

2017-18 General Budget Planning Guidelines

Significant Changes

As discussed by the Budget and Investment Committee, in order to promote a greater focus on financial issues during the Chancellor's Cabinet presentations, this year control points are being asked to submit a narrative of their 2016-17 accomplishments and five-year outlook. This brief document (preferably two pages in length) will be shared with cabinet members in advance of the meeting. While questions may be asked about the contents of the narrative during the business plan presentations, the intent is to allow for greater focus on the financial issues during the limited time available. A template for the business plan narrative is provided. The Business Plan presentation template has also been modified to provide more direction about the type of information desired.

Budget and Planning Assumptions

Our goal is to provide a comprehensive set of planning information to assist you in updating your financial plans. Updated 2017-18 salary, benefits, and budgeting assumptions are included as Attachments 2 & 3. As better cost information is known, these documents will be updated and circulated.

In recent years, the Chancellor has allocated funds to control points to help defray increases in costs associated with salaries, UCRP contributions, and other benefits. The allocation is referred to as the "pooled" allocation because funding to support cost increases is combined (or pooled) from available centrally managed fund sources (State funds, Tuition, indirect cost recovery funds) and provided equitably to units, regardless of which of those particular centrally managed funds support the unit. In other words, even if State funds and Tuition do not increase, but indirect cost recovery revenue does increase, all units supported by centrally managed funds would receive an allocation to support cost increases, even if the unit is not specifically supported by indirect cost recovery funds. Allocation amounts are based on the estimated cost increase faced by each individual control point, but proportionally adjusted based on the decision of the Budget and Investment Committee.

In developing your resource plan, please use the projected pooled allocation amounts listed on Attachment 4. Beginning 2016-17 and each year thereafter, units are directed to plan on an allocation of 95% of pooled cost projected need. These projections are for planning purposes, and the actual amounts and funding levels will be determined as part of each year's budget process. As in past years, control points will be responsible for funding any remaining need above the pooled allocation. Additionally, please note that a cap on Short Term Investment Pool (STIP) earnings at one percent annually began July 1, 2016 and will continue each year thereafter. Capping both STIP earnings and pooled cost allocations are required to enable core funding to continue to augment recurring budgets as necessary.

Finally, to assist in updating expenditure plans, we have also provided Attachment 5, a current five-year list of core resource funding commitments for your control point. Please do not assume incremental funding from the Core Financial Plan above the items outlined as commitments. Anticipated allocations of pooled core resource support have been included through 2018-19, but not beyond. Note: the following items are not included in the list of commitments: capital projects, interest being centrally covered for business loans and commitments for annualized upgrade/downgrade actions that begin in 2017-18. Please note that the commitment report is a snapshot in time. If you have any questions about this report, please do not hesitate to contact Deb Fry.

Business Plan Narrative

This two-page document should highlight the major recent accomplishments and also the strategic goals and areas of concern in the coming years. A template is provided as Attachment 6. Please include:

- 2016-17 outcomes and accomplishments, including financial highlights and completion of strategic initiatives
- A five-year strategic outlook, including goals, initiatives, growth, key challenges and areas of concern

Business Plan Presentation

We continue to make great progress in business planning and positioning to manage in a rapidly changing environment. Your updated five-year business plans, the Core Financial Plan, and the ten-year financial planning forecast have all helped the campus manage through uncertain times.

We are requesting each organization update their five-year business plan to address key financial issues. As part of the business plan, please include the following:

- A brief listing of 2016-17 outcomes and accomplishments, which are described in more detail in the business plan narrative
- A five-year strategic outlook, including goals, initiatives, growth, and key challenges, which are described in more detail in the business plan narrative
- A five-year financial forecast for 2017-18 through 2021-22 including revenues, expenses, and net income; the forecast should be realistic and include current activities and likely actions.
- Financial impacts of planned strategic initiatives, program expansions and other significant changes
- Projected staffing levels
- An analysis of projected balances, identifying pools of funds with restrictions or commitments
- Potential upside opportunities and downside risks providing an estimate of the impact and mitigation plans to reduce risks.

Presentations of the business plans will take place at the Chancellor's Cabinet meeting June 22-23, 2017. Please refer to Attachment 7 for a template. As in prior years, please use this template as directional guidance. Adapt and tailor the presentation to effectively convey the key issues of your organization as well as to reflect the forecast information you will have available. Finally, please email a copy of your final business plans (narrative and presentation) to Associate Vice Chancellor Mike Clune at michael.clune@ucsf.edu by June 14, 2017.

Resource Plans

All control points will use a common template (included as Attachment 8, but downloadable from UPlan) to report all funding sources and uses (income and expense) and net positions. Source data should be loaded into UPlan by June 14, 2017. Following this deadline, control points should run the Resource Plan report at the control point level with data through 2018-19, add data for later years, and submit it in Excel format by June 14, 2017, to brm@finance.ucsf.edu.

Resource planning should include:

- Management of current year deficits before fiscal close, and
- Multi-year planning to spend gift and endowment earnings balances in a timely manner

Funding Requests

The Chancellor will consider a very limited number of requests for recurring base budget augmentation from units. Please note that control point fund balances will be taken into consideration with funding requests. Control points should provide detailed analyses explaining why positive balances could not be used to manage unit shortfalls. To request an augmentation, please complete and submit Attachment 9 by May 15, 2017 to brm@finance.ucsf.edu. To facilitate a comprehensive and timely analysis of requests, a meeting to review the funding request with Associate Vice Chancellor Clune and Director Fry must occur between May 4 and May 12, 2017, to ensure the request includes all necessary information.

In the past, we have used UCSF Health and Campus funds for either one time, short term or temporary funding of strategic initiatives, going through a detailed evaluation process. This year, we will put this process on hold temporarily—for a number of reasons, including lower funding expected from UCSF Health and the need to focus on our existing and planned strategic programs' needs. Please note that we will continue, for 2017-18, funding a number of key programs including student housing assistance, Clinical Trials Infrastructure, Research Resource Program and the Research Development Office.