

Central Budget Policies and Assumptions for FY2024 Annual Budget Development Process

Date Modified: February 8, 2023

The following table provides central budget policies and assumptions, which can be used when completing the fiscal reports for the FY2024 Annual Budget Development process. Please note that these central assumptions are generic and, in many cases, imperfect. Please feel free to use modified assumptions in your fiscal projections to more accurately represent what you expect for your unit. Within the FY2023 Annual Budget Development Narrative Survey, you will be asked if, within your projections, you've assumed activity other than the "base planning cases" outlined below. Please clearly identify and briefly explain any assumptions used in your calculations that differ to allow OPB to better understand the drivers you're utilizing to project activity.

Planning Parameter	Description	Assumptions	Variable Driven In Adaptive Planning?	Resources
REVENUE: General Operating Fund (GOF)				
GOF - OVERALL	GOF is comprised of state funding and tuition revenue.	Please review your unit's allocations in the FY23 ABB Allocation table (linked to the right) . You may also wish to review trends specific to your unit in the ABB Trends brief (linked to the right) .		FY23 ABB Unit Allocations
				Review the latest ABB Trends brief
State Funding	State funding makes up approximately 5% of the UW's overall operating budget. The current 2021-23 state operating budget, effective for FY22 and FY23, and including changes in the 2022 supplemental budget, would allocate state general funding appropriations of approximately \$434.9 million in FY22 and \$469.9 million in FY23, an increase over the previous biennium (\$396.8 million in FY20, and \$423.1 million in FY21). State appropriations are distributed to schools, colleges, and campuses according to legislative intent and state law. Funds with no legislative directive, though extremely rare, are available to support the strategic priorities of the University and are distributed by the Provost, in consultation with academic and administrative leadership.	Due to the timing of this budget development process, it is unlikely any supplemental budget changes will occur before the initial budget submission deadline. If additional information becomes available prior to the late Spring "final adjustment" window, units may incorporate material changes during this "final adjustment window".	Assumption is not a driver variable in Adaptive. This assumption will not be automatically calculated in Adaptive Planning	FY23 UW Operating Budget
	Due to the COVID-19 pandemic, the state faced significant revenue shortfalls during the 2021-23 budget process. Therefore, the state did not originally provide any unrestricted funding or allocations for salary increases for UW employees in the second year of the biennium. Because state revenues largely recovered to pre-pandemic levels, the University requested and received authorization to provide salary increases in FY23.	The state's 2021-23 operating budget included several "provisos" with funding for specific university initiatives and projects in FY22 and FY23. The 2022 supplemental budget added several new provisos, largely affecting FY23. The OPB Briefs page (linked to the right) includes budget briefs for both budgets. Assume that state provisos slated as ongoing funding will continue, and those with an expected end will expire as outlined in the budget.		OPB Briefs Page (see 2022 supplemental and 2021-23 final compromise briefs)
REVENUE: General Operating Fund (GOF) cont.				
GOF Supplement	When ABB was implemented there was no change to a unit's total General Operating Funds (GOF) plus Designated Operating Funds (DOF) budget. The total GOF/DOF budget remained the same but it was broken into three new conceptual budget categories. Based on ABB methodologies, the tuition value was calculated, the ICR was determined to be 35 percent of the total grant activity for the prior year and the remaining amount was placed in the category known as the supplement. This meant that each unit's budget was the same before ABB was implemented as it was immediately after implementation. From this point forward, additional allocations of funds are made each year that can and do change the value of the three ABB budget categories: new tuition dollars and/or changes in enrollment, changes in research activity and/or ICR, and a variety of changes to the supplement (for example, state funds for benefit changes, state funds for compensation, or Provost Reinvestment funds for backfilling tuition cuts or any other initiative).	For purposes of developing the FY24 operating budget and for future planning, assume no further reallocations of the ABB supplement from UWS academic units to the values based pool.	Assumption is not a driver variable in Adaptive Planning. This assumption will not be automatically calculated in Adaptive Planning	ABB Website
				ABB Committee Reports and Provost Response Letters

