2015/16 Budget Update

University Faculty Senate Plenary

Eileen McLoughlin, Vice Chancellor and CFO

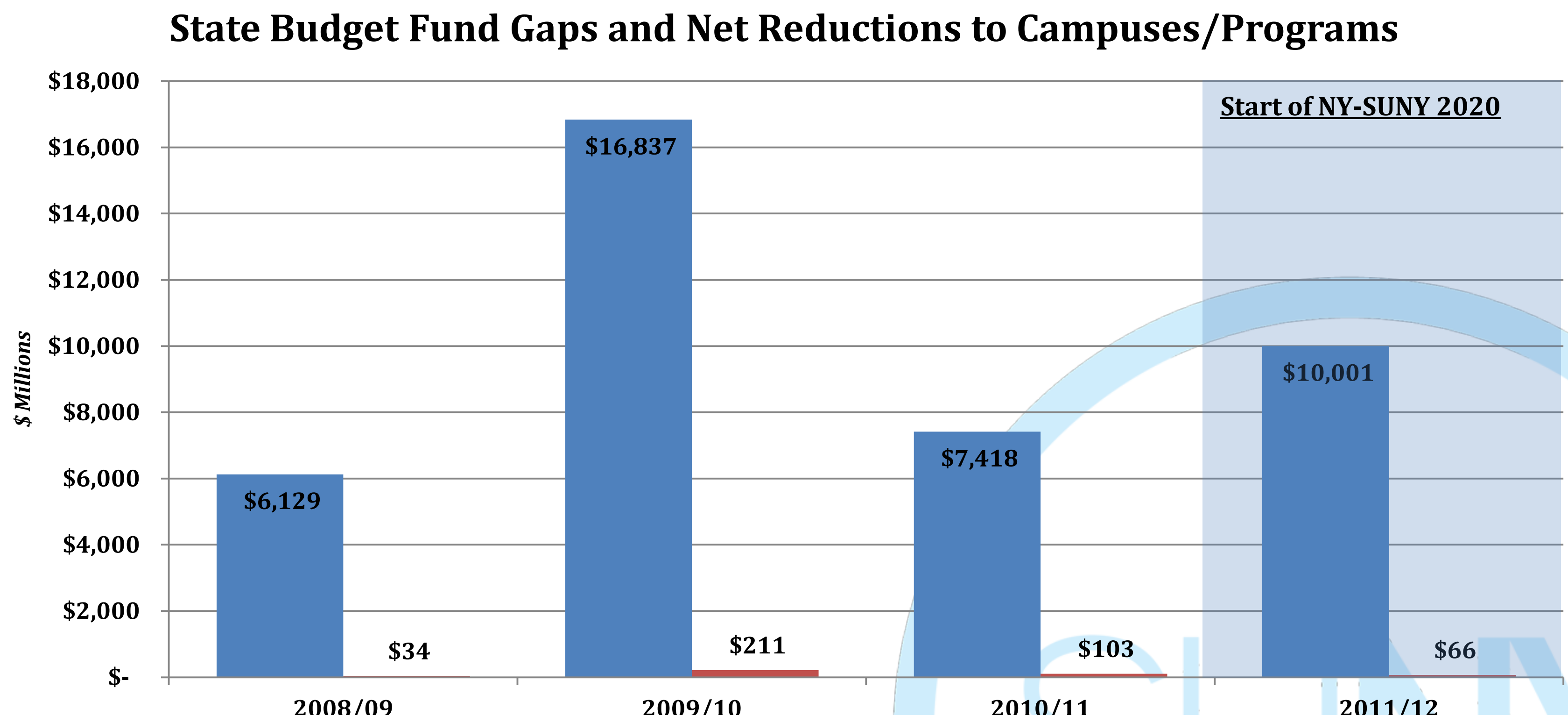
January 23, 2015

Context:

Life before NY-SUNY 2020

Life during NY-SUNY 2020

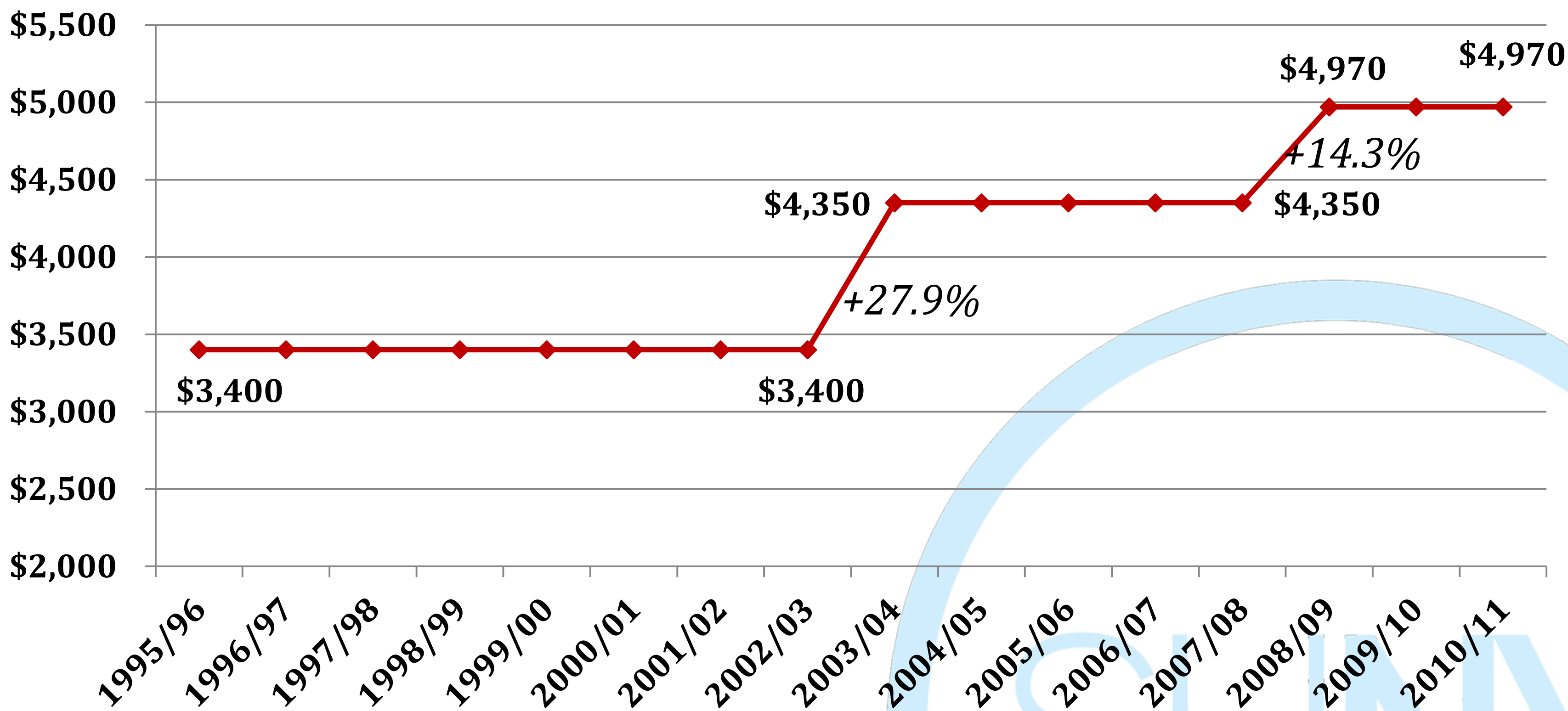
Life Before NY-SUNY 2020



Resident UG Tuition Increase	$620	$0	$0	$300

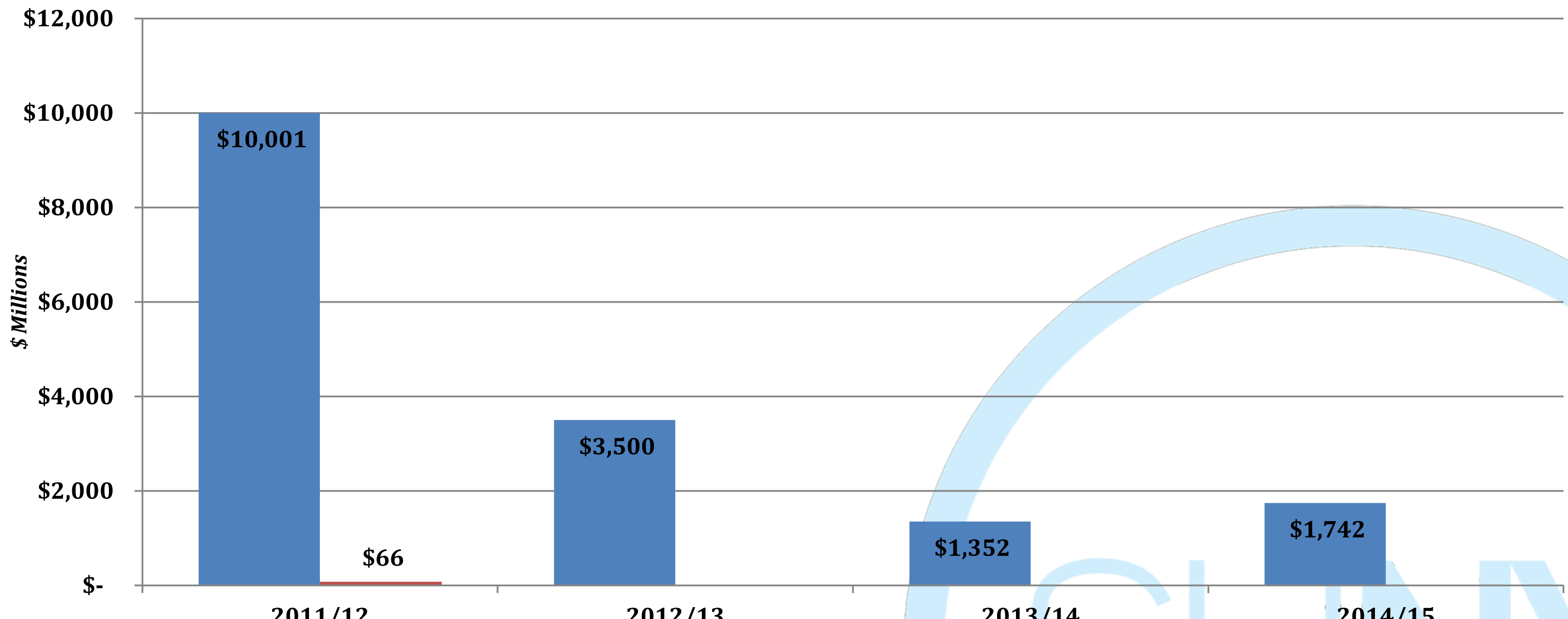
Note: Does not include reductions to CCs or Hospitals

