

Central Budget Policies and Assumptions for FY2027 Annual Budget Development Process

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The following table provides central budget policies and assumptions, which can be used when determining budget values and making plan entries in Workday Adaptive Planning as part of the FY2027 Annual Operating Budget Development process. Please note that these central assumptions are generic and, in many cases, imperfect. For non-driver based assumptions (those that aren't calculated automatically via background formulas within Adaptive), please feel free to use modified assumptions in your fiscal projections to more accurately represent what you expect for your unit. Within the FY2027 Annual Operating Budget Development Narrative Survey, you will be asked if, within your projections, you've assumed activity other than the "base case planning assumptions" outlined below. Please clearly identify and briefly explain any assumptions used in your Adaptive plan entries or calculations used to determine those entries that differ to allow FPB to better understand the drivers you're utilizing to project financial plan activity.

Planning Parameter	Description	Assumptions	Fiscal Years						Adaptive Planning Detail	Resources
REVENUE: General Operating Fund (GOF)										
GOF - OVERALL	GOF is comprised of state funding and tuition revenue.	Please review your unit's allocations in Adaptive Reports and the 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).	FY27	FY28	FY29	FY30	FY31		FY26 Core Fund Distributions	
									Review the latest ABB Trends brief	
State Funding	State funding makes up approximately 5% of the UW's overall operating budget. The current 2025-27 state operating budget, effective for FY26 and FY27, would allocate state general funding appropriations of approximately \$542 million in FY26 (including \$15 million in one-time funding for UW Medicine hospitals) and \$527 million in FY27. These general funding appropriations reflect no significant increase over the previous biennium. 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 the annual budget development process, it is unlikely any final supplemental budget changes will occur to FY27 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 applies to all years in planning timespan window.						FPB will enter revenue distribution amounts visible to unit planners, but not editable, and will update as needed throughout the budget development cycle.	FY26 UW Operating Budget
		The state's 2025-27 operating budget included several "provisos" with funding for specific university initiatives and projects in FY26 and FY27. The FPB Briefs page (linked to the right) includes budget briefs for the current state budget. Assume that state provisos slated as ongoing funding will continue, and those with an expected end will expire as outlined in the budget. New appropriations for FY27 will be based on the new 2026 supplemental budget in the upcoming 2026 legislative session.							Unit planners are responsible for applying these FPB entries locally: entering further or additional transfers and distributions to worktags within their unit.	FPB Briefs Page (see Final Compromise: 2025-27 Biennial Operating and Capital Budgets)
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: (1) changes to operating fee revenue from tuition and/or changes in enrollment, (2) changes in research activity and/or ICR, and (3) 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). In FY21 and FY22, the Provost created a values-based funding pool that took 2 percent from the Supplement and reallocated back to units based on an application and approval funding process. Further modifications to GOF supplement levels may be made as Incentive Based Budgeting is implemented, but the timeline and impact is not known at this time.	With continued declines to the state revenue forecast, we anticipate no new state support.	Assumption applies to all years in planning timespan window.						FPB will enter revenue distributions visible to unit planners, but not editable, based on this assumption and update as needed throughout the budget development cycle.	ABB Website
		For purposes of developing the FY27 operating budget and for future planning, assume no further reallocations of the ABB supplement from UWS academic units to the values-based pool.							Unit planners are responsible for applying these FPB entries locally: entering further or additional transfers and distributions to cost centers within their unit.	ABB Committee Reports and Provost Response Letters
Tuition Revenue	The University allocates new, net tuition (operating fee) revenue to the unit(s) that conduct the activity generating the new revenue. Net revenue is the total of all operating fees charged to students after subtracting waivers and financial aid. Under ABB, Bothell and Tacoma retain 100 percent of net operating fee revenues. 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). Further modifications to tuition revenue levels may be made as Incentive Based Budgeting is implemented, but the timeline and impact is not known at this time.	While conversations about ABB and its future state are continuing, UWS units should 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, should 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 for each campus. Regular updates to tuition estimates will be posted to the ABB website, linked to the right.	Assumption applies to all years in planning timespan window.						FPB will enter revenue distributions visible to unit planners, but not editable, based on this assumption and update as needed throughout the budget development cycle. Unit planners are responsible for applying these FPB entries locally: entering further or additional transfers and distributions to cost centers within their unit.	ABB Website

Planning Parameter		Description	Assumptions	Fiscal Years					Adaptive Planning Detail	Resources
REVENUE: General Operating Fund (GOF), cont.										