Planning Parameter	Description	Assumptions	Variable Driven In Adaptive Planning?	Resources
Tuition Revenue	The University allocates new, net tuition revenue to the unit(s) that conduct the activity generating the new revenue. Net tuition revenue is the total of all operating fees charged to students after subtracting waivers, grants, and certain fees. By statute, a specific percentage of tuition fees are credited to the UW Building Account (building fees) and are to be used exclusively for constructing, altering, and maintaining buildings; these funds are appropriated by the legislature. Under ABB, Bothell and Tacoma retain 100 percent of net operating fee revenue. In Seattle, 70 percent of net tuition operating fee revenue is distributed to schools and colleges, and 30 percent is retained by the Provost for basic university functions and strategic investments (Provost Reinvestment Fund, or PRF).	While conversations about ABB and its future state are continuing, UWS units please assume: • That undergraduate tuition revenue will continue to be distributed 80 percent on the basis of student credit hours (SCH) and 20 percent on degrees, and that the graduate tuition revenue will continue to be distributed 80 percent on the basis of SCH and 20 percent on major enrollments. • That the "return to aid" policies that dictate, in part, the amount of tuition revenue that is available for distribution will hold for the foreseeable future. UWB and UWT, assume 100 percent of net operating fee revenue will continue to be returned to each campus for distribution to business units under the respective resource allocation models. Regular updates to tuition estimates will be posted to the ABB website, linked to the right.	Assumption IS a driver variable in Adaptive Planning. OPB will calculate a base case ABB tuition distribution (UWS) and tuition revenue forecast (UWB/UWT) and enter these values in Adaptive Planning. Units/Campuses will apply these values locally.	ABB Website

Planning Parameter		Description	Assumptions	Variable Driven In Adaptive Planning?	Resources
REVENUE: General Operating Fund (GOF), cont.					
Tuition Revenue Subcomponents	Tuition Rate Increases - Resident Undergraduate	Resident undergraduate tuition rates are set by the state legislature. Current policy (2ESSB 5954, 2015) dictates that the operating fee is to increase by no more than the 14-year rolling average of Washington's median hourly wage.	Assume that current state tuition policy for resident undergraduates will be maintained. In recent years, the policy has allowed increases of 2.0-2.8% in each year. In FY23, resident undergraduate tuition increased by 2.4%. Assume that resident undergraduate tuition will increase by 2.4% in FY24 and each year thereafter.	Assumption IS a driver variable in Adaptive Planning. OPB will calculate a base case ABB tuition distribution (UWS) and tuition revenue forecast (UWB/UWT) and enter these values in Adaptive Planning. Units/Campuses will apply these values locally.	Second Engrossed Substitute SB 5954 (2015)
	Tuition Rate Increases - Campus-wide	Campus-wide tuition categories include nonresident undergraduate tuition and resident and nonresident Graduate Tier I, II, and III. These rates are set through a collaborative process.	Nonresident undergraduate tuition increased by 2.5% in FY21, by 2.0% in FY22 and by 2.4% in FY23. Assume that tuition for non-resident undergraduates will increase by an average of 2.4% in FY24 and each year thereafter. In FY21, all three Tiers increased by 2.5%. In FY22, all three Tiers increased by 2.0%. In FY23, all three Tiers increased by 2.4%. For the purposes of this exercise, assume that tuition for all three Graduate Tiers will increase by 2.4% per year in FY23 and each year thereafter.	Assumption IS a driver variable in Adaptive Planning. OPB will calculate a base case ABB tuition distribution (UWS) and tuition revenue forecast (UWB/UWT) and enter these values in Adaptive Planning. Units/Campuses will apply these values locally.	
Tuition Revenue Subcomponents (cont.)	Tuition Rate Increases - Other Graduate Categories	Tuition rates for other graduate categories are recommended by units owning those programs, and are subject to review through this process and approval by the Board of Regents.	In FY23, rates for other graduate tuition categories generally increased by 0 to 5%. For all fiscal years, please utilize the tuition recommendations that your unit is providing as part of its Annual Review submission.	Assumption IS a driver variable in Adaptive Planning. OPB will calculate a base case ABB tuition distribution (UWS) and tuition revenue forecast (UWB/UWT) and enter these values in Adaptive Planning. Units/Campuses will apply these values locally. Base case will reflect no rate change and will be updated as units provide tuition rate recommendations.	FY23 UW Operating Budget (see pages 38-40)
	Undergraduate Enrollment	Enrollment of tuition-paying undergraduate students across the UW's three campuses in Seattle, Bothell, and Tacoma. An important consideration is that current space constraints limit the University's ability to grow, particularly in areas of high student demand.	The UW's FY23 budget assumed that resident undergraduate enrollment would increase slightly on the Seattle campus, stay flat on the Bothell campus and decline by 5% on the Tacoma campus. For FY24 onward: • At Seattle, assume no overall undergraduate enrollment growth at the campus level. However, Seattle academic units should use enrollment assumptions based on their own data/projections. The "Enrollment Summary" dashboard in UW Profiles (linked to the right) can serve as a resource. • At Bothell, assume no enrollment change, based on recent activity and prior agreements to not grow further without planning and consultation with the Provost. • At Tacoma, assume no enrollment change; if the assumption does not align with enrollment rebound and/or growth plans, please confer with the Provost during annual review meeting.	Assumption IS a driver variable in Adaptive Planning. OPB will calculate a base case ABB tuition distribution (UWS) and tuition revenue forecast (UWB/UWT) and enter these values in Adaptive Planning. Units/Campuses will apply these values locally.	UW Profiles - Enrollment Summary (click here, if you do not have access to UW Profiles)

