

From: [UB Provost](#)
To: [Benedict, Jason](#); [Bennett, Sean](#); [Bisson, Mary](#); [Dauber, Kenneth](#); [David Love](#); [David Mattson](#); [De Jong, Jurriaan](#); [Detty, Michael](#); [Doloresco, Fred](#); [Fabry, Donna](#); [Farkas, Michael](#); [Hatton, Michael](#); [Jim Holstun](#); [Jungquist, Carla](#); [Kost, Kathleen](#); [Lazar, Stuart](#); [Mccluskey, Martha](#); [Powell, Lewis](#); [Rabin, Richard](#); [Sanders, George](#); [Shucard, David](#); [Swihart, Mark](#); [Udin, Susan](#); [Vardi, Liana](#); [Yang, Lynne](#)
Cc: [Hubbard, Laura](#); [Glick, Philip](#); [Horsmon, Deborah](#); [Lewandowski, Joseph](#); [Licata, Domenic](#); [Faculty Senate](#); [Meagley, Traci](#)
Subject: University Strategic Goals/Budget Principles/Priorities
Date: Friday, March 29, 2019 8:43:46 PM
Attachments: [Faculty Senate Budget Priorities Meeting 3-26-2019.pdf](#)
[Strategic Goals & Guiding Principles.pdf](#)

Colleagues,

Thank you to those who were able to attend Tuesday's meeting which provided a comprehensive, high level overview of UB's budgeting process.

For those of you who were unable to attend, we are attaching the presentation given by Beth Corry and Joe Lewandowski.

At an upcoming meeting, we seek a discussion on criteria for the allocation of university budgeted funds related to educational programs. To that end, attached are the university's strategic goals and principles we use to guide our budget model. As part of this discussion, we would like your thoughts on how best to balance investments in university priorities including:

- sustaining and growing research and scholarship opportunities
- providing comprehensive, high quality educational programs
- expanding the diversity of faculty, students and staff
- attracting excellent students
- engaging the community
- delivering excellent clinical care
- maintaining facilities and grounds

Traci Meagley will reach out to determine your interest in participating in this discussion.

We look forward to our next meeting.

Sincerely,

Chip
Charles F. Zukoski
Provost and Executive Vice President for Academic Affairs

Laura
Laure E. Hubbard
Vice President for Finance and Administration

***An Overview of
University at Buffalo
Governance, Resources, Annual Resource
Planning Process
and Financial Reporting***

Faculty Senate Budget Priorities Committee

***By: Beth Corry, Associate Vice President, Business Services and Controller
Joe Lewandowski, Director, Resource Planning***

Tuesday, March 26, 2019

GOALS FOR TODAY

University Governance

Higher Education Finance

Overview of State Education Law

UB Resources

Overview of Annual Resource Planning Process (ARPP) and Budget Model

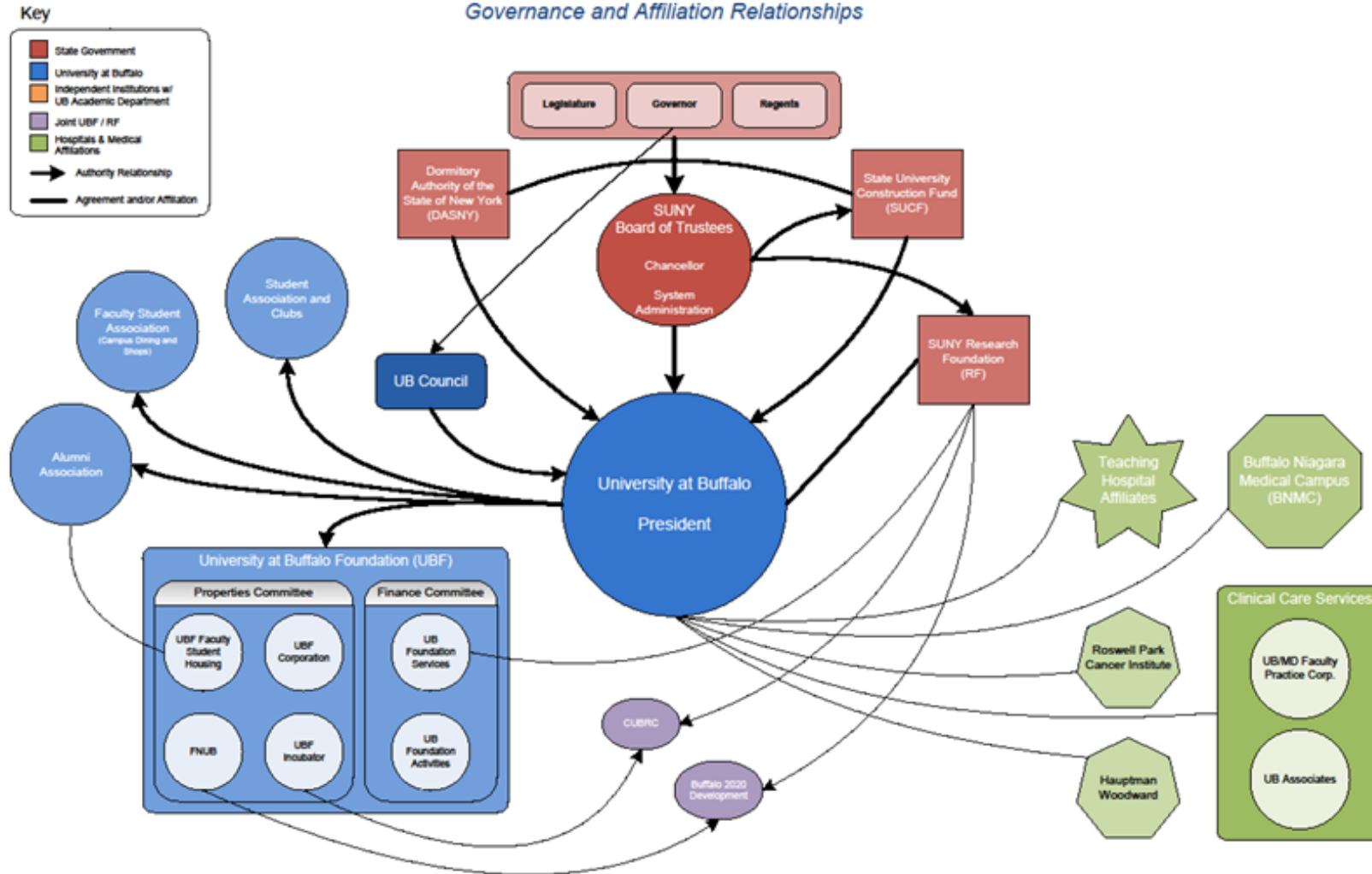
Business System Enhancements

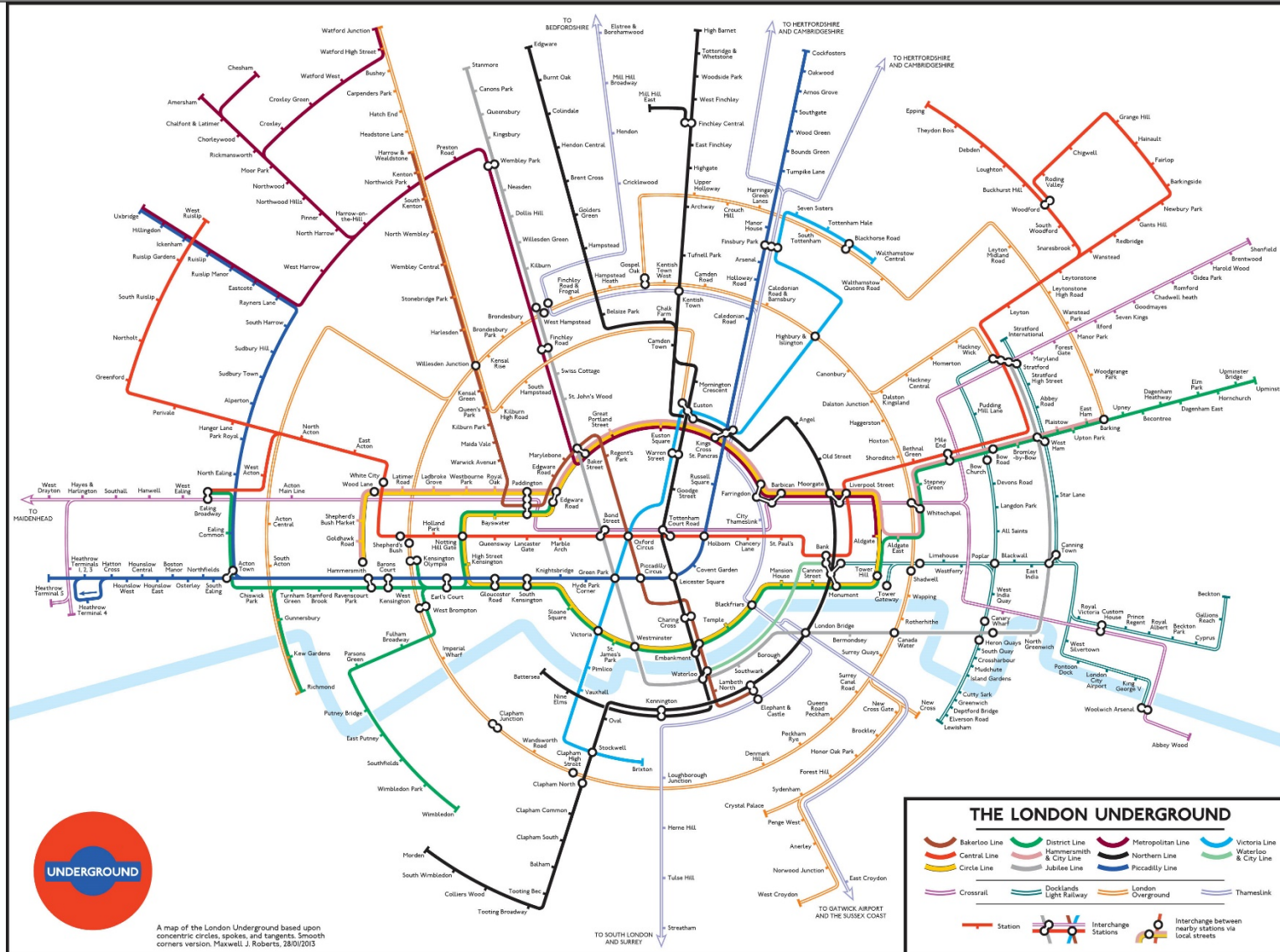
Questions

Appendix

University Governance

University at Buffalo Governance and Affiliation Relationships





University Governance (See appendix for more information)

SUNY Board of Trustees – 17 members; 15 appointed by Governor & 1 student member elected by peers

UB Council – 10 members, 9 appointed by governor, 1 student elected by peers

UB Operations – regulated by State Education Law

- Operation Budget Planning and Distribution (state operating allocation)
- Tuition Rate Setting and Fees
- Capital Budget and Issuance and Management of Debt
- Labor Management Relations and Collective Bargaining Negotiations (salary raises)

SUNY Board of Trustees

SUNY Governing Body

17 members, 15 appointed by Governor; one student member elected by his or her peers

- 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, 9 appointed to serve seven year terms by Governor, 1 student member elected by his/her peers

Review major university plans

Review and approves SUNY Student Code of Conduct

Review 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.

