

October 7, 2014

**Deans, Chancellors, Vice Presidents, and Vice Provosts**

**RE: Distribution and Guidance for FY16 Operating Budget Development Materials**

Dear Colleagues,

Though we are only several months into Fiscal Year 2015, it is time to begin planning for Fiscal Year 2016 and the start of a new biennium. This operating budget planning process promises to be a dynamic one. State funding for higher education is constrained once again, as fully funding K-12 and health and human services, in addition to maintaining current agency funding levels in the new biennium is nearly impossible without additional state revenue.

Conversations in Olympia and on our campuses will highlight tuition policy as we work toward establishing rates for a new two-year period. We will be tasked with considering how administrative functions are supporting institutional goals and whether we are spending precious resources in a manner consistent with our mission and values. In addition to reflecting on past activities, we will be engaging our schools, colleges and administrative organizations in rich dialogue regarding their plans for the future.

This budget cycle will progress throughout the academic year as we move toward releasing the Provost Reinvestment Fund decisions and action in a final Regents' budget for FY16. As a reminder, the first step in the operating budget development calendar involves the release of materials for college, school and administrative organization consideration. The full calendar is available for your review on OPB's [website](#). The second step involves budget meetings, which typically occur during winter quarter. Finally, faculty, staff, and student organizations and committees will review a variety of materials during spring quarter in preparation for final budget documents.

As a general note, OPB will be sending out separate correspondence regarding development of the capital budget and in particular minor works requests. Development of these recommendations will occur simultaneously, but extend further into the academic year.

#### **FY16 Operating Budget Process: UW Tacoma, UW Bothell and Seattle Schools and Colleges**

This year, unlike past years, schools and colleges will be given more latitude in approaching budget questions about growth. We heard from many schools and colleges that while the growth plans submitted as part of the FY14 budget planning process were helpful and interesting, they did not allow for enough customization and were not comprehensive in describing all activities of our colleges and schools. To that end, we want to give schools and colleges the opportunity to share growth and contraction plans that are supported by a variety of fund sources, not just those that fall under the Activity Based Budgeting rule set. However, we are not providing prescriptive templates for units to complete. Instead, we ask that schools and colleges submit **a two-page growth plan using the Word template [provided](#), "FY2016\_Budget\_Submission\_Supplement\_Academic."** These submissions will [highlight](#) how campuses, schools and colleges intend to grow or contract over the next five years. In addition to this element, colleges and schools will be asked to identify and **describe significant obstacles** to achieving growth or strategic plans.

Considering those academic plans, schools and colleges will be asked to **recommend tuition rate changes** that map directly to their organization and that consider information about faculty hiring plans as well as plans to cover compensation increases in FY16. Please refer to the [Tuition Revenue and Salary Increase Model](#). Tuition rate recommendations should be submitted using the Excel workbook available [online](#) entitled, "Worksheets\_and\_Reference\_Materials\_Academic."

As in past years, schools and colleges are being asked to classify their intentions for spending carryover funds (temporary funds provided at the beginning of each biennium that represent unspent balance in primarily DOF, but some GOF, budgets). This year, we are asking schools and colleges to provide more **detailed inventories of obligations against carryover funds**. Carryover spending plans will be relevant in our budget discussions this winter.

As noted, we anticipate new state funding will be limited. In fact, we may have to prepare for state budget cuts. To that end, **please spend very little time crafting requests for Provost Reinvestment Funds (PRF)**. Should new funding be available for Provost allocation, special consideration will be given to **only** those proposals that leverage other resources, make meaningful contributions to interdisciplinary efforts between schools and colleges, contribute to the student and faculty experience, and contribute directly to the financial health of the University. Once again, requests for PRF will be evaluated alongside carryover-related fund balance.

UW Bothell, UW Tacoma, and each Seattle College or School should review the Academic Unit budget materials [online](#) and submit one Word template and one Excel notebook. Please review the final section of this letter for submission information and other resources.

#### **FY16 Operating Budget Process: Administrative Units**

In spring 2014, Vice Provost Jenny and I sent separate pieces of correspondence (attached) noting that the University was due for a review of its administrative functions. Our administrative units' work is critical to the success of our university. However, as new significant expenses are confronted and funding sources become more constrained, we should ensure that limited resources are being deployed among and within administrative units in a manner consistent with our missions and values.

To that end, OPB spent time this summer reviewing expenditure data for administrative units. While these data were interesting, they did not convey important details about the services and value of our administrative units. To answer these and other questions, we will be conducting a more qualitative exercise for the budget process.

In the administrative organization template, [available online](#), units will be asked at a high level, **how their organization is structured**. This question will likely prompt larger, multi-layered units to question what level of a response is wanted. **For larger units, please begin this exercise at the VP and AVP level**. If more detail is needed at a later time, we will ask for it.

The second question requires that units (whether departmentalized or not) share **information about resource distribution**. For each of a unit's core components or functional areas, please provide no more than one paragraph describing the services and risk mitigating efforts of the area. There are additional questions asking units to identify areas that are not adequately supported. This exercise is meant, in part, to help keep central administration aware of significant unfunded risks in administrative units. Generally speaking, we need to align resources with major institutional risks.

We know that there is no perfect manner by which to pull these data, as our systems are antiquated and many units are not departmentalized, do not budget for all funds, and/or experience significant fluctuation in expense by area over the course of a year. Please provide your best estimate of expenses by fund for the current year (FY15) and document your approach.

This information will serve as the beginning of a rich, long-term conversation between faculty, students, staff and executive leadership in terms of how we provide resources for administrative organizations.

This budget submission will also integrate the first year of a new **administrative carryover policy**. For the first time, administrative units will be held to stricter standards in terms of the provision and planning for carryover use. As stated in previous correspondence, administrative units may hold up to 10 percent of their permanent FY15 GOF and DOF (ABB) base after this coming biennium close. Any remaining temporary funds, after accounting for central commitments, will be subject to a carryover spending plan. Spending plans may be submitted for review using the “Carryover Worksheet – Detail” tab of the “[Worksheets and Reference Materials – Administrative](#)” Excel workbook. Plans for spending temporary carryover funds may involve multi-year commitments. However, the entire sum of your estimated carryover must be described in your spending plan.

OPB will be monitoring spending according to these plans. Requests for new Provost Reinvestment Funds will be considered in conjunction with these plans.

### **FY16 Budget Development Resources and Deadline**

The FY16 budget development request contains a number of new elements. As such, we wish to provide resources to support all units in completing this work in the timeframe allotted. The following resources are available to you:

1. All materials needed for your budget submission are available [online](#).
2. OPB maintains historical responses to similar questions from the FY12 annual budget development if you need assistance responding to the first two questions of the FY16 budget development template. Please reach out to [your unit’s OPB budget analyst](#) if you wish to review these forms.
3. Should you have any questions or concerns as you read through these materials, please feel free to reach out to [Sarah Hall](#), [Amy Floit](#) or your unit’s OPB budget analyst. They are available to assist in any way they can.
4. OPB will be holding several open forums to discuss this budget process generally and the administrative carryover policy specifically. These forums are open to anyone, and will be held at the following dates and locations:
  - Thursday, Oct. 9 at 2:00pm in Gerberding Hall, Room 142
  - Friday, Oct. 17 at 9:00am in the UW Tower, T-22 Glass Conference Room

**All materials are due to the Office of Planning & Budgeting on or before Monday, November 17.** Please email your materials to [Becka Johnson Poppe](#).

Sincerely,



Ana Mari Cauce  
Professor of Psychology  
Provost and Executive President