

Faculty Senate Budget Priorities

An Overview of University at Buffalo Resource Planning

Wednesday, October 28th, 2015

GOALS FOR TODAY

- **Governance**
- **Resources**
- **Annual Resource Planning Process**
- **Discussion**

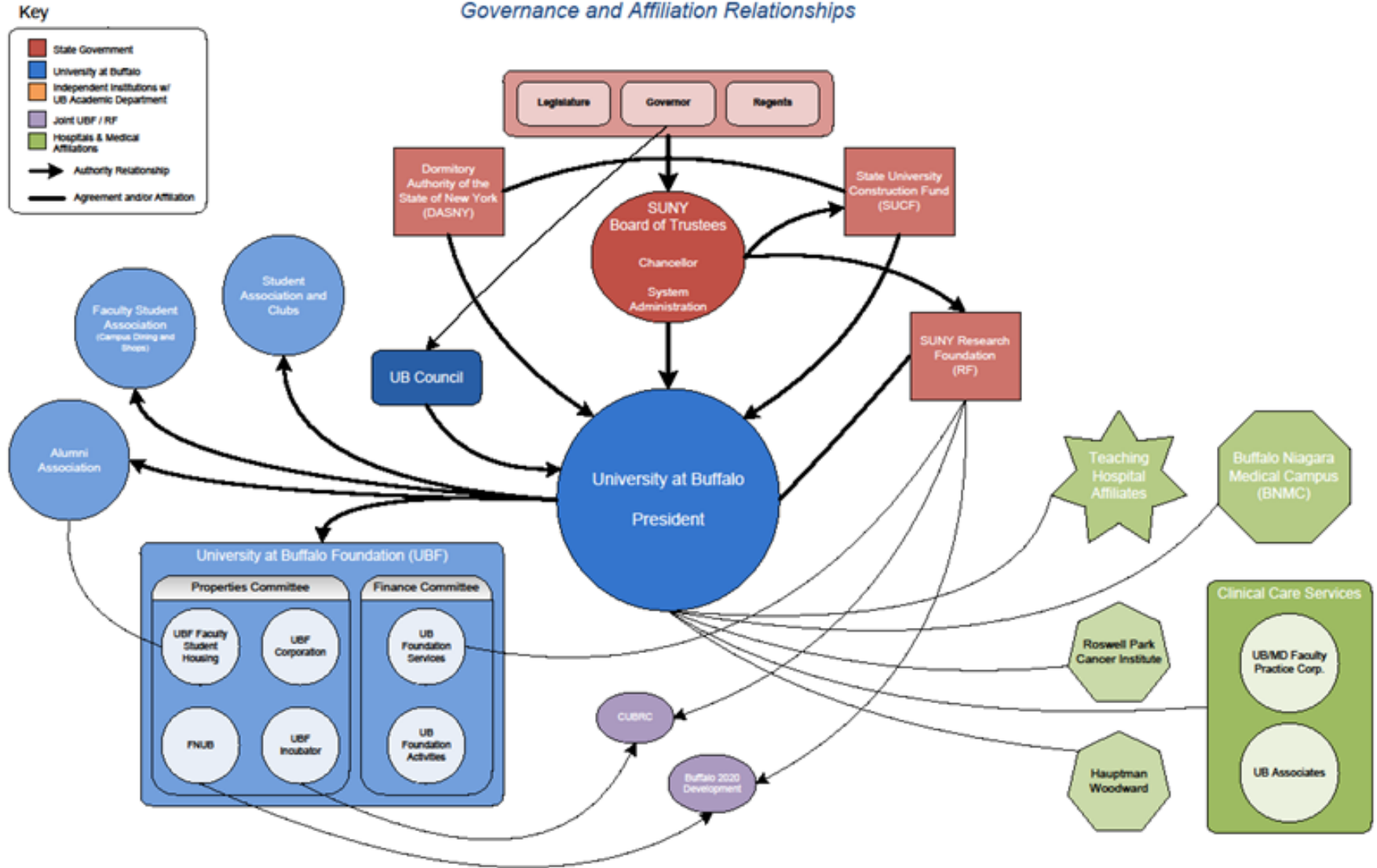
University Governance

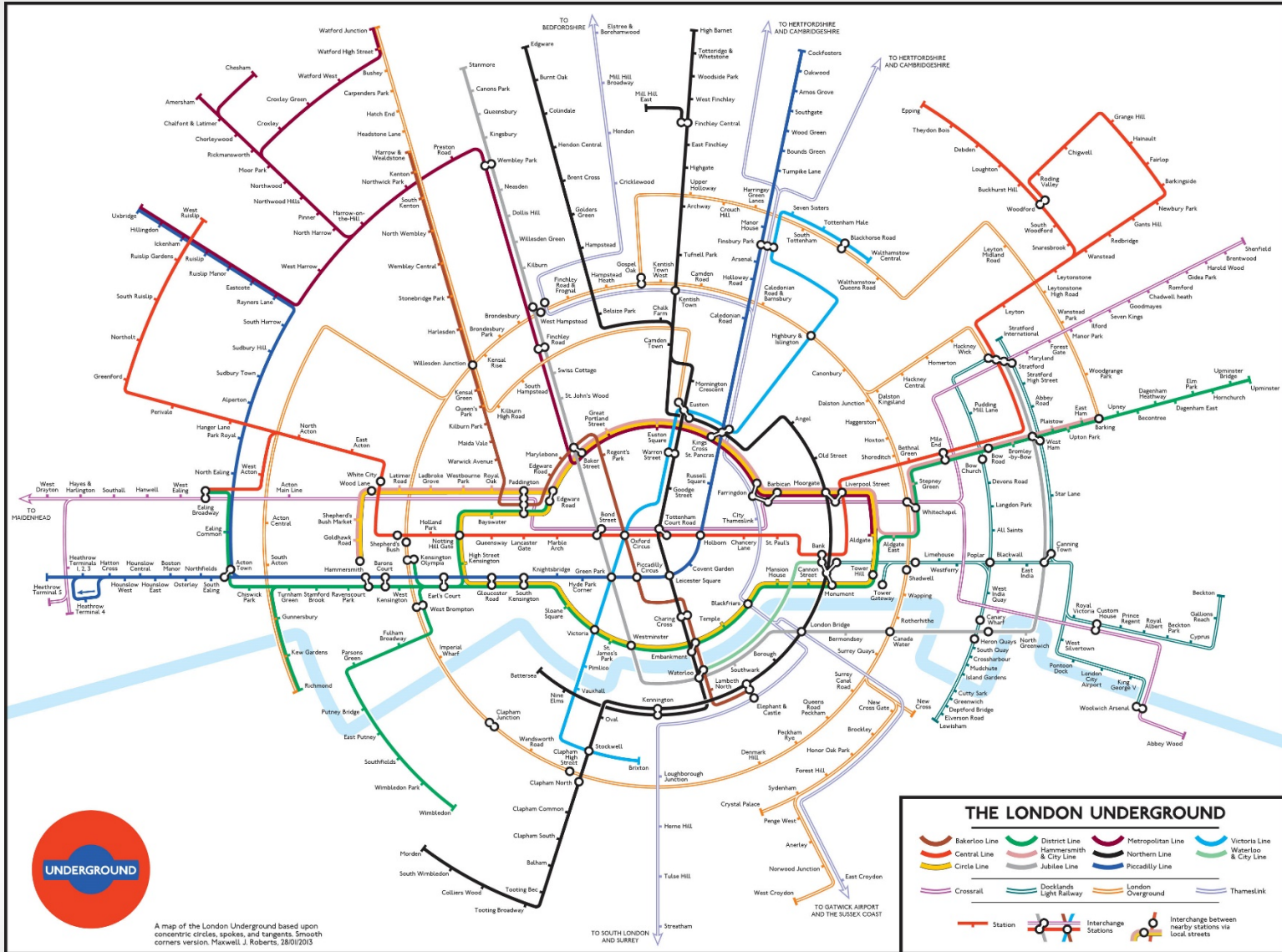


www.buffalo.edu/reachingothers

University at Buffalo

Governance and Affiliation Relationships





A map of the London Underground based upon concentric circles, spokes, and tangents. Smooth corners version. Maxwell J. Roberts, 28/10/2013

SUNY BOARD OF TRUSTEES

- **SUNY Governing Body**
- **17 members, 15 appointed by Governor;**
 - **Power to:**
 - **Appoint its officers, the Chancellor and campus presidents;**
 - **Grant degrees;**
 - **Set tuition;**
 - **Distribute state operating funds to campuses;**
 - **Regulate admission of students and establish new campuses.**

UB Council

- **10 members**
 - **Nine appointed to serve seven year terms by Governor**
 - **One student member elected by his/her peers**
- **Reviews major university plans**
- **Reviews and approves SUNY Student Code of Conduct**
- **Reviews and approves buildings and school names and additional related items**

UB's Existing Structure

UB Operations are regulated by State Education Law which sets out the policies and processes that determine the extent of Board, SUNY System and campus decision-making prerogative.



