

College Finances and Budget Planning Forum

Sponsored by Committee on Priorities and Resources,
Provost's Office & VP for Finance and Operations' Office

October 26, 2022

Economic Context for FY24 Budget Planning

- **Inflation**

- Additional cost pressures above anticipated growth rate in operating expenses for FY24.
 - Energy and utilities, food, insurance, building materials and supplies.
 - Salaries and benefits.

- **Negative Endowment Performance / Market Volatility**

- Negative endowment return in FY22.
- Impact of inflation on real returns.

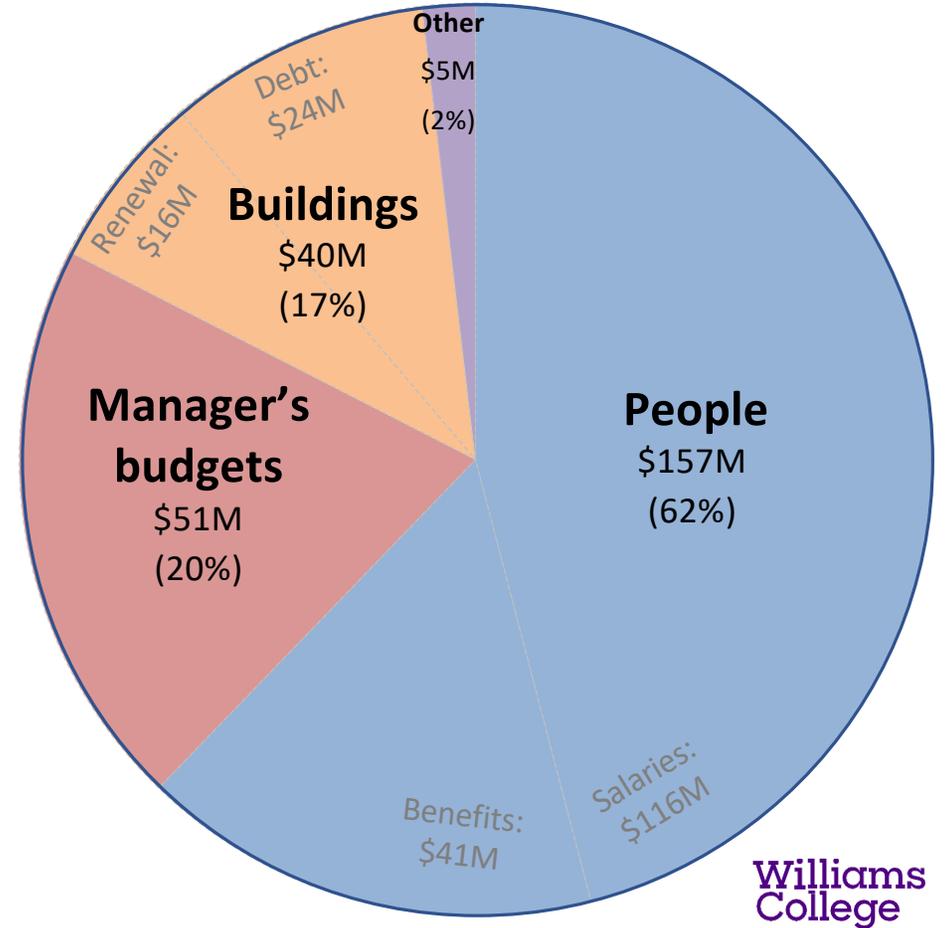
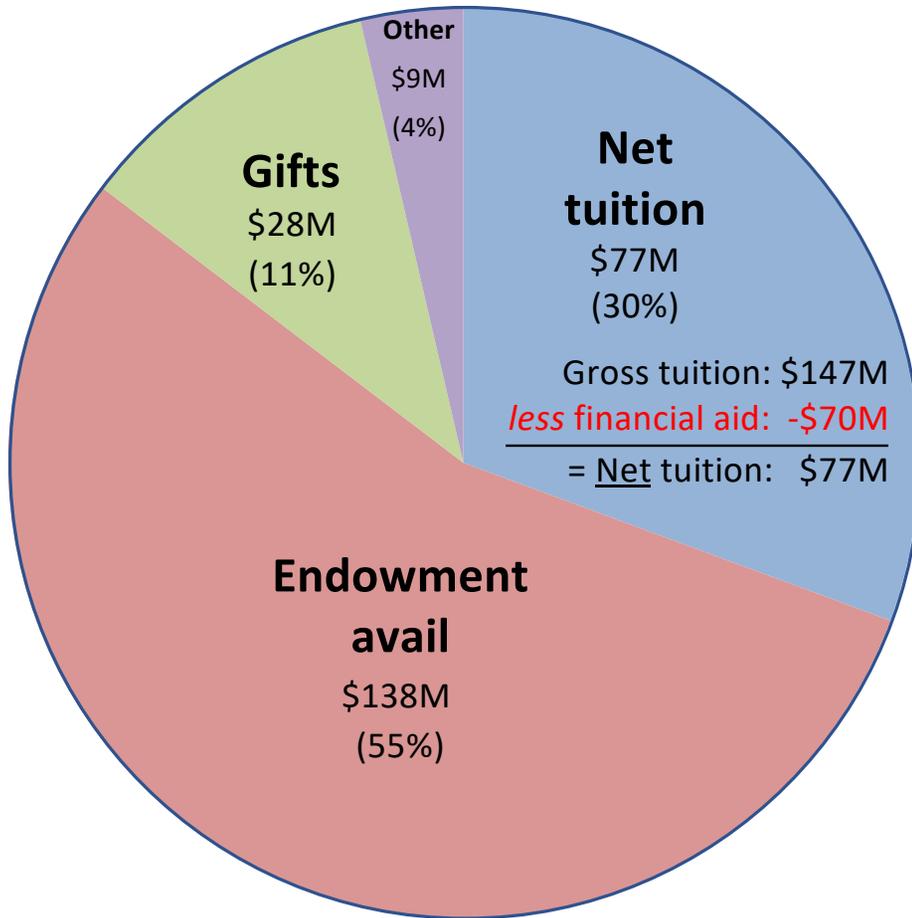
Revenues

