



June 8, 2012

Deans and Chancellors
Vice Provosts and Vice Presidents

Dear Colleagues:

Yesterday, the Board of Regents approved the annual FY13 operating and capital budget, including approval of tuition rates for fiscal year 2013. A copy of the approved budget can be found on the Office of Planning & Budgeting FY13 budget webpage, <http://opb.washington.edu/content/fiscal-year-budgets>. Additional supporting documentation is also posted there. Three tables are attached with this letter:

- Table 1 provides a summary of the full budget
- Table 2 shows incremental changes to unit budgets
- Table 3 shows the resulting FY13 unit budgets

With the approval of the budget, I can now provide you with detail about the budget decisions I have made.

UW Bothell and UW Tacoma

The Bothell and Tacoma campuses are allocated proportional budget reductions to address both the minor reduction in state support and the legislatively mandated reallocation of existing state resources to the College of Engineering on the Seattle Campus and the WWAMI and RIDE programs in the School of Medicine and School of Dentistry. Aside from the reductions, the two campuses will retain all of the tuition generated by their academic activities.

UW Seattle

In addition to the Seattle share of state reductions and repurposing, several fixed and mandatory cost increases must also be accounted for. In order to achieve the necessary overall reduction required, an across-the-board reduction is applied to all units. As in the past few years, the reduction is applied to each unit's base budget, once Indirect Cost Recovery (ICR) distributions and fixed costs budgets have been subtracted. After budget reductions are applied, the allocation of tuition and Indirect Cost Recovery will follow the principles and formulas we have adopted in transitioning to Activity Based Budgeting (ABB).

In addition to budget reductions and allocations of state funding, I have made decisions on the allocation of provost reinvestment funds. The rationale used in my decisions on the use of provost reinvestment funds is based on the thoughtful and significant recommendations I received across the campus from the Provost Advisory Committee on Students, the Senate Committee on Planning and Budgeting, the Board of Deans and Chancellors, the President's Cabinet as well as individual considerations from many of you. My approach was to make investments that focused on:

- Increasing access to classes (especially gateway classes) and providing more spots in high demand majors;
- Instructional investments, including increasing the number of TAs per student, adding tenure track faculty to departments and colleges, and enabling strategic reductions in class sizes;
- Academic support infrastructure needs; and,
- Strategic positioning investments in academic areas

With these areas of focus in mind, I have made the following decisions. My first priority was to ensure that the bridge funding provided in FY12 could continue on a permanent basis. For most schools and colleges, incremental tuition through ABB was sufficient to achieve this. However, there were six academic areas (Engineering, Medicine and Medical Centers, Nursing, Information School and Libraries) where this did not occur and I have provided permanent funding out of provost reinvestment funds to cover the variance. In addition, allocations have been made to Arts and Sciences for expansion of gateway courses and to the Foster School of Business for expansion of majors.

After making bridge funding permanent, I have chosen to invest in critical academic support areas such as Environmental Health and Safety and the Office of Research. These areas provide crucial services that support our instructional and research missions, and the University is at risk if they do not receive sufficient support. I will also cover the costs associated with increased benefit load rates for administrative units.

I have also made the decision to invest in Advancement and have asked that these resources be used to focus on further expansion of philanthropy directed student scholarship. I am also providing funding to the Office of Student Life for expansion of mental health counseling.

Finally, I have made some specific academic investments that I believe will strategically position our University in several key areas, including water studies in the Colleges of the Environment and Engineering, and 'Big Data' across several academic units. We will also be launching a faculty diversity initiative. The funding for both of these initiatives is currently shown in the Provost's Office budget and will be distributed to academic units as these initiatives more fully develop.

In the next few weeks, the Budget Office will send detailed instructions and forms to administrators for use in achieving budget reductions and allocation of new revenues. If there are any technical questions surrounding these budget decisions, please contact Amy Floit (afloit@uw.edu or 685-9961), Director of Budget Operations in the Office of Planning & Budgeting.

Sincerely,



Ana Mari Cauce
Provost and Executive Vice President

c: Michael K. Young
Susan Astley
Amy Floit
Jim Gregory
Conor McLean
Charles Plummer
Gail Stygall