

Annual Operating Budget Report 2020-2021

This University at Buffalo (UB) Annual Operating Budget Report is a comprehensive presentation of the university's 2020-2021 budget and investment priorities.

Please note given the current situation, the 2020/21 Annual Operating Budget report may be updated pending significant changes during the year.

 University at Buffalo
Division of Finance
and Administration



Annual Operating Budget Report

University at Buffalo | Fiscal year 2020-2021

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Strategic Overview

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 2020/2021.

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: being recognized among 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.

As the ARPP was underway for 2020/21 the COVID-19 pandemic impacted UB as it did higher education institutions around the nation. This led to a shift in priorities to find the best ways to maneuver through the financial uncertainties anticipated for the upcoming year.

Summarily, UB faces the same the reality as most U.S. higher education institutions. State support was already declining/flat before COVID-19 presented an unprecedented financial problem for the state. UB's financial growth increasingly is dependent upon tuition rate increases and revenues we can generate on campus.

2. UB Vision and Strategic Goals

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

- **Achieve** greater societal impact locally and globally by enhancing faculty productivity, research funding and recognition; encouraging innovation and interdisciplinary collaboration; and enhancing research environments and faculty support structures.
- **Provide** our students with transformative, innovative, and research-grounded educational experiences while elevating students' academic profile, improving retention and graduation rates, enhancing academic and career support structures, enhancing educational environments, and expanding UB's leadership in international education.
- **Promote** a university-wide culture of equity and inclusion by integrating inclusive excellence into all aspects of our university, further enhancing faculty and student diversity, and implementing best practices in recruitment and retention.
- **Deepen** our engagement in the regional community by continuing to build partnerships in the local community, improving regional health care outcomes, and making Buffalo a destination for health sciences research, education and care.

PHD Excellence Initiative

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 campus-wide, student-centric effort focused on enhancing the education of the next generation of scholars and researchers and examining issues related to PhD programs at UB including recruiting the very best PhD students, providing exceptional educational and research training, enhancing the diversity of PhD programs, and improving PhD program outcomes.

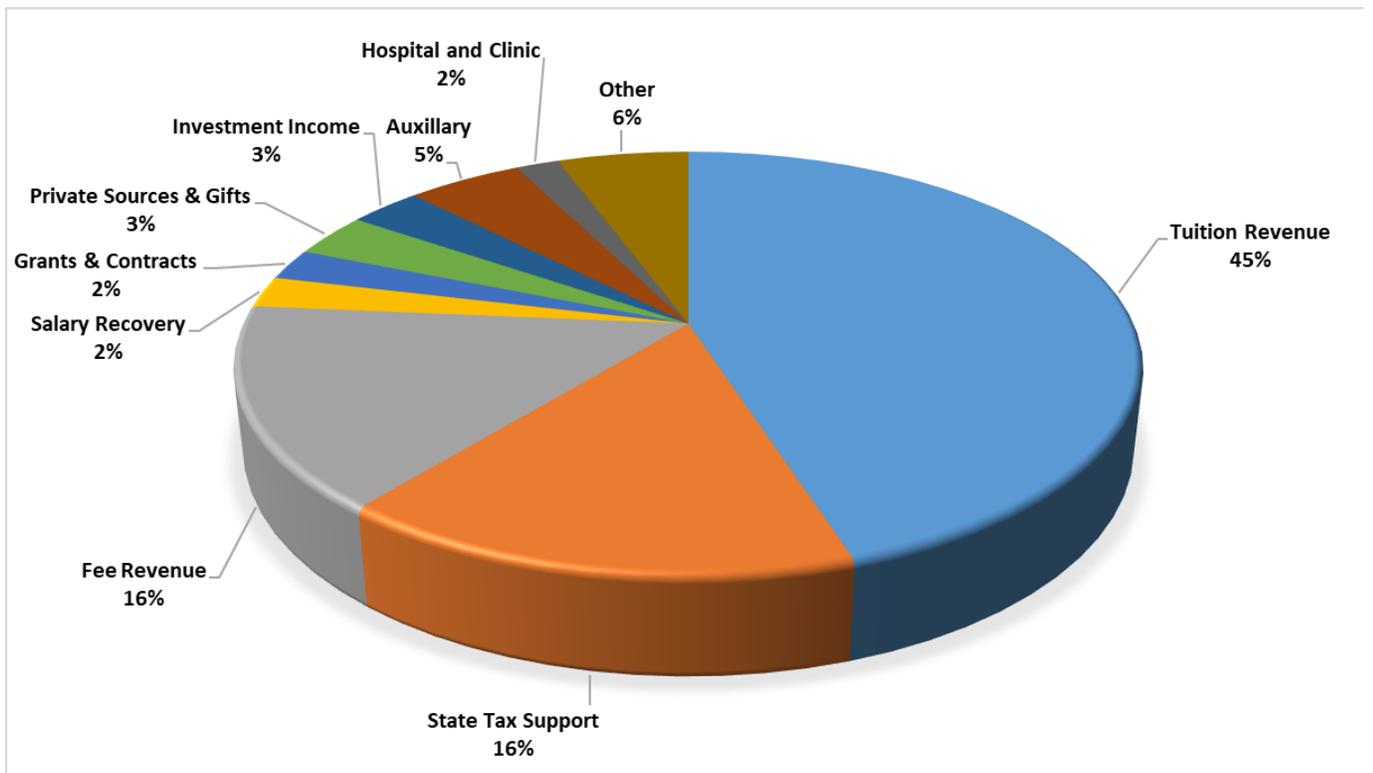
Top 25: More Than a Number

"It is about excelling in our mission-driven priorities. Meaning: our academic departments are among the very best in the nation....we are innovating in our undergraduate, graduate and professional education...our creative work inspires others and our discoveries improve lives...we are attracting the best, most ambitious students...our faculty, students and alumni are engaged with their communities...and we are known—nationally and globally—for excellence across all of our enterprises." -President Satish K. Tripathi, State of the University Address, October 4, 2019

3. Highlights

Projected University Operating Budget 2020-2021 (All Funds: \$711 million)

- The largest portion of the university’s operating budget, projected at \$320 million or 45% of the overall budget, is from tuition revenue. This represents about a 10% decrease from 2019/20. The decrease is primarily the result of international students being unable to enter the country because of COVID-19.
- The second largest amount, projected at \$113 million or 16% of the overall budget, comes from direct state tax support. As the state continues to manage the financial impact of COVID-19, the planning assumption in this projection is a 25% reduction of our annual allocation of approximately \$150M.
- Fee revenue, comprises \$110 million or 16% of the overall budget. Fee revenue includes the Comprehensive Fee, Academic Excellence Fee, Course Fees and other service fees.
- Auxiliary revenues, projected at \$35 million or 5% of the overall budget, primarily comes from student housing, also includes athletics, parking and other rent revenues. The projection is a 29% decrease from the prior year and a 41% decrease from 2018/19. This money is collected and spent almost entirely within these units and cannot be used for other purposes.



