

June 13, 2014

Chancellors, Deans, Vice Presidents, and Vice Provosts

RE: FY15 Unit Budgets and Provost Reinvestment Allocations

Dear Colleagues,

The Board of Regents took action yesterday on the University of Washington's FY 2015 budget. This budget contained many significant investments in programs and services for students and faculty. In addition, this budget ensures that we will provide for a second year of needed salary increases for faculty and staff, all without increasing resident undergraduate tuition rates.

This letter is intended to provide information about estimated FY15 unit base budgets and Provost Reinvestment Fund (PRF) allocations.

Major Components Summarized in the Activity Based Budgeting Table

The Activity Based Budgeting (ABB) table presented on page 3 provides financial data in a revised format this year. This table was recast to improve its utility by showing unit-level base budgets from last July, as of April 2014, and projected base budgets for FY15. New FY15 base budgets are broken down into component parts in the blue section entitled, *FY15 Major ABB Adjustments*.

These adjustments are captured in blue columns and include incremental tuition allocations, Indirect Cost Recovery allocations, and a breakout of the 2015 Supplement pool, which is comprised of:

1. the distribution of state dollars, equivalent to a 3 percent increase in resident undergraduate tuition;
2. the allocation of benefits expenditure reductions;
3. Provost Reinvestment Funds (PRF) as they have been allocated thus far; and,
4. the prior supplement.

The blue columns sum to each unit's new ABB base budget in the column titled *FY15 Total ABB Budget*. This table will be updated as we finalize actual allocations, particularly those for university unit salary increases. These changes will be captured in fiscal allocation reports, which will be sent to units during the first part of August. The fiscal allocation will itemize allocations by unit, and specify the type of funds to be disbursed (GOF/DOF and permanent or temporary).

Additional ABB files including tuition revenue by tuition group, student credit hour distribution, and degree major and major enrollment distribution will be circulated to units as soon as they are available.

Drivers of "Supplement" Changes

Following a similar policy from FY14, part of the UW's FY15 state appropriation will be used to provide academic units with funding equivalent to what they each would have generated under a 3 percent undergraduate resident tuition increase scenario. These allocations are made in the first column of the section, *FY15 Supplement Components*.

The FY15 state budget provides less funding than the prior fiscal year state funding base. The primary change in FY15 is that the state reduced the UW's agency support for employee health benefits by \$7.3 million. Ultimately, the net impact of this cut is zero, as it is offset by a reduction in the amount employers can spend on benefits per employee. Thus, academic units, having had their benefits decentralized, must reduce a portion of their benefits funding to account for the reduction in state funding. Administrative units will receive incremental benefits funding along with centrally funded salary increases, but will also receive less funding for benefits than they might have otherwise due to this state reduction. These reductions are made in the second column of the section, "FY15 Supplement Components."

State funded provisos include two specific allocations: the Institute for Protein Design received permanent state funding and the School of Law received temporary funds for a law school feasibility study for UW Tacoma. Proviso funds will be allocated in specific budgets later this summer.

All told, the UW's state funding for FY15 is a little over \$246 million this year, which is approximately 21 percent of core University Operating Resources, or 4 percent of the UW's entire budget.

Provost Reinvestment Fund Decisions

As you may recall, the state legislature passed their 2013-15 biennial budget very late last summer; thus, FY14 allocations of Provost Funds were delayed and two allocation phases were put into effect. Additional FY14 allocations are summarized on page 4.

FY15 PRF allocations are detailed on pages 4 through 6. Permanent PRF allocations also represented separately in the ABB table as a distinct column of the section, *FY15 Supplement Components*.

Note that additional PRF allocations may be made once fall quarter begins and enrollment for that quarter is known.

Generally speaking, this budget cycle was another busy, but rewarding one, as we were able to hold the line on tuition for many students, fund targeted academic and student programs, provide a second year of salary increases, and transition many temporarily funded operations into permanent ones. I would like to thank the faculty, staff and students who contributed to the FY15 budget building process and look forward to another productive budget cycle next year.

