



UNIVERSITY OF WASHINGTON

Office of the Provost and Executive Vice President

December 2, 2008

Deans, Vice Provosts, and Vice Presidents

Dear Colleagues:

On November 25, 2008, the State of Washington Office of Financial Management (OFM) announced additional reductions to FY2009 General Fund appropriations. The reduction for the University of Washington was \$7.1m, which is in addition to the \$9.7m reduction levied in October. In total we are facing a current year reduction approaching \$17m. We anticipate that we will face additional and probably significant reductions in the next biennium.

I know how difficult it is for all of us to take a mid-year reduction. We do not have the ability to absorb all of this reduction centrally. However, I will be able to temporarily cover half of the \$17m General Fund budget cut for FY 2009 from central fund balances, with the understanding that we will simply be deferring half of the FY 2009 budget cut to the FY 2010 budgets. In FY 2010 units will have to absorb this reduction in addition to the budget cuts the UW expects next year.

The remaining half of this year's reduction will need to come from unit budgets. As we have discussed, we will apply this reduction to a unit's adjusted permanent combined General and Designated Operating Fund base. Academic units will need to provide a reduction of .75% and administrative units will take a reduction of 1.5%. Detail on the cut amount for units is provided in the attachment. The Budget Office will also provide unit administrators with detailed budget profiles for their respective units. We have not yet decided how we will allocate additional budget cuts needed in FY 2010 between academic and administrative units. (Note: The branch campuses retain all of their tuition and local funds as well as all carry over fund balances and will take their reduction based on their percent share of the total state general fund allocation.)

There are a few areas we have exempted from this reduction. Research Cost Recovery (RCR) allocations to units are not included in a unit's base calculations and are exempt from these cuts. Items that are truly fixed cost budgets (such as utilities, management fees, etc.) are noted in the attachment and exempted from the current year reductions. In addition to these exemptions we are also holding harmless specific legislative provisos from the budget reductions, which are also detailed in the attachment. It is important to note that provisos are included in our "near general fund" base which OFM will use in calculating any reductions for the next biennium, and you should anticipate that these budgets will be subject to cuts next year.

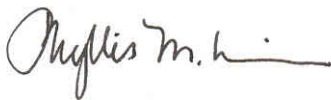
While the legislative process for the next biennium is just starting, it is important that you implement this year's reduction in context with the anticipated cuts for next year, which will be significant. We will send out specific instructions for next year's budget following the release of the Governor's budget in mid-December. Where possible you should begin to reduce your budgets now to soften the impact of significant reductions at the start of the next fiscal year. To this end, I would ask that we cease searches for all vacant faculty and staff positions that are funded from General Operating Fund or Designated Operating Fund resources. I do understand that certain positions are mission critical and in rare circumstances I may grant a waiver to this hiring freeze. Because of the severity of the budget situation we find ourselves in, I will exercise utmost caution in granting any waivers.

The Budget Office will work directly with your unit administrators in implementing this year's reductions. As in the past, units will receive credit for benefits savings for any reductions that include the elimination of permanent positions. I want to ensure that you have maximum flexibility in dealing with this year's reduction and the forthcoming one for next year. You may take this year's reduction using one time fund balances. Since this will compound the reduction you will have to take next year, please be judicious if considering using temporary funds. As FY 2009 is a year in which there will be a biennium close, I have instructed the Budget Office to continue the practice of the last several biennia of allowing units to have some flexibility in spending down their General Operating Fund budgets at the end of the fiscal year. The Budget Office will send out instructions related to biennium close in the near future. Units will continue to carry over all of their unexpended GOF and DOF balances as part of the biennium close process.

Please provide your budget reductions for FY 2009 to the Budget office no later than March 1, 2009. If you have any questions, please contact Vice Provost Paul Jenny or Associate Vice Provost Gary Quarfoth in the Office of Planning and Budgeting.

Finally, it is important to re-emphasize that the cuts you take within your units should be taken with long term view in mind. Please continue to consider your strengths, the opportunities ahead to build on these strengths, and the ability to leverage these strengths through investment and collaborations with other units. If we keep our focus on the long term while dealing with the severity of the current situation, I am confident we can be even stronger as individual units within the overall UW vision.

