



October 12, 2016

Vice Presidents

Vice Provosts

David Anderson, Executive Director, Health Sciences Administration

Karin Nyrop, Division Chief, Attorney General's Office

RE: Distribution and Guidance for FY18 Budget Development – Seattle Administrative 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 unit-level budget cuts will likely be needed to ensure a sustainable financial future for the UW.

Several central themes will guide this budget cycle. First, efficiency initiatives, such as the Transforming Administration Program (TAP), will continue to focus on administrative units. In addition, 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 Seattle administrative unit will be asked to:

1. Provide planned expenditures for FY17 and FY18 by functional area, and explain how each functional area supports the University's mission and values. Please come to your budget meeting prepared to discuss your budget, by area, in detail. Together, we will evaluate the materials and aim to reduce expenses to shift permanent and temporary resources to pressing central needs, such as infrastructure, maintenance, compensation, and compliance-related efforts. Administrative units should consider their FY17 base budgets as suggestive—and not given—base budgets for FY18 allocations.
2. Describe plans to deploy existing resources, establish new revenue streams (if applicable), and/or pursue additional efficiencies to support merit increases in FY18.
3. Report new activities to align with TAP principles and discuss opportunities to collaborate with other units to be more effective and reduce costs.
4. Discuss, at a high level, emerging or changing personnel needs and what will be done to meet those needs without creating new positions.
5. Identify significant obstacles or challenges (other than resource constraints), including any operational risks the UW faces.
6. Update last year's carryover spending plan with new carryover estimates, furnished by OPB, and provide a brief explanation for each change.
7. Limit Provost Reinvestment Fund requests to those for **temporary** funding to address critical compliance and/or high institutional priority needs.

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 vice president or vice provost.

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

- Illustrative examples 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