Tuition Revenue Subcomponents	Tuition Rate Increases - Resident Undergraduate	Resident undergraduate tuition rates are governed by the state legislature. Current policy (RCW 28B.15.067) 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 2-3.3% in each year. In FY26 resident undergraduate tuition increased by the allowable 3.3%. For FY27, the allowable increase will also be 3.3%. Assume that resident undergraduate tuition will increase by 3.3% in FY27 and each year thereafter.	FY27 3.3%	FY28 3.3%	FY29 3.3%	FY30 3.3%	FY31 3.3%	Assumption is not an Adaptive entry. See Tuition Revenue above.	RCW 28B.15.067
	Tuition Rate Increases - Nonresident Ugrad & Graduate Tiers	Nonresident undergraduate and resident/nonresident Graduate Tier I, II, and III rates. These rates are set through a collaborative process, and the planning parameters are not intended to indicate that a decision has been made.	Nonresident undergraduate tuition increased by 2-3% in recent years. Assume that tuition for non-resident undergraduates will increase by 2.5% in FY27 and each year thereafter. In recent years, the three Graduate Tiers increased by 1%-3% each year. For purposes of this exercise, assume that tuition for Graduate Tier I will increase by 1.0% each year and Graduate Tiers II and III will increase by 3.3% per year in FY27 and each year thereafter.	FY27 2.5% for NRUG, 1% for Tier I, 3.3% for Tiers II III	FY28 2.5% for NRUG, 1% for Tier I, 3.3% for Tiers II III	FY29 2.5% for NRUG, 1% for Tier I, 3.3% for Tiers II III	FY30 2.5% for NRUG, 1% for Tier I, 3.3% for Tiers II III	FY31 2.5% for NRUG, 1% for Tier I, 3.3% for Tiers II III	Assumption is not an Adaptive entry. See Tuition Revenue above.	
	Tuition Rate Increases - Campus-wide Graduate Categories	Tuition rates for other graduate categories are recommended by units responsible for those programs, are reviewed during the annual budget development process, and are approved by the Board of Regents.	In recent years, rates for other graduate tuition categories generally increased by 0 to 5%. For all fiscal years, please utilize the tuition recommendations that your unit develops. Base case will reflect no rate change and will be updated as units provide tuition rate recommendations. For assistance with rate setting or forecasting, please contact uwir@uw.edu.	Assumption applies to all years in planning timespan window.					Assumption is not an Adaptive entry. See Tuition Revenue above.	FY26 UW Operating Budget (see page 9)
	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 may limit the University's ability to grow.	The UW's FY26 budget assumed that undergraduate enrollment would stay flat on all three campuses. For FY27 onward: • At Seattle, assume no overall undergraduate enrollment growth at the campus level. The ABB dashboards in the Multi-Dimensional Planning Folder on the Tableau server (linked to the right) can serve as a resource. • At Bothell and Tacoma, UWB, UWT and FPB will partner to forecast changes in alignment with individual campus enrollment strategies and broader UW enrollment strategy	UW Seattle					Assumption is not an Adaptive entry. See Tuition Revenue above.	ABB Dashboards
				0%	0%	0%	0%	0%		
UW Bothell & UW Tacoma					Assumption is not an Adaptive entry. See Tuition Revenue above.					
See assumption detail to the left. Budget planning will initially be seeded with 0% and adjusted based on further conversation.						Assumption is not an Adaptive entry. See Tuition Revenue above.				
