



FY2018-19 BUDGET PROCESS

APPENDIX #2 -

MULTI YEAR PLANNING

UC BERKELEY BUDGET GUIDELINES AND ASSUMPTIONS

This document provides additional information specific to the FY2018-19 Budget Process and should be used in conjunction with the Budget Guidelines and Assumptions and the Budget Call Letter. It provides guidance to divisions for the development of the FY2018-19 multi-year planning process, including key dates and the multi-year planning template.

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I. Establishment of a FY2018-19 three-year financial plan

a. Backgrounds and goals

The university has used a multi-year financial model for many years. The model is used to forecast how the campus will perform financially as a whole based on trends and key variables. The goal of the multi-year planning initiative is for each division to prepare a three year, FY2018-19, FY2019-20 and FY2020-21 financial plan that can be consolidated at the campus level to improve the visibility into future financial trends for each division and for the campus as a whole, enabling us to find and stay on a sustainable financial path.

We ultimately must meet the \$0 million in-year deficit target UCOP has established for our campus in FY2019-20.

b. The process and the template

The multi-year planning template will be shared with each division as part of the budget process. The first-year budget, FY2018-19, is built in Calplan as in previous years.

The template is designed to be cascaded down from the divisional L3 level to L4 (Department) levels or even L5 (discipline) levels. The expectation is that the Divisional Finance Leader (DFL) will use this tool, glean insights from analysts in the L4 or L5 units to build high-level budgets for FY2019-20 and FY2020-21. The tool has the functionality to roll up the L4 or L5 level budgets for FY2019-20 and FY2020-21 and consolidate them into a divisional L3 level.

The template is prepopulated with FY2019-20 and FY2020-21 data for all elements of the SCRECNA using financial modeling based on prior year trends with the exception of the campus support elements of the SCRECNA which are modeled differently.

To build the multi-year plan, the DFL reviews each major account category in the L4 or L5 cascaded file and then can either:

1. Change the calculated \$ amount prepopulated using algorithms by entering a percentage increase compared to prior year and/or an incremental \$ amount compared to prior year. - or -
2. Keep the prepopulated \$ amount

The process described above needs to be conducted for each element of the SCRECNA except for Campus Support Operating transfers (as indicated previously).

While the template has been prepopulated for FY2019-20 and FY2020-21 with data based on financial modeling, it is the responsibility of the DFL to review each line of the SCRECNA to make sure the projections reflect the Division's plan for FY2020 – FY 2021.

Campus support has been modeled as follows for FY2019-20 and FY2020-21:

- The general allocation for FY2019-20 equals the planned general allocation for FY2018-19 in CalPlan plus the wage & benefits support for FY2018-19. For academic units, the file should be refreshed from smartview once the Form A has been returned and uploaded as Form A projections will update both the wage & benefits support plan plus the general allocation for FY2018-19 (which will be carried forward). The FY2020-21 general allocation equals the planned FY2019-20 general allocation. [Please note: The one-time central campus funding for administrative salary support in academic units has been added to wage & benefits support in FY2018-19. This value does not flow to the future years' general allocation, so the model subtracts this specific value from the total wage & benefit support for future year general allocation projections.]
- The budget improvement targets have been included in the template. Please refer to Appendix 1 for additional information.
- Campus commitments and central assessments/withdrawals have been modeled using multi-year data from the commitment database.

- TAS allocations have been modeled using forecasted instructional costs and SCH in FY2019-20 and FY2020-21.

II. Multi-year Initiatives

One of the goals of the multi-year planning is to identify multi-year projects and initiatives. We hope this will help divisions to have improved visibility into the funding components of their initiatives and for central campus to have an improved multi-year view of its limited resources and commitments.

III. DFL Submission on April 20th: Multi Year Planning template and Narrative

- As part of the FY2018-19 Operating Budget submission on April 20th 2018, divisions are asked to prepare a multi-year plan which serves as a high-level projection for divisional operating results for FY2019-20 and FY2020-21, using algorithms based on historical trends further informed by divisional knowledge and future plans.
- Additionally, divisions are asked to fill out the multi-year planning narrative (one of the tabs of the template) to help campus leadership understand the business drivers of the changes for the next three years as well as what actions have been taken or are planned as part of the multi-year budget.

IV. Timeline

Each division must complete their 3rd Quarter (full) FY2017-18 Forecast and FY2018-19 Operating Budget in HCP and CalPlan by April 13th. As part of their budget Submission, each division must submit the multi-year planning template including the narrative by April 20th. Divisions should build internal timelines based on the campus deadlines.

V. Training and workshop

Several workshops are offered in early March to get familiarized with the template and financial analysts from the CBO will be available to assist divisions as they build their multi-year financial plan.

VI. Link to file:

The link to the multi-year planning template is:

[Multi-Year Planning Template](#)