UB's Existing Structure

- **Operating Budget Planning and Distribution**
 - **NYS government appropriates all State funds including tuition revenue, state tax funds, capital funds and income funds pursuant to agreement between Governor, Assembly Speaker and NYS Senate Majority leader.**
 - **Starts with Governor's Budget in January and ends with budget agreement in April.**
 - **The NYS Division of Budget (DOB) coordinates the budget process for the Governor**
 - **SUNY allocates to the campuses state tax funds appropriated through NYS budget and enables campuses to spend appropriated earned income (tuition, sales/services and fees)**

UB's Existing Structure (continued)

- **Tuition Rate Setting**
 - **NYS Board of Trustees upon Chancellor's recommendations, sets tuition rates consistent with State Education Law**
 - **State statutes specify, "like degree programs much charge like price."**
 - **Board has rate setting authority, tuition revenue funds are also appropriated through NYS Budget. Therefore, could have tuition rate increases and not have spending authority.**
 - **NYSUNY2020 – rational and predictable tuition increases established in 2011/12 through 2015/16 for undergraduate tuition**

UB's Existing Structure (continued)

- **Capital Budget and Issuance and Management of Debt**
 - **Board of Trustees, State University Construction Fund (SUCF) or SUNY campuses cannot independently enter in to/issue debt**
 - **Only capital funds appropriated by the State government are available to SUNY, SUCF and UB for capital projects funded by NYS.**
 - **Bonds underwriting projects approved by NYS are sold by the Dormitory Authority of the State of NY (DASNY)**
 - **Backed by personal income tax revenues;**
 - **Disbursed to SUCF.**
 - **Debt Reform Act of 2000 limits the amount of debt carried by NYS.**

UB's Existing Structure (continued)

- **Labor Management Relations and Collective Bargaining Negotiations**
 - **Office of Employee Relations (GOER) manages collective bargaining negotiations with all unions.**
 - **SUNY and UB have advisory roles in negotiating process**
 - **Negotiated salary increases have been primarily funded by campuses since 2014/15.**

UB's Existing Structure (continued)

- **Procurement**

- **All procurement activity using state funds, including capital, is subject to NYS Finance Law**
- **Commodity purchases do not require Office of General Services (OGS), Attorney General (AG), or Office of Comptroller (OSC) approval at any level.**
- **Contracts for any and all services over \$250,000 require AG and OSC approval.**
- **Revenue generating contracts over \$10,000 do require AG and OSC approval.**
- **For capital projects, SUCF and UB are not able to enter into design-build or Construction Manager (CM) at risk contracts.**
- **All contractors must pay prevailing wage rate.**

Key Affiliates

- **Research Foundation (RF)**
 - **Established in 1951**
 - **Tax exempt and supports SUNY as research organization responsible for managing grants, sponsored programs and funds generated from licensing of intellectual property**
 - **RF assess roughly 15% of campus indirect cost return from funded grant programs to fund operations costs.**
 - **UB President serves as member of RF Board of Directors**
 - **Associate Vice President for Research and Economic Development, serves as the designated campus operations manager for UB.**

Key Affiliates

- **University at Buffalo Foundation (UBF)**
 - **Chartered in 1962 by NYS Board of Regents**
 - **SUNY foundations are subject to state controller audits**
 - **UB Foundation financial statements are audited by an external firm**
 - **The Foundation:**
 - **Promotes and supports activities and programs at UB;**
 - **Advise and Counsel regarding philanthropy and fundraising;**
 - **Manages gift and grant income;**
 - **Provides financial services to campus units such as several student housing projects, incubator and UB Commons;**
 - **Develops and manages real estate property on behalf of UB;**
 - **Provides, through its trustees, a strong base of private sector support for the university.**

Other Major Affiliates/Partners

- **Student Association**
 - **Students pay fees to support student led Student Association to fund various student services, activities and clubs**
- **Faculty Student Association (Campus Dining and Shops)**
 - **Established in 1962, not-for-profit 501c3 Corporation**
 - **Ten year term initiated in 2011**
 - **Annual budget is reviewed and approved by campus president or designee and includes provision for payments of amounts owed to campus for rent, utilities and support other university programs**

Other Major Affiliates/Partners

- **UBMD (Faculty Clinical Practice Plans)**
 - **University faculty who practice medicine and dental medicine private practice plans**
 - **Practice plans are outside UB and exist under an agreement with the Practice Plans corporation and NYS**
 - **Practice Plans pay an annual assessment of 5% of gross revenue to the UB Chief Administrative Office of the Academic Health Center for the benefit of the particular school, consistent with its educational mission**
- **Hospital Affiliates**
 - **UB does not own and operate a teaching hospital that provides clinical rotations for graduate medical education**
 - **University enters into affiliate agreements with key hospital partners such as ECMC and Kaleida Health**

Other Major Affiliates/Partners

- **Roswell Park Cancer Institute**
 - **Delivers multiple masters degrees, 150 – 200 UB Students**
 - **Extensive research and clinical care collaboration between UB and Roswell faculty**
- **Buffalo Niagara Medical Center (BNMC)**
 - **Move of Jacobs School of Medicine and Biomedical Sciences downtown**
 - **UB is engaged as an active partner in the operation and development of BNMC**

