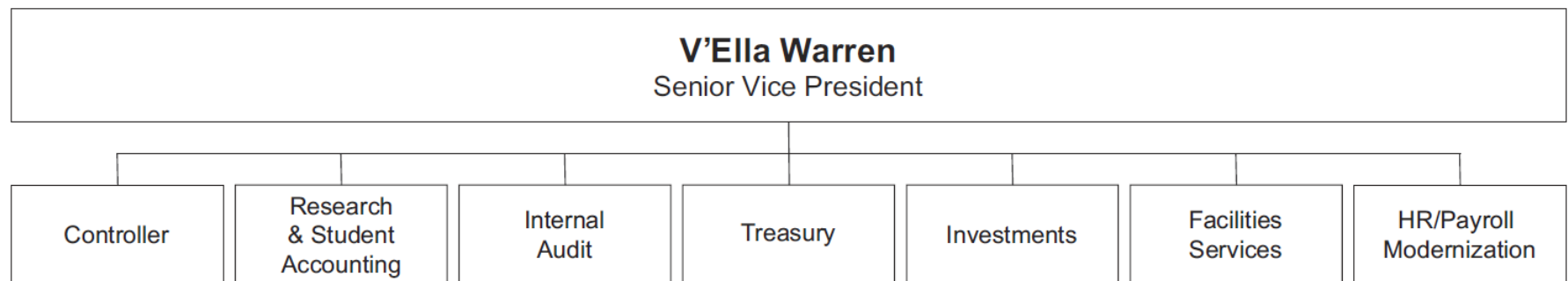


Administrative Unit Name: **Finance & Facilities**
Senior Vice President: **V'Ella Warren**
Submitted by: **Barbara Wingerson**

1. One goal of the budget development process for administrative units this year is to provide greater understanding of the connection between resource use and the primary, or core function by each part of the administrative structure. To begin, please paste a copy of your organization chart here. Please provide a chart that reflects the diversity of the organization and will serve as a sensible platform to complete the next question.

Because administrative units have a month and a half to complete this work, unit leadership should use their discretion in providing a level of detail that prompts a rich conversation, but is not overly burdensome.

W **FINANCE & FACILITIES**
UNIVERSITY of WASHINGTON



Note: Executive Director Health Sciences Administration has matrix reporting to the F2 Senior Vice President and Provost, and is part of F2's executive leadership team.

2. In order to provide a snapshot of current activities, the distribution of resources across various functions and how much these activities contribute to the University's mission, please provide information about the functional areas, or departments, of your organization.

At a level of granularity that reflects your organization's chart or if no chart exists, the functional areas of your organization, **please provide the following information for each functional area via the "FY15 Expenditures Worksheet" tab of the "Worksheets and Reference Materials – Administrative" Excel workbook**, available here: https://opb.washington.edu/sites/default/files/opb/Budget/Worksheets_and_Reference_Materials_Administrative.xlsx.

- a) A description *not to exceed 200 words* of how each functional area contributes to the University's research, service and teaching missions and what risks the University would face if this work were no longer funded; and,
- b) Planned expenditures, by functional area, showing how your unit intends to spend *permanent ABB funds*, as well as (if applicable to your unit) funds derived from self-sustaining efforts, grants and contracts, and philanthropy, and other funds during FY15.

Please describe any assumptions you are making in your response, such as those related to the availability of state or federal funding or projections based on the first complete month of expenditures in FY15, etc.

Please see the example "Admin Template - Planning & Budgeting Draft" posted at the FY16 Budget Development web page: <http://opb.washington.edu/content/fy16-budget-development>.

