

UNIVERSITY of WASHINGTON
FY2021 Annual Review Narrative Survey

Unit Name: [School of Law]

Programmatic & Academic Vitality Narratives

- 1) Have you made any changes to your unit's annual budget development process from the response provided last year? If yes, please briefly describe the changes you've made to your unit's annual internal budget development process. If no, please answer with a simple, "no changes." *Word Limit: 500*

The school of law continues to improve the annual budget development to further engage stakeholders and ensure the data used to build projections are as accurate as possible. Our approach to budget development continues to be a holistic and inclusive process that involves our faculty, staff, and students. Much like the last two years, the finance team takes a snapshot of the prior two fiscal years' actual expenses to formulate a baseline budget projection for GOF/DOF/RCR/Self-Sustaining budgets. For research budgets, we use information from our principal investigators during our regular meetings about the likelihood of continuation for funds or new funding to include in our projections. For our gift and discretionary resources, we collaborate with our chief advancement officer and their team to examine trends, planned requests that are underway, and any internal changes such as the new policy pertaining to combined endowment fund returns.

During the preparation of the fiscal vitality report, the finance team relies on early data points in enrollment, tuition, and market fluctuations, our internal budget (planned/ actuals) and regular communication with program directors and other law leaders to compile the report. The baseline data is evaluated by the finance team specifically examining what expenses may have been one time, new or ongoing costs, the appropriateness of the budget/ program expense allocation, and the program's ability to maintain (or reduce) historical levels of spending against their anticipated revenue. Once this data has been analyzed, the finance team prepares a budget forecast for the upcoming fiscal year for each program and one overall budget for the school. This data is distributed along with a list of fiscal assumptions that incorporates the Office of Planning and Budgeting (OPB) to each program director with a set of questions that help direct budget planning and analysis and eliminate risks from unknown or unplanned factors.

Given the ongoing fiscal challenges, the school also engages in an expanded annual budget process, which occurs early within spring quarter, when there is stronger accuracy of data tied to anticipated revenue, tuition increases, changes in enrollment levels, and trends from the current fiscal year. The finance team has a series of discussions with the program directors to assess program vitality and ensure there is a shared understanding of programmatic needs and potential risks related to the budget. This process allows the school to enhance the accuracy of data, update budget allocations to help maximize the planning process, and communicate overall fiscal vitality within the school and partners in OPB.

- 2) Have you made any changes to your unit's strategic plan in the past year? If yes, what are 3-5 key elements of your unit's new/revised strategic plan? If no, please comment on the progress you've made in 3-5 key areas of your strategic plan. *Word Limit: 500*

Prior to this year, the law school last engaged in strategic planning in AY 2005-06 and that process did not produce a plan or set of recommendations under which the school is still operating. Beginning in June 2019 with a facilitated faculty retreat, the law school has undertaken a new process of strategic planning which will culminate at the end of this academic year. The Strategic Planning Steering Committee (SPSC), which is composed of faculty, staff and alumni members, is currently working with an outside strategic consultant to collect and assess data across all relevant programs within the school. The process involves collecting external reputational data and performing an in-depth evaluation of: 1) our JD program; 2) our graduate programs; and,

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3) all other non-program specific law school initiatives for which substantial resources are currently allocated. At the end of the process, we will have: 1) an actionable plan for aligning future programmatic changes to our values and institutional strengths; and 2) identified opportunities for increasing programmatic/philanthropic revenues and effectively marshaling our resources, in what continues to be an unstable market within legal education. Outside of the formal strategic planning process, we are considering the adoption of new JD tuition models that would result in increases that are larger than our historic norms but “frozen” on a per class basis and developing agreements with international partners to grow declining enrollments in our graduate programs.

- 3) What major obstacles or institutional barriers currently do, or will, hinder execution of your strategic plan? What are you doing to address these challenges? If no changes from your response to either component of this question from last year, please answer “no changes”: *Word Limit: 250*

There are no known internal barriers within the law school to executing what will become new strategic plan. Areas of concern include faculty buy-in for a set of recommendations which may significantly alter some of our current programmatic offerings and managing our limited resources in a manner that will support new and expanded programs with the potential for producing greater revenues.

One legacy, institutional barrier to programmatic strategic planning has been the continuing need to manage limited resources and the fiscal climate across both ABB and fee-based models for our graduate programs. During our recent staff reorganization and in meetings with OPB in which we’ve discussed how costs are assessed to various graduate programs, it became clear that the law school would benefit from consolidation within our graduate programs. Under a consolidated model, all existing Masters programs could be aligned as “emphases/specialties” under a singular graduate program that allowed for more efficient resource allocation and fiscal management. The primary barrier to attempting this realignment has been a concern that the campus would not support the law school converting programs currently operating under ABB to a fee-based model. Though the law school administration has been apprised of the historical concerns with such conversions, given our current fiscal reality and resource constraints, failing to explore such an option would be irresponsible.

