,000, well below the peer median.

**Figure 5. Median Total Debt**



The median cumulative federal debt of undergraduate borrowers who graduated. This figure includes only federal loans originated at the school awarding the credential; it excludes private student loans, Parent PLUS loans, and federal loans originated at previously attended schools.

Note that this value includes federal loan debt for all undergraduate borrowers that completed their program.

The dotted line represents the median value.

Source: NSLDS, FY2021

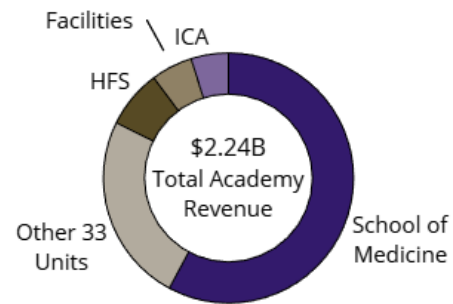
## UNIVERSITY AUXILIARY ACTIVITIES

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.

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.

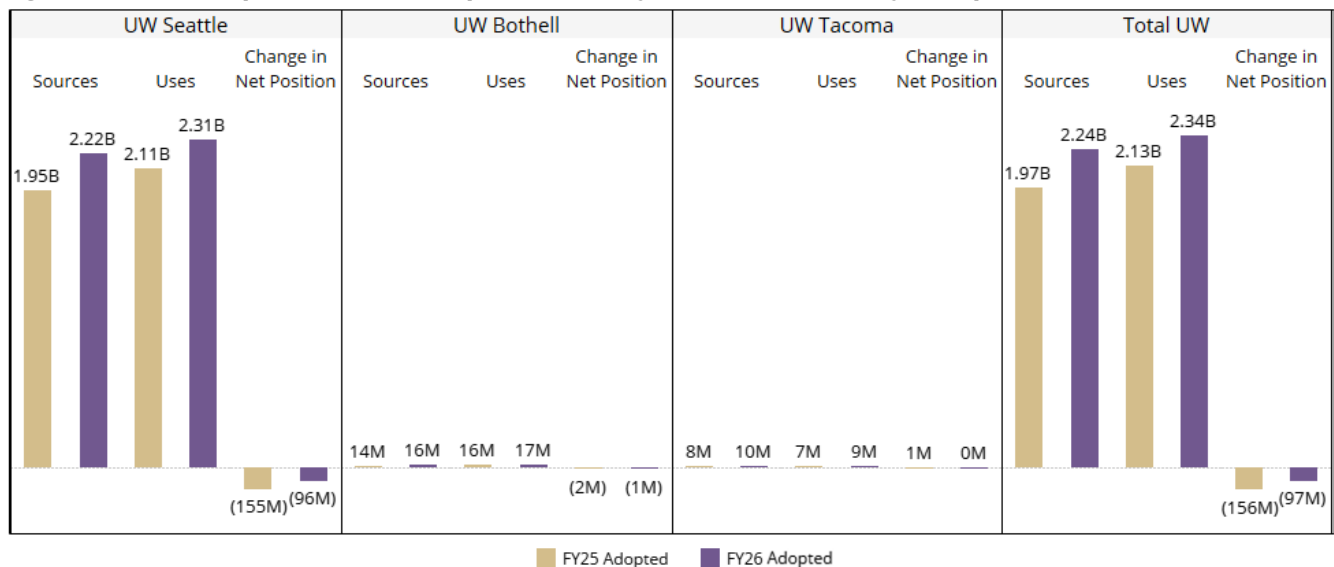
As has been the case previously, auxiliary activity is concentrated in a handful of units in the FY26 budget. Budgeted sources are \$1.29 billion for School of Medicine (58 percent of the UW Academy total), \$169 million for Housing & Food Services (8 percent of the UW Academy total), \$120 million for Facilities (5 percent of the UW Academy total), and \$108 million for Intercollegiate Athletics (5 percent of the UW Academy total). The other 33 major organizational units of the UW Academy make up the remaining \$549 million, 24 percent of the total.

**Figure 6. UW Academy Auxiliary Components**



The FY26 budget reflects growth in auxiliary sources (14 percent) and uses (10 percent) relative to the FY25 Adopted budget. The School of Medicine is a primary driver of this revenue and expense growth, planning for a 14 percent increase (\$162 million) in revenue and an 11 percent increase (\$127 million) in expense. The resulting 7 million use of net position for operating purposes will be deployed to implement operational efficiency initiatives. The balance of the change from FY25 to FY26 is due to refinements in budgeting to align with correct recording of auxiliary activities as the community becomes increasingly familiar with Workday and the aggregate forecasted increases or decreases across the thousands of individual auxiliary activities occurring across the academy.

**Figure 7. FY25 Adopted vs FY26 Adopted Auxiliary Sources & Uses, by Campus**



## GRANTS AND GIFTS

As a leading global research-intensive public institution, 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:** Through 2023, UW received 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, according to the Higher Education Research and Development (HERD) survey.

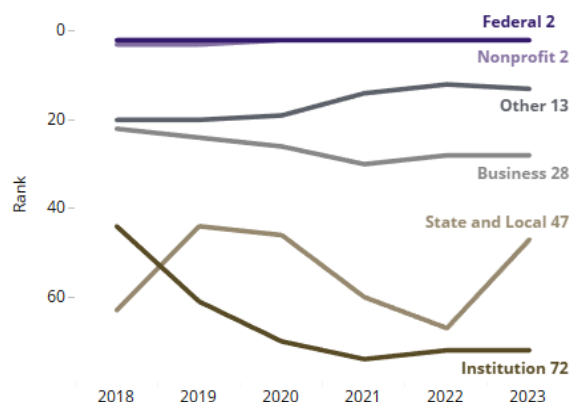
**Global Reach:** International collaborator with over 100 universities across 36 countries.

**Workforce and Sponsors:** Approximately 5,800 full-time employees (FTEs) were supported by awards in FY24 from over 1,700 active sponsors.

**Awards:** In FY24, UW received new awards totaling \$1.54 billion and had more than 8,100 active awards.

We are experiencing an unprecedented degree of uncertainty in existing and future award potential, particularly with direct federal support for our mission, as well as the indirect costs that we bear to provide research and services to the federal government. Due to award terminations, federal policy changes, and federal budget reductions, we anticipate decreased expenditures in most research areas. In response, we are pursuing multiple initiatives and external efforts to foster resilience in the research enterprise and position UW to be highly competitive for future funding opportunities.