- NYS Board of Trustees upon Chancellor's recommendation, sets the tuition rates.
- State statute specify, "like degree programs must charge like price."
- NYSUNY2020 – rational & predictable tuition increases established 2011/12 – 2015/16 for undergraduate tuition has expired and now is reviewed on an annual basis.
- State University Construction Fund (SUCF) or SUNY campuses cannot independently enter into/issue debt.
- The Governors Office of Employee Relations (GOER) manages collective bargaining negotiations with all unions. Campuses have primarily funded negotiated salary increases since 2014/15.

University Governance (See appendix for more information)

Key Affiliates

- Research Foundation (RF)
- UB Foundation (UBF)

Other Affiliates

- Student Association – Sub-board –
[Undergraduate Student Association \(SA\)](#)
[Graduate Student Association \(GSA\)](#)
[Medical Student Polity \(MSP\)](#)
[American Student Dental Association \(ASDA\)](#)
[School of Pharmacy Student Association \(SPSA\)](#)
[Student Bar Association \(SBA\)](#)
[Graduate Management Association \(GMA\)](#)

University Governance continued (See appendix for more information)

Partners

- Hospitals (ECMC and Kaleida Health)
- Buffalo Niagara Medical Center (BNMC)
- Roswell Park Cancer Institute

Higher Education Finance

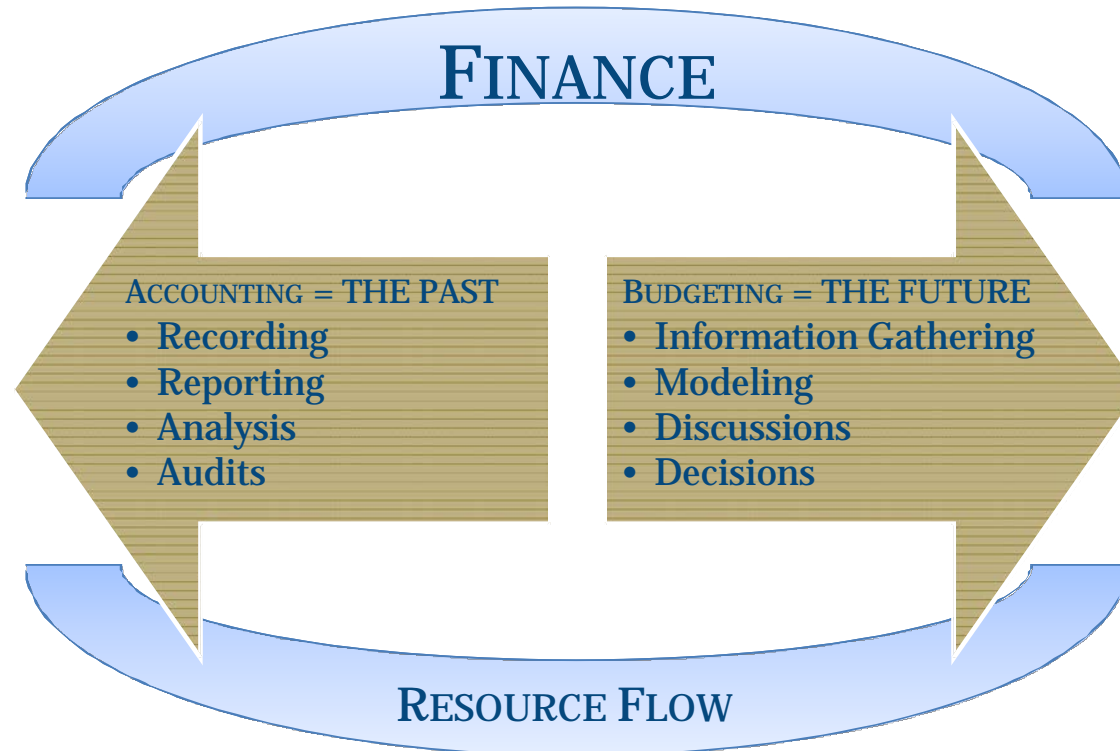
Higher Education Budgeting

WACUBO Business Management Institute
August 2015

Teresa Costantinidis
Interim Senior Vice Chancellor
Finance and Administration
University of California, San Francisco

WACUBO “Higher Education Budgeting” Presentation
[Higher Education Budgeting](#)

What is the difference between accounting, budgeting, and finance?



It is also important to be aware of the timing and duration of your funding

Both Sources and Uses

	Sources	Uses	Fund Balance or Reserve
Recurring On-Going or Permanent			
One-Time or Temporary			

Remember: No money is guaranteed!

In higher education, we like to classify our money in different ways

Operations



Fund type tells us where our money comes from

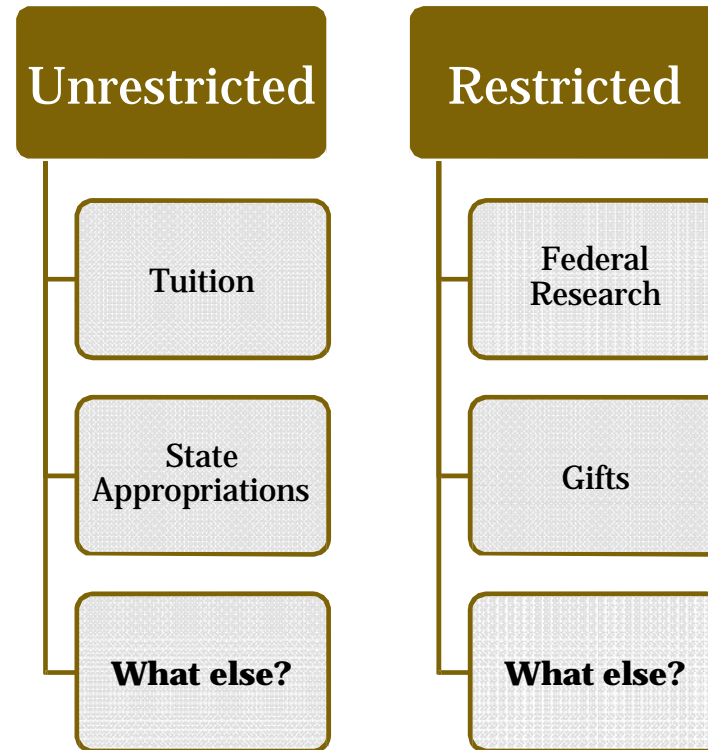
Sources

TYPICAL EXAMPLES:

Tuition	• Students, _____
Appropriations	• State Agencies, _____
Research support	• Federal Government, _____
Private support	• Donors, _____
Auxiliary income	• Students, _____
Sales and service	• General Public, _____
Interest income	• Endowments, _____

We keep track of the restrictions on our funds to make sure we are accountable to their source

Sources



We use “natural classifications” to group and manage our expenses

Uses

- Salaries and wages
- Employee benefits
- Scholarships and fellowships
- Supplies and services
- Utilities
- Rent
- Depreciation

We also use “functional classifications” to show how our expenses support our mission

Uses

- Instruction
- Research
- Public Service
- Academic Service/Support
- Student Services
- Institutional Support
- Auxiliary Enterprises
- Service Centers
- Scholarships and Fellowships
- Operation and Maintenance of Plant
- Libraries
- Hospitals

This attribute is used to group funds according to the nature of the current fund expenditure as defined by the National Association of College and University Business Officers (NACUBO) publication *College and University Business Administration*.

They also assist with our overhead rate negotiations with the Federal Government.

