



November 14, 2017

Board of Deans and Chancellors

Vice Presidents

Vice Provosts

David Anderson, Executive Director, Health Sciences Administration

Karin Nyrop, Division Chief, Attorney General's Office

RE: FY19 Annual Review Materials and Process

Dear colleagues,

This letter marks the beginning of the University's FY19 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 all academic and administrative units to complete a suite of “annual review” materials (outlined in this letter) in preparation for meetings with the Provost. Annual reviews are meant to be a holistic look at unit finances and operations, which will help inform the development of the University's FY19 operating budget.

As I shared with many of you this summer, **the FY19 annual review timeline will be different from prior years.** Your reports to my office will be due February 1, 2018, rather than in late November, and we will move our traditional “annual review meetings” to early spring quarter, rather than winter quarter. This schedule will provide you with more time to organize your report and (in the case of academic units) to develop your 2018-19 graduate and professional tuition recommendations and to consult with faculty and student leadership. The budget process will end with recommended action to the Board of Regents on the University's final FY19 operating budget. For additional details regarding the annual review and budget development timeline, please see the calendar at the end of this letter.

As noted in last year's letter, **the recession left our University with substantial ground to make up** in critical areas like compensation, building maintenance, and technological and physical infrastructure. 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.

The state's 2017-19 operating budget provided only one-third of the funding needed to cover the state's rising central service charges and compensation assumptions. The budget assumes that the UW can cover the remaining two-thirds by generating new tuition revenue. However, this simply is not feasible given legislative and market limits on tuition rates, and given space capacity limits on enrollment. In order to address state and tuition funding shortfalls, we have had to tap into emergency central reserves and, in some cases, redeploy unit funds. If we are to begin addressing local needs and goals, further redeployment will be necessary.

In the coming state legislative session, the UW is requesting an adjustment to the proportion, or “fund split,” of new state-related expenses that are covered by state funding versus tuition revenue. The current funding ratio significantly under-funds the UW in comparison to other state agencies and institutions, and continues to perpetuate recession-era funding cuts. Specifically, we are requesting that state funding be adjusted to cover 50 percent of new expenses in the 2017-2019 state operating budget for compensation and central services, leaving the remaining 50 percent for tuition revenue. Such a change would help the University support crucial compensation adjustments in FY19, but will not preclude us from having to implement additional, internal policy changes and efficiencies.

I want to thank everyone who has implemented even more efficiencies and who has taken a University-first, rather than unit-first, approach to planning activities. Our success as an institution hinges on our ability to plan with the University’s long-range, holistic operations in mind. In FY19, further work will be needed to manage growing demands within existing resources and diminishing reserves. I look to you as critical partners in this work.

For the FY19 annual review, my two chief questions for you are:

1. What is the academic or programmatic vitality of your unit?
2. What is the fiscal vitality of your unit?

These are issues that any provost—old or new—needs to understand in order to support your unit’s operations. Further, these are issues that any unit should know the answer to and be actively contemplating as part of strategic planning. Thus, I hope that this exercise will be valuable to all of us, as we plan for the coming year and consider the fiscal pressures and assumptions affecting our budgets. Please note:

- Both questions were developed in close consultation with unit administrators, deans, and chancellors.
- The academic/programmatic vitality question is open-ended, while the fiscal vitality question is much more structured.
- Responses to the academic/programmatic vitality question will be posted to the Office of Planning & Budgeting (OPB) website.
- My hope is that you will be able to reuse the information you provide to support other activities within your unit (e.g., unit webpages, unit newsletters, or for internal analysis and projections).

In addition to the two core questions, I will ask each unit to update last year’s carryover spending plan with new carryover estimates, furnished by OPB, and to provide a brief explanation for each change. I will also ask that each academic unit update its 2018-19 (FY19) tuition recommendations and provide confirmation that students and faculty leadership had an opportunity to review and shape the overall annual review submission. As a reminder, rate recommendations for *fee-based* programs are handled through a separate process than tuition-based programs. Please see my [letter](#) to deans and chancellors for more information.

Please note that I will not be accepting Provost Reinvestment Fund requests this year. Given the state funding shortfalls, the capital project overruns that came to light in 2016-17, and the calls on central resources to help with compensation and unit adjustments, funds are, unfortunately, not available to be allocated via the Provost Reinvestment Fund process.

Responses to the questions outlined above are due Thursday, February 1, 2018, and must be furnished using Word and Excel templates provided by OPB. Please submit completed materials to [Jason Campbell](#) on or before the deadline. To make this process easier for units, OPB has pre-populated certain information in the Excel templates and will be sending customized templates to each unit in the next 24 hours. The prepopulated information in the fiscal vitality reports was made possible due to the data system transition from PNBDB to AIDB.

As a reminder, please be as succinct as possible in your responses; bullet points are encouraged rather than extensive prose. Submissions must originate from a unit's dean, chancellor, vice president, or vice provost.

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

- Illustrative examples, budget guidelines and assumptions, and other reference materials will be available on OPB's [FY19 Annual Review Materials website](#).
- OPB will hold two open Q&A sessions to discuss and answer questions about the annual review 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:
 - Tuesday, November 28, from 9:00am to 10:00am in the UW Tower Visitors Dining Room on the Mezzanine Level
 - Thursday, November 30, 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

Annual Review and Budget Development Milestones and Deadlines

blue = unit adjustment review process, green = fee-based program fee review process

Dates	Milestone/Activity
11/1	Faculty salary gap analysis and general unit adjustment proposal due to Academic Personnel (Cycle 1)
11/15	Provost Letter and Annual Review materials sent to each unit
11/28	OPB Q&A Session: 9:00am to 10:00am in the UW Tower Visitors Dining Room on the Mezzanine Level
11/30	OPB Q&A Session: 9:00am to 10:00am in Gerberding Hall, Room 142
12/15	Fee-based (i.e. self-sustaining) academic programs that partner with UW Continuum College (UWC ²) submit Summer Quarter budgets and fee proposals to UWC ²
1/1	Specific unit adjustment submission due to Academic Personnel (Cycle 1)
1/1	Faculty salary gap analysis and general unit adjustment proposal due to Academic Personnel (Cycle 2)
2/1	Annual Review submissions due to OPB
2/1	Provost unit adjustment approval and effective date (Cycle 1)
2/1	Fee-based programs that do <i>not</i> partner with UWC ² submit Summer Quarter fee proposals to OPB
2/1	Fee-based programs that partner with UWC ² submit Fall Quarter budgets and fee proposals to UWC ²
2/21	Fee-based programs that do <i>not</i> partner with UWC ² submit Fall Quarter fee proposals to OPB
around 2/23	OPB relays fee decisions for Summer Quarter fee-based programs
3/1	Specific unit adjustment submission due to Academic Personnel (Cycle 2)
3/7	Last day to send OPB or UWC ² (as applicable) modified Fall Quarter fee-based fee proposals
around 3/21	OPB relays fee decisions for Fall Quarter fee-based programs
3/26	Provost Annual Review meetings commence
4/1	Provost unit adjustment approval and effective date (Cycle 2)
around 4/2	OPB relays fee decisions for any modified Fall Quarter fee-based programs
5/1	FY19 general unit adjustment proposal due to Academic Personnel (Cycle 1)
mid May	Draft FY19 UW Operating Budget (and tuition recommendations) goes to Regents for information*
mid June	Final FY19 UW Operating Budget (and tuition recommendations) goes to Regents for approval*

*timeline assumes the state legislature passes a supplemental operating budget by mid April