**Figure 8. HERD Rankings by Fund Source**



**Table 4. Projected Sponsored Research Expenses with Breakout of Indirect Costs (in millions)**

|                                   | FY25 Adopted | FY25 Forecasted <sup>3</sup> | FY26 Projected <sup>4</sup> | Percent Change (Forecasted FY25 to FY26) |
|-----------------------------------|--------------|------------------------------|-----------------------------|------------------------------------------|
| Federal <sup>1</sup>              | 1,178        | 1,045                        | 765                         | (26.8%)                                  |
| State & local grants <sup>2</sup> | 131          | 135                          | 132                         | (2.2%)                                   |
| Nongovernmental                   | 317          | 351                          | 346                         | (1.4%)                                   |
| Indirect Research Expenses        | 347          | 350                          | 248                         | (29.1%)                                  |
| <b>Total</b>                      | <b>1,973</b> | <b>1,881</b>                 | <b>1,491</b>                | <b>(20.7%)</b>                           |

1. Excludes Covid-19 relief funding.

2. Includes ~\$100M/yr of financial aid that is counted towards sponsored project totals for accounting purposes (not R&D).

3. FY25 forecasted projection includes estimated federal losses due to potential delayed renewals and early terminations; does not include any assumptions about F&A rate changes

4. FY26 projections include estimated reduced R&D funding from various funding agencies including DHHS, NSF, etc.; does not include any assumptions about material changes to the longstanding F&A rate structure. Material reductions to Federal F&A rates may necessitate additional reductions to the Federal total.

**Philanthropic support:** In FY24, the UW ranked second in current-use fundraising totals, a metric which includes current-use gifts and current-use private grants, with \$499 million 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 \$315 million would have ranked eighth on the same survey.

**Figure 9. FY24 Fundraising Peer Rankings**

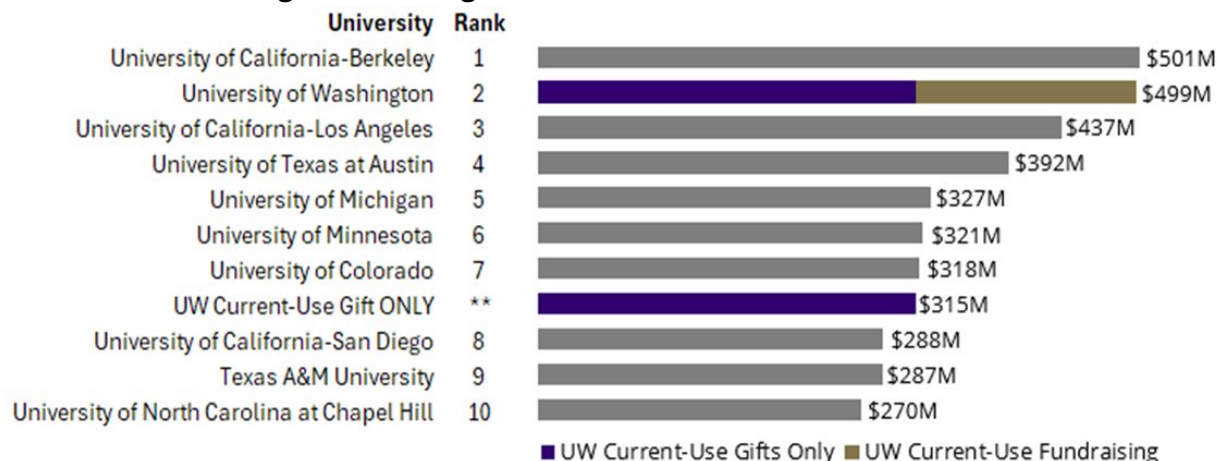


Table 5 below shows changes between the adopted FY25 budget, revised projections for FY25, and the FY26 budget. The gift income figure, defined as current use support, is a subset of total annual private support, which Advancement projects will be around \$700 million in FY25. It includes gifts only to the University of Washington and the University of Washington Foundation and does not include income from private grants (approximately \$205 million) or new endowment gifts. The estimated increase in gift income for FY25 over FY24 actuals of \$212m is due to several large, realized bequests and increased gifts of \$10 million and up. The \$269 million FY26 gift income projection reflects continued fundraising for current initiatives and long-term priorities, including support for students, faculty, programs, and key academic facilities. The 3.4 percent growth rate is in line with UW historical trends and sector trends.

**Table 5. FY26 Annual Gift & Endowment Distributions (in millions)**

|                          | FY25 Adopted | FY25 Forecasted | FY26 Projected | % Change<br>(Forecasted FY25<br>to FY26) |
|--------------------------|--------------|-----------------|----------------|------------------------------------------|
| Gift Income <sup>1</sup> | 311          | 260             | 269            | 3.4%                                     |
| Endowment Distributions  | 132          | 145             | 159            | 9.7%                                     |
| <b>Total</b>             | <b>443</b>   | <b>405</b>      | <b>428</b>     | <b>5.8%</b>                              |

<sup>1</sup> Gift Income for the FY25 Forecast and FY26 Budget has been restated to align with GAAP revenue recognition standards and to exclude affiliate gifts received by the UW and transacted in Workday Financials but given for use by entities not included in the UW enterprise financial statements such as KUOW and the UW Alumni Association.

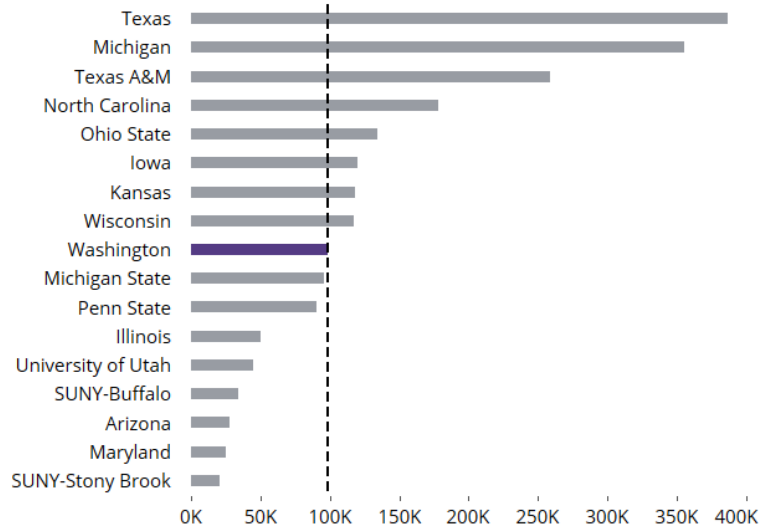
Figure 10 shows the UW's endowment per student FTE, which is approximately \$99,000. This is the median value when compared to 16 of our AAU peers.