Both sources and uses may be earmarked by the organization

Both Sources
and Uses

Designated

- Faculty Recruitment
- Student Aid
- Research

Undesignated

- Unrestricted fund balance
- Interest income

Colleges and universities approach budgeting in various ways

UB is a HYBRID model



See appendix for descriptions

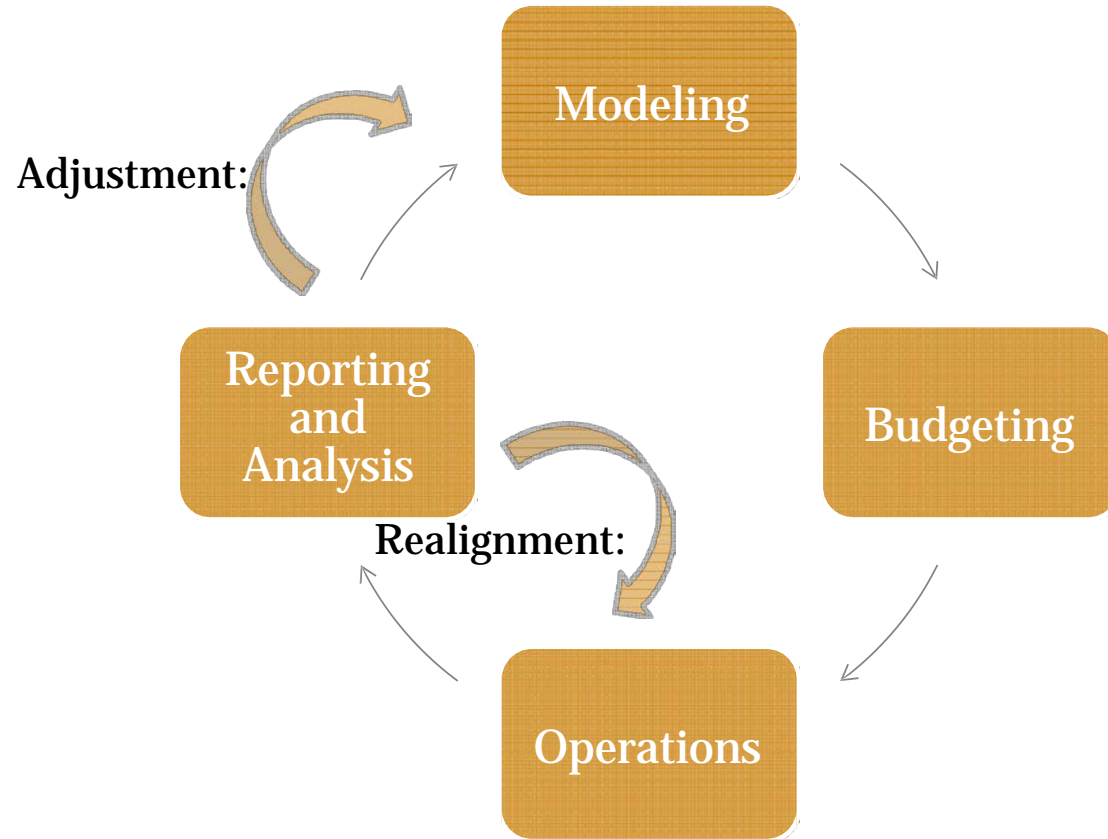
Budgeting should begin with a plan



Aligned budgets help institutions achieve overarching institutional and unit objectives

- Transparency
- Accountability
- Risk Management
- Accreditation
- Other Reasons?

The budget process provides opportunities to course-correct



Effective budgetary analysis helps hold the institution accountable

What happened?	Quantitative measure of activity
Compared to what?	Standard or expectation, budget or benchmark
Who cares?	Decision-makers or external audience
Where is it?	Variance analysis to isolate and identify outcome
When did it happen?	Trend analysis, seasonal
Why did it happen?	Hypothesis from data or information

**AND MOST IMPORTANTLY, MAKING A
RECOMMENDATION BASED ON THAT
INFORMATION:**

**A resulting action, change in current
operations, or a future budget plan**

There are several ways to weaken your institution through the budget process

- Making decisions based on lack of information
- Making decisions based on faulty information
- Allowing weak links between program planning and budgeting
- Not adequately considering consequences of budget decisions
- Ignores external or internal factors in your budget process

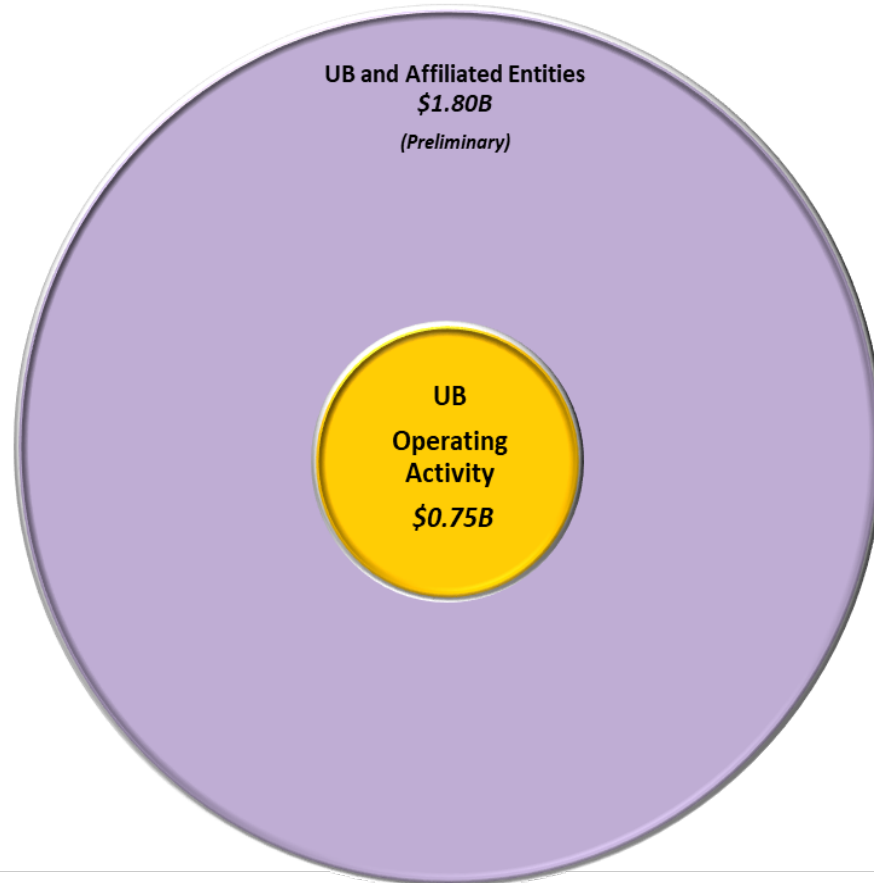
Note: Budgetary analysis is based on a set of assumptions, as we may not have all of the information at time of decision

What else?

UB Resources

Campus Financial Profile

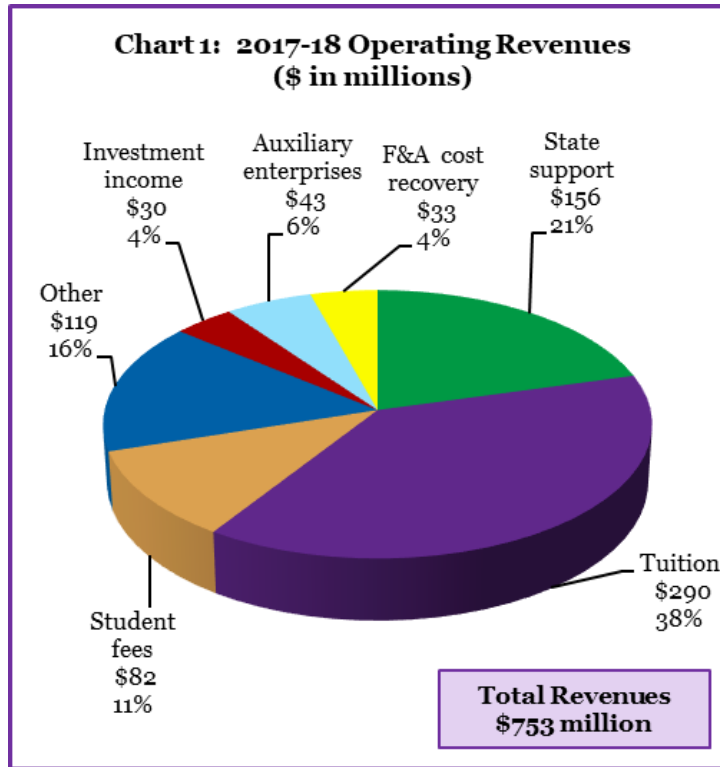
Three Levels of Activity (Revenue 2017/18)



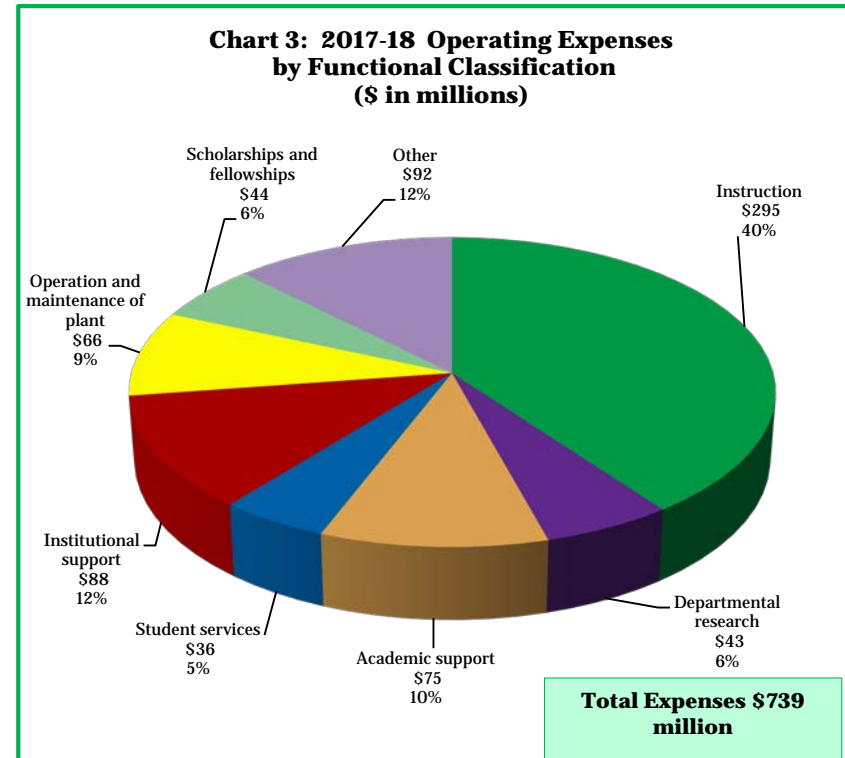
Components	UB Operating Activity	UB and Affiliated Entities
State Operating Budget	X	X
Income Fund Reimbursable Fund	X	X
State University Tuition Reimbursable	X	X
Dorm Income Fund Reimbursable	X	X
UBF Operating Activities	X	X
UBF Housing Corp	X	X
Research Foundation - Indirect Cost Recovery	X	X
Capital Budget Activities		X
Research Foundation - Sponsored Activity		X
UBF Restricted Activities		X
Campus Dining and Shops		X
Clinical Practice Plans		X
Dental and Medical Resident Services		X
Sub Board		X

