

Dr. Gloria Waters, University Provost and Chief Academic Officer

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TO: Charles River Campus Academic Deans

FROM: Gloria Waters, Provost and Chief Academic Officer *G.W.*

DATE: October 10, 2025

RE: Academic Budget Planning for FY2026 and FY2027

I am writing to provide important updates regarding our fiscal outlook for the coming years and to outline our academic budget planning process.

Rather than simply initiating our planning process for FY2027, I want to first update you on the evolving FY2026 situation. As you know from our recent retreat discussion, FY2026 presents significant challenges that require immediate attention.

We are currently facing an unusual number of uncertainties that affect our fiscal position:

- Enrollment shortfalls: While we are still awaiting final enrollment numbers, early indicators suggest that we collectively did not meet our graduate enrollment target
- Inflationary environment: Our expenses are growing faster than our revenue
- Labor contracts: Contracts that strain our budgetary commitments in the short term
- Federal research funding: Uncertainty continues regarding the federal government's support of university research
- Administrative cost recovery: We are awaiting the government's decision on the future of facilities and administrative cost structures

If left unaddressed, these challenges and uncertainties could result in an operating deficit.

To avoid a deficit, our immediate goal is to reduce spending in FY2026. Overall, we need to identify \$30 million in non-recurring savings from academic and administrative units in this fiscal year. I am not planning to implement across-the-board reductions, as some units reduced spending more than others in FY2026 planning. Rather, I will be working directly with each dean to identify non-recurring reductions in your unrestricted budget for the current year. In some instances, you may be able to obtain savings from efficiencies or from reducing redundancies. In other cases, you may be able to offset some reductions by using resources from your gift accounts.

Fiscal 2027

We anticipate that these fiscal challenges will continue into FY2027. While we are actively pursuing new sources of revenue, we are asking you to fund any new initiatives or positions from existing resources.

Please begin your FY2027 budget planning with the school and college data decks as well as other institutional data you find relevant. Building on these data and the strategic plans emerging from our discussions, please identify your college's priorities and initiatives that will move us from "good to great." In strategizing, please think beyond FY2027 and consider what resources you will invest in your priorities over the next 3 years. Integral to strategic planning is a consideration of what activities you will stop doing, and what you will undertake to increase revenue and decrease expenses.

I encourage you to take the following approach in developing your FY2027 budget:

1. **Reallocate within existing resources:** Focus your existing unrestricted budget on your most critical priorities through strategic reallocation
2. **Leverage alternative funding sources:** Utilize "all funds" sources to support your priorities and new initiatives, including:
 - Designated funds, including master's revenue share accounts
 - Gift accounts
 - Endowment accounts

Budget Submission Requirements

Your Fiscal 2027 budget submission should consist of:

- A concise **Budget Narrative** (not to exceed 3-5 pages) outlining your strategic priorities and funding sources
- An **Excel spreadsheet** showing how you plan to fund your key strategic initiatives (please use the attached template)

Submission Deadline: Please submit your budget materials to provbudg@bu.edu by **Friday, October 24, 2025**.

I recognize these fiscal constraints present real challenges as you work to advance your school or college's mission and strategic objectives. However, I am confident that through careful planning, strategic reallocation, and creative use of available resources, we can navigate this period while continuing to strengthen our academic programs.

I look forward to working with each of you individually as we address these fiscal challenges together. Please don't hesitate to reach out to me or to Pat O'Brien if you have questions about this process or need clarification on any aspect of the budget planning requirements.

Thank you for your continued leadership during this challenging but important planning period.