

# Annual Operating Budget Report 2019-2020

This University at Buffalo (UB) Annual Operating Budget Report is a comprehensive presentation of the university's 2019-2020 budget and investment priorities.

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 University at Buffalo  
Division of Finance  
and Administration



# Annual Operating Budget Report

University at Buffalo | Fiscal year 2019-2020

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# Strategic Overview

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## 1. Executive Summary

The objective of the UB Annual Operating Budget Report is to provide the University at Buffalo (UB) community with a comprehensive summary of the financial plans for the university for 2019/2020.

During our Annual Resource Planning Process (ARPP), we make collaborative and thoughtful decisions about the degree to which a program helps us achieve our strategic goals. How does it serve our students' changing needs? How does it support our neighboring communities? How does it support our faculty's groundbreaking research? And how far can it get us toward our next goal: joining the top-25 public research universities in the U.S.

Each funding request herein has been critically reviewed and, combined with our ongoing programs to find efficiencies and other cost-savings, will allow UB to continue to make valuable contributions locally, nationally and globally.

Summarily, UB faces the same the reality as most U.S. higher education institutions. State support is declining/flat. UB's financial growth will increasingly be dependent upon tuition rate increases and what dollars we can generate on campus.

## 2. UB Strategic Goals

Building on the existing strong foundation of academic excellence, knowledge and understanding, the University at Buffalo (UB)'s vision is to advance into the nation's top 25 public research universities, thereby expanding the scope of our reach and strengthening UB's world-wide impact. We will achieve this by reaching the following strategic goals:

1) To achieve greater societal impact locally and globally by:

- Enhancing faculty productivity and impact through increased research and scholarly funding and excellence
- Encouraging collaborations across the disciplines to amplify faculty strengths, create synergies and pursue innovation
- Providing state-of-the-art research environments
- Enhancing research, teaching and mentoring support structures to ensure faculty success

2) To provide our students with transformative, innovative and research-grounded educational experiences by:

- Elevating the academic profile of undergraduate, graduate and professional students; further improving undergraduate four-year and six-year graduation rates
- Enhancing academic and career support structures to ensure student success
- Providing state-of-the-art educational environments

- Expanding impact as a recognized leader in international education
- Preparing students to live and lead in a global world

3) To promote a university-wide culture of equity and inclusion by:

- Integrating inclusivity into all aspects of our university
- Further enhancing faculty and student diversity through focused hiring and enrollment strategies
- Implementing best practices with regard to recruitment and retention of faculty, students and staff

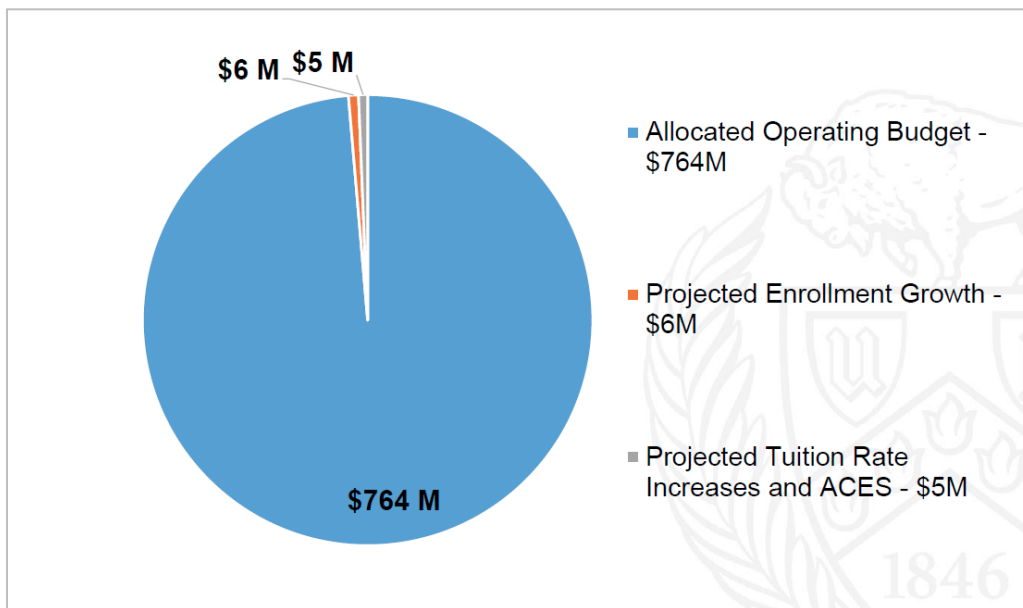
4) To deepen our engagement in the regional community by:

- Further partnering with our local community to enrich the student experience and contribute to the social, cultural and economic vitality of Western New York
- Improve health care outcomes for the region
- Become a national destination for clinical care and medical/health sciences education

### 3. Highlights

#### Total University Operating Budget 2019-2020 (All Funds: \$775 million)

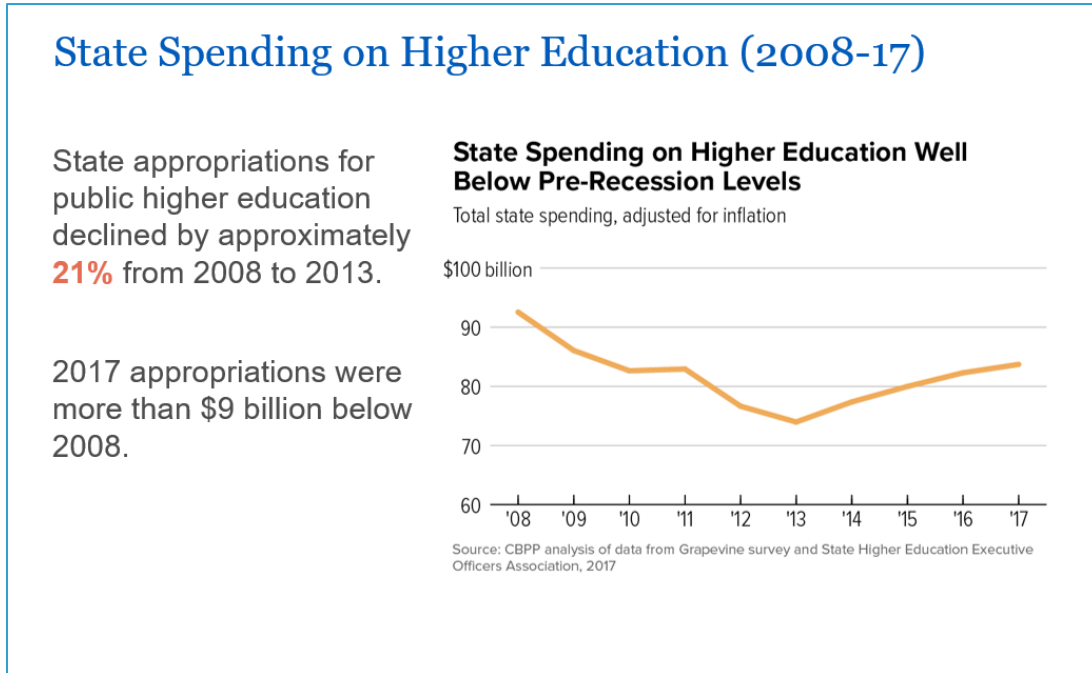
The following chart illustrates projected revenues from enrollment growth of \$6 million and tuition rate and Academic Excellence & Success (ACES) fee increases of \$5 million.



