

FY21 Budgeted Expense Reduction: Process and Guidelines

April 30, 2020

From the Senior Vice President and Chief Financial Officer for Business Affairs

Earlier today, you heard from President Eighmy and Senior Vice Presidents Espy and Mendez regarding [our budget planning for FY21](#) in light of the ongoing pandemic. While the long-term economic effects of the pandemic remain uncertain, we must take action now to best position UTSA for a sound financial future and weather what lies ahead.

In order to adjust for anticipated reductions in revenue from the state and other sources, we must plan for **a 9% reduction in FY21 budgeted expenses across all fund sources for all colleges, and a 10% reduction for all other university divisions**. The different rate for academic colleges is motivated by our strong commitment to the academic success of our students. An additional 5% reduction across all fund sources will also be planned in case it is needed. Please note that sponsored projects, gifts, or endowments are not included.

Our FY21 budget planning process will be participatory. Our deans, vice presidents, and other administrators will lead the work to set balanced budgets within their colleges and divisions. The intent is to develop **locally tailored solutions across all fund sources that are responsive to each unit's particular situations and opportunities**.

To support you as you begin this process, within the next two weeks we plan to meet with you, your leadership teams, as well as key representative stakeholders who you will include in your process.

Your FY21 budget expense plan should be guided by our mission, vision, values, and cultural identity; aligned with UTSA's strategic plan; and crafted to advance our progress toward our [three destinations](#). Of course, each college and division contributes to our destinations in unique and important ways. Your near term goals, opportunities, and distinctive ecosystem should be reflected in your FY21 expense reduction plan.

Success of Our Students. Fundamentally guiding us is our commitment to students and to their successful completion of their intended course of study to advance their career goals and prosperity. The foundation of the success of our students is our faculty, whose commitment to an outstanding academic experience is steadfast. In this period, we must prioritize a high-quality instruction—whether it is online, hybrid, face to face, or the 1:1 mentoring of graduate students—and the associated learning and mastery that result. As a Hispanic Serving Institution (HSI), activities that support degree completion by our Hispanic and other underrepresented students are paramount, particularly critical in the online modality given the digital divide that affects our communities. Please keep at the center of your consideration the academic experience, and the services that support effective and inclusive delivery, progress, graduation, and prosperous career outcomes.

Excellence in Research & Graduate Education. Supported by graduate education as the engine, our research enterprise is all about impact (now and into the future); developing new knowledge; enriching our human experience with creativity and expression; and providing benefit through new technologies, applications, programs, and policies. UTSA's faculty, students, and staff together have made great

strides toward our R1/NRUF goals, and particular focus on prioritizing professional grant development assistance and management capabilities to continue our progress is clearly warranted.

Exemplar for Innovation and Strategic Growth. UTSA is an urban-serving, HSI public research university with a special responsibility to promote social and economic transformation for our communities through higher education access and completion. All steps that we can take in this process to advantage increased enrollment, clear pathways to degree completion, inclusive engagement with key communities, and skilled workforce development will position UTSA to serve our region and state.

Our planning will address two phases of budgeted expense reductions, as outlined below. Each leader will receive an email with the link to the templates for their area that must be returned by the deadlines noted below.

Phase 1: Budget Reduction of 9% / 10%

Beginning next fiscal year, a reduction of **unrestricted expenditures** (fund types: Education & General, Designated Tuition, Other Designated Funds, Auxiliary and Fees) budgets will be required to address anticipated revenue declines in tuition (statutory and designated), state appropriations and other revenue shortfalls. Academic colleges are required to reduce expenditures by 9%, and all other divisional units are required to reduce expenditures by 10%.

Budget reductions will be applied to all unrestricted fund groups, including Other Designated and Auxiliary funds. This action allows us to shift the new reduced levels of permanent expenditures across all funds, according to appropriate or allowable uses. By doing so, we ensure the university aligns funding sources with strategic priorities as we work through these uncertain times.

Proposed budget cuts should follow the approaches and priorities listed below, leaving sufficient funding to meet the university's strategic mission as we move forward.

1. Colleges and divisions should review previous expenditure plans in light of institutional and college/division priorities to identify alternative budgeted funding sources, where needed, to support continued progress toward our goals. The key to this planning will be for each college/division to determine how best to align their operations and core services to resources while finding creative efficiencies.
2. Reductions to the permanent (recurring) expense budgets in FY2021 must be made, expenses cannot be shifted to one-time sources. Please make sure you include in your budget planning your FY21 and any out-year permanent expense commitments, including those for existing strategic faculty hires.
3. Budgeted vacant positions should be reviewed to determine which positions are critical to meet institutional strategic needs. Positions deemed not critical or essential should be eliminated and the associated permanent expenses eliminated from your FY21 budget, and reorganizations considered.
4. Budgeted reserves (A9000) that are not committed to a permanent expense should be eliminated. If you are budgeting reserves, provide a list of the permanent commitments to that reserve.

5. M&O and travel budgets should be reduced wherever possible but remain at a level consistent to the needs of the operation and staffing levels.
6. Planned efforts to create efficiencies through process improvements, job duty and/or assignment reorganization, or shared services should be implemented immediately, with expenses eliminated in the permanent budget to align with these new processes.
7. If the college/division proposes budget reductions to budgeted position salary expenses, please keep in mind the following:

Layoffs

Layoffs can be considered when the unit does not have enough work for the employee to perform or there is a financial condition that precludes them from covering the salary. In this case, colleges/divisions could be able to fill the position when the financial situation improves.