F2 Total			
Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	903.80	\$50,103,568	\$7,668,626
Fixed Cost	49.23	\$4,377,517	\$37,540,153
Self-sustaining	332.35	\$27,321,378	\$66,989,334
Grants & Contracts	1.05	\$109,278	\$-
Gifts & Discretionary	21.90	\$5,582,000	\$899,700
Total	1308.33	\$87,493,741	\$113,097,813

SVP

Finance & Facilities (F2) provides exceptional services anywhere, anytime in support of the University of Washington's missions of teaching, research, and discovery by managing the University's physical and financial assets. The SVP office oversees and manages all areas of F2 and, in conjunction with the F2 executive leadership team, is responsible for the following University wide functions:

- Controller
 - Procurement Services
 - Financial Accounting & Tax
 - Employee Payments & Records
 - Creative Communications
 - Mailing Services
 - Enterprise Risk Management
 - Global Support
- Research & Student Accounting
 - Grant & Contract Accounting
 - Management Accounting & Analysis
 - Equipment Inventory
 - Student Fiscal Services
- Internal Audit
- Treasury
 - Treasury Operations
 - Asset Liability Management
 - Risk Management
- Investment
- Facilities Services
 - Campus Engineering & Operations
 - Facilities Maintenance & Construction
 - Building Services
 - Transportation Services
 - Emergency Management
 - Finance & Business Services
 - Facilities Employee Services
- HR/Payroll Modernization

SVP

The SVP office serves many mission critical functions for the University, as listed above. Additionally, as the University's chief business and financial officer, the SVP serves in the following capacities:

- Treasurer, Board of Regents
- Council of Presidents Chief Business Officers (State of WA)
- President's Advisory Committee on Enterprise Risk Management (PACERM)—co-chair
- New Dean's Orientations
- UW-IT Strategy Board
- UW Investment Committee (UWINCO)
- UW Human Resources Committee (UHRC)
- UW Foundation & Board Executive Committee
- National Association of College & Business Officers (NACUBO)—primary UW member
- Council on Government Relations (COGR) —primary representative

Within F2, the SVP office serves as the key resource for financial management, administration, human resources, space planning, and management of department initiatives such as the Operational Excellence (Op Ex) Lean program.

Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	11.13	\$1,784,991	\$873,387
Fixed Cost	0.00	\$-	\$-
Self-sustaining	0.00	\$-	\$-
Grants & Contracts	0.00	\$-	\$-
Gifts & Discretionary	0.00	\$-	\$1,700
Total	11.13	\$1,784,991	\$875,087

Notes:

SVP office FTEs include 3.88 for SVP Office, 3.25 for F2 Administration, and 4 for Op Ex.

Other expenses include UW IT Nebula charges estimated at \$380K.

Controller

The Controller's office consists of seven areas which support critical institutional accounting and business functions and ensure compliance with federal, state, local and international requirements. This office manages enterprise-level risks and provides more efficient mechanisms, tied to industry best practices, than would be realized if these operations were decentralized.

Procurement Services (PS) provides seamless procure to pay processes which enable the University to purchase the goods and services needed. Since FY2009, the UW's overall spend in goods and services has increased by 35%, and PS has supported this growth by providing strategic sourcing and streamlined online purchasing. The Financial Accounting and Tax office manages UW fund accounting, tax compliance, reporting to the state, and production of the annual report. Employee Payments & Records processes payroll and employee reimbursements for the UW workforce and provides campus-wide records retention services. Creative Communications offers design, print and copy services and delivers all of the mail to campus. The Enterprise Risk Management unit, created by presidential mandate in 2006, coordinates the identification and mitigation of top institutional risks and provides unit-level risk assessments to campus departments as needed. In addition, the Global Support unit works with campus departments focused on international engagement to provide creative problem solving and solutions to mitigate risk and administrative barriers to international work.

Since FY2009, UW's workforce has increased by 14% and total financial activity has increased by 29%, while the Controller's office staff has decreased by 27%.

Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	127.06	\$10,714,863	\$664,988
Fixed Cost	0.00	\$-	\$-
Self-sustaining	74.85	\$5,795,416	\$9,187,533
Grants & Contracts	0.00	\$-	\$-
Gifts & Discretionary	0.00	\$-	\$-
Total	201.91	\$16,510,279	\$9,852,521

Research & Student Accounting (RSA)

Research & Student Accounting is composed of four areas which provide critical consolidated services that create efficiencies and mitigate risk to the University's research community and student financial programs.