Planning Parameter		Description	Assumptions	Variable Driven In Adaptive Planning?	Resources
	Graduate Enrollment	Enrollment of tuition-paying graduate and professional students across the UW's three campuses in Seattle, Bothell, and Tacoma.	At a high level, assume flat enrollment for all graduate students moving forward. However, as above, academic units should use enrollment assumptions based on their own data/projections.	Assumption IS a driver variable in Adaptive Planning. OPB will calculate a base case ABB tuition distribution (UWS) and tuition revenue forecast (UWB/UWT) and enter these values in Adaptive Planning. Units/Campuses will apply these values locally. Base case will reflect no FTE change and will be updated as units provide enrollment forecasts for graduate tuition based programs.	UW Profiles - Enrollment Summary

Planning Parameter	Description	Assumptions	Variable Driven In Adaptive Planning?	Resources
REVENUE: Designated Operating Fund (DOF)				
DOF - OVERALL	DOF is comprised of Indirect Cost Recovery, Institutional Overhead, Miscellaneous fees, Administrative Overhead, and other items.	We assume minimal growth in total, university-wide DOF budget authority in the next 5 years. However, please use local data and insights to customize your assumptions, if needed.		
Indirect Cost Recovery (ICR)	The indirect cost rate is the rate applied to eligible expenses (MTDC) on a grant or contract budget to track the amount the sponsor will reimburse the University to help cover facilities & administrative (F&A) costs. This rate varies depending on the sponsor, the type of research carried out, and the research location. Under ABB, units receive 35 percent of the ICR they generate.	For purposes of developing the FY24 operating budget and future planning, assume no changes in ICR or F&A policies or rates in the next four years. Broadly, assume that UW's research grant and contract revenue will increase by approximately 0%-1% per year; thus we assume 0%-1% increases per year in unit-level and central ICR revenue. However, grant and contract revenues will vary widely from unit to unit and year to year so please use local data and insights to customize your assumptions, as appropriate.	Assumption IS a driver variable in Adaptive Planning.	ICR columns of the FY23 ABB Unit Allocations*
			OPB will calculate a base case ABB ICR distribution (UWS) and ICR forecast (UWB/UWT) and enter these values in Adaptive Planning. Units/Campuses will distribute these values locally.	Facilities and Administration (F&A) - Office of Research
Institutional Overhead (IO)	A percentage of self-sustaining units' revenue from the sale of goods and services, charged to recover costs for building use, physical plant operations and maintenance, and institutional support. The IO rate is applied to revenues associated with these activities. The UW has two IO rate categories: on-campus and off-campus, determined by the location of the preponderance of effort by each entity. Under ABB, institutional overhead charges are received as revenue to the DOF fund group and distributed back to units as part of the budget process.	Effective in FY17, rates are 15.60% for on-campus activities, 6.85% for off-campus activities, and 2% for conferences. For purposes of developing the FY24 operating budget and future planning, assume no changes in Institutional Overhead policies.	Assumption is not a driver variable in Adaptive Planning. UWS units must calculate and include the effect of Institutional Overhead on applicable gross revenue.	Administrative Policy Statement 33.02 - Institutional Overhead Policy
