

September 8, 2009

TO: All Faculty and Staff

FROM: Lou Spiro  
Vice President for Administration and Finance

RE: Update on the SUNY 2009-10 Budget and Current College Actions

There have been very few changes in the 2009-10 budget process since our last campus update in early May. At their May 12 meeting, the members of the SUNY Board of Trustees did approve the financial plans for SUNY and the individual campuses as we had expected. They also approved another graduate tuition increase effective for the fall 2009 semester, and this has provided some additional tuition revenue in our financial projections.

Unfortunately, the state economy has continued to weaken, resulting in lower than projected tax receipts, and the New York State Division of the Budget (DOB) has developed new deficit estimates as part of their first quarter financial report. In this July 30, 2009 report, DOB estimates that there will be a \$2.1 billion deficit for 2009-10. They also estimate a \$4.6 billion deficit in 2010-11, a \$13.3 billion deficit in 2011-12 and an \$18.2 billion deficit in 2012-13.

Governor Paterson has indicated that he will develop an "Economic and Fiscal Recovery Plan", to be released in September, that will eliminate the current-year budget deficit and improve the State's long-term fiscal health. No details of this plan have yet been released and it is not known how this might impact SUNY or The College at Brockport in 2009-10 or later years.

#### 2009-10 SUNY Budget

As you may recall from our last campus report, despite the best advocacy efforts of the SUNY Board of Trustees, SUNY System Administration, campus leadership and constituencies, there had been minimal restoration to the SUNY budget, primarily restoring nearly all of the University-wide programs that had been either reduced or eliminated. There were reduction actions of \$120.5 million to SUNY. There also were increases of \$71.3 million in funding for contractual salary raises (which cannot be used for budget reductions) and \$18.3 million in non-personnel and energy funding. Yet, by any measure, this frankly was not a good budget for SUNY. Therefore, our new Chancellor, Dr. Nancy Zimpher, who visited our campus on July 22 and with whom President

Halstead met with again last month along with other SUNY presidents, is already working on reframing the relationship of SUNY with State Government following her 64-campus, three month tour.

#### 2009-10 Brockport Budget - Our portion of the SUNY budget reduction was substantial.

- **\$1 million net resource reduction (excluding salary increases).**
- Contractual salary increases of \$1.76 million have been funded; however, these funds *cannot* be used to offset budget reductions.
- Non-personnel and energy inflation increases of \$181,600 have been used to offset budget reductions.
- The portion of the 2008-09 budget reduction that was funded temporarily by SUNY last year (\$25 million) now becomes a permanent reduction of \$638,400.
- \$3.4 million is our share of the \$120.5 million reduction to SUNY in 2009-10.
  - \$1.86 million - our share of the reduction in state support for the undergraduate tuition increase -\$53.5 million reduction to SUNY.
  - \$1.17 million – our share of the \$40 million base budget cut to SUNY.
  - \$321,500 – our share of the reduction in state support for the graduate tuition increase - \$10.1 million reduction to SUNY.
  - \$30,700 – our share of the \$7.8 million reduction in state support for the Research Foundation tithes.
- Additional 2009-10 revenue increase of \$2.9 million from tuition increases, including the additional graduate tuition increase.

#### 2009-10 New Uncertainties

- There is likely to be a great deal of uncertainty over the next few months as the Governor’s “Economic and Fiscal Recovery Plan” is developed and as budget reductions are identified.
  - *It is important to keep in mind that there is no indication whether any of these actions might negatively impact SUNY, but if there are any reductions, they would likely be permanent in nature.*

#### Current Major Assumptions

- Contractual salary increases are presumed to be funded in 2010-11 and beyond.
  - This may continue to be a likely situation; however, reductions in other areas may still greatly exceed these amounts, as was the case in 2009-10.
- No additional base budget reductions are presumed to be imposed in 2010-11 and beyond.
  - Given the most recent DOB financial report showing substantial budget deficits projected for the next four years, this can no longer be considered realistic.
  - However, until more definitive financial information on potential budget reductions is provided, it is not possible to develop an estimate of what reductions might entail.
- Continue permanent reductions through staff position management and other approaches.
  - Over \$800,000 in permanent reductions were achieved in 2008-09, exceeding our target of \$750,000, and these reductions will carry forward until the budget situation indicates that restoration is deemed appropriate.
  - Total reductions of nearly \$1.2 million have been achieved so far for 2009-10, an additional \$400,000 above the amount achieved in 2008-09.