Sincerely,



Ana Mari Cauce
Provost and Executive Vice President

CC: Michael K. Young, President
Jack Johnson, Chief of Staff, Office of the President
James Gregory, Professor, Chair of Senate Committee on Planning & Budgeting
Sarah Norris Hall, Assistant Vice Provost for Planning and Budgeting
Emma Van Inwegen, Junior, Chair of Provost Advisory Council for Students

FY15 Activity Based Budgeting Calculations -- DRAFT

	FY14 Total ABB Budgets (two points in time)		FY15 Major ABB Adjustments							FY15 Supplement Components				FY15 Total
UNIT NAME	FY14 Total ABB Budget as Published	FY14 Total ABB Budget as of April 2014	Prior Tuition Base	FY14 Tuition True-Up	Incremental FY15 Tuition Revenue	FY15 ICR Component @ 35%	FY15 Miscellaneous Fees Component @ 70%	FY15 Additional ICR	FY15 Supplement	Add'l State Funding to Replace UG Res Tuition	Benefits-Related Expenditure Reduction ⁴	Permanent Provost Reinvestment Funds ⁵	FY14 Supplement	FY15 Total ABB Budget
BUILT ENVIRONMENTS	8,203,526	8,248,079	7,047,134	1,702,793	422,711	68,840	0	0	1,089,935	51,391	(96,059)	0	1,134,603	10,331,413
COLL ARTS & SCIENCES	175,180,750	175,913,156	178,264,590	3,947,374	9,876,684	6,316,912	0	0	(7,515,043)	1,897,682	(1,386,097)	900,000	(8,926,628)	190,890,517
FOSTER BUSINESS SCHOOL	26,053,564	26,068,716	23,446,908	699,225	1,260,414	36,796	0	0	2,783,791	215,355	(266,376)	250,000	2,584,812	28,227,134
COLLEGE OF EDUCATION	12,944,466	13,048,266	6,864,129	654,130	351,671	1,463,589	0	0	5,057,189	33,481	(105,067)	100,000	5,028,775	14,390,708
COLLEGE OF ENGINEERING	61,573,854	62,173,269	28,405,237	2,940,136	1,707,742	8,573,111	0	0	26,585,996	259,404	(483,670)	900,000	25,910,263	68,212,223
COLLEGE OF ENVIRONMENT	38,974,636	40,048,048	15,154,468	839,839	877,857	4,989,703	0	0	19,815,262	136,344	(266,248)	50,000	19,895,166	41,677,129
THE INFORMATION SCHOOL	4,848,237	4,869,380	2,639,014	676,993	170,112	172,887	0	0	2,052,872	33,649	(41,809)	0	2,061,031	5,711,877
SCHOOL OF LAW	15,660,809	15,673,898	11,472,763	(22,769)	(50,799)	281,660	130,941	0	3,660,670	221	(154,959)	0	3,815,408	15,472,466
EVANS SCH OF PUBLIC AF	5,281,329	5,331,375	4,060,310	(65,048)	185,001	176,425	0	0	1,380,489	158	(44,861)	250,000	1,175,192	5,737,177
SCHOOL OF SOCIAL WORK	7,954,676	8,063,035	3,735,182	170,747	168,241	937,815	0	0	3,192,648	10,953	(57,744)	0	3,239,439	8,204,633
SCHOOL OF DENTISTRY	15,959,562	15,827,905	5,649,168	141,056	601,034	427,598	121,019	0	9,335,841	130	(154,087)	0	9,489,797	16,275,715
SCHOOL OF MEDICINE	121,451,470	122,512,918	22,045,966	(281,267)	1,119,344	46,495,398	41,072	16,468,000	41,669,057	64,209	(612,808)	0	42,217,656	127,557,570
SCHOOL OF NURSING	11,102,386	11,382,362	4,220,804	(17,088)	252,924	1,134,121	0	0	6,128,509	30,737	(117,670)	150,000	6,065,442	11,719,270
SCHOOL OF PHARMACY	10,045,910	10,142,014	6,033,878	598,620	305,818	1,691,916	20,696	0	2,593,672	604	(87,030)	0	2,680,097	11,244,599
SCH OF PUBLIC HEALTH	18,523,776	17,708,472	7,117,309	(470,560)	349,029	6,131,482	0	0	3,979,198	34,765	(96,974)	0	4,041,407	17,106,458
MEDICAL CENTERS	12,440,036	12,602,188	0	0	0	0	0	0	12,602,188	0	0	0	12,602,188	12,602,188