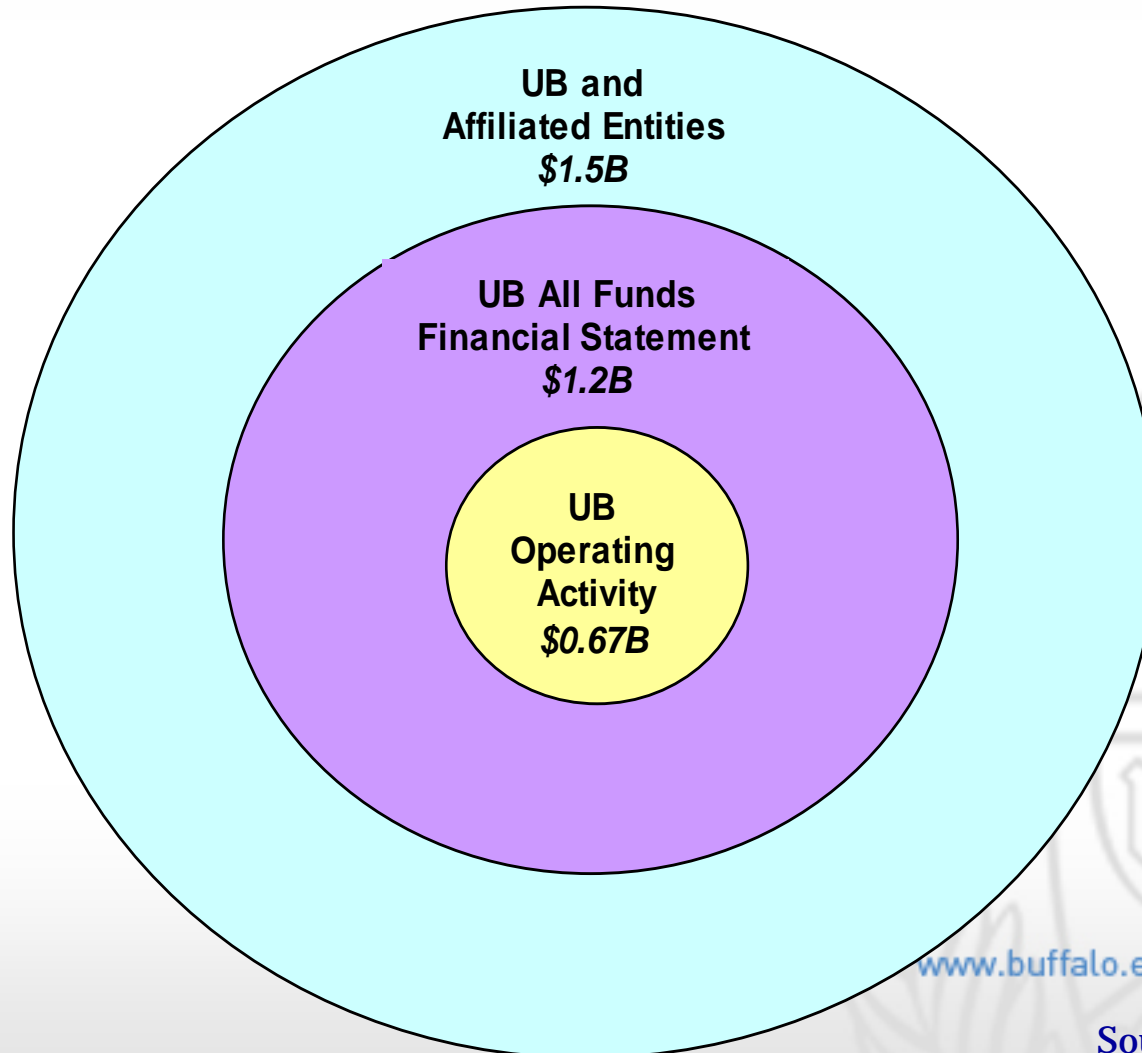
Resources



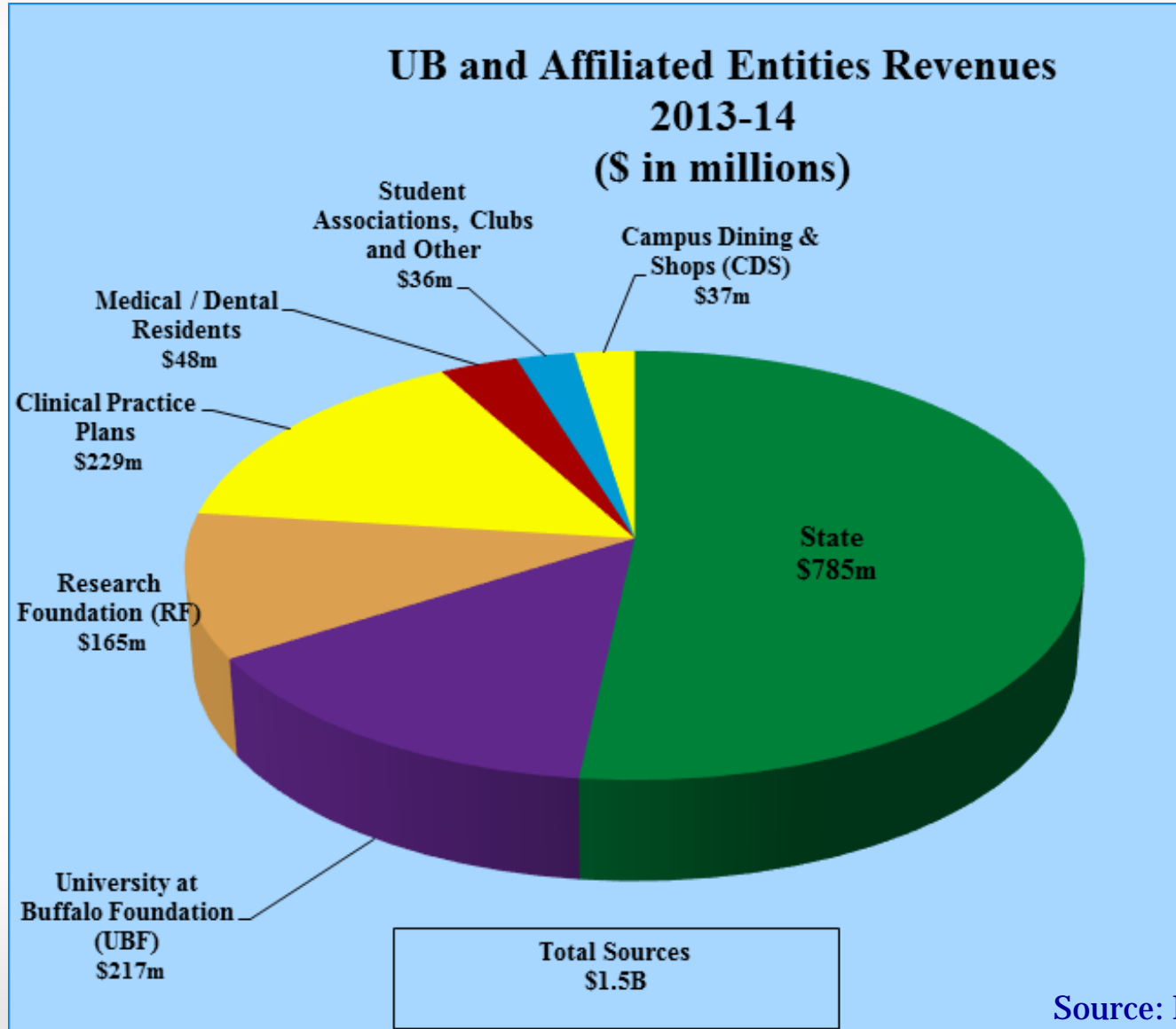
www.buffalo.edu/reachingothers

Campus Financial Profile

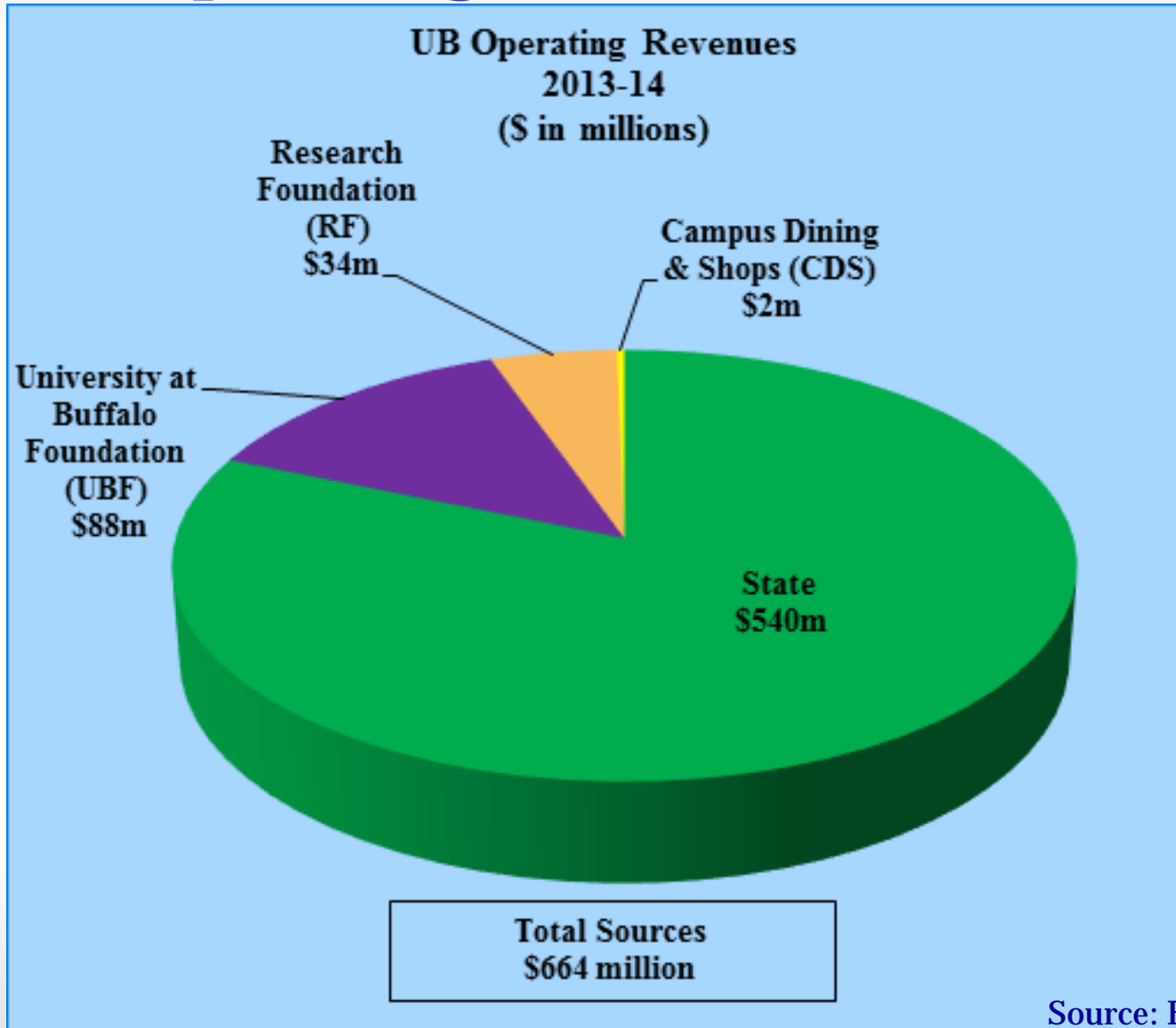
Three Levels of Activity (Revenue 2013/14)



