

September 16, 2010

To: Faculty and Staff

Re: Activity Based Budgeting

Everyone is likely well aware that activity based budgeting has been implemented at the University of Washington. The campus roll-out to this implementation was initiated on October 21, 2009 when Provost Wise issued a letter directing a Steering Committee to examine ABB as a budget model for implementation at the University of Washington (<http://www.washington.edu/admin/pb/home/opb-abb-po.htm>). Prior to then, there was an ABB Project Working Group that began work on June 24, 2009 and provided a report on October 6, 2009. Five sub-committees were formed when the Steering Committee was charged and they focused on:

1. Academic Impact
2. Research and Indirect Cost Recovery
3. Administration and common good elements
4. Structure and delivery of a tax model
5. Definitions and data points

On May 27th, 2010, the final reports were issued and these were:

- [Cover Letter and ABB Steering Committee Final Report](#)
- [ABB Steering Committee Report Attachments](#)

There is a web site that has all of the details about ABB and it can be found here:

<http://www.washington.edu/admin/pb/home/opb-abb.htm>

What is much more critical to you (and to the School) is how we fared during the initial phase of implementation (focused only on students [whether undergraduate or graduate] and student credit hours).

1. Data used in determining ABB allocations were for Autumn, Winter and Spring Quarters of the 2009 – 2010 year.
2. The College of the Environment received about \$961,805 in the ABB allocation process (About 84.3% [\$810,957] of CoENV's allocation is attributable to

undergraduates)¹. The College returned \$340,000 to all the units, used about \$180,000 to pay for the change and increase in the faculty – staff technology fee.

3. The details of the formula used and the stature of the College vis a vis the University are present on page 3.
4. The School received \$115,853.
5. It was clear that CQS was treated differently than any other unit in the College².

I have provided rough, comparative data for the other units within the College and I hope by September 21 or sooner to have a much clearer vision to share with you regarding ABB and teaching, research and service.

This should initiate our Tuesday afternoon discussion.

Sincerely yours,



Thomas Hinckley
Interim Director, School of Forest Resources
David RM Scott Professor of Forestry

¹ The total allocated to the various schools and colleges was \$21,676,900. The Provost retained \$9,290,100 for future use.

² It appears that as of Spring 2010, Q SCI SCHs are assigned to CoENV. In Winter 2010 and Autumn 2009, Q SCI SCH were assigned to Undergrad Academic Affairs. Thus, it appears that Q SCI SCH are included in the data base used to perform the ABB allocation of incremental tuition revenues. It appears that CoE probably only received credit for Spring 2010 where 1396 SCH should have been counted. For Winter 2010 and Autumn 2009, 3162 Q SCI SCH were allocated to Undergrad Academic Affairs. Thus, CoENV did not receive the proper ABB allocation of SCH for FY 11. B3 detective work.

Formula and statistics (99.9% of this information is the result of Bruce Bare's detective work).

Eighty percent of incremental revenue from undergraduates is distributed on the basis of SCH; 20 percent on the basis of degree majors. Twenty percent of incremental revenue from graduate and professional students is distributed on the basis of SCH; 80 percent on the basis of major enrollments. Although the possibility of averaging SCH, majors, and degrees over three to five years was discussed, it was decided to use the most recent completed year's data as the basis for the relevant calculations. SCH and major information came from 2009-10 (summer excluded); degree information came from 2008-09 (any degree awarded from Summer 2008 through Spring 2009).

For 2009-10, CoE generated 62,878 SCH from undergraduates and 17,875 SCH from graduate/professional students for a total of 80,753 SCH. Relative to the totals for all schools and colleges, CoE generated 5.6% of the undergraduate SCH and 5.2% of the graduate/professional SCH. If we divide the CoE incremental tuition allocation of \$961,805 by the total SCH of 80,753 we obtain (on average) \$11.91 of incremental tuition per SCH. This accounts for both undergraduate and graduate/professional students.

CoE generated about 2.66% of the 7,973 undergraduate degree majors (UW – S) and 5.76% of the 9,721 enrolled graduate and professional majors. These values are also used in the allocation but do not affect the above calculations.

