Budget Planning

Reductions and Payback
Spring 2017

AGENDA

» How we got here
» About the operating budget
» Balancing this year’s budget: payback
» Planning for next year’s budget: permanent reductions
» The plan
HOW WE GOT HERE

» No state budget since FY15
» $13 million in one-time and permanent cuts in FY16
» $21 million in permanent cuts in FY17
» Enrollment decline
» Two stopgaps applied to balance FY16 budget
» No appropriations to apply to FY17 to date
» Must plan for FY18 without clear state budget picture

$21 MILLION FY17 STATE BUDGET REDUCTION

% of unit budget reduced

» Academic Affairs, 9.2%
» School of Law, 10.0%
» Admin. and Finance, 10.0%
» Chancellor’s Office, 10.2%
» Student Affairs, 10.6%
» Research, 11.6%
» Athletics, 12.6%
» Economic Development, 12.9%
» Development/Alumni, 13.1%
» Campus-wide, 15.9%

University-wide impact

» 155 vacant positions
» ~17 layoffs or non-renewal of contracts
» Reduction in graduate assistantships
» Reductions in funds for library materials, research centers, deferred maintenance, general operations
ABOUT THE OPERATING BUDGET

» Tuition revenue (income funds)
» State appropriations
» Grants and contracts (restricted by contractual agreements)
» Revenue bond operations (restricted for areas supported primarily through student fees)
» Self-supporting activities (areas that are fully or partially self-supporting)

FY15 Operating Budget

- Appropriations, 24%
- Tuition, 24%
- Grants/Contracts, 18%
- Indirect, 1%
- Bond Ops, 17%
- Self-supporting, 16%

Appropriations + Tuition
State budget
PERCENT OF TOTAL STATE BUDGET*

- Academic Affairs, 70.0%
- Admin. and Finance, 9.0%
- University-wide, 7.3%
- School of Law, 5.0%
- Chancellor’s Office, 3.0%
- Research, 2.4%
- Student Affairs, 1.0%
- Development/Alumni, 1.0%
- Athletics, 1.0%
- Economic Development, 0.3%

*typical year
BALANCING FY17: PAYBACK

» Ongoing operations have relied on funds from elsewhere in the budget or the system
» Must pay back those funds over time

PLANNING FOR FY18: PERMANENT REDUCTIONS

» Based on governor’s proposed funding for higher education (85% of FY15 funding level)
» Assumes a state budget and appropriation
» Accounts for enrollment decline
» Plans due mid-May
BUDGET REDUCTIONS

FY17 PAYBACK:
$8.3 million to $11 million
» “One-time”: paid back over 10 years
» Based on total spending of state budgets in FY17 by unit
» First-year based on March 31; future years on actual spend
» Final number depends on April-June savings and FY17 stopgap
» State or local funds can be used; approach can vary by year

FY18 BUDGET:
$19 million
» Permanent reductions
» State accounts only
» Not across-the-board
» Vice chancellors/chancellor have flexibility in how they apply some reductions

THE PLAN: FY18 PERMANENT REDUCTIONS

» Vacant positions $10,000,000
» Equipment, supplies, contractual services $1,500,000
» Campus work opportunities for students $1,000,000
» State-funded travel $535,000
» Plant and service operations $1,500,000
» Partially self-supporting units $1,200,000
» Academic administration $1,000,000
» Non-academic administration $750,000
» Information technology $500,000
» School of Law $465,000
» Library $400,000
» Development and alumni relations $166,000
THE PLAN: FY18 PERMANENT REDUCTIONS

» Vacant positions/salary sweep
  - Effective July 1 and going forward
  - Units will be able to request positions from the salary pool created by sweep
  - Limited approvals based on critical need to ensure $10 million in savings
  - Pool will cover future vacation/sick leave payouts and salary increases associated with promotion and tenure
  - In addition to any other assigned cuts

» Ban on travel using state funds
  - Effective immediately
  - In addition to any other assigned cuts

» Units assigned specific cuts (PSO, partially self-supporting units, IT, law and library services)
  - Not assigned cuts in student work opportunities or equipment, supplies and contractual services
  - Vice chancellors have some flexibility and may assign additional cuts to meet goals
  - Units targeted separately because of the opportunity to generate funds, relationship to mission or different funding model
THE PLAN: FY18 PERMANENT REDUCTIONS

» Reductions in academic and non-academic administration, campus work opportunities for students, and equipment, supplies and contractual services
  - Assigned at the chancellor or vice chancellor level for units reporting to them
  - Chancellor and vice chancellors have some flexibility to change amounts per category as long as total is met

» Local (non-state or restricted) budgets
  - May be used to cover reductions in state budgets as long as sufficient resources are available and they do not contribute to a new or existing deficit

THE PLAN: FY18 PERMANENT REDUCTIONS

% of state budget excluding vacant positions

» Academic Affairs, 4%
» School of Law, 5%
» Development/Alumni Relations, 6%
» Student Affairs, 11%
» Administration and Finance, 11%
» Research, 14%
» Chancellor’s office, 14%
» Athletics, 19%
» Economic Development, 20%
FY18 PERMANENT REDUCTIONS BY UNIT
% of state budget excluding vacant positions

<table>
<thead>
<tr>
<th>Unit</th>
<th>Total State Budget</th>
<th>Permanent Reductions</th>
<th>% of Unit State Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic affairs</td>
<td>$116,718,962</td>
<td>$4,254,907</td>
<td>4%</td>
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<tr>
<td>School of law</td>
<td>$9,137,878</td>
<td>$465,000</td>
<td>5%</td>
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<tr>
<td>Dev./Alumni</td>
<td>$2,666,315</td>
<td>$166,000</td>
<td>6%</td>
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<tr>
<td>Student Affairs</td>
<td>$2,274,099</td>
<td>$256,101</td>
<td>11%</td>
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<tr>
<td>Admin./Finance</td>
<td>$17,618,980</td>
<td>$1,990,951</td>
<td>11%</td>
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<tr>
<td>Research</td>
<td>$4,711,579</td>
<td>$679,234</td>
<td>14%</td>
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<tr>
<td>Chancellor</td>
<td>$5,759,624</td>
<td>$798,762</td>
<td>14%</td>
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<tr>
<td>Athletics</td>
<td>$1,551,833</td>
<td>$300,000</td>
<td>19%</td>
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<tr>
<td>Economic Dev.</td>
<td>$500,511</td>
<td>$100,102</td>
<td>20%</td>
</tr>
</tbody>
</table>

THE PLAN: FY17 PAYBACK

» Campus units: $4.3 million to $7 million total, assigned by unit to vice chancellor
» Unrestricted plant funds: $2 million
» Central allocation of Distance Education tuition: $1 million
» Central allocation of summer semester tuition: $1 million
QUESTIONS?
THANK YOU!