Budget Context

Factors and trends influencing UB's financial situation.

1. State Impact

The COVID-19 situation is creating an unprecedented financial problem for New York State. While no official budget cuts have been announced from the state, the FY2021 First Quarterly Update to the NYS FY2021 Enacted Budget Financial Plan notes significant declines in state tax receipts as well as additional costs associated with economic impacts of COVID-19. It notes three strategies being employed by NYS to mitigate these impacts while it seeks federal assistance: freezing hiring; freezing contracts and pay raises; and temporarily holding back 20% of payments. In addition, NYS imposed 25% expenditure reductions on all state funds, which includes not only direct state tax support but also tuition and fees and most other university-generated revenues. Impacts on the university include:

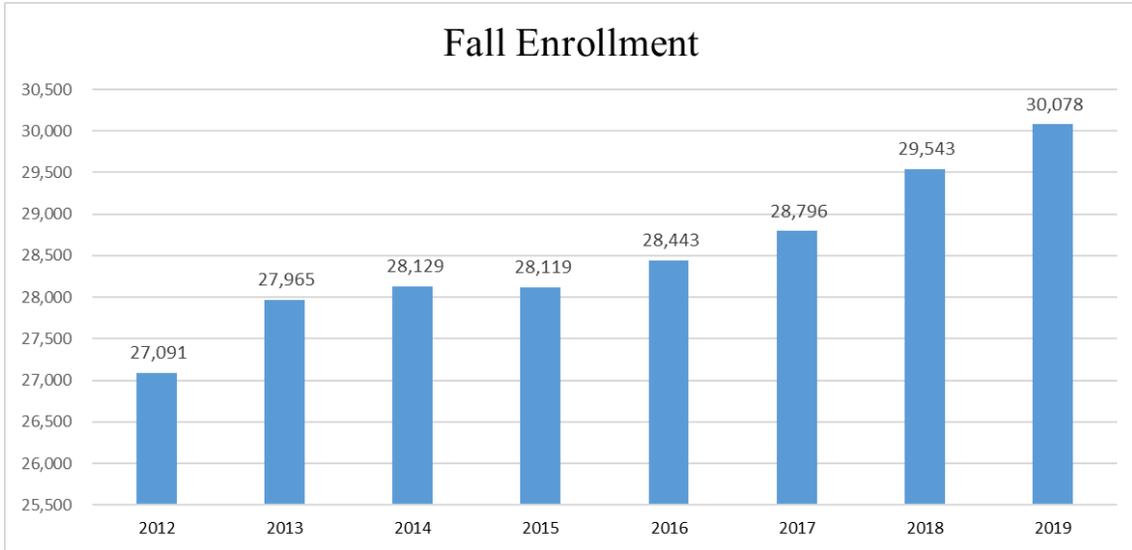
- A projected 25% reduction to FY 2020-21 direct state tax support revenue;
- Potential reductions of FY 2020/21 state revenue to support the Excelsior scholarship program;
- \$19 million in FY 2019/20 direct state tax support not yet received from the state;
- \$5 million in FY 2019/20 state revenues for the Excelsior scholarship program not yet received from the state;
- Revenues still owed from other state agencies/programs.

Prior to COVID, since 2008, state support was already decreasing or remaining flat. This has led UB to become more reliant on tuition and fee revenue. Enrollment at UB 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 the state, or increased tuition or fees for campus services. New York State direct state tax support funds for higher education have remained flat and now are expected to decrease, and UB bears a rapidly increasing share of the costs to support a growing student body.

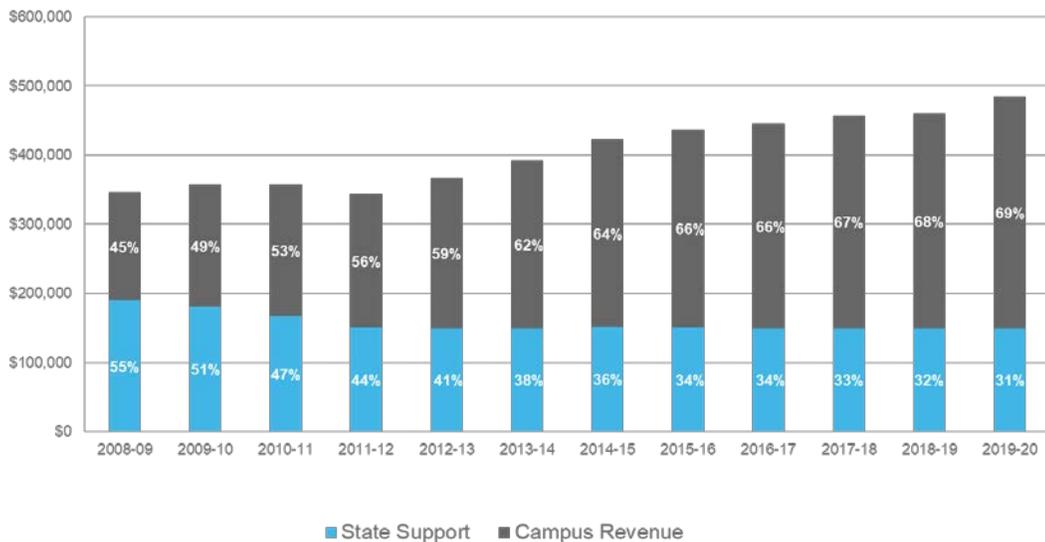
This is further complicated by the expenditure reduction efforts put in place by the state as the New York State Department of Budget tries to manage the state cash balances. While UB anticipates decreased revenue for 2020/21, and we recognize the importance of continuing to be a diligent financial steward during this challenging time, the university is in strong financial health and can manage the current challenges for the short term. At the same time, it is important that the university continues to focus on its mission and long-term goals as it is making decisions in the face of the current budget challenges.