Life Before NY-SUNY 2020:
State-operated Resident Undergrad. Rates Pre NY-SUNY 2020



Life During NY-SUNY 2020

State Budget Gaps and Net Reductions to Campuses/Programs



Resident UG Tuition Increase	**$300**	**$300**	**$300**	**$300**

■ **General Fund Gap** ■ **Net Reductions to Campuses/Programs**

Note: Does not include reductions to CCs or Hospitals
Does not reflect minimal ~$10M in increased funding

2015/16 Budget:
Challenges and Opportunities

SUNY

Last Planned Year of NY-SUNY 2020

Challenges	• General Fund gap • 2 percent Rule
Opportunities	• State surplus • Story of NY-SUNY 2020

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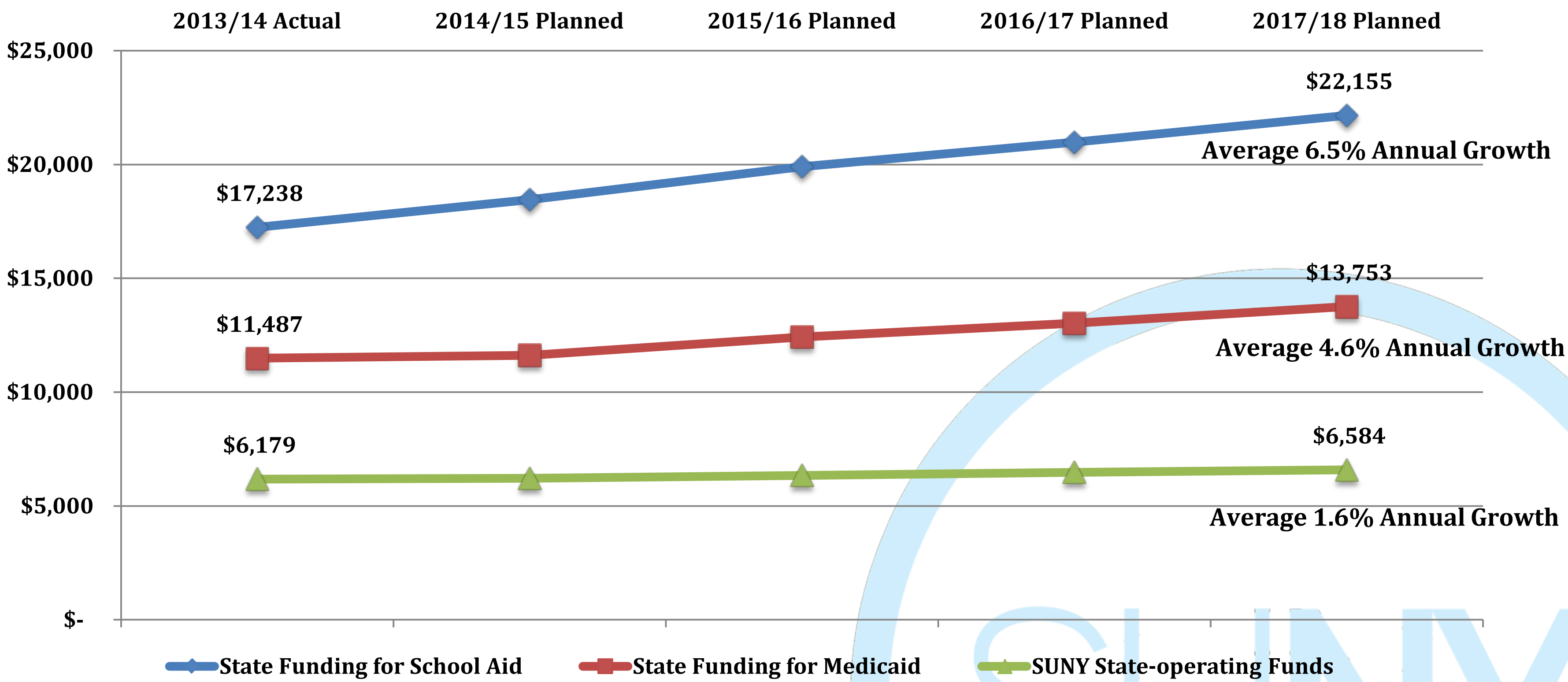
Challenges:
2 Percent Spending Growth Rule