Academic Unit Subtotal	546,198,986	549,613,081	326,156,858	11,514,181	17,597,783	78,898,253	313,728	16,468,000	134,412,275	2,769,083	(3,971,458)	2,600,000	133,014,650	585,361,078
PRESIDENT	2,714,987	2,707,138	0	0	0	0	0	0	2,862,138	0	0	155,000	2,707,138	2,862,138
ATTORNEY GENERAL	3,303,875	3,311,287	0	0	0	0	0	0	3,311,287	0	0	0	3,311,287	3,311,287
PROVOST ¹	6,145,991	15,440,491	0	0	0	0	0	0	16,320,491	0	0	880,000	15,440,491	16,320,491
PLANNING & BUDGETING	4,385,345	4,711,891	0	0	0	0	0	0	4,711,891	0	0	0	4,711,891	4,711,891
VP MINORITY AFFAIRS	6,964,170	7,049,296	0	0	0	169,946	0	0	7,097,941	0	0	202,700	6,895,241	7,267,887
DEAN OF LIBRARIES	33,579,439	33,760,098	0	0	0	174,471	85,157	0	34,396,659	0	0	901,000	33,495,659	34,656,287
UW FINANCE&FACILITIES	118,935,120	119,015,000	0	0	0	0	365,082	0	119,387,418	0	0	737,500	118,649,918	119,752,500
HUMAN RESOURCES	9,844,535	10,313,736	0	0	0	0	0	0	10,313,736	0	0	0	10,313,736	10,313,736
UW INFO TECH ²	46,244,688	50,070,377	0	0	0	0	0	0	50,475,377	0	0	405,000	50,070,377	50,475,377
VP STUDENT LIFE ¹	20,183,742	11,521,019	0	0	0	0	2,076,436	0	9,984,583	0	0	540,000	9,444,583	12,061,019
EXTERNAL AFFAIRS ³	5,332,263	4,531,442	0	0	0	0	179,487	0	4,396,955	0	0	45,000	4,351,955	4,576,442
VP FOR DEVELOPMENT ³	8,743,172	9,709,344	0	0	0	0	0	0	12,145,344	0	0	2,436,000	9,709,344	12,145,344
VICE PROVOST-RESEARCH	12,482,886	12,339,660	0	0	0	2,500,922	0	0	10,793,778	0	0	858,000	9,935,778	13,294,700
CTR-COMMERCIALIZATION	765,939	789,096	0	0	0	0	0	0	789,096	0	0	0	789,096	789,096
EDUCATIONAL OUTREACH	2,193,242	2,210,942	0	0	0	0	0	0	2,210,942	0	0	0	2,210,942	2,210,942
GRADUATE SCHOOL	6,609,334	7,368,746	2,559,444	0	132,885	0	1,772,902	0	3,545,780	9,380	0	500,000	3,036,400	8,011,011
UNDERGRAD ACAD AFFAIRS ²	7,736,964	6,327,925	3,158,141	0	115,093	9,868	0	0	3,302,460	23,537	0	120,000	3,158,923	6,585,562
HEALTH SCIENCES ADMIN	15,020,421	15,117,866	0	0	0	2,483,674	0	0	12,056,315	0	0	67,650	11,988,665	14,539,989
MEDICAL AFFAIRS	896,024	904,122	0	0	0	0	0	0	904,122	0	0	0	904,122	904,122
University Unit Subtotal	312,082,137	317,199,476	5,717,585	0	247,978	5,338,881	4,479,064	0	309,006,313	32,917	0	7,847,850	301,125,546	324,789,821
CENTRAL Subtotal	95,850,711	74,894,233	0	0	0	0	0	0	76,797,619	0	0	0	74,894,233	76,797,619
Debt Service and/or Transfers	74,291,587	85,008,444	0	0	0	0	0	0	85,008,444	0	0	0	85,008,444	85,008,444
SEATTLE SUBTOTAL	1,028,423,421	1,026,715,234	331,874,443	11,514,181	17,845,761	84,237,134	4,792,792	16,468,000	605,224,651	2,802,000	(3,971,458)	10,447,850	594,042,873	1,071,956,962
BOTHELL CAMPUS Subtotal	54,855,067	55,550,081	43,965,538	1,207,831	4,867,866	0	0	0	11,885,514	781,000	(480,029)	0	11,584,543	61,926,749
TACOMA CAMPUS Subtotal	54,952,516	55,751,685	40,221,449	858,618	3,461,653	0	0	0	15,809,381	706,000	(426,855)	0	15,532,236	60,351,101
Total Permanent Funds	1,138,231,004	1,138,017,000	416,061,430	13,580,630	26,175,280	84,237,134	9,585,584	16,468,000	632,919,546	4,289,000	(4,878,342)	10,447,850	621,157,652	1,194,234,812
TOTAL FUNDING	1,138,231,004	1,138,017,000	416,061,430	13,580,630	26,175,280	84,237,134	9,585,584	16,468,000	632,919,546	4,289,000	(4,878,342)	10,447,850	621,157,652	1,194,234,812

