



OFFICE OF THE PRESIDENT
DR. CYNTHIA TENIENTE-MATSON

Memorandum

TO: President's Cabinet

FROM: Cynthia Matson, President

A handwritten signature in blue ink that reads "Cynthia Teniente Matson".

RE: Budget Decisions for FY20 and 21

DATE: April 24, 2020

cc: Members of the University Resources Commission

As we imagine a future beyond COVID-19, I want to take another moment to thank the President's Cabinet for your leadership efforts to adapt to a highly unusual Spring 2020 semester. Each of you has swiftly provided viable alternatives to make the best of continually changing circumstances. As we begin to look forward to reopening the economy and a return of in-person activity, we must also prepare for the fiscal realities of the long-term impact of the pandemic.

As you may recall, the final FY 19 and FY20 biennium increased formula funding by 21% and increased Institutional Enhancement by \$3M. However, there was a subsequent and significant change to our non-formula funding, with a mandated phase-out of 25% per biennium (maximum of 4) or at 6,000 FTSE, whichever comes first. These variables are included with the fiscal realities before us. Pre-COVID19, the campus was in the process of preparing its fiscal materials for the 87th Legislative Session and preloading the FY21 budget to the A&M System Office. In the last few weeks, the situation has dramatically changed and we know that the fiscal environment will be impacted, potentially for FY20 and most likely for FY21.

In anticipation of potential changes in our state appropriation and enrollment revenues, I am imposing a hiring freeze and spending freeze for the remainder of FY20. Offer letters extended to individuals prior to March 30, 2020 will be honored. Positions supported by non-base funding as part of the FY20 "bridge to base" strategy will continue into FY21. All other vacant PINs will be removed from the FY21 budget. I will consider some exceptions dependent on fund source and alignment with our highest institutional strategic priorities.

The Vice President for Business Affairs will begin formal implementation of the following actions along with a revision to the FY21 submission process.

- A position management system to centrally review and fund all unfilled positions. Unless specifically approved by the Office of the President, all hires are suspended.
- All FY20 non-essential expenditures are suspended. Unspent funding will be in central institutional reserves.
- VP for Business Affairs will review all central accounts and propose modified expenditure plans in FY20 and FY21. Unspent funding will be in central institutional reserves.
- Strategic plan funds and central contingency accounts will be reduced and any unspent funding will be in central institutional reserves.
- VP for Business Affairs will review all temporary facility expenditures and provide a plan for expenditure reduction, where practical.
- The Fall 2020 **new** athletic student fee assessment is postponed and the launch of our intercollegiate athletics program will be delayed until Spring 2021*. The practice fields are already under construction. Other proposed athletic facilities are under review to determine the most feasible timing.
- The campus recreation fee has been suspended for Summer 2020 to support all on-line instruction.
- All divisions will be encouraged to seek alternative sources of revenue or to enhance services that may be delivered externally.

Although the future is uncertain, please remain focused on the highest priorities in your respective divisions to enhance academic success, student engagement and enrollment growth. New priorities or opportunities necessitated by COVID-19 will receive due consideration. I am confident that amidst this difficult period, there are opportunities to become an even stronger more vibrant university. I remain focused on health, safety and reopening the fall term in the most appropriate manner to deliver a high quality experience to our deserving students.

*Pending final adoption by the Red River Conference