- 4) Over the next year, could any of your planned strategic activities result in material changes to revenues or expenditures, faculty or staff workload, or the student experience within your unit/campus and/or another unit/campus? *Word Limit: 500*

Thus far, the Strategic Planning Steering Committee has only provided a set of recommendations pertaining to information and marketing for JD applicants, which have already been acted upon. It is very likely, however, that the new plan will contain recommendations for program changes that will result in budgetary savings and revenue growth. For example, we will be assessing the savings to be gained from restructuring underperforming/under-enrolled programs and potential revenues to be gained from increasing JD/graduate class sizes and expanding our summer, on-line, and certificate programming.

- 5) What is your unit doing to effectively use or redeploy resources in a way that benefits your unit/campus and/or other units/campuses? *Word Limit: 500*

In the past year we have both significantly restructured our staff and implemented across-the-board spending cuts that have benefited our unit by reducing the likelihood that the law school’s spending will exceed its revenues. We have also targeted new philanthropy to support scholarships that will allow us to better compete

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for our excellent/diverse students and support our ability—in a resource-constrained environment—to hire critical visitors to cover burgeoning gaps in our experiential learning programs.

- 6) For UW student facing units, what are you doing to improve the experience and outcomes of students on your campus or in your unit? What could the University do to support your efforts? *Word Limit: 500, Leave blank if N/A*

UW Law students are clear that they need expanded mental health and wellness resources, which is consistent with student need across campus (and nationwide). In response, we have implemented programming related to mental health concerns, partnered with a therapist who provides pro bono therapy to our students, and connected with the Hall Health Mental Health Clinic in an effort to provide some assistance and resources. In addition, our Dean for Students is participating in the Wellbeing for Life and Learning Initiative via the Resilience Lab and has begun weaving stress reducing and mindfulness activities into the classroom experience. We are also actively working on student-identified diversity and inclusion issues and have begun a series of community conversations on these topics. We also hope to fund a service called NameCoach (used by the Foster Business School) that allows students to share correct pronunciations and preferred pronouns with their professors and administration, directly impacting their experience of belonging and inclusion in our community.

The law school would benefit from the university providing expanded services related to mental health and wellbeing. Though we continue to work with campus partners to meet demand for these services, our students frequently communicate that the services offered are insufficient to meet the demand.

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Tuition Based Program Rate Recommendations - Narrative Section

Responses to the questions below are required for each tuition category that your unit/campus recommends adjusting. If you are recommending changes for multiple tuition categories, please differentiate your responses within each question.

- 1) Please explain why each proposed change is needed and how your unit/campus will use new incremental tuition revenue increases or absorb incremental tuition revenue losses.

The school's increase in costs each year tied to mandated self-funded costs from merit to central initiatives is approximately \$650k-\$750k. Given these costs, and the continued financial challenges of the school, the school is recommending a 4% increase across our fee-based programs, a 5% increase across ABB programs for residents, and a 3.5% increase for non-residents. The goal with this approach is to generate as much possible new revenue within the market, and to maintain a reasonable gap between the tuition for residents and non-residents. Even with these increases, it is still not enough to cover the rise in costs.

To mitigate the gap in revenue over costs, the school is aiming to expand the MJ program through the cohort model with the National Health Commission of China, attempting to find a way to preserve critical revenue from the Visiting Scholars Program, and exploring a new model of tuition for the JD program. Specifically, the school has been evaluating a tuition guarantee model, whereby the school will raise the 1L JD tuition by a slightly higher rate (i.e. 6%-8%) than historical or market rates (i.e. 4% or less). This JD cohort, however, will then receive no other tuition increases through graduation. The goal with this model is to: 1) raise revenues; 2) provide stability in tuition for students; and, 3) create funds to provide additional need-based scholarships to increase yield from among excellent, diverse students who decline admission offers due to costs. This model will generate additional tuition dollars year over year compared to the annual increase model, however, there are two major unknowns with this approach:

- 1) We cannot predict what will happen to enrollment numbers if tuition is priced outside of the market. Higher tuition, but fewer students will hurt the overall budget.
- 2) Given our access mission, large tuition increases such as 6% to 8% year over year in the 1L class may not be sustainable, and we will have already foregone tuition increases in the 2L and 3L classes with the tuition guarantee model.

- 2) Explain whether and how each proposed change will affect peer comparisons and/or whether a market analysis was conducted.