The below chart highlights UB's enrollment growth.

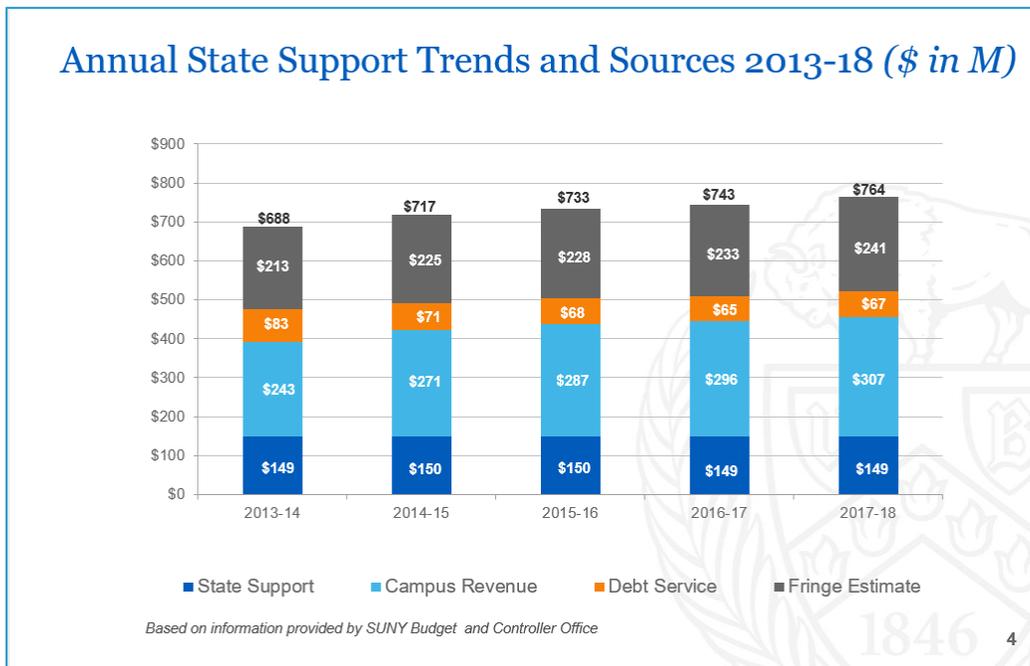


The chart below illustrates that UB continues to be more reliant on tuition revenue as the primary source of funding. Please note that for 2019/20 there is an open receivable of \$19 million from state support illustrated below.

UB Tuition vs. State Tax Support 2008-19



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



Issues and Actions

1. Issues and Challenges Affecting UB Budgets

COVID-19

COVID-19 began impacting New York State – and Western New York – in March 2020, and the university quickly changed to remote instructional delivery and remote work in accordance with NYS directives and also drastically reduced occupancies in student housing. This resulted in a number of unanticipated revenue losses in FY 2019/20 in addition to those in state funds noted in the previous section. In spring 2020 the university issued \$27M in refunds to students as noted below while the vast majority of the costs associated with these services had already been committed or incurred. This is in addition to anticipated reduced revenue in 2020/21.

The table shows refunds by impacted units in 2019/20.

Fee Type	Refund Amount
Dorms	\$8.7M
Apartments	\$5.1M
Dining	\$6.8M
Athletics	\$1.0M
Recreation	\$0.3M
Campus Life	\$1.2M
Transportation	\$3.0M
Student Activity	\$1.2M (est.)
Course Fees	\$0.2M
Total	\$27.5M

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.

In addition, UB's response to COVID-19 has to date cost the university \$3.2M for technology to provide remote instruction, cleaning supplies and PPE including masks and face shields.

The university also received \$24 million in federal aid from the CARES Act. One-half of these funds were designated by law as aid for students impacted by COVID, and the university dispersed the majority of this aid in spring 2020. The other half, or about \$12 million, will be used by the university to help offset some of the financial impact caused by the COVID-19 pandemic.

The Dormitory Authority of the State of New York (DASNY) was also able to refinance some of its student housing debt and push payments out to future years - which delayed some of UB's debt payments but with higher overall costs.

As a result of anticipated reduced tuition revenue and state tax support, the university implemented 10% reduction to state operating budgets for every decanal and divisional unit for FY2020/21.

Even before COVID-19 impacted UB's tuition revenue and state tax support, like many other public higher-education institutions, UB was already faced with a growing number of challenges. Among them are new unfunded mandates and 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 would 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 budget.

Contractual

Personnel (\$80M+ impact)

Negotiated salary increases are currently deferred until September 30, 2020 when their implementation will be reviewed. Regardless of when the increases go into effect, the expectation is they will be retroactive to July 1, 2020. Unfunded negotiated salary increases continue to be the university's most pressing long-term financial concern. The funding of one-time retroactive costs associated with the new contract helped offset some of the immediate impact in 2018/19; 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 growth in revenue associated with increases in undergraduate resident tuition rates and the Academic Excellence & Success (ACES) fee is at a much slower pace vs. recurring cost associated with contractual raises. In Fall 2020, in an effort to keep the cost of higher education affordable, no increases were implemented to ACES or Tuition rates while the estimated cost of salary increases total \$10.6 million for the fiscal year.

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 partial extension of NYSUNY 2020 has meant that tuition revenues have increased only modestly over the last several year. For fall 2020 no rate increases were implemented. UB's tuition and fee rates remain very low compared with peer public research institutions. This means a great value for UB students and families; however, it makes it increasingly difficult to fulfill the university's mission – particularly as state support declines.

