



The College at  
**BROCKPORT**  
STATE UNIVERSITY OF NEW YORK

**Vice President for Administration and Finance**

TO: All Faculty and Staff

FROM: James (Beau) Willis  
Vice President Administration and Finance

DATE: April 17, 2013

SUBJECT: SUNY 2013-14 Operating and Capital Budget Update

As conveyed in my November 26, 2012 update to the campus, the SUNY Board of Trustees 2013-14 budget request to the Governor sought authorization to implement the third of five years of the NY-SUNY 2020 rational tuition plan and requested an additional \$53 million in direct tax support to the State Operated Campuses to cover anticipated contractual salary increases (\$14.1 million), inflation (\$5.4 million) and SUNY Strategic Plan Initiatives (\$33.5 million). Also requested was bond funding for a new five-year capital program to address critical maintenance needs and advance campus facility master plans.

On March 29, Governor Cuomo and the NYS Legislature came to agreement on the 2013-14 State Budget. The Enacted Budget contained mixed results for SUNY, two aspects of which are of particular interest to The College at Brockport and highlighted below.

**Operating Budget (State Operated Campuses):**

On a positive note, the Enacted Budget maintains current State tax support funding levels for SUNY and provides the authority required to expend revenue related to current and planned tuition levels, thereby continuing the State's commitment to the NY-SUNY 2020 legislation passed in 2011-12. However, beyond \$2.2 million in additional funding for specific programs within the SUNY system, funding for contractual salary increases, inflation, and SUNY Strategic Plan Initiatives was not forthcoming.

Implications for The College at Brockport:

Based on the College's planned 2013-14 enrollment, implementation of the third year of NY-SUNY 2020 should yield an additional \$1.8 million in new revenue for the campus, further reducing our dependence on one-time funds. Coupled with SUNY's decision to not implement, or at least postpone implementation of a new Resource Allocation Model (RAM), which may have negatively impacted all of the SUNY comprehensive colleges such as Brockport, we are cautiously optimistic for relative stability in our operating budget over the next year.

There are, however, several issues that may change this outlook, including:

- Negotiated salary increases for a number of represented groups on campus are scheduled to begin as early as next year and will have a significant impact on the campus financial plan if not funded by the State. This will be a significant post-budget enactment legislative priority for both SUNY and the campus in the coming months and as we enter the next legislative cycle.
- SUNY has recognized for some time that the State funding and operational model for its three hospitals is unsustainable in today's highly competitive health care market. SUNY currently faces a financial crisis at Downstate Medical Center, with current operating losses expected to exceed \$8 million per month. Political, contractual, and assorted regulatory issues have all contributed to this complex matter. Hoped for relief through the Enacted Budget was not forthcoming; instead, SUNY has been directed to submit a "Sustainability Plan" to the Legislature and Governor on June 1.

There is a concern that monies from the budgets of individual campuses will be redirected to provide one-time bridge funding to address the Downstate problem. This has been a topic of considerable discussion in a number of venues, including a recent meeting of the Comprehensive College presidents. At this point there are no specific details regarding potential impact to the campus, but a document outlining the issue has been posted to the Division of Administration and Finance website (<http://www.brockport.edu/admfin/>). The website will be updated as additional information becomes available. (I am planning on providing additional details to the Budget and Resource Committee.)

### **Capital Budget (Educational Facilities):**

Beyond a few specific budget items and the reappropriation of funds related to 2008-13 capital program projects, the Enacted Budget provided no new capital funding to SUNY. SUNY comprises 33 percent of the State's building infrastructure and the average age of its educational facilities is more than 45 years, creating a backlog of critical maintenance needs in excess of \$4 billion. SUNY's request for additional bond funding to address these needs had the support of the Higher Education Committees of both the New York State Senate and Assembly, and its omission from the Executive Budget is perplexing. The leadership of the State University Construction Fund (SUCF) has actively engaged the Governor's Office and the Department of the Budget in an effort to understand the basis of this decision and is hopeful that this is a one-time anomaly associated with limitations on the ability of the State to take on new debt in the face of competing capital demands and that funding will be restored in the next fiscal year.

### **Implications for The College at Brockport**

The reappropriation of funding for 2008-13 projects is good news for the College, allowing us to continue nearly \$40 million in capital planning and construction projects. These include completion of the Liberal Arts Building and the work currently underway on Tuttle, renovation of Lathrop Hall, a number of infrastructure projects, and planning for a number of projects whose construction we anticipate being funded in the future.

With this said, SUNY has exceeded its disbursement cap, or the bonded funding it has available to spend, through 2013-14. This is the result of a convergence of several issues outside the direct control of SUNY and SUCF, and has had the effect of delaying over \$700 million in projects across SUNY despite having been reappropriated. At Brockport, a number of campus projects that were scheduled to start over the next few months, including the renovation of Lathrop Hall, Allen and Brown Plaza, and the athletic fields fall into this category and will likely not start until early *next* spring. We are fortunate that current work on the Liberal Arts Building and Tuttle has been allowed to continue.

President Halstead has discussed our current situation with members of our local legislative delegation, and I have met several times with SUCF to explore options for putting these projects back on their original time frame. At this point, however, it appears as though there is little flexibility.

### **Moving Forward**

After absorbing nearly \$9 million in reduced State General Fund support between 2008-09 and 2011-12, the College has moved closer to fiscal balance in recent years. While we have experienced relative budget stability over this period, it should be clear that ongoing ambiguity regarding State support for SUNY and in turn SUNY's support for its Comprehensive Colleges, needs to be viewed as the 'new normal,' making it more important than ever that the College come into fiscal balance and grow its financial reserves.

It has been said that while there is no way to predict the future, you can create the future. In the case of The College at Brockport this has never been truer. As our conversation around the "College of 2025" matures over the coming months, a roadmap ensuring a vital and relevant future for the College will emerge. The financial sustainability of the College will be a key dimension in realizing these aspirations. Continued prudent fiscal management, all funds revenue growth, operational savings through various administrative initiatives, and continued support of the Trustees for rational tuition provide a path to fiscal sustainability. In the next few months, the President's Cabinet will be discussing additional strategies and actions to accelerate coming into fiscal balance. These discussions will be expanded as we enter the next academic year.

As always, please do not hesitate to contact me should you have any questions.