

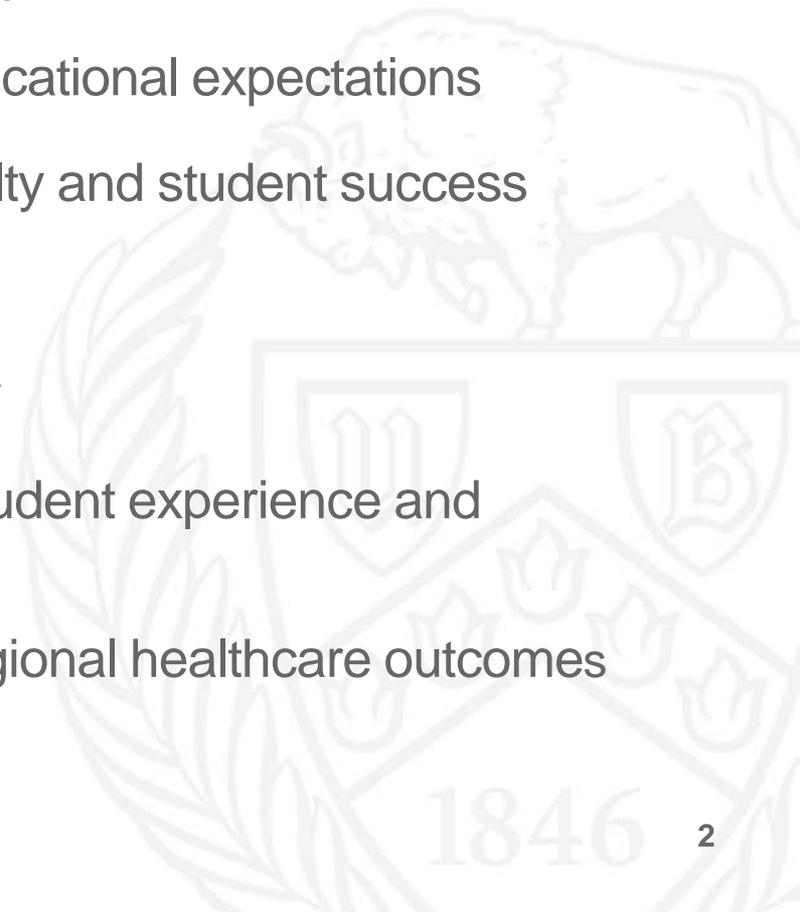
2017/18 ANNUAL RESOURCE PLANNING PROCESS

Faculty Senate Budget Priorities
Committee Meeting
January 31, 2017



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.

Annual Resource Planning Process

- Calendar

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

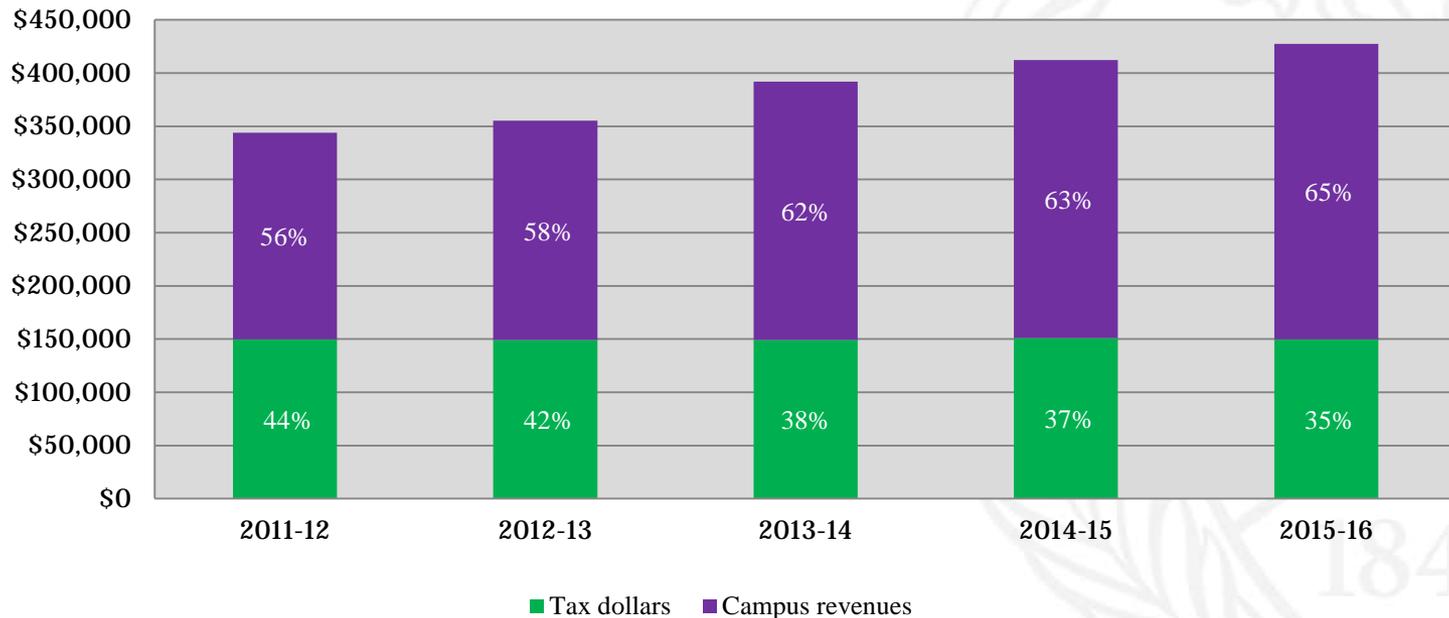
- Prior fiscal year closed
- New fiscal year budgets loaded in financial system
- Units submit spending plans

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 like the Law School

State Appropriation
 (\$ in thousands)



Tuition Revenue Target (Academic Units Only)

- If the tuition revenue target is not met in a given year, the unit will return money to the university in the following year in non-recurring State Operating funds. (Prior to 2016/17 Shortfall Assessments were at 100%)
- If UB does not meet its overall tuition revenue target, the shortfall must be returned to SUNY

Tuition Revenue Shortfall Assessment Bands	
Band	TRSA %
Less than 2%	0%
2% to 5%	40%
5% to 10%	60%
10% or greater	80%

- *Note that the assumptions used to develop the bands are based on current levels of state tax support and enrollment. Should there be changes in these levels or any unforeseen circumstances, the university may adjust the bands to reflect the new environment*

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**

What is the 2016/17 Budget Model?

- **Tuition Rate Increase Revenue Share (Academic Units Only)**
 - 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 2016/17 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.

- **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.

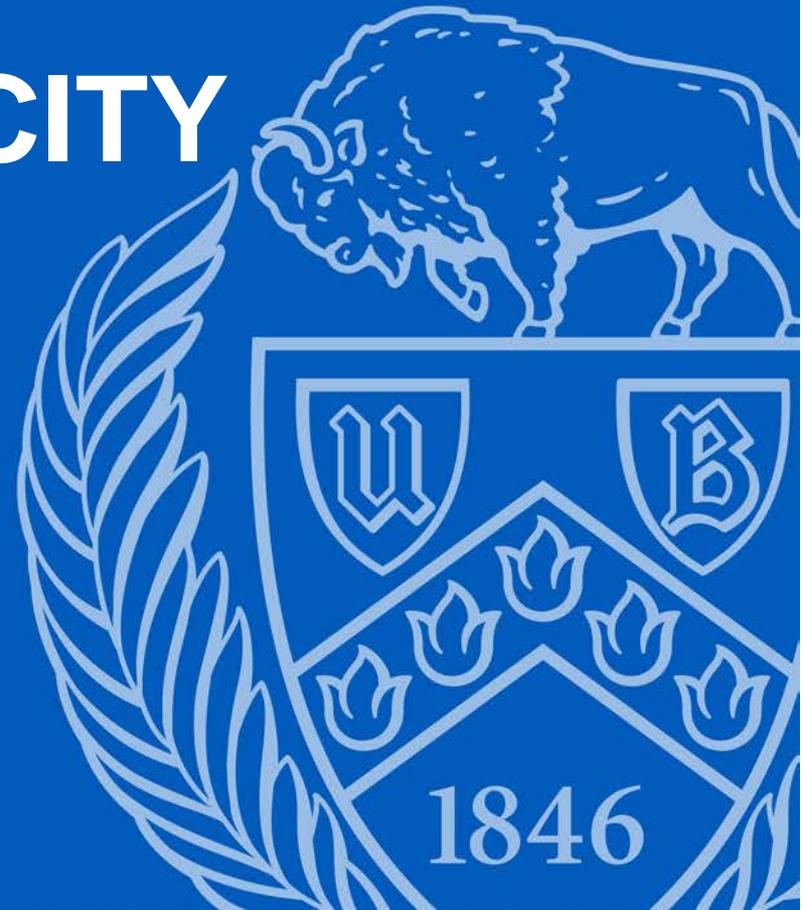
Enrollment Growth Investment Principles

- 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.