# Budget Context

*Factors and trends influencing UB's financial situation.*

## 1. National & State Trends

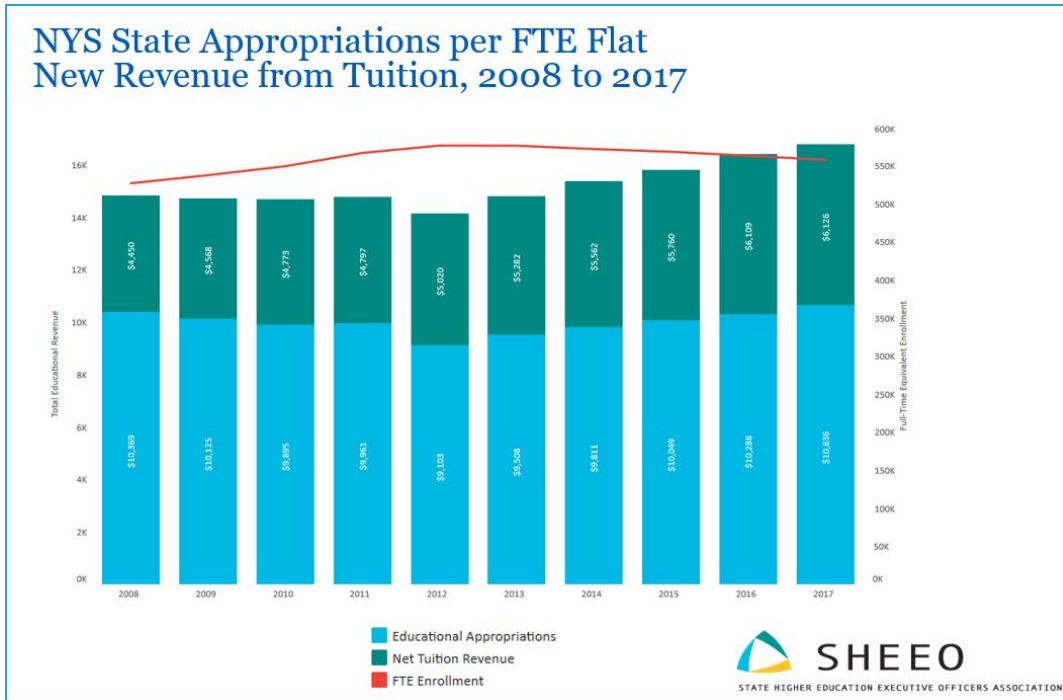


Nationwide, state spending on higher education is declining. In 2017, state spending on higher education was more than \$9 billion less than 2008, far below pre-recession levels.

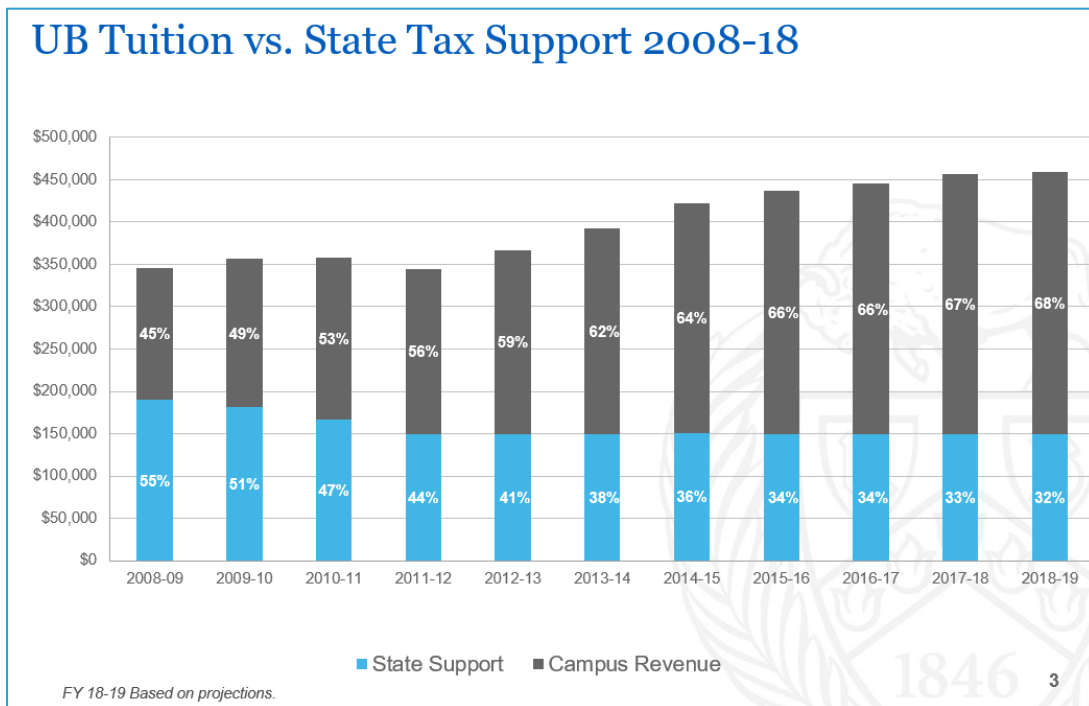
Enrollment in New York state public education institutions continues to increase, and UB is steadfastly committed to keeping our academic excellence accessible to students. However, as enrollments increase, the costs to support those additional students also increases.

Funding for these additional costs can come from either support from the state, or increased tuition or fees for campus services. New York state appropriations for higher education have remained flat, and UB bears a rapidly increasing share of the costs to support a growing student body.

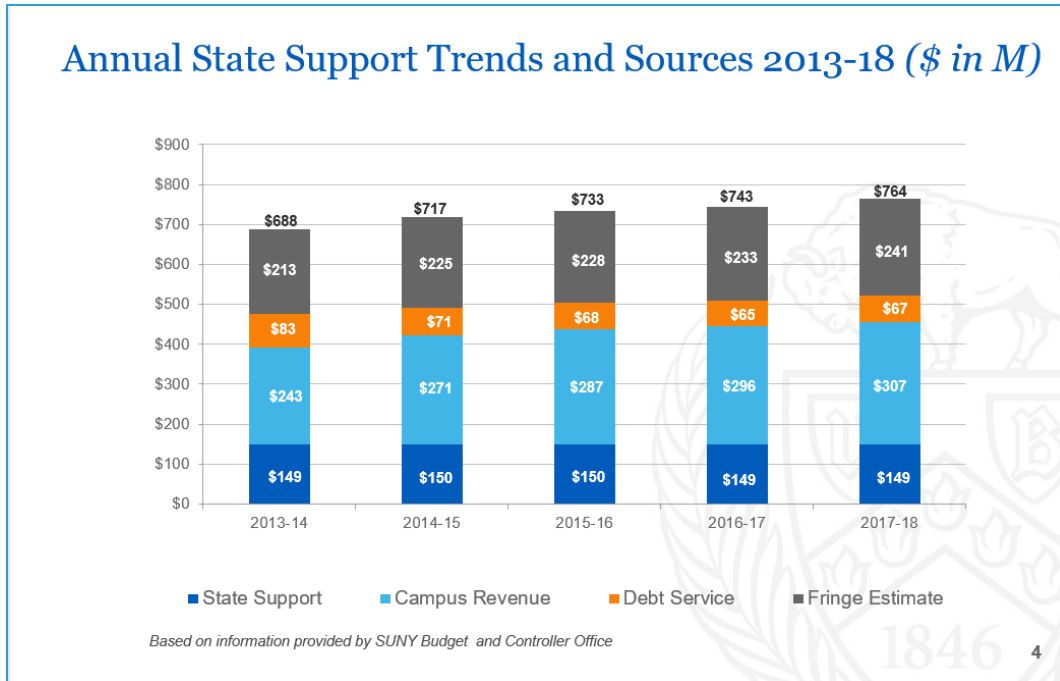
The chart below shows the trend in enrollment and funding across New York State for Higher Education.



The chart below illustrates that UB continues to be more reliant on tuition revenue as the primary source of funding.



In addition to direct state tax support, New York state also covers debt service and fringe benefit cost for UB.



# Issues and Actions

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## 1. Issues and Challenges Affecting UB Budgets

Like many public higher-education institutions, UB is faced with a growing number of challenges. Among them are new unfunded mandates, limited availability of resources, as well as adapting to the evolving role public universities are asked to play in the community, and in the lives of its students and faculty who make our work possible.

UB's Annual Resource Planning Process (ARPP) has plotted a course to address these challenges. Without the ameliorations outlined in UB's plan, the university will be encumbered with rising costs, shrinking resources and outsized expectations, which can stall or even negate our hard-earned progress. Below is an overview of the most pressing challenges affecting UB's budgets.