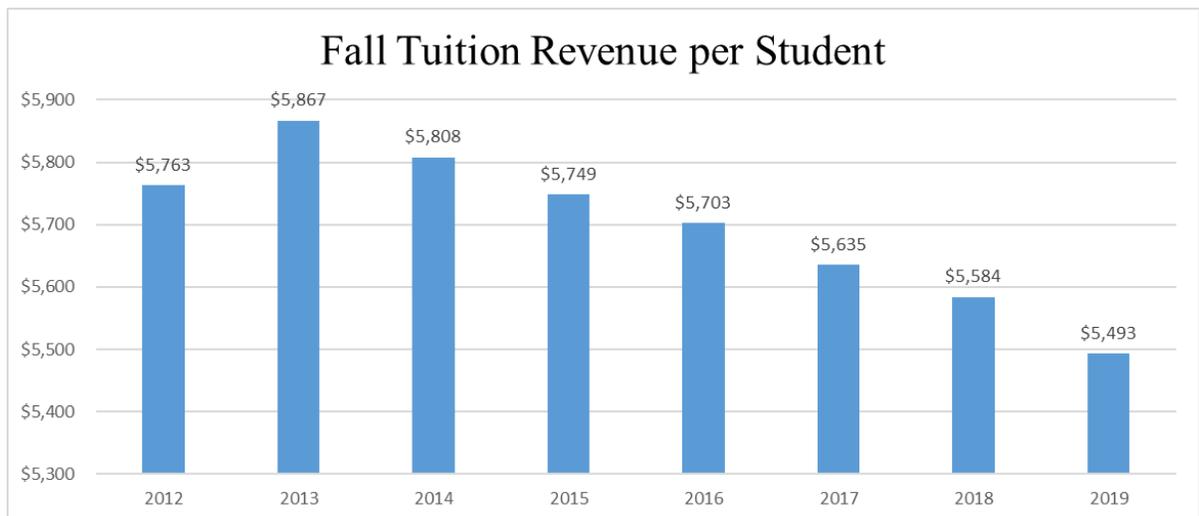
Enrollment

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 2019/20 decline stabilized in several areas, the COVID-19 impact on

international enrollment presents a major decline in tuition revenue generated per credit hour at the university for 2020/21.

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. UB's programs continue to have strong student demand; and UB seeks to balance the overall size, diversity and make-up of its student population with associated impacts on student experience, revenues and costs.

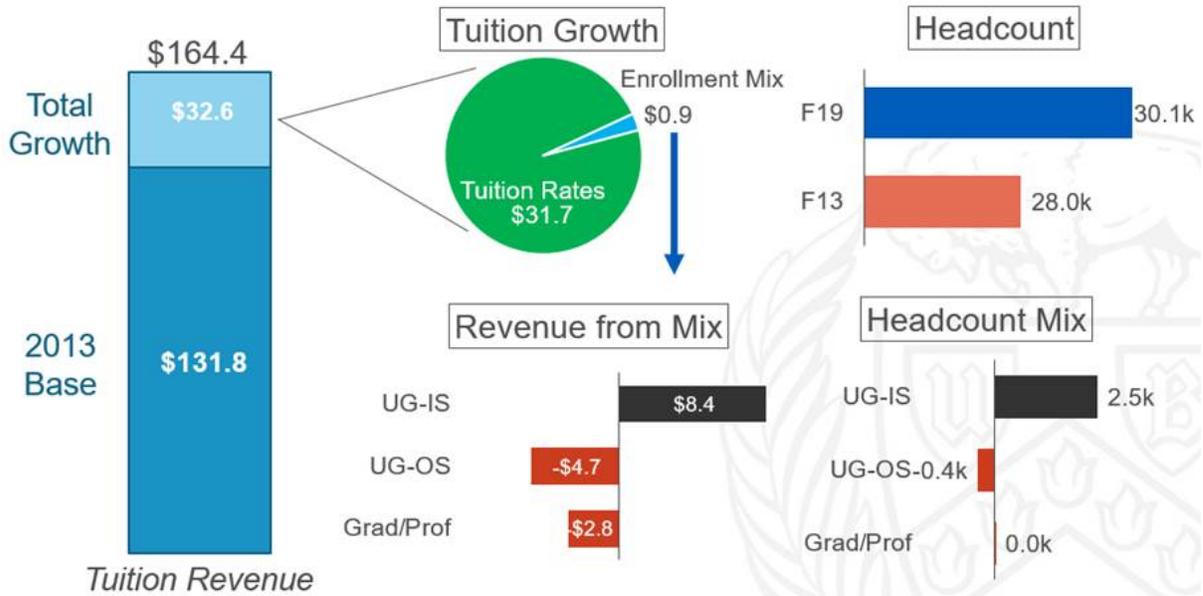
The below graph illustrates how tuition revenue per student continues to decline when the tuition rate is normalized at 2019/20 rates for all years. Normalizing the tuition rate removes the impact of tuition rate increases and focuses on the enrollment mix. Enrollment growth has primarily been in resident undergraduate students, who pay the lowest tuition rate.



As undergraduate enrollment grows, this puts pressure on UB's 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.

Fall Tuition Growth 2013-19 (\$ in M)

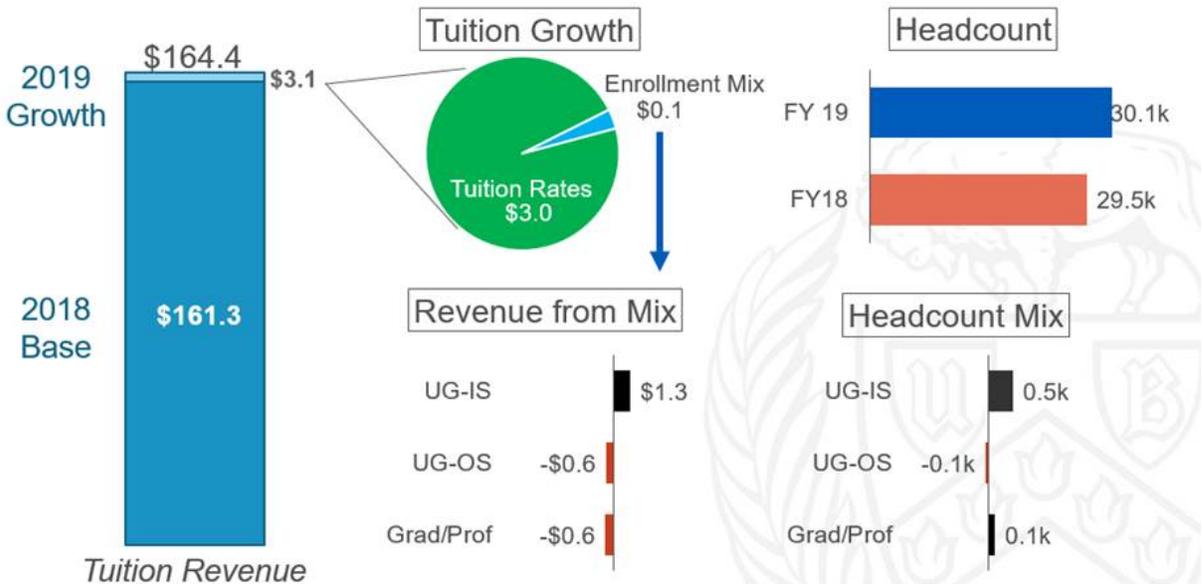
How did we get to \$164.4M fall 2019 tuition revenue?