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

## 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 (\$74 million or 59 percent) is activity related to Portage Bay Insurance, the University's captive insurance company. The balance (\$51 million or 41 percent) pertains to Student Mandatory Fees resources.

**Figure 10. Endowment Value Per Student FTE**



## 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), UW Physicians (UWP), Airlift Northwest (ALNW), UW Medicine Primary Care Clinics (UWMPC) and Fred Hutchinson Cancer Center (FHCC), which is a discreetly presented component unit of the University (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.

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 have maintained the recurring benefits of Mission Forward throughout FY25. However, capacity challenges, the continued labor market wage and benefit pressure, other inflationary pressures, and a continued need to address higher than desired length of stay, including complex discharge, continue to challenge significant financial improvement.

Today, we also face rising budgetary concerns at both the federal and state level, including ongoing delays and cancellations of grants, potential reduced funding for key Medicaid supplemental programs that help sustain our ability to care for our Medicaid patients, and caps on reimbursement for providing care to state employees. We are prioritizing our work to sustain and build upon Mission Forward Initiatives and evaluate other structural changes necessary for long-term financial viability. As the current federal situation continues to evolve, we are monitoring the impacts on our organization and financial position. There is a high level of uncertainty around potential federal funding cuts or program elimination to Medicaid programs such as directed payment programs. The preliminary FY26 budget includes \$171 million for UWMC and \$257 million for HMC for the directed payment programs.

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.

## FY25 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, opened in April 2024. Strong volume growth, especially in outpatient volumes, are continued benefits of Mission Forward, and expense control contributes to a stronger than budgeted financial performance at UWMC in FY25. The approval of the outpatient and inpatient directed payment programs provide additional federal funding through a Medicaid supplemental program. These direct payment programs have provided approximately \$86 million at UWMC in cash received in FY25. CMS approval is required for these programs to continue; as of May 14, 2025, UWMC has not received approval for program year 2025. Days of cash on

hand in FY24 was 64.5 days, and cash levels in FY25 decreased to 62 days at the end of March 2025, including UW Medicine non-interest bearing funding of \$53.5 million as well as approximately \$48 million payable to the University.

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. Continued volume growth at UWMC is a critical component to achieving the FY26 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 opened Kirkland Urgent Care in FY25.

**ALNW** has experienced improved financial performance throughout FY25 as compared to FY24 as budgeted expense reductions are being achieved as well as achieving budgeted volumes. Mitigating strategies such as preferred provider contracts with Kaiser Permanente, UW Medicine transfer center integration and Alaska cruise ship partnerships 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. 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 have provided approximately \$168 million at HMC in cash received in FY25. CMS approval is required for these programs to continue; as of May 14, 2025, HMC has not received approval for calendar year 2025. Days of cash on hand in FY24 was 92.6 days, and cash levels in FY25 have increased to 106 days at the end of March 2025.

For the calendar year 2025, HMC property tax has been approved by King County and the distribution of the tax falls into three buckets: operations, other capital, and bond projects. The calendar year tax is estimated at \$22 million for operations, \$19 million for other capital and \$21 million for bond projects. Included in the FY26 budget is a net \$22 million of operational support from the property tax.

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 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.

**SoM** is experiencing positive gains in patient care revenue and philanthropy partially offset by higher faculty compensation than budgeted. For FY25, major initiatives around medical school accreditation, finishing the build out of the 1601 Lind building, and investments in administrative infrastructure and fundraising yield a modest and temporary operating deficit which is funded by reserves.

### ***Current Financial Performance***

Table 6, below, depicts the FY25 margins recorded at all the UW Medicine entities through April 2025, but is preliminary and subject to audit. 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 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 2025 include non-recurring State appropriations of \$65.4 million. Without these non-recurring State appropriations of \$17.7million for HMC and \$47.7 million for UWMC, UW Medicine would have reported margin of \$94.8 million.

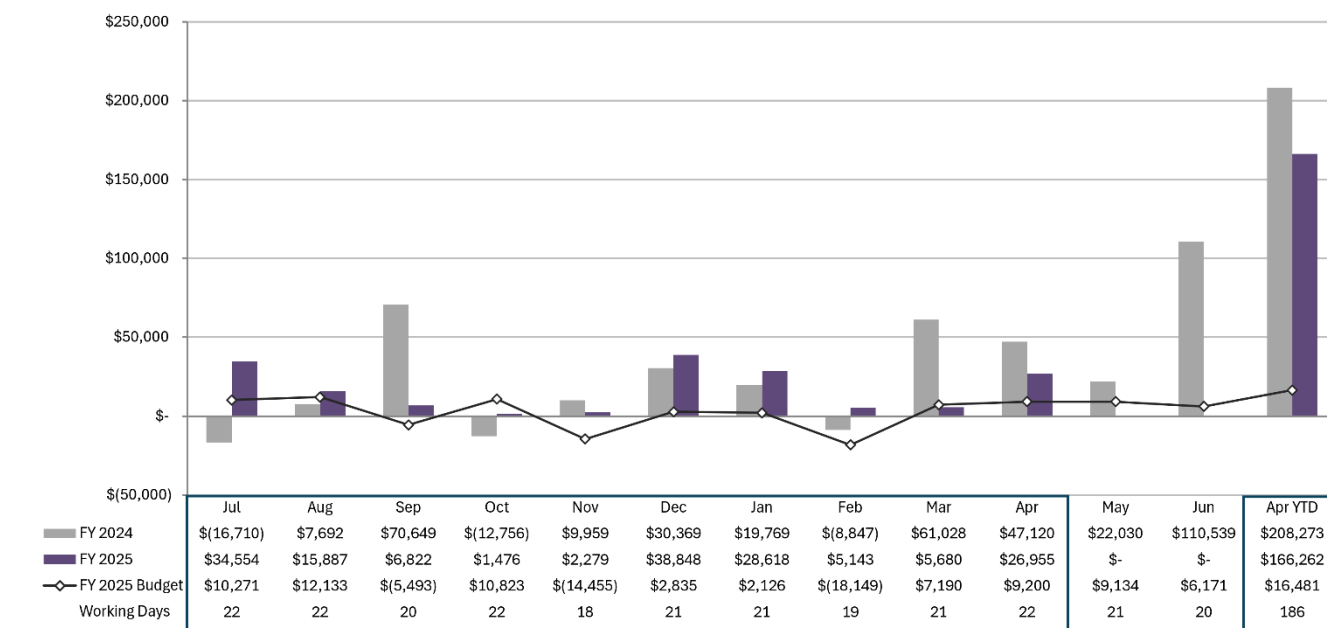
**Table 6. FY25 Financial Results by UW Medicine Entity, as of April 2025 (in \$1,000s)**

|                     | YTD Actual <sup>2</sup> | YTD Budget     | Variance to Budget |
|---------------------|-------------------------|----------------|--------------------|
| UWMC                | 45,580                  | (2,912)        | 48,492             |
| ALNW                | (2,849)                 | (3,344)        | 495                |
| UWMPC               | 7,112                   | (1,460)        | 8,572              |
| UWP <sup>1</sup>    | -                       | -              | -                  |
| <b>SUBTOTAL, SU</b> |                         | <b>(7,716)</b> | <b>57,559</b>      |
| HMC                 | 116,419                 | 24,197         | 92,222             |
| <b>TOTAL</b>        | <b>166,262</b>          | <b>16,481</b>  | <b>149,781</b>     |