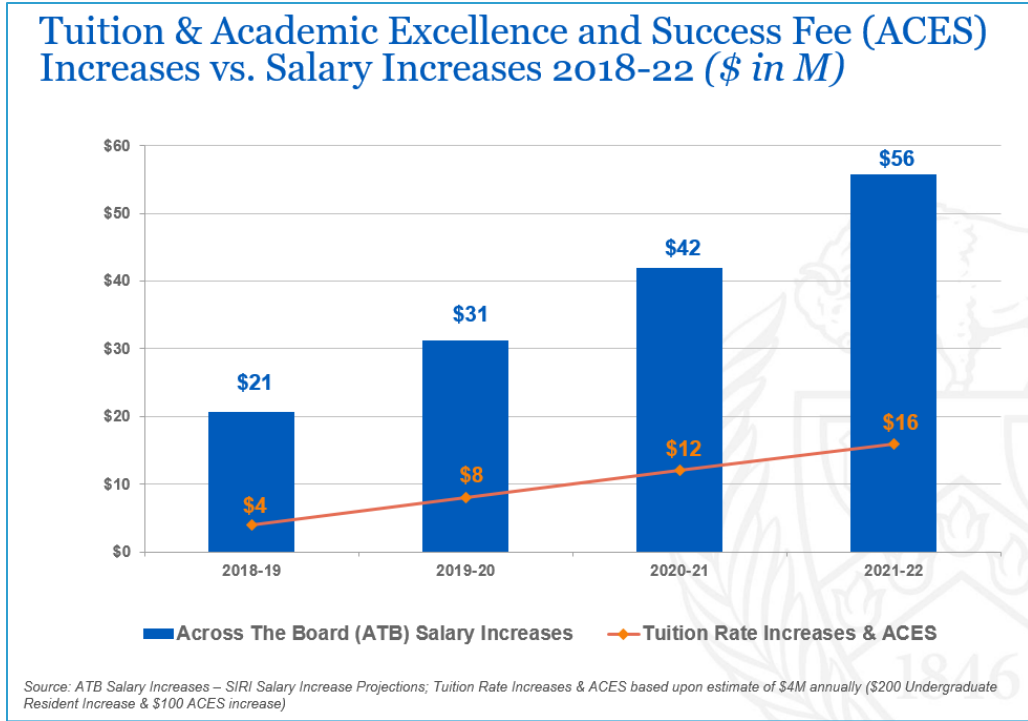
### **Contractual**

#### ***Personnel (\$80M+ impact)***

The university's most pressing financial concern is unfunded negotiated salary increases. The funding of one-time retroactive costs associated with the new contract helped offset some of the immediate impact; however, we estimate that the new contract will cost UB \$50 million recurring when fully executed. This is in addition to the \$30.6 million already incurred under the last contract, bringing the university's total cost to at least \$81 million recurring, with no associated increase in recurring sources. As the university continues to address this recurring obligation and we find efficiencies to offset these costs, we anticipate our reserves would be completely depleted if another contract's negotiated salary increase went unfunded. A long-term strategy will need to be reached to address this issue.

The chart below compares projected recurring cost associated with contractual raises vs. growth in revenue associated with rate increases to undergraduate resident tuition and the Academic Excellence & Success (ACES) fee.





***Campus services***

The new campus bus contract that was negotiated in 2012 and ends in 2022 still has an impact on UB’s finances. The cost of the contract has risen and is expected to continue to rise for the foreseeable future.

**Tuition Revenue and Enrollment**

***Tuition Revenue***

The extension of NY SUNY2020 has meant that tuition revenues have increased only modestly over the last year.

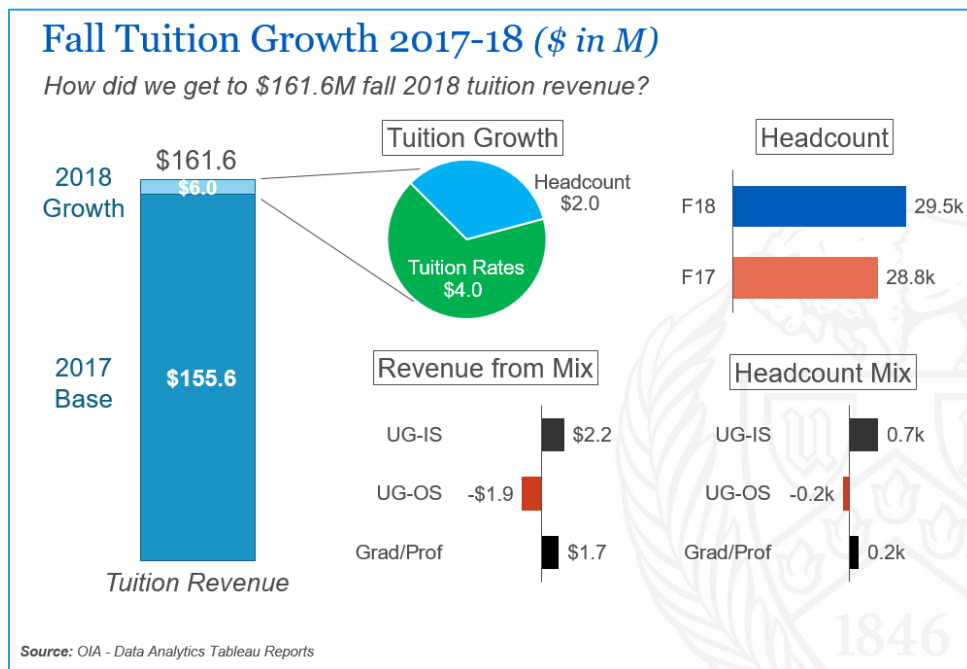
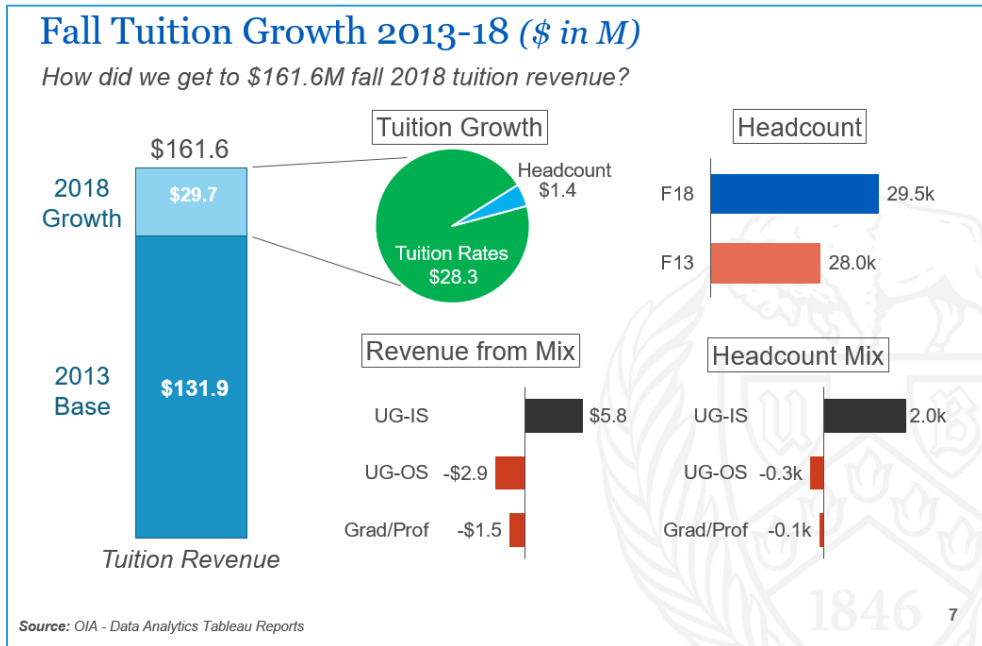
***Enrollment***

Through Integrated Resource Planning and the newly implemented data analytics function, UB has made a concerted effort to use data to mitigate recent trends in declining international and graduate enrollment and the consequent decrease in tuition revenue. While the decline has stabilized in several areas in 2019/20, the lingering impact is a continued decline in tuition revenue generated per credit hour at the university.

Simultaneously, while undergraduate enrollment continues to grow, primarily from resident and Excelsior eligible students, this growth is in the group with the lowest tuition rates. It takes three resident undergraduate students to replace the lost tuition revenue from one student from all other tuition groups.

As undergraduate enrollment grows, this growth does also put pressure on our already overtaxed infrastructure, and increases costs for academic support services such as

student academic advising, university libraries and student services. The charts below illustrate the impacts of these dynamics.