Miscellaneous Fees	This is a group of fees that contribute to DOF revenue. Some of the fees are charged directly to students such as application fees, library fines, late registration fees and others. Other fees are for such items as trademarks and licensing, insufficient funds for return check fees, staff registration fees, etc.	Assume that existing miscellaneous fees will remain flat for purposes of developing the FY24 operating budget and future planning, unless you are proposing the addition of a new fee or an increase to an existing fee.	Assumption is not a driver variable in Adaptive Planning. No change to FY23 ABB Miscellaneous fees distribution value.	
Administrative Overhead	These charges reflect a share of centralized administrative services provided by Seattle to UW Bothell and UW Tacoma, and are calculated as 10 percent of GOF revenue for each campus, excluding funds for salary increases and funds for operations and maintenance.	For the purposes of this exercise, assume no changes in Administrative Overhead policies. However, OPB, UW Bothell, and UW Tacoma acknowledge the desire to engage in a review process, which may result in changes.	Assumption is not a driver variable in Adaptive Planning. OPB will provide UWB and UWT with a forecast for inclusion in planning.	
REVENUE: Restricted Operating Fund (ROF)				
Special State Appropriations	General Fund-State (GFS) appropriations are described above. This category pertains to non-GFS appropriations, which are made for purposes specified by the Washington state legislature, and are distributed accordingly.	The state's 2021-23 operating budget and 2022 supplemental budget included several "provisos" with funding from non-GFS sources for specific university initiatives and projects in FY22 and FY23. See OPB's 2021-23 biennial budget and 2022 supplemental budget briefs for details. Assume that state provisos slated as ongoing funding will continue, and those with an expected end will expire as outlined in the budget.	Assumption is not a driver variable in Adaptive Planning. This assumption will not be automatically calculated in Adaptive Planning	See the OPB Briefs page linked in "State Funding" section above.
Grants & Contracts	Revenue for indirect research expenditures is captured above, through "Indirect Cost Recovery," under DOF. This category pertains to revenues and expenditures associated with direct research costs, student aid and other grant supported activities. Typically, grants are not fully expended in the year in which they are awarded. Further, the vast majority of the University's research expenses are associated with federal grants, which means they are often received and expended in alignment with the federal fiscal year.	Broadly, assume that UW's research grant and contract activity will increase by approximately 1%-2% per year. However, activity will vary from unit to unit and year to year, so please use local data and insights to customize your assumptions, if needed. Units should utilize local data and insights to customize assumptions for UW's student aid and other type(s) of grant and contract activity, as these pools are diverse and vary widely from unit to unit and year to year.	Assumption is not a driver variable in Adaptive Planning. This assumption will not be automatically calculated in Adaptive Planning	Office of Research's Research Stats & Rankings (please see notes to the left)

