



October 21, 2009

Steering Committee on Activity-Based Budgeting

Paul Jenny, Vice Provost, Office of Planning & Budgeting, ***Co-chair***

Doug Wadden, Executive Vice Provost for Academic Affairs, ***Co-chair***

Ann Anderson, Associate Vice President and Controller, Office of Financial Management

Tom Baillie, Dean, School of Pharmacy

Bruce Balick, Professor, Department of Astronomy and Chair, Faculty Senate

Harry Bruce, Dean, The Information School

Ana Mari Cauce, Dean, College of Arts & Sciences

Paul Hopkins, Chair, Department of Chemistry

Jim Jiambalvo, Dean, Foster School of Business

Mary Fran Joseph, Chief Financial Officer, School of Medicine

Mary Lidstrom, Vice Provost for Research

Matt O'Donnell, Dean, College of Engineering

Gary Quarfoth, Associate Vice Provost, Office of Planning & Budgeting

Ed Taylor, Vice Provost and Dean, Undergraduate Academic Affairs

V'Ella Warren, Senior Vice President, Finance & Facilities

Dear Colleagues:

As you know, the University of Washington has been engaged in an ongoing conversation about the need to transition to a more transparent and functional budget model. This past summer I asked a Working Group to explore and make preliminary recommendations on the possible change to a new activity based budget (ABB) model. On October 6, 2009, the Working Group submitted a report (see attached) that recommended the campus fully develop an ABB model at the University of Washington which can then be presented to the campus community for feedback and acted upon by the Provost and President.

To further our conversation on activity based budgeting at the University of Washington, I am writing to ask you to join a Steering Committee that will meet throughout the fall and winter. Executive Vice Provost Doug Wadden and Vice Provost Paul Jenny will co-chair the Steering Committee. The Office of Planning and Budgeting will provide staffing. Building on the final report from the Working Group, there are three primary goals for this Steering Committee:

First, please engage immediately in the formation of five smaller sub-committees that will examine specific aspects of implementing ABB at the University of Washington. The Steering Committee should provide guidance and coordination to the five sub-committees as they examine the structure and detail of ABB. A sub-committee should be created for each of the following subject areas:

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

The Steering Committee should define the charge for each sub-committee. Each sub-committee's charge should include indentifying a list of challenges concerning the implementation of ABB relative to their assigned subject area, as well as recommendations to resolve these issues.

Further, in an effort to ensure adequate technical expertise and to facilitate broader campus participation, membership on each sub-committee should include a combination of Steering Committee members and additional campus representatives. The Steering Committee shall submit a proposed list of participants for each of the sub-committees to the Provost for approval and appointment.

Second, I ask that you synthesize the work of the sub-committees to develop a detailed implementation plan and schedule that would enable implementation of a new ABB model to begin on July 1st, 2010. Please incorporate the findings of the sub-committees and any other technical or process changes that would be necessary for successful implementation.

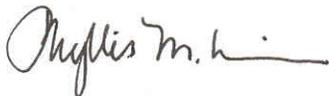
Finally, I ask that you provide a final recommendation to the Provost and President on the viability and prudence of implementing ABB at the University of Washington. In addition to the technical aspects of implementing a new budget model, please also consider the potential impact of ABB on our institutional goals and culture. This final recommendation should take into account the recent report of the Working Group, the work of the sub-committees and the perspective of the Steering Committee.

Given that this effort is entering a more detailed phase of examination, please structure your work to provide reports as follows:

February 24, 2010	Progress report to my office, the Board of Deans and Chancellors and the Senate Committee on Planning and Budgeting
April 1, 2010	Recommendations for implementation that will impact Fiscal Year 2011
May 15, 2010	Final Report

Thank you for agreeing to assist the University of Washington on this critical endeavor.

Sincerely,



Phyllis M. Wise
Provost and Executive Vice President

Enclosure

c: Mark A. Emmert