## Ph.D. Student Stipends

The excellence of UB's PhD programs is critical to UB advancing among the nation's very best public research universities. In fall 2019, UB launched the PhD Excellence Initiative, a student-centric effort focused on enhancing the education of the next generation of scholars and researchers. UB will establish a floor for stipends paid to full-time funded PhD students

on 10-month TA/RA/GA appointments. Academic deans are asked to review their programs and create plans that:

- ensure PhD student obligations are balanced between scholarship and teaching
- provide funding for all full-time funded PhD students for the duration of their PhD program
- result in attracting exceptional students to our programs
- Additional investments may be made in PhD programs that demonstrate strong plans for innovative programs leading to excellence.

## **Capital**

### ***Academic Space Needs***

We were pleased with the slight increase in the capital allotment in this past year's budget, however, that funding remains significantly below capital funding levels before the recession.

UB's needs in the area of deferred maintenance have grown exponentially and have risen to \$521 million.

Due to budget cuts in 2013 and undergraduate enrollment growth, UB's physical space and infrastructure have become inadequate to support our growing student needs. Continued enrollment growth will be highly dependent upon our physical capacity to accommodate additional students. Our physical space and infrastructure limitations are resulting in lost tuition revenue which could otherwise help cover our rising operating costs.

UB conducted an analysis of our academic space utilization and, according to a recent space utilization study, we exceed national benchmarks for classroom utilization.

### ***Holistic Capital Planning***

Expectations surrounding UB's ability to address capital issues in a comprehensive manner also remain an area of concern.

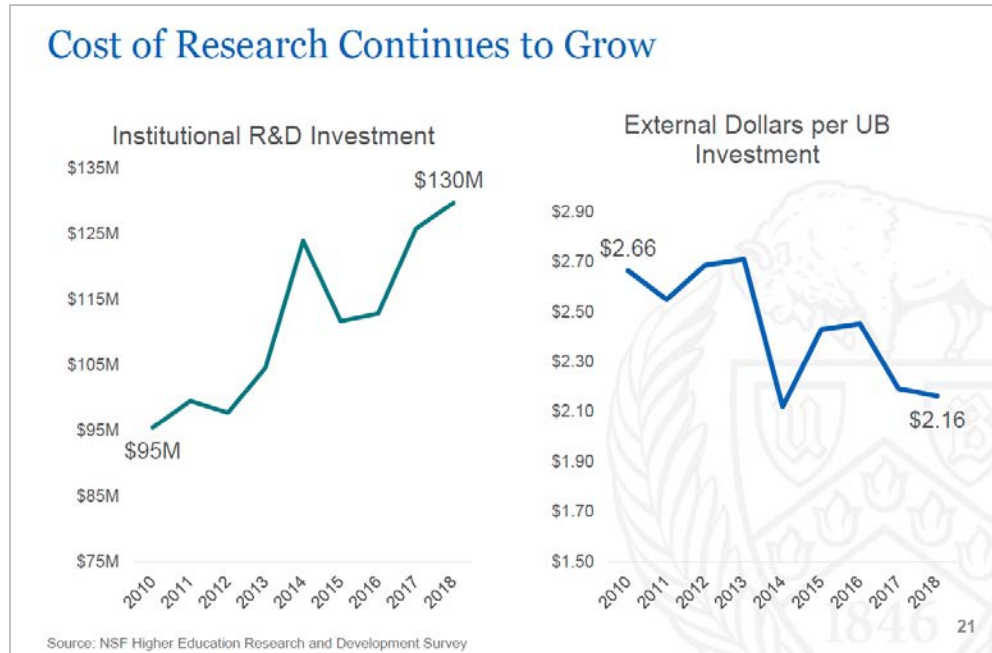
Though the university is pursuing efficiency measures to defray these costs, there is a point at which cuts will begin to negatively impact academic quality, faculty recruitment and retention, and the student experience.

While the university continues to support efforts to diversify and grow our student body while also providing a safe and inclusive campus, these efforts come at a cost.

We consider these costs to be a sound investment in our future and the future of our students, however, resources allocated to these initiatives require resources being shifted away from other areas of investment.

## Research Costs

As we continue to grow our research enterprise and support scholarly excellence addressing scientific and social issues, UB is bearing a greater share of the cost.



## 2. Actions to Address Fiscal Challenges

Like most public research universities, we continue to experience declining/flat state support and are increasingly dependent upon tuition revenue. In a time of tightening budgets and growing requests for state aid, UB realizes that it must make internal changes in order to responsibly manage its financial resources. We have already initiated a series of changes to help us remain fiscally sound, while retaining enough resources to invest in critical near-term needs. As helpful as these decisions have been, they cannot close the gap, and an infusion of new resources is required to maintain UB's competitive edge and meet our strategic goals.

Some of the steps we have taken include the following:

### Planning

- We are currently conducting a comprehensive review of our budget model in hopes of further maximizing our existing resources.
- We have added workforce planning to our ARPP as we continue to prepare for unfunded negotiated salary increases. All units have been undertaking strategic planning efforts; the workforce staffing plans will emphasize the need to restructure our workforce to align state operating sources with uses. We are also focused on being responsible and intentional in our hiring and on rethinking staffing strategies as a result of operational excellence initiatives and shared central resources.
- We developed a multi-phased approach to achieve our Capital Master Plan aspirations.

- We adopted Integrated Resource Planning. Through this planning process, we are engaging units on an annual basis, implemented a new budget model, conducted outreach on the importance of prioritization and resource reallocation, and employed multi-year financial planning in order to identify cost-savings.
- We convened a Space Utilization Study and made progress in aligning our budget models with enrollment and tuition information.
- We created a data analytic function that provides both central and units with department and program level information, which is used to forecast enrollment, tuition and resource planning.
- We implemented multi-year utilities planning to achieve energy savings.
- We support the continued implementation of the Enrollment and Resource Planning Calendar.

## Technology & Business Process Solutions

UB has embraced a number of technological and business process solutions to reduce costs and better manage our resources, as part of our university-wide Operational Excellence initiative.

*Learn more about [UB's Operational Excellence initiative](#)*

- The implementation of the **Shop Blue e-procurement system** has enabled UB to streamline its purchasing process, enhance spending visibility and control and fully utilize the contracts negotiated by the purchasing department.
- The implementation of new **learning management systems like EDGE, travel solutions like Concur Travel and Expense system, and Time and Attendance system** are reducing costs, simplifying processes, creating a culture of continuous improvement and maximizing human resources.
- We are working on the implementation of **UPlan, a new budgeting, planning and forecasting system** that will improve accuracy and efficiency, and support scenario planning.
- We are streamlining our **capital rehab project process** to be more efficient.

## State-controlled dependencies

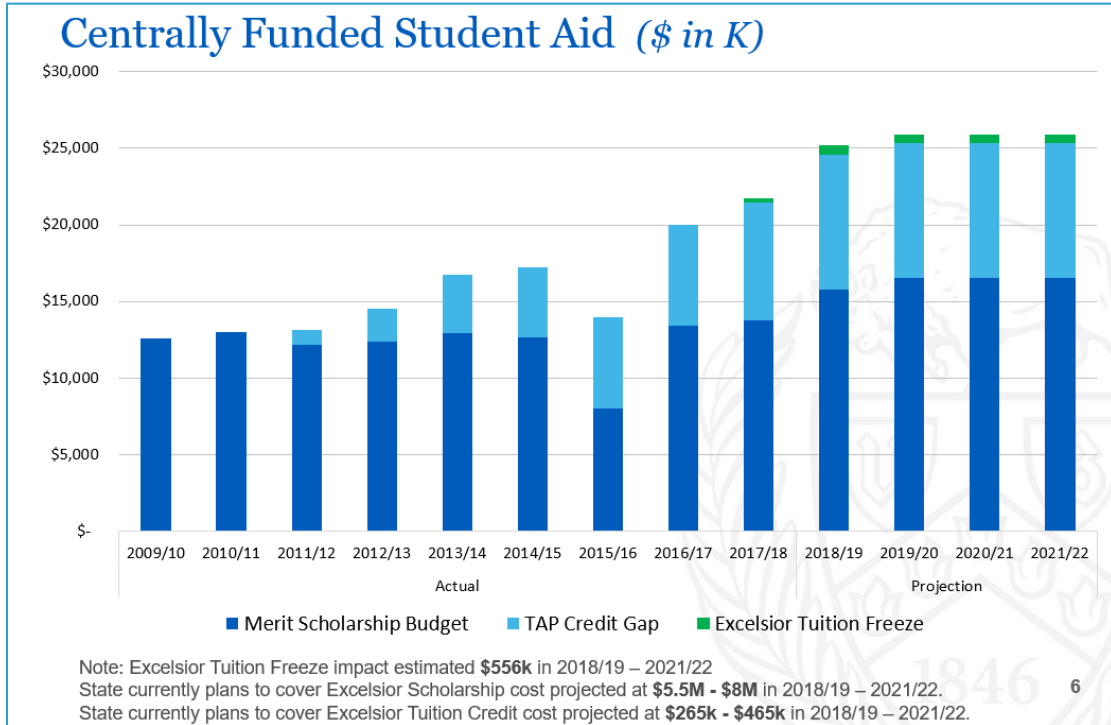
While UB has taken a number of critical steps to help defray the impact of rising costs and shrinking net resources, the university alone cannot fully mitigate the negative impact of this trend. An increase in state operating support must be a major legislative priority. Without an increase in state support, mission-based strategic educational and research investments will be nearly impossible.