Subject to 2 Percent Cap or Not	State Operating Funds	Non-State Operating Funds
State-operated Campus Direct State Tax support	X	
Statutory Campus Direct State Tax Support	X	
State-operated Tuition revenue	X	
State-operated Campus fee revenue	X	
Hospital Revenue	X	
Community College Base Operating Aid	X	
Statutory Campus Tuition and Fee revenue		X
Community College Tuition and Fee Revenue		X
Federal Funds (Pell, Perkins, etc)		X
Capital Expenditures		X[1]

1. Some limited capital expenditure is considered State-operating funds (Parks, Transportation, Mental Hygiene)

Challenges:
2 Percent Spending Growth Rule: Competition *($ M)*



To facilitate these increases, State expects annual "restrictions" on spending of $2.0B in 15/16, $3.4B in 16/17, and $4.9B in 17/18

Opportunities:
2014/15 NYS Budget Surplus

State is currently planning to finish 2014/15 with a "surplus" of $4.8B
This revenue is the result of a series of favorable settlements with several companies such as BNP Paribas, Credit Suisse AG, and Metropolitan Life Insurance
Surplus is one time only and not usable for ongoing costs (salary, etc) much like SUNY reserves
Planned uses include: - Will know after Executive

Opportunities:
The Story of NY-SUNY 2020

25 percent of Resident Undergraduate tuition revenue supporting Student Aid	520 additional instructional staff hired
270 of the 520 full-time faculty	100 new degree programs in high-need fields

2015/16 Budget Request

2015/16 Operating Budget Request

Direct Academic Mission and System-Wide Activities:

State-operated Campuses:
$131.4M: Salary funding
$155.0M: Spending authority

$50.0M
Master Innovators

$50.0M
Collective Impact Funding Program

Up to $30.0M
Loan to Facilitate Expanded Access and Completion

$2.0M
Support for the Ongoing Mission of the University

$131.4M: State-operated Campus Salary Support
($M)

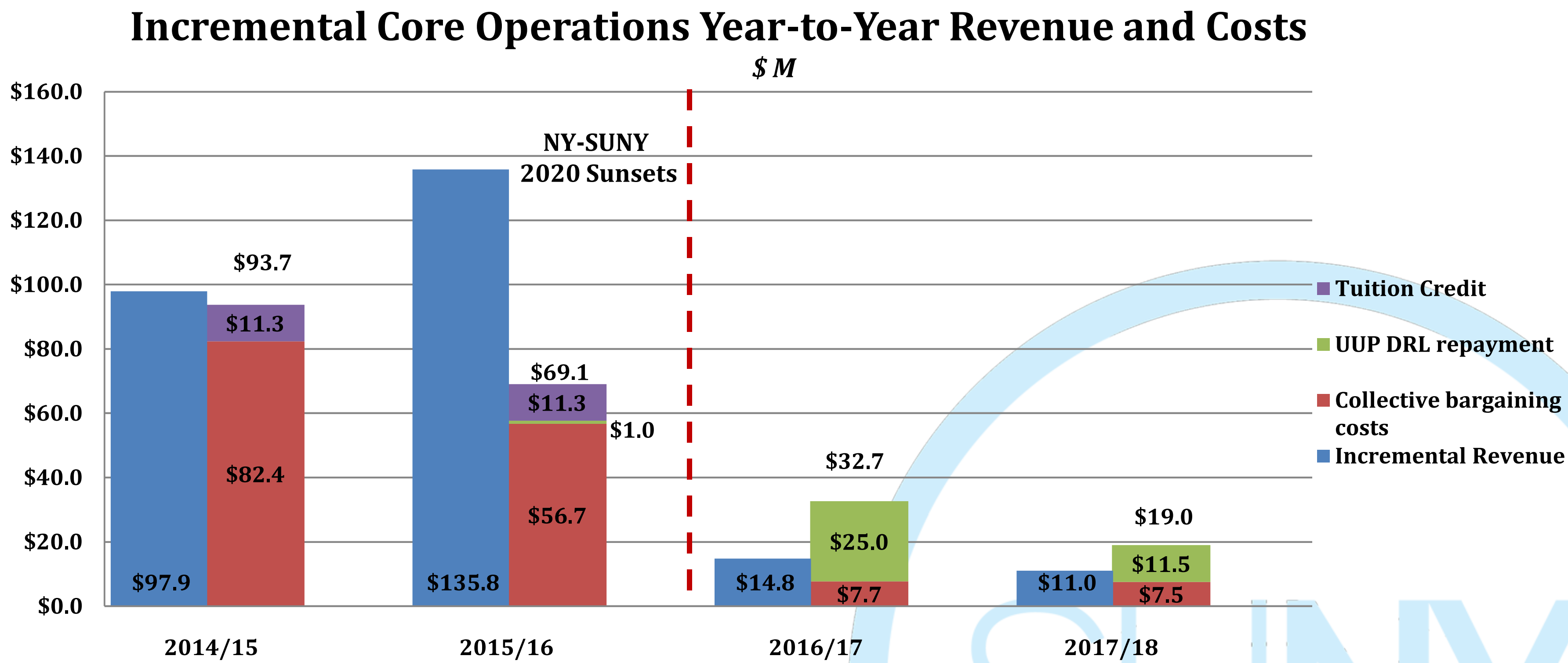
Incremental Annual Salary (Costs), Offsetting Savings, and New Funding						
Item	**'13/14**	**'14/15**	**'15/16**	**'16/17**	**'17/18**	**Cumulative**
DRL Savings	$26.6	$21.8	-	-	-	**$48.4**
DRL Repayment	-	-	(1.0)	(25.0)	(11.5)	**(37.5)**
Salary Costs	(18.1)	(64.3)	(56.7)	(7.7)	(7.7)	**(154.5)**
State Funding	-	7.6	-	-	-	**7.6**
Net Impact	**$8.5**	**$(34.9)**	**$(57.7)**	**$(32.7)**	**$(19.2)**	**$(136.0)**

