

November 4, 2010

TO: All Faculty and Staff

FROM: Lou Spiro
Administration and Finance

RE: 2010-11 Budget Update and Mid-Year Budget Reduction

Our last campus e-mail update regarding the 2010-11 budget was on July 26, 2010, when we provided information about the loss of our anticipated tuition increase of two percent across SUNY and a change in the SUNY System Administration budget reduction methodology. In combination, these unexpected changes cost us an additional \$1.9 million beyond the \$1.1 million reduction in state support that we had been expecting. This much larger reduction required that President's Cabinet very carefully scrutinize every line that has become vacant through the New York State Early Retirement Incentive (ERI) program and the campus based Voluntary Separation Incentive Program (VSIP), since it is imperative that the highest level of savings be realized to help offset the reductions. All of these vacancy reviews have been guided by our expressed goal of becoming a nationally recognized comprehensive college focusing on student success. However, this has been a very difficult process and we know that the impacts have reached virtually every corner of our College, as stated by President Halstead at his Town Hall Meeting last week.

We have kept the major campus constituencies informed and have provided budget updates to:

- The Budget and Resource Committee on August 26
- President's Advisory Council on September 15
- The Brockport Foundation Board of Directors on September 24
- College Senate on September 27
- College Council on September 28
- Faculty and Staff at the President's Town Hall Meeting on October 27

These budget presentations and forums first focused on the different types of resources that are available to us and the state restrictions that exist defining how they may be expended. One particularly important example is our State University Construction Fund (SUCF) capital project allocations for critical maintenance renovations and for the construction of SERC and the New Academic Building. These capital funds are bonded by New York State and can only be used for the specified capital purposes; therefore, it is not possible to use SERC funds to hire faculty or staff or to buy unrelated equipment.

Similarly, our residential renovations are bonded through the Dormitory Authority of the State of New York (DASNY) and our student rental charges are used to pay the principal and interest on these bonds. Again, these bonds can only be used for their specific capital purpose, such as renovating MacVicar Hall. The second major part of the budget presentation was a summary of our Five Year Financial Model in which we estimated our existing budget reductions, ongoing revenues and expenditures, the size of our annual budget deficit and how long our cash balance would be able to compensate for these deficits. These estimates were based on our ability to obtain \$2 million in permanent salary savings from the ERI/VSIP processes in 2010-11 and an additional \$1 million in 2011-12.

On October 20, we presented our first composite report on ERI/VSIP savings estimates to President's Cabinet. Through the difficult deliberations of President's Cabinet this summer and fall, where we reached agreement not to re-fill many lines, we achieved nearly \$1.8 million in permanent salary savings. This was accomplished by not re-filling 24 staff FTE positions, and while no faculty lines were eliminated in our continuing efforts to protect the academic core, we reduced the funding available for faculty replacement lines to the average assistant professor salary. All divisions were impacted substantially by these reductions.

On October 21, we received an e-mail from SUNY System Administration indicating that there would be an additional \$23.25 million cut to SUNY as part of the Governor's recent \$250 million 2010-11 mid-year budget reduction to all state agencies. We have since been informed that Brockport's portion of this mid-year budget cut is \$643,000 and that it will be a permanent reduction in future years.

We now find ourselves in an even more trying financial situation than before as one-third of the initial ERI/VSIP savings that we had worked so hard to achieve have been effectively wiped out with this additional October 21 budget reduction. We are still evaluating the impact of this additional reduction on our short-term and near-term financial position and we are in the process of updating our Five-Year Financial Plan. Discussions will need to take place about the necessity of taking additional steps to reduce expenditures.

These continue to be extremely challenging financial circumstances that are even more difficult to manage as we now have an even larger number of vacant staff positions. Yet, we are committed to managing through these fiscal times in our state and to implementing the major changes that are required. We will continue to work hard to collectively shape the College. As President Halstead emphatically stated last week: It's our expectation that we will emerge as an even stronger, more focused, streamlined institution that continues to focus primarily on student success.

Now that election day is behind us, in the upcoming legislative session we all need to pull together to advocate for SUNY.

As always, I'm open to questions and constructive suggestions.