In particular, SUNY colleges and universities are bracing for the major financial impact of negotiated salary increases combined with the financial impact of the TAP tuition credit.

Capital funding will remain a priority during this year's budget. Capital funding advocacy must include funds for critical maintenance and strategic priority projects including major building renovations and new buildings. UB is experiencing an increase in demand for

STEM programs. STEM programs require modern laboratories and facilities; and space for both classroom and laboratories is strained.

In addition, UB will be seeking SUNY support for amending the Excelsior Scholarship Program so that incoming freshman tuition rates are not frozen at the 2016-2017 level for four years.



The implementation of a two-year broad-based fee approval process was a welcome step to inform students of increases a year in advance. We are also seeking an improved integrated tuition planning process with SUNY, so that students are informed and able to plan for the tuition costs a year in advance. This is something that the students are requesting, as they continue to be frustrated with increases that are communicated after their initial bill is received.

Fees remain an important component of the university’s funding model and UB will work with SUNY to ensure that fees remain both reasonable and at levels that support our mission.

# Budget Planning

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## 1. Annual Resource Planning Process

The Annual Resource Planning Process (ARPP) provides a framework for the university to review our financial capacity, align our current resources to support our priorities, and assess potential areas for new investment.

### **Guiding Principles: Annual Resource Planning Process**

UB utilizes an Annual Resource Planning Process (ARPP) to plan for its financial needs. Guided by five principles, our planning process takes a holistic approach to identifying university needs and allocating available funds to support both individual unit needs and the strategic priorities of the university a whole.

- 1) **Strategic** - The plan aligns incentives with our mission and strategic behaviors.
- 2) **Predictable** - The plan builds models that provide a reliable foundation for planning.
- 3) **Flexibility** - The plan builds models that anticipate and are responsive to changes in the economic environment as well as incorporating appropriate risk management strategies.
- 4) **Integration** - The plan considers the university as a whole and make intentional connections between organizational needs and priorities.
- 5) **Stewardship** - The plan exercises prudence in managing university resources, diversifies revenue streams to promote resilience, maintains appropriate reserves and rewards efficiency and effectiveness.

Tightly woven into our ARPP are UB's four strategic goals that will help us achieve our vision of advancing to the nation's top 25 public research universities.

### ***Collaborative Approach***

During the ARPP, UB's Provost and office of the Vice President for Finance and Administration (VPFA) collaborate with units to plan for future years. The process encompasses the review of many different factors including enrollment, tuition revenue, staffing, research expenditures and proposals, endowments, unit spending plans, capital/space, risks and contingencies, and investment proposals. The budget planning process looks at funding priorities through these lenses:

- Comprehensive asset/liability management
- Integrated, single-institutional point of view
- Long-term in nature
- Analyze returns on investments

- Proactive
- Dynamic and scenario-based
- Transparency

Also, during the ARPP, the VPFA's Resource Planning team collaborates with UB's Student Life Educational Affairs units to set student fees for specific services and ensure that the university is accommodating their needs. This outcomes of the ARPP are submitted to SUNY for approval before implementation.

## **Planning Phases**

The ARPP consists of three phases:

### **Phase 1 – Three Year Plan information collection (September – mid-January)**

- Key Outcome: Share guidance based on the university's financial position to assist units in providing their input and needs through the Three-Year Plan workbook.

### **Phase 2 – Analysis, Discussion & Decision-Making (mid-January – March)**

- Key Outcome: Gain a shared understanding of the unit's position and needs so as to inform the Resource Planning decisions of Senior Leadership.

### **Phase 3 – Closure of Annual Resource Planning Process (April-August)**

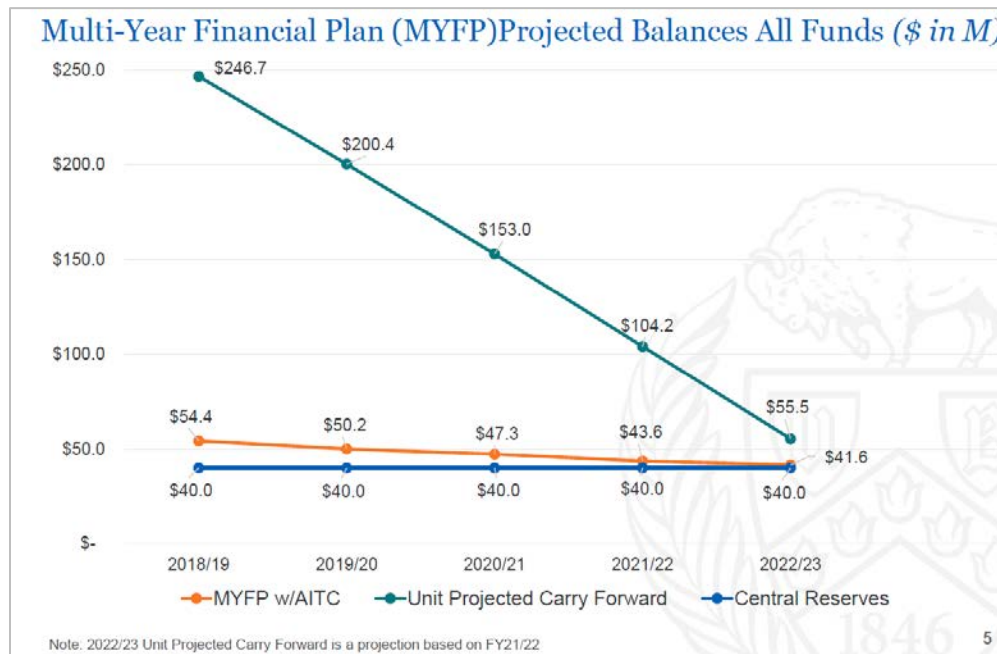
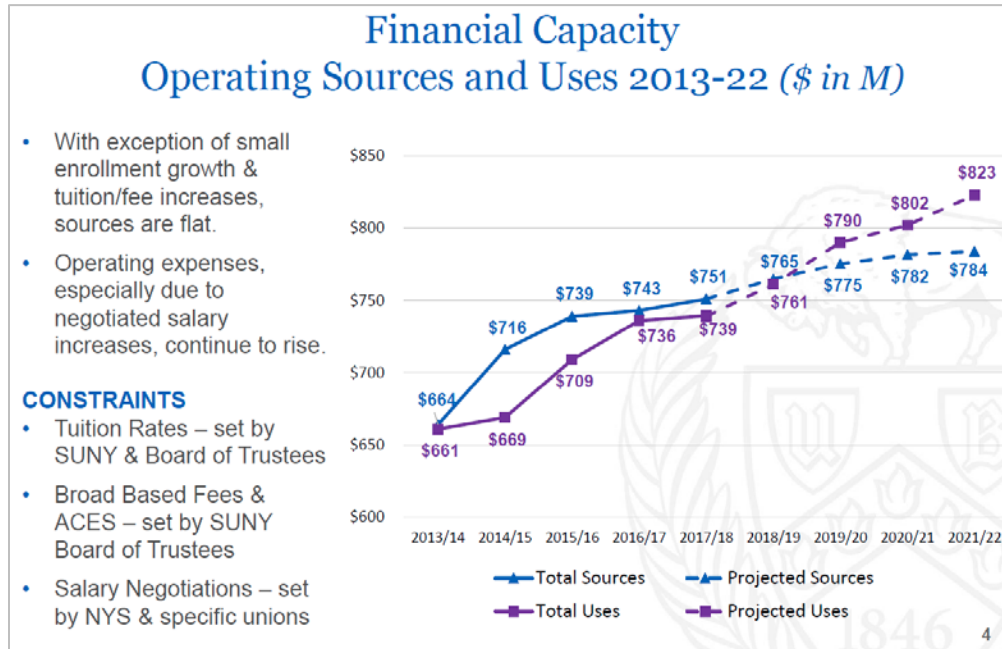
- Key Outcome: Confirm unit expectations and outcomes in order to finalize Three-Year Plans and implement Resource Planning decisions.