Lessons Learned from 2016/17 ARPP

- Optimize the use of base funds before expecting central investment
- Align case for investment effectively with university and unit strategic priorities
- Integrate enrollment and scholarship/tuition discounting strategies more effectively
- Maximize our impact in delivering great education and enhancing social and economic well-being through future investments

FINANCIAL CAPACITY



Financial Capacity

FACTORS AFFECTING FINANCIAL CAPACITY

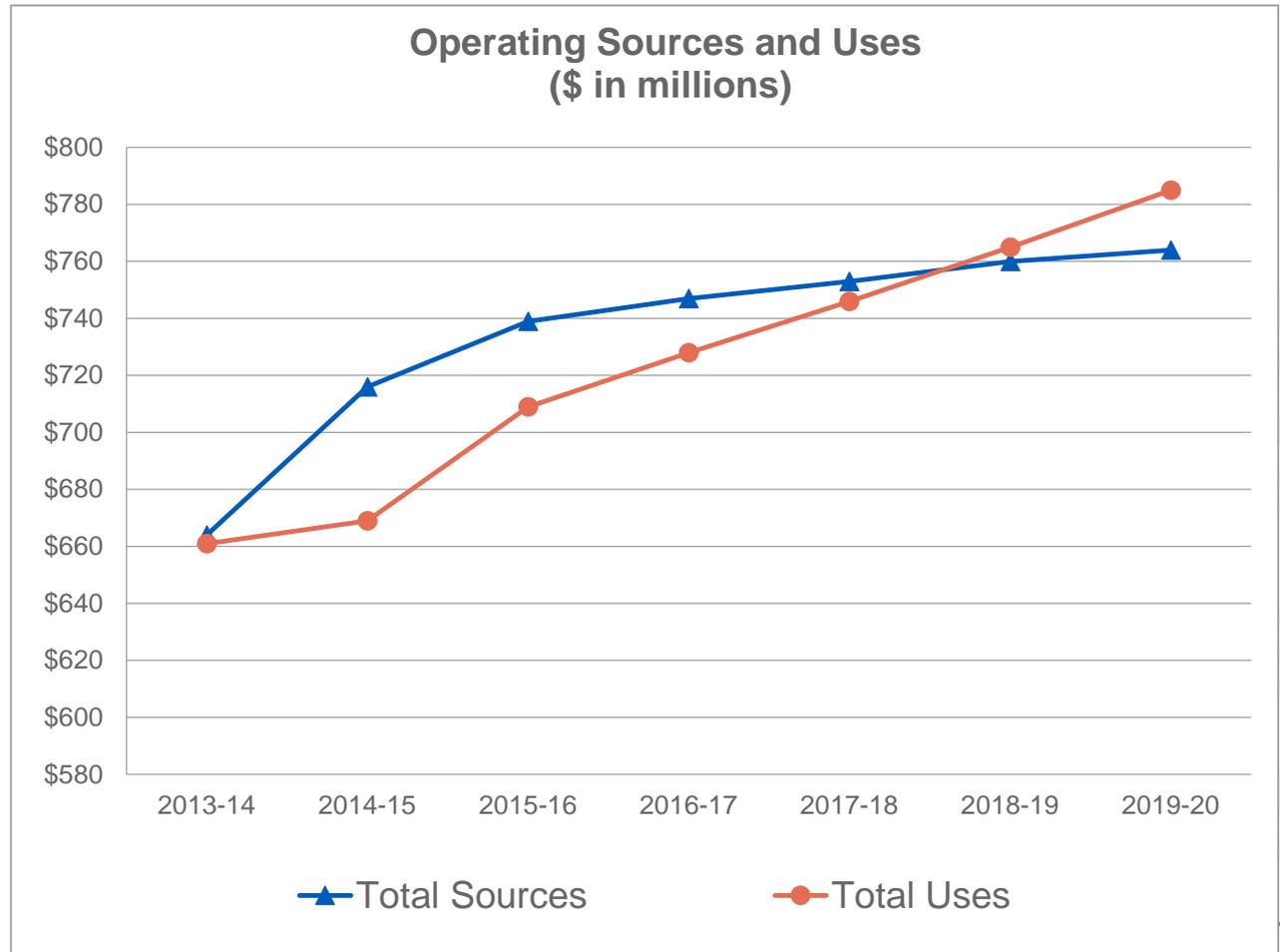
- The university continues its effort to rebalance state operating fund commitments with available state operating sources and will do so by the end of 2016/17. This has limited the university's ability to make recurring fund investments.
- Multiple units have not made planned enrollment goals and the university must manage the revenue loss associated with those enrollments. This further limits the university's capacity to invest.
- Uncertainty on tuition rate increases
- Uncertainty on funding for negotiated salary increases
- Potential risk of state tax support cuts
- Limited funding for investment; therefore any investments will need to be highly strategic

Financial Capacity

Operating Sources and Uses (2013/14 - 2019/20)

With the exception of small enrollment growth, sources are flat.

Operating Expenses, especially salaries due to projected negotiated salary increases, continue to rise.



Multi-year Financial Plan

FACTORS AFFECTING THE PLAN

- Enrollment shortfalls
- Academic Support Units have not received additional funding in several years
- Classrooms:
 - Additional commitments anticipated for classrooms based on advice from instructional facilities committee and results of space utilization study
 - Tied to Capital Investment Pool from VPFA Efficiency Savings

Multi-year Financial Plan

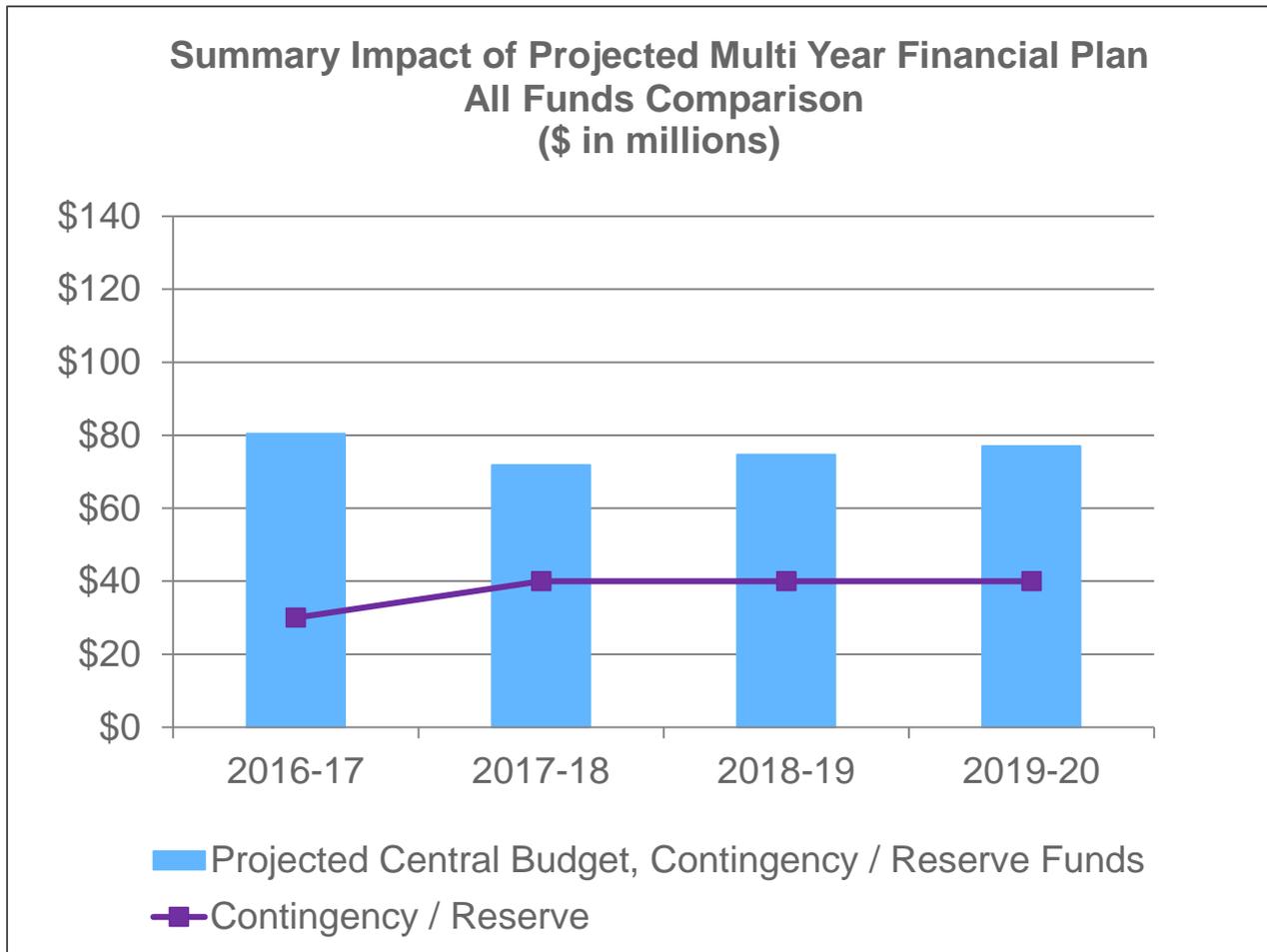
FACTORS AFFECTING THE PLAN (continued)

- Multi-year financial plan does not include:
 - Salary increases
 - GUSF removal for student fees
 - State cuts
 - UB Curriculum “Hold Harmless”
 - Merit Scholarship increase
 - Blind Vending / MWBE impact
 - Downtown Campus - Operations



