

**UW and State Budget Process
FREQUENTLY ASKED QUESTIONS
As of 2-11-09**

The following questions and responses reflect the Office of Planning and Budgeting's best information as of 2-11-2009. We will update this list as we receive new questions, adding new questions and corresponding responses to the end of this list. When updated, we will identify which questions have been added as new, AND we will identify if any of our previous responses have been modified.

If you have a question you would like to see addressed, please send it to Kerry Kuenzi at kkuenzi@u.washington.edu.

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- 1. The original due date for Budget submittals was stated as February 16....given that this is a UW holiday, is there any leeway in the due date?**

Response: We will accept submittals through Tuesday, February 17.

- 2. Why was the business plan due date moved up to February 16?**

Response: Legislators are beginning to recognize that the state budget issues are not going away anytime too soon, that future cuts may be required. As such, they want specific information about our plans right away, as we are the largest State employer. The UW is being pressured to provide budget cut information as soon as possible, and to testify even prior to February 16.

On this point, please recognize that any funding scenario messages we offer externally to meet the needs of the legislature and/or the press should not be heard as funding decisions....we are not subverting the budget process we've defined, rather we are working to meet high level needs while allowing time for our internal process to move toward completion.

- 3. The budget letter states in Section III, carry over balances: "To mitigate the budget reduction, it has been decided for this biennium close to remove the 1% limit on spending down your GOF funds. If 5% GOF is unexpended at the end of the biennium all 5% will be returned as GOF temporary carry over in the new biennium." Is this intended to imply a 5% maximum on carry over balances?**

Response: No, the 5% figure was intended as an example only. The letter continues: "All funds unexpended at the end of the biennium will be returned as the same type of funds in carryover allocations." Units are encouraged to view this flexibility strategically: IF you can make opportunistic cuts this year, these savings will translate into temporary funds you can use to bridge until you can implement more strategic reductions in the future.

- 4. What should units expect regarding UW Technology rates?**

Response: A Team has been chartered to revise UW Technology's rate structure, and a technology rate consultant is being hired to support this effort. This Team is evaluating whether it can partition the existing rates into those addressed more easily (and therefore addressed first) and those that are more complex, requiring more time to study. Meanwhile, expect that overall rate increases will be no more than 10% for the next fiscal year.

5. Will there be any change in the current practice of central funding for retired faculty who return to teach at 40% for up to 5 years?

Response: No change is anticipated at this point. Retired faculty who meet the criteria will continue to be eligible.

6. Are there changes anticipated in the Research Cost Recovery (RCR) policy?

Response: The short answer here is no, there are no changes anticipated in the RCR policy in the short term.

Any longer term changes to our RCR policy are likely to be considered as part of a larger “alternate budget model” effort that was originally initiated in the fall of 2008. Phyllis Wise and Paul Jenny engaged in preliminary discussions with the Board of Deans to explore whether the UW should move to an alternate budget model. This “alternate budget model” effort has taken lower priority, given the current budget situation.

When we are able to devote time to this work once again, then possible changes to the RCR policy will be considered as part of this larger effort. Rest assured that many more conversations with campus constituents must be held before decisions about an alternate budget model will be made. Any related changes will then be described and communicated fully, well in advance of implementation. Further, any new model will be implemented with some form of “hold harmless” clause, to minimize any short term impact to schools/colleges/units.

7. Will we continue to fund the \$4 million equipment allocation centrally?

Response: The possible reduction or elimination of this central allocation is clearly on the table as one possible central budget reduction for FY2010. If this is a critical allocation for your unit, please provide feedback to either Amy Floit or Gary Quarfoth in the Office of Planning and Budgeting.

8. We hear that there is a great deal of activity in the Washington State legislature right now that pertains to the UW and higher education in the state. How can we learn more?

Response: You are encouraged to follow Randy Hodgin’s “Capital Update” blog available from his website at <http://www.washington.edu/about/staterel/> and to view the Planning and Budgeting “Bills Affecting UW” available in the “Spotlight” section on the P&B website at <http://www.washington.edu/admin/pb/home/>

9. When is the 2009 legislative session expected to end?

Response: The session is scheduled to end on April 26, 2009. However, many believe we will see at least one special session scheduled after that date. As such, we may not have a final UW State budget figure until June 1, 2009 or after.

10. Has there been a recent change in the UW layoff process?

Response: Yes, on January 26, Mindy Kornberg issued an email outlining a temporary change in our layoff practice. Here’s what it said:

“Updated Practice: Managers are to work with Human Resources to ensure employees receive official, written notice of layoff at least 60 days in advance of the effective date of layoff. This practice will remain in effect through October 31, 2009 unless changed by President Emmert or his designee.”