<sup>1</sup> Results for UWP are shown after amounts available to the School of Medicine. OPEB actuarial adjustments have not yet been recorded in FY25 and will be recorded in audited results.

<sup>2</sup> YTD Actual results include \$65.4 million in non-recurring appropriations (\$17.7 million for HMC and \$47.7 million for UWMC). Without this one-time funding, the year-to-date margin is \$94.8 million.

Figure 11 depicts the month-to-month comparison of actual results to budget.

**Figure 11. Combined Monthly Total Income as of April 2025 (in \$1,000s)**

## LOOKING AHEAD: PERFORMANCE, BUDGET, CLINICAL STRATEGIC PLANNING & 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 FY24 and FY25 we have started work on several capital projects that will continue into FY26 and beyond. UW Medicine is planning for an increased level of capital necessary to address delayed maintenance and strategic growth projects.

All the hospital budgets for FY26 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.

Actual and annualized revenues and total margins for FY24 and FY25 are in Table 7 below. Included in FY25 annualized results is \$60 million of non-recurring appropriations that does not continue into FY26. The budgeted FY26 revenue, expenses, and total margins are finalized. It is important to note these budget targets were challenging to achieve, especially at UWMC, as our expense inflations are outpacing our revenue inflations and volume growth is limited by capacity constraints, especially at UWMC. The FY26 budgeted margin for UWMC finalized at \$12M or 0.4% to maintain minimum days cash on hand and invest in the \$133.3M of capital needs. The FY26 final budget targets for other UW Medicine entities did not change from preliminary targets. We are prioritizing our work to implement margin improvement initiatives and evaluate other structural changes necessary for long-term financial viability.

The UW Medicine FY26 budget does not include FHCC, which will be included in the University's FY26 financial results as a discreetly presented component unit. The preliminary target margins for FY26 are displayed in the chart below.

**Table 7. FY24 and FY25 YTD Actual Revenues and Margins and FY26 Budget (in \$1,000s)**

| UW Medicine                     | FY24 Actual Total Margins | FY25 Budget Revenues <sup>2</sup> | FY25 April Annualized Revenues | FY25 April Annualized Total Margins <sup>3</sup> | FY26 Budget Revenues | FY26 Budget Margin | FY26 Budget Margin % |
|---------------------------------|---------------------------|-----------------------------------|--------------------------------|--------------------------------------------------|----------------------|--------------------|----------------------|
| UWMC                            | 260,135                   | 2,784,000                         | 2,807,000                      | 55,000                                           | 3,057,000            | 12,000             | 0.4%                 |
| UWP                             | -                         | 646,000                           | 678,000                        | -                                                | 717,000              | -                  | 0.0%                 |
| Airlift NW                      | (7,215)                   | 81,000                            | 75,000                         | (3,000)                                          | 77,000               | (4,600)            | 0.0%                 |
| UWMPC                           | (2,947)                   | 170,000                           | 177,000                        | 9,000                                            | 178,000              | (2,700)            | -1.5%                |
| <b>Subtotal SU <sup>4</sup></b> | <b>249,973</b>            | <b>3,681,000</b>                  | <b>3,737,000</b>               | <b>61,000</b>                                    | <b>4,029,000</b>     | <b>4,700</b>       | <b>0.1%</b>          |
| HMC                             | 90,869                    | 1,592,000                         | 1,707,000                      | 140,000                                          | 1,774,000            | 46,500             | 2.6%                 |
| <b>UW Medicine</b>              | <b>340,842</b>            | <b>5,273,000</b>                  | <b>5,444,000</b>               | <b>201,000</b>                                   | <b>5,803,000</b>     | <b>51,200</b>      | <b>0.9%</b>          |

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

<sup>2</sup> The revenue amounts differ slightly from the amounts approved in the FY25 budget due to final budget refinements.

<sup>3</sup> Total margins do not include pension and OPEB year-end actuarial adjustments.

<sup>4</sup> Select Unit subtotals do not include Shared Services, ITS, and eliminating entries in FY24, FY25, or FY26.

### 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 FY26, our primary clinical goals remain to provide high-quality, equitable care to our patients, to provide a safe working environment and support the well-being of our employees; 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 FY26 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 that outpace expected revenue growth. Salary and benefit inflation for our workforce, pharmaceutical inflation, and supply inflation are included in the FY26 budgets. Additional cost savings or revenue-producing initiatives as well as sustained recurring benefits from Mission Forward are required to offset these increases.

### Clinical Strategic Planning and Long-Range Financial Planning: FY25-FY39

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
- Clinical strategic initiative deployment across the enterprise, including:
  - Inpatient capacity growth
  - Targeted Primary and Specialty care growth
  - Continued enhancement of our investment in a single EHR platform
- Ambulatory network strategy development
- Partnerships with other public hospital systems
- Network assessment of Eastside market
- Strengthening strategic alignment with our clinically integrated partners such as Fred Hutch Cancer Center
- Focus on key service line growth initiatives
- Focus on improving access to care for our patients
- Focus on providing high-quality, equitable care
- 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 \$856 million in fiscal 2024** (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 FY26