Multi-year Financial Plan

Projected Central Balances – All Funds

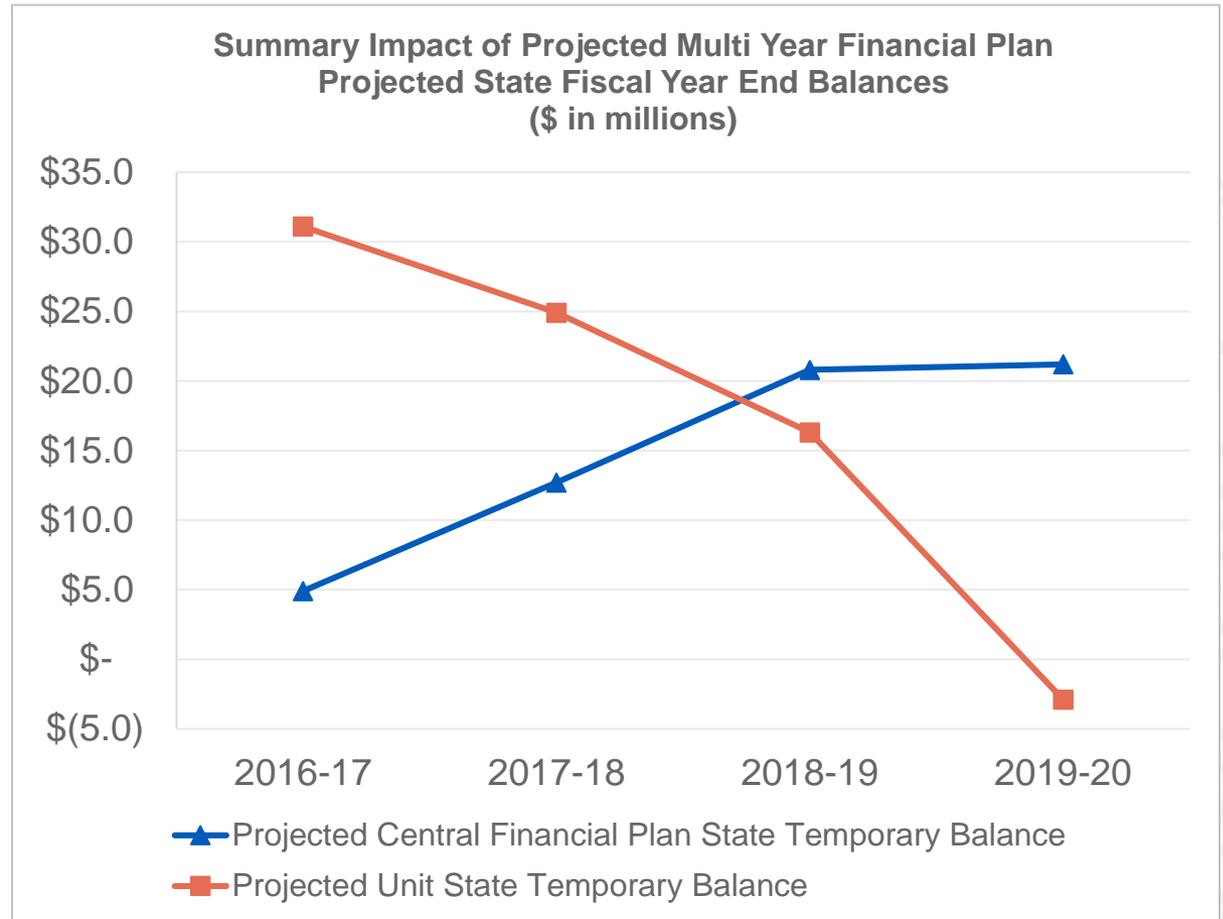


Multi-year Financial Plan

Projected Balances - State Fiscal Operating

Unit state temporary balances, due primarily to unfunded negotiated salary increases, are projected to be depleted by 2019/20.

Central state temporary balances are positive in 2016/17 and projected to grow to achieve planned one-time contingency/reserve levels.



2017/18 ANNUAL RESOURCE PLANNING STRATEGY



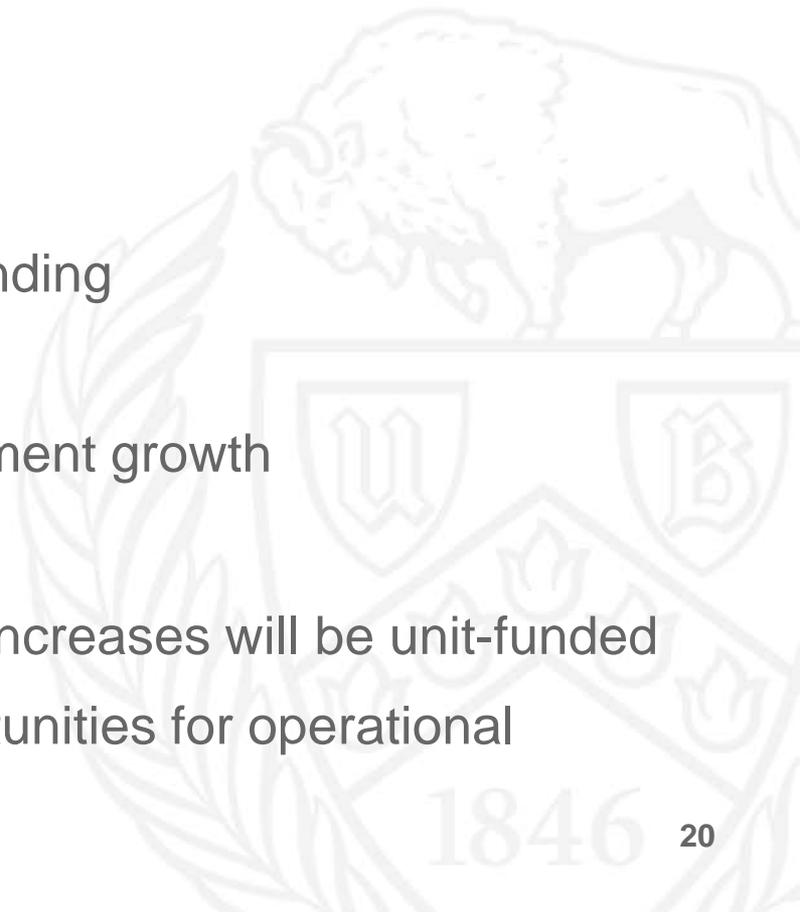
2017/18 Planning Guidance

REVENUE

- No tuition rate increases after 2016/17
- No increases in state support
- No increases in capital
- Growth in philanthropic giving and spending
- Growth in research expenditures
- Growth in tuition revenue due to enrollment growth

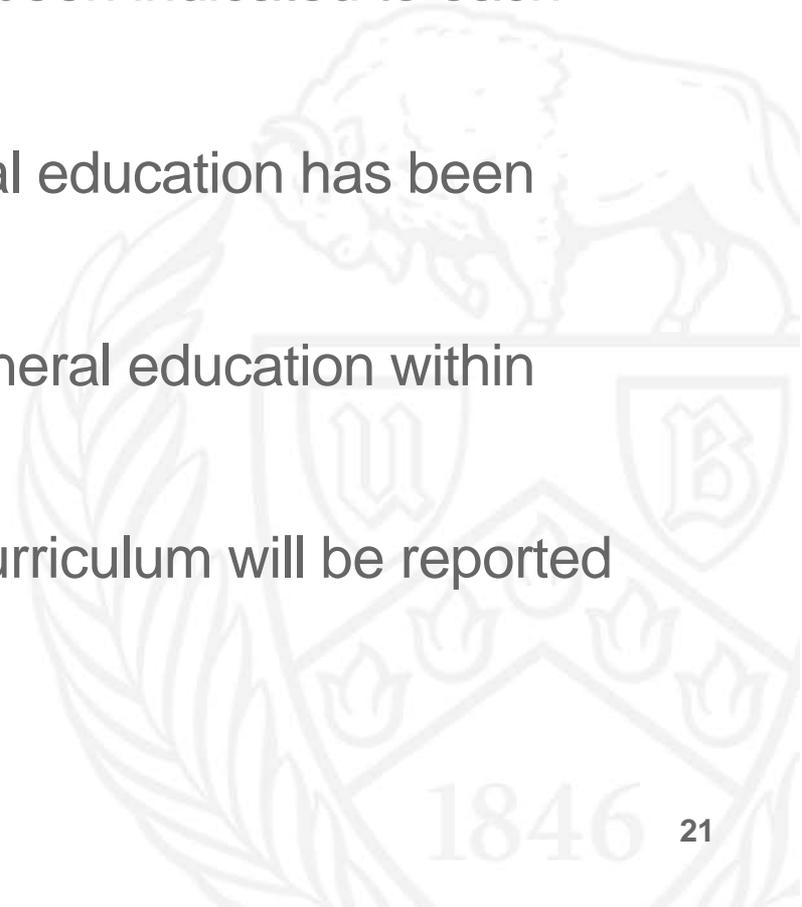
COSTS

- Unit should assume negotiated salary increases will be unit-funded
- Units should continue to look for opportunities for operational excellence



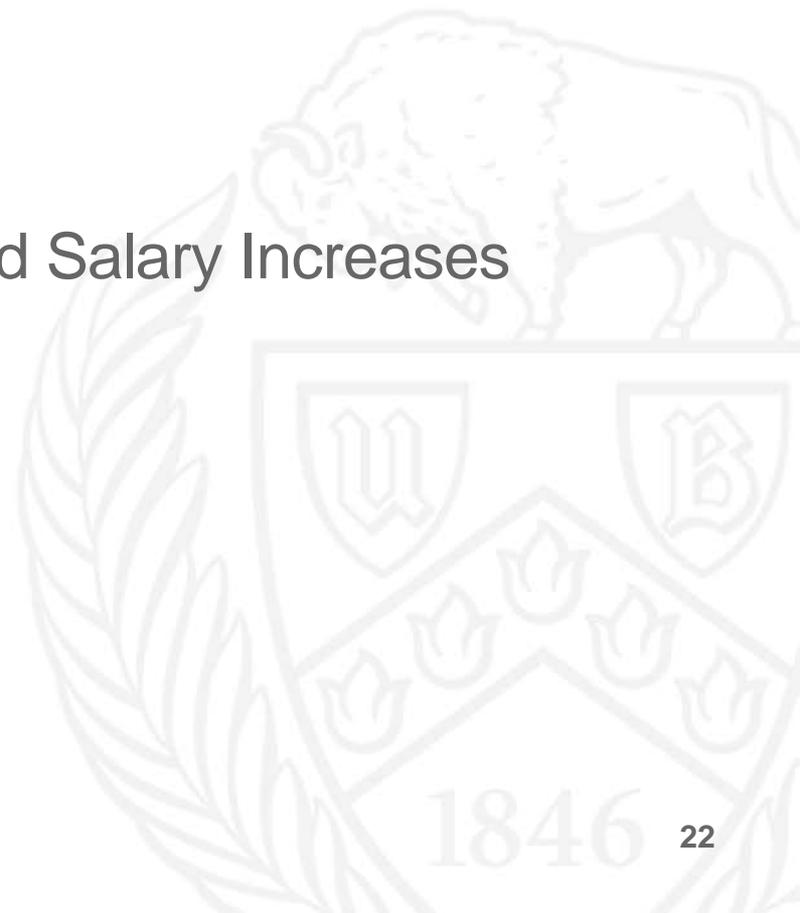
UB Curriculum

- Funds have been distributed as has been indicated to each unit
- Process for estimating cost of general education has been completed
- Data provides measure of cost of general education within current Gen Ed
- Enrollment changes based on UB Curriculum will be reported and discussed in the 2017/18 ARPP



