September 30, 2010

Chancellors, Deans, Vice Presidents, and Vice Provosts

Dear Colleagues:

As we informed the campus two weeks ago, Governor Gregoire announced an across-the-board budget reduction for all state agencies, including higher education institutions and the UW. The size of this cut is slightly more than $17 million. In order to meet this reduction in our state funding we need to reduce our budget by $15.2 million at the Seattle campus, $1.1 million at the Tacoma campus and $850,000 at the Bothell campus. As in the past these cuts represent the proportional distribution of state funding among the three campuses.

Over the last several years the Provost has been strategic in how budget reduction decisions have been made. They have been differential, and we have focused on minimizing the impact on academic units to the extent possible. Obviously, with the cuts we have experienced, no sector of the University has escaped impact from these deep reductions.

Deep reductions are expected to continue into the FY 2011-13 biennium. We have already been asked by the Office of Financial Management (OFM) to model a 10% reduction in our state funding. Provost Lidstrom will continue addressing these cuts in a strategic and differential manner. She has asked that budget review sessions for the upcoming fiscal year budget be moved to February, and we will be sending out specific instructions as to what information you will need to provide later in the fall.

In dealing with the reductions this year, Provost Lidstrom and President Wise have asked that all Seattle units take a 2.4% reduction in their General Operating Fund (GOF) and Designated Operating Fund-LFA (DOF-LFA) budgets. This reduction still reflects the differential budget reduction decisions achieved last spring, albeit at a lower base than we had planned.

This budget reduction impacts all GOF and DOF-LFA budgets with the only exclusion being fixed cost budgets. Proviso budgets are not exempted from this cut. Included with this communication is a list of base budgets in each unit. Detail on the specific cut for each Seattle academic and administrative unit and the Tacoma and Bothell campuses will be sent separately to administrators in an excel file. The budget office will send out detailed instructions for the mechanics of entering the budget reduction into the BGT system in a separate communication.

The base budget for units now includes budgeted benefit amounts for General Operating Fund and Designated Operating Fund-LFA budgets. Over the course of the summer, we have worked with unit administrators to complete the process of decentralizing these benefit budgets. GOF and DOF-LFA budgets were the only budgets not yet decentralized.
process to decentralize will be complete in October 2010. All the work needed to successfully finish this process is performed by Office of Planning & Budgeting staff communicating with financial administrators in the colleges, schools and administrative units. In order to get the budget reduction calculations out to the units, it is necessary to list adjustments to some units’ base budget to account for the funds being moved during the benefit decentralization process.

We have been asked by OFM to provide them detail on how we have taken this mid-year budget reduction by October 15th. To ensure you have adequate time to determine how to make these reductions in your units, my office can provide OFM with a preliminary overview of the impact of these reductions. However, we will need your final decisions recorded in BGT by October 31st.

Sincerely,

Paul Jenny, Vice Provost
Office of Planning & Budgeting

Enclosure: Budget reduction spreadsheet

cc: Phyllis Wise
    Mary Lidstrom
    JW Harrington
    Gary Quarfoth
    Amy Floit
    College/School/Unit Administrators (with enclosure)
    Budget Analysts