(\$252M, FY22)



Expenses

(\$252M, FY22)



FY24 Budget Principles

- **Address financial pressures exerted by inflation and exacerbated by negative endowment return, and prepare for period of economic stress**
- **Consider all possible dials to both increase revenues and manage expenses**
- **Prioritize salaries and benefits**
- **FY24 budget planning process as opportunity to discuss in each area, and with respective senior staff member, what we could stop doing**
- **Encourage collaboration across units and areas**

FY24 Budget Approaches

- **Budget Reductions:**

- First Goal is calculated as 15% of FY23 manager's budgets at the level of senior staff area. Start by planning for 15% reduction in all units.

- In budget process, senior staff member will discuss expectations with individual units; reduction may differ from 15% goal across units in the area.

- Unavoidable inflationary increases should be identified, documented, and proposed.

- Spending for compliance, health and safety, cost-saving measures in long term should be prioritized.

- Second Goal is to achieve \$1m savings in student wages in units that have student employees.

FY24 Budget Approaches

- **Strategies to Achieve the Targets:**

- Reallocate dollars to highest priorities. Support from senior staff member and economic context for decisions about what to stop doing.

- Preference for savings in unrestricted funding rather than restricted funding.

- Think flexibly about manager's budget and compensation dollars. Discuss with senior staff member opportunities to reduce through management of vacant positions and temp budgets.

- Consider collaboration across units to achieve reduction goal. Communicate with other units to ensure that reductions do not have unintended consequences for their priorities.

- Reduce student wages budget by evaluating this work and/or ability to reallocate this work.

- **Funding for New Initiatives:**

- Request new spending on strategic initiatives to be considered if economic situation improves.