Advocacy

- Predictable Tuition Policy
- Flexibility in Broad Based Fees
- Maintenance of Effort / Negotiated Salary Increases
- Retain Procurement Flexibility
- Capital Funding Increases



Operational Excellence

- **CURRENT INITIATIVES**
 - Strategic Procurement
 - eTravel
 - UB Jobs Redesign
 - Rehab Projects Redesign
 - UB EDGE
 - U Plan
 - Others
- **FUTURE OPPORTUNITIES**
 - Space Utilization
 - Service Models
 - Employee Recruitment
 - Marketing & Communications
- **NEXT STEPS: JANUARY**



Philanthropy

ROLE OF PHILANTHROPY

- Plays a leveraging role—extends the impact of other resources
- Enables the university to achieve aspirational objectives
- Developing alternative revenue streams—**specifically philanthropic revenues**—is vital to meeting program needs expressed by units (given existing financial obligations)
- Securing additional philanthropic resources a top university priority
- Working to enhance outcomes
 - Comprehensive campaign
 - Elevating annual giving to be a more strategic function and to provide a stronger foundation for our broader giving program
 - Training

Philanthropy

CAMPAIGN

- Comprehensive—includes all academic and some administrative units
- Tripartite framework:
 - 1.) enhancing the student experience;
 - 2.) expanding and strengthening research and scholarship;
 - 3.) developing and field-testing innovative, cross-disciplinary approaches to solving complex societal problems
- In quiet phase; public launch when we achieve 70% of goal (*tent. fall 2017*)
- Currently, focused on solicitation of gifts of \$1M+ (leadership gifts)
- Units are working to refine priorities

Philanthropy

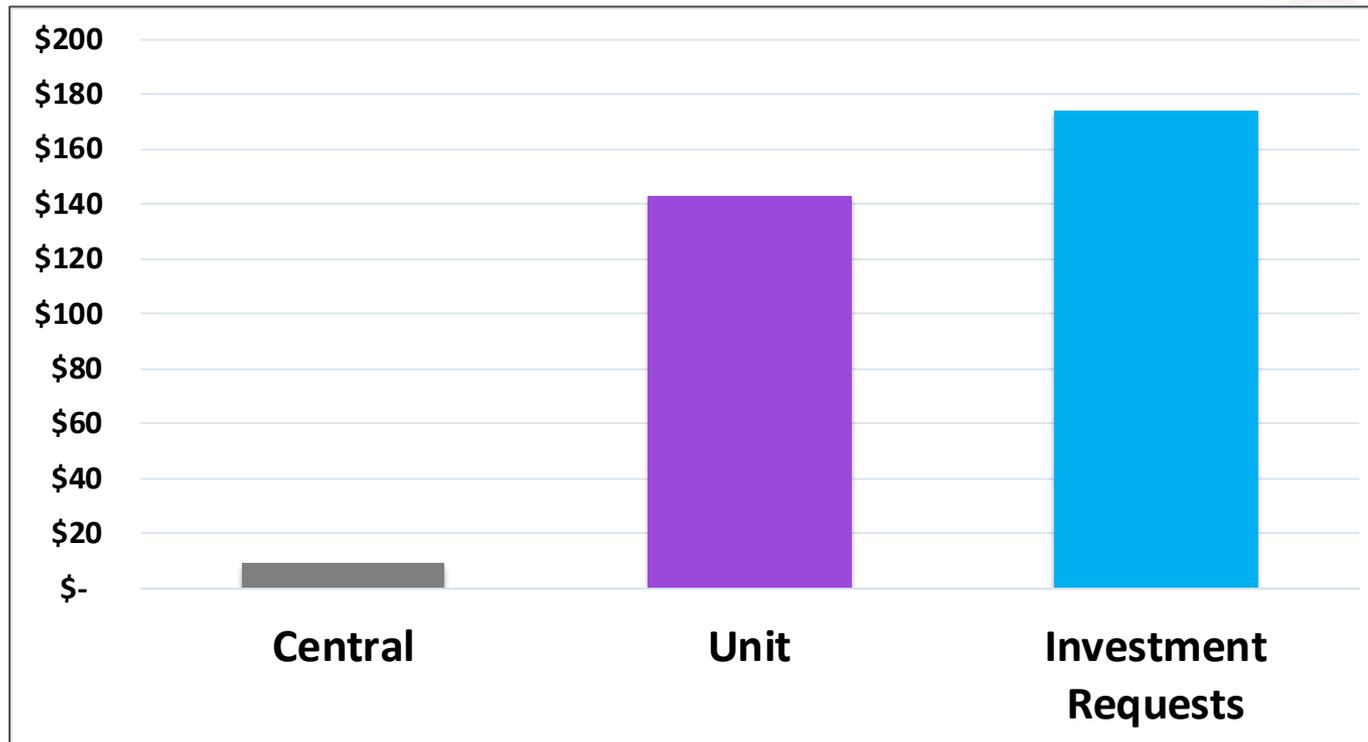
CAMPAIGN (continued)

- University case for support has been reframed to align with brand platform
- Established working goal—a public goal will be settled based upon how well we do during this “quiet” phase of the campaign
- Goals are ambitious and will require dedication of time and effort from unit leaders
- Significant momentum already has been achieved:
 - \$30M campaign for the School of Law – hit goal early
 - \$175M secured toward \$200M campaign for the Jacobs School of Medicine and Biomedical Sciences
 - \$367M committed overall
- Anticipate campaign effort concluding by Dec. 2020

Recap

- University remains committed to our goals for excellence and strategies to achieve them
- University still remains strong and stable financially
- While the current environment may be uncertain, we have a resource planning strategy which includes a revised budget model, further development of our enrollment and resource planning work, continued advocacy efforts, and a renewed focus on funding sources other than state support
- Our partnerships and collaborations across the university are critical to this process and very much appreciated
- Limited funding for investment; therefore any investment will need to be highly strategic

Cash Balances vs. Investment Proposals 2016-17 in \$M

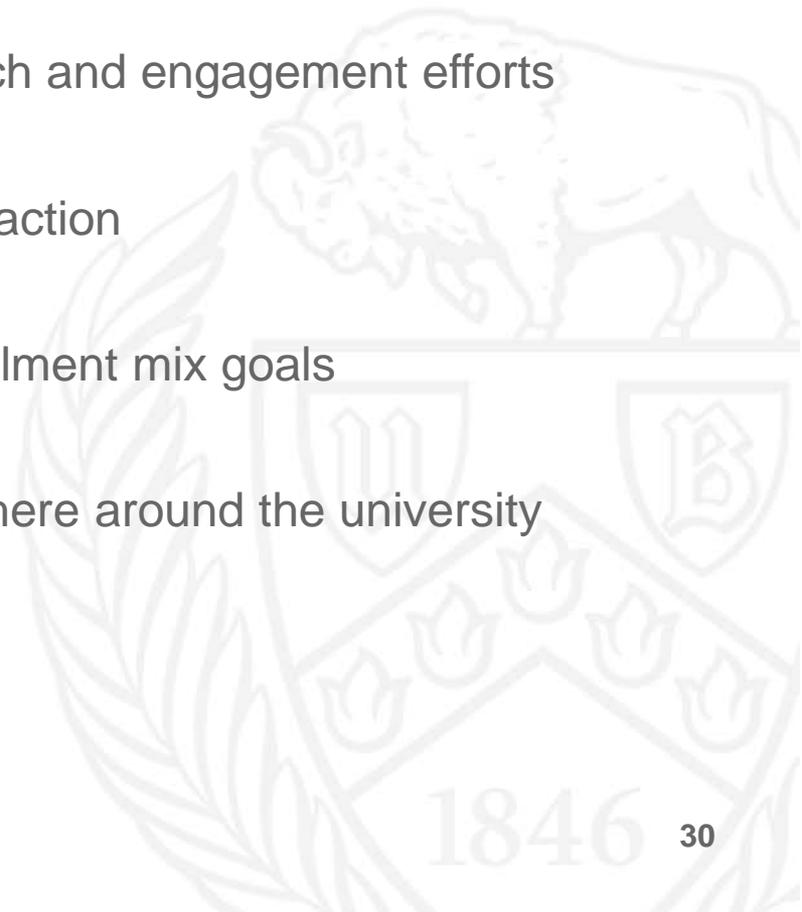


Key Elements of Three Year Plan and Presentation

- Budget meeting will be focused on the issues most significant to your unit as well as key questions on university priorities
 - Topics to include in your presentation will be based on our feedback and your input
- Demonstrate optimal use of current resources
 - a. Provide current assumptions
 - b. Factor in opportunities for revenue growth and/or operational excellence
 - c. Describe impact on operations (i.e. trade-offs and opportunity costs)
- Consider other areas of need not related to direct investment (e.g., online education support)

Priorities

- Reaching a Next Level of Prominence Through Shared Responsibility
 - I. Achieving greater impact from research and engagement efforts
 - II. Increasing student success and satisfaction
 - III. Realizing enrollment growth and enrollment mix goals
 - IV. Enabling inclusive excellence everywhere around the university



Key Questions as You Build Your Three Year Plan and Presentation

IMPACT

What are our best emerging opportunities?

