



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