

March 19, 2021

Dr. Robert Miletich
Faculty Senate Chair
543 Capen Hall
North Campus

Dear Chair Miletich:

In response to the Faculty Senate's Resolution, *Bunsis Analysis – Reporting of the Budget Priorities Committee*, approved on September 15, 2020, I am forwarding the attached comprehensive report from Provost and Executive Vice President for Academic Affairs A. Scott Weber and Vice President Laura E. Hubbard.

Thank you for forwarding the resolution to me.

Sincerely,


Satish K. Tripathi
President

Attachment

Cc: A. Scott Weber, Provost and Executive Vice President for Academic Affairs
Laura E. Hubbard, Vice President for Finance and Administration

To: Satish K. Tripathi
President

From: A. Scott Weber 
Provost and Executive Vice President for Academic Affairs

Laura E. Hubbard 
Vice President for Finance and Administration

Date: March 16, 2021

Re: Faculty Senate Resolution: Bunsis Analysis – Reporting of the Budget
Priorities Committee

We are writing in response to the Faculty Senate resolution entitled: Bunsis Analysis – Reporting of the Budget Priorities Committee and forwarded to you by Faculty Senate Chair, Robert Miletich on October 26, 2020. The resolution is based on a report by Howard Bunsis and commissioned by the UB Living Stipend Movement during the 2019-20 academic year. The Bunsis report and resultant conclusions do not reflect an informed or cogent understanding of SUNY or our university's finances.

Extensive Background Materials

Over the past six years, the university has shared presentations, reports and official university communications with the Faculty Senate and the Faculty Senate Budget Priorities Committee, often in response to issues raised in this resolution. While these presentations are memorialized in the Faculty Senate meeting minutes and should be accessible through the Faculty Senate archives, for the faculty's convenience, we have posted these presentations, reports and official university communications on the Provost's website at <http://www.buffalo.edu/provost/policies-and-resources.html>.

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Governing Laws and National Best Practices

As you know, as a public university, UB follows state and federal laws and regulations and the best practices of the National Association of College and University Business Officers. As part of the State University of New York (SUNY) the university's financial information is included in the complete SUNY financial statement which is part of SUNY's Annual Report. Annually, the University at Buffalo issues financial statements for the fiscal year ending June 30. These unaudited financial statements are compiled based on SUNY campus level financial reports representing the operations for state and Research Foundation activities. We have created a centralized budget and financial information website that includes links to UB's publicly available financial documents <http://www.buffalo.edu/administrative-services/managing-money/key-budget-financial-information.html>.

The following summarizes our response to each part of the resolution.

1) That the university administration, through its website, ensure public access to all the financial information recommended by Howard Bunsis as consistent with peer university best practices as well as legal requirements and SUNY policies.

The University at Buffalo is a major public research university that is part of a broader organizational structure known as the State University of New York. As such, our financial reporting modalities and best practices are different from a standalone institution. The same is true of peer institutions in the University of California system. Professor Bunsis chose to compare UB to institutions that are not part of a system infrastructure, and that caused his data and conclusions to be inaccurate as the policies and practices within SUNY and other systems are very different from those of independent universities.

To provide factual clarity regarding institutional data, audited financial statements, budget information and processes, and financial information that is in the public domain are posted on the following website: [Key Budget Financial Information](#). Information found on this site includes the following:

- UB Annual Operating Budget Report – report provides a comprehensive summary of the financial plans for the University.
- University / Affiliated Entity Financial Reporting
 - **UB Unaudited Financial Statements** – Because UB is part of a university system, NYS audited financial statements are solely produced at the SUNY system level. UB does not produce an audited financial statement. This is the case at other major university systems, including the University of California system, where audited financial statements are only produced at the system level.
 - **SUNY Annual Report** – As part of the State University of New York (SUNY) the university's financial information is also included in the complete SUNY financial statement which is part of SUNY's Annual Report.

- **Research Foundation Annual Report** – The research portion of the University’s financial information is also included in the complete Research (RF) financial statement that is part of RF’s Annual Report.
- **UB Foundation** – The Foundation provides fiscal administration of revenues and support received for promotion, development and advancement of the welfare of the university, and its students, faculty, staff and alumni.
- **IPEDES** – A system built around a series of interrelated surveys which collect institution-level data in areas including enrollments, program completions, graduation rates, faculty, staff, finances, institutional prices, and student financial aid.
- **Supplemental Financial Activity Reporting Schedules** – Series of narratives, graphs and charts on the University’s operating activities.
- Analysis and Reporting Measures – official and strategic information used to support campus analytics, reporting and institutional research.
- [Financial presentations](#) conducted by campus leadership.

2) That the university administration provide to the Faculty Senate a full, detailed annual accounting of all expenditures made with UB Foundation funds, including supplements to UB salaries, and, in its next iteration, a full and detailed plan for spending UB Foundation resources in the next three years that addresses how those resources will be used to meet university needs arising from the current Covid crisis and whether those needs require adjustment to the spending rate.