This means that to have the full fiscal impact of a vacated position for next fiscal year, the layoff would need to be effective July 1, 2009, and notice would thus have to be given by May 1, 2009. Units facing a reduction in workforce are advised to begin working with Human Resources immediately, to ensure thoughtful and thorough planning.

11. Will Provost Wise provide bridge funding, if layoffs cannot be implemented until after July 1, 2009?

Response: Units with significant carry over balances will be expected to look to their own funds first as the primary source of bridge funding. This said, if your unit needs additional bridge funding, please make that request part of your narrative and/or your budget conversation with the Provost.

12. What does P&B want to see in the budget reduction narratives submitted on Feb 16?

Response: The Provost wants to look at the big picture, the 5000 foot level. Narratives should identify the highest priority items the Unit believes must continue. Make note of any program cuts proposed. Where possible, identify explicitly the expected impact on students and faculty, as well as expected impacts to other units/schools/colleges as a result of your proposed cuts. Please adhere to the shared intent to avoid shifting of workload from your unit to other units on campus.

If layoffs are necessary, the narrative should address the number of positions a unit might eliminate – you need not supply the position specifics at this point in time. Identify any need for bridge funding. Explain how you may be using your gift/endowment funding, as well as any other reserves/balances available to you. Keep in mind that these narratives will be the starting point for the Provost/Unit Leader conversations to take place over the second half of February into March.

If your Unit has a “best practice” it can share with other Units regarding administrative and strategic reduction approaches, please do share this!

13. How is the Provost going to view bridge funding requests?

Response: We expect a thorough analytical process to have been conducted where bridge funding is being requested. Please be prepared to explain use of any of your fund balances before seeking bridge funding.

Also know that we are open to multi-year strategies as a way to meet your required budget cut. For example, if you need to make a gradual \$100K cut over two years, you can take a permanent cut of \$100K and ask for \$50K in temporary bridge funding to cover the first year’s funding requirement.

14. Will the Provost make budget reduction decisions on a differential basis?

Response: The Provost does plan on making budget reductions on a differential basis, though how this will be done has not yet been decided.

15. Will the narrative information we are preparing be shared across the UW?

Response: Yes, we plan to share these narratives, as well as final budget reduction plans.

16. How can we improve communications about business plans across the campus, so that all such plans are more fully integrated and reflective of our shared reductions?

Response: This is indeed our challenge, as we've already seen with University Advancement, and expect to see as UW Technology defines its proposals regarding future service rates.

We will endeavor to do our best at integration, but it is safe to assume that there will have to be iterations and adjustments over the next months, that we won't get the total budget picture right the first time through!

Undoubtedly, cuts will lead to reductions in service levels in some of our units. While we've made it clear that we don't want units to simply pass work onto other units, we simultaneously need to hear when administrative service reductions are too painful, so that we can consider reallocating funding to address real needs.

17. We are all hoping for other tools that we might be able to use to address budget cuts, tools like furloughs, early retirements, etc. What is UW's stance of some of these tools

Response: In many ways the University is constrained regarding these types of tools. In some cases (as in early retirement options, or possible reductions in health care cost/benefits), we must look to the State to offer us alternatives, as the State must ensure that all state workers are handled consistently. In other cases, we are challenged to make use of options others might be using. As an example, the option of instituting furloughs is very complex in our system, and is acknowledged to provide only temporary, not permanent, budget relief. We will continue to work with UW HR and others on campus to explore these higher level tools for any possible options.

18. What assumptions should we make about salary increases? Will classified step increases and faculty promotions be centrally funded?

Response: As things currently stand, the Governor's budget does not include salary increases for anyone (contract staff, professional staff or faculty). Further, the current budget language won't support UW offering any locally funded salary increases. Discussions are underway on our campus, with our sister institutions, as well as with our Olympia counterparts, to understand the implications and explore institutional alternatives.

As in the past, we are committed to funding promotions for tenure track faculty. Classified staff eligible for step increases will receive these increases, but consistent with existing practice, these increases will be funded locally, not centrally.

19. Are there any circumstances under which the University will declare a financial emergency?

Response: While possible, this is unlikely due to the many related negative consequences (reputational concerns, credit rating declines, possible suspension of accreditation, etc.)

20. Are there ways we can become more efficient in our classroom scheduling so as to enable larger class sizes and the corresponding reduced cost of instruction (fewer sections, fewer TA's, etc.)

Response: Doug Wadden, Executive Vice Provost, reported that there is a Committee charged with looking into this set of issues, with a report due to the Provost by March 9, 2009.