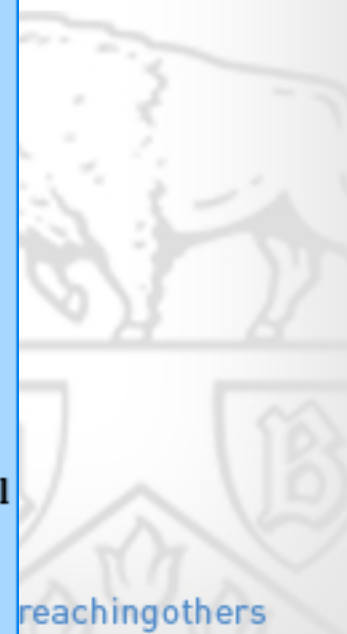
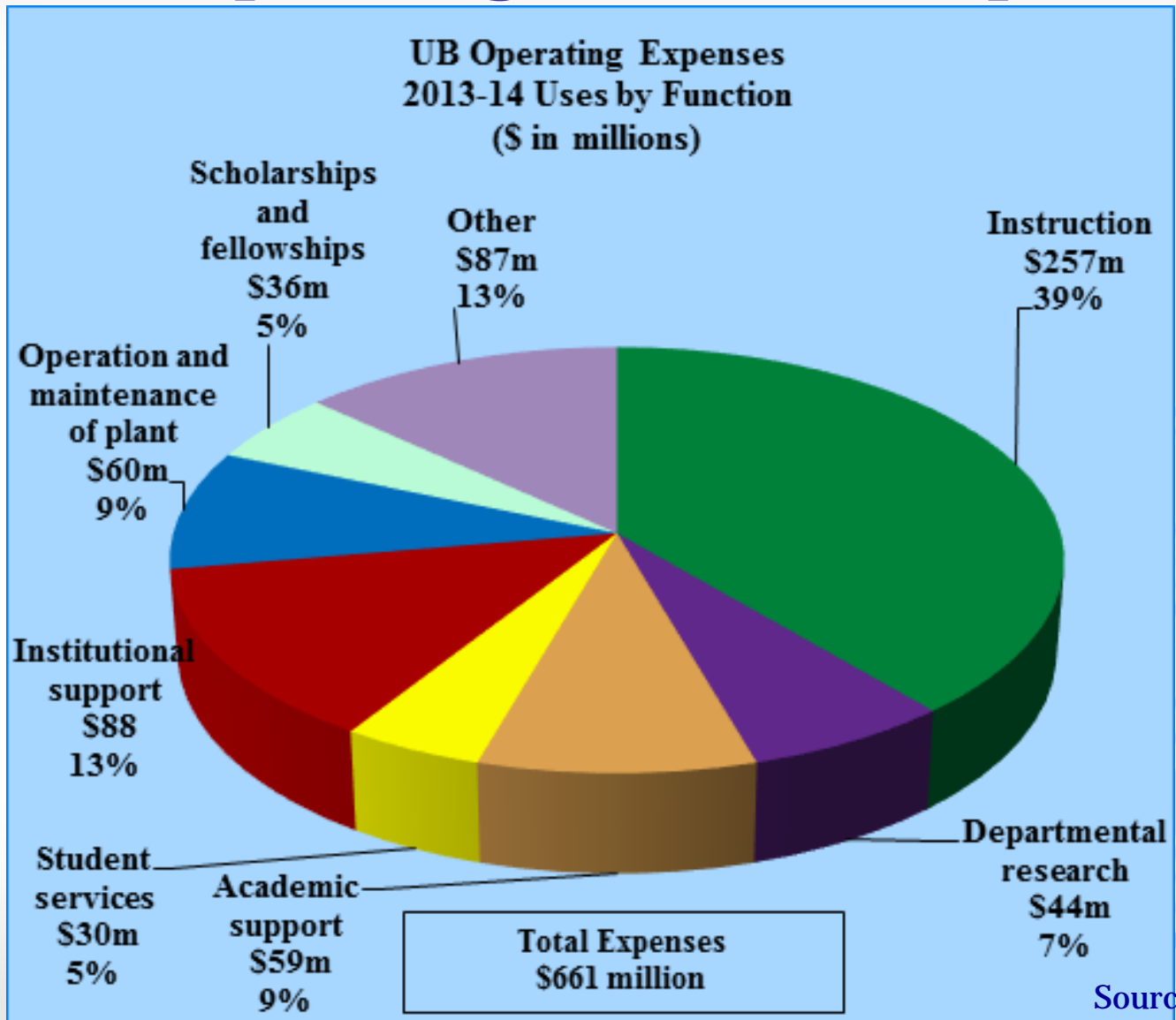
An All-Funds View



Core Operating Activities (Revenues)



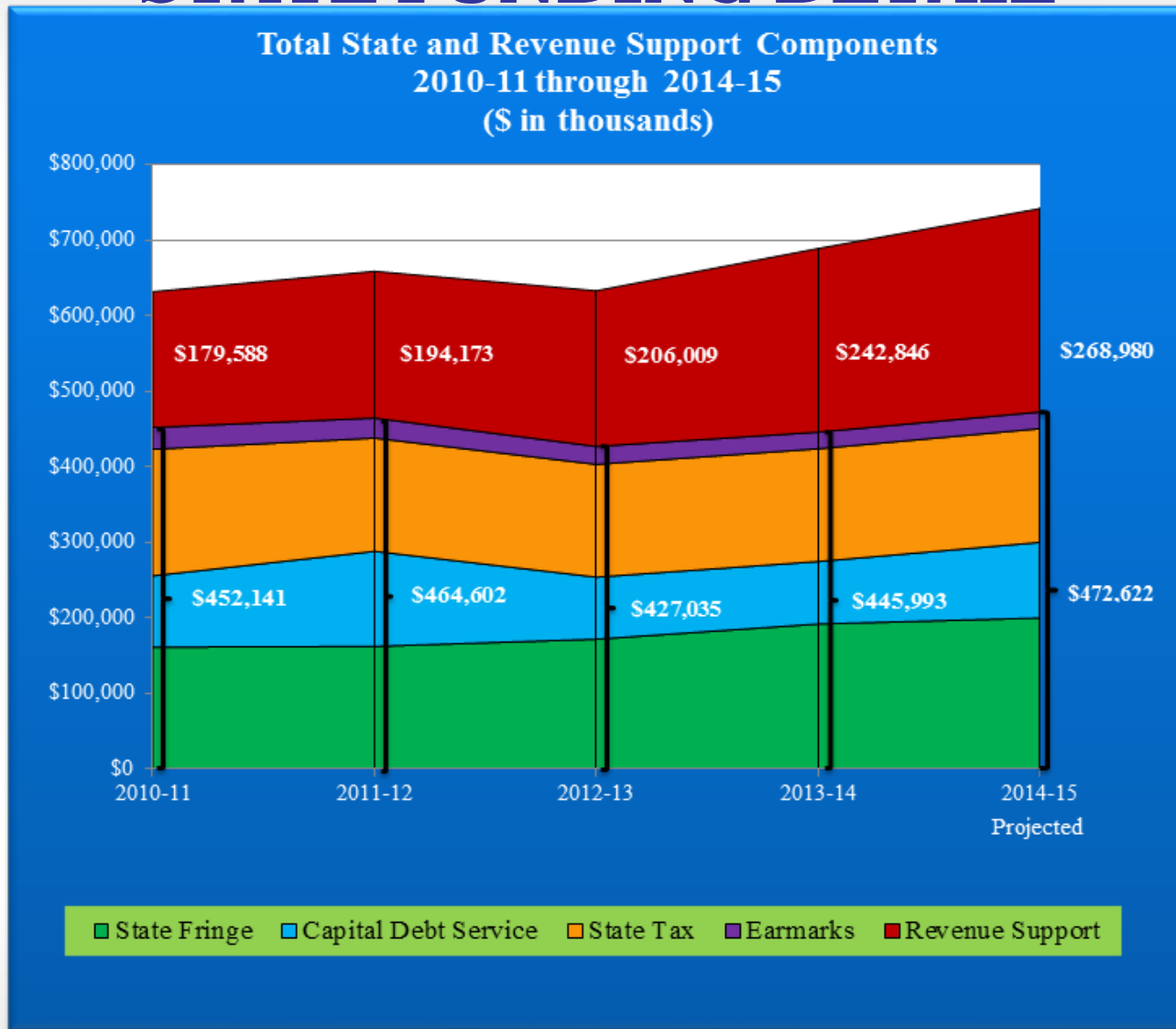
Core Operating Activities (Expenses)



What State Funding Number do you really want?