Grant & Contract Accounting (GCA) sets up all UW research budgets and ensures centralized financial compliance, which is critical for timely expenditure reimbursements and financial reporting. In FY2014, GCA set-up 5,433 new budgets representing \$1.4B of critical research funding. Since FY1990, the number of budgets managed by GCA in support of faculty has increased from 190 to 423 per staff FTE. During this same time period, the complexity of managing grants and contracts has increased dramatically. Management Accounting & Analysis is responsible for the UW Facilities and Administrative (F&A) rate proposal process and for negotiating the UW's F&A rate with the federal government. In FY2015, the University budgeted revenue from indirect cost recovery at \$233M representing 20% of the University's operating resources. The Equipment Inventory Office is responsible for tracking, reporting, and depreciation analysis for UW equipment assets valued at \$922M.

Student Fiscal Services (SFS) serves all UW students and in academic year 2013/2014, processed UW student tuition and fees of \$839M, disbursed \$724M in financial aid and scholarships, and processed \$67M in third party scholarships and sponsored student billings. SFS also serves as the University's central cashier, processing departmental deposits, handling petty cash, and managing credit card operations. Since FY1990, autumn quarter student enrollments have increased by 63% while the number of staff FTE in SFS directly serving students has decreased by 54%.

Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	90.26	\$8,828,610	\$843,076
Fixed Cost	1.77	\$151,402	\$41,436
Self-sustaining	1.90	\$136,116	\$1,182
Grants & Contracts	0.00	\$-	\$-
Gifts & Discretionary	0.00	\$-	\$-
Total	93.93	\$9,116,128	\$885,694

Internal Audit (IA)

The mission of Internal Audit (IA) is to assist the Board of Regents and the University in the discharge of oversight, management, and operating responsibilities. This is achieved by providing independent assurance, consulting, and education services to the University community. IA services add value by improving the control, risk management, and governance processes to help the University achieve its business objectives.

Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	14.20	\$1,647,516	\$146,300
Fixed Cost	0.00	\$-	\$965,452
Self-sustaining	5.40	\$614,306	\$62,800
Grants & Contracts	0.00	\$-	\$-
Gifts & Discretionary	0.00	\$-	\$-
Total	19.60	\$2,261,822	\$1,174,552

Treasury

The Treasury office provides vital services to campus, initiates innovative strategies and, in partnership with the Investments office, assists the Board of Regents in setting debt and investment policies. Treasury facilitates access to the capital markets and allows the UW to obtain low interest rates and favorable bond terms through active debt management and the Internal Lending Program (ILP). The office oversees investment accounting, endowment reporting, and the distribution of funds to campus related to the University's \$2.8B Consolidated Endowment Fund and the \$1.6B of Invested Funds or operating funds. Treasury's partnership with the Advancement office helps garner endowed gifts which supply permanent capital and an ongoing stream of current earnings to the University. The Risk Management office delivers a low institutional cost of liability risk with innovative risk financing, claim and complaint management, and compliance support programs.

The Treasury office includes three functional sub-areas: Treasury Operations (TOPS), Asset Liability Management (ALM), and the Risk Management office. TOPS is responsible for the accounting and reporting of UW assets and debt. ALM is responsible for the UW external debt portfolio and the ILP. The Risk Management office helps UW units make sound decisions to assume, reduce, transfer, and avoid property, liability and compliance risks.

Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	0.00	\$-	\$-
Fixed Cost	0.00	\$-	\$-
Self-sustaining	40.20	\$5,035,393	\$13,281,686
Grants & Contracts	0.00	\$-	\$-
Gifts & Discretionary	0.00	\$-	\$-
Total	40.20	\$5,035,393	\$13,281,686

Investment

The Investment office manages the University's Consolidated Endowment Fund (CEF) and Invested Funds (IF), or operating funds, which distributed over \$130M to campus in FY2014. The CEF, consisting of over 4,000 University endowments, provides a steady stream of income to support individual scholarships, professorships & chairs, academic programs, and research. The operating funds meet the day-to-day financial obligations and earn an investment return significantly in excess of money market funds. These pools are managed by a 20 member portfolio management and operations team. The team is led by a Chief Investment Officer (CIO) who is appointed by the Board of Regents, with the University of Washington Investment Committee (UWINCO) advising both the Regents and the CIO. The team's activities range from investment research, manager due diligence, on-going monitoring, and reporting of consolidated portfolio investment performance and positioning. Investment Operations works closely with Treasury Operations which oversees investment accounting, endowment reporting, and the distribution of funds to campus.