Note: the "supplement" represents the sum of the prior supplement, new state funding allocations, PRF allocations, and state provisos and WILL CHANGE as administrative salary allocations are made from central funds.

1 - A significant amount of the funding change in FY14 is due to moving Enrollment Management budgets (\$8.9 million) from Student Life to the Provost's Office.

2 - A significant amount of the funding change in FY14 is due to moving classroom support services from UAA to UWIT.

3 - A significant amount of the FY14 funding change in External Affairs and Advancement is due to moving Marketing, Trademarks and Licensing, and News and Information to Advancement.

Additional Provost Reinvestment Funds – FY14 (Phases I and II)

Phase I

- o Social Work: Indigenous Wellness Research Institute - \$112,500
- o Information Technology: support for admin systems - \$582,800
- o Information Technology: Cyber infrastructure support - 280,000
- o Information Technology: Curriculum Management - \$656,670
- o External Affairs - Public Records - \$110,000
- o Advancement: campaign support - \$943,000
- o Health Sciences Administration: biological safety officer - \$130,000
- o Provost: PRIME and affirmative action software - \$116,000
- o Planning & Budgeting: institutional analysis support - \$150,000
- o Minority Affairs & Diversity: student ambassador program - \$15,000
- o Finance & Facilities: grant management support - \$660,000
- o Finance & Facilities: permanently backfill for FY13 cut in Grants & Contracts Accounting* - \$115,000
- o Human Resources: public records - \$141,000

Phase II

- o STEM enrollment growth across the three campuses - \$356,000
- o Organizational Excellence Program - \$209,639
- o Enrollment management - \$265,000
- o Operations and maintenance for the Ethnic Cultural Center - \$162,000

Provost Reinvestment Funds – FY15 (Permanent and Temporary) Phase I

Permanent PRF – FY15

- **Student Access and Services - \$5 million (47.7 percent of permanent funds)**
 - o Arts & Sciences: funds to backfill increased costs in the math and chemistry departments - \$600,000
 - o Education: funds for staff and faculty to help improve outcomes in high poverty South King County schools and neighborhoods - \$100,000
 - o Engineering: funding for Computer Science & Engineering and College of Engineering* - \$600,000
 - o Environment: funding for the creation of a marine biology major - \$50,000
 - o Evans School of Public Affairs: support for cross-disciplinary teaching assistant activity*- \$250,000
 - o Foster School of Business: program enhancement support - \$250,000
 - o Graduate School: funds to transition core services away from temporary funding*- \$500,000
 - o Information Technology: funds for three FTE to develop the UW Academic Explorer and provide ongoing support for it and MyPlan - \$405,000

