



OFFICE OF THE PRESIDENT
DR. CYNTHIA TENIENTE-MATSON

MEMORANDUM

DATE: November 22, 2021
TO: Members of the University Resources Commission
FROM: Dr. Cynthia Teniente-Matson *Cynthia Teniente-Matson*
CC: President's Cabinet members
SUBJECT: FY 22 Budget Decisions

In FY 21, we faced a year characterized and dominated by challenges originating from the pandemic. In February, a memo was distributed that made note of the volatile nature of student enrollment trends due to COVID-19 and enumerated concerns related to the legislative session; the memo concluded with the announcement that given such uncertainty, no requests for new base allocations in our FY22 budget would be considered. As the beginning of FY22 approached, we had hopes that the pandemic would be behind us and while public health conditions have improved in recent days, we are still feeling the impacts of the pandemic both in financial and societal matters.

Declining state appropriations were anticipated in our FY22 budget modeling; however, other unanticipated factors negatively affected the budget, such as lower graduate enrollments that hampered growth in formula funding and understated projections for benefit expenditures. Although revenues are projected to increase by almost \$30M, the majority of that is related to the Higher Education Emergency Relief Fund (HEERF) allocated to both student financial assistance and institutional assistance. These funds are restricted in application and only available during the current fiscal year and designated to expenditures that have a direct and demonstrable link to the hardships introduced by the COVID-19 pandemic. While the fall semester enrollment numbers look promising for our budget-to-actual comparison, it is premature to know how the spring and summer semesters will materialize and it is unlikely that graduate numbers will rebound. Therefore out of the abundance of caution, there will not be any budget increases beyond those in the original budget.

When comparing our overall revenue forecast compared to expenditures, we are facing a budget shortfall. While some of those funds are only one-time expenses, the majority of the shortfall is still in base funding, totaling an approximately \$3.6 million deficit. The attached chart provides a recap of impacts to FY22 revenue and expenditures, which were discussed in the last URC meeting. The



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URC previously managed a bridge-to-base strategy, and it is possible to strategically increase enrollment to sufficiently grow revenues.

There are additional revenue streams through appropriations which will be allocated directly to the existing base budget shortfall including:

- The new appropriations for comprehensive regional universities,
- Future increases in tuition and fees, once approved by the Board of Regents,
- A strategic use of our institutional reserves, and
- Growing alternative revenue sources

We will take a strategic approach to maximizing formula funding in the next base enrollment period, which starts in Summer 2022 and continues through Spring 2023. The reality is that if the university continues with a bridge-to-base strategy, it will take up to 4 years to fully fund the existing operating budget with base dollars. It is possible with careful strategic planning and a sustained focus on maximizing our revenues and controlling our expenditures.

Our new strategic plan, *Transforming Tomorrow Together*, sets an objective to “demonstrate excellent fiscal stewardship by building a sustainable funding model through the use of financial indicators, as well as growth in higher formula-funded semester credit hours” by August 2026. In service of that objective and in the short- and long-term best interests of the university, I ask that all faculty, staff, and departments remain prudent in spending and carefully review vacant positions, travel, and all operational activities. Please ensure that every dollar you spend is aligned with our strategic plan goals and is an investment in the future of Texas A&M University-San Antonio.

I appreciate the work of the URC and realize that deliberations during 20-21 were more informational in nature, given that there was no new base funding available for allocation. In the coming year, the URC will be critical to the process of developing a multi-year plan for reducing the budget deficit and growing and diversifying revenues. You will inform decisions about strategic investments that are necessary for achieving our strategic plan goals and supporting the continued growth needed to mitigate our deficit. Your input will also be important to the development of a plan to maximize our formula funding, and to analyzing a planned review of activity based costing. Other tactics for cost containment are also likely to be introduced to ensure we are good stewards of our resources and favorably situated in a strong financial position for the future.

Your work this year will not be easy but it is vitally important to the future of A&M-San Antonio. I believe that we can transform tomorrow, but only if we do it together. Once again, thank you for your dedication and service.

FY 2022 - Revenue Changes over Prior Budget

State Appropriations	
LOSS OF Formula funding and 5% cut to non formula	(1,400)
Correction of prior year appropriation cut built into budget	1,935
Increase In Benefits Paid by State	279
Federal Funds	
HEERF Funding	18,859
Tuition and Fees	
Higher Education Price Index (HEPI) and Enrollment Increase	3,470
Contracts & Grants	
New Grants and Indirect Cost Recovery from HEERF	1,746
Student Financial Assistance	
Texas Grants Not Previously Budgeted	4,819
Gifts & Other Income	1,179
Tuition Discounting Changes	<u>(1,149)</u>
Total Revenue Incremental Change for FY 2022	<u>29,738</u>

FY 2022 - Expense Changes over Prior Budget

Salaries - Faculty	
HEERF Faculty Positions	1,581
Term-Limited Faculty Primarily Funded from Gifts/Grants/Contracts	694
Faculty Compensation/Rank Promotions/Adjustments	250
Corrections for chairs and associate deans at 12 months	467
Salaries - Non-Faculty	
HEERF Staff Positions	2,293
Term-Limited Staff	1,144
Staff Compensation Adjustments - Primarily Retention	545
New Graduate Assistants	306
Staff Positions on new fees, housing or grants	972
Wages	36
Benefits	
Primarily on Term-Limited Positions/One-Time Funds	3,590
Scholarships	
Texas Grant scholarship previously not budgeted	4,819
Increases in other Scholarships	1,120
Operations & Maintenance	
HEERF Related	13,009
Tuition Discounting & Other Changes	<u>(1,119)</u>
Debt Service	
Information Technology Related (Final Payment)	816
Purchase of Esparanza Hall (Campus Housing)	<u>1,212</u>
Total Expenditure Incremental Change for FY 2022	<u>31,735</u>
FY 2022 Net Change (Increase/Decrease)	<u>(1,997)</u>