Based on our market analysis from data provided by the ABA annually, there was an average resident increase by 3.81% and by 4% for non-residents. We believe this data is reliable because the ABA solicits this data from member law schools across the nation each year. The limitation to this data is the inconsistency in how school's report out on tuition and fees, and absence of information regarding the discount rate provided by each school.

To aid in our analysis, we examine national and regional competitor schools to see if there is any variance to the market average. We also monitor California in-state tuition, relative to our out-of-state tuition as we receive many students from the State of California.

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For graduate programs the market analysis data is collected internally each year. Like the JD program, we are limited to what is visible on a School's website, and there is not total transparency in tuition and fees for many schools. The data we are able to access shows an average of a 4%-6% increase across programs.

Both JD and graduate program data is shared with faculty leadership, and program leaders to evaluate and make recommendation to their programs specifically.

3) Discuss the impact of each proposed change on student debt load.

Our student debt load is approximately \$111k, which is higher than our national peer average of \$94k. However, many of these schools are located geographically in less populous and expensive areas. When comparing UW Law to our local peer schools, Seattle University and Gonzaga, our debt load is significantly less than Seattle University's at \$149k, and on par with Gonzaga's at \$105k. This is according to the latest data published in 2016 from US News and World Report.

Given the market we have seen, law school tuition continues to increase, nationally. This is why we remain focused on bringing in scholarship resources to support our students. Debt load is an important consideration for our applicants and graduates, many of whom pursue careers in public service/interest or smaller private firms where starting salaries can range from \$45,000 to \$100,000. At the same time, the continuity of public service and income-based loan repayment programs is uncertain.

4) Describe whether you expect the proposed tuition rate(s) to result in any substantial changes to enrollment (including a change in the resident/nonresident composition) or to the volume of waivers awarded.

We do not anticipate that currently proposed tuition increases will have a negative impact on our enrollment for resident or non-resident students within our JD programs. However, the increased uncertainty surrounding the use of tuition waivers may have an impact on enrollment. The School's current resource level for scholarships is far lower than our peers. Historically, we have used tuition waivers as a way to bridge this resource gap. We will have some resources freed up from the MacDonald endowed scholarship fund, as well as some new scholarships received this FY, however, they are not at the level to replace the \$300k in tuition waivers received in FY20. Our plan is to request the same level of tuition waivers for the upcoming AY.

Regarding our graduate programs, we have some concerns that the tuition increase could negatively impact enrollment, especially that of non-resident international students, which comprise the majority of students in many of our graduate programs. The graduate programs recruitment market is crowded and highly competitive. Additionally, minimal scholarship availability, the high cost of living in Seattle, decreased rankings, and tuition increases, combine to make it harder to enroll new students. That being said, it is hard for us to assess if the tuition increase alone will lead to substantial changes in enrollment. While we are price-competitive in resident tuition and even in our fee-based programs, our non-resident tuition for tuition-based programs is less so and we do not have enough tuition waivers or scholarships to effectively compete for the best students.

As for resident tuition, while some are of the opinion that we can absorb a larger increase without necessarily impacting enrollment, we also note that we have been able to increase enrollment of graduate students from disadvantaged backgrounds and/or who are refugees/asylum seekers, for whom a significant increase in the resident tuition can be detrimental to their ability to access education. As such, going forward, we may want to reconsider our approach to across-the-board increases.

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- 5) For each proposed change, please explain what would happen if the change were not implemented (e.g. deficit, loss of staff positions, etc.). If a proposed change is part of a plan to eliminate a current deficit, please indicate that.

If any of the proposed tuition increases are not supported, it would further hinder our ability to cover rising costs, as we have discussed in several sections throughout this report. At this point in the school's budget, tuition increases of this magnitude are required to prevent any new structural deficit in FY21 as we finally begin to stabilize the overall budget. Given that tuition increases have not typically kept pace with costs associated with yearly merit increases, the need for increases is not likely to subside. What is unclear is whether we will be able to keep pace with our rise in costs if our increases are overly market sensitive. This is why we are continuing to identify efficiencies within our operations to remediate and reduce our direct costs.

- 6) For each tuition category that you have proposed changing, please discuss your unit/campus's overall tuition rate strategy for the next 3-5 years. In your response, please explain whether and how your long-term strategy connects to "market" rates (e.g. where do you want to be, rate wise, compared to peers?)

JD Program:

As with last fiscal year, our plan is to increase tuition each year to help cover fixed rising costs so long as it is consistent and competitive with the market. Our data this year indicate that most of our peers are increasing tuition three-to-four percent each year. A recent article in Law.com, however, reports "Big Tuition Hikes Loom at University of California's 4 Law Schools." This data point is important because UC law schools are major competitors for UW Law and keeping our tuition closer to market as they experience steeper increases, will improve our ability to attract applicants receiving UC and UW admission offers.

