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: December 3, 2013

RE: Campus Financial Plan Update

As previous budget communications from the Office of the Vice President for Administration and Finance have emphasized, our campus has relied for a number of years on cash reserves to balance its annual operating budget. In writing today, it is my intent to provide you with an update on the current state of the College's finances, including the status of our cash reserve balance and steps that are being taken to bring our operating budget into a state of sustainable fiscal balance. However, before doing so, I think that it is important to provide some historical context.

For several decades, public universities and colleges across the country have been challenged by a disinvestment in state support for higher education. In New York, this trend accelerated in 2008-09 and continued through 2011-12. Over this period, the commitment of state general funds to the State University of New York (SUNY) was reduced by nearly 40 percent. At Brockport, these cuts exceeded $9 million in direct state tax support and created a significant structural deficit in our annual operating budget.

Exercising prudent budget management, the College addressed this challenge through a number of measured actions, including early retirement and separation programs and the "freezing" of positions to reduce ongoing commitments to our base operating budget, as well as a number of annual one-time adjustments. The most substantial offset to the reduction in state support has been provided by a series of tuition increases, initially in 2009 and now continuing through the third of five years of the NYSUNY 2020 rational tuition plan. Throughout this period the College worked diligently and successfully to protect the academic core.

A carefully planned and significant cash reserve balance ($9 million) built up prior to 2008 has allowed the College to operate in fiscal balance. As recently as a year and half ago, revenue projections predicated on full implementation of NYSUNY 2020 rational tuition, in conjunction with an initiative to increase international enrollment, forecast a return to structural balance in the campus budget and an end to reliance on cash reserves by 2014-15.

However, beginning in spring of 2012 and continuing through the 2012-13 academic year, the College realized declines in year-to-year retention rates and graduate program enrollment and less than anticipated international student enrollment growth. At the same time, we graduated large classes each spring. As a result, all of these factors contributed in a 3 percent decrease in tuition revenue relative to our financial plan ($1 million). These evolving developments have been the subject of extensive consideration on the part of the President's Cabinet and have informed enrollment and retention strategies. Unfortunately, this trend has continued into the current year. Based on fall 2013 enrollment numbers, we anticipate a further decline in tuition revenue of 5 percent relative to plan this year ($2.4 million).

While we still have a campus reserve balance in excess of $4 million, reliance on these funds to provide fiscal balance cannot be sustained over the long term at current revenue levels and expenditure rates.

Beginning this fall, key campus constituencies including the Budget and Resource Committee, the College Senate Executive Committee, the President's Advisory Council, as well as several senior members of the campus community have been engaged in a discussion of strategies to place the College's finances on a sustainable trajectory. Collectively, there is uniform consensus that:

- The financial health of the College is necessary to sustain current operations, advance strategic institutional priorities, and ensure the vitality of the College of 2025
- The current campus financial plan and its reliance on cash reserves is not sustainable
- While we are not yet at a crisis point with respect to our budget, now is the time to address our financial challenges, and to do successfully will require a collective effort on the part of the entire campus

To address this imperative for change, it is important to:

- Respect the skills, knowledge and abilities of College personnel by engaging existing campus stakeholders, committees, and initiatives in an integrated/collaborative process
- Address issues at their root cause (structures, systems, processes, and policies)
- Make decisions participatory and transparent
- Leverage/engage external opportunities (Shared Services, Start-Up NY, Open SUNY, etc.)
- Understand, acknowledge, and address existing cultural realities and obstacles

Moving forward, three specific approaches are being pursued:

1. Develop and implement a plan to achieve financial sustainability that prioritizes a combination of expenditure management and revenue growth strategies. This plan includes:
   - 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).
   - Intermediate strategies during the next 2-5 years (e.g., retention, graduate and international education returns on investment).
   - Long-term strategies during the next 3-10 years (e.g., new program development).
2. Fully integrate and align academic planning with enrollment management and financial planning.

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.

The Budget and Resource Committee, in particular, has embraced the challenge before us and has spent the better part of the fall semester identifying a combination of expenditure management and revenue growth strategies to achieve financial sustainability. The committee will be scheduling a campus-wide forum in early February at which questions can be answered, concerns addressed, and suggestions offered. In the meantime, Interim Provost Scheidt and I are meeting with deans, department chairs and directors to discuss specific strategies for better managing expenses and increasing revenues over the near term. I will be scheduling similar meetings with all of the vice presidents to address specific strategies across all divisions of the College. Dialogue will also occur at an upcoming cross-divisional retreat. While the retreat will focus on the College of 2025, our long-term financial sustainability will be an important element.

In summary, while our College—much like other colleges, public and private, nation-wide—is facing financial challenges, focused planning and strategies created through the collective and deliberative efforts of all will move us toward financial sustainability. We will have to adapt where circumstances require it, but be assured that we will be steadfast in retaining our focus on Student Success and the values that make The College at Brockport the remarkable place that it is.