UNIVERSITY of WASHINGTON
OFFICE OF THE PROVOST

April 21, 2020

Activity Based Budgeting Steering Committee
Lou Cariello, Vice President, Facilities
Renee Cheng, Dean, College of Built Environments
Hilary Godwin, Dean, School of Public Health
Suzanne Hawley, Divisional Dean, Natural Sciences, College of Arts and Sciences
Mary Lidstrom, Vice Provost, Research
Sarah Norris Hall, Vice Provost, Planning and Budgeting
Philip Reid, Vice Provost, Academic and Student Affairs
George Sandison, Chair, Senate Committee on Planning and Budgeting

Dear Colleagues:

Thank you for serving on the Activity Based Budgeting Steering Committee (ABBSC) this year. A lot was asked of this group within a short period of time, and I am impressed by the skillful compromise and hard work of your committee, which I know was also served well by subject matter experts in each of your subcommittees.

President Cauce and I appreciate your detailed, balanced, and data-driven findings. We also appreciate where data insufficiencies made your work challenging. Several of your recommendations along these lines stand out as valuable as we continue to further mature our ABB model.

First, although we did not anticipate this outcome, President Cauce and I appreciate your wisdom in recommending that we allocate a small fraction of the cutover funding in the supplement category as "values-driven," in order to support academic program development and subvention of cross-disciplinary initiatives. As you have recognized, central funding for such initiatives has been sorely lacking, and has held back academic innovation across disciplines at UW. The suggested parameters you describe on page 8 of your report are sensible and will form a basis for moving toward implementation.

Second, I also understand that our University community seeks clarity and simplicity, where feasible, surrounding the methods and approaches for taxation and overhead (i.e., ABB taxes, institutional and administrative overhead, and FTE-driven taxes). I agree that a team of individuals should begin to develop enterprise objectives, grounded by our values and principles, to provide a basis for review of taxation and overhead.

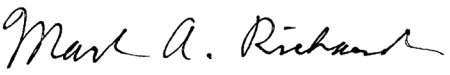
Finally, I appreciate the relatively straightforward projects that you charged the Office of Planning & Budgeting to complete in the next fiscal year: monitoring professional school tuition revenues and expenditure growth; publishing understandable ABB-related dashboards to enable unit-level monitoring; and preparing an inventory of overhead and taxation to begin a thorough review of indirect and overhead costs and support. These are all projects that OPB is prepared to undertake.

301 Gerberding Hall Box 351237 Seattle, WA 98195-1237
206.543.7632 provost@uw.edu washington.edu/provost

As you know, we are managing through unpredictable and unfamiliar financial terrain due to the COVID-19 pandemic. Because of the many unknowns we face, we will likely delay implementation of the cutover supplement redistribution; supplement changes at the outset of FY21 will not be made as a consequence of this recommendation, though we fully intend to adopt this recommendation over a relatively short time-frame. However, President Cauce and I agree with the underlying principles and approach, and will implement the redistribution once we have a clearer picture of financial impacts related to the COVID-19 crisis. We anticipate moving forward with the cutover redistribution for the FY22 budget cycle.

Thank you again for your diligent and thoughtful work on this committee.

Sincerely,



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

cc: Ana Mari Cauce, President
Jason Campbell, Assistant Vice Provost, Planning and Budgeting
Erin Guthrie, Assistant Vice Provost, Planning and Budgeting
Linda Rose Nelson, Associate Dean, College of Arts and Sciences
Marjorie Olmstead, Professor, Physics, College of Arts and Sciences
Carrie Harwood, Professor, Microbiology, School of Medicine
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