2015/16 Request:
$(18.1): 13/14
$(64.3): 14/15
$ 7.6 : 14/15
$(56.7): 15/16
$(131.4): Total

Notes:
DRL = Deficit Reduction Leave
Assumes continuation of $7.6M in additional State funding from 2014/15
Core Operations Budget only
Totals may not add due to rounding

$155.0M: Revenue Spending Authority

(Includes $19.2M in prior year shortfall)

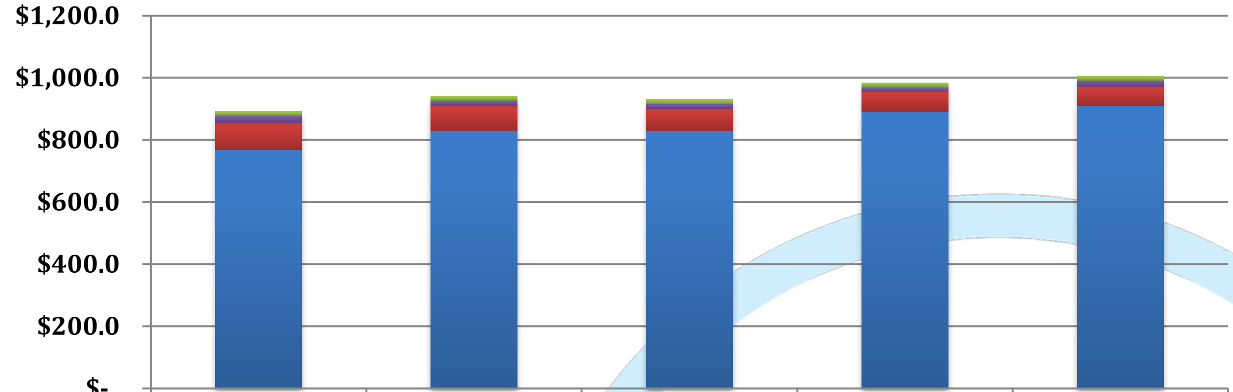


Assumes:
- Continuation of $7.6M State tax support included in 2014/15
- No tuition increases past 2015/16 (current law)
- Freezing of Tuition Credit at 2015/16 Cost

Note:
- Incremental costs reflect only salary costs, UUP DRL repayment and tuition credit
- Does not include changes in utility costs, inflation, or new programs

