

University at Buffalo
2015/16 Annual Resource Planning Guide

To assist you in your preparation and planning for 2015/16 Annual Resource Planning process, we wanted to provide the following information:

- **Strategic Financial Planning Framework**: The framework established during the 2014/15 process, *to engage strategic and financial planning models that ensure a financially sustainable and resilient university for the future*, is still in effect for 2015/16.
 - **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
 - **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.
 - **Goals**
 - Predictability-We build models that provide reliable foundations for planning.
 - ❖ Establish and maintain a published planning calendar.
 - ❖ Ensure clarity and consistency in the budget model and in distribution methodologies;
 - ❖ Eliminate an unnecessary complexity in our budget model and accounting practices;

- ❖ Establish policies that clarify the intended purposes of different funding streams.
- Flexibility-We build planning models that anticipate and are responsive to changes in the economic environment; we incorporate appropriate risk management strategies.
 - ❖ Remap budgets to funding streams to maximize revenues and ensure that funds available match our strategic purposes.
 - ❖ Establish disciplines around reserve levels-both at institutional and unit levels; maximize reserves at decanal and university levels and minimize held by programs/individuals.
 - Insufficient reserves=lack of flexibility
 - Excessive reserves=not fully utilizing our resource capacity
- Integration-We consider the university as a whole and make intentional connections between varying types of organizational needs and priorities.
 - ❖ Understand linkages between operating and capital budgets and needs—e.g., hiring and space; enrollments and classrooms.
 - ❖ Understand returns on investment and use them as long term financial planning and management strategy;
 - ❖ Understand where cross-subsidies exist and ensure they are consistent with strategic intent;
 - ❖ Recognize debt as an institutional resource and manage it accordingly.
- **University Goals for the 2015/16 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
- **2015/16 Annual Resource Planning parameters:**

- **State Allocation**: SUNY submitted their budget to NYS on October 1st and at this time our 2015/16 state allocation is unknown.
- **Tuition and Fees**: The SUNY Board of Trustees plan to approve the final 2015/16 tuition fees at their spring 2015 meeting. Discussions have begun related to an extension of the NYSUNY2020 Rational Tuition policy, however, we do not know at this time the status of tuition increases beyond 2015/16.
- **Enrollment**: The University continues to monitor enrollments and tuition revenue and the latest 2014/15 projection for your unit is provided in your TYP workbook.
- **Negotiated Salary Increases**: At this time, all negotiated salary increase costs implemented in 2015/16 will be budgeted and funded at the Unit level for 2015/16 and beyond. The calculations of these costs are provided in your Unit Three Year Plan workbook and on the SIRI Budget Planning dashboard.
- **Deficit Reduction Leave (DRL)**: University Human Resources have provided each unit a calculation of their potential DRL payments and all Units should continue to budget and fund these costs accordingly.
- **Budget Model-Tuition Revenue Growth Shares** will follow the model utilized during the 2014/15 Process.
 - Reconciliation of the 2014/15 actual tuition revenue growth will be delivered or collected in non-recurring state temporary operating funding in August 2015.
 - Tuition revenue growth shares earned by academic units at 25% under the current model and based on 2015/16 planned enrollments will be delivered in state recurring state permanent operating funds on July 1, 2015. There will be no fiscal reconciliation of unanticipated revenue growth or shortfall beyond planned levels during 2015/16. Any shortfalls and surpluses will be reconciled as part of the next year's budget planning process. When unit's actual enrollment exceeds its planned enrollment target, the unit will receive 25% tuition revenue growth for these surplus enrollments. If a unit does not meet its planned enrollment, that unit must provide back 100% of any planned tuition revenue reduction. This is necessary due to the institutional impact of failure to meet planned enrollments. Any adjustments to planned enrollment targets must be negotiated as part of the following 2016/17 budget process.
 - Continuing in 2015/16, under the current model, there will be no tuition shares for academic support units. Academic Support Units continue to have an opportunity to discuss budget needs as part of the Annual Resource Planning process.
- **Indirect Cost Recovery (ICR)**: the ICR 12% Distribution Policy remains in effect for 2015/16 and delivery of the 12% ICR distribution for the prior year will occur on or before August 2015.
- **State Funds Allocation and Use**: Each unit is expected to align their costs to the appropriate sources and in particular the use of state operating funds. As a University we must appropriately balance our use of state operating funds and therefore, we may need to initiate state operating fiscal fund swaps to balance the overall campus state operating fund balances. Resource Planning and Financial Services will continue to work with units as appropriate to explore opportunities for fund swaps.

