# Budget Recalibration Steering Committee Agenda

March 6, 2017  
2:00 – 4:00 PM  
UW1 103

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
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<tbody>
<tr>
<td>2:00 PM</td>
<td>Welcome &amp; Updates</td>
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<tr>
<td></td>
<td>- EAB</td>
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<td>2:15 PM</td>
<td>Funds to Leverage</td>
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<td>- Fee-based Program Overview</td>
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<td>- Research Cost Recovery Overview</td>
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<tr>
<td>2:30 PM</td>
<td>Summer Quarter Overview</td>
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<tr>
<td>2:45 PM</td>
<td>Decision Making Processes</td>
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<tr>
<td>3:00 PM</td>
<td>Break</td>
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<tr>
<td>3:10 PM</td>
<td>Discussion &amp; Brainstorming</td>
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<tr>
<td>3:55 PM</td>
<td>Messaging for Today</td>
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Work to Date & Coming Events

- Comprehensive Budget and Fund Restriction Overview

Coming:
- Core, Mar. 6
- Core, Mar. 14
- Steering, Mar. 21
- EAB Session at UW Bothell, Mar. 15
- Chancellor’s Cabinet, Mar. 20
Fee-Based Program Overview
Fee-Based Programs: Overview

- Housed in UW’s Professional & Continuing Education (PCE) office
- Transcripted curriculum follows the same review process as state-reported programs
- Financially, the program receives no support from state appropriations (in theory) and is expected to be self-sustaining
- Net positive revenue from the program is returned to UW Bothell each fiscal year
- Each year, the school and PCE agree on a program budget for the following year
Fee-Based Programs: Revenue

- Students are charged a flat per-credit rate
- Credit rate is based on the program design
- “Risk Opportunity” rate is charged to gross revenue of the program
  - Rate ranges from 0-6%
  - Fund supports the risk PCE is taking on running self-sustaining programs
- Overhead rate is charged to gross revenue of the program
  - 14.5% overhead rate
  - Half of the overhead rate is allocated to UW Bothell central administration
- Remaining revenue is expected to fund all expenditures associated with the program
Fee-Based Programs: Expenditures

- Expenditures can include, but not be limited to:
  - Faculty
  - Staff
  - Student Workers
  - Scholarships
  - Leased space
  - Other non-salary expenditures

- Gross revenue, less withholdings, should cover the annual expenditures of a program
Fee-Based Programs: Net Revenue

- Positive net revenue
  - 80% is allocated to the school associated with the program
  - 20% is allocated to the Vice Chancellor of Academic Affairs

- Negative net revenue
  - Negative balance is forwarded to the next year’s budget and must be paid off before any revenue is returned to Bothell

- If a program continuously runs a deficit and needs to be closed:
  - If deficits are expected, PCE will cover the costs associated with the closure
  - If deficits are unexpected, deficits are the responsibility of the school or UW Bothell
Fee-Based Programs: UW Bothell

- MS Accounting (Business)
- MA Creative Writing & Poetics (IAS)
- MS Computer Science & Engineering (STEM: CSS)
- MS Cyber Security Engineering (STEM: CSS)
- MS Electrical Engineering (STEM: Eng)
Research Cost Recovery (RCR) Overview
Grants are awarded by external parties to UW Bothell faculty members/Principal Investigator (PI)

Based on the grant, the PI can spend the awarded funds on certain activities in support of their research

Most expenditures associated with a grant are taxed by the UW

- Tax supports university expenditures not directly charged to the grant
- Rate is determined by the type of grant and location of the grant
  - Rate can range from 26-54.5%
Research Cost Recovery (cont.)

- UW Seattle taxes RCR before it returns to UW Bothell
  - Rate ranges from 23-43%
  - Supports
    - General administration
    - Sponsored Projects Administration
    - UW Libraries

- Remaining RCR funds are returned to UW Bothell
  - 60% of remaining funds are allocated to the UWB Office of Research
  - 40% of remaining funds are allocated to the school or center that generated the funds

- RCR is allocated to UW Bothell annually
Research Cost Recovery: Formula

RCR Generation

Expenditures generated by a grant budget
- Expenditures exempt from RCR generation
RCR expenditure base
X RCR Rate
RCR Generated
X (1 - Seattle Tax/OH Rate)
RCR Allocated to UW Bothell

RCR Allocated to UW Bothell:
60% - UW Bothell Office of Research
40% - School or Center of record on the grant
## Research Cost Recovery: FY 2016 Activity

