



October 12, 2016

Board of Deans and Chancellors

RE: Distribution and Guidance for FY18 Budget Development – Academic Units

Dear Colleagues,

This letter marks the beginning of the University's FY18 operating budget development process—a nine-month dialogue with faculty, staff, and students about institutional needs, resource constraints, and priorities. The first step in this process is a request for Seattle academic and administrative units, UW Bothell, and UW Tacoma to complete a suite of materials (outlined in this letter) in preparation for winter quarter budget meetings with the Provost. The process will end with the release of Provost Reinvestment Fund commitments and recommended action on a final UW Board of Regents' budget for FY18. A full budget development calendar is available on the Office of Planning & Budgeting (OPB) [website](#).

As many of you are aware, the recession left our University with substantial ground to make up in critical areas like compensation, building maintenance, and technological and physical infrastructure. Recent institutional investments have begun to address these needs, but significant gaps remain and, in some cases, continue to grow.

Unfortunately, our ability to close these gaps is hindered by the fact that state appropriations are still well below pre-recession levels, and revenues from other key sources (such as tuition and indirect cost recovery) are constrained. In 2017, the state legislature will face immense financial pressure to comply with court-mandated K-12 funding increases, meaning the state funding outlook for discretionary programs, such as higher education, is highly uncertain.

I want to thank everyone who has redoubled their efforts to achieve operational and organizational efficiencies. This work has been, and will continue to be, critical to our success as an institution. In FY18, further work will be needed to manage growing demands within existing (and possibly diminishing) resources.

The reality is that **our University does not have sufficient resources to address recession-related setbacks *and* accommodate new demands at our three campuses**. Depending on the outcome of the next legislative session and the magnitude of emerging compliance- and risk-related needs, some range of shared services and budget cuts in administrative areas will likely be needed to ensure a sustainable financial future for the UW.

Several central themes will guide this budget cycle. As discussed previously with deans, chancellors, and vice provosts, plans for compensation-related expenses should be well underway. Plans should include ample provision for merit increases, promotions, and unit

adjustments. Academic units may need to redeploy permanent budget authority to fund these priorities. A budget exercise included in the materials will facilitate a conversation about budget priorities for your school, college, or campus.

In addition, much of my focus this year will be on administrative unit budget authority and efficiency initiatives, such as the Transforming Administration Program (TAP). Student-facing and central administrative units will be asked to complete a budget exercise that identifies opportunities to redeploy resources while minimizing detrimental impacts to our mission.

With these themes in mind, we have prepared a suite of materials that will help identify opportunities for additional efficiencies, collaborations, and savings.

For the FY18 budget development cycle, each academic unit will be asked to:

1. Provide planned expenditures for FY17 and FY18, and describe unit-level efforts to pursue excellence, streamline activities, and pursue additional efficiencies.
2. Make tuition rate recommendations for the 2017-18 *and* 2018-19 academic years.¹
3. Describe plans to deploy existing resources, establish new revenue streams, or pursue additional efficiencies to support merit increases **and** unit adjustments in FY18.
4. Discuss, at a high level, emerging or changing personnel needs.
5. Identify significant obstacles or challenges (other than resource constraints), including any operational risks the UW faces.
6. Describe efforts to promote and engage in new research and educational collaborations.
7. Update last year's carryover spending plan with new carryover estimates, furnished by OPB, and provide a brief explanation for each change.
8. Limit Provost Reinvestment Fund requests to those for **temporary** funding to address critical compliance and/or high institutional priority needs.
9. Confirm that faculty councils *and* student leaders have been consulted and given the opportunity to provide input.²

Responses to these questions are due Friday, November 18 and must be furnished using Word and Excel templates provided by OPB. To make this process easier for units, OPB has pre-populated certain information and will be sending customized templates to each unit in the next 24 hours. Please submit completed materials to [Becka Johnson Poppe](#) on or before the deadline. As a reminder, please be as succinct as possible; bullet points are encouraged rather than extensive prose. Submissions must originate from a unit's dean or chancellor.

¹ Please note, units will have an opportunity to revisit their 2018-19 tuition recommendations during the FY19 budget process.

² If the meeting schedules of faculty and student leadership groups present a challenge, please make accommodations to get approval within the necessary timeframe. However, please note that OPB reviews tuition recommendations on a monthly basis. If necessary, you may submit an update to OPB at a later date, after faculty and students have had an opportunity to review.

A variety of resources are available to help units complete this work in the allotted timeframe:

- Illustrative examples, revenue models, and reference materials are (or soon will be) available on OPB's FY18 Unit Budget Development [website](#).
- OPB will hold two open Q&A sessions to discuss and answer questions about the budget process and templates (note that no formal presentation will be delivered). These sessions are open to anyone, and will be held at the following dates and locations:
 - Friday, October 14 from 11:00am to 12:00pm in the UW Tower Ravenna Training Room (floor 22)
 - Thursday, October 27 from 9:00am to 10:00am in Gerberding Hall, Room 142
- [Sarah Norris Hall](#) and [Becka Johnson Poppe](#) are available to address questions or concerns outside of these Q&A sessions.
- In addition, historical responses to similar questions from previous years are available by fiscal year and by unit on OPB's Annual Budgets [website](#).

Thank you for your hard work and understanding as we face the financial challenges before us and take necessary action to build a sustainable future for the University.

Sincerely,



Gerald J. Baldasty
Provost and Executive Vice President
Professor, Department of Communication

cc: Ana Mari Cauce, President
Sarah Norris Hall, Associate Vice Provost, Planning & Budgeting