- **Salary Recovery:** The 20% Salary Recovery assessment collected to general university accounts will remain in effect. 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.
- **General University Service Fee (GUSF):** GUSF of 13% remains in effect and is assessed on all funds generated through the use of University faculty or staff time and/or use of University facilities as outlined in the Disclosure of All Funds Policy. GUSF is a flat rate fee charged to external revenue deposited into IFR, UBF, RF, or CDS accounts. Transfers of revenue between funding sources will not be assessed GUSF. Please see link below for full policy.

<http://policy.business.buffalo.edu/Policy%20Library/General%20University%Service%20.pdf>

- **Graduate Tuition Scholarship (GTS) Allocations:** 2015/16 GTS allocations will continue at the same levels provided to each Unit in 2014/15.
- **Fringe Rates:** Projected fringe rates are anticipated at the following levels for the next three years (2015-16 through 2017-18):

Year	2015-16	2016-17	2017-18
Federal	56.88	58.30	59.92
Non-Federal	57.66	59.06	60.69

<http://www.buffalo.edu/administrative-services/managing-money/common-fees.html#fringe>

- **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.” Using SUNY’s weighted average methodology from last year produces an estimated HEPI of about 2.00% for 2015-16, however, we will receive further guidelines from SUNY on the percentage they will allow. For more information visit <https://www.commonfund.org/CommonfundInstitute/HEPI/Pages/default.aspx>
- **Endowment:** The University at Buffalo Foundation’s endowment was comprised of 1,150 individual funds that had a total market value of \$624.8 million at June 30, 2014. Both figures represent all-time highs for UB. During FY 14, new endowed gifts of \$10.3 million were raised. The endowment also generated \$28.1 million for FY 15 spending on various university needs. For budgeting purposes, units should plan for spending to increase 3% over the previous year’s spendable return, assuming: no drastic investment market fluctuations (e.g. 2008 and 2009 decline), which may necessitate a spending reduction & no significant new gift additions, which would result in an one-time annual increase greater than the standard 3%.
- **Investment Proposals/Strategic Initiatives:** Any 2014/15 unfunded investment proposals have been provided in your TYP workbook for you review and prioritization as part of the 2015/16 process. Please note, that there is limited funds available for new investment during the 2015/16 process. If funding is approved during the 2015/16 process, the commitment will be entered into the Internal Financial Plan for delivery. If there are not any conditions to be met prior to delivery, such as verification of a new hire or approval of a spending plan, the funding will be delivered and added to the Unit’s budget on or before July 1st.

- **New/Changes for the 2015/16 Annual Resource Planning Process:**

- **Strategic Priorities**-Academic units are asked to include strategic goals developed from recent conversations with the Provost.
- **Enrollment**-Summer and winter session enrollment information will be provided for planning purposes and integrated as appropriate into tuition revenue and fee projections.
- **Capital Projects and Space Needs**-A new tab is available to review current space use and prioritize space and capital project needs for your unit.
- **Financial Profile/Carry Forward/Spending Plan**-A new section has been added for each unit to provide their 2015/16 spending plan by major funding sources and expenditures. This will begin the discussion related to the future development of the concept of a *Unit Base Budget*. Additionally, UB Foundation has not been included, however, it reflected separately from the other funding sources.
- **Broad Based Fees**-In an effort to integrate the Broad Based Fees into the Annual Resource Planning process; two new tabs have been included for the units with Broad Based Fees. The tabs provide the opportunity to share the unit's five year request as well as information on the planned utilization of the funds between mandates and strategic initiatives.
- **University Fees**-In an effort to integrate all new fees and increases to existing fees into the Annual Resource Planning process; a new tab is provided which lists all existing fees as well as new fees that have been submitted for approval for the 2015/16 academic year.
- **Review of Unused/Underutilized Endowments**-The Board of the UB Foundation has asked that all unused/underutilized endowments be reviewed and annual spending plans developed and tracked to ensure that these funds are being fully utilized. The utilization of these funds is critical for future relations with donors for new gifts to UB.
- **Faculty Hiring**-The Faculty Strength tab provides information on Clinical Faculty strength, turnover and new hires. Additionally, the TYP workbook now integrates the annual request for new faculty hiring and turnover plans and will be utilized as the starting point for the 2015/16 final faculty hiring plans request. Lastly, a new tab is provided which displays Adjunct Faculty.
- **Investment and Outcomes Review**-As communicated during the 2014/15 process, the 2015/16 TYP workbook provides an opportunity for each unit to share the current outcomes of last year's investments.
- **Investment Proposals**-Each unit's unfunded 2014/15 investment proposals are provided for the unit to review and prioritize for the 2015/16 process. Please note that there are limited resources for new investment.

Resource Planning will continue to provide you with up-to-date information that affects your resource planning decisions as it becomes available. As always, it is prudent to include flexibility in your planning. Thank you in advance for your efforts towards our university goal of a July 1st budget implementation.