

May 22, 2008

TO: Faculty and Staff

FROM: Lou Spiro
Administration and Finance

RE: SUNY 2008-09 Budget Update: Financial Plan/Reductions for The College at Brockport

Following enactment of the State budget over a month ago, changes impacting all of SUNY continue to be on the horizon as the Office of the Chancellor and the SUNY Board of Trustees negotiate with the Division of the Budget (DOB) and the Governor's Office to try to protect our State University System. At the same time, SUNY presidents and chief business officers have been working diligently to gain greater clarity and advocate for minimizing the impact to our colleges and universities through ongoing advocacy—as also evidenced by the strong voice of UUP leadership.

As we just had our commencement exercises this past Saturday, this is simply an attempt to keep our College community informed in this rapidly changing world of the fiscal condition of New York.

SUNY Finance and Business Update on the SUNY 2008-09 Financial Plan

- At their May 13 meeting, the SUNY Board of Trustees approved the 2008-09 Financial Plan based on the New York State Enacted Budget.
- \$38.8 (2.9%) million reduction in base support, as previously reported to campus.
- \$26.6 million reduction in energy funding.
- Amounts have been assigned to the campuses for both base support and energy reductions.
- Additional funds for the initial contractual salary increases and OTPS inflation have been allocated to the campuses.
- The Finance Committee of the SUNY Board of Trustees has developed an excellent summary of the 2008-09 Enacted Budget (*see the Budget and Resource Committee website*).
- The Division of the Budget has indicated that additional 2008-09 contractual salary increases will be funded later and the financial plan will then be revised accordingly.

SUNY Plan for Additional Required Expenditure Reductions

- SUNY was required by Governor Paterson to submit a plan to DOB by May 16 that indicates how the \$109 million in additional expenditure reductions will be accomplished.
 - SUNY and DOB continue discussions about what the appropriate spending levels should be before any reductions are made, but agreement has not been reached.
 - DOB does agree that expenditure reductions would be at the system level on an all funds basis, rather than at the campus level by specific funds (DIFR, IFR, etc.).
 - DOB does recognize that spending limits might need to be increased during the year and would consider raising the expenditure ceilings if needed.
 - While extensive negotiations have been, and continue to be, conducted and progress has been made, it is likely that negotiations will continue after the plan has been submitted. Thus, unfortunately the uncertainty for all SUNY institutions remains.

The College at Brockport Enacted Budget Impacts

- \$714,700 reduction in base support has been calculated by SUNY as our share of the \$38.8 million reduction.
- \$664,100 reduction in energy funding has been calculated by SUNY as our share of the \$26.6 million reduction.
 - This amount will be reduced from our existing utilities budget, which has a current 2007-08 surplus estimate of \$621,200 as of the 3/31/08 budget report.
 - SUNY and CUNY have a total of \$45 million in cash allowance provided by DOB for increased energy costs above the base funded levels.
- \$378,100 increase for current levels of contractual salary increases.
- \$447,300 increase for anticipated OTPS inflation.
 - This amount will be added back to College resources to help offset the initial \$714,700 reduction in base support.
- Base support reductions from the Enacted Budget will be managed through the combined use of cash reserves, revenue increases and expenditure reductions.
- There is a likelihood of a mid-year reduction following the November elections, and \$500,000 in cash reserves has been set aside for this possibility.

The College at Brockport 2008-09 Plans

- In conversation with President Halstead, it is important to reiterate that even though the 2008-09 budget uncertainty continues, it is essential that we continue our strategic management approach that moves the College forward.
- Our major emphases will be the Comprehensive Campaign to elevate fund-raising and Recruitment Initiatives and Retention Initiatives. All of these are essential to increase revenues with declining state support.
- We will continue our prudent fiscal management approach while we await the final 2008-09 budget reductions.
- At the present time, we will not enact hiring or spending restrictions, as a number of other SUNY campuses have done, but a variety of strategies may be necessary depending upon the final budget reductions.
- It will also be important for us to pay attention to the state economic climate for fiscal year 2009-10, as Governor Paterson has already indicated that an additional 5 to 10 percent reduction in state expenditures may be necessary.
 - In addition, as evidenced in the editorial in the May 20, 2008 *Democrat & Chronicle*, the entire issue of an endowment for public higher education, particularly SUNY, is still under study by the Paterson administration. This is an important and far-reaching initiative recommended by the former Governor's Commission on Public Higher Education and is much needed for future budgets for SUNY institutions.

Information Resources

- The summary of the SUNY 2008-09 Enacted Budget, and other materials, may be found at the Budget and Resource Committee website: www.brockport.edu/brc/
- Budget details were shared with the Budget and Resource Committee earlier this week and we are planning for regular meetings and updates throughout the summer as details become clearer from SUNY and the State of New York.