How will partnerships with the private sector and philanthropic prospects enable these opportunities?

How will your faculty hiring plans increase impact over time?

STUDENT SUCCESS

What are your specific plans to increase retention and graduation rate?

How can we improve PhD completion rates and time to degree?

ENROLLMENT

What programmatic changes could you introduce to increase enrollments?

What are your contingency enrollment plans if international enrollments decline?

INCLUSIVE EXCELLENCE

What strategies will you adopt to strengthen inclusive excellence?

What are your strategies to increase faculty/staff and student diversity?

Overarching Question—How we will best use our resources to address these priorities, despite the financial challenges outlined here today?

Conclusion

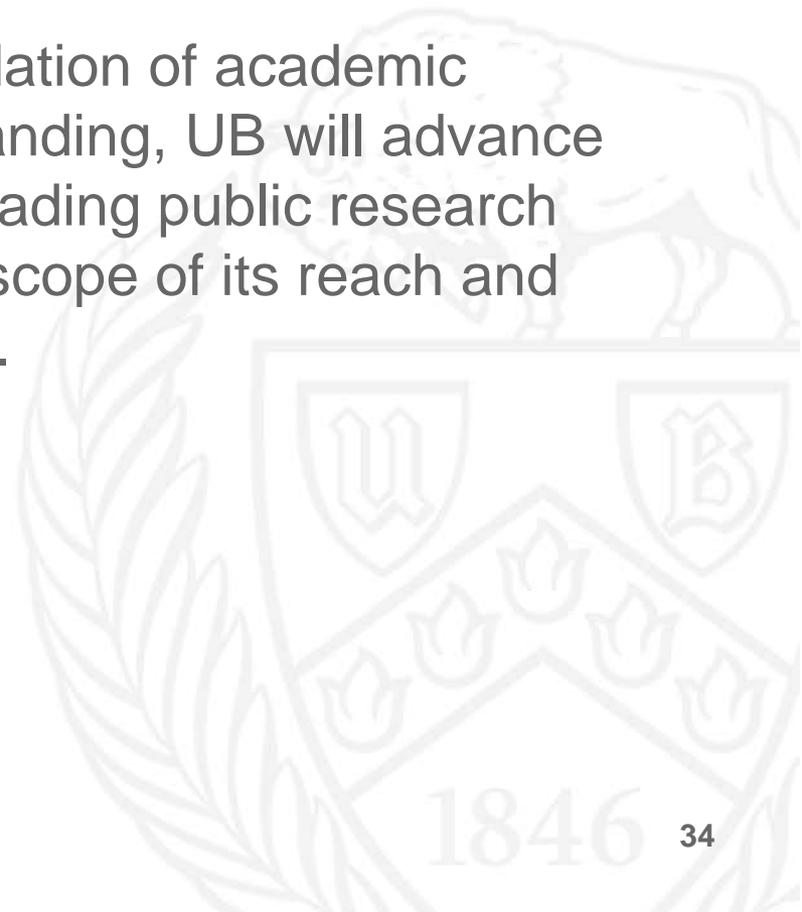
Questions & Comments?



Budget Model: Guiding Principles

UNIVERSITY MISSION

Building on the existing strong foundation of academic excellence, knowledge and understanding, UB will advance into the highest tier of the nation's leading public research universities, thereby expanding the scope of its reach and the strength of its world-wide impact.



Budget Model: Guiding Principles

UNIVERSITY VISION

The University at Buffalo is a diverse, inclusive scholarly community dedicated to bringing the benefits of its research, scholarship and creative activity, and educational excellence to global and local communities in ways that impact and positively change the world. We view the three traditional pillars of the public higher education mission—research, education, and service—as interdependent endeavors that continually enrich and inform each other. Groundbreaking research, transformative educational experiences, and deeply engaged service to its communities define the University at Buffalo’s mission as a premier, research-intensive public university.

Budget Model: Guiding Principles

UNIVERSITY GOALS

- UB will enhance its national and international stature by achieving a number of specific academic objectives. Among the strategic goals articulated for the immediate future, UB will:
 - Build on its foundation of faculty excellence through significant investments in areas of strategic strength across the disciplines to build intellectual and instructional capacity, increase federal and other research funding, expand student opportunities and heighten the academic reputation of the university.
 - Enhance the overall student educational experience while raising the academic profile of its undergraduate, graduate and professional students and significantly improving its undergraduate four- and six-year graduation rates
 - Improve academic support infrastructures to provide state-of-the-art educational and research environments that advance faculty and students in their ongoing pursuit of excellence.

Budget Model: Guiding Principles

TARGETED OUTCOMES BY 2020: PERFORMANCE IMPROVEMENT PLAN GOALS

- Grow enrollment by more than 2,000 with a median SAT of 1200
- Expand faculty and infrastructure to support growth
- Enhance student success:
 - Increase retention to 91%
 - Raise 4-year graduation rate to 60% and 6-year rate to 75%
 - Increase number of degrees awarded annually (from ~8,500 to 9,873)
 - Increase experiential learning opportunities
 - Prepare students to thrive in future careers
- Increase visibility and narratives that demonstrate the impact of our activities on local and global communities
- Increase sponsored research activity by more than \$30 million
- Increase fundraising by approximately \$40 million/year

Annual Resource Planning Process

KEY CHANGES

- New workbook tabs:
 - Tuition Rate Feedback
 - Unit Carry Forward Policies & Principles
 - Carry Forward Spending Plan
 - Procurement Needs
- Other workbook changes:
 - A risk matrix is now included on the Risks & Contingencies tab
 - Vice Provost for Enrollment Management Lee Melvin and his staff are taking the lead in working with units to review and establish headcount targets
 - Additional information is requested for each investment proposal such as a more detailed description of the proposal, anticipated outcomes and a spending plan

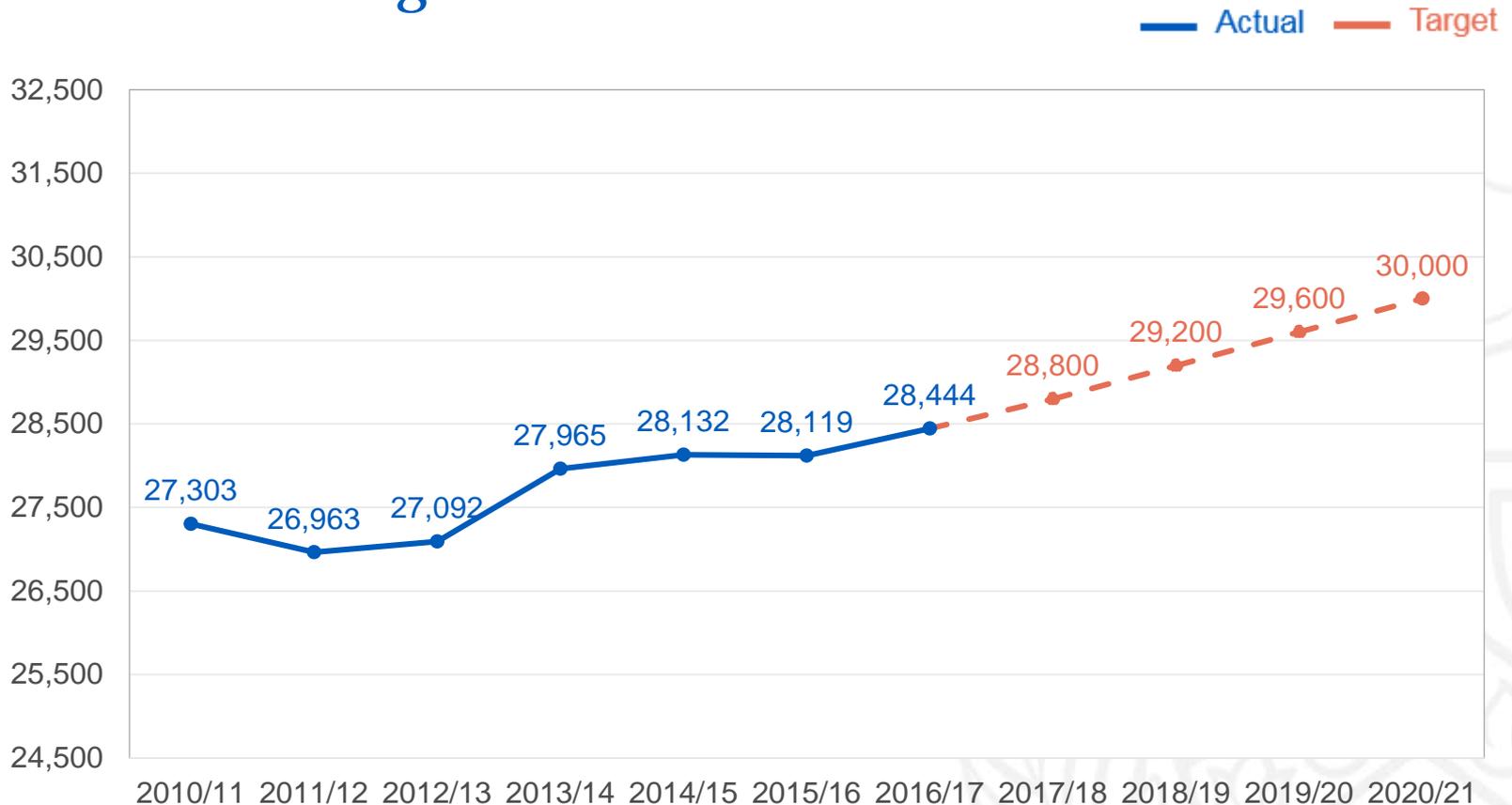
Annual Resource Planning Process

NEXT STEPS

Due Date	Action item
January 13	Units submit completed Three Year Plan workbooks to Resource Planning
March 6 - 10	Unit Resource Planning Meetings
May 15	Provost and VPFA finalize and communicate 2017/18 ARPP decisions
May 24	Provost and VPFA present outcomes of 2017/18 ARPP
June 15	Units submit final budget information such as Fees Certification, Financial Plan Delivery Instructions and revised Faculty Hiring Plans
July 3	Financial Management loads new fiscal year budgets in financial system
July 14	Units submit 2017/18 Spending Plan to Resource Planning
August 1	Units and Resource Planning finalize 2017/18 Three Year Plans