|                                   | Tuition Category                                                                       |          | FY25<br>(Current<br>Annual<br>Rate) | FY26        |                             |
|-----------------------------------|----------------------------------------------------------------------------------------|----------|-------------------------------------|-------------|-----------------------------|
|                                   |                                                                                        |          |                                     | %<br>Change | Proposed<br>Tuition<br>Rate |
| University-wide                   | Undergraduate                                                                          | Resident | \$11,869                            | 3.3%        | \$12,260                    |
|                                   |                                                                                        | Non-Res  | \$42,105                            | 3.3%        | \$43,494                    |
|                                   | Graduate Tier I                                                                        | Resident | \$17,688                            | 1.0%        | \$17,865                    |
|                                   |                                                                                        | Non-Res  | \$31,707                            | 1.0%        | \$32,025                    |
|                                   | Graduate Tier II                                                                       | Resident | \$18,498                            | 3.3%        | \$19,107                    |
|                                   |                                                                                        | Non-Res  | \$33,024                            | 3.3%        | \$34,113                    |
|                                   | Graduate Tier III                                                                      | Resident | \$20,670                            | 3.3%        | \$21,351                    |
|                                   |                                                                                        | Non-Res  | \$36,843                            | 3.3%        | \$38,058                    |
| Seattle Campus                    |                                                                                        |          |                                     |             |                             |
| Built Environments,<br>College of | Master of Landscape Architecture, Urban Design & Planning                              | Resident | \$17,475                            | 4.0%        | \$18,174                    |
|                                   |                                                                                        | Non-Res  | \$31,116                            | 4.0%        | \$32,361                    |
|                                   | Master of Construction Management <sup>1</sup>                                         | Resident | \$17,475                            | 2.0%        | \$17,826                    |
|                                   |                                                                                        | Non-Res  | \$31,116                            | 2.0%        | \$31,737                    |
|                                   | Master of Architecture and MSRE (Real Estate)                                          | Resident | \$17,940                            | 2.0%        | \$18,300                    |
|                                   |                                                                                        | Non-Res  | \$37,779                            | 2.0%        | \$38,535                    |
| Dentistry, School of              | Dental Professional (DDS) Year 1                                                       | Resident | \$49,098                            | 3.0%        | \$50,571                    |
|                                   |                                                                                        | Non-Res  | \$72,762                            | 0.0%        | \$72,762                    |
|                                   | Dental Professional (DDS) Year 2                                                       | Resident | \$49,098                            | 3.0%        | \$50,571                    |
|                                   |                                                                                        | Non-Res  | \$72,762                            | 0.0%        | \$72,762                    |
|                                   | Dental Professional (DDS) Year 3                                                       | Resident | \$49,092                            | 3.0%        | \$50,565                    |
|                                   |                                                                                        | Non-Res  | \$72,762                            | 0.0%        | \$72,762                    |
|                                   | Dental Professional (DDS) Year 4                                                       | Resident | \$45,381                            | 3.0%        | \$46,743                    |
|                                   |                                                                                        | Non-Res  | \$72,762                            | 0.0%        | \$72,762                    |
|                                   | Graduate Dental - Oral Biology                                                         | Resident | \$17,787                            | 3.0%        | \$18,321                    |
|                                   |                                                                                        | Non-Res  | \$34,353                            | 3.0%        | \$35,385                    |
|                                   | Graduate Dental - Oral Medicine, Pediatric Dentistry, Periodontics, and Prosthodontics | Resident | \$19,755                            | 3.0%        | \$20,349                    |
|                                   |                                                                                        | Non-Res  | \$37,443                            | 3.0%        | \$38,565                    |
|                                   | Graduate Dental - Endodontics                                                          | Resident | \$21,303                            | 3.0%        | \$21,942                    |
|                                   |                                                                                        | Non-Res  | \$37,443                            | 3.0%        | \$38,565                    |
|                                   | Graduate Dental - Orthodontics                                                         | Resident | \$27,126                            | 0.0%        | \$27,126                    |
|                                   |                                                                                        | Non-Res  | \$37,443                            | 3.0%        | \$38,565                    |
| Education, College of             | Master of Education and Master in Teaching                                             | Resident | \$19,020                            | 3.0%        | \$19,590                    |
|                                   |                                                                                        | Non-Res  | \$35,259                            | 3.0%        | \$36,318                    |
|                                   | Doctor of Education and Education PhD                                                  | Resident | \$19,020                            | 3.0%        | \$19,590                    |
|                                   |                                                                                        | Non-Res  | \$35,259                            | 3.0%        | \$36,318                    |

|                                        |                                                                  |          |          |      |          |
|----------------------------------------|------------------------------------------------------------------|----------|----------|------|----------|
| <b>Engineering,<br/>College of</b>     | Master of Chemical Engineering                                   | Resident | \$25,704 | 3.0% | \$26,475 |
|                                        |                                                                  | Non-Res  | \$40,521 | 3.0% | \$41,736 |
|                                        | Master of Industrial and Systems Engineering                     | Resident | \$25,704 | 3.0% | \$26,475 |
|                                        |                                                                  | Non-Res  | \$40,521 | 3.0% | \$41,736 |
|                                        | Master of Material Science and Engineering (Applied)             | Resident | \$25,704 | 3.0% | \$26,475 |
|                                        |                                                                  | Non-Res  | \$40,521 | 3.0% | \$41,736 |
|                                        | Master of Applied Bioengineering                                 | Resident | \$33,366 | 3.0% | \$34,368 |
|                                        |                                                                  | Non-Res  | \$40,995 | 3.0% | \$42,225 |
| <b>Environment,<br/>College of the</b> | College of the Environment Graduate Programs                     | Resident | \$18,498 | 3.3% | \$19,107 |
|                                        |                                                                  | Non-Res  | \$33,024 | 3.3% | \$34,113 |
|                                        | Masters in Earth Space Science: Applied Geosciences              | Resident | \$19,125 | 3.3% | \$19,755 |
|                                        |                                                                  | Non-Res  | \$33,339 | 3.3% | \$34,440 |
| <b>Evans School</b>                    | Master of Public Administration (MPA)                            | Resident | \$27,864 | 1.0% | \$28,143 |
|                                        |                                                                  | Non-Res  | \$47,754 | 1.0% | \$48,231 |
| <b>Foster School</b>                   | Master of Business Administration - Incoming                     | Resident | \$40,056 | 3.0% | \$41,259 |
|                                        |                                                                  | Non-Res  | \$56,727 | 3.0% | \$58,428 |
|                                        | Master of Business Administration - Continuing                   | Resident | \$38,889 | 3.0% | \$40,056 |
|                                        |                                                                  | Non-Res  | \$56,727 | 0.0% | \$56,727 |
| <b>Graduate School</b>                 | Graduate School Interdisciplinary Programs Tier I <sup>2</sup>   | Resident | \$17,688 | 1.0% | \$17,865 |
|                                        |                                                                  | Non-Res  | \$31,707 | 1.0% | \$32,025 |
|                                        | Graduate School Interdisciplinary Programs Tier III <sup>2</sup> | Resident | \$20,670 | 3.3% | \$21,351 |
|                                        |                                                                  | Non-Res  | \$36,843 | 3.3% | \$38,058 |
| <b>Law, School of</b>                  | Law (JD) 1L                                                      | Resident | \$43,740 | 5.0% | \$45,927 |
|                                        |                                                                  | Non-Res  | \$55,587 | 4.0% | \$57,810 |
|                                        | Law (JD) 2L                                                      | Resident | \$41,256 | 5.0% | \$43,320 |
|                                        |                                                                  | Non-Res  | \$53,976 | 5.0% | \$56,676 |
|                                        | Law (JD) 3L                                                      | Resident | \$40,254 | 5.0% | \$42,267 |
|                                        |                                                                  | Non-Res  | \$52,899 | 5.0% | \$55,545 |
|                                        | Master of Laws (LLM)                                             | Resident | \$29,760 | 5.0% | \$31,248 |
|                                        |                                                                  | Non-Res  | \$47,268 | 3.0% | \$48,687 |
|                                        | Law PhD                                                          | Resident | \$25,962 | 4.0% | \$27,000 |
|                                        |                                                                  | Non-Res  | \$47,268 | 3.0% | \$48,687 |
| <b>Medicine, School of</b>             | Medical Professional (MD)                                        | Resident | \$41,409 | 3.0% | \$42,651 |
|                                        |                                                                  | Non-Res  | \$73,941 | 3.0% | \$76,158 |
| <b>Nursing, School of</b>              | Nursing Master and Doctor of Nursing Practice                    | Resident | \$32,613 | 4.0% | \$33,918 |
|                                        |                                                                  | Non-Res  | \$47,010 | 4.0% | \$48,891 |
| <b>Pharmacy, School of</b>             | Doctor of Pharmacy                                               | Resident | \$34,866 | 2.0% | \$35,562 |
|                                        |                                                                  | Non-Res  | \$48,417 | 2.0% | \$49,386 |
|                                        | PharmD/MBA dual program with UW Bothell                          | Resident | \$37,752 | 2.0% | \$38,508 |
|                                        |                                                                  | Non-Res  | \$48,417 | 2.0% | \$49,386 |