$50.0M: Master Innovators

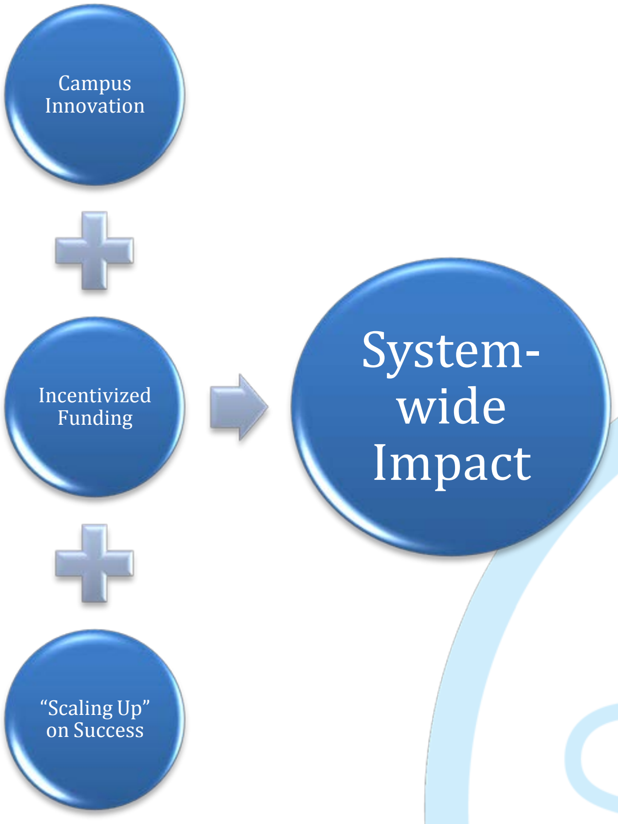
Sponsored Program Expenditures by Sector
($M)



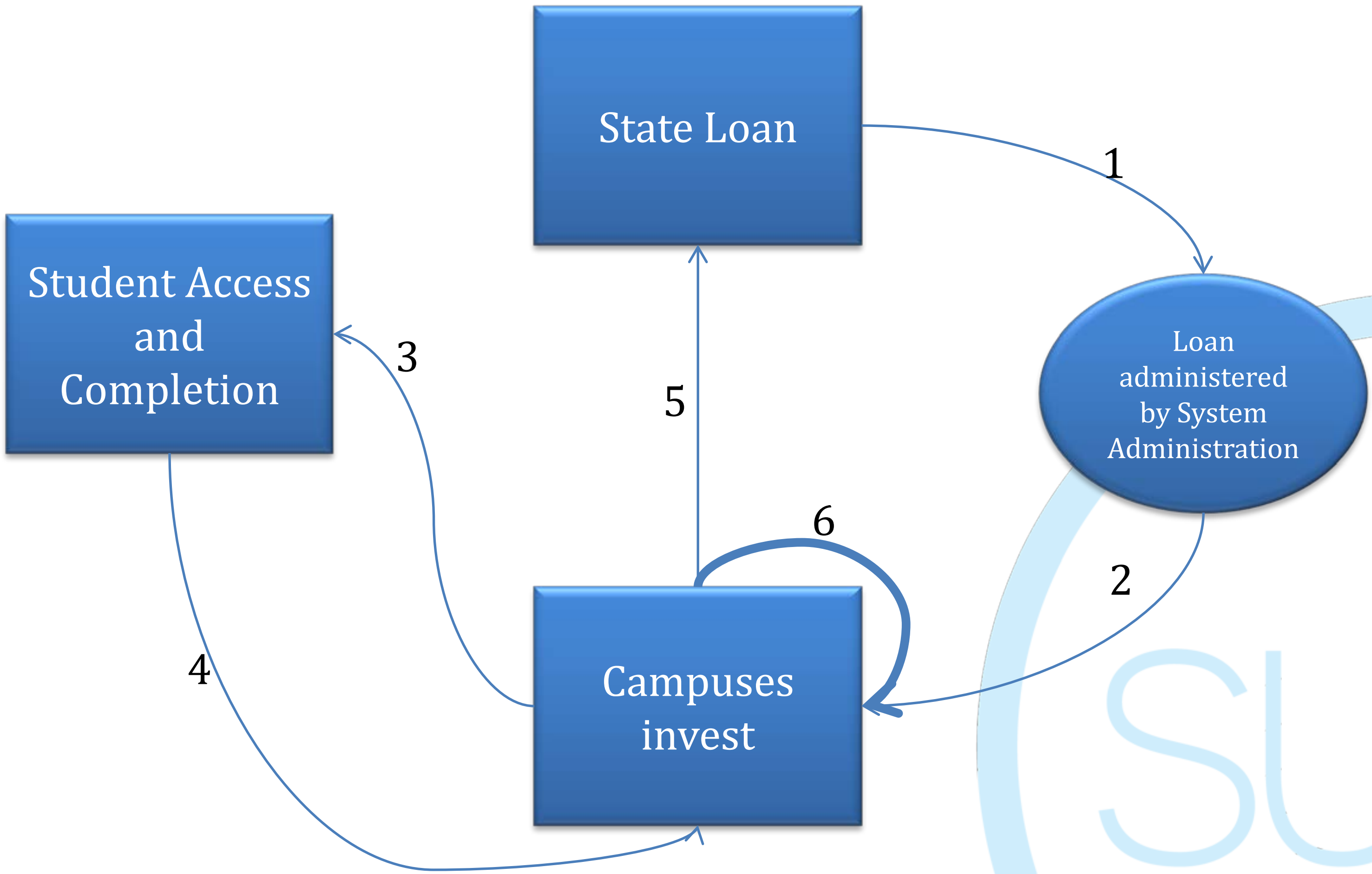
	2009/10	2010/11	2011/12	2012/13	2013/14
Technology Colleges	$12.3	$13.6	$14.3	$13.5	$12.1
System Administration	$22.5	$16.1	$13.6	$13.8	$19.8
University Colleges	$89.4	$80.4	$73.9	$64.4	$63.2
University Centers and Doctoral Institutions	$767.0	$830.5	$828.3	$891.5	$908.9
Total	$891.2	$940.5	$930.2	$983.2	$1,003.9

