Activity Based Budgeting at the University of Washington

March, 2010
Why ABB?

• Current model does not align revenue generation with the activities associated with the revenue

• Full cost of University Programs is unknown (instructional, research, service-oriented)

• Current model is not as transparent as needed

• Current model is not as flexible or fluid as needed
Progress to Date

- Working group (summer 2009)
  - Preliminary Report Oct 2009
- Steering Committee (fall 2009-current)
  - Five Working Groups
    - Academic Impact
    - Research and Indirect Cost Recovery
    - Central Academic and Administrative Units
    - Delivery of a Tax Model
    - Data and Definitions
  - Preliminary Report and Recommendations Pending
Basic Principles and Goals

• Key Principles
  – Support, not determine, University Goals
  – Starting point is revenue neutral
  – Transparent and Simple in approach
  – Does not replace ‘leadership’

• Key Goals
  – Alignment of revenues and costs
  – Empower Academic Units
  – Greater focus on strategic planning
  – Maintain and enhance quality
Implementation Approach

• Steering Committee report due shortly
• Development of implementation actions
• Soft Launch in FY11
  – Allocation of incremental tuition less central holdback
• Full implementation (Phase 1) in FY12
  – Full allocation of unit generated revenue (tuition, ICR)
  – Central tax to fund central units, existing supplements, new initiatives
  – Accountability Metrics
• Future Phases
  – Expectation is that model will not be ‘perfect’ when implemented
  – Some desire to move to a more robust cost attribution model