Source: OIA - Data Analytics Tableau Reports

Fall Tuition Growth 2018-19 (\$ in M)

How did we get to \$164.4M fall 2019 tuition revenue?



Source: OIA - Data Analytics Tableau Reports

Ph.D. Student Stipends and Program Enhancements

As part of the PhD Excellence Initiative, UB has established a floor for stipends paid to full-time funded PhD students on 10-month TA/RA/GA appointments. In addition, academic deans were 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 programs, and result in attracting exceptional students to our programs. These plans were submitted for institutional support.

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 \$526 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 ability to expand 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.

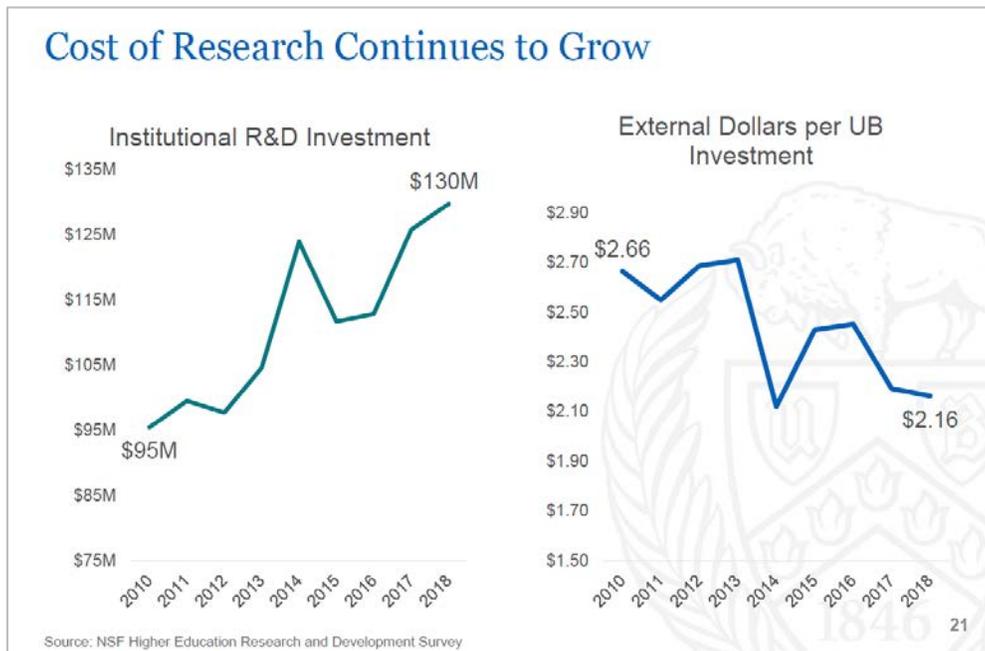
Though the university is pursuing efficiency measures to defray these costs, there is a point at which cuts will begin to negatively impact academic quality, faculty recruitment and retention, and the student experience.

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 shifting resources away from other areas of investment.

Research Costs

As we continue to grow our research enterprise and support scholarly excellence, like most universities, UB is bearing a greater share of the cost. We consider this an investment to fulfill the university's mission and an investment into our future. Seed Funding from our Blue Sky program implemented in 2018 and other investments into faculty startup will yield more external funding as we move into an even more competitive future for external sources of research funding post COVID-19.



2. Actions to Address Fiscal Challenges

UB and universities across the nation are experiencing an unprecedented disruption to campus operations and budgets as a result of COVID-19. This is on top of an already challenging financial environment resulting from tightening budgets and growing requests for state aid. To meet these challenges, 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.

The steps we have taken include the following:

Planning

- In April, UB implemented a hiring pause to help reduce expenditures for the upcoming year. Hiring of instructional personnel to fill planned instructional needs is allowed. In addition, Decanal, Vice Presidential, and Vice Provostal units may appeal a specific hire or salary adjustment to the President or Provost based on diversity, exceptional talent or critical need.

- To meet the expenditure reduction mandate by New York State, UB required all units to provide an expenditure reduction plan for the state fiscal year. The progress of the expenditure reductions are monitored with a new report in SIRI (UB's Strategic Information Reporting Initiative).
- In response to COVID-19's financial impact, UB created a Strategic Financial Management Advisory Group - part of a framework of committees that were developed to plan for a variety of scenarios for the 2020/21 academic year. The Strategic Financial Management Advisory Group is composed of faculty, staff, students and senior administrators. The group, which advises UB senior leadership, was created to consider enrollment scenarios, potential restrictions on state spending and university reserves to explore and develop strategic financial plans that mitigate impacts on the university's mission.
- We are currently conducting a comprehensive review of our budget model in order to further maximize 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 and workforce staffing plans that 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 use continuous improvement principles and practices to assess effectiveness and make necessary changes.
- 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