Managing the CEF and IF requires long-term vision and strategic planning to meet the challenges of increasingly complex capital markets. UW's investment management has been cost effective. If internal investment management expenses were no longer funded, the alternatives would be to either outsource investment management at a higher cost or have a passively invested portfolio that would generate lower risk-adjusted returns.

Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	0.00	\$-	\$-
Fixed Cost	0.00	\$-	\$-
Self-sustaining	0.00	\$-	\$-
Grants & Contracts	0.00	\$-	\$-
Gifts & Discretionary	21.90	\$5,582,000	\$898,000
Total	21.90	\$5,582,000	\$898,000

Facilities Services (FS)

Facilities Services includes eight departments which operate, maintain, and support the University's physical plant, campus engineering, utilities, building and ground maintenance and operations, custodial support, recycling and solid waste, emergency management, transportation services and administrative support. Operationally, Campus Engineering provides professional engineering support for design review for construction and renovation of University facilities. Campus Operations maintains and operates critical building systems including fire/life safety systems, elevator systems, building environmental systems and controls, and other operational systems. Facilities Maintenance operates and maintains the building systems, interior spaces, and building exteriors. Grounds Management maintains the network of roads and pathways along with caring for and maintaining the campus landscape. Custodial services oversees the quality of UW spaces and places by systematically ensuring that campus interior environments are clean, sanitary, ready to use and aesthetically pleasing. UW Emergency Management is responsible for developing and implementing institution-wide programs and projects that promote disaster planning, training, mitigation, response, prevention, and recovery for all-hazards. Transportation Services provides innovative and sustainable transportation solutions. Finance and Business Services manages all FS finances, grants, minor capital and energy conservation programs, materials management, and FS information systems.

The University's facilities, infrastructure, and reputation would all be at risk if FS were discontinued.

Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	661.15	\$27,127,588	\$5,140,875
Fixed Cost	47.46	\$4,226,115	\$36,533,265
Self-sustaining	197.00	\$14,544,919	\$40,889,136
Grants & Contracts	1.05	\$109,278	\$-
Gifts & Discretionary	0.00	\$-	\$-
Total	906.66	\$46,007,900	\$82,563,276

Notes:

FS figures include cost transfer of \$21M (66% salary/benefits and 34% materials/supplies).

HR/Payroll Modernization (HR/P)

HR/Payroll Modernization is the major initiative to replace the University's 32-year-old legacy payroll system with a modern, integrated human resources and payroll system. HR/P encompasses more than replacing a system as it will provide a set of standardized processes to significantly improve support for critical HR and payroll work across the University, including the Medical Centers.

An integrated HR and payroll system will retain comprehensive information about positions, appointments, and employees, including a full life-cycle of activities ranging from onboarding to retirement or separation. As a result of HR/P, the University of Washington can reduce its risks, realize efficiencies, enable modern practices, be more competitively positioned in the higher-education sector, and set the foundation on which to connect to or integrate with other systems, such as a financial system.

Fund Source	FY15 FTE	FY15 Planned Annual Expenditures (in \$)	
		Salaries/Benefits	Other
GOF/DOF	0.00	\$-	\$-
Fixed Cost	0.00	\$-	\$-
Self-sustaining	13.00	\$1,195,228	\$3,566,997
Grants & Contracts	0.00	\$-	\$-
Gifts & Discretionary	0.00	\$-	\$-
Total	13.00	\$1,195,228	\$3,566,997

Notes:

Expenses shown are only for non-capital expenses. Estimated capital expenses for FY2015 are \$26M of which 34% are for staff and personnel expenses.

3. In less than 200 words, please describe how you envision adapting your unit and its organization to meet changing institutional needs in the coming fiscal year. Please integrate self-sustaining, grant & contract, and philanthropic sources of funding (if applicable to your unit) and describe how these sources are marshalled to subsidize your activities

F2's strategy to adapt to meet institutional needs in the coming fiscal year is based on the following components.

Continuous Improvement to Build Capacity:

F2 strives for continuous improvement by deploying Lean throughout the organization via F2's Op Ex program. To build capacity to meet increasing campus service needs, F2 will be driving towards 100-percent unit participation in Lean, where daily, incremental changes by employee teams are resulting in dramatic performance improvements. For example, GCA was able to streamline the grant budget closing process and reduce the backlog by 95% between FY2010 and FY2014. Additionally, during this same timeframe, GCA reduced the grant invoicing backlog by 96%.