- These reductions will increase during 2009-10 as additional staff lines become vacant and are not filled and these vacancies will also carry forward until the budget situation indicates that restoration is deemed appropriate.
- Enrollment plans have been updated to recognize the increased undergraduate student demand and our emphasis on increasing retention rates and these new targets and the associated increased tuition revenues must be met to reduce the level of budget reductions that would otherwise be required. Of course, these increased enrollment targets will be met while continuing to emphasize student academic quality.
  - Full-time fall freshman targets are now 1,110, up from the prior target of 1,000.
  - Full-time fall transfer targets are now 850, up from the prior target of 800.
  - Full-time continuing/returning students will increase gradually from the increased number of entering students.
- Require the divisions to continue to be as financially self-sufficient as possible and minimize the number and dollar amount of requests for College funding. We have developed an excellent track record for this strategy and appreciate the cooperation of all divisions of the College.
- Minimize to the greatest extent possible College funding for temporary or permanent requests.

#### Financial Implications

- Based on these budget considerations and financial assumptions, the balance from our annual current operations will be negative in 2009-10 and will continue to be negative through 2012-13, which is the extent of our financial planning model.
- The cash balance that we have available will decline during this period due to these negative annual operating budgets, but will still be sufficient to meet our needs as long as our tuition revenue targets are met.
- Given the likelihood of additional budget reductions in the upcoming years, it is not possible to know if our cash balance will actually be sufficient through 2012-13, and since it is not prudent fiscal management to live on our cash reserves, we need to find ways to increase revenues and/or reduce expenditures.

#### Next Steps

- Generate new and creative cost cutting and revenue generating ideas campus-wide. This is a must to continue the vibrancy and forward movement of our College.
- Continue to analyze enrollment and tuition revenue trends and future projections very carefully to ensure that enrollments are realistic to obtain and that tuition revenues are consistent.
- Evaluate and implement actions that will have significant revenue generation or expenditure reduction outcomes.
- This information will be shared in more detail with the Budget and Resource Committee and their suggestions and recommendations will continue to be solicited.
- We will also continue to keep the lines of communication open with our various campus constituencies, as has always been our practice.

It is also important to keep in mind the principles that we have adopted to manage our state-mandated budget reductions, particularly the four primary ones that President Halstead reiterated in his August 25, 2009 Faculty/Staff Opening of School Convocation speech

([www.brockport.edu/president/2009-08-25.html](http://www.brockport.edu/president/2009-08-25.html))

1. Consider all ideas and strategies within the context of our *Matrix* (a strategic plan that could serve as "best practices" across SUNY as strategic planning becomes the #1 goal of our new Chancellor, Dr. Nancy Zimpher, who used her 64-campus tour as the first phase of an inclusive process developing a strategic plan for The State University of New York).
2. Maintain the quality of our student body while looking at increasing our enrollments, including enhancing our retention efforts.
3. Protect our core academic mission as alluded to earlier. Centrality of mission is paramount. As we make tough decisions, what functions and personnel are most critical to our mission and efforts to advance the College?
7. Maintain our commitment to student success and the overall quality of the student experience.

We thank you for your continued commitment to The College at Brockport and for your willingness to help us meet these financial challenges facing SUNY, our state, our nation and the world economy as one united community with a common mission. In his Convocation speech, President Halstead also quoted Stephen Pelletier in "Leadership in Lean Times" from the February/March issue of *Higher Education Times*: "...some institutions are already taking a long view of the current turmoil". Calling it "an economic tsunami" Pelletier says that "wise academic leaders recognize that <these conditions> offer insights and even opportunities that can help them position their institutions for even stronger health after today's storm clouds clear". He advocates for "sustaining institutional viability in an era of belt-tightening".

Please feel free to e-mail me with any questions that you may have about our ongoing efforts to address these very serious budget challenges. We are committed to providing quality education to assure student success; yet, we will need your help and cooperation to manage these very difficult times.