



The College at
BROCKPORT
STATE UNIVERSITY OF NEW YORK

Vice President for Administration and Finance

TO: Brockport Faculty and Staff

FROM: James "Beau" Willis
Vice President for Administration and Finance

DATE: September 23, 2014

RE: **Fall 2014 Budget Update**

Last year brought into focus the College's fiscal health and the need to put its finances on a sustainable trajectory. As framed in previous communications from my office and numerous campus, divisional, and school-based presentations over the past year, significant reductions in State tax-support for all SUNY campuses beginning in 2008-09 and continuing through 2011-12, coupled with demographic shifts leading to declining campus enrollments over the past few years created a structural deficit in the College's operating budget. This has necessitated the use of campus reserve balances to operate in fiscal balance on a year-to-year basis. With the current academic year now underway, I would like update you on the current state of the College's finances.

As outlined in my May 7, 2014 Campus Financial Plan Update, the College began the 2013-14 academic year with a reserve balance of nearly \$4.4 million, a decrease of \$2.4 million from the prior year. At that time, pending the outcome of specific budgetary actions, a year-end reserve balance of approximately \$2 million was projected. I am very encouraged and happy to report that as a result of savings from certain operational efficiencies, reconsideration of priority need commitments, reconciliation of certain budget entries, and somewhat greater than anticipated tuition revenue, the College is beginning the 2014-15 academic year with a reserve balance of approximately \$3.9 million. That's good news!

It is also encouraging to note that for the first time in several years the College was able to curb the erosion of student enrollment. Despite fewer returning students at both the undergraduate and graduate levels, we are beginning the year with only 17 fewer students than last year. This is in contrast to year-over-year enrollment declines of 143, 142 and 176 students in Fall 2013, 2012, and 2011 respectively. This reversal is the result of Fall 2013 to Fall 2014 increases in first-year undergraduate (7 students), transfer (36 students), and new graduate (84 students) enrollment.

At the undergraduate level, these gains can be attributed to the strategic decision in early 2014, based on a record 15% increase in applications, to extend a second wave of admission offers to freshmen and transfers. While this strategy, coming at the end of the admissions process, did not produce the desired 250 additional students, we are confident that had this approach been considered earlier in the admissions process, the outcome would have been significantly better. Had the College not take these steps, our challenges would be far greater.

The gain in new students at the graduate level can be attributed to a constellation of factors including continued enrollment growth in the on-line Masters of Arts in Liberal Studies, expansion of the Masters of Social Work program, as well as concerted recruitment efforts on the part of existing graduate programs. Of particular note is

the Public Administration program, which has seen a year-over-year increase of in new enrollments of 160%. We need to continue to generate new academic programs developed by our faculty, chairs, and deans.

Notwithstanding the gains realized this fall, current enrollments remain 478 students – or 5.6% – below Fall 2010 enrollments. While solid progress is being made, the College is not yet on a path to fiscal sustainability.

With a structural deficit of approximately \$1.5 million, the College's dependence on its reserve balance remains. At current expenditure levels a year-end (June 2015) reserve balance of \$2.4 million is projected. In the absence of enrollment growth in the 2015-16 academic year, unfunded contractual salary increases will increase the College's structural deficit to approximately \$2.2 million, thereby reducing centrally controlled reserves to an unacceptable level.

Continued attention needs to be placed on developing and implementing a comprehensive strategy to achieve financial sustainability: stabilizing our operating budget such that revenues exceed operating expenses sufficient to rebuild reserve balances to a level consistent with SUNY guidelines, while providing sufficient funds to invest in new initiatives, launch new academic programs, and address emerging mandates.

Putting the College on a financially sustainable trajectory is well within our grasp. The path forward, as outlined in my December 3, 2013 Campus Budget Memo remains essentially unchanged, specifically, the campus must:

1. Develop and implement a plan to achieve financial sustainability that prioritizes a combination of expenditure management and revenue growth strategies. This plan includes:
 - a. Short-term strategies to decrease expenditures and increase revenue during the next 12, 24 and 36 months (e.g., organizational, operational, and budgetary efficiencies, graduate recruitment from our own undergraduates, strategic expansion of Special Session programming, etc.).
 - b. Intermediate strategies during the next 2-5 years (e.g., retention, graduate and international education returns on investment, expanding new course delivery models).
 - c. Long-term strategies during the next 3-10 years (e.g., new program development) and shared services.
2. Fully integrate and align academic planning with enrollment management and financial planning to ensure the appropriate mix of academic programs to sustain enrollments at financially sustainable levels.
3. Design and implement a new budget model that provides appropriate allocations and the expectation that budget areas work within that budget, allocates resources based on assessment, and provides incentives for innovation that will advance the mission of the College, including when it leads to enhanced fiscal sustainability.

Progress has been made over the course of the past year, and the President and my Vice Presidential colleagues are resolute in accelerating these strategies over the course of the coming year. Towards that end, a Campus Budget Forum has been scheduled for **Wednesday, October 1** in the Liberal Arts Building McCue Auditorium from 2:30 to 3:30 pm. At that time Provost Zuckerman, Vice President Wilson, President Halstead, and I will be available to discuss strategies, answer questions, and address concerns.

It been said before, but it warrants repeating, while our College – much like other colleges, both public and private – is faced with financial challenges, focused planning and strategies created through the deliberative and collective effort of all will place our institution on a fiscally sustainable trajectory. The College has made progress towards this goal, and we should be confident that with focused commitment and engagement across the institution, we will emerge a stronger and more relevant and vital institution.