Graduate Enrollment	Enrollment of tuition-paying graduate and professional students across the UW's three campuses in Seattle, Bothell, and Tacoma.	In general, 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 applies to all years in planning timespan window.					Assumption is not an Adaptive entry. See Tuition Revenue above.	ABB Dashboards	

Planning Parameter	Description	Assumptions	Fiscal Years					Adaptive Planning Detail	Resources
REVENUE: Designated Operating Fund (DOF)									
DOF - OVERALL	DOF is comprised of Indirect Cost Recovery, Institutional Overhead, Miscellaneous fees, Administrative Overhead, and other items.	Please use local data and insights to customize your assumptions, if needed, and note in the Operating Budget Narrative Survey where local assumptions differ from the base case assumptions below.							
Indirect Cost Recovery (ICR)	The indirect cost rate is the rate applied to eligible expenses (MTDC) on a grant or contract worktag 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, UWS units receive 35 percent of the ICR they generate. UWB and UWT campuses receive the ICR generated on each campus, less than a portion to cover services provided centrally on the UWS campus. Modifications to ICR levels may be made as Incentive Based Budgeting is implemented, but the timeline and impact is not known at this time.	For purposes of developing the FY27 operating budget and future planning, assume no changes to the basic ICR calculation under ABB or to F&A policies or rates as a base case assumption. Should there be clarity in the federal approach to ICR and how that will or will not impact UWS ABB distributions, subsequent communication will be provided. As federal policy and financial support for sponsored research is rapidly evolving, unit/campus level impacts will differ widely. The central assumption provides a base case projecting successive declines in ICR. Units/campuses must conduct a detailed analysis of their existing award portfolio, future opportunities under current federal research policy, and coordinate with FPB if these analyses suggest adjustment is warranted. Broadly assume federal support for sponsored research will decline significantly in future years.	FY27: -6%	FY28: -25%	FY29: -15%	FY30: -5%	FY31: 0%	FPB will calculate a base case ABB ICR distribution (UWS) and ICR forecast (UWB/UWT) visible to unit planners, but not editable, based on this assumption and update as needed in the budget development cycle. Unit planners are responsible for applying these FPB base case entries locally: entering further or additional transfers and distributions to cost centers within their unit.	ICR component of the FY26 Core Fund Distribution Table
								Facilities and Administration (F&A) - Office of Research	
Institutional Overhead (IOH)	As applied to the UWS campus, IOH is 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 IOH rate is applied to revenues associated with these activities. The UW has two IOH 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 resource and distributed back to units as part of the budget process. Modifications to IOH rates may be made as Incentive Based Budgeting is implemented, but the timeline and impact is not known at this time.	For purposes of developing the FY27 operating budget and future planning, assume no changes in Institutional Overhead policies or rates: 15.60% for on-campus activities, 6.85% for off-campus activities, and 2% for conferences.	Assumption applies to all years in planning timespan window.					UWS units must calculate and include the effect of Institutional Overhead on applicable gross revenue in Adaptive entries.	Administrative Policy Statement 33.02 - Institutional Overhead Policy
Miscellaneous Fees	Applicable to the UWS campus as a component of ABB. 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 FY27 operating budget and future planning unless you are proposing the addition of a new fee or an increase to an existing fee.	Assumption applies to all years in planning timespan window.					FPB will enter revenue distributions visible to unit planners, but not editable, based on this assumption and update as needed throughout the budget development cycle. Unit planners are responsible for applying these FPB entries locally: entering further or additional transfers and distributions to cost centers within their unit.	ABB Miscellaneous Fee Allocations
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. Modifications to Administrative Overhead may be made as Incentive Based Budgeting is implemented, but the timeline and impact is not known at this time.	For the purposes of this exercise, assume no changes in Administrative Overhead policies.	Assumption applies to all years in planning timespan window.					FPB will provide UWB and UWT with a forecast for inclusion in planning.	
