

February 12, 2009

TO: All Faculty and Staff

FROM: Lou Spiro  
Administration and Finance

RE: Update on the SUNY 2008-09 and 2009-10 Budgets and Required College Actions

In a continuing effort to keep our faculty and staff aware of significant changes in the SUNY 2008-09 and 2009-10 budgets and the College actions that are required, there are recent developments that have taken place since our November 21, 2008 update that need to be reviewed. These developments are based upon: 1) the 2009-10 Executive Budget that was released on December 16, 2008; 2) the SUNY "45 Day Report" which was released on January 30 corresponding to the impacts of the Executive Budget for 2009-10; and 3) the State Deficit Reduction Plan for 2008-09 that was approved rather rapidly by the legislature on February 3, 2009.

#### 2008-09 Budget

As many of you remember, the SUNY Board of Trustees approved a tuition increase last fall, \$310 which was implemented in Spring 2009; and \$620 annualized starting in Fall 2009. As part of the Deficit Reduction Plan (DRP) for 2008-09 that was approved by the Governor and the Legislature - despite constant lobbying efforts on the hill by SUNY - 90 percent of the additional tuition revenue in the spring and 80 percent of the additional tuition revenue in 2009-10 and later years will be effectively retained by the State. Technically, SUNY campuses would retain the full tuition increase, but state support would be reduced in a corresponding manner. Also, since the Division of the Budget estimated the savings based on fall enrollments, the amount reduced is essentially 100 percent of the increase in Spring 2009 revenue since spring enrollments are lower than in the fall.

#### 2009-10 Budget

Now our attention must focus on next year's budget as well as the Federal Stimulus package which is being analyzed by SUNY for *possible* relief. A summary of the SUNY "45 Day Report" is provided below, and it indicates initial impacts of the 2009-10 Executive Budget Recommendations and "likely allocations" and "unknown allocations" if the recommended budget were to be enacted. ***These allocations are only SUNY proposals***, and they are not "cast in stone", but SUNY is required at this point to file a report showing how the enacted budget would impact the system.

Again, it is important to note that these are the current **recommendations**, and that there is still a long way to go before the enacted state budget is finalized by April 1, 2009, or perhaps later given the difficult budget negotiations that are likely to take place. Also, the SUNY Board of Trustees and SUNY System Administration continue to negotiate with the Governor's Office and the Division of the Budget, and also continue to advocate for SUNY with the legislature. Goals of these efforts are to restore reductions in state support to the greatest degree possible, to retain all of the increased tuition revenue without corresponding reductions in state support and to obtain increased flexibility of operations. President Halstead and a delegation including staff, volunteer Board Chairs and BSG leadership will be in Albany to meet with key legislators for "SUNY Day" later this month. Plus, we have a new Chancellor, Dr. Nancy Zimpher, coming on board June 1, as confirmed by the SUNY Trustees earlier this week, February 10, who will have an impact on SUNY's stature in the state.

For our ongoing campus deliberations with the Budget and Resource Committee, and to enable the President's Cabinet to plan for next year, the next step is to try to estimate what the impacts to The College at Brockport would be if the Executive Budget were to be enacted and the SUNY allocations were implemented, as we cannot wait until April or longer to determine our proper courses of action. In reality, this is only a "guestimate" that will help to guide our decisions about the targeted level of permanent reductions that we need to generate, the continuance of the hard hiring freeze, the use of reserves to offset reductions on a temporary basis, and other revenue and expenditure considerations. The "guestimate" will be updated periodically to indicate our internal financial status and as we obtain additional information from the legislative process. Ultimately, we expect to receive our final 2009-10 allocations from SUNY about a month after the final state budget is in place. At least, that has been the past practice of SUNY System Administration.

### **SUNY Impacts: 2009-10 EXECUTIVE BUDGET RECOMMENDATIONS**

#### Positives: \$89.6 million in additional state funding

- Contractual salary increases funded (\$71.3 million), but allocated to existing faculty and staff.
- OTPS inflation funded (\$8.1 million).
- Energy inflation funded (\$10.2 million).