New Business Models to Embrace Innovation:

Self-sustaining business models are integral to F2's organization and have provided a venue to embrace innovation. F2's self-sustaining areas provide institutional-level improvements and services to campus through the Ariba implementation (replaces the legacy purchasing system with a modern purchasing system), Creative Communications (design, print, and copy services), Treasury (internal and external debt), Risk Management (insurance and self-insurance programs), Investment (UW Consolidated Endowment Fund and Invested Funds), Transportation Services, Surplus Property, and Facilities Construction. For example, the Ariba system was purchased and implemented with self-sustaining funds in Procurement Services and has resulted in significant savings to campus by reducing the cost of campus procurement by \$42 per transaction. Additionally, University-wide purchasing contracts negotiated by Procurement Services have resulted in cumulative savings to campus of \$47.8M. F2 continues to seek new opportunities for self-sustaining activities to provide benefits to campus.

Seeking External Funds to Increase Revenue:

F2 will continue to seek grant funding specifically in the Facilities Services area for infrastructure and energy efficiency improvements. During the current biennium, new federal and state grant awards funded \$5.47M in support of \$8.81M in infrastructure improvements. These improvements reduced energy consumption at the Physics-Astronomy Building, will modify a portion of the Burke Gillman Trail for bicycle and pedestrian traffic, and will fund the planning and design for the Hec Edmundson bridge improvement. Additionally, the Smart Grid \$10.2M project will close this year of which \$5.1M was federally grant funded. The Smart Grid infrastructure provides the base line system for electrical utility conservation and sets the conditions for additional research and academic learning.

Partnerships to Leverage Opportunities:

Solutions to issues facing UW will require effective partnerships among campus units. For example, F2 shared its expertise with the School of Medicine (SOM) to launch the Administrative Business Center which promotes efficiency, accuracy, and customer service in the SOM. On a campus-wide scale, F2 established the Global Support program to lead and coordinate administrative processes for UW departments with faculty, student and staff activities abroad. The HR/Payroll Modernization project, for which the F2 SVP is the lead Executive Sponsor, represents a premier example of the type of collaboration needed.

4. In one paragraph or less, please assess the functional and financial health of your unit since FY09 (e.g. deficits, workforce capacity, declining grants or gifts).

From FY2009 to FY2014, F2's GOF/DOF funding was cut by \$14M and resulted in the elimination of over 250 GOF/DOF funded positions. These decreases did not correspond to a reduction in work volume; rather, work volumes in many areas including those related to research funding, student enrollment, and campus expectations all increased. Through development of more robust self-sustaining business models and deployment of Lean, F2 has been able to leverage its employees' expertise and creativity to fundamentally change work processes and achieve measurable results that show increasing revenue in self-sustaining units, decreasing costs (and increasing outputs per FTE), elimination of work backlogs, and delivery of more timely and higher quality services. In addition, Lean has been used successfully to improve and usher in large-scale projects such as the research indirect cost proposal, the UW Report to Stakeholders, and the transition to the Ariba procurement system. With regard to overall functional health, customer satisfaction scores have increased from FY2009 to FY2014 in the interval between Lean introduction and Lean adoption. Internally, scores on employee engagement surveys across F2 show solid increases between the FY2009 survey cycle and the FY2013 survey cycle.

However, there are areas where the growth of F2's responsibilities continues to outpace its ability to meet service needs with current staffing levels. F2 faces increasing scrutiny and compliance risks in areas such as grant and contract management, student debt collections, auditing functions, and the deferred maintenance of UW facilities. Additional central support is needed for F2 to fully support UW's strategic goals.

5. In the event that neither state funds nor additional Provost Reinvestment is available for compensation increases, how might your unit cover salary increases for positions budgeted in GOF and DOF budgets? Please refer to the FY16 Budget Development web page at <http://opb.washington.edu/content/fy16-budget-development>.