	State Fringe	Capital Debt Service	State Tax	Revenue Support	Earmarks	IFR SUTRA DIFR
Total State and Revenue Support	X	X	X	X	X	
Total State Support	X	X	X		X	
State Operating Appropriation			X	X		
Total State Appropriation			X	X	X	
State Tax Support			X		X	
State Account Activity			X	X	X	X

STATE FUNDING DETAIL



Annual Resource Planning Process



www.buffalo.edu/reachingothers

- **University Goals for the Annual Resource Planning Process:**
 - **Build a Strong, Productive, and Diverse Faculty**
 - **Recruit, Educate, and Graduate Talented, Diverse, Successful Students (Curricular Distinction)**
 - **Maintain State-of-the-Art Infrastructures**
 - **Impact the Challenges of Our Time (Communities of Excellence)**
 - **Build a Leading Global Presence**
 - **Engage in Partnerships That Enrich UB & Our Publics**

A NEW FINANCIAL PLANNING FRAMEWORK

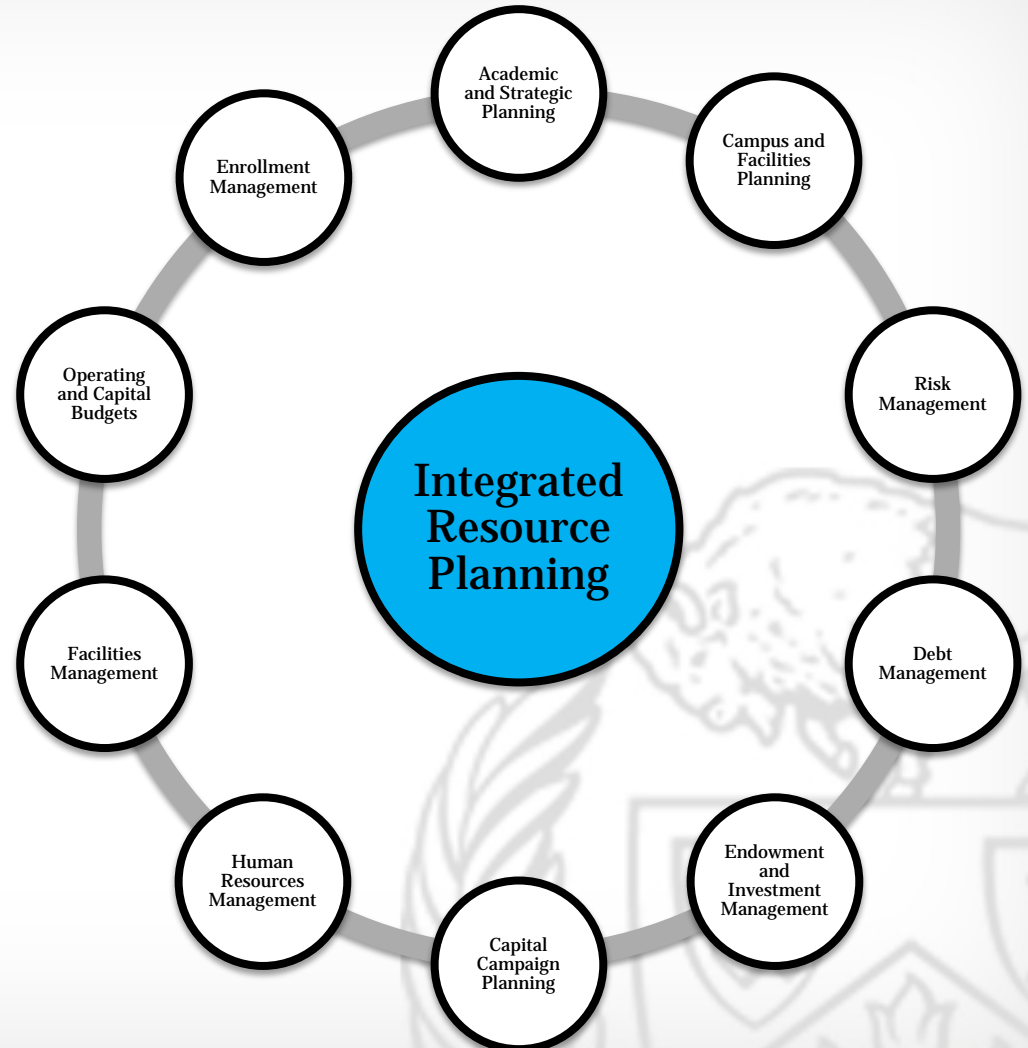
Engage strategic and financial planning models that ensure a financially sustainable and resilient university for the future

BUDGET MODEL: GUIDING PRINCIPLES

- **Strategic**
- **Predictability**
- **Flexibility**
- **Integration**
- **Stewardship**

Best Practices Model: Integrated Resource Planning

- Comprehensive asset/liability management
- Integrative - single institutional point of view
- Long-term in nature
- Analyzes returns on investments
- Proactive
- Dynamic and scenario-based
- Transparent



ANNUAL RESOURCE PLANNING PROCESS

- **The Annual Multi-year Financial Planning Process evaluates all sources and uses to determine the University's financial capacity. This is critical to understanding what is needed to sustain a financially stable future for the university as well as what potential funding may be available for future investment.**
- **The Annual Resource Planning Process provides the opportunity to review all resources and evaluate potential new investments with an institutional perspective.**
- **All Central Funds are budgeted and therefore once they are allocated they are no longer available for investment.**

BUDGET PLANNING CALENDAR

August

- Prior Year carry forwards loaded
- Initial 5-Year Financial Plan and planning assumptions completed
- Budget Model solidified for following fiscal year

September -
December

- Annual plan reviews and budget requests presented
- Enrollment, tuition and fee plans solidified
- Hiring plans solidified
- Capital plans solidified

January -
June

- 5-Year Financial Plan updated
- Budget hearings
- Resource allocation decisions finalized and communicated to units
- Units prepare and submit final budgets

July

- Prior fiscal year closed
- New fiscal year budgets loaded in financial system

Overview of Annual Resource Planning Process

- **What's in the Three Year Plan?**
 - **Strategic Priorities**
 - **Risk Contingencies**
 - **Headcount & Credit Hours**
 - **Tuition Revenue & Revenue Share**
 - **Advanced Training**
 - **Research**
 - **Capital Space**
 - **Fees & Broad Based Fees**
 - **Endowment Unfunds**
 - **Faculty & Hiring Plans (including Ladder Faculty Turnover)**
 - **State Staff**
 - **Investments Review & Proposals**
 - **Spending Plans**

WHAT IS THE CURRENT BUDGET MODEL?

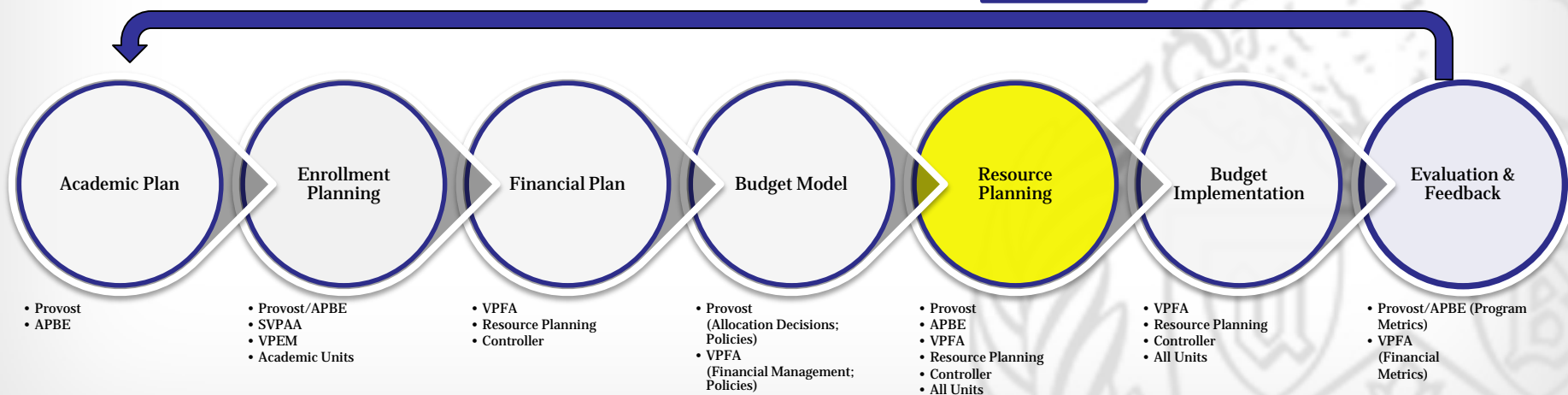
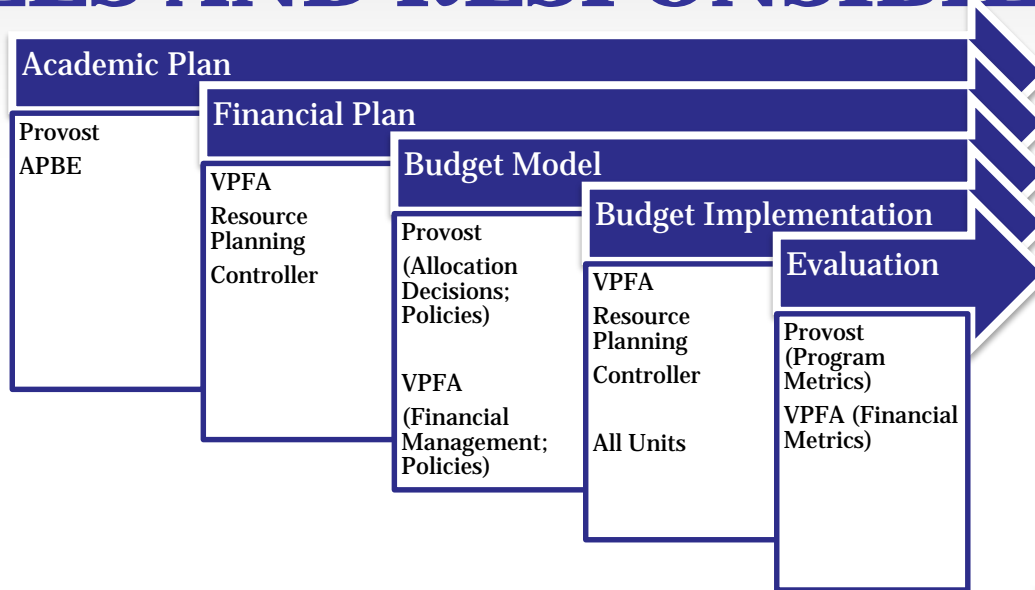
- **Base Budget:** The unit base budget is comprised of revenue from base enrollment and shares from tuition increases. The base budget is delivered to the unit in recurring state operating funds at the beginning of the fiscal year on July 1.
 - **Base Enrollment**
 - In order to continue to receive the same base budget each year, the unit will maintain its base enrollment levels.
 - If the unit does not meet its base enrollment in a given year, the unit will return 100% of the shortfall, including any tuition increase revenue received, to the university the following year in non-recurring state operating funds.
 - If a unit exceeds its enrollment in a given year, the unit will receive 25% of the revenue generated by the overage in the following year in non-recurring state operating funds.
 - If the unit does not meet its base enrollment again the following year, and the lower enrollment level is anticipated to continue, the unit's base budget will be permanently reduced by 100% of the tuition revenue shortfall. The unit's base enrollment will be adjusted to the new lower level.
 - **Tuition Increase Revenue Share**
 - In a year in which there is a tuition increase, the unit will receive 25% of the revenue generated on the base enrollment as a result of the tuition increase. The remaining 75% is retained by the university to be used for strategic investments.