VPFA loads new fiscal year budgets in the financial system for July 1 implementation.



## 2. Financial Capacity

Existing balances will be utilized to help fund the projected quicker growth in cost vs. sources of revenue, primarily associated with unfunded salary increases.



## Key Questions for Three-Year Plan and Presentation

### ACHIEVING GOALS

How are you using your budgets to achieve unit and institutional goals?

How are you ensuring that investments are being used and having impact as intended?

### ALIGNING RECURRING SOURCES & USES

How are we ensuring recurring sources and uses are aligned for all funding sources?

To ensure sustainability, how are you restructuring your unit workforce to align state operating sources with uses?

### WORKFORCE PLANNING

Can staffing strategies change as a result of operational excellence initiatives/shared central resources?

Are there ways to be more efficient/effective?

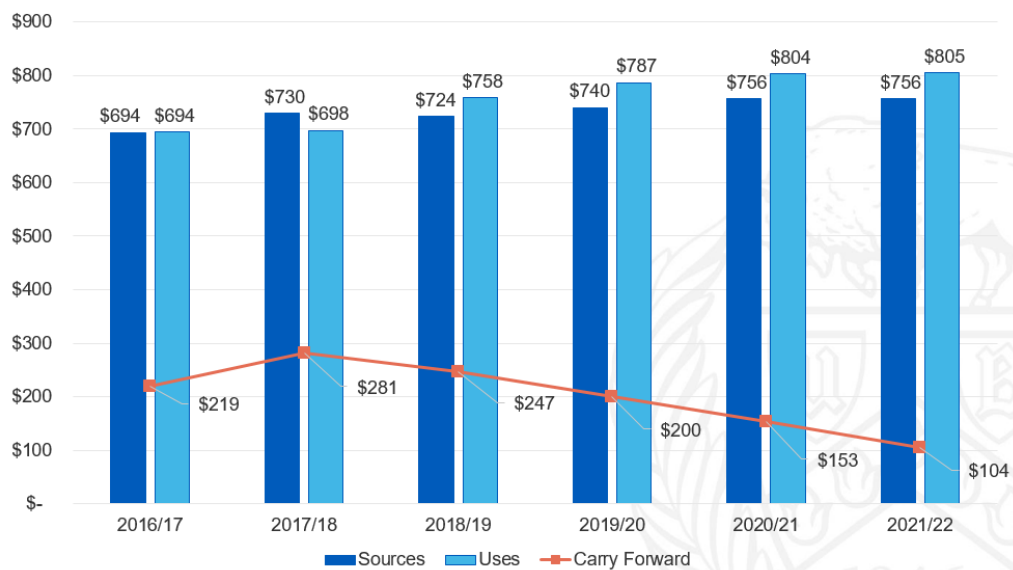
### ENROLLMENT

What programmatic changes could you introduce to meet enrollment and mix goals?

How do we manage enrollment growth and what are the implications for campus services and facilities?

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## Unit Workforce Planning Analysis (\$ in M)

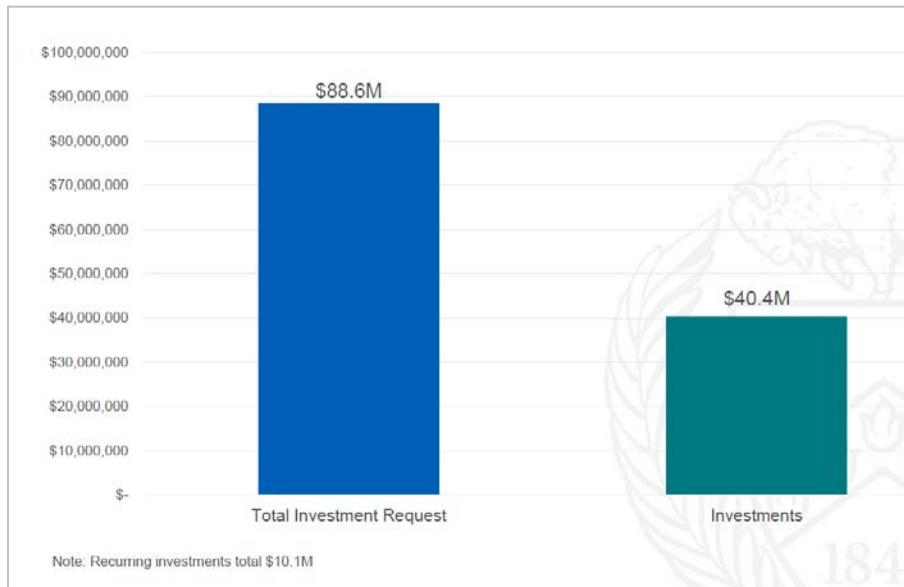
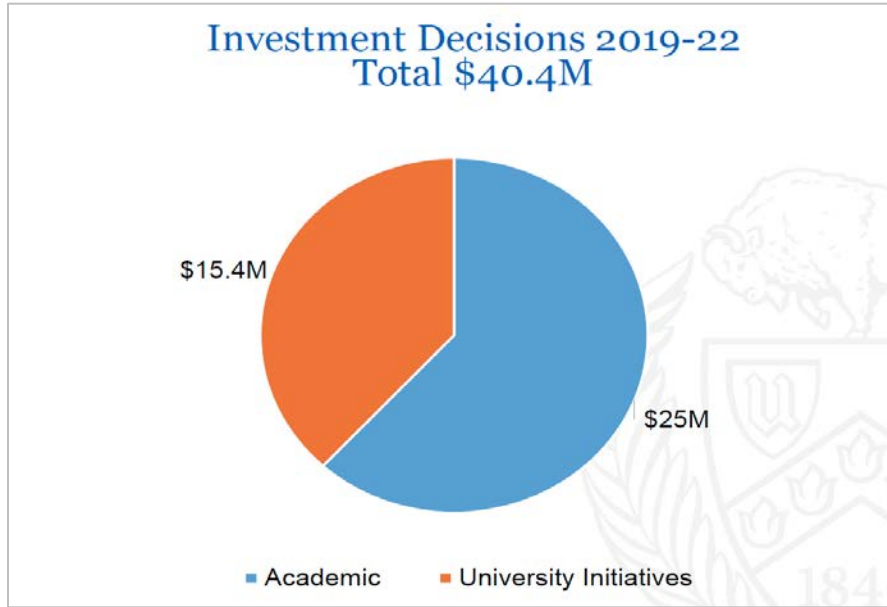


Unit balances from January TYP Submissions, does not include the FY19/20 \$14M for retroactive salary increases from State Budget

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# Investment Decisions

## 1. Investment Requests & Funding



In 2019-2022, UB decanal and vice-presidential units submitted requests for investment funding of \$88.6 million, approximately 46% (\$40.4 million) of which was approved. Funding for these initiatives came from enrollment growth, the Academic Excellence and Success fee (ACES), tuition rate increases and strategic reserves.

Of the investment funding that was approved, 62% (\$25 million) was for academic units while 38% (\$15.4 million) was for university-wide initiatives, which are described in the next section.

