

2015/16 BUDGET UPDATE

Faculty Senate Executive Committee

Wednesday, May 6th, 2015

GOALS FOR EXCELLENCE

- **Impact challenges of our time**
- **A leading global presence**
- **Build partnerships that enrich UB and our publics**

STRATEGIES

- **Build a strong, productive, diverse faculty**
- **Recruit, educate, and graduate talented, diverse, successful students**
- **State-of-the-art infrastructures to achieve our goals**

FINANCIAL CAPACITY



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FACTORS AFFECTING FINANCIAL CAPACITY

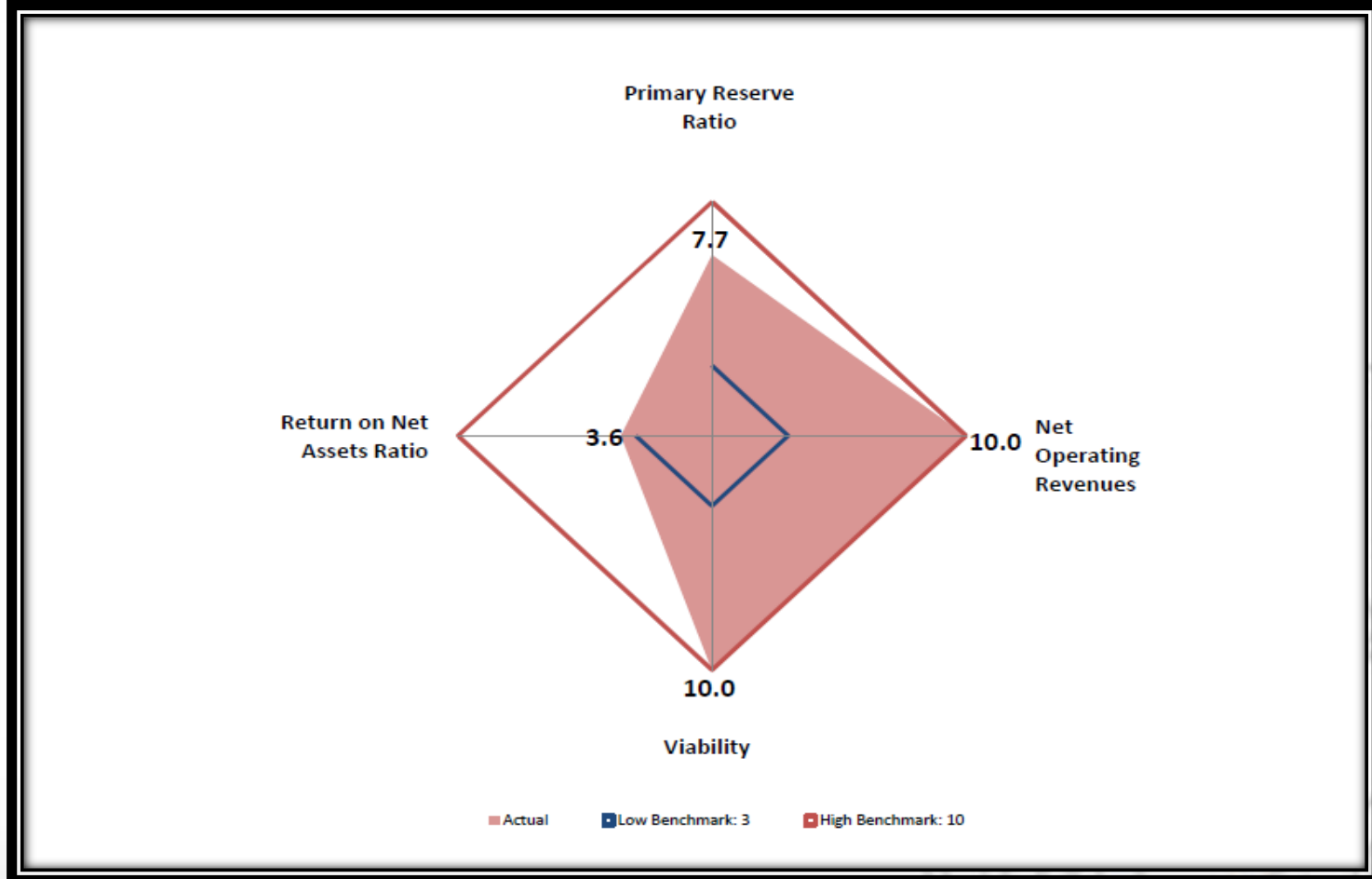
- The university continues its effort to rebalance state operating fund commitments with available state operating sources. ***This limits the university's ability to make recurring fund investments.***
- ***Multiple units have not made planned enrollment goals*** and the university must manage the revenue loss associated with those enrollments. This further limits the university's capacity to invest.
- ***There are units who have the capacity to grow enrollment beyond planned levels.*** Those units are developing proposals that may result in central investment beyond the 25% revenue share they will receive under the current budget model.
- In the 14/15 resource planning process, ***we made several multi-year investments*** that we are committed to deliver upon in the out-years of those commitments.