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|                             |                                                  |          |          |       |          |
|-----------------------------|--------------------------------------------------|----------|----------|-------|----------|
| Public Health,<br>School of | Master of Public Health                          | Resident | \$24,786 | 4.0%  | \$25,776 |
|                             |                                                  | Non-Res  | \$43,146 | 4.0%  | \$44,871 |
|                             | Public Health Graduate Programs - Other than MPH | Resident | \$21,207 | 4.0%  | \$22,056 |
|                             |                                                  | Non-Res  | \$36,726 | 4.0%  | \$38,196 |
|                             | Public Health Graduate Programs PhD Program      | Resident | \$21,207 | 4.0%  | \$22,056 |
|                             |                                                  | Non-Res  | \$36,726 | 4.0%  | \$38,196 |
| Social Work, School of      | Master of Social Work - Incoming                 | Resident | \$23,790 | 3.5%  | \$24,624 |
|                             |                                                  | Non-Res  | \$40,872 | 3.5%  | \$42,303 |
|                             | Master of Social Work - Continuing               | Resident | \$22,551 | 5.5%  | \$23,790 |
|                             |                                                  | Non-Res  | \$38,742 | 5.5%  | \$40,872 |
| Bothell Campus              |                                                  |          |          |       |          |
| UW Bothell                  | Nursing - Incoming <sup>3</sup>                  | Resident | \$18,171 | 5.16% | \$19,107 |
|                             |                                                  | Non-Res  | \$32,439 | 5.17% | \$34,113 |
|                             | Nursing - Continuing <sup>3</sup>                | Resident | \$17,643 | 2.99% | \$18,171 |
|                             |                                                  | Non-Res  | \$31,494 | 3.0%  | \$32,439 |
|                             | Master of Business Administration - Incoming     | Resident | \$26,328 | 3.3%  | \$27,198 |
|                             |                                                  | Non-Res  | \$33,009 | 3.3%  | \$34,098 |
|                             | Master of Business Administration - Continuing   | Resident | \$25,437 | 3.5%  | \$26,328 |
|                             |                                                  | Non-Res  | \$31,893 | 3.5%  | \$33,009 |
| Tacoma Campus               |                                                  |          |          |       |          |
| UW Tacoma                   | Master of Business Administration - Incoming     | Resident | \$19,923 | 1.5%  | \$20,223 |
|                             |                                                  | Non-Res  | \$29,580 | 1.5%  | \$30,024 |
|                             | Master of Business Administration - Continuing   | Resident | \$19,923 | 1.5%  | \$20,223 |
|                             |                                                  | Non-Res  | \$29,580 | 1.5%  | \$30,024 |
|                             | Master of Business Analytics                     | Resident | \$16,803 | 1.5%  | \$17,055 |
|                             |                                                  | Non-Res  | \$21,162 | 1.5%  | \$21,480 |

## FY26 Process Footnotes

- 1 College of Built Environment proposes a new tuition category for the Master of Construction Management to differentiate rates from other programs.
- 2 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.
- 3 In the coming fiscal year, UW Bothell intends to request transitioning these rates to Tier II.

## 2025-26 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 <sup>1</sup> (traditional undergraduates)                       | \$17,538 | \$18,405 | \$16,371 |
| Books, Personal, Transportation <sup>1</sup>                                 | \$5,010  | \$3,927  | \$4,482  |
| Annual Student Fees – Total <sup>2</sup>                                     | \$1,637  | \$1,597  | \$1,608  |
| New Student Enrollment & Orientation Fee (NSEOF) – one time fee <sup>3</sup> | \$425    | \$451    | \$300    |
| Student Tech Fee                                                             | \$126    | \$96     | \$141    |
| Services and Activities Fee                                                  | \$336    | \$525    | \$501    |
| Student Activities Center                                                    | \$450    |          |          |
| Student Activities Center Programming                                        | \$72     |          |          |
| Sports Field                                                                 | \$93     |          |          |
| Facilities Renovation Fee                                                    |          | \$210    |          |
| Intramural Activities Building                                               |          | \$96     |          |
| U-PASS <sup>4</sup>                                                          | \$135    | \$219    | \$135    |
| YMCA                                                                         |          |          | \$540    |
| Resident Annual Tuition                                                      | \$12,260 | \$12,260 | \$12,260 |
| Resident Annual Total                                                        | \$36,445 | \$36,189 | \$34,730 |
| Non-Resident Annual Tuition                                                  | \$43,494 | \$43,494 | \$43,494 |
| Non-Resident Annual Total                                                    | \$67,679 | \$67,423 | \$65,964 |

<sup>1</sup> 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/>

<sup>2</sup> 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.

