



June 15, 2011

Deans and Chancellors
Vice Provosts and Vice Presidents

Dear Colleagues:

While the Board of Regents will not approve the FY 12 operating and capital budget until a special meeting of the Board on June 30th, a general consensus is emerging on the approach we have presented at the last few Regents meetings. Based on that approach, I am providing you with the decisions I have made concerning unit budget changes for FY12. Note that until the Regents adopt the FY12 budget these decisions are subject to change.

Provost Budget Decisions for FY12

Budget decisions for FY12 have been extremely challenging, due to the very difficult economic situation of the state and the deep cuts to higher education made by the legislature. Even with high tuition increases, the gap in funding on the Seattle campus is substantial and is resulting in painful cuts to both academic and administrative units, across the Seattle campus. Let us not forget that in total our state funding has been reduced by 50% in the last three years.

Budget cuts apply only to unit GOF and DOF-LFA base budgets adjusted for any fixed cost exclusions. This year, strong recommendations were provided to me from deans, faculty and faculty senate leadership, central administrative leaders, staff and students to make strategic cuts, rather than across-the-board cuts. I have followed that advice, and I urge each of you to also apply cuts within your units strategically rather than across-the-board.

Below is the rationale for how I administered budget cuts for FY12 for each of your units.

UW Bothell and UW Tacoma

Both the Bothell and Tacoma campuses are allocated proportional budget cuts, according to their percentage of total state funding (~5.0% and ~6.4%, respectively). All of the tuition for students at these two campuses is allocated to the respective campus, less financial aid set-asides. The result is that both campuses will experience a net increase in funds, necessary to accommodate the increased enrollment each campus anticipates. Bothell and Tacoma are also responsible for increased fixed costs managed at the campus level.

UW Seattle

The remainder of the budget cuts are allocated to UW Seattle as is the remainder of the tuition and projected increase in fixed cost expenses. The result is that the Seattle campus will experience a net decrease of funds.

Budget decisions for the Seattle campus were based on the [published Provost priorities](#):

- Quality with regard to our three-fold mission (learning, discovery and engagement)
- Impact on the student experience and on the faculty experience
- Affordability and leverage
- Positioning the UW for the future

Assessment of these criteria was carried out based on the [Program Evaluation criteria](#), included in the annual budget process documentation as narratives and as centrally-provided data, as well as the future areas of importance identified by the [2y2d focus groups](#). The [guidelines and recommendations](#) provided by the Senate Committee on Planning and Budgeting were also a part of the overall assessment. Central to these decisions was the desire to maintain UW's remarkable environment for teaching, learning, scholarship, and research.

Program Evaluation results: all dean-level academic units were well-rated (based on all of the elements noted just above). Therefore, no dean-level unit reorganizations, consolidations, or eliminations were recommended. Program level information was discussed with deans as part of the budget discussion and these results informed budget recommendations. In some cases, the reorganization, consolidation, or elimination of programs review process with the Senate Committee on Planning and Budgeting has occurred (consolidation of two departments within Dentistry, movement of a program to a different department within the School of Medicine). Other units are discussing possible changes (potential reorganizations in Built Environments, Education, and Nursing). All dean-level units carry out activities that contribute significantly to the areas identified in the 2y2d focus groups as being critical to our future.

For academic units, tuition earned by the Activity Based Budgeting approach was allocated accordingly, with 70% allocated to the earning units and 30% allocated for reinvestment by the Provost (Provost Reinvestment funds, allocated by the criteria outlined above). In addition to the allocation of these permanent funds (tuition dollars and provost reinvestment funds), I have provided one-time temporary funding primarily to academic units to serve as bridge funding to FY13 with our collective hope that we will see a net increase in funds associated with tuition increases in FY13.

In keeping with this approach and with the recommendations made to the Provost this year, the following priorities were established and applied. In addition, in some cases as noted, Provost Reinvestment funds were awarded with specific instructions regarding their usage. Four net budget categories were the result: Net Increase, Low Cut (0% to -2.8%), Medium Cut (-3.5% to -6.6%), High Cut (-7% to -10%).

Priority (in rank order)	Result	Specific budget instructions for Provost Reinvestment funds
Preserve access for students	Academic units with high numbers of students had either a Net Increase or a net Low Cut.	As much as possible, preserve access for students to classes with high student demand
Provide learning support	Units with significant learning support services received specific funding to preserve and/or enhance such services.	As much as possible, preserve access for students to writing and tutorial centers. Preserve library collections and library hours of operations. Invest in learning support technology.
Maintain student support services	Units providing significant support services for students had either a Net Increase or a net Low Cut.	Preserve student jobs. Enhance undergraduate recruitment and classroom services support.
Maintain security, safety, and/or compliance	Units providing significant services in these areas had a net Low Cut	

Maintain faculty support services	Units providing significant support services for faculty had a net Low or Medium Cut.	
High leverage	Units for which external funding far exceeded the base budget had either a net Low or Medium Cut	
High cumulative cuts	Units with good priority based on the above criteria, with a high cumulative cut over the past three years had a net Medium Cut	

Net budget cut categories (including temporary funds):

Net increase:

Academic units: School of Arts & Sciences

Note: although no Provost Reinvestment or Temporary Funds were allocated, the following academic units have a net increase in funds after budget cuts, due to significant increases in tuition revenue that more than offset the cut to the base budget: Evans School, School of Social Work

Administrative units: Libraries, Undergraduate and Academic Affairs, Minority Affairs and Diversity, Student Life

Low (0 to 2.8% decrease)

Academic units: Foster Business School, College of Engineering, College of the Environment

Administrative units: Graduate School, Attorney General, Health Sciences Administration, Human Resources, President, Finance & Facilities, UW-IT

Medium (3.5-6.6% decrease)

Academic units: College of Built Environments, College of Education, iSchool, Law School, School of Dentistry, School of Medicine, School of Nursing, School of Pharmacy, School of Public Health

Administrative units: Advancement, Center for Commercialization, External Affairs, Planning & Budgeting, Provost, Research

High (7-10% decrease):

Administrative units: Educational Outreach, VP-Medical Affairs

In addition to the cuts and investments (both permanent and temporary) discussed above, some units will experience a transfer in their funding model associated with moving programs to Educational Outreach. While units moving programs to education outreach will experience an additional reduction in tuition dollars associated with their schools, they will experience at a minimum a commensurate increase in Educational Outreach fee income and as such these are not actual reductions in the full funding stream of the unit, and are not included in the calculation of net cuts.

Attachment 1 provides detail of the sum of these decisions outlined above. Attachment 2 provides specific information for the use of provost reinvestment funds or temporary bridge funding. If no specific information is provided for a unit, it is my expectation that the units will use these funds consistent with the priorities I used in making final budget decisions.

In the next few weeks, the Budget Office will send detailed instructions and forms to administrators for use in achieving the budget reductions. If there are any technical questions surrounding your budget reduction, or if you wish to review the calculation of tuition allocations please contact Amy Floit, Director of budget operations in the Office of Planning and Budgeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary E. Lidstrom". The signature is fluid and cursive, with a prominent loop at the end.

Mary E. Lidstrom
Interim Provost and Executive Vice President

Attachments