Core Operating Activities

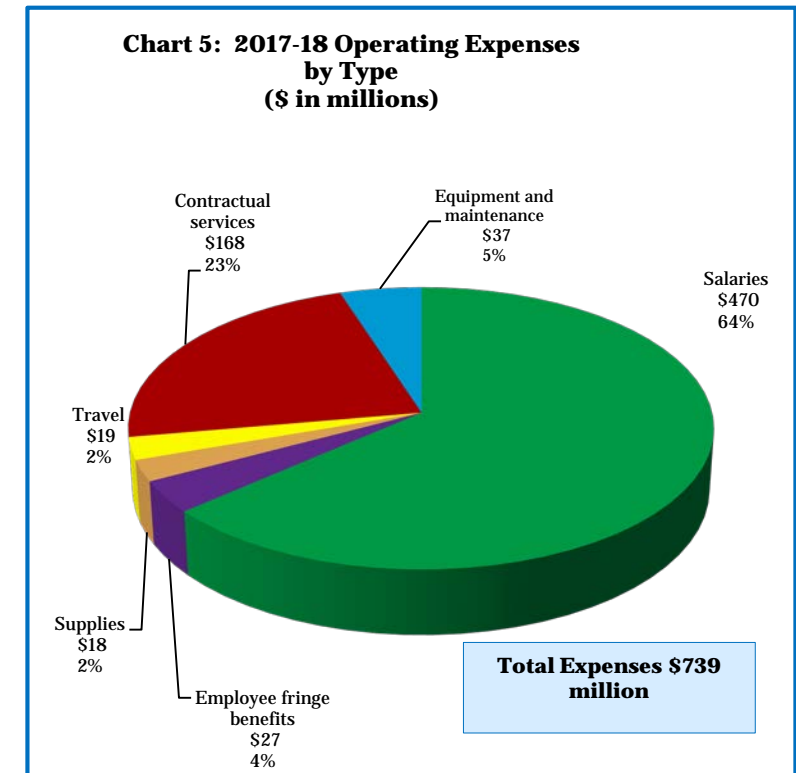
Revenues



Expenses Function



Expenses by Type



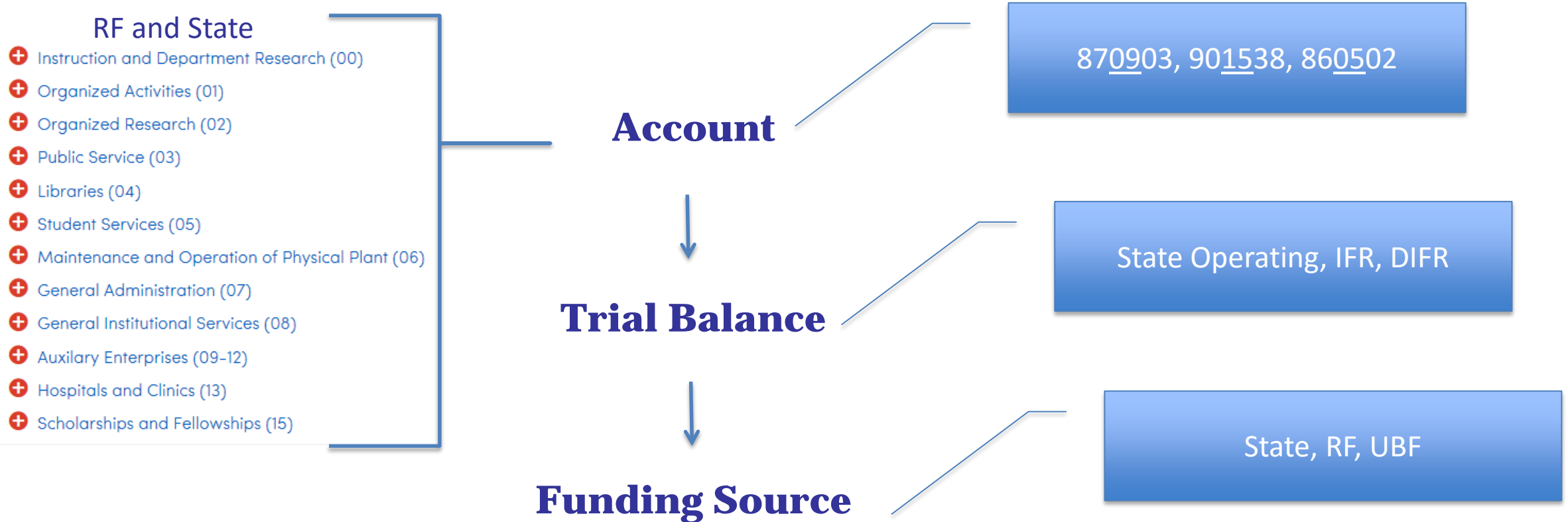
UB Operating Activity Source of Funds

	State Operating		State Funds				
Funding Type	State Tax	Tuition Revenue	Income Fund Reimbursable (IFR)	State University Tuition Reimbursable (SUTRA)	Dorm Income Fund Reimbursable (DIFR)	Research Foundation (RF)	UB Foundation (UBF)
Source of Funds	Appropriated by NYS Government allocated to the campus by SUNY	Student tuition payments	Student fee revenue, external funds received for self-supporting programs.	Students participating in Study Abroad, Contract Courses, etc.	Residence Halls rent revenue	Federal, State, Private Grants Indirect Cost Recovery Earnings	Donor support, Student On-Campus Apartment rent revenue, clinic and other self-supporting program revenues
Primary Stakeholder	Students; our main customer at the University, NYS Taxpayers	Students; our main customer at the University	Students; our main customer at the University	Students; our main customer at the University	Students; our main customer at the University	Students; our main customer at the University, grant sponsors	Students, our main customer at the University, donors, community

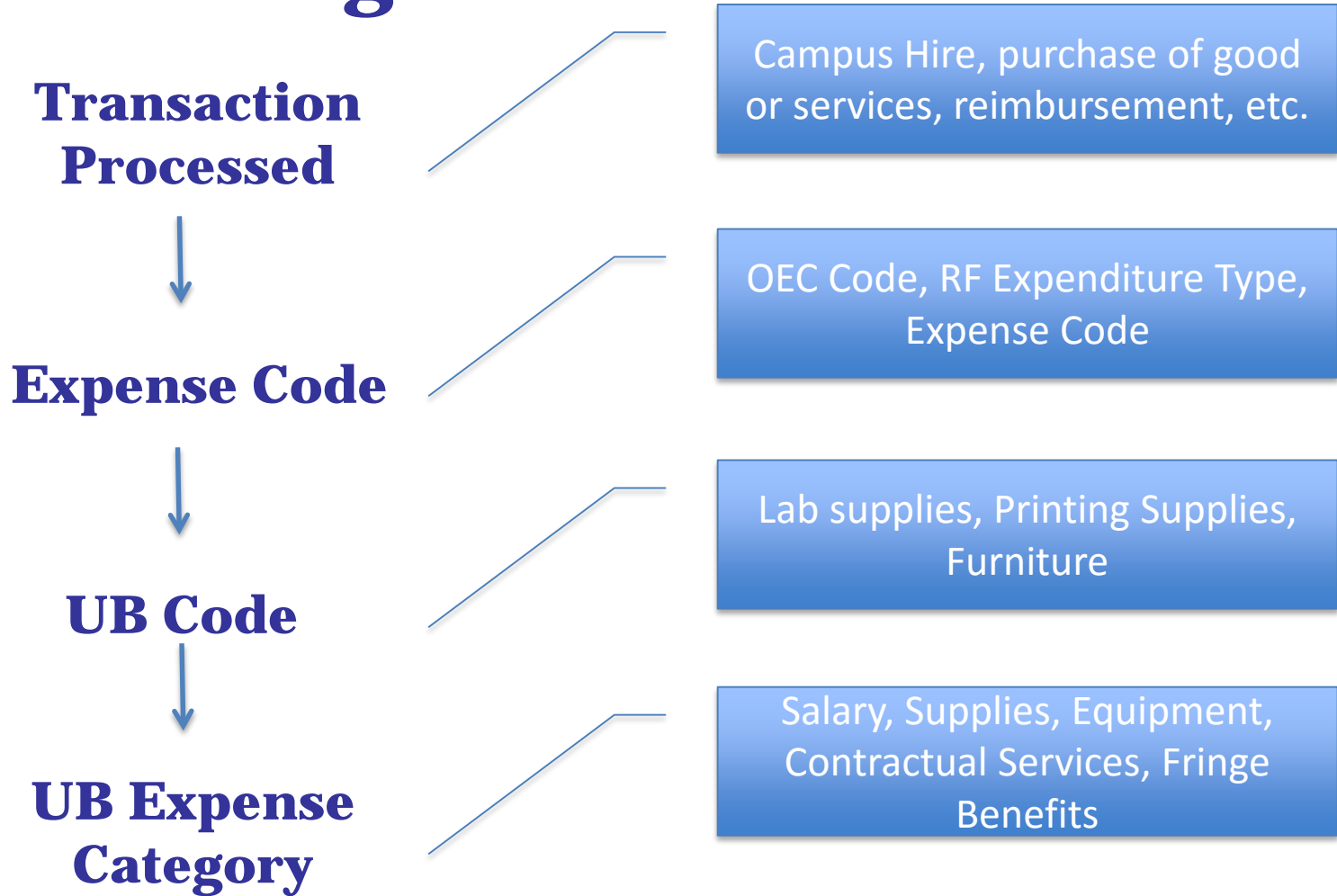
UB Operating Activity Uses of Funds

Funding Type Uses	State Operating		State Funds				
	State Tax	Tuition Revenue	Income Fund Reimbursable (IFR)	State University Tuition Reimbursable (SUTRA)	Dorm Income Fund Reimbursable (DIFR)	Research Foundation (RF)	UB Foundation (UBF)
Instructional Salary Expenses	X	X		X			
Non-Instructional Salary Expenses / Salary associated with fee revenue	X	X	X	X	X	X	X
Temporary Service Expense	X	X	X	X	X	X	X
Fringe Benefit Expense	N/A	N/A	61.48% on salary expenses	Summer Session Tuition -24% assessed on revenue Other – 61.48% on salary expenses	61.48% on salary expenses	Applicable fringe rate applied to salary expense based on appointment type	Actual fringe cost assessed to account
Non-Salary Expense i.e. Contractual Services, Supplies, Travel, Professional Fee, Equipment	X	X	X	X	X	X	X

UB Chart of Accounts



UB Expense Coding



UB's Fee Approval Process

- **Fee process calendar**
- **Fees, Rentals, and Other Charges Policy**
- **Develop and Manage Fees**
- **Authorization Requirements**

[Develop and Manage State Fees](#)

UB's Fee Types

Broad-based Fees: Generally charged to all enrolled students to finance discrete activities that benefit the student body, excluding those activities that are part of the core instructional program.

