

Budget Recalibration Steering Committee Agenda

March 6, 2017

2:00 – 4:00 PM

UW1 103

Time	Topic
2:00 PM	Welcome & Updates - EAB
2:15 PM	Funds to Leverage - Fee-based Program Overview - Research Cost Recovery Overview
2:30 PM	Summer Quarter Overview
2:45 PM	Decision Making Processes
3:00 PM	<i>Break</i>
3:10 PM	Discussion & Brainstorming
3:55 PM	Messaging for Today



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
- ❖ Transcribed 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



Research Cost Recovery (RCR)

- ❖ 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

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



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

Unit	Percentage	Amount
Schools	50%	\$ 873,786
<i>BUSINESS</i>	8%	136,662
<i>FYPP</i>	4%	62,395
<i>IAS</i>	16%	278,779
<i>NHS</i>	8%	140,547
<i>SES</i>	3%	45,429
<i>STEM</i>	12%	209,975
VCAP	20%	349,514
VCAA	15%	262,136
Chancellor	7.5%	131,068
VCAER	7.5%	131,068
Total	100%	\$ 1,747,573



Summer Quarter: Change in Revenue

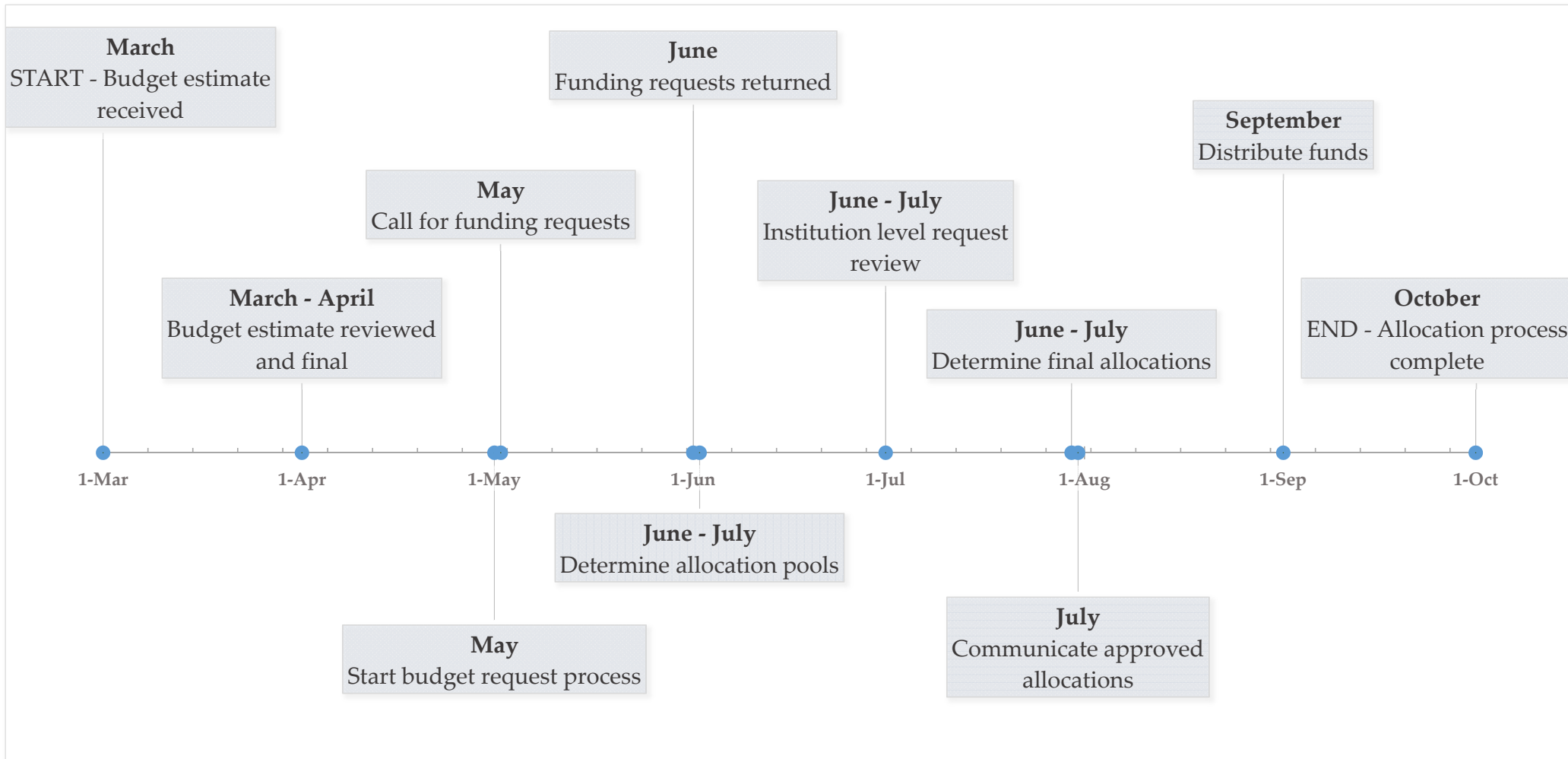
- ❖ Washington State legislature reduced undergraduate, resident tuition by 5% and 10% in fiscal year 2016 and 2017, respectively
 - UW received some backfill to offset this reduction, in the form of state appropriations, for the academic year
 - Since SQ must be self-sustaining, there is no backfill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



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