F2

The total impact of unfunded compensation increases to F2 in FY2016 could be \$2.298M. GOF/DOF funding supports the core of services that F2 provides to campus. This potentially unfunded compensation increase would result in the elimination of approximately 25 to 30 positions and would lead to increased compliance risks and deterioration of services to campus. Specific areas that would be cut are described below.

Controller

The Controller's office would be forced to cut approximately 4 FTE and this could impact areas such as the Payroll office which is already thinly staffed due to the volume of work and supporting the HR/Payroll Modernization Project. Other areas of particular concern that could be affected include Global Support, Financial Accounting, and Campus Mailing Services. All of these units provide essential services to campus and decreasing staffing in any of these areas could result in compliance risk, audit risk, and decreased services to campus.

Research & Student Accounting

The RSA units would reduce staff by approximately 5.5 FTE. This would greatly affect the ability to maintain the current volume of work in the RSA units, increase compliance risk substantially, and increase administrative burden on faculty, staff, and students.

All areas of the RSA units have realized an increasing demand for services. The growth is evident in dollar volumes and numbers of transactions. Over the years, staffing levels have not kept pace with increased workload. All of the units, GCA, MAA, EIO, and SFS have significantly increased productivity in the number of transactions processed and continue to work to accommodate the increased complexity of the diverse UW research portfolio.

GCA, MAA, & EIO

In past budget reductions, reduced staffing or static staffing with significantly increased volumes has created large backlogs in production areas, caused financial losses to the University, and increased administrative burden on faculty and research administrators. In many of these areas, it took over three years to clear up the backlogs of unprocessed work.

In 2014 federal agencies that grant research awards dramatically increased the workload of managing the reimbursement process and shortened the time frame for final reimbursement. Any reduction in staff who actively manage these awards would adversely affect the University's cash flow and jeopardize reimbursement for grant expenditures.

SFS

Significant budget/FTE reductions and an increasing number of students served have left SFS 'one deep' in many critical areas, leaving the unit and the University at risk with any turnover or extended absences. Additional cuts would further exacerbate risks.

Internal Audit

IA would cover the increase with carryover funds and at the same time slow down the process to hire the planned additional senior auditor. If carryover funds were cut or eliminated, salary increases would be funded by cutting 0.5 FTE of a senior auditor and this would increase compliance risk to the University. As noted in the recently completed Quality Assurance Review (QAR) of the IA department by its peers, IA is already understaffed compared to peer institutions.

Facilities Services

The impact to FS alone would be \$1.45M. Resourcing that amount would include a 75% decrease for overtime (\$450K) and temporary staffing (\$390K) from permanent funds or the equivalent of reducing approximately 14 positions throughout multiple trade classifications, converting 5 vacant positions (control tech, carpenter, electrician, plumber, custodian \$355K), and reducing other operating and vehicle costs (\$255K). These reductions would impact the ability to deliver work across campus in a timely and efficient manner. As a result, the campus maintenance APPA rating would trend to APPA service level 4 "Reactive Maintenance" down from level 3 "Managed Care" while adding an estimated \$2M per year to deferred maintenance.

6. This summer, the UW has been the sole subject of a state-required audit of net operating fee (tuition) and local fund accounts. This audit has revealed the importance of monitoring expenditures against budgets on a biennial basis, ensuring that colleges, schools and administrative units have plans to spend fund balance in a reasonable and mission-driven manner and that these plans are acted upon. As such, we are piloting a new administrative carryover policy for the FY16 budget process, though we will employ draft carryover data in executing this pilot. In completing this work, please do the following, using the **“Carryover Worksheet – Detail” tab of the “Worksheets and Reference Materials – Administrative” Excel workbook**, which is provided at the following web page:

[https://opb.washington.edu/sites/default/files/opb/Budget/Worksheets and Reference Materials Administrative.xlsx](https://opb.washington.edu/sites/default/files/opb/Budget/Worksheets%20and%20Reference%20Materials%20Administrative.xlsx).