<sup>3</sup> In the upcoming 2025-26 academic year, all campuses will be aligned with NSEOF rates beginning in Fall 2025 for students entering Fall 2025. However, in past years, effective dates for rate changes varied by campus.

<sup>4</sup> 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. Bothell's U-PASS fee is expected to take effect in Fall 2025.

## COST OF ATTENDANCE TREND DATA BY CAMPUS

| <b>BOTHELL</b>                                         | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>5yr Change</b> |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Room & Board <sup>1</sup> (traditional undergraduates) | \$14,154       | \$15,282       | \$17,115       | \$17,538       | \$17,538       | \$3,384           |
| Books, Personal, Transportation <sup>1</sup>           | \$4,773        | \$4,890        | \$5,010        | \$5,010        | \$5,010        | \$237             |
| Annual Student Fees - Total <sup>2</sup>               | \$1,353        | \$1,385        | \$1,405        | \$1,420        | \$1,637        | \$284             |
| NSEOF - one time fee <sup>3</sup>                      | \$330          | \$350          | \$370          | \$370          | \$425          | \$95              |
| Student Tech Fee                                       | \$126          | \$126          | \$126          | \$126          | \$126          | \$0               |
| Services and Activities Fee                            | \$300          | \$312          | \$312          | \$324          | \$336          | \$36              |
| Student Activities Center                              | \$441          | \$441          | \$441          | \$441          | \$450          | \$9               |
| Student Activities Center Programming                  | \$66           | \$66           | \$66           | \$69           | \$72           | \$6               |
| Sports Field                                           | \$90           | \$90           | \$90           | \$90           | \$93           | \$3               |
| U-PASS <sup>4</sup>                                    | \$0            | \$0            | \$0            | \$0            | \$135          | \$135             |
| Resident Annual Tuition                                | \$10,927       | \$11,189       | \$11,524       | \$11,869       | \$12,260       | \$1,333           |
| Resident Annual Total                                  | \$31,207       | \$32,746       | \$35,054       | \$35,837       | \$36,445       | \$5,238           |
| Non-Resident Annual Tuition                            | \$38,757       | \$39,687       | \$40,878       | \$42,105       | \$43,494       | \$4,737           |
| Non-Resident Annual Total                              | \$59,037       | \$61,244       | \$64,408       | \$66,073       | \$67,679       | \$8,642           |
| <b>SEATTLE</b>                                         | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>5yr Change</b> |
| Room & Board <sup>1</sup> (traditional undergraduates) | \$14,871       | \$16,068       | \$17,982       | \$18,405       | \$18,405       | \$3,534           |
| Books, Personal, Transportation <sup>1</sup>           | \$3,693        | \$3,780        | \$3,927        | \$3,927        | \$3,927        | \$234             |
| Annual Student Fees - Total <sup>2</sup>               | \$1,503        | \$1,427        | \$1,515        | \$1,500        | \$1,597        | \$94              |
| NSEOF - one time fee <sup>3</sup>                      | \$354          | \$374          | \$396          | \$396          | \$451          | \$97              |
| Student Tech Fee                                       | \$114          | \$0            | \$66           | \$81           | \$96           | -\$18             |
| Services and Activities Fee                            | \$453          | \$471          | \$489          | \$507          | \$525          | \$72              |
| Facilities Renovation Fee                              | \$210          | \$210          | \$210          | \$210          | \$210          | \$0               |
| Intramural Activities Building (IMA)                   | \$96           | \$96           | \$96           | \$96           | \$96           | \$0               |
| U-PASS                                                 | \$276          | \$276          | \$258          | \$210          | \$219          | -\$57             |
| Resident Annual Tuition                                | \$10,927       | \$11,189       | \$11,524       | \$11,869       | \$12,260       | \$1,333           |
| Resident Annual Total                                  | \$30,994       | \$32,464       | \$34,948       | \$35,701       | \$36,189       | \$5,195           |
| Non-Resident Annual Tuition                            | \$38,757       | \$39,687       | \$40,878       | \$42,105       | \$43,494       | \$4,737           |
| Non-Resident Annual Total                              | \$58,824       | \$60,962       | \$64,302       | \$65,937       | \$67,423       | \$8,599           |
| <b>TACOMA</b>                                          | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>5yr Change</b> |
| Room & Board <sup>1</sup> (traditional undergraduates) | \$13,194       | \$14,220       | \$15,948       | \$16,371       | \$16,371       | \$3,177           |
| Books, Personal, Transportation <sup>1</sup>           | \$4,260        | \$4,362        | \$4,482        | \$4,482        | \$4,482        | \$222             |
| Annual Student Fees - Total <sup>2</sup>               | \$1,431        | \$1,439        | \$1,518        | \$1,549        | \$1,608        | \$177             |
| NSEOF - one time fee <sup>3</sup>                      | \$162          | \$170          | \$225          | \$250          | \$300          | \$138             |
| Student Tech Fee                                       | \$120          | \$120          | \$126          | \$132          | \$141          | \$21              |
| Services and Activities Fee                            | \$474          | \$474          | \$492          | \$492          | \$501          | \$27              |
| U-PASS <sup>4</sup>                                    | \$135          | \$135          | \$135          | \$135          | \$135          | \$0               |
| YMCA                                                   | \$540          | \$540          | \$540          | \$540          | \$540          | \$0               |
| Resident Annual Tuition                                | \$10,927       | \$11,189       | \$11,524       | \$11,869       | \$12,260       | \$1,333           |
| Resident Annual Total                                  | \$29,812       | \$31,210       | \$33,472       | \$34,271       | \$34,730       | \$4,918           |
| Non-Resident Annual Tuition                            | \$38,757       | \$39,687       | \$40,878       | \$42,105       | \$43,494       | \$4,737           |
| Non-Resident Annual Total                              | \$57,642       | \$59,708       | \$62,826       | \$64,507       | \$65,964       | \$8,322           |