Sincerely,



Phyllis M. Wise
Provost and Executive Vice President

c: President Emmert
David Lovell
Dan Luchtel
Unit Administrators

UNIVERSITY OF WASHINGTON

CUT ANALYSIS - Fiscal Year 2009, Permanent values only as of October 2008

UNIT NAME	GOF Permanent Funding	DOF-LFA Permanent Funding	Research Cost Recovery	Total Cut Base	Adjustments (Fixed Costs)	Required Reduction .75% Academic 1.5% Administrative
<u>ACADEMIC UNITS</u>						
BUSINESS SCHOOL	20,054,578	14,818	E	20,069,396	0	150,520
COLL BUILT ENVIRONMENTS	7,369,067	32,227	X	7,401,294	0	55,510
COLL ARTS & SCIENCES	122,006,284	62,080	E	122,068,364	0	915,513
COLL OCEAN/FISHERY SCI	9,229,718	1,606,286	M	10,836,004	1,280,110 ¹	71,669
COLL FOREST RESOURCES	6,188,382	85,015	P	6,273,397	0	47,050
COLLEGE OF EDUCATION	8,603,172	756,252	T	9,359,424	0	70,196
COLLEGE OF ENGINEERING	40,549,942	1,450,316		42,000,258	0	315,002
DEAN-GRADUATE SCHOOL	4,728,962	1,306,665		6,035,627	15,000 ²	45,155
EDUCATIONAL OUTREACH	567,861	1,703,611	E	2,271,472	62,416 ³	16,568
EVANS SCH OF PUBLIC AF	3,312,612	65,783	X	3,378,395	0	25,338
HEALTH SCIENCES ADMIN	2,651,705	8,314,489	E	10,966,194	332,000 ⁴	79,756
MEDICAL CENTERS	16,286,249	0	M	16,286,249	0	122,147
SCH PUB HLTH/COMM MED	6,831,678	13,969	P	6,845,647	0	51,342
SCHOOL OF DENTISTRY	11,274,213	524,648	T	11,798,861	0	88,491
SCHOOL OF LAW	12,810,241	62,967		12,873,208	0	96,549
SCHOOL OF MEDICINE	52,463,825	391,368	E	52,855,193	209,400 ⁵	394,843
SCHOOL OF NURSING	8,663,124	401,184	X	9,064,308	0	67,982
SCHOOL OF PHARMACY	6,079,396	98,778	E	6,178,174	0	46,336
SCHOOL OF SOCIAL WORK	4,539,239	275,623	M	4,814,862	0	36,111
THE INFORMATION SCHOOL	3,379,733	420,276	P	3,800,009	0	28,500
UNDERGRAD ACAD AFFAIRS	5,941,082	826,775	T	6,767,857	0	50,759
VP-MEDICAL AFFAIRS	326,366	504,928		831,294	0	6,235
	353,857,429	18,918,058		372,775,487	1,898,926	2,781,574
<u>ADMINISTRATIVE UNITS</u>						
ATTORNEY GENERAL	1,999,742	741,950	E	2,741,692	2,115,105 ⁶	9,399
DEAN OF LIBRARIES	21,958,670	8,598,710	X	30,557,380	0	458,361
EXTERNAL AFFAIRS	3,015,145	1,791,304	E	4,806,449	0	72,097
HUMAN RESOURCES	4,135,019	4,844,126	M	8,979,145	594,756 ⁷	125,766
OFFICE OF TECH TRANSFER	0	735,217	P	735,217	17,500 ⁸	10,766
PLANNING & BUDGETING	1,911,522	1,259,124	T	3,170,646	0	47,560
PRESIDENT	1,889,364	538,296		2,427,660	221,482 ⁹	33,093
PROVOST	3,041,025	2,221,650		5,262,675	22,500 ¹⁰	78,603
UW FINANCE&FACILITIES	62,029,009	43,744,205	E	105,773,214	58,494,723 ¹¹	709,177
UW TECHNOLOGY *	19,872,428	12,531,295	X	32,403,723	0	486,056
OIM	10,584,524	0	E	10,584,524	0	158,768
VICE PROVOST-RESEARCH	2,288	8,502,670	M	8,504,958	212,501 ¹²	124,387
VP FOR DEVELOPMENT	186,726	4,803,181	P	4,989,907	25,000 ¹³	74,474
VP MINORITY AFFAIRS	3,900,149	651,612	T	4,551,761	0	68,276
VP STUDENT LIFE	11,585,169	4,975,431		16,560,600	127,216 ¹⁴	246,501
	146,110,780	95,938,771		242,049,551	61,830,783	2,703,282
GRAND TOTAL	499,968,209	114,856,829		614,825,038	63,729,709	5,484,856