## 2. Investment Detail

UB's funded investments will support these important university-wide objectives:

### **Sustaining Programmatic Excellence**

- Salary increases allow units to maintain faculty and staff excellence
- Increase instructional facilities/classroom budget
- Invest in operation of Medical Campus
- Crisis Services Advocate
- Build office of Academic Integrity
- Fund office of Educational Effectiveness
- Retain undergraduate enrollment expansion infrastructure

### **Enhance Diversity**

- SUNY PRODiG
- Develop hiring processes to enhance diversity
- Center for Diversity Innovation Senior Scholars program
- Cultural and research centers for African American, Latinx, Indigenous Peoples and LGBTQ+ communities

### **Increase Research Activity and Impact**

- Laboratory upgrades/enhancements
- Recurring investment in Research and Economic Development:
- UB Shared Equipment
- Research Support Resources
- Looking at Communities of Excellence moving forward
- PhD Excellence Initiative

### **Educational Programs: Innovation & Effectiveness**

- Extend Center for Educational Innovation
- Online Education: Creation of new markets (SUNY Online)
- Improve student outcomes through Artificial (Assistive) Technology

## **Targeted Enrollment**

- Growth & Support
- Strategically build application pipeline and recruitment efforts
- Masters vs. undergraduate
- Role of nontraditional students/credentials
- Physical infrastructure/repopulate South Campus

# Budget Model

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*Note: We are evaluating the impact of the Excelsior Scholarship program. Units will be credited any impact due to Excelsior toward their Tuition Revenue targets.*

## 1. Base Budget

A unit's base budget comprises the following:

- a 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

For July 1 budget implementation, the base budget is delivered to the unit in recurring state operating funds at the beginning of the fiscal year.

## 2. Enrollment and Tuition Revenue

Headcount targets for the next fiscal year are discussed in the fall through meetings with academic units led by the Vice Provost for Enrollment Management (EM), in collaboration with the Associate Vice President for Resource Planning (RP) and the Associate Vice President & Director of Institutional Research (IR).

### **Planned Enrollment Growth**

Increased headcount can have a widespread effect on the university by increasing demand for campus housing, dining, classroom space, required classes, and more. Units are therefore required to work closely with the Provost to implement plans for enrollment growth.

If a unit is proposing enrollment growth, the unit will work with Resource Planning to develop an enrollment growth pro forma, which is submitted as part of their annual plan.

If an academic unit receives additional funding to support enrollment growth, funds are delivered in non-recurring state operating dollars the following year on August 15.

The results of the enrollment growth investment agreement will be evaluated for a minimum of two years. If it is deemed successful, the university will consider increasing the unit's base budget and tuition revenue target in the third year based on the agreement.

### ***Unplanned / Unanticipated Enrollment Growth***

If a unit exceeds their tuition revenue target in a given year, and the growth was not anticipated (i.e., the growth was above the target), the university will determine whether or not the unit will receive non-recurring funds the following year as a result of the growth. The decision will be based on the following factors:

- Circumstances surrounding the growth (including growth in one unit driving growth in a second unit and fluctuations in admissions yield)

- Overall enrollment growth mix / university tuition revenue
- Impact on campus housing, dining, classroom space, College of Arts and Sciences classes, and UB Curriculum offerings
- Status of the university multi-year financial plan / Overall financial health of the university

***Tuition Revenue Target (academic units only)***

The university continues to advocate for tuition rate increases, however, in planning for their budgets, units are directed to assume tuition rates will remain at the previous years’ levels.

In order to continue to receive the same base budget each year, each unit will need to maintain its tuition revenue target.

The primary metric that determines the academic base budget is the tuition revenue target, however, total headcount (new and continuing) and total credit hours are important inputs that affect the tuition revenue outcome and therefore need to be managed. For example, a decrease in out-of-state headcount may lead to a decrease in tuition revenue.

If a unit does not meet its tuition revenue target in a given year, the unit will return money to the university the following year in non-recurring state operating funds. The amount returned to the university is determined by the extent the unit fell short of its tuition revenue target:

**Tuition Revenue Shortfall Adjustment (TRSA)**

Band*	TRSA %
>2%	0%
2% to >5%	40%
5% to >10%	60%
10%	80%

*\*Bands: The purpose of the bands is to recognize that a unit may be unable to anticipate enrollment fluctuations (in which case the risk is shared between the unit and the university), as well as the opportunity for a unit to make short-term adjustments to lessen the impact of unanticipated enrollment shortfalls.*

If the unit does not meet its tuition revenue target again the following year, and the lower tuition revenue level is anticipated to continue, the unit’s base budget may be reduced by 100% of the tuition revenue shortfall. The unit’s tuition revenue target may also be adjusted to the new lower level permanently.

## Bottom Line → Where can you take **ACTION** for change?

What will have the greatest impact on your revenue/student?

### Undergraduate

#### Headcount

- Fall incoming FRESHMEN cohort size
- Fall incoming TRANSFER group (Fr/So/Jr/Sr mix)
- Spring incoming FRESHMEN cohort size
- Spring incoming TRANSFER group (Fr/So/Jr/Sr)
- Distribution of incoming students by school
- Distribution of total population by level or year#
- **Wedge-IN/OUT impact on distribution by school**
- **Retention rates (1<sup>st</sup> to 2<sup>nd</sup>, 2<sup>nd</sup> to 3<sup>rd</sup> ... etc.)**

#### Revenue

- Residency – NYS vs. OOS
- **Credit hour mix – by major vs. service**
- **Pay factor (impacts cost, impacts NET revenue)**
- Changing tuition rates

### Graduate & Professional

#### Headcount

- **NEW students** (fall, spring, summer)  
Direct result of **Applications** → **Offer** → **Yield**
- **Continuing rates by school/level (year by year)**

#### Revenue

- **Residency – NYS vs. OOS**
- **Population mix – by level, department, plan**
- **Number of supported students**
- **Percent full \$ potential (F/T vs. P/T population)**
- **Pay factor (impacts cost, impacts NET revenue)**
- Changing tuition rates

**RED indicates factors that academic units can influence (ACTION)**

UBO Retreat ("Enrollment Analytics") – Fall 2017

Presented by Brian O'Connor (boc@buffalo.edu)

## ***Tuition Increase Revenue Share (Academic Units only)***

In a year in which there is a tuition rate increase, the university will retain 50% of the revenue generated as a result of the tuition increase. This revenue will be placed in a pool to be used for investments in special initiatives, academic infrastructure, and academic support needs.

The remaining 50% will be placed in a pool from which academic units might receive investments based on meeting established performance metrics or other criteria, for academic initiatives, or by requesting these funds.

There will be no tuition shares for academic support units, although these units continue to have an opportunity to discuss budget needs as part of the Annual Resource Planning process.

## ***Summer & Winter Session Enrollment***

Summer and winter session enrollments cannot be counted in fall or spring enrollment totals; enrollment in these sessions do not generate state tax funding. The costs of offering summer and winter session courses are expected by SUNY to be funded from tuition revenues earned in those courses or from other institutional revenues. The university must also fund the indirect costs from tuition revenues or other institutional sources. SUNY will assess a 24% flat tax on gross summer and winter session revenue to fund fringe benefit costs incurred by faculty appointments made to deliver these courses and services.

The summer/winter baseline represents the revenue associated with the base credit hour enrollment. This is calculated by projecting the value of the base credit hours (generally equal to 2008 summer credit hours) at the expected tuition rates for each enrollment category in each year.



Units receive 51% of the gross revenue generated beyond the unit's revenue baseline.

If a unit does not achieve 2008 credit hour baseline levels at the undergraduate, graduate and professional levels, respectively, that unit may lose funding up to the amount equal to the lost institutional revenue for every credit hour below the baseline level.

### 3. Fees

#### **General University Service Fee (GUSF) – 13%**

GUSF of 13% remains in effect and is charged on external revenue deposited into Income Fund Reimbursable (IFR), University at Buffalo Foundation (UBF), Research Foundation (RF), or Faculty Student Association (Campus Dining and Shops) accounts as outlined in the Disclosure of All Funds Policy.

*Learn more about [General University Service Fee \(GUSF\)](#)*

#### **University Fees**

University Fees represent all non-service center fees on campus. There are three distinct categories based on level of approval required.

- 1) **SUNY Board of Trustee Approved Fees** - University-wide fees paid by students as a condition of attendance. Examples include comprehensive fee, admission deposits, etc.
- 2) **SUNY Chancellor Approved Fees** - Mandatory student fees with set amounts assessed by all campuses due to a student's action or inaction, campus-specific fees for special services or campus-specific user fees. Examples include undergraduate application fees, music instrument rental, library fees and fines, etc.
- 3) **Campus Approved Fees** - Customer fees for services. Examples include non-credit bearing course fees, residence hall charges, etc.

*Learn more about [University Fees](#)*

#### **Service Center Fees**

Service centers provide services that support the internal operations of the university or can provide services to external users. Service center fees recover the cost of operations of the service center.

