



July 30, 2019

**Board of Deans and Chancellors
Vice Presidents
Vice Provosts**

Dear Colleagues:

I write to provide you with information regarding fiscal year 2020 (FY20) budget allocations. As articulated in previous communications to campus, President Cauce and I collaborated with student, faculty, and staff leaders to address critical compliance-related needs, while investing in several specific areas to advance excellence broadly. In my first year as Provost, I have been impressed by the transparency and quality of budget planning that occurs here at the UW. While there are many financial needs and gaps to address, there is thankfully no shortage of creative minds to help address them.

This correspondence provides Seattle academic and administrative units, UW Bothell, and UW Tacoma with the following information:

1. A reiteration of compensation funding policies and expectations;
2. The FY20 ABB allocation table, which shows final Seattle unit ABB allocation data before the provision of compensation-related allocations; and,
3. Information about incremental permanent and temporary investments, which were targeted toward the most critical initiatives and projects. Please note that comprehensive allocation reports from the Office of Planning & Budgeting (OPB) will be sent to each unit following distribution of this letter.

Should you have any general questions about this memo, please contact Sarah Norris Hall at sahall@uw.edu.

Compensation Funding

In May, after many conversations with faculty, deans, and administration leadership, we authorized a 2 percent merit increase for eligible and meritorious faculty, librarians, and professional staff. Details regarding execution of this process are available at OPB's [Compensation webpage](#).

UW Bothell and UW Tacoma will receive each respective campus' share of state appropriations for compensation expenses. Seattle administrative units that *do not receive* formulaic distributions of tuition and indirect cost recovery will receive allocations for permanently budgeted centrally funded lines. Because of the timing of the merit process, OPB will follow up in September with additional budget details related to compensation. Seattle academic units that receive formulaic distributions of tuition and indirect cost recovery will be responsible for funding 2 percent merit allocations; however, these units will receive central funding for a merit-based unit adjustment.

The *FY20 Merit and Faculty Unit Adjustment Process Guide* (available at the compensation landing page, linked above) offers comprehensive information regarding the FY20 merit process, including funding, timelines, and technical requirements.

FY20 ABB Allocation Table

In June 2019, OPB provided preliminary ABB allocation information to unit administrators. A table with updated information is available on OPB's [FY20 Unit Allocations webpage](#).

Please review the table and note that OPB will send allocation reports to each unit in the next few days detailing the incremental increases or decreases to core operating budget funds.

The ABB allocation table incorporates 2019-20 tuition rates approved by the Board of Regents, as well as the 2019 legislature's state funding decisions. For more information about both of these critical elements, please review the UW's Adopted FY20 Operating Budget on OPB's [Annual Budgets webpage](#).

FY20 Permanent Provost Reinvestment Fund Commitments

Last fall, I initiated the FY20 annual review process during my first quarter as Provost. At the time, our University was focused on working together for a successful state legislative session, while focusing on a few areas of needed investment.

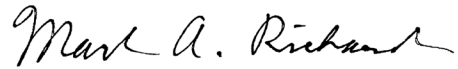
Our priorities were clear, but influenced by factors external to the UW, including uncertain funding levels from both the state and federal governments; shifting global and national financial markets; and, importantly, local market conditions, such as rising regional wages and cost of living. Consequently, new investments were targeted toward the most critical initiatives and projects.

Permanent funds are being deployed for University-wide expenses related to inflationary compensation cost increases, rising utility rates, and critical budget adjustments to central fixed costs that the University must cover. Other permanent allocations will be distributed to critical research and learning investments in UW Libraries and the Office of Research. With President Cauce's support and the hard work of many dedicated faculty, academic leaders, and students, I made an initial investment in graduate program excellence, by increasing support to graduate students directly. Additional funding will also be directed to critical initiatives and programs in Student Life, the Office of Minority Affairs & Diversity, and Human Resources. Additional commitments have been made on a temporary basis.

Thank you for all your work to make the FY20 budget development and annual review process as collaborative and successful as possible. I am proud of our work this year to refine the unit-level, multi-fund, multi-year forecasts that were initially conceived of by my predecessor. The information and analysis gleaned from this work was immensely helpful for both President Cauce and me, as we considered enterprise-wide policy decisions, such as merit pool levels, benefit load rate increases, and unit-level deficits. Central administration is already preparing for the FY21 budget development

and annual review process. We will be reaching out to you as we refine our approach and commence the next cycle.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Richards". The signature is written in a cursive, flowing style.

Mark A. Richards
Provost and Executive Vice President for Academic Affairs
Professor, Earth and Space Sciences

cc: Ana Mari Cauce, President
Faculty Senate Leadership
Unit Administrators
Sarah Norris Hall, Vice Provost, Planning & Budgeting
Kim Dinh, Senior Director, Executive Office of the President and Provost