RESOURCE PLANNING ROLES AND RESPONSIBILITIES

- **President** – Provides leadership and vision for university, reviews and approves recommendations from annual resource planning process.
- **Provost** – Provide the academic vision and the guidelines, assumptions, policies, data elements, metrics and desired outcomes for the annual resource planning process and three year plans.
- **VPFA** – Develop University multi-year financial plan, based on all university sources and uses, so as to ensure a financially sustainable and resilient university for the future; provide oversight and direction regarding all university financial matters and financial related policies.
 - **Resource Planning** – coordinate annual resource planning process, including creation of reports, support materials, and review of university budget model; provide guidance and support related to resource planning and strategy development for both academic and academic support units; provide oversight and tracking of the university internal financial plan revenue and commitments; collaborate with the Controller to ensure compliance with state, federal and general accepted accounting principle requirements as well as in deriving, analyzing and evaluating budget to actual reporting.
 - **Controller** – coordinate University multi-year financial plan annual update; ensure compliance with state, federal and general accepted accounting principle requirements; provide financial related source data within SIRI Resource Planning dashboard in support of the annual resource planning process. Collaborate with Resource Planning in deriving, analyzing and evaluating budget to actual reporting.
- **Academic and Academic Support Units** – Deans, Vice President and Vice Provosts provide leadership to their units during the process. CFOs provide strategic planning, analysis and guidance as well as acting as the main points of contact and are coordinators for completion of the three year plan workbook.



ROLES AND RESPONSIBILITIES



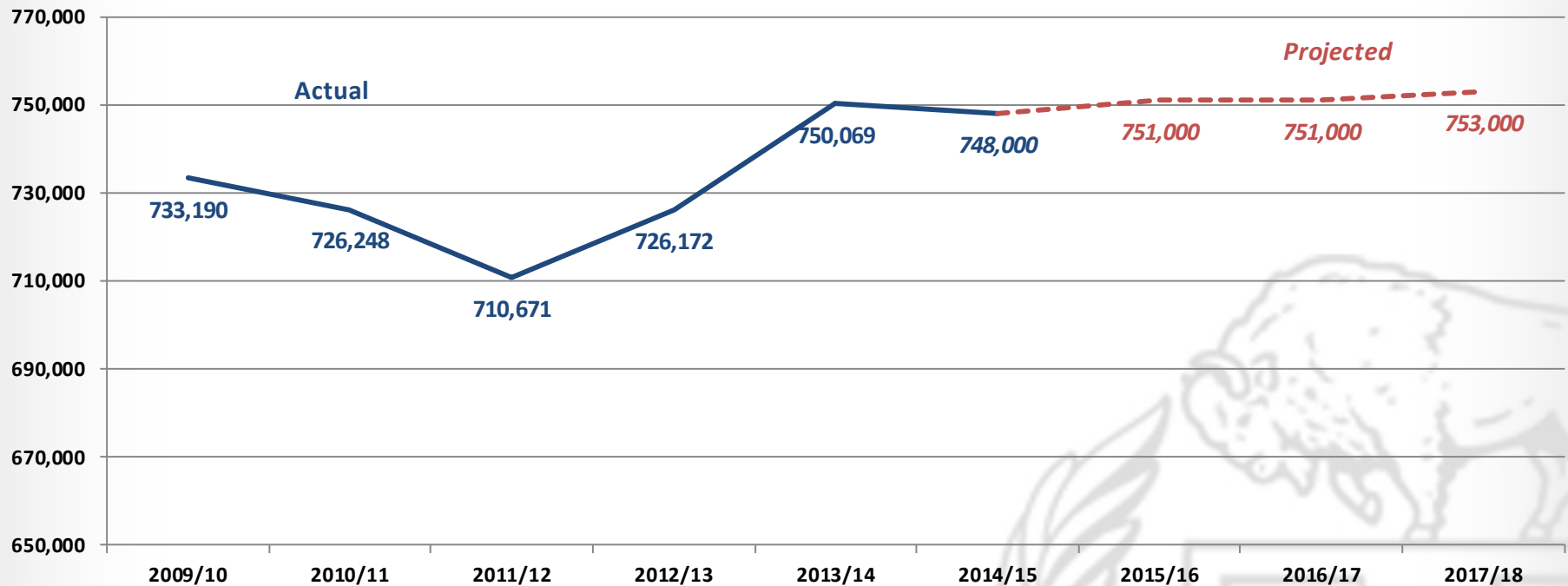
Overview of Annual Resource Planning Process

- **Key Metrics**
 - **Enrollment & Tuition**
 - **Faculty & Staff**
 - **Research**
 - **Graduation Rates**

ENROLLMENT

Credit Hours

2009/10 - 2017/18



NOTES:

- ~ Regular, state-funded enrollment only
- ~ Actual 2009/10 and 2010/11 from legacy student system; actual 2011/12 through Fall 2014/15 from hUB, Spring 2015 projected.
- ~ New Baseline amounts per the latest 2014 Unit Profile.