Other Key Metrics

Enrollment – Regular Fall Headcount



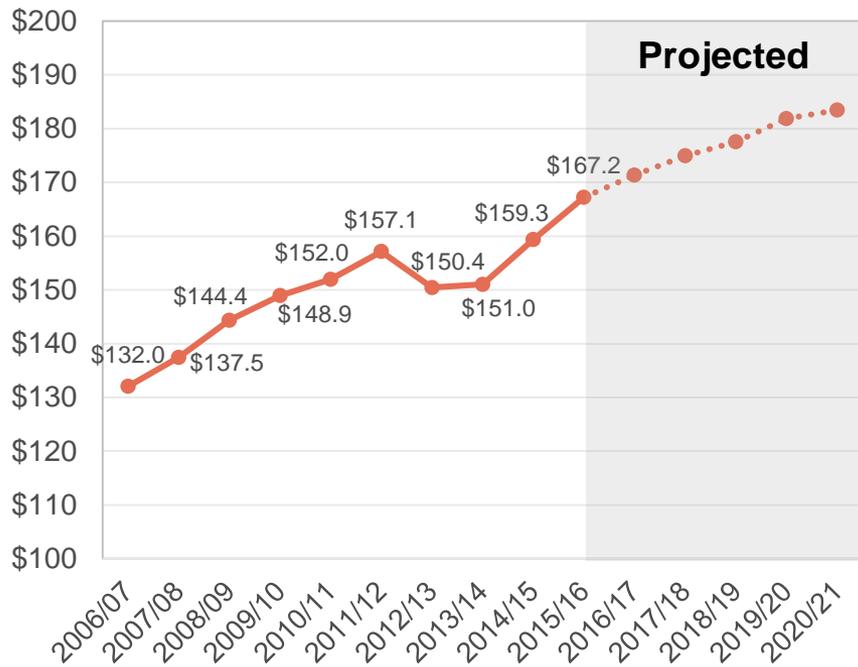
Note: Fall 2016 data are from daily enrollment report, dated 9/19/16. Targets are strategic enrollment growth plan. All include support units. Regular enrollment only; students enrolled in externally funded programs are excluded.

Other Key Metrics

Research Expenditures

(in \$M)