- o Libraries: support for increased access and world class collections to support research in emerging fields - \$850,000
- o Libraries: funds to increase the minimum wage for 350 student employees - \$51,000
- o Minority Affairs & Diversity: Intellectual House program support - \$122,700
- o Nursing: funding for a professor in Innovative Learning to spearhead teaching excellence - \$150,000
- o Provost (Core): funds to retain 1.5 FTEs of F&A Shared Services Team for continued service support* - \$110,000
- o Provost (Acad. & Student Affairs): financial aid and enrollment management positions support* - \$275,000
- o Student Life: support for the Office of Health and Wellness* - \$240,000
- o Student Life: funds for positions and operations related to relationship violence - \$300,000
- o Undergraduate Academic Affairs: funds for a curriculum transformation/diversity pedagogy specialist - \$120,000
- **Research - \$1.5 million (14.8 percent of permanent funds)**
 - o Arts & Sciences/Engineering: operational support for MicroFab and Molecular Engineering - \$600,000
 - o Health Science Administration: funds for an additional 1.0 FTE hazardous waste collection technologist - \$67,650
 - o Research: funding to hire an associate director of research systems and operations support - \$140,000
 - o Research: funds for a business systems manager to support the HSD e-submission system - \$90,000
 - o Research: support for an HSD training and education specialist - \$90,000
 - o Research: funds to hire an associate director of systems and operations - \$145,000
 - o Research: funds to hire an office assistant to direct electronic communications - \$43,000
 - o Research: funding to transition administrative units away from temporary funding*- \$350,000
- **Sustainable Operations and Finances - \$3.6 million (34.6 percent of permanent funds)**
 - o Advancement: technology support and solutions for the public records unit - \$9,000
 - o Advancement: funding for two additional FTE within the public records unit - \$248,000
 - o Advancement: funds to invest in the fundraising campaign - \$1,500,000
 - o Advancement: funds to reinstate the Associate Vice President of Marketing position for FY15 - \$360,000
 - o Advancement: support for two industry relations officers in the Industry Relations Office - \$319,000
 - o External Affairs: funds to backfill a gap due to Trademarks & Licensing transferring to Advmt. \$45,000
 - o Finance & Facilities: funding for the Environmental Stewardship & Sustainability office*- \$300,000
 - o Finance & Facilities: support for compliance efforts with new Dept. of Health & Human Services rules - \$137,500
 - o Minority Affairs & Diversity: budget analyst support for fiscal, payroll, and HR compliance - \$80,000
 - o President: funding for a second permanent position in support of the operations of Hillcrest - \$75,000
 - o President: funding for records support (to be shared with Provost's office) - \$80,000

- o Provost (Global Affairs): support for an international corporate & foundation relations officer, an international major gifts officer, and a global communications director - \$150,000
 - o Provost (Acad. & Student Affairs): permanent funding for the Sustainable Academic Business Planning positions - \$345,000
 - o UW Seattle: funding to bring classified union salary and benefits to 80 percent of the market rate - \$255,715
 - **Capital and Infrastructure - \$300,000 (2.9 percent of permanent funds)**
 - o Finance & Facilities: funding for preventative maintenance and construction - \$300,000
- *Allocations marked with an asterisk are noted as providing permanent funds for activities previously funded on a temporary basis, or funding “fixes” that assure important areas are funded with permanent, and not temporary resources.

Although the preliminary investments listed above would be funded on a permanent basis, several of these requests will be reviewed after two to five years.

Temporary PRF– FY15

- **Student Access and Services (\$1.2 million)**
 - o Education: bridge funds for three years to hire critical position before retirement of current faculty - \$150,000
 - o Environment: temporary funding to develop and pilot new environmental law courses - \$75,000
 - o Environment: funding to develop high-demand Bioresource Science and Engineering courses - \$70,000
 - o Evans: three years of bridge funding for two critical faculty hires - up to \$100,000 per hire as needed
 - o Law School: bridge funding to hire critical position before retirement of current faculty - \$179,790
 - o Medicine: funds to cover implementation of a major curriculum overhaul - \$350,000
 - o Nursing: bridge funding to partially fund three new hires in the School - \$150,000
 - o Student Life: programming funds to prevent relationship violence - \$100,000
 - o Undergraduate Academic Affairs: pilot project on concept testing and student learning assessments in research-intensive courses - \$79,000
- **Research (\$200,000)**
 - o Public Health: funds for two FTE-years to improve contractual and accounting systems - \$200,000
- **Sustainable Operations and Finances (\$2.6 million)**
 - o Advancement: one-time funding for external branding efforts with Hornell Anderson - \$2,000,000
 - o Advancement: funding for a third industry relations officer in the Industry Relations Office - \$153,240
 - o Advancement: technology support and solutions for public records - \$38,000
 - o Attorney General: temporary funds to account for current shortfall in state funding - \$400,000