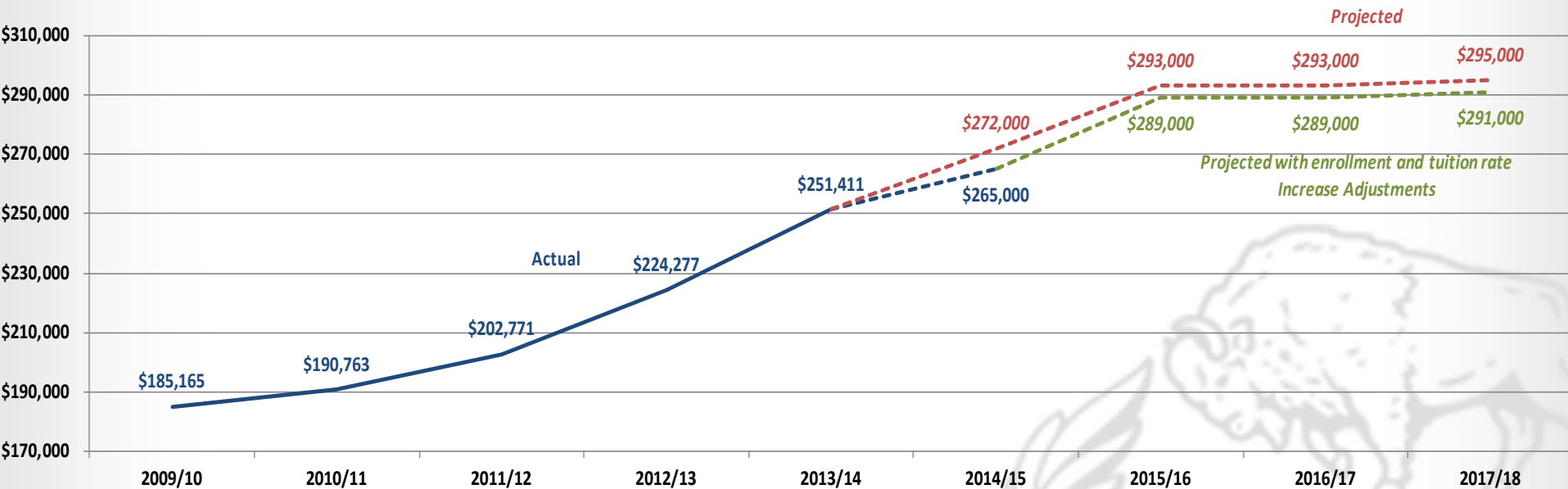
www.buffalo.edu/reachingothers

Source: OIA/Resource Planning

TUITION

2009/10-2017/18

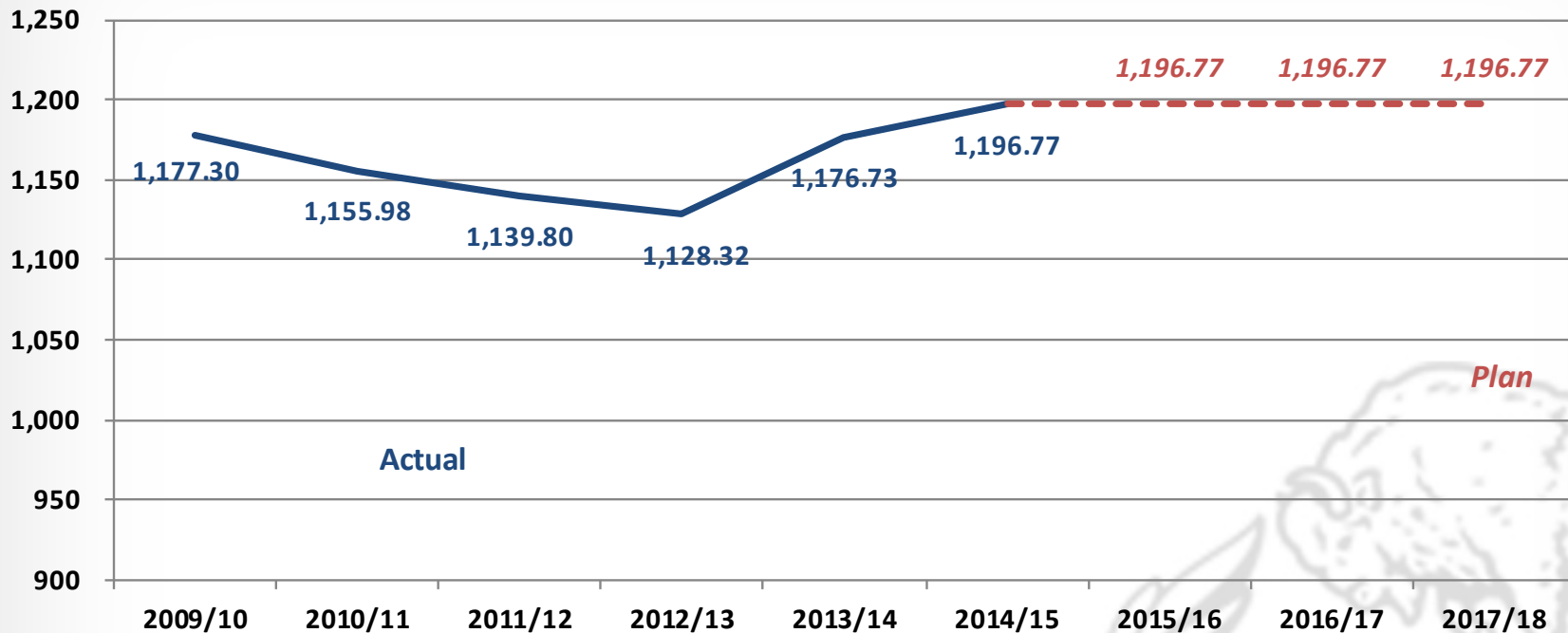
\$ in 000s



NOTES:

~ Revenue amounts are adjusted by 2% to account for uncollectables

LADDER FACULTY FTE

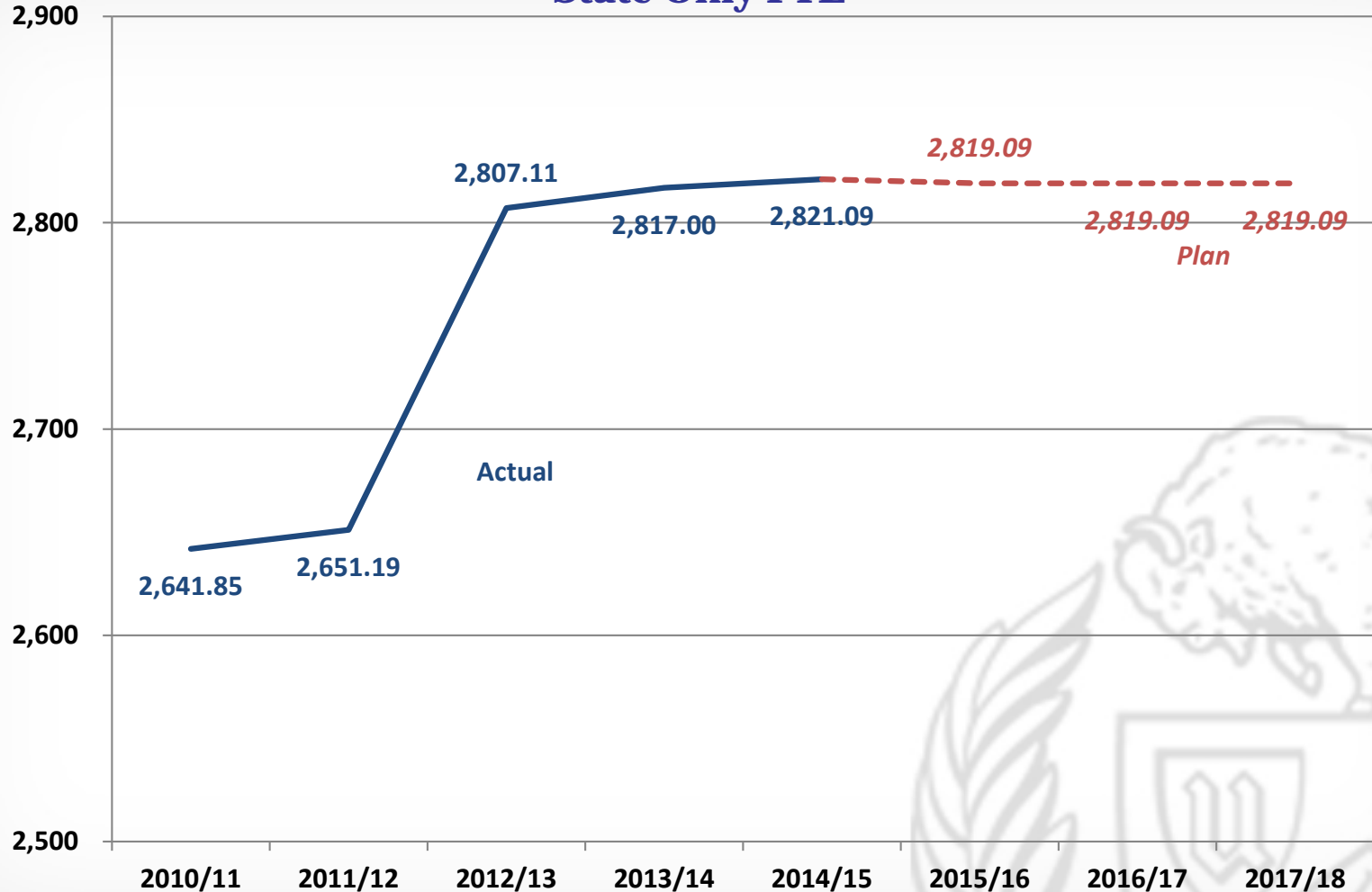


¹ Commitments made for these programs post-dated the 2012 Three-Year Plans and are assumed to be in addition to those filed plans. These ladder faculty hires may occur prior to 2015/16; this is a representation of the sum effect to the university ladder faculty hiring through the end of the E Fund approved plans.