Sponsored Program Expenditures

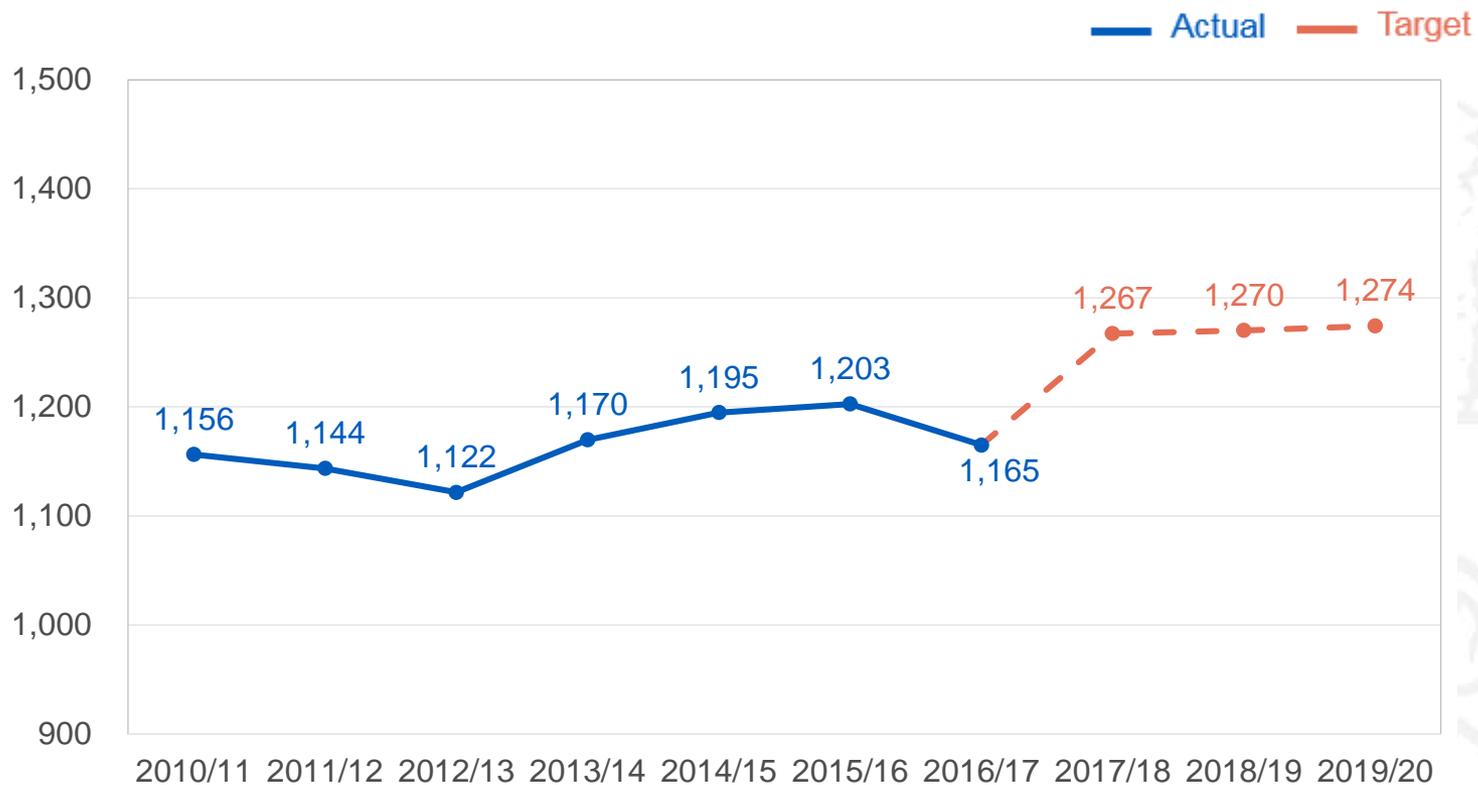


Institutional Funded Research Expenditures



Other Key Metrics

Ladder Faculty FTE

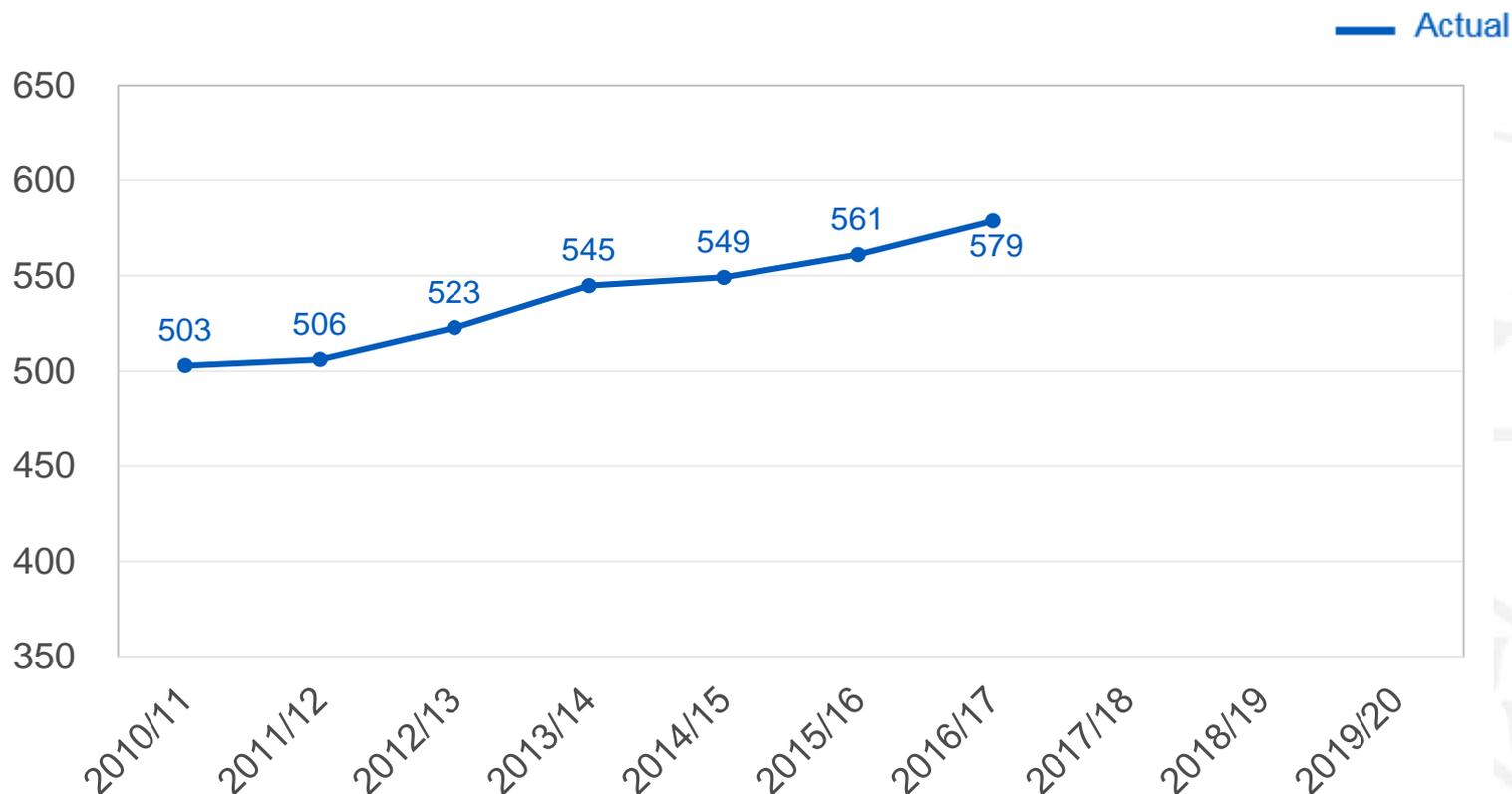


Note: Actual Faculty levels as of November 1 of the indicated years; from SIRI HR. Target as of the start of the 2017/18 FY process. GFT positions are counted as 1.00 FTE each.

Source: Actual from OIA, Target from Resource Planning

Other Key Metrics

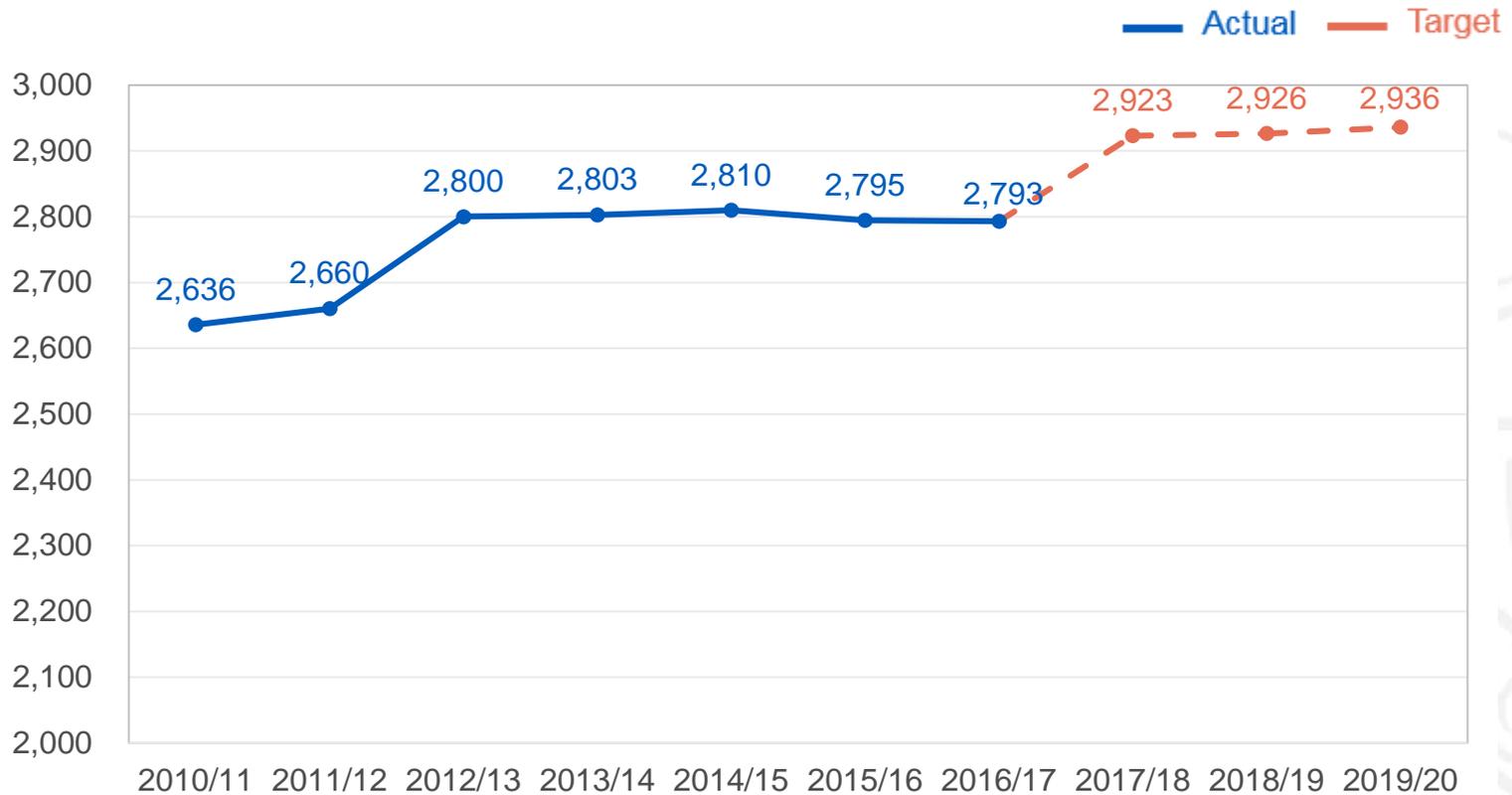
Non-Ladder Faculty FTE



Note: Actual Faculty levels as of November 1 of the indicated years; from SIRI HR. GFT positions are counted as 1.00 FTE each.

Other Key Metrics

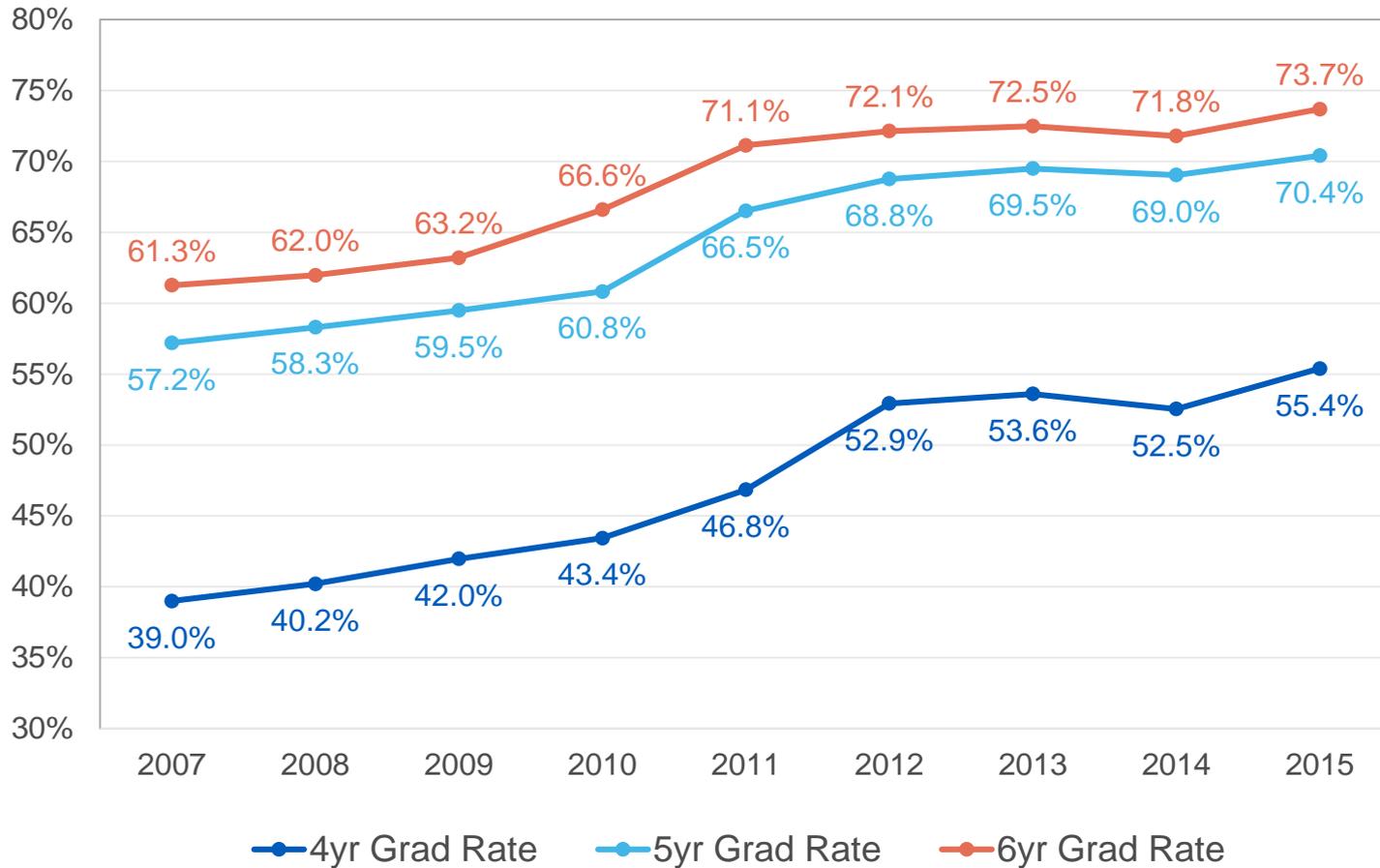
State Staff - Classified and Professional FTE



Note: Data as of November 1 of the indicated years; from SIRI HR. Target as of the start of the 2017/18 FY process.