- Broad-based Fees are made up of two components: The Comprehensive Fee component (Athletics Fee, Campus Life, College Fee, Health Fee, Recreation Fee, Technology Fee, Transcript Fee, Transportation Fee) and the Academic Excellence and Success Fee.
- All Broad-based Fees adjustments must be reviewed through the UB Student Consultation process annually, submitted to SUNY for review, and reviewed by the Board of Trustees.

University Fees: All non-service center fees on campus.

- An example of a University Fee is a Chemistry Lab fee charged to students to offset the cost of scientific chemicals, supplies, and materials.
- Fee proposals are submitted by departments or units and reviewed by Financial Management, approved by a Provost Designee, and in some instances, submitted to SUNY for approval (if credit-bearing) before the unit may begin charging the fee.

Service Center Fees are organizations that provide specific technical or administrative services to support the internal operations of the university.

- An example of a **Service Center fee** is charges to UB users and other researchers for the use of the UB Clinical and Translational Research Center MR Imaging Center in the JSMBS Health Sciences department.
- Fee proposals are submitted by departments or units and reviewed by Financial Management and approved by a Provost Designee before the unit may begin charging the fee.

Utilization of Funds

- **Personal Service**
- **Non-Personal Service (OTPS)**
 - **Managing Procurement**
 - **How to make a purchase**
 - **Purchasing Dollar Thresholds**
 - **Approval Authority**

Reserves

Funding set aside for a particular purpose

i.e. equipment replacement, rehab project, one-time investment

Funds may be reserved at the VP/Dean or department level

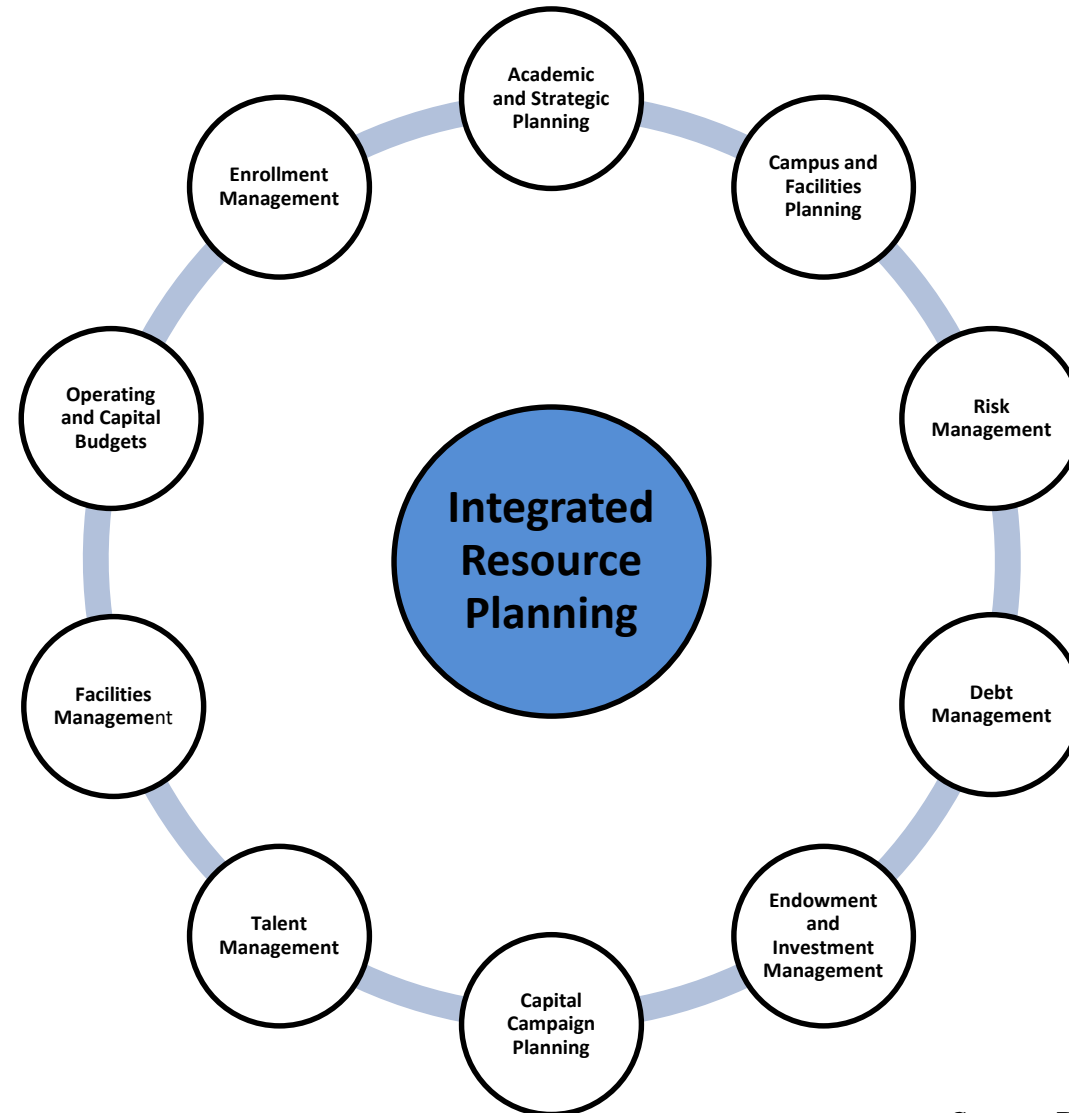
Annual Resource Planning Process (ARPP) and Budget Model

Overview of the UB Annual Resource Planning Process

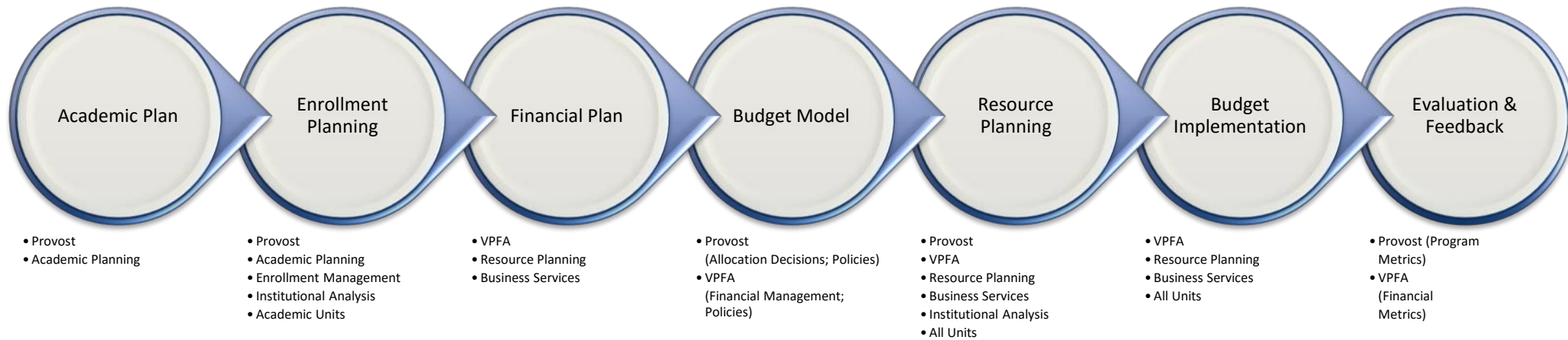
- Integrated Resource Planning
- Roles & Responsibilities
- Calendar
- Base Budget
- Budget Model

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



ROLES AND RESPONSIBILITIES



UB Annual Resource Planning Process

August

- Prior year carry forward balances loaded in financial system
- Initial 5-Year Financial Plan and planning assumptions completed
- Budget Model solidified for following fiscal year

September -
December

- Enrollment, tuition and fee plans solidified
- Hiring plans solidified
- Capital plans solidified

January -
June

- 5-Year Financial Plan updated
- Budget meetings
- Resource allocation decisions finalized and communicated to units