#### Additional Tuition Revenues: \$71.9 million

- Additional annual tuition increase (\$71.9 million) after 2008-09 partial increase.

#### Negatives: \$173.5 million in additional reductions to state funding

- 80/20 split of annualized tuition in 2009-10 (\$53.5 million).
- 16.5% reduction in hospital funding (\$25.4 million).
- Increase in-state graduate tuition to 21.3% over fall 2008 (\$10.1 million).
- Research Foundation "tithe" (\$7.8 million).
- State support reduction/use of reserves (\$40.0 million).
- Targeted reduction or elimination of University-Wide Programs (\$22.8 million).
- Proposed elimination of state support for Levin Institute (\$3.1 million).
- Statutory College reduction (\$6.0 million).
- Tuition reimbursement reduction (\$4.8 million).

### Likely Allocations to Campuses of “Positives”

- Contractual salary increases based on incremental campus salary increase needs.
- OTPS inflation proportional to campus budgeted OTPS spending in 2008-09.
- Energy inflation proportional to projected campus energy needs.

### Likely Allocation to Campuses of “Negatives”: \$106.1 million

- 80/20 split of remaining tuition increase using campus 2008-09 Financial Plan enrollment.
- Research Foundation tithe as a proportional reduction (about 10%) of the total 2007-08 federal indirect expenditures.
- State support reduction of \$40 million using the “Full Financial Plan” model, which gives larger proportional reductions to comprehensive colleges and smaller proportional reductions to universities/doctoral/medical campuses.
- Tuition reimbursement reduction as a proportion of campus amounts.

### Unknown Allocation to Campuses of “Negatives”: \$67.4 million

- Reduction in hospital funding only to hospital budgets; reduction spread across the system; some other methodology?
- Additional increase implemented to graduate tuition above the 14% current increase; reduction spread across the system; some other methodology?
- Targeted reduction or elimination of University-Wide Programs as indicated; reduction spread across the system; some other methodology?
- Elimination of state support for the Levin Institute; reduction spread across the system; some other methodology?
- Statutory College reduction only to statutory colleges; reduction spread across the system; some other methodology?
- The potential to tap into the Federal Stimulus money as a resource, but yet unknown whether or not higher education will be able to benefit from what is being proposed.

### Next Steps

While we are developing this initial “guestimate” of the 2009-10 Executive Budget impacts on The College at Brockport, we will continue with the goals and strategies that were outlined in the November 21, 2008 memo to campus.

- Reduce expenditures to the greatest extent possible.
- Increase revenues from as many sources and to the greatest extent possible.
- Maintain emphasis on our core instructional activities, including academic quality.
- Generate productivity increases that are real, and possibly painful, as we implement changes in how our faculty and staff fulfill their roles, both in support of our students and to allow our College to continue functioning.
- It is critical to maintain or grow student enrollments while maintaining student quality. Not only is this the right thing to do for our students, many of whom are place bound, but since tuition is an increasingly larger proportion of our operating budget, loss of tuition revenue would make matters worse.

- Be sure to focus on the future to strengthen and advance the College even during tough times.

As we communicated to the College Senate Executive Committee the first of this week, we recognize the importance of keeping the campus informed as budget developments continue to unfold, and we will provide more information as it becomes available. We will also continue to keep the lines of communication open with our various campus constituencies, as has always been our practice.

Please feel free to e-mail me with any questions that you may have about our current efforts to address these budget challenges. President Halstead and our entire Cabinet - plus my dedicated financial team - will work with the entire campus to guide us through the uncertainty of this local, state, national, and international economic turbulence of unprecedented proportions. We are committed to providing quality education to assure student success; yet, we will need your help to manage these difficult times.

We thank you for your continued commitment to The College at Brockport and for your willingness to help us meet these financial challenges facing our state and SUNY as one united community.