



UNIVERSITY of WASHINGTON

**School of Forest Resources**

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July 15, 2011

RE: Budget Cut for the 2011 – 2012 Year (FY2012)

Finally we have sufficient information to move ahead with plans and actions involving the School's core budget for FY2012. Please note that here we are not discussing gift, self-sustaining, or research recovery funds. We are focusing this discussion on what used to be known as "state funds" but are now a combination of our remaining state funds, ABB funds of various types, and legislatively mandated proviso funds.

The CoEnv Dean's Office gave us a directive to cut \$878,253 from our current permanent state funds<sup>1</sup> (see Table on next page). This figure is a 4.3% reduction of our overall base, the highest rate of reduction among academic units in the CoEnv. At the same time other money is coming in from both the CoEnv Dean's Office and external sources<sup>2</sup>. Through a set of circumstances that is unique to this current period, our net reduction is \$95,000, impacting two units: ONRC (\$65,000; 14.3% of their base), and UWBG (\$30,000; 5%).

In determining these reductions, we called upon principles that have served us well in the past, namely that budget decisions must emanate from our mission, vision, and goals, and that our core budget must support the School's instructional, research, and service programs, in that order, all reinforced by the realities of the ABB budget model. It is clear that we must continue to protect the educational core. In the spirit of our time, we added a new principle: no one is better off.

Both ONRC and UWBG are working toward two strategic goals: 1) developing business models that will result in a higher level of outside support, and 2) a closer connection to the academic mission of the School, which will hopefully pay off in higher ABB returns.

In the course of these budgetary ins and out, \$19,094 in internal reallocation funds became available. These funds will be added to our overall working capital, to be used in our continuing efforts to meet our goals in ways that are also successful within the ABB budget model, and if it needed, go towards any mid-year budget cut.

The attached spreadsheet provides additional detail. Please let me know if you have any questions or concerns. This is a scary new world as we are now in the widget model of business practices.

Sincerely yours,



Thomas M. Hinckley

Interim Director of the School of Forest Resources & David RM Scott Professor of Forestry

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<sup>1</sup> State Funds now include both salary and benefits. An added note for those who manage "state funds": for FY2012 central UW funds will be provided to cover the increase in benefit rates effective 7/1/11. How changes in benefit rates will be handled for FY13 and beyond is uncertain.

<sup>2</sup> Friends of the School and two faculty, Ivan Eastin, as Director of CINTRAFOR, and Jim Fridley, as faculty representative to the State Legislature, were of great help in providing almost \$200,000.



SFR State/Local/ABB Funds for FY2012						
	Dollars Out		Dollars In		Net Change	Comments
Required reduction in state budget:	\$878,253					
Detail:						
Arboretum	\$(143,000)		\$143,000	permanent proviso for Arboretum	\$-	
UWBG	\$(30,000)				\$(30,000)	net reduction in UWBG funds
CINTRAFOR	\$(2,364)		\$2,364	marginal increase in CINTRAFOR proviso	\$-	
ONRC	\$(65,000)				\$(65,000)	net reduction in ONRC state funds
SFR TAs	\$(123,490)		\$123,490	new temporary funds with a relatively high probability of becoming permanent	\$-	
Other SFR funds <sub>1</sub>	\$(115,853)		\$115,853	temp FY2011 ABB made permanent (partial; other than marginal cost of UW Tech Fee)	\$-	
Other SFR funds <sub>2</sub>	\$(398,546)		\$417,640	final adjustment to FY2011 ABB + estimate of FY2012 ABB	\$19,094	{ internal reallocation
			\$(19,094)	internal reallocation	\$(19,094)	
			\$65,597	temp FY2011 ABB made permanent (partial): marginal cost of UW Tech Fee	\$65,597	marginal Tech Fee received
			\$(65,597)	distribution of marginal cost of UW Tech Fee	\$(65,597)	marginal Tech Fee distributed
Outcomes	\$(878,253)		\$783,253		\$(95,000)	net overall reduction

1. Other SFR Funds were decreased and then replaced. The first category was designed to exactly match the addition.
2. Second category of SFR funds that were decreased and then replaced.

Several unknowns exist: how much McIntire-Stennis money will be allocated, how much Indirect Cost Recovery we will see (we know the College will tax whatever about by 10%; was 0% in 09 - 10, 5% in 10 - 11).