1. **Units may reserve up to 10 percent of their permanent ABB base (GOF and DOF ONLY).** Units may hold up to 10 percent of their permanent base as an emergency reserve. This reserve will be calculated annually and derived from the previous June/July’s ABB base budget information to units. These figures are provided on the last two tabs of the **“Worksheets and Reference Materials – Administrative” Excel workbook**.
2. **Set-aside “central” commitments from the reserve.** For this purpose, central commitments are defined as those allocated or approved by President, Provost, and/or OPB on behalf of the Provost which have not been fully expended. A list of these commitments is available from OPB in the event your unit should need assistance. The list would come from OPB’s commitments database. If additional commitments are not reflected in OPB’s database please send the information to Amy Floit in OPB.
3. Explain any remaining temporary carryover balance by providing a list of intended use(s)/purpose(s) (i.e. a spending plan). These would be differentiated according to intended use along the following lines:
 - a. Permanent expenditures funded with temporary funds;
 - b. Possible multi-year commitments; and,
 - c. Immediate, current year use.

Administrative Unit Carryover Usage Plan SUMMARY

This table will self-populate via the “Carryover Worksheet - Detail” tab

Administrative Unit Name:	Finance & Facilities	
Estimate of FY15 Carryover Balance:	16,497,000	
Usage Category	Amount	%
Unit's Reserve	3,103,498	18.81%
Central Commitments	-1,572,371	-9.53%
Permanent Costs & Other Projects	14,965,873	90.72%
Total	16,497,000	100.00%

Notes:

F2's reserve equates to 5.5% of FY2015 permanent GOF/DOF funding allocation

7. Though we believe that few, if any, state funds will be available and that any new Provost Funds may be dispatched for mitigating cuts or providing salary increases, please indicate what **Provost Reinvestment Funds are being requested**. Requests for funds should be identified by a unique title, accompanied by the amount requested, the year funding is requested, whether the request is for permanent or temporary funds, the number of years funding is needed in the case of a temporary request and a brief description, not to exceed 500 words. **Successful requests will make meaningful contributions to institutional strategic plans, drive student support and student service missions, and correlate directly to the long-term financial health of the University or its efforts to mitigate institutional risk.**

Importantly, requests for new funding will be considered alongside carryover spending plans.

Administrative units with growing temporary fund balances will be asked to explain why new funding is needed to support mission-critical program enhancements.

Should your unit wish to resubmit for consideration a proposal from FY15 budget development process **that did not receive funding**, please contact Sarah Hall (sahall@uw.edu) or Becka Johnson Poppe (jbecka@uw.edu) in OPB.

	Title	Funding	FY	P/T	# Years	DOF
1.	GCA Compliance Analyst–Post-Award–1.0 FTE	\$139,000	FY15	P	n/a	yes
2.	SFS Student Outreach–Collections Reduction–1.0 FTE	\$108,000	FY15	P	n/a	no
3.	Internal Audit–Senior IT Auditor–1.0 FTE	\$125,000	FY16	P	n/a	no
4.	Internal Audit–Operations Support	\$50,000	FY16	P	n/a	no
5.	Facilities Services–Maintenance & Operations–4.0 FTE	\$313,000	FY16	P	n/a	yes

Note to File (not a request at this time)

HR/Payroll Modernization

a.	Ongoing Support Model	TBD	FY16	P	n/a	no
b.	Gaps and Future Phases Funding	\$25,000,000	TBD	T	TBD	no

Descriptions

GCA Compliance Analyst–Post-Award

Permanent funding for one FTE to monitor post-award compliance.

GCA requests permanent funding to establish a post-award compliance program to monitor grant and contract financial transactions, interpret regulations, and provide guidance and regulatory training. This post-award compliance program would consist of two compliance professionals (GCA will self-fund the second with future savings from Lean improvements) to proactively monitor high risk transactions. The compliance analyst would use data analytics to review transactions and based on the results, provide comprehensive tools and support to campus administrators and faculty to resolve financial compliance concerns and prevent future occurrences. Currently there is no central post-award financial compliance program in place to ensure that transactions align with sponsor and

federal regulations. Compliance requirements are increasing at a rapid rate and compliance risk continues to grow as the University expands into diverse and complex funding arrangements. Multi-million-dollar audit findings at research institutions continue to generate headlines. Recent findings include unallowable costs charged to federal awards, overcharged summer salaries, unmet cost sharing, indirect overcharges and inappropriate cost transfers. Given the large, diverse, and complex research portfolio of the UW, it is essential to have a robust process in place to support and prioritize compliance throughout the life of every award.

