Historical revenues and expenditures
- Projections to alleviate deficit
- Update on financial expectations for fiscal year 2021-22 (FY22)
- Current financial projections for fiscal year 2022-23 (FY23)
- Review of FY22 Budget Call activities and outcomes
  - Location of retired vacancies
- Update on our FY23 Budget Call process
Note: State appropriations represents 45% of all our revenues; tuition and fees is 35%; auxiliaries is 18%. (98% is enrollment-driven)
Historical Cost Growth: Expenditures

Note: Salary and Benefits consists of 67% of our expenditures before debt (55% after debt), if we also exclude auxiliary costs it is 72% of general campus expenditures.
Total Revenues and Total Expenditures

FY19: $0 Surplus
FY20: $1.3M Surplus
FY21: $1.3M Surplus
FY22 (Proj.): $1.3M Surplus

Total Revenues and Expenditures

Expenditures
Revenues
Key Historical Trends

- The campus’ expenditures have grown at a more rapid pace than our revenues between FY19 through FY22 (projected).
- Total revenues have grown **14%** between FY19 and FY22 (projected):
  - Core – 13%
  - Auxiliaries – 25%
  - Other – 6%
- Total costs have grown **17%** between FY19 and FY22 (projected):
  - Salary & Benefits – 23%
  - Non-Salary – 11%
  - Debt – 14%
Fiscal Projections

Projected Revenues and Expenditures

- FY22 (Proj.): $400,000,000
- FY23: $400,000,000
- FY24: $400,000,000
- FY25: $420,000,000
- FY26: $500,000,000
- FY27: $520,000,000
Meeting goals will require the strategic allocation of new revenues
- FY22 – reduce deficit to be less than $15M
  - $38M including “owner” cost payments for 2020 Project (illustrated)
- FY23 – further reduce deficit to be less than $10M
- FY24 – reduce deficit to be less than $5M
- FY25 – balanced budget
- FY26 – surplus revenues exceeding $5M
- FY27 – balanced budget
  - One-time funding from UCOP ends
Simplified underlying strategy
- 5.5% growth in total revenues
  - State (3%-4%); enrollment (6%-8%)
- 4% growth in total expenditures
  - Payroll (5%-6%); Non-salary (3%)
Current Financial Trajectory for FY22 (Updated)

- Growth in revenues:
  - Sources:
    - Auxiliary growth of ~$29M
    - State appropriation growth of ~$23M
      - Reversal of the prior campus cuts from the pandemic
      - $9M as part of our recently negotiated MOU
    - Other revenue sources ~$1M
      - Contract and grant success has been increasing
Total salary and benefits are expected to **increase** by ~$9M

Non-salary costs are expected to **increase** by ~$10M
  - Sources: building operations, maintenance and utilities; faculty start-up

Auxiliary costs are expected to **increase** by ~$18M

Total campus deficit is expected to be ~$37M
  - Approximately $23M of that was carried over from last year’s "owner’s cost"
  - The $9M provided under the MOU is lowering this from a projected deficit of ~$46M
Factors influencing our FY22 strategy

- Small enrollment growth (Fall 2020 – 9,018; Fall 2021 – 9,093; 0.8%)
- Monthly budget reviews (divisions/schools)
  - On target except for Temporary Academic Support budgets
- Retired $8M in vacancies leading from FY21 into FY22
- $9M one-time MOU funding provided by UCOP
- 9.75% reduction on non-salary spending (state appropriation money)
- Central retention of four-month vacancies
# Current Four Month Hold Savings