NOTES:

- ~ Actual Faculty levels as of November 1 of the indicated years
- ~ Actual 2009/10 through 2011/12 from SIRI HR; actual 2012/13 and 2014/15 from employee census file.
- ~ Plan/Survey levels represent unit submitted modifications to previously expressed plan numbers per the 2014 TYPS Unit Profile
- ~ GFT positions are counted as 1.00 FTE each

STAFF (Classified and Professional) State Only FTE

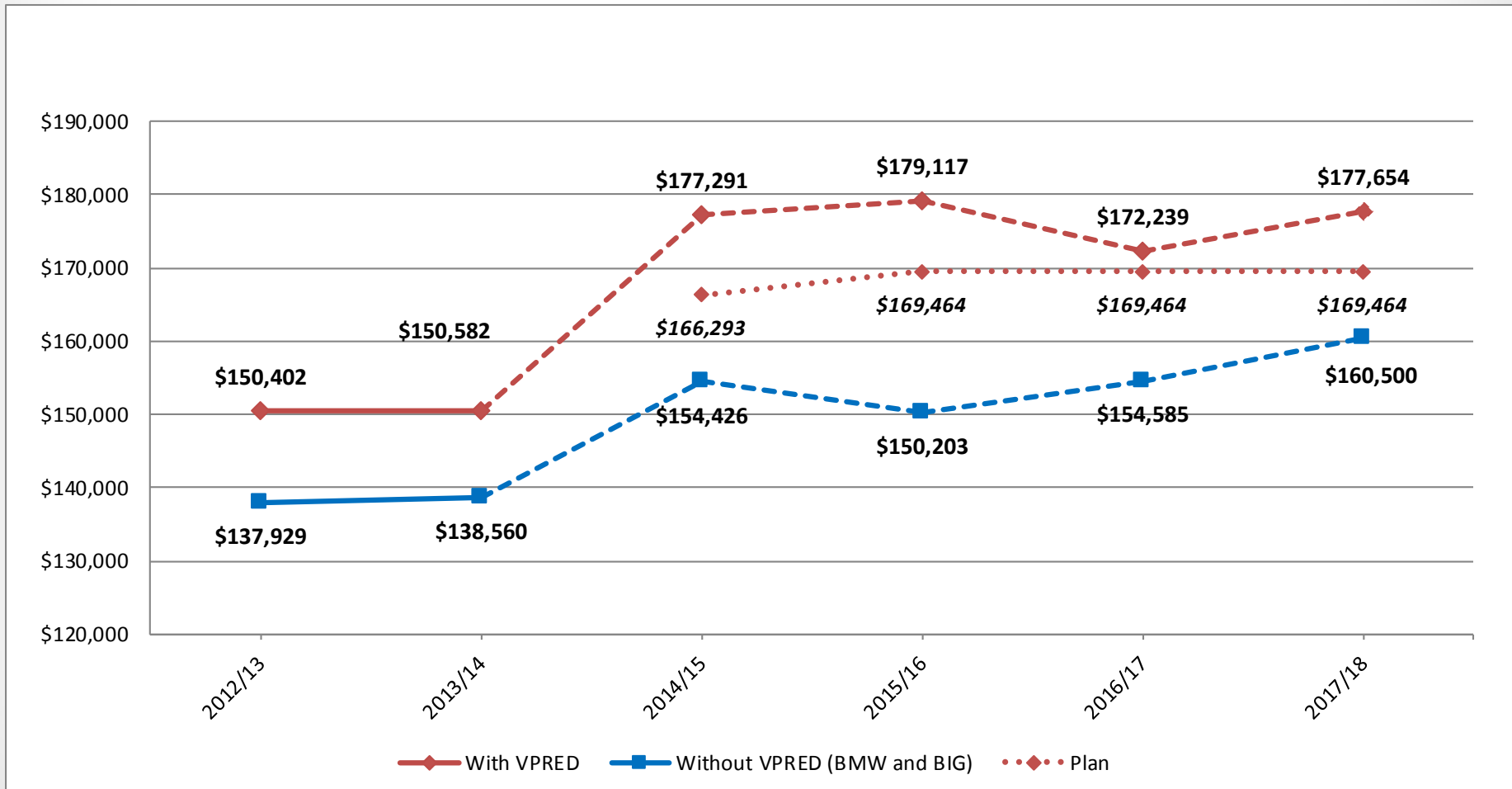


NOTES: ¹ 2015/16 Plan amount does not include the total number of hires per the approved year 2 E Fund initiatives

~ Actual Staff levels as of November 1 of the indicated years

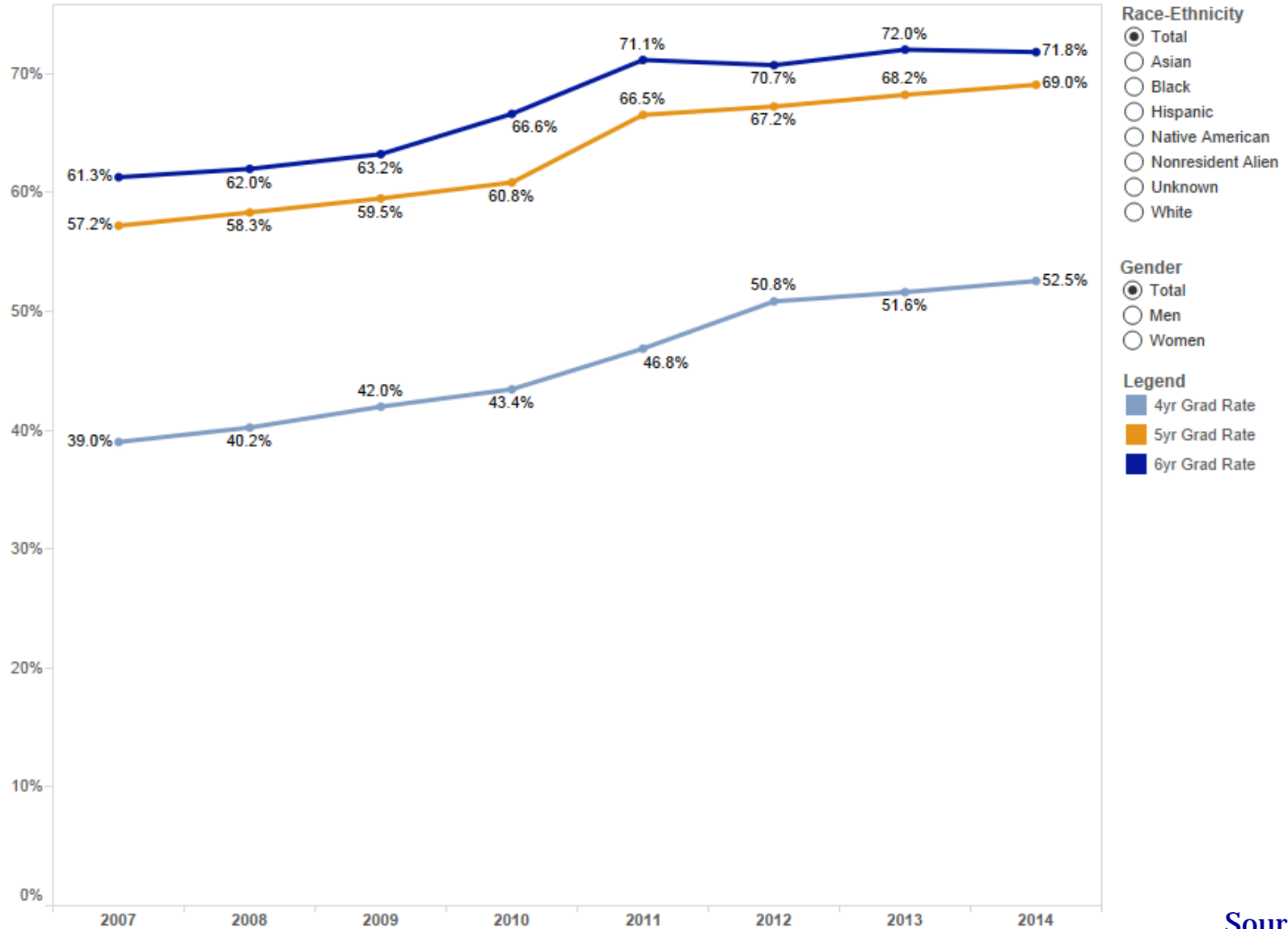
www.buffalo.edu/reachingothers

RESEARCH TOTAL EXPENDITURES 2012/13-2017/18



Actual _____ Unit Projection - - - - - 14/15 TYPs Plan

GRADUATION RATES



ers

Outcomes of Annual Resource Planning Process for FY 2015 and FY 2016

- **Total Investment of \$194M through 2019/20**
- **Investment of \$132M**
 - **\$89M academic units**
 - **\$43M academic support units**
- **Investments in Major Initiatives of \$62M**
 - **Communities of Excellence**
 - **RENEW**
 - **Gen Ed**

Future Topics

- **Financial Capacity and Flexibility**
- **University Multi-Year Financial Plan**
- **Capital and Space Utilization**
- **Campus Budget Model**
- **Research**
- **Faculty and Staff**
- **Auxiliaries and other Affiliated Entities**

Questions/Discussion



www.buffalo.edu/reachingothers