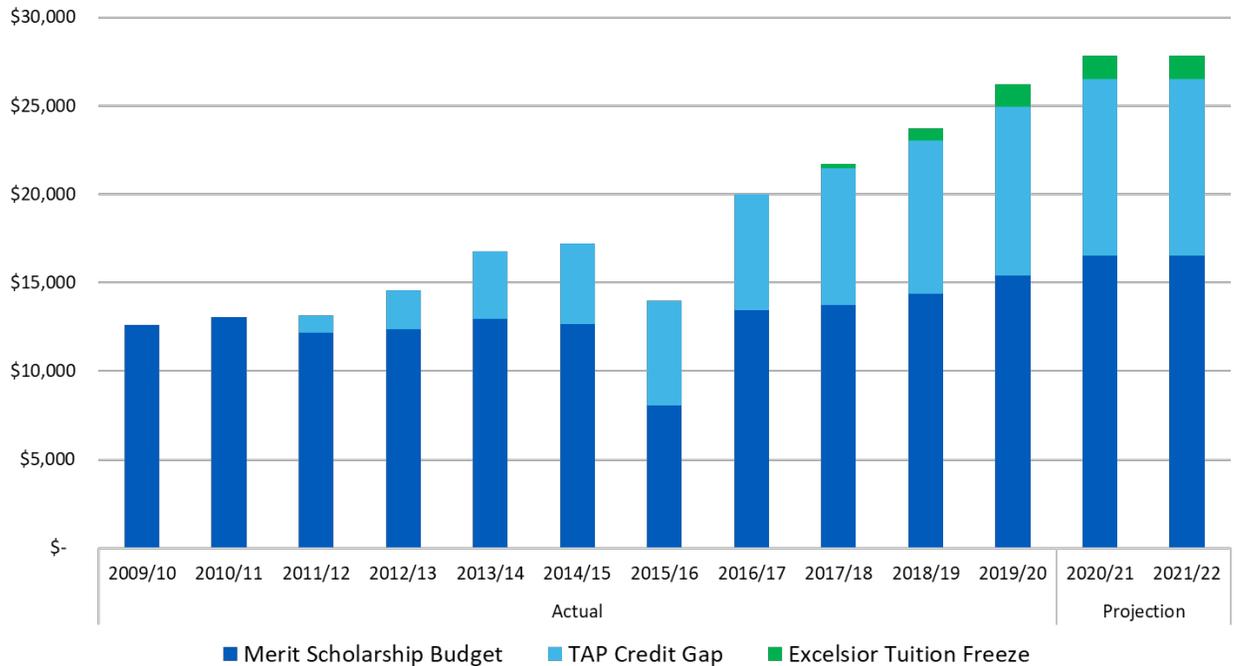
While UB has taken a number of critical steps to help defray the impact of rising costs and shrinking net resources, the university alone cannot fully mitigate the negative impact of this trend. The university continues to advocate for state support and for tuition and fee rates that together keep UB's resources on par with peer institutions.

In particular, SUNY colleges and universities are bracing for the major financial impact of negotiated salary increases combined with the financial impact of the Tuition Assistance Program 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 graph indicates university funded student aid.



Budget Planning

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 the 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 into 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: Communicate guidance to VP/Deans and unit business officers 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: VP/Deans present the unit's position to senior leadership to gain a shared understanding and needs so as to inform the Resource Planning decisions.

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

- Key Outcome: Communicate unit expectations and outcomes to VP/Deans 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

UB's strong financial health has been and will continue to be a key asset to managing through what we anticipate to be several financially challenging years. As we entered FY2020/21, several important factors influenced our beginning fund balances:

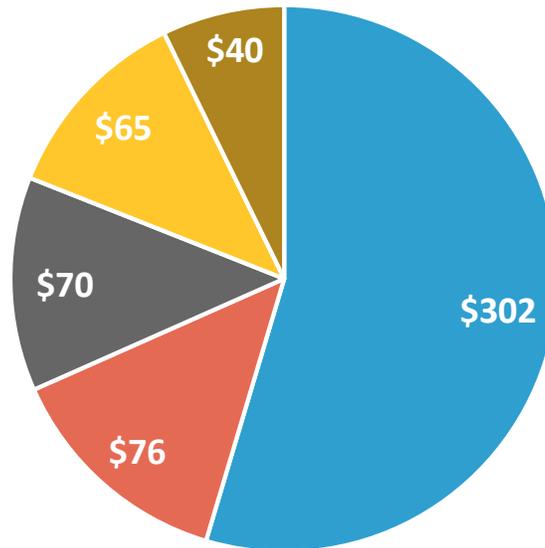
- Our 5-year rolling financial planning process, which anticipates and takes into account major economic opportunities and impacts;
- Our multi-year planning effort for addressing unfunded negotiated salary increases means that decanal and divisional units have been saving funds for that purpose as they also assess future staffing needs;
- State expenditure limitations and the university's hiring pause create fund balances;
- Our financial disciplines that hold contingency reserves to assist with the very types of financial challenges we now face;
- Our current "pause" on strategic investments as we gain clarity on FY2020/21 revenues in a fluid COVID-impacted environment also created central fund balances as we entered the fiscal year.

Existing balances will be utilized to help fund costs as we manage the expected reduction in revenue over the next few years. Central balances utilized to offset reduced revenue is an opportunity lost to utilize those funds to pursue the university's top 25 aspirations.

Unit balances grew as they planned for unfunded negotiated salary increases exceeding \$50 million over the course of the current union contracts. Carryforward balances are one-time funds and not sustainable long term to fund increasing recurring cost, primarily due to unfunded salary increases. Thus, the university continues in its work to achieve long-term balance over time.

The below graph \$553 million in university beginning balances for 2020/21 broken down by central balances and those managed by the VP and decanal units.