July

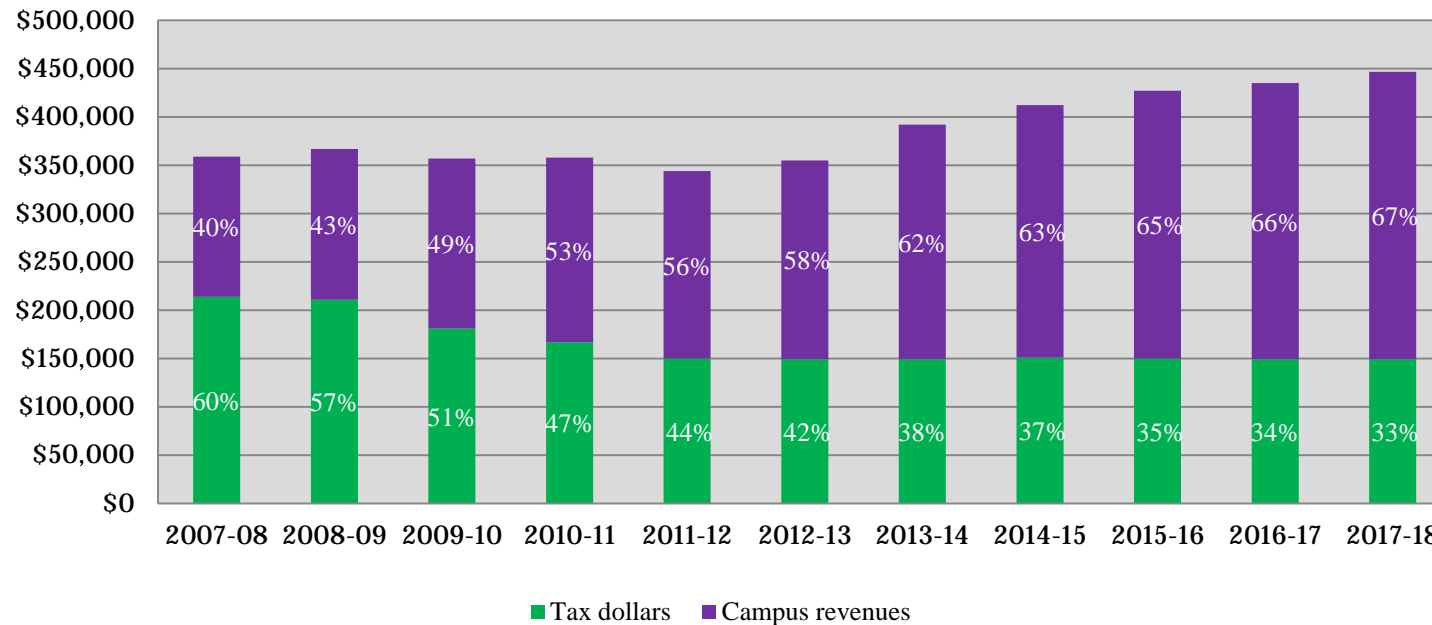
- Prior fiscal year closed
- New fiscal year budgets loaded in financial system
- Units submit spending plans

What is the Base Budget?

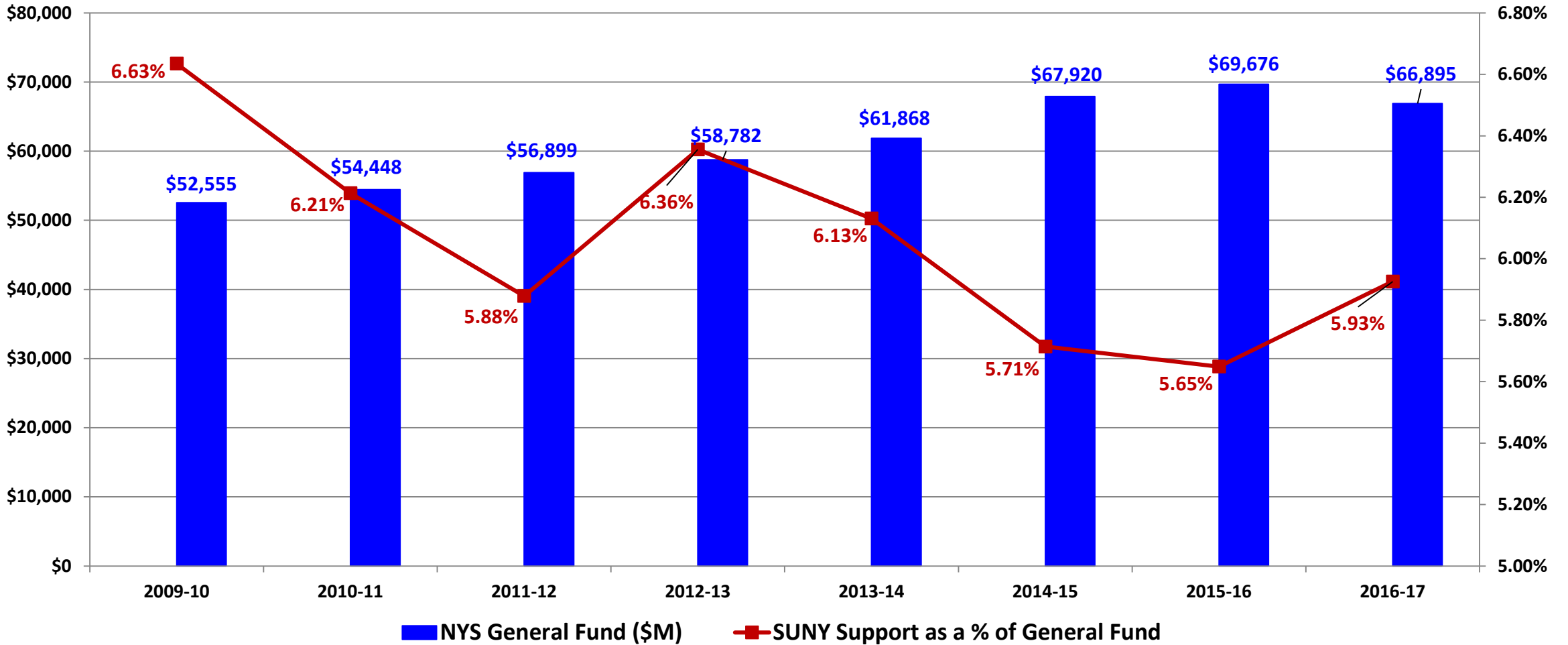
Base Budget

- Compilation of historical agreements between former Provosts and Deans, tuition revenue to support base enrollment, shares from tuition increases, investments to support unit and university special initiatives
- Tuition revenue target is the primary metric that determines the base budget for academic units.

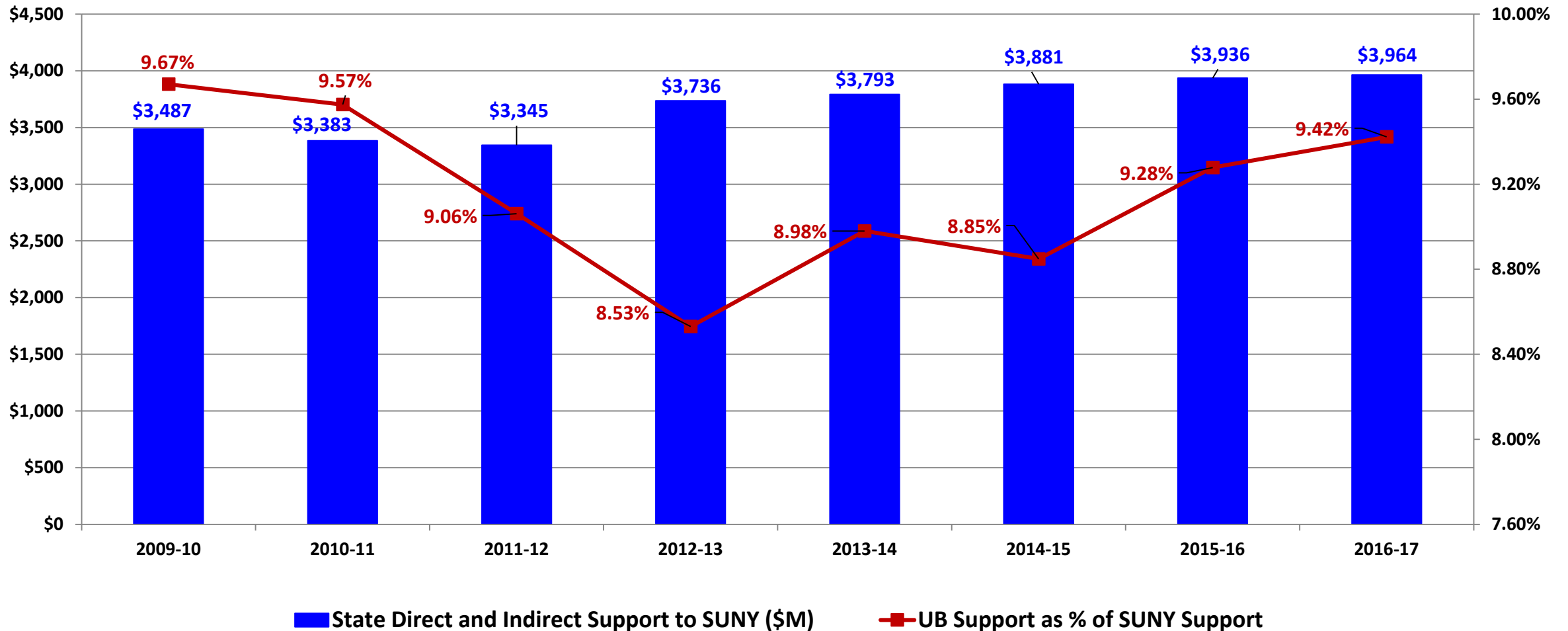
State Appropriation
(\$ in thousands)



Trend of SUNY Direct and Indirect State Support as a percentage of NYS General Fund Revenue (\$ in M)



Trend of UB Direct and Indirect State Support as a percentage of State Direct and Indirect Support to SUNY (\$M)



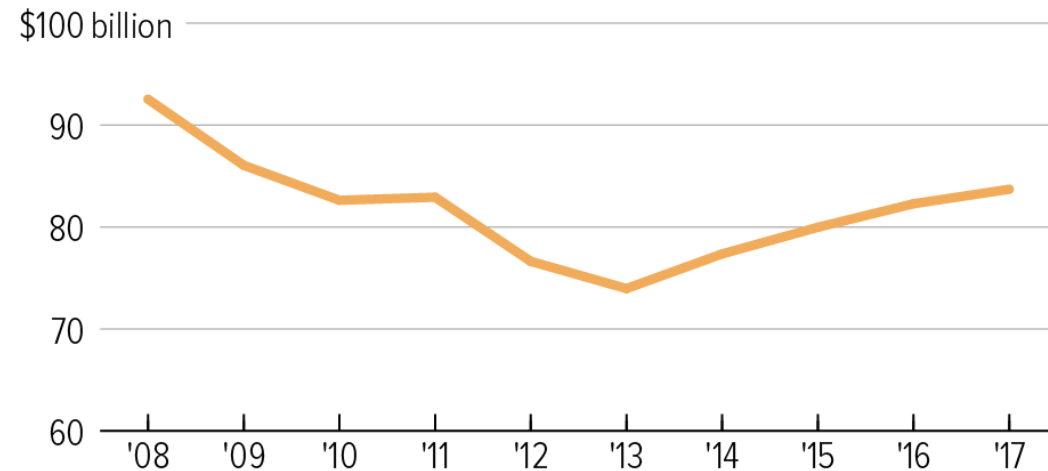
State Spending on Higher Education (2008-17)

State appropriations for public higher education declined by approximately **21%** from 2008 to 2013.