<table>
<thead>
<tr>
<th>School/Center</th>
<th>RCR Generated</th>
<th>UW Seattle</th>
<th>UWB: Office of Research</th>
<th>UWB: School or Center</th>
<th>UWB</th>
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<tbody>
<tr>
<td>CEDR</td>
<td>$ 119,874</td>
<td>$ 45,490</td>
<td>$ 44,631</td>
<td>$ 29,754</td>
<td>$ 74,385</td>
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<tr>
<td>CRPE</td>
<td>347,869</td>
<td>136,741</td>
<td>126,677</td>
<td>84,451</td>
<td>211,128</td>
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<tr>
<td>Goodlad</td>
<td>186,200</td>
<td>45,183</td>
<td>84,610</td>
<td>56,407</td>
<td>141,017</td>
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<tr>
<td>Nursing &amp; HS</td>
<td>17,130</td>
<td>4,072</td>
<td>7,835</td>
<td>5,223</td>
<td>13,058</td>
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<tr>
<td>STEM</td>
<td>364,893</td>
<td>97,001</td>
<td>107,157</td>
<td>160,735</td>
<td>267,892</td>
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<tr>
<td><strong>Total</strong></td>
<td>$ 1,035,966</td>
<td>$ 328,487</td>
<td>$ 370,910</td>
<td>$ 336,570</td>
<td>$ 707,480</td>
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<tr>
<td><strong>% of Total RCR Generated</strong></td>
<td>32%</td>
<td>36%</td>
<td>32%</td>
<td>68%</td>
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Summer Quarter Overview
**Summer Quarter (SQ)**

- Per the Washington State legislature, summer quarter (SQ) instructional activity at public universities must be financially self-sustaining.
- SQ is organized and reviewed by UW Continuum College (or PCE).
- Provost office annually approves the budget for all programs, including UW Bothell.
- UW Bothell is viewed as a single entity.
Summer Quarter: Finances

- SQ is limited to state-reported curriculum
  - Not fee-based programs
  - Students pay same tuition rates as autumn, winter or spring quarters
- Revenues are collected by PCE
- Expenditures are limited to those supporting SQ instruction
  - Faculty salaries
  - Some staff salaries (e.g. lab and some TLC staff)
  - Some student salaries (e.g. Library workers and tutors)
- Each SQ must at least break even, financially
Summer Quarter: Revenue Sharing

- Positive net revenue is returned to UW Bothell once a biennium
  - Funds are allocated in the form of DOF
- $2.7M is allocated to central administration for reallocation across the campus
- Of the remaining funds:
  - 50% are allocated to the 5 schools and FYPP, proportionally to their activity
  - 20% is allocated to the VCAP
  - 15% is allocated to the VCAA
  - 7.5% is allocated to the Chancellor
  - 7.5% is allocated to the VCAER
# Summer Quarter: Allocation for FY 2014 and 2015

<table>
<thead>
<tr>
<th>Unit</th>
<th>Percentage</th>
<th>Amount</th>
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<tr>
<td>Schools</td>
<td>50%</td>
<td>$873,786</td>
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<tr>
<td>BUSINESS</td>
<td>8%</td>
<td>136,662</td>
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<tr>
<td>FYPP</td>
<td>4%</td>
<td>62,395</td>
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<tr>
<td>IAS</td>
<td>16%</td>
<td>278,779</td>
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<tr>
<td>NHS</td>
<td>8%</td>
<td>140,547</td>
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<tr>
<td>SES</td>
<td>3%</td>
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<tr>
<td>STEM</td>
<td>12%</td>
<td>209,975</td>
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<tr>
<td>VCAP</td>
<td>20%</td>
<td>349,514</td>
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<tr>
<td>VCAA</td>
<td>15%</td>
<td>262,136</td>
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<tr>
<td>Chancellor</td>
<td>7.5%</td>
<td>131,068</td>
</tr>
<tr>
<td>VCAER</td>
<td>7.5%</td>
<td>131,068</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>$1,747,573</strong></td>
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**Summer Quarter: Change in Revenue**

- Washington State legislature reduced undergraduate, resident tuition by 5% and 10% in fiscal year 2016 and 2017, respectively
  - UW received some backfill to offset this reduction, in the form of state appropriations, for the academic year
  - Since SQ must be self-sustaining, there is no backfill for lost SQ revenue