Planning Parameter	Description	Assumptions	Variable Driven In Adaptive Planning?	Resources
Philanthropy or Gifts & Discretionary	Endowment funds and gift income can only be used for the purposes specified by the granting agency or donors, and are distributed accordingly.	Please rely on your unit's local data and knowledge of giving trends to craft appropriate assumptions for your unit. As a reminder, a gift assessment fee is now in effect. Please see Administrative Policy Statement (APS) 36.2, which is linked to the right. Please also see the "Assumptions" notes for "Grants & Contracts - Sponsored Projects," above.	Assumption is not a driver variable in Adaptive Planning. This assumption will not be automatically calculated in Adaptive Planning	APS 36.2 Institutional Gift Assessment
Self-Sustaining/Auxiliary Revenues	The University's large, self-sustaining auxiliary business enterprises include UW Continuum College, Housing and Food Services, Intercollegiate Athletics, and Transportation Services. Other units have smaller self-sustaining operations within their larger operations.	Given the variety of activity occurring under this umbrella, please use local data and insights to create your assumptions, as the application of a broad overall growth or contraction assumption is not a feasible method of projecting year over year change.	Assumption is not a driver variable in Adaptive Planning. This assumption will not be automatically calculated in Adaptive Planning	FY23 UW Operating Budget (see pages 60-63)

Planning Parameter	Description	Assumptions	Variable Driven In Adaptive Planning?	Resources
EXPENSES: Benefits, Compensation, FTEs and Operating				
Fringe Benefit Load Rates	Benefits expenditures are largely driven by the legislature's negotiated rates on employer contributions to employee benefits. Payroll load rates are used to charge, or allocate, fringe benefit costs to unit budgets. They vary depending upon payroll classifications (for example, classified, professional, hourly, graduate students). Fringe benefits include Worker's Compensation, Unemployment Compensation, Health Plans, Retirement Plans, Social Security Medicare, and Separation Leave. Each year, Financial Accounting and Management Accounting and Analysis (MAA) use estimated costs to calculate the rates for charging fringe benefits to budgets during the next fiscal year. At the end of the year, the University compares the estimated costs, charged to the budgets, to the actual costs of the benefits, paid by the University, and adjusts the next year's rates accordingly.	Fringe benefit load rate assumptions are pre-populated and will drive benefit rate calculations associated with personnel planning worksheets and cannot be modified. These rates are high-level, preliminary estimates that are subject to change as more information becomes available throughout the year, including the impact of legislative action. These rates should not be utilized for the purposes of developing grant proposals at this time.	Assumption IS a driver variable in Adaptive Planning. OPB will work with other Central offices to forecast fringe benefit load rates and personnel planning sheets will utilize these percentages to drive benefit expenditure values.	Fringe Benefit Load Rate Website
				FY24-26 Fringe Rate Estimates (Forthcoming Nov 2022) to be used for Annual Review Planning Purposes Only
Compensation - Faculty and Professional Staff	Compensation increases for faculty and professional staff are set by the University and are driven, in large part, by the state's compensation assumptions and compensation funding. The state's 2021-23 operating budget assumed no new increases in FY22 and FY23, though they did restore funding from FY21 that was originally returned to the state in that year, which allowed the University to implement a salary increase in FY22. In the 2022 legislative session, the University requested and was authorized to implement an increase in FY23. The University has requested increases in the upcoming 2023-25 biennium of at least 4 percent in FY24 and 3 percent in FY25. The state typically provides partial funding for compensation increases and assumes the rest will be covered by incremental tuition revenue.	In FY21, the UW did not implement a merit pool for faculty and professional staff. In FY22 the UW implemented a 2.0% merit pool for faculty and professional staff. In FY23, the UW implemented a 3.25% merit pool for faculty and professional staff. For the purposes of this exercise, assume faculty and professional compensation increases of 4% in FY24 and 3% in FY25, and 2% in FY26.	Assumption IS a driver variable in Adaptive Planning. Position budget worksheet will apply these merit rate assumptions. This is a preliminary planning parameter and not a decision on actual merit in any future fiscal year.	
Compensation - Represented Classified Staff	Classified staff compensation increases are determined by their collective bargaining agreements (CBAs), which in some cases are subject to approval and partial funding by the state.	The UW Labor Relations website (linked to the right) has details about these CBAs and about other contracts that are not subject to state approval. Successor agreements to state-approved contracts will be posted mid-December. For the purposes of this exercise, please assume that compensation (wages, benefits, and step increases) for classified staff will change in accordance with the negotiated contracts.	Assumption IS <i>partially</i> a driver variable in Adaptive Planning. Position budget worksheet will apply "across the board" % increases, where contracts are ratified. <i>In cases where contracts are not ratified or currently ratified contracts do not cover the full planning window</i> , assumptions will follow the rate changes (the %, not the term "merit") noted above in the "Compensation - Faculty and Professional Staff" section. Application of these parameters does not imply a decision or directional approach to out-year negotiations.	UW Labor Relations
Compensation - Non-Represented Classified Staff	Compensation increases for non-represented classified staff are set by the legislature, though the UW has the authority to deviate from these statewide rates.	For purposes of planning, please assume classified non-represented employees will follow the same parameters as outlined in the "Compensation - Faculty and Professional Staff" section, above	Assumption IS a driver variable in Adaptive Planning. Position budget worksheet will apply these rate assumptions. This is a preliminary planning parameter and not a decision on actual rate changes in any future fiscal year.	