Due to rising self-funded costs, we have projected a steady increase across all programs for the foreseeable future. We have discussed the exploration of other models such as a tuition guarantee model in the JD program, but this also introduces new variables we will have to navigate if implemented. We will continue to evaluate this each year and make adjustments as driven by the market and the school's financial needs. Finally, we continue to be sensitive to the student load upon graduation, and remain focused in our efforts to bring in additional philanthropy to ease that burden.

Graduate Programs:

At the end of our strategic planning process, we anticipate having have set of recommendations for improvements to our graduate programs. In the interim, graduate programs leaders and the Graduate Studies Committee are working with the administration to develop new tuition strategies. In addition to addressing the concerns already raised, we would also need to address the following:

- The current data we utilize for peer schools does not necessarily accurately reflect net tuition revenues. This is so because anecdotal information suggests that peer and higher ranked schools offer significantly more scholarship aid than does UW Law. Both private and public schools are now offering deep discounting of the sticker price for graduate programs. The University of Minnesota, for example, offered a student being recruited by the UW Law Sustainable International Development Masters' program a 75 percent discount off Minnesota's published tuition.

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- Relatedly, we are not in control of and do not have a long-term strategy regarding awarding tuition scholarships for graduate programs. Strategic use of scholarships is often important to enrolling high quality students, so providing a robust and flexible approach to scholarship awards remains a priority for the graduate programs in conjunction with the pending tuition hike.
- We similarly do not have sufficient student/applicant data regarding both our resident and non-resident tuition, as well as our fee v. tuition-based graduate programs. Limited consultation with a small cohort students has not provided us with sufficient feedback due to the diversity of our programs' tuition structures and amongst their students. We similarly do not have long-term data for some of our more specialized or newer programs such as the MJ program.

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Communication with Faculty & Student Stakeholders

Communication of your unit's annual review materials, including fiscal vitality data, narrative responses and tuition rate recommendations is an important and necessary component of the University of Washington's Annual Review process. Your responses to the questions below will be documented and included as part of the annual review materials provided to Executive Leadership of the UW.

If the meeting schedules of faculty and student leadership groups present a challenge, please make accommodations to get approval within the necessary time frame. If necessary, you may submit an update to OPB at a later date, after faculty and students have had an opportunity to review.

- 1) Please select the date that FACULTY leadership within your unit/campus was consulted and provided the opportunity to provide input as part of this budget planning exercise. If, due to scheduling difficulty, you are unable to consult with faculty leadership before the February 3, 2020 submission deadline, please select the date you are scheduled to consult with FACULTY leadership and, immediately after that date, please provide an update to Jed Bradley

Friday, January 17, 2020

- 2) Please list a point of contact for your FACULTY leadership (name and UW email address)
Jackie McMurtrie, Chair of the Executive Faculty Council, jackiem@uw.edu
- 3) Please select the date that STUDENT leadership within your unit/campus was consulted and provided the opportunity to provide input as part of this budget planning exercise. If, due to scheduling difficulty, you are unable to consult with student leadership before the February 3, 2020 submission deadline, please select the date you are scheduled to consult with STUDENT leadership and, immediately after that date, please provide an update to Jed Bradley

Thursday, January 30, 2020

- 4) Please list a point of contact for your STUDENT leadership (name and UW email address)

Graduate Program Representation

Janiece Rustin, janiecer@uw.edu (PhD, GPSS)

Inyoung Cheon, icheon@uw.edu (MJ, GPSS)

Student Bar Association

Emina Dacic, eminad@uw.edu (JD, SBA)

Logan Westerman, loganmw@uw.edu (JD, SBA)

- 5) Enrolled students affected by tuition rate increases should be consulted on proposed increases before proposals are finalized. Please describe when and how students were consulted and summarize the feedback they provided regarding EACH of your tuition recommendations

We consulted students from our JD and graduate programs. We provided these groups with 1) data on historical tuition increases, 2) peer market data for the past three years, and 3) a forecast of the dollars to percent

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increase for each tuition category. Each group had an opportunity to reflect on these materials, ask questions, and provide input. The students shared the material at their weekly Student Bar Association meeting and provided feedback to the Assistant Dean for Finance and Operations. As with past years, the student groups wanted the school to explore the possibility of admitting more non-resident students for a smaller tuition raise across all programs. This year however, students expressed a great deal of interest and questions around the following areas:

- The UW's "high" ABB taxation model on their tuition dollars, and overall state support
- Most current scholarships do not consider need, provided example of FAFSA using old tax data that does not help students get the aid they need to come to school; or increase the diversity of the student population
- Look into zero interest loans offered by UW Law