



UNIVERSITY of WASHINGTON

FY2021 Annual Review Narrative Survey

Unit Name: [School of Medicine – Org 304]

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*

No Changes

<OPB inserted FY 20 response below>

The SoM's multi-level budget process includes the following steps: The 32 SoM Departments complete department budgets, which incorporate the Clinical Department's UWP and CUMG (practice plan) budgets. The 19 SoM Clinical Departments budget for their clinical activities as part of the annual UWP and CUMG budget process which captures clinical billings, support from medical centers and deployment of faculty in the clinical services. The SoM Dean's Office budget process includes centrally held funding sources and related expenses for research facilities, medical school programs, share of central budget, other SoM wide programs and central administration and finance. As part of the process, the GME and CME programs also prepare separate budgets. The SoM uses the department and central administrative budgets to accumulate the overall SoM budget. The SoM launches its budget process in January of each year; the Dean approves the budgets in April and in June the overall budget is reviewed with the UW Medicine Finance and Audit Committee

- 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*

The School of Medicine (School) is one of seven organizations of UW Medicine with an overall mission to improve the health of the public. The key strategic elements in support of our overall mission include:

- a. Participation in key initiatives in UW Medicine's strategic plan including FIT project, Destination One (clinical transformation), the establishment of a clinically integrated network, healthcare equity, and integration of Northwest Hospital with UW Medical Center.***
- b. Continued improvement in the teaching and training programs of the School including the medical student program, residency and fellowship programs (GME), other professional training programs (MEDEX / Lab Medicine Tech program / OT-PT programs), graduate programs and undergraduate programs. This work includes the evolution of approaches to improve the learning environment and active learning relevant to the specific disciplines.***
- c. Work to improve the overall training and research environment for the School faculty, staff and trainees including providing sufficient and high-quality research space to support our research and teaching programs as well as a focus on philanthropy to support investment in student scholarships, trainee activities and new and ongoing strategic research initiatives.***

Progress Report on three initiatives



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***FIT Initiative** – Through its FIT projects, the School successfully reduced its operational gap by \$4 million in FY19, closing FY19 with a \$1.6M positive margin (excluding gift impact) which exceeded our goal of break-even. Our FY20 budget has a modest positive operating margin. However, the School is projecting negative margins beginning in FY21 due to a significant increase in SLU ground rent for Phase III. With the addition of the financial transformation costs in FY23 and the increasing gap in GOF funding as incremental tuition is projected to be \$500k/year less than the new costs based on an assumed 2% GOF merit and benefit increases. The SoM's deficit is projected to increase to (\$11.8M) in FY23.*

***Teaching Programs** -- Key accomplishments for last year include the development and launching of an action plan in follow-up to findings made by the LCME as part of the accreditation of the medical education program. The action plan incorporates planned activities and overall institutional strategies to address each of the accreditation elements. The School and Provost have also committed additional resources to address these issues. In June 2019, the School received a letter from the LCME approving the action plan with additional follow-up required in August 2020 and August of 2021. The GME program continues to work on the CLER site visit action plan, as well as plans to address resident wellness.*

***Training and Research** -- Philanthropy continues to be critical in support of existing and development of new programs. The School increased its overall FY 19 fund raising of gifts and endowment funding to \$98M and \$209M for private grants/contracts (per UW Medicine Summary of Philanthropic Support Report). A few of the key successes for FY19 include a large commitment to the Brain Health Solutions Institute of \$50M over 5 years and the receipt of a \$45M award over five years from the Audacious Project for the Institute of Protein Design. The School is in the process of completing the SLU3.2 8th floor build-out, which will bring additional research space online at SLU. Additionally, the new Population Health facility will be completed in summer of 2020 bringing the Department of Health Metrics Sciences and the IHME program back onto campus in the new facility, which will improve collaboration in Population Health work across campus. FY19 also saw successful state funding for the new Health Sciences Education Building, which will bring new educational facilities on-line in three years. The allocation of backfill space to the School will also bring a few programs back to campus and consolidate several other programs across campus. All these new resources will improve the facilities and the educational and research environment for School programs, its faculty, staff, students and trainees.*

- 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](#)

Issues outlined in FY20 budget process continue, including:

- Inadequate teaching funding*
- High level of taxation, retained funds and cost shifting by UW Central*
- Aging infrastructure, facilities and lack of adequate on-campus space*

In addition, the School remains highly concerned with potential changes in the ABB model, specifically the proposed supplement re-allocation process. Any re-allocation of the supplement will have devastating impacts to both State funded programs (non-tuition generating) as well as our tuition funded educational programs. Also, the School remains highly concerned with cost shifting such as funding debt service and O&M for teaching facilities.

The School will continue to actively address these challenges as described in FY20 budget process.