Data analytics audits (conducted by both the National Science Foundation and UW Internal Audit) currently in process at the UW, confirm that the University is at risk without a proactive compliance program.

SFS Student Outreach–Collections Reduction

Permanent funding for one FTE to enhance outreach to students regarding student debt.

SFS requests permanent funding for one FTE to enhance student collection outreach efforts to reduce the number of students being referred to collection agencies and improve the collections of loan receivables and unpaid tuition. The expected positive results will enhance the student experience and directly contribute to the UW's fiscal health.

The number of student loans in repayment, including Perkins and institutional loans, has risen by 40,000 over the previous five years, an increase of 27%. In addition, there has been an increasing percentage of loans in past-due status, negatively impacting the ability of students to continue their educations or access credit upon leaving the University. Similarly, unpaid tuition accounts referred to collections have increased by 11% over the past three years. SFS currently leverages Lean process improvement efforts to help address the negative trends; however, current staffing levels only allow for minimal proactive collection outreach to students.

Communication throughout the student debt process, including presenting at student orientation sessions and ensuring that online exit counseling is available upon leaving the University, can inform students about what to expect when student debts become due. Phone calls and direct one on one communication have proven to be the most effective tool in reaching students, but increasing volumes have limited the ability to have these conversations. The emphasis for this position would be direct collection outreach to educate students on available options and help provide solutions (payment plans, deferments, forbearance, etc.) before accounts are referred to collections. Proactive student outreach and communication significantly supports the UW's goals of providing a positive student experience and mitigating institutional financial risk.

Internal Audit–Senior IT Auditor

Permanent funding for one FTE senior IT auditor.

Internal Audit recently had a Quality Assurance Review (QAR) of the department by its peers. As a result, IA is in the process of creating a plan to grow the department from 17 to 21 professionals over the next four years. This will bring IA into alignment with peer institutions and allow IA to continue to complete audits which align with the UW's strategic plans as well as address the top risks identified in the Enterprise Risk Management Report to the Board of Regents.

The current request is for one senior IT auditor in FY2016 to continue to address the expanding IT risks confronting UW; note significant IT systems are planned to come online and be audited in FY2016 and in the future. This will complete step one in IA's planned growth.

Internal Audit–Operations Support

Permanent funding for operations support.

Internal Audit is requesting \$50,000 in permanent operating funds to cover operating costs which are currently funded with temporary funding. If IA does not move from a model of funding operations with temporary funds, it will need to cut staff to cover future operating costs.

Facilities Services–Maintenance, Operations, & Building Services

Permanent funding for four FTE in the Facilities Services Maintenance, Operations, & Building Services areas.

FS Maintenance, Operations, & Building Services has cut 125 positions since FY2009 due to budget reductions. These decreases resulted in large double digit percentage increases to the gsf per FTE needed. A buyback of 4 positions would reduce this staffing shortfall by 3.2% and enable the most critical trade positions within campus maintenance zones to be restored. The strategic implication of the continued erosion of the University's facilities greatly contributes to reputational risk associated with research and academic spaces.

HR/Payroll Modernization–Note to File

Ongoing Support Model—\$ To Be Determined

The ongoing UW support model, or operating model, encompasses all resources and activities engaged in providing quality service and support to the University after go-live with Workday in December 2015. The HR/P project has hired a consultant to provide a recommendation for structuring the UW's ongoing operating model. This effort is expected to be completed by March 2015. There may be additional funding required to support the future ongoing operating model by the unit(s) in which the model will reside.

Gaps and Future Phases Funding—\$25M

HR/P is entering the Configuration and Prototype Phase and remains on track to go-live in December of 2015. Following a six-month stabilization and optimization period, the University has discussed pursuing a second phase of implementation. Phase two would include functionality for: Recruiting/Applicant Tracking, Learning Management, Case Management, and Talent Management. The original total cost of ownership estimated phase two implementation at \$25M. The funding for this has not been identified and there is currently no budget for this work.

To ensure a seamless transition between phases one and two, there needs to be an effort in FY2016 to create a plan to procure, plan and fund phase two. At this point, there is not sufficient information to estimate the resources and potential funding needed in FY2016 for this planning effort.