Planning Parameter	Description	Assumptions	Variable Driven In Adaptive Planning?	Resources
Faculty and Staff FTE Growth	According to the 2019 Economic Impact Report, the UW supports a combined total of 100,520 full-time and part-time jobs throughout the state. Put another way, one out of every 37 jobs in the state of Washington is supported or sustained by the UW. As the fifth-largest employer in the state, the UW provides family sustaining jobs to residents throughout Washington.	For the purposes of this exercise, please assume no FTE change as the base case. If you are forecasting net growth or contraction, you will have the ability to note this within the FY2024 Annual Budget Development Narrative Survey. While the survey does ask specific growth assumption questions for Faculty FTE, please indicate changes from the base case assumption for Staff FTE within the "Central Assumptions" question within the survey.	Assumption is not a driver variable in Adaptive Planning. Planners have ability to plan for increased or decreased quantity of positions and FTEs	
Operating Supplies, Services, Travel, etc.	Supplies, materials and services (including travel) commonly utilized in the course of normal business operations.	Given the significant volatility in inflation rates and unpredictable path forward, units must assume that the cost of supplies and services will increase by at least the rate of year over year inflation. If your unit is projecting to increase or decrease the usage of supplies and/or services, please take this into consideration when providing a forecast.	Assumption is not a driver variable in Adaptive Planning.	BLS CPI-Seattle Area
			This assumption will not be automatically calculated in Adaptive Planning	Washington State Economic & Revenue Forecast Publications
Unit Level Impact of Finance Transformation Project	The campus/unit level impact of Finance Transformation "Sustainment" is reflective of estimated costs associated with debt service and ongoing operating expenditures based off of work beginning in summer 2022 and concluding with a series of decisions made by the President and Provost in January 2023. For planning purposes, please incorporate these assumptions into your projections as an updated (from 2019) best estimate of the costs your unit/campus will incur in FY24.	The January 2023 Finance Transformation Sustainment ("post-go live support model") cost allocation estimate, by unit is an update of the 2019 UWFT Cost Estimate utilized at the beginning of the FY24 planning cycle	Assumption is not a driver variable in Adaptive Planning. This assumption will not be automatically calculated in Adaptive Planning	Workday Finance Estimated Cost Allocation Brief (Feb 8, 2023)

*Your unit received ICR details in the "FY23 ICR Detail Files" that Lisa McDonald disseminated in May 2022. If you need this re-sent, please contact Lisa McDonald, lisamcd@uw.edu.