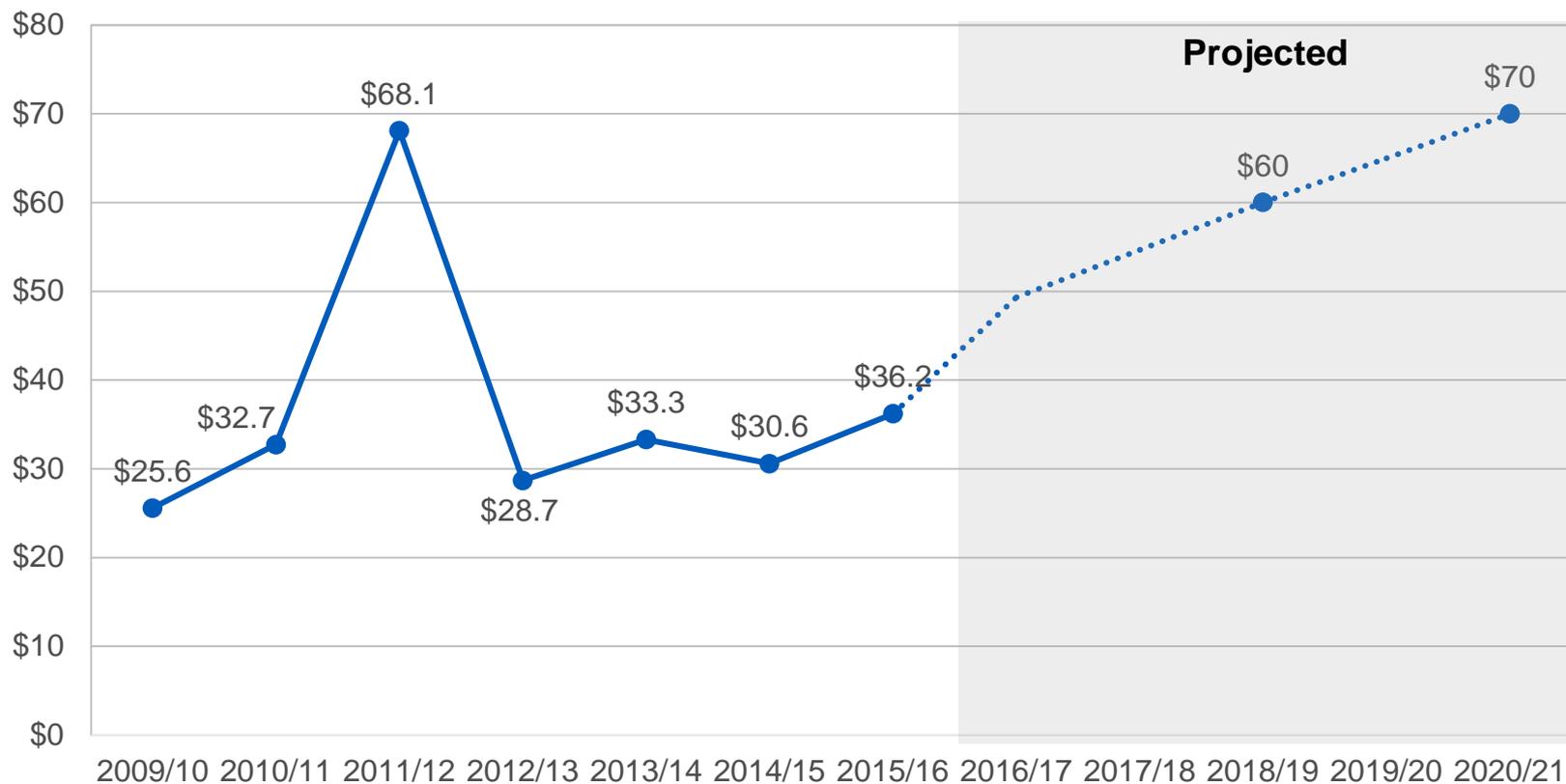
Other Key Metrics

Graduation Rates



Philanthropy

Total Funds Raised (in \$M)



Philanthropy

UNDER & UNUTILIZED ENDOWMENTS

	2012/13	2013/14	2014/15	2015/16
Total Number of Unfunds	444	437	407	370
Total Spendable Ending Balance (\$M)	\$ 11.5	\$ 14.3	\$ 13.3	\$ 9.9

Source: SIRI - UB Foundation Endowments Dashboard

- In order for the university to continue to solicit donors for new gifts, it is important to demonstrate that existing donor funds are being used and making an impact.
- Resolution of the “unfund” issue will be a collaborative process with Finance and Administration, Philanthropy, the Provost’s Office with the academic units as the lead.

Philanthropy

PROGRESS ON UNDER & UNUTILIZED ENDOWMENTS

- An Endowment Unfund Taskforce was established in early 2016
- Taskforce members broke into three work groups to focus on these areas:
 1. Top Unfunds
 2. Scholarship Administration
 3. Institutional Process
- Taskforce members developed these recommendations that will be implemented:
 1. Create a university-wide philanthropic funds governing body
 2. Implement AcademicWorks scholarship management software
 3. Create an institutional policy to guide the creation and effective utilization of endowment funds

Philanthropy

PROGRESS ON UNDER & UNUTILIZED ENDOWMENTS

- Seven of the top ten endowments in FY 2014 are no longer considered unfunds. The projected FY 2018 balance for this cohort fell from \$9.9M to \$1.1M
- Five of the FY 2015 top ten unfunds have been resolved
- From FY 2013 to FY 2016, the total number of unfunds decreased by 75, and the total available balance fell by \$1.6M
- With the implementation of a Philanthropic Funds Governing Body, we anticipate continued progress in resolving the unfunds issue

Capital

CAPITAL PLANNING

- Planning Projects in Process – 8 Projects
 - Academic Space Utilization
- Capital Projects in Process – 6 Projects
- Rehabs/Renovations in Process – 96 Projects
 - 54 Planning / 26 Design / 16 Construction
- Initiatives – 9
- Space Requests - 11



Capital

CAPITAL FUNDING REALITY (in \$Ms)

UB Critical Maintenance Capital Budget						
2013	2014	2015	2016	2017*	2018*	2019*
\$0	\$49.1	\$18.27	\$22.4	\$17.3	\$17.3	\$17.3

- Due to Spending Cap Legislation SUNY is restricted to a spending limit which is pro-rated to all campuses in system
- UB has developed multi-phased approach to reach our master plan aspirations

Capital

CAPITAL PLANNING – PLANNING PHASE

- Academic Utilization Study
 - All academic offices, teaching and research space
- South Campus Revitalization Study
 - Repopulation of South Campus after the School of Medicine moves to Downtown Campus. Historic Campus will become the professional education campus.
- 4th and 5th Floor Capen Study
 - Reorganization of administrative leadership work space to reflect current organization
- Law School/Law Library Space Study
 - Review of space needs

Capital

CAPITAL PLANNING – PLANNING PHASE (continued)

- School of Engineering and Applied Sciences Space Study
 - Review of space needs
- Small Spaces
 - Third year of 3-year project. \$250,000 per year
- Heart of the Campus: South Campus
 - Development of short and long term plans to reimaging Diefendorf, Abbott and Harriman as HOTC on South
- Heart of the Campus: North Campus Phases III/IV
 - Phase III: Global Café: \$12M
 - Phase IV: Admissions: \$3.5M

Capital

ACADEMIC SPACE UTILIZATION STUDY UPDATE

- Study of all academic space on North and South Campus: administration, teaching, research (includes Lab Animal Facilities on Downtown Campus)
- Study completed in Fall 2016
- Results reported to Deans and VPs
- Developing policy recommendations now
- Roll out to UB community Spring 2017

Capital

ACTIVE CAPITAL PROJECTS

- Heart of the Campus – Capen Hall (Phase II)
\$4M Construction to be Complete August 2017
- Parker Hall Cyclotron Decommissioning
\$3.65M Decommissioning to be Complete May 2017
- Crosby Hall ADA & Basement Mechanical Upgrades (Phase 1)
\$4M Construction to be Complete April 2017
- Allen Hall ADA Upgrades (New Elevator and Toilet Rooms)
\$2.84M Construction to be Complete Winter 2017
- Townsend Hall Building Wide Restoration
\$10M Design is on-going
- Cooke/Hochstetter 5th Floor Renovation (Phase 1)
\$12.6M Construction to be Complete Summer 2018

Capital

CAPITAL PROJECT BREAKDOWN

- 96 Rehab/Renovation Projects in Process (Planning/Design/Construction):
 - CTRC: 1
 - College of Arts and Sciences: 13
 - Office of the President (includes Athletics): 9
 - Office of the Provost: 1
 - School of Architecture and Planning: 2
 - School of Dental Medicine: 9
 - School of Engineering and Applied Sciences: 18
 - School of Management: 3
 - School of Medicine and Biomedical Sciences: 3
 - School of Nursing: 1
 - School of Public Health and Health Professions: 3
 - School of Pharmacy and Pharmaceutical Sciences: 1
 - Vice Provost of Academic Affairs (includes classrooms): 13
 - Vice President of University Life and Services: 5
 - Chief Information Officer: 3
 - Vice President for Finance and Administration: 4
 - RIA: 1
 - Vice President International Education: 1
 - Libraries: 6



Capital

OTHER INITIATIVES

- Classroom Upgrades
- Lactation Committee
- Gender Neutral Bathrooms
- Public Art
- Landscape and Building Name
- Environmental Stewardship
- Student Internship for Credit Program
- Innovation District Master Plan
- Student Housing Master Plan



What State Funding Number Do You Really Want?

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

End of Appendix