2020/21 - All Funds Beginning Balances



- Units
- IFP Strategic Reserves Unallocated
- IFP Strategic Reserves Earmarked
- Unit Managed Central Balances
- University Emergency Reserves

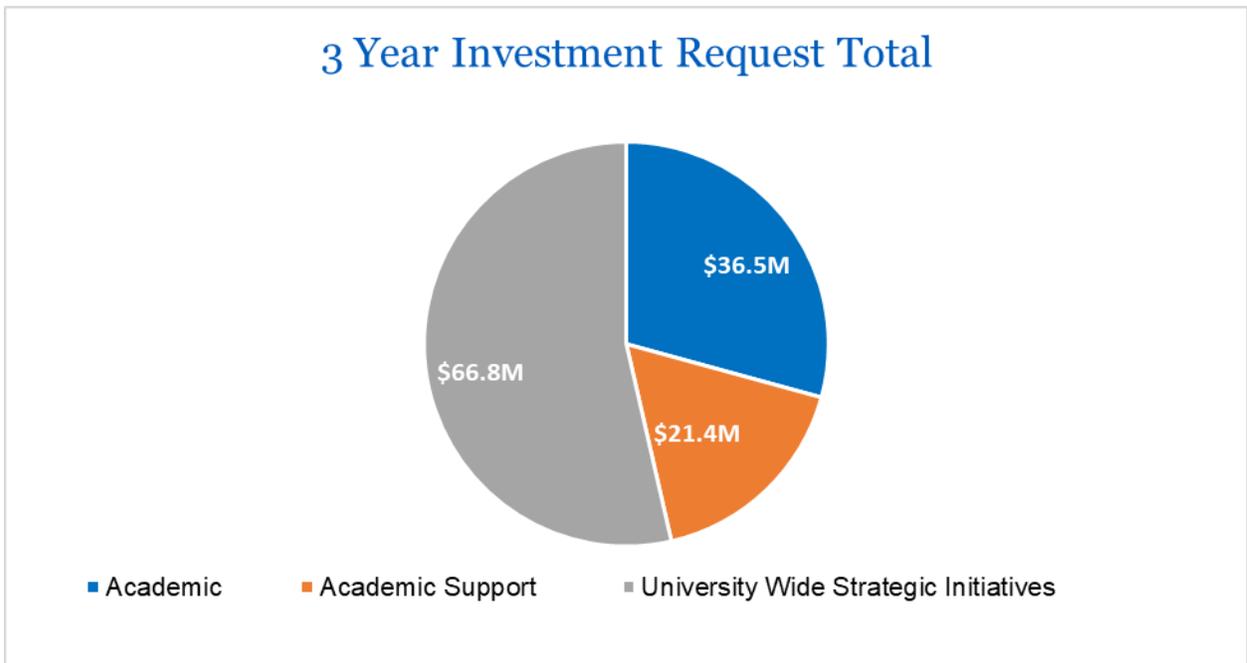
- **Units** – Balances held within accounts managed within VP units, decanal units and department.
- **Internal Financial Plan (IFP) Strategic Reserves** – Central funds available to fund investment proposals through the Annual Resource Planning Process (ARPP) that meet the strategic priorities of the university.
- **Internal Financial Plan (IFP) Strategic Reserves Earmarked** – Central funds set aside for specific purposes; e.g. Infrastructure, real estate, enrollment shortfalls and existing commitments to units.
- **University Emergency Reserves** - \$40M set aside to help manage unforeseen circumstances and only to be utilized if the President, Provost and Vice President for Finance & Administration all agree is necessary.
- **Unit Managed Central Balances** – Funds delivered for central contracts, utilities, rehab projects, and other initiatives.

Investment Decisions

1. Investment Requests & Funding

As of the publishing of this report no investment decisions have been made as we manage expenditure reduction mandated by New York State and expected revenue lost related to COVID-19. Investment proposals are still under consideration that align with the university’s mission and goals. As the financial picture becomes clearer over the next several months additional funding decisions may still be made.

For the 2020/21 ARPP, investment proposals totaling \$124.7 million over three years were submitted. The below graph show the breakout by area impacted by proposals.



Budget Model

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 year's 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 (1st to 2nd, 2nd to 3rd ... 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 ARPP.

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 2020/2021, 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 New York 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](#)