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<u>PROVISOS - EXCLUDED FROM CUT</u>						
COLL ARTS & SCIENCES	650,000	0		650,000	0	A 0
COLL OCEAN/FISHERY SCI	165,000	0		165,000	0	B 0
COLL/FOREST RESOURCES	250,000	0		250,000	0	C 0
EVANS SCH OF PUBLIC AF	100,000	0		100,000	0	D 0
HEALTH SCIENCES ADMIN	30,000	0		30,000	0	E 0
SCH PUB HLTH/COMM MED	1,700,000	0		1,700,000	0	F 0
SCHOOL OF DENTISTRY	1,025,452	0		1,025,452	0	G 0
SCHOOL OF MEDICINE	3,276,221	0		3,276,221	0	H 0
SCHOOL OF NURSING	85,000	0		85,000	0	I 0
PROVOST	375,000	0		375,000	0	J 0
VICE PROVOST-RESEARCH	1,084,000	0		1,084,000	0	K 0
VP MINORITY AFFAIRS	250,000	0		250,000	0	L 0
CENTRAL BUDGETS	417,327	0		417,327	0	M 0
	9,408,000	0		9,408,000	0	0
<u>BOTHELL & TACOMA CAMPUSES</u>						
BOTHELL CAMPUS	32,545,132	0		32,545,132	0	822,833
TACOMA CAMPUS	40,426,625	0		40,426,625	0	1,057,343
	72,971,757	0		72,971,757	0	1,880,176

NOTES:

*UW TECHNOLOGY includes Educational Partnerships (Catalyst) funds and excludes OIM funds

1. Fixed cost - RV Thompson
2. Fixed cost - Grad app process fee
3. Fixed cost - ESL training
4. Fixed cost - EH&S
5. Fixed cost - Aids study space
6. Fixed cost - revolving funds
7. Fixed cost - revolving funds, employee service awards
8. Fixed cost - license agreements
9. Fixed cost - special events
10. Fixed cost - incident prevention team
11. Fixed cost - revolving funds, utilities, property rentals, mgmt fees
12. Fixed cost - Friday Harbor Labs
13. Fixed cost - outside counsel expend
14. Fixed cost - revolving funds, sports fac maint, tech fee obligation, sick leave, work study, NDSL/HP loan match
 ROTC facilities rental

PROVISO LIST

- A-BURKE MUSEUM 500K, ILABS 150K
- B-WATER QUALITY
- C-ONRC 75K, SHELLFISH 150K, MARINE PROVISO 25K
- D-RUCKELSHAUS CENTER 100K
- E-AUTISM
- F-GLOBAL HEALTH & HEALTH METRICS 1.7M
- G-WWAMI/RIDE
- H-ADULT HOME CERT 54K| GLOBAL HEALTH & HEALTH METRICS 1.7M| DISABILITIES RESEARCH GRANT 50K| WWAMI/RIDE 1,472,221
- I-WA STATE ACADEMY OF SCIENCES
- J-INTERNATIONAL LEARNING OPPORTUNITIES
- K-STATE CLIMATOLOGIST 84K, eSCIENCE \$1M
- L-TRIO ELIGIBLE STUDENTS, RETENTION COMPLETION PROGRAM
- M-ILABS 150K| PUGET SOUND PARTNERSHIP 30K| WWAMI/RIDE 237,327