2017 appropriations were more than \$9 billion below 2008.

State Spending on Higher Education Well Below Pre-Recession Levels

Total state spending, adjusted for inflation



Source: CBPP analysis of data from Grapevine survey and State Higher Education Executive Officers Association, 2017

Budget Model: Guiding Principles

STRATEGIC

- We align incentives with our mission and with strategic behaviors.

PREDICTABILITY

- We build models that provide reliable foundations for planning.

FLEXIBILITY

- We build planning models that anticipate and are responsive to changes in the economic environment; we incorporate appropriate risk management strategies.

INTEGRATION

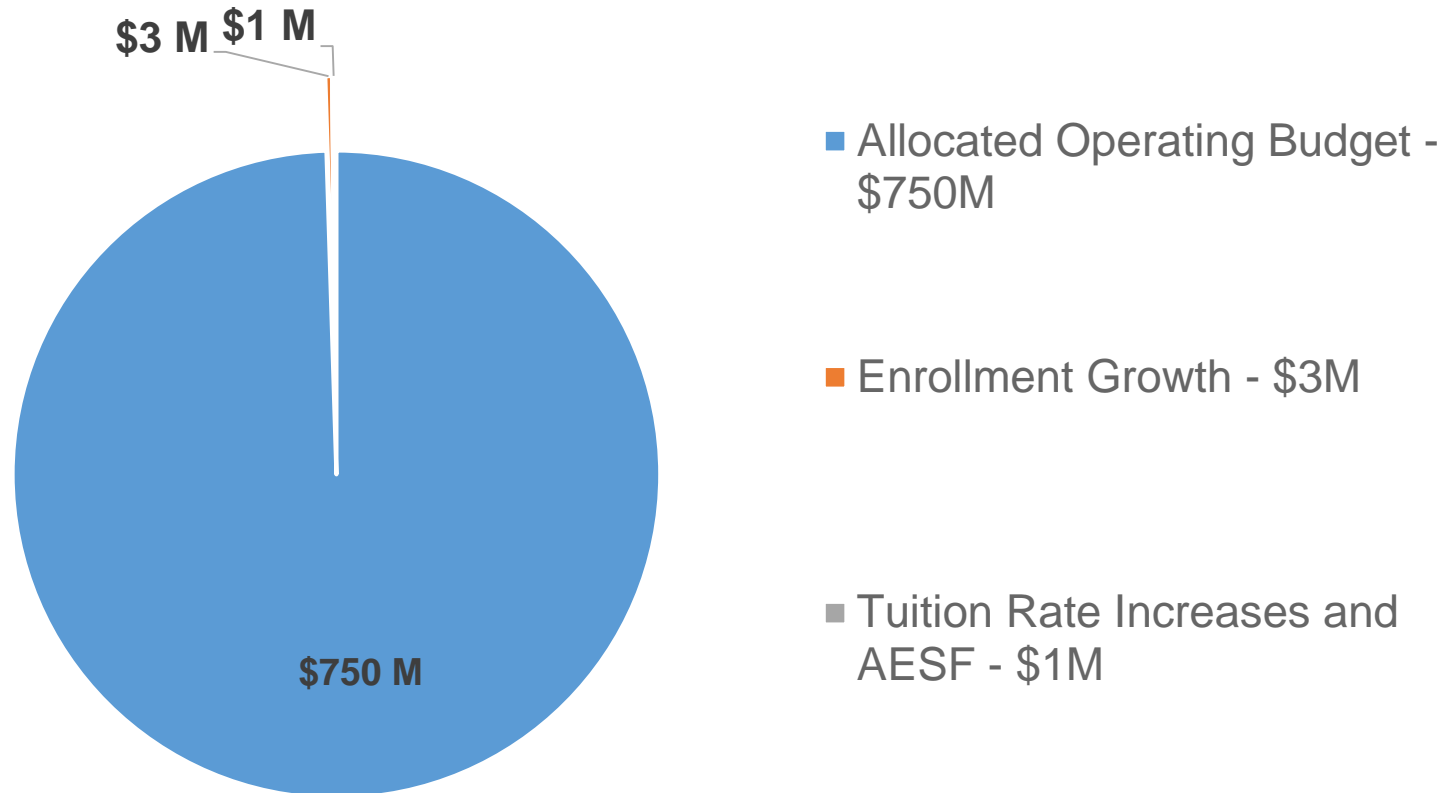
- We consider the university as a whole and make intentional connections between varying types of organizational needs and priorities.

STEWARDSHIP

- We exercise prudence in managing our resources, diversify revenues to promote resilience, maintain appropriate reserves, and reward efficiency and effectiveness.

Financial Capacity: Total University Operating Budget 2017-18 All Funds \$754M

Most of our resources are in existing base budgets – thinking about how we deploy these resources is increasingly important



What is the 2018/19 Budget Model?

Tuition Rate Increase Revenue Share

- 50% retained by the university to use for investments in special initiatives, academic infrastructure, and academic support needs.
- 50% placed in a pool from which academic units might receive investments based on meeting established performance metrics or other criteria, academic initiatives, or by requesting for these funds.

Criteria for Investments

- Tuition Rate Increases
 - Enhance the education experience, promote student excellence, advance the research enterprise, and strengthen our impact on our broader communities
 - Build a strong, productive, diverse faculty
 - Recruit, educate and graduate talented, diverse, successful students in today's economy
 - Create state-of-the-art infrastructures to achieve our goals

What is the 2018/19 Budget Model?

Enrollment Growth

- **Planned**
 - Units should consult with the Provost before implementing plans for enrollment growth.
 - If requesting central funding, an agreement may be made based on a review and approval of a unit business plan.
 - Results of the agreement will be evaluated for a minimum of two years. If deemed successful, the unit's base budget and tuition revenue target might be increased in the third year.
 - Academic support and information needs are also considered during this pro forma development
- **Unplanned/Unanticipated**
 - If a unit exceeds their tuition revenue target in a given year because of unanticipated or unplanned growth, the university will determine whether or not the unit will receive non-recurring funds the following year.

Criteria for Investments

- **Enrollment Growth (Academic Units Only)**
 - Grow enrollment to expand the university's impact and meet students and market demand.
 - Recruit, educate, and graduate talented, diverse, successful students.
 - Consider overall university financial stability which, while not the only factor, requires attention in today's competitive resource environment.

Enrollment Growth Investment Principles

- An investment agreement, including outcomes and a spending plan based on estimated revenue, will be developed for approval of the Provost, VPFA and Dean.
 - The unit will receive a percent of the tuition revenue generated above the current tuition revenue target.
 - Growth is measured against the current tuition revenue target at actual tuition rates.
 - The unit funds start-up and capital costs.
 - The investment agreement will be reviewed and evaluated annually as part of the Annual Resource Planning Process.
 - Funds will be delivered after the end of the academic year. For example, funds for 2016/17 will be delivered in August 2017 after a review and evaluation of the investment agreement including the tuition revenue above target, outcomes and actual expenses.
- Because the proposed enrollment growth is not yet part of the tuition revenue target, the unit will not be subject to the penalty bands.
- Funds will be delivered as non-recurring for the first two years of the agreement at which time the Provost, VPFA and Dean will evaluate the enrollment and tuition revenue. If the enrollment growth is determined to be permanent, the unit will receive State Annual Operating funding and the unit's tuition revenue target will be adjusted accordingly.

Business System Enhancements

Business System Enhancements

Process Improvement is aimed at identifying the operations or employee skills that could be improved to encourage smoother procedures, more efficient workflow and overall business growth.

Business Process & Systems Improvements



EDGE (Learning Management System)

Live:
May 2016

Strategic Procurement

“Shop Blue”

Go Live:
Spring 2019

E-Travel

Live:
Spring 2018

HR Business Processes

Relocation Services

Go Live:
Spring 2019

UB Jobs Upgrade

Live:
Spring 2017

U Plan

Intend to Award
Letter Issued



Resources

Administrative Gateway

www.buffalo.edu/finance

SIRI Training

www.buffalo.edu/siri

WACUBO “Higher Education Budgeting”

Presentation

[Higher Education Budgeting](#)

Achieving Operational Excellence

[Achieving Operational Excellence](#)

Questions ?

APPENDIX

University Governance

SUNY Board of Trustees

SUNY Governing Body

17 members, 15 appointed by Governor; one student member elected by his or her peers

- Power to:

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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 must 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

State Education Law

- **Tuition Rates**

- Like tuition rates for like degree programs. Each SUNY campus offering the degree must approve of the pricing proposal.

- **Scholarships**

- “The trustees shall not impose a differential tuition charge based upon need or income. Except as hereinafter provided, all students enrolled in programs leading to like degrees at state-operated institutions of the state university shall be charged a uniform rate of tuition except for differential tuition rates based on state residency.”
- We have to charge the full rate to show revenue and apply institutional aid (either through scholarships or grants) to meet the letter of the law.

UB's Existing Structure (continued)

UB Sale/Services Fees- Three types

Broad-based Fees: Generally charged to all enrolled students to finance discrete activities that benefit the student body, excluding those activities that are part of the core instructional program.

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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

Governor's 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.

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 operation 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.