- **A large amount of Sponsored Program expenditures is driven by relatively few faculty:**
  - **With additional funding, new – research focused – faculty would be hired to:**
    - **Increase this pool,**
    - **Energize the research culture**

$50.0M: Collective Impact Funding Program



Up to $30.0M Loan to Facilitate Expanded Access & Completion: Online Programs / Open SUNY



Process:

1. Seed funding provided
2. Campuses submit proposals. System reviews and monitors approved proposals
3. Campuses invest in new programs or delivery methods such as Open SUNY
4. Improvements drive higher enrollment and completion
5. Loan repaid
6. Continued investment in campus

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Expansion of Access and On-Time Completion: Example of current investment – Open SUNY

400 online degree programs

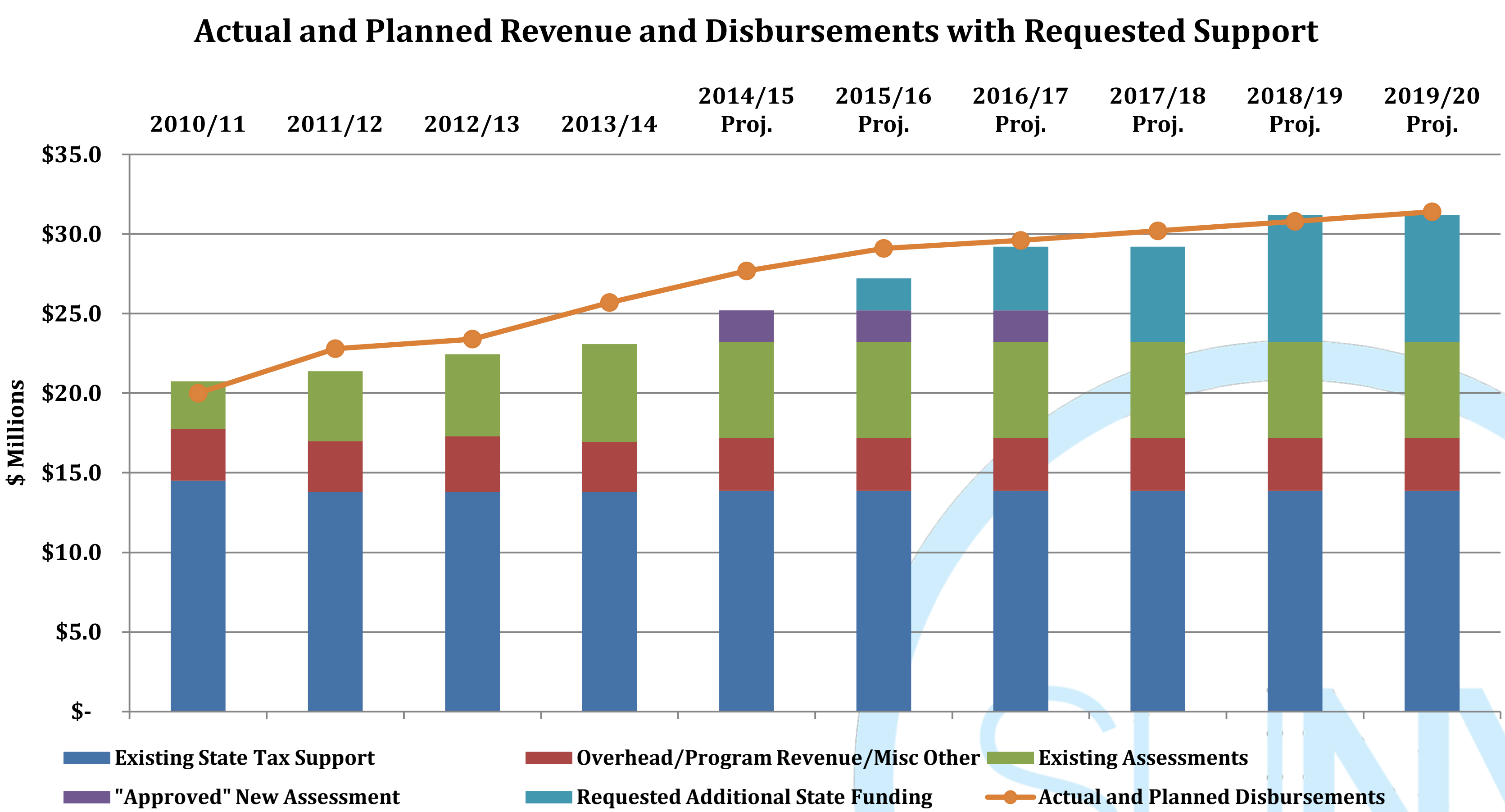
- 64 with enhanced support through Open SUNY+

Includes 24/7 helpdesk, online academic tutoring, personal student concierges, and enhanced access to applied learning opportunities.