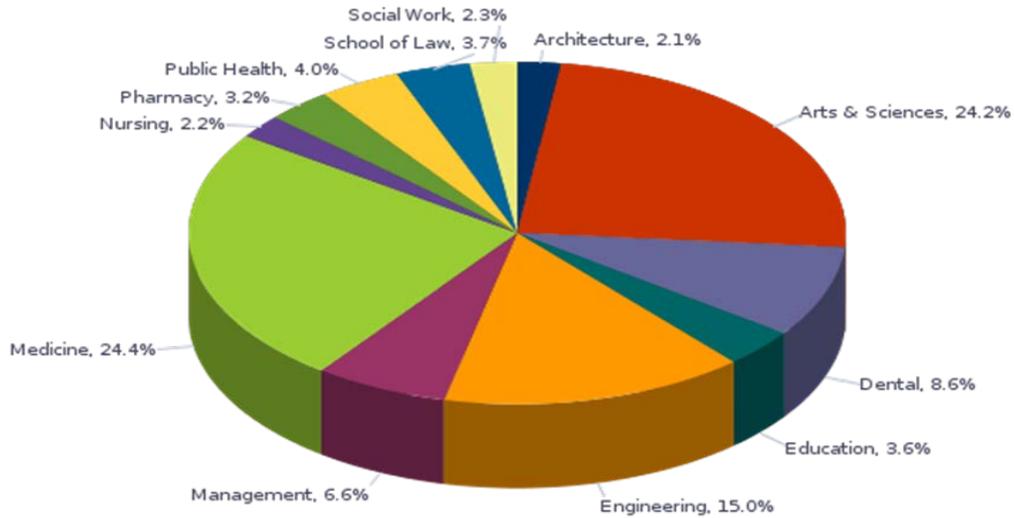
7. Royalty and Patent Income

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 – All Sources

1. 2019/20 - VP/Decanal Sources

Sources by Decanal Unit

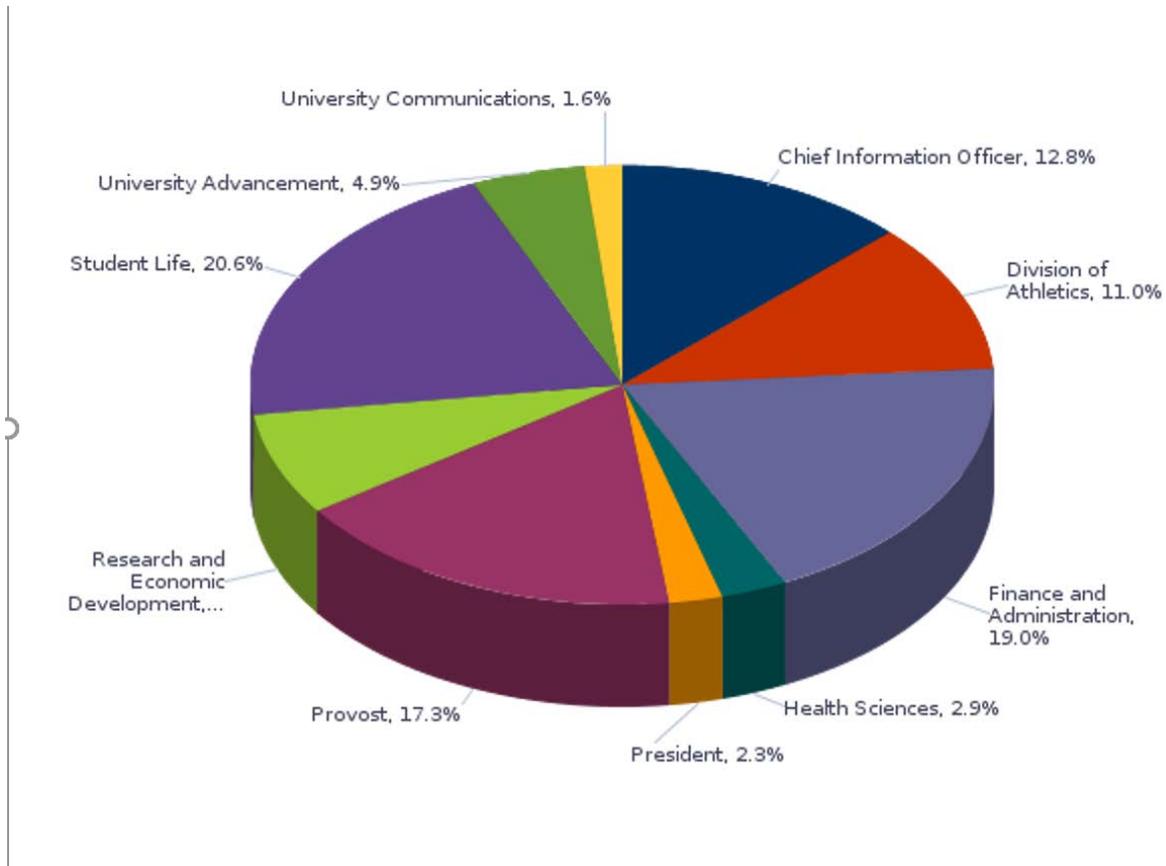


Sources

Academic

	Sources	% of Total
College of Arts and Sciences	\$106	24.2%
Graduate School of Education	\$16	3.6%
Jacobs School of Medicine and Biomedical Sciences	\$107	24.4%
School of Architecture and Planning	\$9	2.1%
School of Dental Medicine	\$38	8.6%
School of Engineering and Applied Sciences	\$66	15.0%
School of Law	\$16	3.7%
School of Management	\$29	6.6%
School of Nursing	\$10	2.2%
School of Pharmacy and Pharmaceutical Sciences	\$14	3.2%
School of Public Health and Health Professions	\$18	4.0%
School of Social Work	\$10	2.3%
Grand Total	\$437	100.0%

In the 2019/20 academic year, \$437 million in total sources was allocated to our academic units.



Academic Support

	Sources	% of Total
Chief Information Officer	\$39	12.8%
Division of Athletics	\$33	11.0%
Finance and Administration	\$57	19.0%
Health Sciences	\$9	2.9%
President	\$7	2.3%
Provost	\$52	17.3%
Research and Economic Development	\$23	7.6%
Student Life	\$62	20.6%
University Advancement	\$15	4.9%
University Communications	\$5	1.6%
Grand Total	\$303	100.0%

Central University

	Sources	% of Total
Central University	\$91	100.0%
Grand Total	\$91	100.0%

In the 2019/20 academic year, \$303 million in total sources was allocated to our academic support units that are necessary to the academic and research mission of the university. Some of the revenue is generated directly by these units.

Central University includes funding for centrally managed areas including but not limited to the Merit Scholarship, University Utilities and centrally managed Instructional Facilities budgets.

Academic support units include the following areas:

Included within the **Chief Information Officer** is Enterprise Application Services, IT Customer Services, Network & Communication Services and other IT support. The **Division of Athletics** is comprised of the 16 Division I Sports, various administrative and student athlete support areas and Recreation and Intramurals. **Finance and Administration** includes the Office of Finance & Administration, University Facilities, Business Services, Human Resources, Resource Planning, University Police, Parking & Transportation, Sustainability and Real Estate & Property Management. **Health Sciences** contains the office of the VP for Health Sciences and the Office of Interprofessional Education. Included in the **President** is the Office of the President, Internal Audit, Office of Equity, Diversity & Inclusion, Government & Community Relations and University Events. The **Provost** is comprised of the Office of the Provost, Office of Academic Planning, Enrollment Management, Faculty Affairs, Inclusive Excellence, Institutional Analysis, International Education, Educational Affairs, the Educational Opportunity Center, University Libraries and University Shared Governance. **Research & Economic Development** includes Sponsored Research Administration, Communities of Excellence, Office of Research Advancement, Economic Development, Animal Facilities, Research Compliance and several centers and institutes. Included in **Student Life** is Student Health & Wellness, Counseling Services, Dean of Students, and Campus Living. **University Advancement** includes advancement teams for all of the academic units and Alumni Engagement and Annual Giving and the Boldly Buffalo Campaign. **University Communications** is comprised of the Office of University Communications, Trademarks and university branding initiatives.

2. 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:	Income Fund Reimbursable (IFR)		State University Tuition Reimbursable (SUTRA)	Dorm Income Fund Reimbursable (DIFR)	Research Foundation (RF)	UB Foundation (UBF)	
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 apartmentrent 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	62.39% on salary expenses	27.4% assessed on revenue	62.39% 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

Each year, UB provides an 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..

- 1) **UB Financial Statements** - Annually, the University at Buffalo issues financial statements for the fiscal year ending June 30. These unaudited financial statements are compiled based on State University of New York (SUNY) campus level financial reports representing the operations for state and research foundation activities..
- 2) **Supplemental Financial Activity Reporting** - Provides additional financial information including an overview of core operating activities and other key financial highlights. 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 Financial Reporting](#)