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- 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*

In addition to last year's issues:

- *The School is potentially at risk for increases to our facility costs due to planned new facilities in Spokane and the new/remodeled Health Science Educational building, if anticipated funding sources (state for Spokane and fund-raising for Health Science Educational building) are not successful.*
- *The School and UW REO are currently involved in discussions with Vulcan for SLU Phase III ground lease market adjustment. Initial numbers indicate a potential minimum four-fold increase in costs to the School. These new costs are to be effective in May 2020 and will have a material detrimental impact on the School finances.*
- *The School hired a new chair in the department of Medicine; we have active searches in the departments of Neurology and Radiation Oncology and expect to launch the searches forthree additional chairs (Immunology, Physiology and Biophysics and the new consolidated department bringing Laboratory Medicine and Pathology together into one department) in the course of this year. With the successful recruitment of these new chairs, there will be a net increase in start-up costs in the short-term, with anticipated increased revenue generation in future years as new research and clinical programs are developed.*
- *The medical school program action plan in response to LCME determinations will require new investments for student support programs and information technology.*
- *On positive side, the backfill space allocation will improve student and trainee research and educational experience. However, the School continues to suffer from a severe lack of space on campus for core education and research programs to support our faculty, students and staff. The lack of on campus space impairs support of our students and faculty and is a substantial financial burden for the School of Medicine.*
- *Approved centrally funded minor capital projects will improve the student and trainee research and educational experience.*

- 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*

The School continues to evaluate how to best maximize the SLU facilities to improve density of research and grant funding for the facilities. The SoM has registered a noticeable density increase and expects a further increase in FY20 as we occupy the newly completed SLU 3.2 8th floor.

With the recent allocation of Harris Hydraulics and E & F Wing space, the School is working through space allocations to maximize the use of the space and to reduce "off campus" rent and/or bring some teaching and research activities back to campus. This effort will bring additional indirect costs to the University and improve the student and trainee experience.

The School continues to improve and expand its shared administrative services program creating expertise and efficiencies that benefit the Dean's office units and the departments.



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The School has redeployed funding to support the medical school's action plan in follow-up to determinations made by the LCME

- 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*

We continue to work on the initiatives outlined last year as the work is continual and will span multiple years. This work includes the medical school's action plan to address accreditation elements, wellness programs for students and trainees and active and on-going initiatives to promote and support diversity, health equity and inclusion. As noted in previous sections, the allocation of additional Health Sciences and Harris Hydraulics space and minor capital improvements will improve the experience of our students and trainees.

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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 tuition under ABB is split into the following categories

Source: FY19 True-up schedule

	ABB Tuition -- 70%	
Under Grad	\$ 8,156,794	26%
Graduate	\$ 5,067,486	16%
Med Student	\$ 18,323,995	58%
	\$ 31,548,274	100%

The School is requesting a tuition increase for the medical student program of 3% for residents and 2% for non-residents. The School is supportive of a 2% increase for graduate Tier II which is 60% School activity. The tuition increase is requested to cover inflation in program costs and under ABB to partially fund merit, promotion and benefit changes for the state funded positions. The increase is limited by factors such as comparable tuition rates (we are at 108% of peers) and the average student debt for medical students (average increased by over 9% compared to last year) .

Based on our financial modeling, assuming a 2% merit increase and assuming a .5% benefit rate increase, under ABB, we will not be able to fund our ABB merit, promotion and benefit increase estimated at \$1.5M , as the requested tuition increases would yield approximately \$1M in incremental revenue, leaving a \$500K gap. This is expected to be an annual problem for all future years,

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

As noted above – the medical student program is at 108% of peer institutions and we anticipate the 3% will keep us at roughly the same level. We have been at 107% for the last 4 years while annually increasing tuition 3%.

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

Any increase in tuition will increase student debt load, accordingly we are cautious in our tuition increases. Our medical school graduates are experiencing increase debt of approximately \$5k/year for the last five years based on our 3% tuition increase (debt was \$25k higher on average for FY19 graduates vs. FY14 graduates).



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- 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.

Proposed tuition increase will not impact enrollment.

- 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 the tuition increase was not implemented, we would need to offset the estimated cost increase of \$1.5M. That would be the equivalent of eliminating 4-5 faculty positions or 15 staff positions to offset the lost revenue to support merit/inflationary 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?)

We will continue to monitor our tuition rates vs peer institutions as well as the student debt. At this time, we believe we will need to increase tuition at 2-3% annually over the long-term to offset some of the increased costs for merit and promotion under the ABB funding model. We do not believe we have capacity to increase above inflation as our tuition is already at 108% of our peer averages and we are concerned about the increasing burden of student debt.



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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

Monday, January 27, 2020

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

Dr. Gautham Reddy, reddyg@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)

Emily Cox -- current Medical School Student Association President --email is ercox@uw.edu.

- 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.

For the Medical School program, Suzanne Allen, Vice Dean for Academic, Rural and Regional Affairs, SOM met with the Medical School Student Association. The feedback provided was as follows

There were about 20 students on the call last night when we discussed a 3% increase in tuition. Overall, students appreciate the additional resources we are able to provide because of the additional increase in tuition (in prior years) and understand the recommendation. A few were concerned that more people may not fix

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some of the issues – for instance, the learning environment – but they do understand what we are currently doing to make improvements in the learning environment.

Students want transparency in where their tuition goes – they would like a percentage break down. For instance, XX% student support, XX% curriculum support, XX% building improvements, etc. I told them that it may be difficult to break down exactly that way. Two other requests included:

- Students would like an email sent out to all students once there is a final decision about the tuition increase which they would like to include the % break down.
- Students would like tuition increases to be discussed at class meetings in the Fall so that all students know what is being proposed and so there is more time for discussion and input.

We plan to complete the two requested follow up items.