Reduction-in-Force (RIF)

RIFs can be considered when departments are reorganizing and there is no intention of replacing the position in the near future.

Please include position information and indicate which option you are selecting (i.e., layoff or RIF) in the comments section of the form.

Additional budget cuts will be needed by Other Designated and Auxiliary areas that are projecting their own revenue declines for FY21 due to impacts of the pandemic. This includes revenues from both mandatory and incidental fees, sales, and services.

Phase 2: Planning for a Possible Additional 5% Reduction

As we approach the fall semester, additional information will be provided as it becomes available regarding anticipated state appropriation reductions and fall enrollments. At this time, our exercise for Phase 2 is to identify an additional 5% of permanent expense reductions, for a total of 14% for academic colleges and 15% for divisions. Conducting this planning now will ensure we are ready to adjust our FY21 expenses according to other revenue scenarios, as well as address the FY22/23 biennium as needed.

Process and Timeline

Colleges and divisions should strive to engage in a collaborative process with their respective units to align and connect collective resources to deliver the university's strategic mission.

Preliminary plans should be uploaded into the SharePoint folder created for your unit **no later than May 18** and contain:

- Narrative stating the college/division specific framework used to inform the budget reduction plan (one page)
- Participatory process utilized to develop and vet the preliminary plan (one page)
- Completed UTSA excel template for the college/division

Review & Evaluation

The President, Provost, Senior Vice President for Business Affairs, and Vice President for Research, Economic Development, and Knowledge Enterprise (VPREDKE) will convene and host a **budget review on May 20**, during which **each college/division leader will present their respective preliminary plans for discussion and evaluation**. Input and feedback will be shared, particularly with an eye toward identification of cross-unit synergies. Opportunity will be provided for further revision by the college/division to finalize the respective budget plan by May 26.

Final recommendations will be forwarded for consideration by the University Leadership Council and Resource Management Team (RMT) per our participatory decision-making framework. Final decision by RMT will be communicated no later than June 6.

Phase 3: Navigating the Waters Ahead

Financial prudence and the IRM tools we have in hand are critical to managing this challenge longer term. Our ultimate goal is for UTSA to thrive, thus we also need to turn our attention to positioning our operations to succeed in this new higher education environment that has been fundamentally altered by the pandemic and its attendant impacts.

Further Tailored Application of IRM Principles in FY21 and Beyond

While current events may impact the pace at which we can reach our shared goals, our creativity and entrepreneurial spirit are undaunted. IRM certainly provides us an ongoing activity based framework to manage our financial resources going forward, particularly as our colleges and divisions adjust and align expenses with anticipated revenues. With the now established articulation between our Institutional Research and business intelligence capabilities as a part of our IRM processes, we can regularly report our enrollment-based financial revenues on a semester basis. Furthermore, the Strategic Investment Fund concept and allocation process will be used to, excess revenues permitting and in a timely fashion, support colleges and divisions that have moved forward with efforts to increase activity and realize increased net revenues by making those resources available in a proactive, demonstrable way. This process especially can be used as we navigate enrollment and tuition/fee uncertainties this fall.

Moving from Resilience to Thriving

We have announced the need for several tactical teams to provide advice on operations as a part of campus return, when permissible. In addition to university leaders, all of these teams will include faculty, staff, students, and stakeholder representation, with many opportunities for wide and ongoing participation.

The first tactical team, *Research Excellence & Doctoral Education Recovery* co-led by VPREDKE Bernard Arulanandam and Dean Ambika Mathur, is being formulated now and will be launched first. Undoubtedly, much will be learned from the work of this team, which can be applied and generalized broadly.

The next two teams are focused on how we orient and tune our operations to position UTSA for this new future; *Undergraduate & Masters Education Recovery*, co-led by Dean David Silva and Interim Vice Provost Melissa Vito, and *Advancing Belonging and the "Out of Classroom" Experience in the Digital Era* co-led by Dean Gerry Sanders and Senior Vice Provost LT Robinson. Stay tuned for more information.

Four additional tactical teams are planned thereafter, and other tactical teams may be initiated in the future as warranted. These planned tactical teams are:

- Academic Programs Mix for our Future, co-led by Dean Lynne Cossman and Senior Vice Provost Lynn Barnes
- Enabling Clear Pathways to Degree Completion, co-led by Dean Martin Camacho and Vice Provost Tammy Wyatt
- Increasing Inclusive Access to Higher Education, co-led by Vice Provost Margo DelliCarpini & Executive Director Roger Enriquez
- Entrepreneurial Revenue Generation, co-led by Vice President Karl Miller-Lugo & Associate Vice President for Innovation & Economic Development Rod McSherry
- Efficiencies of Processes and Systems, co-led by Associate Vice President Mary Hernandez & Vice President Kendra Ketchum

Once formulated and charged, each of these teams will work over the summer and early fall to develop a report of their findings, a clear set of recommendations, and an action plan for implementation. At the conclusion, each of the co-leads will share the product of their team's work in open campus forums and with the Faculty & Staff Senates, Department Chairs Council, and University Leadership Council to promote widespread dissemination.

Finally, we thank you. We understand that these circumstances are challenging, and the needed adjustments will not be easy. UTSA has worked hard with our limited resources to achieve great things by our faculty and staff for our students and for our communities. We are convinced that by keeping focused on our priorities and drawing on our great creativity and entrepreneurial spirit, we can work through these challenges together.

To echo our earlier message, we have great faith that our combined efforts and determination to thrive will help us weather our uncertain future together.