Deputy in the Office of the Vice President for Finance and Administration is Sue Krzystofiak

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

Key Affiliates

University at Buffalo Foundation (UBF)

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 Affiliates

Student Association

Students pay fees to support student led Student Association to fund various student services, activities and clubs

[Undergraduate Student Association \(SA\)](#)

[Graduate Student Association \(GSA\)](#)

[Medical Student Polity \(MSP\)](#)

[American Student Dental Association \(ASDA\)](#)

[School of Pharmacy Student Association \(SPSA\)](#)

[Student Bar Association \(SBA\)](#)

[Graduate Management Association \(GMA\)](#)

Other Affiliates continued

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 Affiliates

(Faculty Clinical Practice Plans) UBMD

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

Other Partners

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

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

Other Partners

Roswell Park Cancer Institute

Delivers multiple masters degrees, 150 – 200 UB Students

Extensive research and clinical care collaboration between UB and Roswell faculty

History of the Budget Model

- NYSUNY2020 legislation allowed UB to increase tuition rates with the intent to enhance academic excellence based on current enrollment levels
- The initial model was based on sharing the tuition rate increases based on the marginal tuition revenue growth in each unit based on current enrollment levels
- The model implementation allowed for unit enrollment growth
 - With access to 52% and 25% of tuition revenue growth, units demonstrated capacity to increase enrollment
 - Many units now recognize that quality education cannot be supported on 25% tuition revenue growth
- **Important that the “Enrollment Growth” and “Academic Excellence” pieces of the tuition revenue growth are separate**

Types of Budget Models

Colleges and universities approach budgeting in various ways

UB is a HYBRID model



See appendix for descriptions

Incremental budgets are typically adjusted by a percentage

CHARACTERISTICS:

- base budgets are not revisited
- assumes existing budgets are appropriate
- maintains the *status quo*
- easy to administer
- not linked to plans or priorities

“California State University (CSU) will receive a General Fund augmentation of \$125.1 million, equal to a **five percent increase** in the University of California's 2012-13 General Fund support budget.”

—California State Governor’s Budget, 2013-14

Zero-based budgets are built from scratch each year

CHARACTERISTICS:

- allocations are based on total estimated need
- assumes no history
- identifies activities and determines total costs
- promotes decision-making driven by desired outcomes
- are sometimes used in limited form in higher education

“ . . . Because 80 percent of most universities’ budgets are dedicated to salaries for ongoing faculty lines, a broad-scale implementation of zero-based budgeting does not make sense for most, if not all, higher education institutions.”

—*The Use of Zero-Based Budgeting in Higher Education*,
University Leadership Council, April 19, 2009

Activity-based budgeting focuses on the costs of a desired outcome

CHARACTERISTICS:

- allocates funds to perform specific desired outcomes like teaching a course
- requires detailed data for in-depth cost analysis
- the overall cost of a department, and expense categories are less important
- intended to drive specific accomplishments

“The activity-based budget model can support a centralized management model, a decentralized one, or a combination of the two. It simply offers information about financial performance within and between academic units for the people making decisions.”

—David P. Szatmary

Activity-Based Budgeting in Higher Education, Continuing Higher Education Review, 2011

Initiative-based budgeting allocates funds for a special purpose

CHARACTERISTICS:

- funds are allocated for specific new projects and activities
- often follows strategic planning and a competitive proposal process
- involves one-time funds rather than on-going
- has a follow-up assessment process to ensure effectiveness

“Initiative-based budgeting is not a comprehensive budget model. It is a structured approach to the establishment of a resource pool for funding new initiatives or enhancing high-priority activities.”

—Larry Goldstein

College and University Budgeting, NACUBO: Washington DC, 2005

Responsibility-centered budgets are becoming increasingly popular

CHARACTERISTICS:

- individual units control the revenue they generate
- increases in activities lead to automatic flow of resources and costs to the units that do the work
- in exchange they are responsible for paying for direct and indirect expenses, *i.e.* taxes
- central cost centers are funded from those charges

“Interest in responsibility center management among public universities is soaring, with more than 21 percent of public doctoral institutions reporting that they use the RCM model”

—John R. Curry, Andrew L. Laws, and Jon C. Strauss
NACUBO Business Officer, January 2013

Performance-based budgets

provide funding based on defined outcomes

CHARACTERISTICS:

- increasingly legislatively mandated for public institutions
- focused on results not revenue
- provides increased transparency
- analysis and therefore funding commonly occurs after-the-fact

“Inappropriate measures can be worse than no measures at all because they can incent the wrong kinds of behaviors.”

—Bill Gates, Technology Advisor, Microsoft
NACUBO Annual Meeting, July 2014

Tuition and Fees

2019/20 SUNY Recommended Tuition Rates*

Tuition Group	Increase	Resident/Nonresident
Undergraduate	\$200/0%	\$7,070/\$24,540
Graduate	2%/2%	\$11,310/\$23,100
Medical	0%/0%	\$43,020/\$65,160
Dental	3%/0%	\$36,900/\$62,950
Law	0%/0%	\$25,410/\$29,500
PharmD	0%/0%	\$26,450/\$37,140
MBA	1%/1%	\$15,000/\$24,630
DPT	0%/0%	\$24,390/\$30,700
Audiology	2%/2%	\$11,420/\$23,330
Architecture	3%/3%	\$14,620/\$25,240
MSW	0%/0%	\$13,080/\$22,210
DSW	N/A- new rate	\$19,200/\$25,200
Nursing	2%/0%	\$25,620/\$32,160

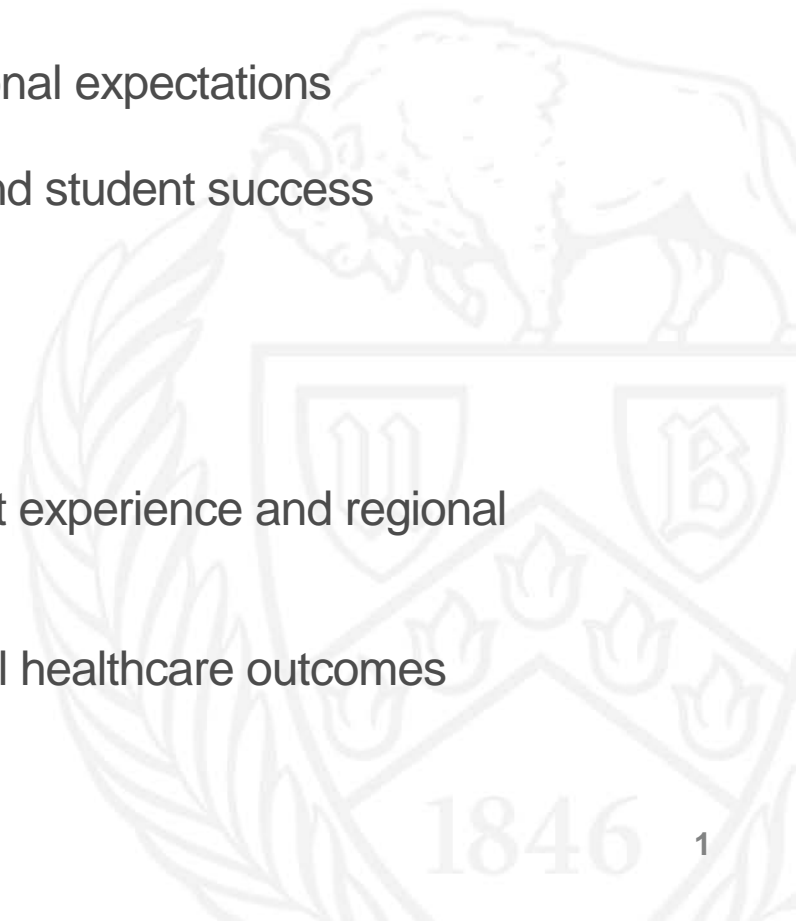
- 2019/20 still under SUNY review and does not include online tuition rates
- Undergraduate Excelsior tuition will remain at 16/17 tuition rates

Proposed Broad-Based Fees 2019-20

<i>Proposed Broad-Based Fees 2019/20</i>					
Comprehensive Fee Component	2018/19 Current Rate	Proposed Increase	% Increase from 2018/2019	New Rate - Undergrad*	New Rate - Graduate*¹
Athletics	\$ 521.00	\$ 10.50	2.02%	\$ 531.50	\$ -
Campus Life	\$ 249.50	\$ 7.50	3.01%	\$ 257.00	\$ 257.00
College	\$ 125.00	\$ -	0.00%	\$ 125.00	\$ 125.00
Health	\$ 398.50	\$ 14.50	3.64%	\$ 413.00	\$ 413.00
Recreation	\$ 53.00	\$ 1.00	1.89%	\$ 54.00	\$ -
Technology	\$ 812.00	\$ 23.50	2.89%	\$ 835.50	\$ 835.50
Transcript	\$ 10.00	\$ -	0.00%	\$ 10.00	\$ 10.00
Transportation	\$ 475.00	\$ 9.50	2.00%	\$ 484.50	\$ 484.50
Total, Comprehensive Fee	\$ 2,644.00	\$ 66.50	2.52%	\$ 2,710.50	\$ 2,125.00
<i>Academic Excellence & Success Fee</i>	\$ 375.00	\$ 200.00	53.33%	\$ 575.00	\$ 575.00
Grand Total, Broad-Based Fees	\$ 3,019.00	\$ 266.50	8.83%	\$ 3,285.50	\$ 2,700.00
*2019/20 rate increases are pending SUNY Board of Trustees approval (anticipated end of June 2019)					
¹ Graduate Students are not assessed the Athletics or Recreation Fee					

University Strategic Goals

- Build faculty strength, productivity and impact
- Recruit great students and fulfill their educational expectations
- Provide support structures ensuring faculty and student success
- Create a diverse campus community
- Become an increasingly global university
- Engage our local community to enrich student experience and regional well-being
- Strengthen partnerships for improved regional healthcare outcomes



Budget Model: Guiding Principles

STRATEGIC

- We align incentives with our mission and with strategic behaviors

PREDICTABILITY

- We build models that provide reliable foundations for planning

FLEXIBILITY

- We build planning models that anticipate and are responsive to changes in the economic environment; we incorporate appropriate risk management strategies

INTEGRATION

- We consider the university as a whole and make intentional connections between varying types of organizational needs and priorities

STEWARDSHIP

- We exercise prudence in managing our resources, diversify revenues to promote resilience, maintain appropriate reserves, and reward efficiency and effectiveness