University Financial Health

Composite Financial Index

- **Measures overall level of financial health**
- **Utilized for assessment and long range planning to facilitate continuous improvement**
- **Comprised of four key ratios**
 - **Primary Reserve**
 - **Net Income**
 - **Return on Net Assets**
 - **Viability**
- **UB's 5 year average of CFI is 3 = Relatively strong financial health**

UB'S HEALTH MONITOR: COMPOSITE FINANCIAL INDEX, 2013/14

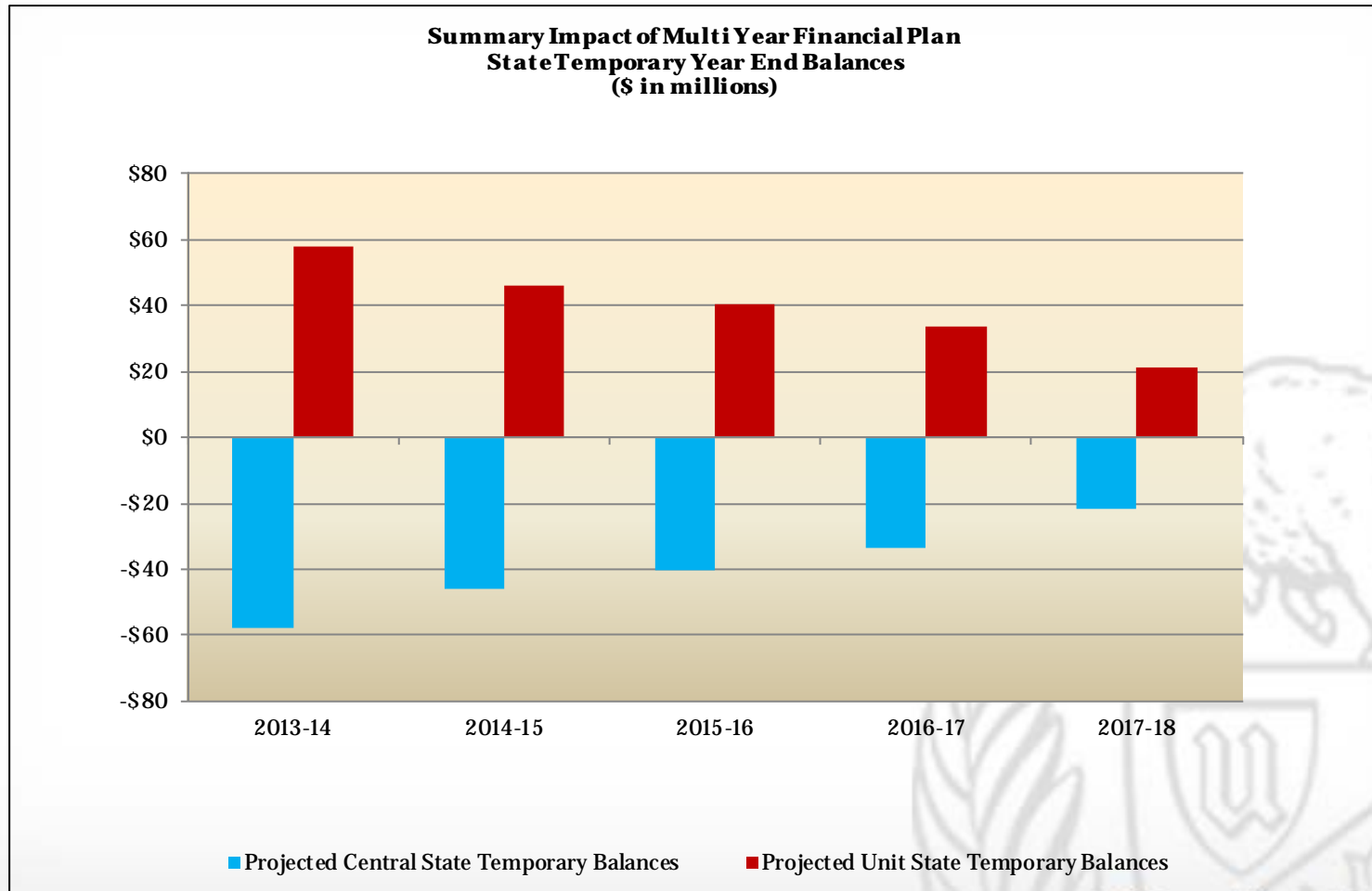


WHAT DOES THE 2013/14 CFI TELL US?