*Learn more about [Service Center Fees](#)*

*Learn more about [Financial Management of Service Centers Policy](#)*

#### **Broad-Based Fees**

Broad-based fees are 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. During the ARPP, units have the opportunity to share five-year fee requests as well as information on the planned utilization of funds between mandates and strategic investments. The information provided will be considered during the preparation of the university's final request to SUNY for Broad-Based fee rate increases.

*Learn more about [Broad Based Fees](#)*

## **Higher Education Price Index (HEPI)**

The current fee policies state that “Annual Broad-Based Fee increases should be no greater than the Higher Education Price Index (HEPI) unless there is a compelling case.” For 2019/2020, assume the maximum annual broad-based fee weighted average HEPI percentage to be 2.00%.

*Learn more about [Higher Education Price Index \(HEPI\)](#)*

## **4. Campus Dining and Campus Living Rates**

Campus dining rates and campus housing rates are evaluated on an annual basis and may be subject to adjustments. Senior leadership works with the Vice President for Student Life to review these rates amongst a student's total cost of attendance.

*Learn more about [campus meal plans](#) and [campus housing costs](#)*

## **5. Faculty & Staff**

### **Negotiated Salary Increases**

The university continues to advocate for the State to fund state salary increases, however, there are currently no plans for state funding. Therefore, units are advised to assume salary increases will be unit-funded and factor that cost into their budgets. Units are advised to use Salary Increase Projections resources, provided to them as part of their resource planning process.

### **Fringe Benefits Rates**

Fringe benefits are part of a regular employee's remuneration package that is not pay (*expressed as a percentage*) which may or may not be charged directly to an account. This includes payroll taxes, health insurance, retirement and other benefits. For State Operating accounts, these benefits are paid directly through the Office of the State Controller and are not charged to campus accounts.

*Learn more about [Fringe Rates](#)*

### **Salary Recovery – 20%**

The Salary Recovery Fee is a flat fee, charged at a rate of 20% on Salary Recovery funds deposited into Income Fund Reimbursable (IFR) Accounts. These funds help to preserve research infrastructures, services, and faculty compensation. Salary recovery funds are considered core state support reimbursing the State for faculty member time spent conducting research.

*Learn more about the [Salary Recovery Fee](#)*

## **6. Indirect Cost Recovery (ICR) – 12%**

Each year, a percentage of indirect costs recovered from sponsored projects is distributed to university entities based upon the affiliation and relative contributions of key personnel to project objectives. At the discretion of the Provost, ICR distribution may occur to other (non-academic) university entities. The current ICR distribution rate is 12%. Delivery of the 12% ICR distribution for the prior year occurs in August.

*Learn more about [Indirect \(F&A\) Cost Recovery and Distribution policy](#)*

## **7. Royalty and Patent Income**

Central university funding for Royalty and Patent Income is part of the University Internal Financial Plan and committed based on the recommendation and approval of the Provost, VPFA and President as part of the ARPP.

# Unit Budget Sources and Uses

## 1. Funding Sources

The tables below note the common funding sources comprising campus unit budgets and the utilization of those funds. Each unit is required to align their costs to the appropriate sources.

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 Govt.  Allocated to 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  On-campus apartment rent  Clinic and other self-supporting program revenues
Primary Stakeholder	Students: our main customer  NYS taxpayers	Students: our main customer	Students: our main customer	Students: our main customer	Students: our main customer	Students: our main customer  Grant sponsors	Students: our main customer  Donors  Community

State Funds:							
Funding Type Uses	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	NA	NA	55.88% on salary expenses	27.51% assessed on revenue	55.88% 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

## **State Operating**

State operating accounts are funded from state tax dollars and campus revenues from tuition and certain other sources. Units receive a state operating allocation as part of their base budget. Changes to unit state budget allocations are commonly the result of budget model implementation and strategic investments awarded through the annual resource planning process.

## **Income Fund Reimbursable (IFR)**

IFR accounts are self-supporting accounts that track cash collections and matching expenditures associated with educational and related activities provided to students and other customers. An IFR account differs from a State Operating account in that it is supported by cash receipts. The source of the revenue determines whether the General University Service Fee will be assessed. The primary sources of revenue for IFR accounts include:

- Salary recovery (payment from Research Foundation grants for the salary and fringe benefits of individuals on the State payroll who work on sponsored programs)
- fees, fines, deposits and rentals (course fees, parking, photocopying, rental of campus facilities, library fines, etc.)
- state grants and awards
- continuing education programs.

## **State University Tuition Reimbursable (SUTRA)**

State University Tuition Reimbursable Accounts funding is generated from self-supporting overseas programs, contract courses, summer and winter session tuition. Units receive summer session base budget and tuition revenue share via commitments solidified through the ARPP process. SUTRA accounts operate similar to Income Fund Reimbursable accounts.

### ***Dormitory Income Fund Reimbursable (DIFR)***

Dormitory Income Fund Reimbursable is a group of accounts that are self-supporting and used to administer residence hall room rental fees and charges. DIFR accounts operate similar to IFR accounts.

### ***Research Foundation (RF)***

Research Foundation accounts record research, instruction, training and economic development activities conducted under the direction of university faculty and staff and funded by organizations both external and internal to the university. There are two distinct types of RF accounts: Sponsored accounts and Non-Sponsored accounts.

Sponsored accounts are funded by sponsors external to the university and are used for programs of research, scholarly and creative activities, education and training, and public service.

Non-sponsored accounts are funded by indirect cost dollars. The University receives Indirect Cost funds as reimbursement for overhead costs associated with sponsored

research. Indirect Costs, also known as Facilities and Administrative (F&A) costs or overhead costs, are real costs related to sponsored projects that are not easily attributable to individual projects. Examples include maintenance, security, heating, cooling, lighting, space, disposal of hazardous waste, secretarial support, the library, and cost of compliance with government regulations.

UB recovers the total direct costs and indirect (facilities and administrative (F&A)) costs for each sponsored award unless specifically prohibited or limited by the funding agency. Because indirect (F&A) costs cannot be readily assigned to a particular sponsored project or activity, they must be recovered from funding agencies through the application of the federally approved indirect (F&A) cost rates. When allowed by the sponsor, all proposals for external funding must include a budget request for indirect (F&A) costs using the appropriate federal rate.

**Royalty Income\***: Royalty income is realized from the commercialization of UB intellectual property. When UB intellectual property is licensed and generates royalty for UB, that royalty is shared with those who made the innovation, in accordance with the Royalty Distribution Policy. After paying the inventors' share of royalty income, the remaining portion is shared across departments and schools of the inventors, as well as with the university. The department, school and university share of Research Foundation non-sponsored funds must be used to support scientific research or education.

*\*All royalty income designated to a campus allocated account MUST be utilized for the support of scientific research or education per the Bayh-Dole Act which governs intellectual property arising from federal government-funded research. Since the majority (if not all) of UB intellectual property (IP) arises from federal-funded research, all IP is managed by Bayh-Dole Act.*

Learn more about the [Bayh-Dole Act](#)

**Patent Income**: Patent reimbursement funds support the UB Technology Transfer Office (TT), through the Vice President of Research and Economic Development (VPRED) in the Internal Financial Plan and recouped by the university through patent reimbursements.

### ***UB Foundation (UBF)***

Funds managed by UBF support and promote UB activities and programs. UBF accounts are funded primarily from gifts, endowed funds, grants and fee revenues.

Learn more about [UB Foundation funding sources](#)

## Financial Section

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Each year, UB issues its Overview of Financial Activities, which is designed to provide UB's leadership with a comprehensive, high-level summary of financial information campus to assist with decision making. The report comprises three sections: Core Operating Activities, Other Financial Highlights and Annual Financial Statements.

- 1) **Core Operating Activities** - Examines UB's core financial operating activities, as defined by the university.
- 2) **Other Financial Highlights** - Reports on other financial activities within and outside of UB's core operating activities. Analysis includes UB's endowment fund investments, long-term debt funded with operating dollars, general university service fee and sponsored research activity.
- 3) **Financial Statements** – The appendix to the Overview of Financial Activities contains the unaudited financial statements for the University at Buffalo (UB) and its component units.

View the current version of [UB's Annual Overview of Financial Activities](#)