- IPB has not completed the analysis of the impact on revenue sharing, but we do expect the net positive revenue returning to UW Bothell to decrease
  - Based on revenue sharing model, this will directly impact the schools, FYPP, Vice Chancellors and Chancellor directly
Decision Making Processes
Operating Budget Timeline

March
START - Budget estimate received

March - April
Budget estimate reviewed and final

May
Call for funding requests

May
Start budget request process

June
Funding requests returned

June - July
Institution level request review

June - July
Determine allocation pools

June - July
Determine final allocations

July
Communicate approved allocations

September
Distribute funds

October
END - Allocation process complete

1-Mar 1-Apr 1-May 1-Jun 1-Jul 1-Aug 1-Sep 1-Oct
Operating Budget – Allocation Process

- Receive budget estimate for next fiscal year – March
- Review and corroborate budget estimate – March–April
- Start Budget Request Process (if dollars exist) – May
- Determine allocation pool – June–July
  - Budget estimate
    - LESS - Budget base (prior year allocation)
    - LESS - New faculty hire funding
    - LESS - Incremental fixed and mandatory cost funding (merit, utility, overhead, rents, etc.)
    - LESS - campus level initiative funding
  - Remaining balance (if any) = Funding Request Allocation Pool
- Review budget requests and determine allocations – June
  - Chancellor/VC prioritization and negotiation
- Communicate approved allocations – July
- Distributions of Funds – September
Operating Budget – New Funding Request Process

- Receive budget estimate for next fiscal year – *March*
- Review and corroborate budget estimate – *March – April*
- Call for new funding request, *if dollars exist* – *May*
  - VC units: call for department requests →
  - Departments: compile and prioritize requests →
  - Departments: submit requests to VC →
  - VC: compile and submit requests for review
- Requests compiled, pending allocation process – *June*
Funding Commitments – Campus Initiatives

- Campus Initiatives include mission centric priorities that evolve or are developed outside of the standard budget allocation process and are determined to be a priority prior to ultimate ownership or funding necessarily being established
  - Examples include: Diversity Center, Campus Master Plan, Safety Corridor, etc.

- Temporary or Permanent funding removed from respective budget allocation pools prior to new funding request addressed

- Funding and Ownership of operation determined through process
Temporary Operating Budget – Allocation Process

Historical Practice:

- Campus Reserve determined and allocated
- Unit Designated Operating Funds (DOF) Allocations
  - Remaining balance of prior Biennium DOF funding
  - PLUS - Remaining balance of prior Biennium GOF funding
  - EQUALS – Allocated Temporary Funding (DOF)

- Other Temporary Funding
  - Used for temporary operating requirements and strategic one-time funding
Current Hiring Process – Faculty

- Approval Process (18 months prior to start)
  - Units submit hiring plans (new and replacement positions) – May
  - Deans consider/review requests, submit for final hiring plan – June - July
  - Campus and Provost approval – August

- Search Process (1 year prior to start)
  - Search committee created, position posted – Autumn Quarter
  - Receive/review applications, conduct pre-interviews – Winter Quarter
  - Finalists selected, in-person interviews – Spring Quarter
  - Position hired and final BOR approval – Spring-Summer Quarter

- New Faculty Start date – Autumn Quarter
Current Hiring Process – Staff

- **Request/Approval Process**
  - **New Appointment Checklist**
    - Department initiated
    - Reviewers: Applicable VC, Budget Reviewer, Space Reviewer, OE/HR reviewer

- **Funding Decisions**
  - Replacement position – funding of vacant positions held department budget. Assumes funding sufficient for replacement search
    - Additional funding source (if needed) – Department responsible
  - New Position – Request through yearly budget request process – *May-June*
    - If approved, funding provided from central funds for start of next fiscal year
  - New Position – Not funded through yearly budget request process
    - Funded by departments through re-distribution of existing funds
    - Assumes no new funding from central resources
Other Hiring Processes – Position Funding

- **Vacant Position Funding**
  - Faculty – Funding retained in department budget pending replacement
    - Replacement search subject to standard Faculty hire process
  - Staff – Funding retained in department budget pending replacement

- **Retirements**
  - Faculty – Funding removed from department to central VCAA
    - Subject to standard Faculty hire process
    - Funding distributed back to departments to cover new position only
  - Staff – Funding retained in department budget pending replacement
Discussion & Brainstorming
Messaging for Today