FY2019-20 BUDGET PROCESS
APPENDIX #2 - MULTI YEAR PLANNING
UC BERKELEY BUDGET GUIDELINES AND ASSUMPTIONS

This document provides additional information specific to the FY2019-20 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 FY2019-20 multi-year planning process, including key dates and the multi-year planning template.

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I.   Establishment of a three-year financial plan

a. Background 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 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.

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, FY2019-20, 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, gleaning insights from analysts in the L4 or L5 units to build high-level budgets for FY2020-21 and FY2021-22. The tool has the functionality to roll up the L4 or L5 level future plans and consolidate them at the divisional L3 level.

The template is prepopulated with future data for all elements of the SRECNA using financial modeling based on prior year trends with the exception of the campus support elements of the SRECNA, 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 SRECNA except for Campus Support Operating transfers (as indicated previously).

While the template has been prepopulated with data based on financial modeling, it is the responsibility of the DFL to <u>review each line </u>of the SRECNA to make sure the projections reflect the Division's plan for FY2021 – FY 2022.

Campus support has been modeled as follows:
- The general allocation for FY2020-21 equals the planned general allocation for FY2019-20 in CalPlan plus the wage & benefits support for FY2019-20. For academic units, the file should be refreshed from SmartView once the Form A has been returned and uploaded. Form A projections will update both the wage & benefits support plan plus the general allocation for FY2019-20 (which will be carried forward). New this year, we have modeled a 3% increase on the faculty base to increment faculty wage and benefit support in FY2020-21 and FY2021-22, using FY18 actuals as the base. The FY2021-22 general allocation equals the planned FY2020-21 general allocation plus this added increment.
- The budget improvement targets for FY2018-19 and 2019-20 have been included in the template, as have the budget goals for every division. 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. [Please note: The central campus funding for administrative salary support has been assumed to continue for FY2020-21 to FY2021-22 and was added to these years for modeling purposes. This is not a guarantee of funding in those years.]

- TAS allocations have been modeled using forecasted instructional costs and SCH.

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. For the central campus, this improves our multi-year view and allows us to better plan our limited resources and commitments.

III.   DFL Submission on April 3rd: Multi Year Planning template and Narrative

- As part of the FY2019-20 Operating Budget submission on April 3rd, 2019, divisions are asked to prepare a multi-year plan which serves as a high-level projection for divisional operating results for FY2020-21 and FY2021-22, 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) FY2018-19 Forecast and FY2019-20 Operating Budget in HCP and CalPlan by March 22nd. As part of their budget Submission, each division must submit the multi-year planning template including the narrative by April 3rd. Divisions should build internal timelines based on the campus deadlines.

V.   Assistance

Budget Process office hours are offered throughout February and March. Members from the CBO FP&A team will be available to assist divisions as they build their multi-year financial plan. Sign up here.

VI.   Link to file:

The link to the multi-year planning template is:

Multi-Year Planning Template