REVENUE: Restricted Operating Fund (ROF)									
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 contract with shifting federal priorities and support for federally sponsored research (see ICR assumptions above). It is anticipated that impacts 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 applies to all years in planning timespan window.					Unit planners are responsible for Adaptive entry and should follow grant revenue recognition rules for budget purposes that grant revenue equals total grant expense (direct + indirect expenses).	Office of Research's "Workday Finance & Research" support resources page
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.	Budget trends and assumptions will vary from unit to unit from year to year, so please use local data and insights to customize assumptions and coordinate with local and central advancement staff to ensure alignment. Units should also factor in applicable gift assessment fees in planning.	Assumption applies to all years in planning timespan window.					Unit planners responsible for Adaptive revenue and gift assessment entry. Please coordinate with local and central advancement to ensure alignment on unit fundraising revenue budget.	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. Please rely on your unit/campus local data and knowledge of sales trends to craft appropriate assumptions for your unit/campus.	Assumption applies to all years in planning timespan window.					Unit planners responsible for Adaptive entry. (Please include applicable IOH fees as noted above).	FY26 UW Operating Budget (see page 12)

Planning Parameter	Description	Assumptions	Fiscal Years						Adaptive Planning Detail	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 cost centers. 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 cost centers, 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 entries on personnel planning worksheets in Adaptive Planning and cannot be modified. For the FY2027 planning cycle, UWA and UWM will utilize preliminary FY2027 rates for all years in scope. Adaptive will be populated with the final calculated fringe rates for FY27+ once in Spring 2026, prior to the late spring "final adjustment" window.							Fringe Benefit Load Rate Website	
									Adaptive Report A1300 - Fringe Benefit Rates Reference Report will display current rates used in plan calculations for FY27-FY31 (Adaptive access required)	
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. For non-represented faculty and staff, the 2025-27 state budget authorized 3% increases in FY26 and 2% increases in FY27. The state typically provides partial funding for compensation increases for state-funded employees and assumes the rest will be covered by incremental tuition revenue. In FY26, the state provided a lower share of compensation funding than in recent years and also implemented a 1.5% budget reduction to the University's state appropriations. The result was insufficient incremental funding for the salary and benefits changes assumed in the budget.	For FY26, the UW implemented a 2% base merit pool based on outcomes of the state budget (partial funding and budget reductions). For FY27 and each year thereafter, assume a 2% merit pool.	FY27 2%	FY28 2%	FY29 2%	FY30 2%	FY31 2%	Assumption IS a driver variable in Adaptive Planning and will calculate automatically based on applicable entries on position budget sheets. This is a preliminary planning assumption 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. 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.	Use rates and increases as noted in the specific contract or CBA. Where a contract or CBA is not yet ratified or does not cover a particular fiscal year, Adaptive will apply "across the board" % increases equal to those listed above in "Compensation - Faculty and Professional Staff" effective on July 1.						Assumption IS <u>partially</u> a driver variable in Adaptive Planning. Position budget worksheet will automatically calculate and apply "across the board" and "market adjustments" increases that apply to specific populations of employees/positions. Units are responsible for entering any increase applicable to individual employees/positions.	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 applies to all years in planning timespan window.						Assumption IS a driver variable in Adaptive Planning and will calculate automatically based on applicable entries on position budget sheets. This is a preliminary planning parameter and not a decision on actual increases in any future fiscal year.	
Faculty and Staff FTE Growth	In addition to increases in compensation rates for existing staff, increases to faculty and staff headcount and FTE are an important factor in determining overall compensation expense, the single largest component of our overall budget and a critical factor in delivering on our mission.	For the purposes of this exercise, please assume no net FTE change as the base case. If your campus/unit has growth or contraction plans, these must be entered on the position plan sheet within Adaptive Planning. Faculty positions included in your unit's Hiring Plan must be included and marked accordingly within Adaptive Planning. As many units do not experience full staffing levels across the entire fiscal year, please ensure you are considering a vacancy factor in your plans.	Assumption applies to all years in planning timespan window.						Unit planners responsible for Adaptive entry.	Provost Guidance on Annual Hiring Cycle
Operating Supplies, Services, Travel, etc.	Supplies, materials and services (including travel) commonly utilized in the course of normal business operations.	In light of the many external pressures facing our institution, rapid changes in federal policy, and ongoing financial challenges for the state of Washington, units should carefully assess anticipated expense increases in light of revenue constraints and in line with local scenario planning for declines of 5% and 10% of core resources and the carry-on effects of those declines to auxiliary and gift resources.	Assumption applies to all years in planning timespan window.						BLS CPI-Seattle Area	
									Washington State Economic & Revenue Forecast Publications	