FY 2019 Internal Budget Redirection and New Revenue Allocation Priorities

In anticipation of the expected relatively flat revenue for Fiscal Year 2019, the Institute will continue a program of internal redirection of existing resources to assist with resourcing new fiscal year priorities. The redirection process *includes* the Resident Instruction, General Operations budget and *excludes* sponsored and Departmental Sales and Services funding.

Fiscal Year 2019 Redirection Proposal

A. Institutional Redirection: The Budget Office will compute a 99% Resident Instruction/General Operations budget for all Resident Instruction budgets, net of approved exemptions. The held-back 1.0% will reduce divisions' budgets a total of $3.8 million. *The redirect funds reserve, combined with new state-funded workload and increases in tuition and indirect recovery revenue, will generate the* ***total resources available*** *to fund priority needs for Fiscal Year 2019.*

B. Divisional Redirection: During the month of March, ELT members are encouraged also to look within their direct reporting units' 99% budgets to identify additional resources that could be shifted among the colleges and other divisions/departments to help fund high priority items within their areas of concern. These redistributed funds may be paired with incremental funding available from new revenue. The recommended range of reduction percentages for an individual division will be determined by each executive. By the end of March, each executive is encouraged to notify divisions of any *additional reductions* to their Fiscal Year 2019 base budgets.

Allocation Priorities: "Must-Pay" Mandatory Institutional Items / Salary Reserves / Program Support

The ***total resources available*** will be allocated to support priorities in the following order: (a) must-pay mandatory cost increases and prior year carryforward commitments; (b) priority actions related to retention, salary compression, adjustment in classified salary grades, and targeted reclassifications; (c) existing program expansion initiatives; and, (d) new program initiatives.
Note: *In all likelihood, there will be no state-funded, merit-based salary increase in Fiscal Year 2019.*

The first call on new revenue will be <u>institutional mandatory requirements</u>, including:

- prior year program and capital commitments
- replenishment of revenue reserves (phased); lease cost increases and lease reserve requirements
- compliance requirements
- faculty promotions and tenure increases
- increases to fixed institutional contracts and other mandatory increases such as library subscriptions
- central reserve for priority salary actions

After these required items are funded through projected new revenues, the remaining available balance will be allocated to additional salary actions, expansion of current programs and new program initiatives.

Fiscal Year 2019 Final Funding Decisions

By the second week of March, the Budget Office will inform colleges and other divisions of their reduced Fiscal Year 2019 base budgets. Following tuition, fee, and allocation decisions by the BOR at its April meeting, the aim is to inform units of final funding decisions – increases and reductions – by the third week of April. This will permit units to incorporate allocation decisions into their Original Budgets submitted to USG/BOR in May 2018.