Positive national recognition

Positive sector comment by Moody's Investors Services

$2.0M: Support for the Ongoing Mission of the University



2015/16 Executive Budget

SUNY

“Good” News: Performance Improvement Plans

Purpose:	• Will serve as the basis for performance funding allocations in the future
Contents (including / not limited to):	•Criteria to improve access, completion, academic and post-graduation success, research, and community engagement •Experiential learning as a criteria for graduation •A Master Researchers program in concert with the RF •Financial incentives for presidents in association with START-UP NY success
Stakes:	• 10 percent of direct State tax support • A share of $18.0M in additional State tax funding
Timeline:	• Received and approved by the Board of Trustees by December 31, 2015

Other Good News:

- Recognition of the last planned year of NY-SUNY 2020
- 5th Round of NY-SUNY 2020 Capital Grants
- New Critical Maintenance funding
- New Critical Maintenance funding plan
- Expedited program approval
- Other

Less Good but Not Unexpected News:

Elimination of additional funding provided in the Enacted Budget:

- *Additional Salary Funding ($7.6M)*
- *EOP ($1.3M)*
- *ATTAIN ($1.0M)*
- *Stony Brook Marine Animal Lab ($0.3M)*
- *Cornell Vet College ($0.3M)*

Limited redistribution of U-wide funding

Next Steps

The State University of New York

Budget Making Process

February 10:

- Budget Testimony

February/March

- Budget Negotiations

April 1

- Enacted Budget

Advocacy

NY-SUNY 2020

- Continue to push for extension of 2020 until 2020

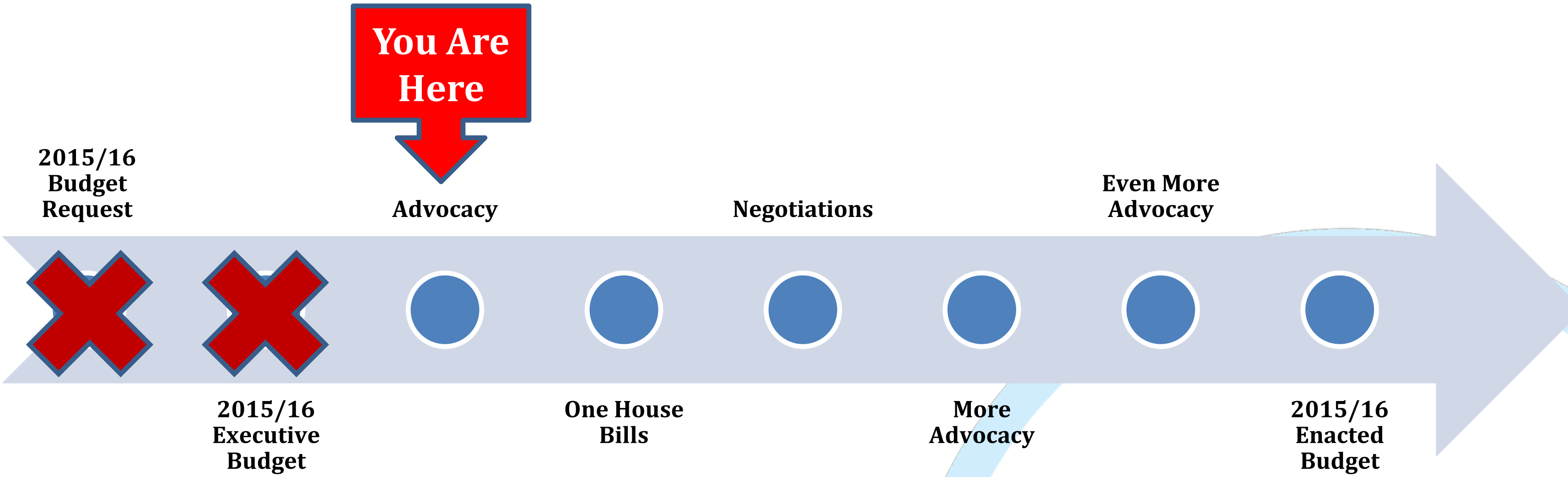
Tuition Rates

- Seek limited flexibility

Additional Investment

- Maximize any opportunities within Executive Budget

Roadmap to the 2015/16 Enacted Budget



Questions?