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OFFICE OF THE ASSOCIATE VICE-PRESIDENT —
AGRICULTURE AND NATURAL RESOURCES

OFFICE OF THE PRESIDENT
1111 Franklin Street, 5th Floor
Oakland, California 94607-5200

February 10, 2021

Transmitted via Electronic Mail

**VICE PRESIDENT
DEANS
ASSOCIATE VICE PRESIDENT
VICE PROVOSTS
PROGRAM DIRECTORS
UNIT DIRECTORS**

RE: FISCAL YEAR 2021-2022 BUDGET UPDATE

Dear Colleagues,

I am writing to provide you with an update on UC ANR's FY 2021-22 budget outlook.

Governor Newsom released his proposed FY 2021-22 state budget on January 8, 2021, which proposes an increase of \$136 million, or 3%, in general funding for the UC system. This partial restoration of reductions in the 2020 Budget Act would include an increase of \$8.9 million in general funds for UCOP, UC Path, and UC ANR, with a 3% or \$1.9 million increase for UC ANR, and an additional \$2 million in one-time support for UC ANR fire advisors, amongst other one-time flow through funding. The proposal also includes an increase of \$175 million in one-time deferred maintenance funding for the UC system, of which UC ANR expects to receive at least \$4 million for facilities upgrades.

The Governor's proposed budget is not final and is only the first step in the state budgeting process for FY 2021-22. We are actively working with our stakeholders to advocate for a full restoration of the FY 2020-21 state general fund reduction of \$9.2 million in the final version of the state budget. While federal funding stagnates, we are monitoring potential funding opportunities in the proposed stimulus bill AND from other self-generated sources, including expanding our gifts, contracts, and grants revenue.

Multiple strategies were implemented to balance UC ANR's budget in FY 2020-2021, including cost reduction, revenue generation, and efficiency measures and the utilization of one-time carry forward funds to address funding gaps in order to maintain a stabilized operation. Going forward, we will continue to carry out the important work identified in the strategic plan.

While the Governor's proposed partial restoration of FY 2019-20 state funding levels is potentially a step in the positive direction, and State tax revenue for the current year is more positive than previously projected, it is not yet prudent, from a budgetary perspective, for us to go back to the pre-pandemic status.

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The guiding principles set forth last year allowed us to protect jobs, programmatic priorities and maintain financial stability, hence we will continue to refer to them in the coming year. These include:

- The suspension of hiring of vacant staff positions and staff retirements
- A reduction in operational support funding
- A (very) limited FY 2021-22 budget call
- Careful investment in strategies that will strengthen our mission

Additionally, units will not receive backfill funding for FY 2021-22. Given these budget constraints, we will not be releasing a full budget call for FY 2021-22. Units with extenuating or extraordinary needs may request an exception for critical budget needs from ANR Resource Planning and Management Director Jennifer Bunge. Before submission to Director Bunge, a unit's request must be reviewed and prioritized by the unit's leadership, i.e., Associate Vice Presidents or Vice Provosts. RPM will consider requests in line with available funding and make a recommendation to the Senior Leadership for final decision. RPM will send further instructions regarding the exception process.

I ask that all units continue to work on revenue generation and findings savings, through reorganizations or wherever possible. Thank you for your continued support of this process. Please contact Director Bunge if you have any questions regarding the budget process. She can be reached at jennifer.bunge@ucop.edu.

Sincerely,



Tu M. Tran
Associate Vice President
Business Operations

c: Assistant Deans
Director Bunge
Business Officers
Management Services Officers