<table>
<thead>
<tr>
<th>Division</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Campus Excluding Campus control</td>
<td>$3,361,435</td>
</tr>
<tr>
<td>AB10000 PROVOST</td>
<td>$328,475</td>
</tr>
<tr>
<td>AB20000 SCHOOL OF ENGINEERING</td>
<td>$26,469</td>
</tr>
<tr>
<td>AB30000 SCHOOL OF NATURAL SCIENCES</td>
<td>$128,669</td>
</tr>
<tr>
<td>AB40000 SCHL OF SOC SCI HUMANITIES ARTS</td>
<td>$193,551</td>
</tr>
<tr>
<td>BA20000 OFFICE OF INFORMATION TECHNOLOGY</td>
<td>$501,755</td>
</tr>
<tr>
<td>BA30000 VICE CHANCELLOR RESEARCH</td>
<td>$476,389</td>
</tr>
<tr>
<td>BA50000 VC CHIEF EXT RELATIONS OFFICER</td>
<td>$113,394</td>
</tr>
<tr>
<td>BA60000 VC CHIEF FINAN &amp; ADMIN OFFICER</td>
<td>$484,731</td>
</tr>
<tr>
<td>BA70000 VC-CHIEF OPERATING OFFICER</td>
<td>$703,483</td>
</tr>
<tr>
<td>BA40000 VICE CHANCELLOR STUDENT AFFAIR</td>
<td>$404,520</td>
</tr>
</tbody>
</table>
FY23 Considerations

- MOU Impacts
  - Provides an additional $4M for next year

- Enrollment Goals
  - Increased enrollment may increase our revenues by around $8M - $9M
  - Will be allocating around $2.5M - $3M as part of our campus budget call
  - Anticipated deficit reduction is between $5M and $6M

- Additional Fiscal Controls?
  - Additional fiscal controls will be considered depending on our enrollment numbers
Goal and Principles of a Budget Call Process

Goal:
Align our resource allocation process with the campus’ Strategic Plan

Principles:

- **Transparency** – clear and easily understood
- **Predictable** – can reliably be used for future needs
- **Integrated** – connected with other campus processes
- **Adaptable** – is “living” and can be revisited as needed
- **Accountable** – can measure progress
- **Fiscally Responsible** – efficiently utilizes the campus’ limited resources
Retired \(~$8M\) in vacancies to reduce our campus’ structural deficit
- Deficit is driven by our structural enrollment deficit

<table>
<thead>
<tr>
<th>Division</th>
<th>Vacancy Dollars</th>
<th>FY22 Budget Augmentation</th>
<th>Percentage of Vacancy Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs (AF)</td>
<td>$2,954,149</td>
<td>$709,712</td>
<td>24.02%</td>
</tr>
<tr>
<td>Office of Information Technology (OIT)</td>
<td>$1,244,346</td>
<td>$519,010</td>
<td>41.71%</td>
</tr>
<tr>
<td>External Relations (ER)</td>
<td>$1,283,371</td>
<td>$343,745</td>
<td>26.78%</td>
</tr>
<tr>
<td>Division of Finance and Administration (DF&amp;A)</td>
<td>$2,834,015</td>
<td>$1,131,428</td>
<td>39.92%</td>
</tr>
<tr>
<td>Office of Research and Economic Development (ORED)</td>
<td>$1,141,411</td>
<td>$197,941</td>
<td>17.34%</td>
</tr>
<tr>
<td>Physical Operations, Planning and Development (POPD)</td>
<td>$1,819,917</td>
<td>$729,251</td>
<td>40.07%</td>
</tr>
<tr>
<td>Chancellor’s Organization (CO)</td>
<td>$1,219,830</td>
<td>$343,570</td>
<td>28.17%</td>
</tr>
</tbody>
</table>
## Academic Affairs (FY22 Budget Call)