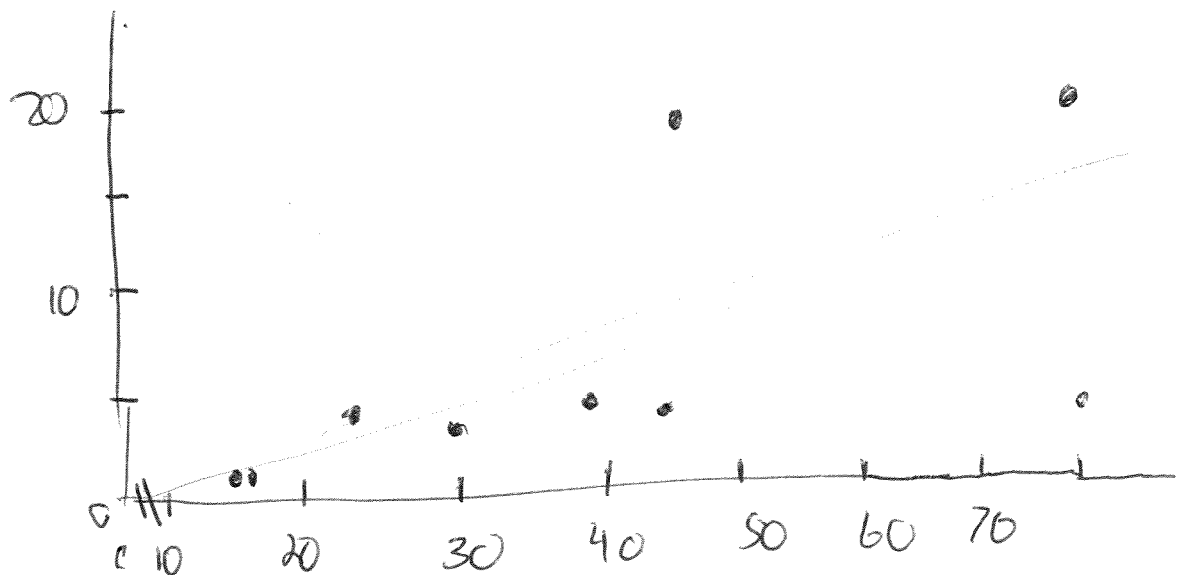
COLLEGE OF THE ENVIRONMENT
Unit metrics¹

COES / Biology

	SCH/\$1K state	\$ICR/\$1 state	Degrees/ \$10K state	% <u>not</u> budgeted in 01-10*
Aquatic & Fishery Sciences	2.00	0.85	0.17	39%
Atmospheric Sciences	4.80	0.97	0.13	14%
Earth & Space Sciences	6.30	0.50	0.16	30%
Forest Resources	4.00	0.15	0.17	44%
Marine Affairs	1.80	0.08	0.32	16%
Oceanography	2.40	1.16	0.12	23%
PRISM				77%
Program on Climate Change				46%
Program on the Environment	9.20	0.00	0.88	80%

¹ These are gross quantitative productivity measures that do not accurately reflect ABB "earnings"

* The 01-10 object code serves as a proxy for tenure lines. This is the percent of the budget(s) where budget cuts can be taken.



COLLEGE OF THE ENVIRONMENT
Budget Scenarios effective 7/1/10

1/2 permanent cut

	FY 2010 Budget Total	Permanent Budget Cut	Total Budget Cut %	Temporary Funding for FY 2011		
				Provost Bridge	Initial ABB return	Tech Fee*
Aquatic & Fishery Sciences	2,851,418	142,571	5.0%	66,000	72,089	TBD
Atmospheric Sciences	1,952,491	19,524	1.0%	56,000	9,872	TBD
Dean	802,557	188,054	23.4%			TBD
Earth & Space Sciences	3,521,764	105,653	3.0%	112,000	53,422	TBD
Forest Resources	5,728,126	229,125	4.0%	143,000	115,853	TBD
JISAO/climatologist	130,783	0	0.0%			TBD
Marine Affairs	686,654	6,867	1.0%	18,000	3,472	TBD
Oceanography	3,073,638	153,682	5.0%	67,000	77,707	TBD
PRISM	314,734	62,947	20.0%			TBD
Program on Climate Change	364,580	72,916	20.0%			TBD
Program on the Environment	500,087	15,003	3.0%	11,000	7,586	TBD
	19,926,832	996,342		473,000	340,000	183,439

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*50% of ABB return
 impact*

LOW

* Covers the additional cost to units under the new technology funding structure. Total estimated to be \$183,439 by UW Technologies.

*YES → Low.
 BUT REMEMBER IN
 SHORT TERM WE GET
 SALARIES \$ BACK.*

School of Forest Resources
Fall 2010 Strategic Planning Retreat
Tuesday September 21st, 2010, 8 a.m. - 4 p.m.
Mountaineers Program Center, 7700 Sand Point Way NE

Purpose of Retreat

- *Build community*
- *Share information on SFR accomplishments, College of the Environment updates, and new budget realities*
- *Develop strategic actions for the 2010-11 academic year*

8:00-8:30	Registration Coffee and bagels	
8:30-8:35	Welcome Purpose of retreat Review agenda	Bradley
8:35-9:00	Review of Accomplishments SFR Highlights, 2009-2010 Academic Year	Hinckley
9:00-9:20	College of the Environment update	Graumlich
9:20-10:00	Questions and Discussion	
10:00-11:00	Break and Ice Breaker	Morgan
11:00-12:00	Distinguishing Characteristics of SFR Identify overarching principles/values in teaching, research, and outreach that are distinguishing characteristics of SFR	Hinckley
12:00-1:00	Lunch	
1:00-1:15	New Realities: SFR and Activity Based Budgeting ABB	
1:15-2:00	Group Breakout Sessions Identification of strategic actions/opportunities in teaching, research, and outreach	West
2:00-2:30	Group Reports	West
2:30-3:00	Prioritization/Discussion of Strategic Tasks	West
3:00-3:15	Summary discussion	Hinckley
3:15-4:00	Reception	