## Proposed FY26 Sources / Uses Budget for Intercollegiate Athletics *(in millions)* <sup>1</sup>

|                                                                                                                                          | FY25 Adopted Budget | FY25 Forecast <sup>2</sup> | FY26 Proposed Budget |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------|----------------------|
| <b>Budgeted Sources</b>                                                                                                                  |                     |                            |                      |
| Sales of Goods and Services                                                                                                              |                     |                            |                      |
| NCAA and Conference Distributions                                                                                                        | 42                  | 46                         | 44                   |
| Sponsorships, Royalties and Advertisements                                                                                               | 16                  | 21                         | 25                   |
| Ticket Sales and Other Sales Revenues <sup>3</sup>                                                                                       | 44                  | 44                         | 46                   |
| <b>Total Sales of Goods and Services</b>                                                                                                 | <b>102</b>          | <b>112</b>                 | <b>116</b>           |
| <b>Gifts &amp; Endowment Distributions <sup>4</sup></b>                                                                                  | <b>36</b>           | <b>48</b>                  | <b>42</b>            |
| <b>Total Budgeted Sources</b>                                                                                                            | <b>138</b>          | <b>160</b>                 | <b>158</b>           |
| <b>Budgeted Uses</b>                                                                                                                     |                     |                            |                      |
| <b>Salaries, Wages and Benefits</b>                                                                                                      | <b>72</b>           | <b>72</b>                  | <b>74</b>            |
| <b>Athletic Student Aid</b>                                                                                                              | <b>18</b>           | <b>19</b>                  | <b>18</b>            |
| <b>Sport Operations</b>                                                                                                                  |                     |                            |                      |
| Team Travel and Game Expenses                                                                                                            | 23                  | 26                         | 22                   |
| Training, Equipment, Uniforms and Supplies                                                                                               | 27                  | 27                         | 18                   |
| Other Expenses <sup>5</sup>                                                                                                              | 5                   | 5                          | 5                    |
| <b>Total Sport Operations</b>                                                                                                            | <b>55</b>           | <b>58</b>                  | <b>44</b>            |
| <b>General &amp; Administrative Operations</b>                                                                                           |                     |                            |                      |
| Non-capitalized Facilities Maintenance and Utilities                                                                                     | 11                  | 12                         | 11                   |
| Other Expenses <sup>6</sup>                                                                                                              | 11                  | 11                         | 9                    |
| Debt Service <sup>7</sup>                                                                                                                | 10                  | 10                         | 10                   |
| Capital Expenditures                                                                                                                     | 18                  | 13                         | 11                   |
| <b>Total General &amp; Other Operations</b>                                                                                              | <b>49</b>           | <b>46</b>                  | <b>41</b>            |
| <b>Student Athlete Revenue Share Distributions <sup>8</sup></b>                                                                          | <b>-</b>            | <b>-</b>                   | <b>21</b>            |
| <b>Total Budgeted Uses</b>                                                                                                               | <b>195</b>          | <b>195</b>                 | <b>198</b>           |
| <b>Total Contributions to (Uses of) Accumulated Net Position, <i>before</i> Institutional Support</b>                                    | <b>(57)</b>         | <b>(35)</b>                | <b>(41)</b>          |
| Institutional Support <sup>9</sup>                                                                                                       | 27                  | 16                         | 22                   |
| <b>Total Contributions to (Uses of) Accumulated Net Position, <i>after</i> Institutional Support</b>                                     | <b>(29)</b>         | <b>(19)</b>                | <b>(19)</b>          |
| Conference Advance and internal financing to mitigate negative cash flow <sup>10</sup>                                                   | 29                  | 29                         | 19                   |
| <b>Net Cash Flow after Contributions to (Uses of) Accumulated Net Position, Conference Advance, and Internal Financing <sup>11</sup></b> | <b>-</b>            | <b>10</b>                  | <b>-</b>             |

NOTES:

- 1) Line item figures may not total due to rounding.
- 2) The FY25 Forecast combines FY25 actuals through Mar 31, 2025 with projections for Apr through Jun 2025.
- 3) Other Sales Revenues includes facility rental revenues, concessions, and souvenir sales revenue.
- 4) Gift & Endowment Distributions includes both seat-related gifts and non-seat related contributions and current use endowment distributions.
- 5) Sport Operations - Other Expenses include costs such as non-team travel, recruiting, banquets and awards, dues and memberships.
- 6) General & Admin Operations - Other Expenses include cost such as hiring costs, legal services, admin travel, freight, postage, etc.
- 7) Debt Service includes interest only payments on Husky Stadium and Ballpark debt.
- 8) Revenue share distributions are expected payouts to student athletes per the still pending House settlement authorization (as of 5/28/25).
- 9) Institutional support includes funding for student tuition waivers, mental health advising, event security, and the B1G Studio build.
- 10) Includes \$10m advance from B1G Conference and internal UW CAP Loan to cover debt service payments.
- 11) Positive cash flow in FY25 forecast is due to receipt of donor-restricted bequest to be utilized for operations in FY26 and FY27.

Capital Assets Pool Allocation for Intercollegiate Athletics (ICA) and Financial Stability Plan  
Waiver Extension for FY26

RECOMMENDED ACTION

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

1. use of up to \$17,694,600 of the Capital Assets Pool to support FY26 debt service payments (principal and interest) 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, 2026, with ILP covenant compliance required to resume by June 30, 2027.

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 FY26 operating budget, an equity loan of \$17,694,600 from the CAP program to ICA will be used to pay ICA's ILP debt service (principal and interest) payment in FY26.

LOAN QUALIFICATIONS AND TERMS

ICA qualifies for this loan program under Board of Regents Policy 73, Debt Management Policy B.1.f. As ICA's 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:

- up to \$17,694,600 authorization;
- funds are available to draw on starting July 1, 2025;
- 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 FY47.

### 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 percent of the Invested Funds (IF) . As of March 31, 2025, after accounting for existing loans, remaining capacity within the CAP to fund these types of loans was \$87.4 million. ICA's draws for FY26 debt service will require approximately \$17.7 million, leaving \$69.7 million in capacity if the loan is approved.

| CAP Operating Loan Support Program              |               |
|-------------------------------------------------|---------------|
| Total Program Capacity (3% of IF as of 3/31/25) | \$102,013,967 |
| Less: Approved Loans                            | (14,644,455)  |
| Remaining CAP Operating Loan Capacity           | 87,369,512    |
| Less: FY26 ICA Request                          | (17,694,600)  |
| Remaining CAP Operating Loan Capacity           | \$69,674,912  |

### INTERCOLLEGIATE ATHLETICS ILP COVENANT WAIVER EXTENSION

The Debt Management Policy governs the University's ILP and requires that borrowing units 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).

To allow ICA continued time to assess their operating model, Treasury recommends that the FSP waiver for ICA be extended through June 30, 2026, with ILP covenant compliance required to resume by June 30, 2027, by which time the extension will be re-evaluated. ICA will continue to provide Board updates through regular budget reports and Treasury Office Unit Performance Reporting.

### RECOMMENDATIONS

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.

<sup>1</sup> Treasury excludes Invested Funds (IF) long-term pool units that are held in the Consolidated Endowment Fund (CEF) for the purposes of calculating total CAP capacity.