

Memorandum

TO: Budget Administrators

FROM: Louis J. Mayer, Chair, Budget Advisory Committee

DATE: May 15, 2009

RE: Budget Process for Fiscal Year 2011 (FY11)

At this time of year, as part of the Annual Report process, departments have historically been asked to draft program plans and any corresponding budget requests. As a result of continued economic uncertainty the University is re-evaluating the process by which we develop the fiscal budget.

At its February meeting, the Board of Trustees (BOT) approved the FY10 Preliminary Budget, which included a contingency plan under which only non-salary committed expenses and a limited number of essential discretionary and capital items would be funded on June 1st. As a result, many requests for FY10 are being deferred pending the verification of key revenue and expense assumptions in October 2009. For FY11, we will need to continue our focus on expense reductions with expectations for limited future tuition increases. Given these circumstances, the President's Cabinet has recommended a moratorium on new budgetary requests for FY11.

The Budget Advisory Committee (BAC) will continue to address committed expenses of the University. These committed expenses include obligations for contractual agreements primarily with third parties, capital needs, and financial aid. In addition, consideration will be given to compensation-related expenses.

The President and Cabinet also continue to encourage cost reallocation as the primary means of funding to fund new planning goals within all divisions. These reallocation opportunities must be submitted to the Provost or respective divisional Vice President for approval using the Budget Request and Reallocation Form, and will subsequently be reported to the BAC. All forms and applicable instructions can be found on the Budget link of the Financial Affairs website, http://www.sju.edu/financial_affairs/.

We understand that there may be new plans that provide important revenue-generating opportunities for the University. In these cases, departments should submit proposals for

consideration of funding through the Opportunity Fund. A description of the Opportunity Fund process and applicable forms can be found at <http://www.sju.edu/president/desk/opportunity.pdf>. Cost savings initiatives that may require additional funding will be reviewed by the Cabinet Revenue & Expense Working Group (Working Group) and reported to BAC.

Over the next several months, the Working Group and BAC will carefully consider alternative budgeting approaches that will enable the University to make strategic decisions regarding program changes and new initiatives that will allow the University to better respond to our changing circumstances. We welcome your thoughts and input with this effort. Ideas may be submitted to the Working Group's alias at rev-exp@sju.edu

For key dates related to this year's budget process, please refer to the Annual Planning and Budgeting Cycle summary provided at <http://www.sju.edu/planning>. If you have any questions, please contact Nicole Ferretti, Director of Budgeting & Forecasting (x1336 or nferrett@sju.edu).

Thank you.