<table>
<thead>
<tr>
<th>School/Division</th>
<th>Vacancy Dollars</th>
<th>FY22 Budget Augmentation</th>
<th>Percentage of Vacancy Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>School of Engineering</td>
<td>$329,544</td>
<td>$132,336</td>
<td>40.16%</td>
</tr>
<tr>
<td>School of Natural Sciences</td>
<td>$743,913</td>
<td>$108,042</td>
<td>14.52%</td>
</tr>
<tr>
<td>School of Social Sciences, Humanities and Arts</td>
<td>$432,563</td>
<td>$136,709</td>
<td>31.60%</td>
</tr>
<tr>
<td>Division of Undergraduate Education</td>
<td>$330,301</td>
<td>$63,617</td>
<td>19.26%</td>
</tr>
<tr>
<td>Division of Graduate Education</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>University Library</td>
<td>$124,150</td>
<td>$95,030</td>
<td>76.54%</td>
</tr>
<tr>
<td>Executive Vice Chancellor and Provost</td>
<td>$993,678</td>
<td>$173,978</td>
<td>17.51%</td>
</tr>
</tbody>
</table>
Budget Call FY23 Revised Timeline

• February 1, 2022 – April 15, 2022: Executive Vice Chancellor and Provost (EVC/Provost) Gregg Camfield and Interim Vice Chancellor and Chief Financial Officer (IVC/CFO) Kurt Schnier meet with the Senate and the Strategic Planning Teams to discuss campus priorities for the upcoming fiscal year (FY23).

• April 15, 2022: Divisions submit their FY23 budget requests for both one-time and permanent funding.

• April 15, 2022 – April 29, 2022: EVC/Provost and IVC/CFO meet with division leads (Vice and Associate Chancellors) and Strategic Planning Teams to review budget requests, with divisions presenting the required budget call information described below.

• May 2, 2022 – May 13, 2022: EVC/Provost and IVC/CFO develop a proposed budget allocation for FY23, both one-time and permanent funding, and present at the SAC for feedback. Feedback is reviewed and recommendation is provided to the Chancellor.

• May 20, 2022: Chancellor makes budget allocation decisions, one-time and permanent funding, for FY23.
Series of questions that each division is required to answer:

1. How are you allocating financial resources for the current fiscal year (FY22)?
2. How do you plan to provide budget transparency internally?
3. Explain how your work advances the Strategic Plan. What goals, objectives and measures are you targeting for the upcoming fiscal year (FY23)?
4. What consultation have you undertaken across divisions to ensure your sequencing of needs and Strategic Plan alignment are integrated?
5. What is your resource request for the upcoming fiscal year? Why is this request a higher priority than other needs?
6. How is it aligned with the Chancellor’s and EVC/Provost’s foci for next year?

The full text of these questions are at: https://finance.ucmerced.edu/budget-call
7. Highlight any structural deficit. What measures have been taken to address that deficit for FY23?
8. Where have you achieved efficiencies? Are there areas where you can save money to reallocate to higher priority areas that align with the Strategic Plan?
9. What was your FY 21/22 budget call allocation?
10. List all Chancellor-approved FTE/budget augmentations received since the FY22 budget call.
11. Describe any other budget augmentations received during FY22 and how they were allocated.

The full text of these questions are at: [https://finance.ucmerced.edu/budget-call](https://finance.ucmerced.edu/budget-call)
Details regarding the FY23 Budget Call will be provided in an upcoming (tentatively June 1\textsuperscript{st}) Fiscal Transparency Town Hall after the Chancellor has made his decisions regarding budget allocations:

- Overview of additional funding provided between FY22 and FY23 Budget Call
- Overview of predicted budget allocation
- Overview of divisional requests
- Overview of budget allocations
- Overview of alignment with Strategic Plan
  - Chancellor and EVC/Provost foci alignment
- Overview of conditions that will generate Fall augmentations
Our ability to fund the infrastructure necessary to achieve R1 status rests on one simple factor: **UNDERGRADUATE ENROLLMENT**
- Investments include: faculty, staff, graduate students, research support, labs, facilities, IT, etc..

**UNDERGRADUATE ENROLLMENT** must be viewed as a campus-wide objective
- Requires partnership between faculty (curriculum) and administration (resources)

Presentation can be found at: [https://dfa.ucmerced.edu/financial-responsibility](https://dfa.ucmerced.edu/financial-responsibility)