Additional Topics

Common Goods

Under ABB, if something is a “common good,” a unit should not have to pay for it on a usage basis.

Definition of a common good:

- Non-excludability:
  - Nearly impossible to exclude others from obtaining benefits from its use,
  - Usage by any individual or group is difficult and costly to measure,
  - No benefits in measuring usage, and
  - Broad representation.

- Non-replication by individuals or groups:
  - Cost prohibitive for individuals and/or groups to facilitate similar services independently,
  - Economies of scale,
  - Greater benefits are realized when resources are pooled, resulting in more services and efficiencies (e.g. payroll, purchasing, admissions, financial services, etc.), and
  - Central provision ensures consistent experience or service.

- Services inherently provided at the institutional level:
  - Leadership: mission, vision, cohesiveness, unity
  - Safety, compliance, legal, institutional risk management

Internal recharges

Internal recharges and rebillings will not be considered revenue under ABB. These funds will not, as a result, be taxable under ABB. It should be noted that the Implementation Team reviewed recharges and found no obvious cases where recharges involved paying for common goods.

The UW-IT Technology Recharge Fee (TRF) should be maintained as currently configured for the time being. Much work went into creating this structure and transitioning to it, and it is designed to add much more transparency to these charges and to show stewardship for related resources. In the future, the University should revisit the decision of whether to integrate and fund these costs and services through the tax base.

- Governance. The Office of Planning and Budgeting (OPB) and Management Accounting and Analysis (MAA) will meet regularly to determine whether requests for recharges and rates are appropriate.

Accountability for service from administrative units

The Administrative Program Evaluation process will lay the groundwork for accountability in the use of resources by administrative functions funded primarily through central allocations.
Gifts and endowment

Gifts and endowment are already subject to revenue-sharing mechanisms equivalent to ABB taxes in purpose. The funds from those mechanisms are used to support the Advancement function. While those revenue sharing mechanisms may be adjusted to support new fund-raising efforts, gifts and endowments will not be subject to further taxation under ABB at this time.

Cost responsibility

The responsibility for most costs initially will remain with the units currently responsible for providing the service (e.g., basic facilities services will remain a central cost and will not be transferred to the units). Over time, OPB and the University Budget Committee will assess costs currently covered by the center. Where there is a clear argument that these costs can best be managed locally, those costs and any associated revenue will be transferred to the units.

Salary increases

- The cost of faculty promotion salary increases will be covered by the units, subject to institutional policies.
- Units will fund salary increases, based on available revenues or state allocated funds provided for that purpose and subject to University salary policies.
  - State funds allocated for salary increases will be transferred to the units responsible for the salaries.

Auxiliary Enterprises

Except for adjustments to the Institutional Overhead rates, auxiliary enterprises will not be affected by ABB. Institutional Overhead rates applied to auxiliary enterprises periodically will be reassessed to ensure they are appropriately recovering centrally provided administrative and facilities costs.

Bothell and Tacoma

Bothell and Tacoma will not be affected by ABB; they will continue to be charged the Administrative Overhead charge. The administrative overhead rate may be reassessed as needed.

Governance

Ongoing oversight and management of ABB will be the responsibility of the Provost and the Office of Planning and Budget, advised by the University Budget Committee, Board of Deans and Chancellors, Senate Committee on Planning and Budgeting, and other governing bodies as appropriate. The UBC will monitor ABB overall and provide input on details such as waiver policies, distribution of costs or revenues when units share in teaching a course, inclusion of minor revenue sources in ABB, and parity between different types of costs, revenues, and units.
Central Provost Reserves

Currently, there are several reserves funded by Operating Fees which are used to allocated funds to the academic units for specific purposes. With the implementation of Activity Based Budgeting, funding and distributing these allocations will become the responsibility of the academic units. Items such as academic promotions, emeritus faculty or retention of faculty will be managed by the academic units. The reserve which has funded the administrative supplements for Deans and VPs will continue to reside centrally and allocation decisions will be determined by the Provost.

Aligning Student Credit Hours (SCH) with the appropriate School or College

ABB is an institutional budget model that more directly aligns revenue allocations and attribution of expenditures for academic units. Towards that end, in the event that a majority of the coursework in a major would be taught by a School or College that is not the home School or College in which the major resides, alternate provisions about how to divide up SCH’s may be negotiated with the Provost’s office.