

Jay D. Bry

Vice President for Finance and Administration

February 1, 2021

RE: FY22 University Budget

Dear Colleagues,

As we start a new year and a new semester, it is time to start thinking about the 2022 fiscal year budget. I know it feels like we are still trying to finalize the FY21 budget with the recent legislative budget override approvals; however, Governor Baker just recently released his proposed FY22 budget of \$46.6B. His budget proposes a 0.7% decrease in state spending from FY21 which results in a flat state appropriation for Fitchburg State. The Governor also proposes elimination of the State Universities Funding Formula Account, which for the past several years has resulted in an approximate 1% increase year-over-year to our campus appropriation. This fiscal year we anticipate another increase from the Funding Formula, but unlike in past years, this amount was not included in our base appropriation for FY22. It is still early in the state budget process, but given the overall budget challenges facing the Commonwealth, it is prudent to base our budget calculations based on the assumption of level state funding at this time.

The FY21 fiscal year has been one of the most challenging in our collective memory. We have had to deal with, and continue to deal with, so many unknowns as we prepare to develop the FY22 budget. While optimism is high due to the COVID vaccine rollout, the University's financial losses from the past year and this current year, while not as dire as originally anticipated, will have lasting impact. Furthermore, the financial relief provided in FY21 through deferred bond payments and federal stimulus funding are only temporary. We are hopeful that investments made to our admissions process will result in slightly increased enrollments in our day division; that growth in our accelerated online programs will continue; and most importantly, that our residence hall occupancy will increase. However, the demographics of our region continue to pose a long-term threat.

Our fiscal conservatism and investments served their purpose in avoiding short-term financial challenges, but our cash flow has been impacted with a \$4.3M reduction in our cash position. In essence, our expenses outpaced our revenue by that amount for FY20. But we are hopeful that our conservative approach, along with actions taken to date, have positioned us to weather this once-in-a-lifetime storm.

As a result of the above-mentioned fiscal realities, ***we are asking all departments to submit level-funded budgets.*** The cuts implemented last year will not be restored, so as you prepare your budget you will need to review your current budget allocation and align available resources to the most critical activities and services within your department. While we plan to allocate a limited amount of financial resources within the strategic funding request process, awards will be restricted to one-time expenditures. If your department is considering new initiatives, you will need to evaluate them relative to existing operations and be prepared to reallocate current resources to those new efforts. The one exception will be student labor. You will not need to reallocate existing resources to cover the increase in minimum wage that will take effect January 1, 2022. Additional funds will be allocated at that time to

cover the increase. However, if you are intending to increase the total number of hours of student employment, you will need to reallocate available funding to support that priority.

Again, strategic funding requests will be limited to one-time expenses and should be focused on items that are necessary in order to maintain our current academic programs and support services. This means priority will be given to the replacement of equipment rather than additional equipment. There will also be a limited amount of additional funding allocated to travel. These additional travel funds will be allocated to the divisional vice presidents who will provide more detail on the process they will use to distribute those funds. Please do not include requests for travel in your strategic funding requests. In addition, no new positions or requests for additional personnel funding should be submitted. If you have an existing vacant position, you should submit that request for hiring through the standard process via Human Resources. Please watch for updated details regarding that process.

Budget entry into Banner, strategic funding, and work study requests must all be submitted by February 22. New personnel/positions will not be considered at this time.

As you begin to work on development of your budget, if Financial Services can be of any assistance in helping develop your budget or providing analysis, please contact [Carin Bullis](#). We will also be offering budget training workshops. The dates and times, necessary forms, and detailed data entry guidelines can be found on the Financial Services [website](#).

In closing, let me assure you that we continue to be committed to supporting our mission and strategic plan and keeping you informed throughout the process. As part of the commitment and effort to continue to democratize the budget and finances, we have developed a financial presentation that attempts to explain the relationship of enrollments to our financial health. Watch for more details regarding the dates and times of this presentation. I remain confident that together we can develop a budget that is fiscally responsible, yet moves the university forward and maintains our commitment to providing a quality, affordable education for our students.

Sincerely,



Jay Bry, Vice President for Finance and Administration