- The University is financially healthy, with the exception of its return on net assets.
- Profile indicates the University is poised to take advantage of opportunities as they present themselves.
- ***Strategies that align with this CFI profile include:***
 - ***More rigorous planning***
 - ***Maintaining financial discipline***
 - ***Reviewing current return on investment.***

PROJECTED STATE FISCAL CARRY FORWARD

Summary 2013/14 through 2017/18



WHAT IS THE CURRENT BUDGET MODEL?

- **Base Budget:** The unit base budget is comprised of revenue from base enrollment and shares from tuition increases. The base budget is delivered to the unit in recurring state operating funds at the beginning of the fiscal year on 7/1/15.
 - **Base Enrollment**
 - In order to continue to receive the same base budget each year, the unit will maintain its base enrollment levels.
 - If the unit does not meet its base enrollment in a given year, the unit will return 100% of the shortfall and any tuition increase revenue received to the university the following year in non-recurring state operating funds.
 - If the unit does not meet its base enrollment again the following year, and the lower enrollment level is anticipated to continue, the unit's base budget will be permanently reduced by 100% of the tuition revenue shortfall. The unit's base enrollment will be adjusted to the new lower level.
 - **Tuition Increase Revenue Share**
 - In a year in which there is a tuition increase, the unit will receive 25% of the revenue generated on the base enrollment as a result of the tuition increase. The remaining 75% is retained by the university to be used for strategic investments.

2014/15 ENROLLMENT & TUITION OUTCOME

(\$ in 000s)

Unit	Credit Hours	Tuition
University Total	(5,373)	(\$5,687)
College of Arts & Sciences	(11,704)	(\$3,489)
Graduate School of Education	1,917	\$502
Law School	(1,833)	(\$1,545)
School of Architecture	(61)	\$189
School of Dental Medicine	(420)	(\$399)
School of Engineering	(459)	(\$2,658)
School of Management	4,935	\$1,451
School of Medicine	(411)	(\$370)
School of Nursing	(107)	(\$33)
School of Pharmacy	631	\$326
School of Public Health	1,654	\$243
School of Social Work	(91)	(\$62)
Support Units	575	\$157

FINANCIAL CAPACITY

Recap

- **All-funds fiscal health**
- **Revenue expectations**
 - Enrollment volatility
 - No tuition increases after 15/16
 - Research trends suggest no growth
 - No net growth in other streams
- **Pressure on state funds must be abated**
 - Units are utilizing state funds for negotiated salary increases
 - Need to explore use of other funds to support State-funded costs
- **Potential Unfunded Needs– NYSUNY2020, reserves, unit challenges/opportunities and capital needs**

FISCAL DISCIPLINE DRIVES ACADEMIC EXCELLENCE

- **Enables continued focus on institutional goals**
 - Impacting the challenges of our time
 - Growing a global presence
 - Building enriching partnerships
- **Sustains investments in:**
 - General Education, Communities of Excellence, 3E programs
 - Communication Strategies, IT, Student Affairs
 - Research Infrastructure
- **Opens window for unit entrepreneurship**
 - Pathways for School of Law
 - New programs in CAS

Conclusion



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2015/16 BUDGET CLOSURE KEY DATES

- **May 2015**
 - May 1: Academic Year Fee Requests submitted to SUNY if applicable
 - May 1 – 31: SUNY and Board of Trustees approve 2015/16 Tuition and Fees
 - May 26: Deans/VPs/CFOs meeting to review in more detail the university investment decisions and answer questions about policies and strategies
- **June 1, 2015**
 - Close of the 2015/16 Budget Process; Units submit final three-year plan with revisions as necessary (examples faculty/staff, research and enrollment)
- **July 1, 2015**
 - Investments entered into the University Internal Financial Plan tool and be available in SIRI for your delivery instructions
 - Financial Services loads new fiscal year budgets in financial system
 - 3E/E-Fund Program Evaluations and the outcomes communicated to participating units
- **August 17, 2015**
 - All carry forward balances and your 12% ICR distribution will be available

NEXT STEPS

- **Complete 2015/16 Budget Process**
- **Prepare for 2016/17 Budget Process**
 - Evaluate and develop the Budget Model for 2016/17 and beyond based on the new strategic enrollment plan
 - Continue to scan our environment
 - Continue lobbying for rational tuition, capital budget growth and new funding for negotiated salary increases