Detailed Annual Accounting. The university administration manages at a strategic, broad level in terms of financial reporting and review of campus operations. We are a decentralized organization in which individual account holders are responsible for making decisions and spending according to university, UBF and state policies and procedures. Therefore, The university does not produce a detailed accounting of expenditures on state, RF or UBF accounts in their entirety. In SUNY’s 2018 audit of the UB Foundation, SUNY noted that the information made available to the public by the Foundation was in most cases comparable to or above and beyond what other campus-related foundations publicly disclose.

UB Salary Supplements. The university is working with the decanal units to analyze UBF payroll expenditures and report supplements to state salaries. This is a cooperative process between senior leadership and deans/unit business officers. This analysis will be made available this semester.

Budgeting and UBF. The university’s Provost and Vice President for Finance and Administration, and their staffs, have presented the state of the university finances at many Faculty Senate Executive Committee and Budget Priorities Committee meetings. This includes comprehensive presentations regarding UB Foundation (please refer to: <http://www.buffalo.edu/provost/policies-and-resources.html>). In addition, UB and UB

Foundation have prepared lengthy substantive responses to prior UB Foundation critiques. These substantive responses included full and proper context to each unsubstantiated point as well as detailed, reasoned, and factually supported rebuttals.

As a function of the university's annual resource planning process (ARPP), VP/Decanal areas prepare high level utilization plans for all funding sources, including UBF. Detailed expenditure plans are maintained within the applicable campus departments and not at the university level. The spending policy and related formula for UBF endowment funds is approved annually by the appropriate UBF governance group, consistent with national best practices and fiduciary responsibility. The approximately \$26 million annually that is not specifically designated to a specific unit and/or purpose is allocated via the university's ARPP process. This fact, and the use of these funds, have also been discussed and disclosed at the many UBF presentations to the Faculty Senate noted above. The largest allocations of this approximately \$26 million support student scholarships and the Division of University Advancement.

It is important to remember that the UB Foundation is *not* a grant making foundation but rather manages funds that are spent per established criteria, consistent with donor intent. To the extent there is latitude regarding spending of UBF funds, utilization authorization is decentralized and rests at the departmental level.

COVID Related Expenses and the UBF Foundation. COVID related expenses at both a university and departmental response level continue to be tracked, monitored and reported. It is not the responsibility of the UB Foundation to cover all expenses related to the University's COVID response nor would it be reasonable to assume it should. UBF funds cannot and should not replace state funds and vice versa.

3) That the administration explain why institutional support, as opposed to support for instruction and research, accounts for 13.2% of total salaries compared to a mean among those universities named as its peers by UB itself of 8.1%, amounting to \$23 million per year over the mean.

The source of the numbers cited above is not clear. Assuming the reference is the Bunsis report, that report also notes that UB's instruction expenses also exceed the mean in the Bunsis comparisons.

"Institutional Support" is one of several Functional Categories of expenses that institutions under Governmental Accounting Standards Board (GASB) reporting requirements and that the Integrated Postsecondary Education Data System (IPEDS) are required to report. The classifications are based on audited financial statements. Institutions have a fiduciary responsibility to report accurately on these categories.

“Institutional Support” is defined by IPEDS as follows: *A functional expense category that includes expenses for the day-to-day operational support of the institution. Includes expenses for:*

- *general administrative services,*
- *central executive-level activities concerned with management and long range planning,*
- *legal and fiscal operations,*
- *space management,*
- *employee personnel and records,*
- *logistical services such as purchasing and printing,*
- *public relations and development,*
- *information technology expenses related to institutional support activities.*

If an institution does not separately budget and expense information technology resources, the IT costs associated with student services and operation and maintenance of plant will also be applied to this function.

It’s important to note that a myriad of operational areas of the university are recorded in this category. The majority of the expenses, as the IPEDS definition indicates, are staff working in IT (network operations, application development, student help desk, etc.), payroll (both State and Research Foundation), human resources, procurement, printing and mailing services, research administration (i.e., staff supporting principal investigators in pre- and post-award activities), and other functions that support the entire university enterprise.

As a comparison, UB and Stony Brook share the following commonality: both institutions are by far the lowest in total salaries and wages expenditures (the comparison used in the Bunsis report). In fact, UB’s total salaries and wages expenses are only 37.1 percent of the peer average. In terms of absolute dollars, UB spent \$38 million less than the peer average on Institutional Support salaries and wages (\$60.7 million versus \$98.7 million) in FY2018. The most significant differences in total salaries and wages expenses relative to the peer average used in the Bunsis report are in Research, Public Service, and Auxiliaries, where UB’s expenses are only 19 percent, 11 percent and 27 percent of the peer average. Auxiliaries’ expenses for campus dining, catering and vending – operated by the Faculty Student Association (FSA) – are not included in IPEDS reporting for UB, as FSA is a separate corporation. This is another area where lack of full understanding of SUNY structure and its impacts on financial reporting prevents a cogent analysis.

4) That the administration provide a detailed public plan by January 2021 showing how it will move to rectify the trend whereby, despite an increase of enrollment of 14% from 2008-2019, the number of tenure-track faculty has remained flat and the number of assistant professors gone down by 22%, thereby threatening the university's future as a Tier I research institution.

The status of UB as a Tier 1 research university is not under threat. In fact, UB is behind its peers in terms of the employment of teaching (non tenure-track) faculty. In any case, these decisions are handled in academic departments and managed by deans, not central administration. The 22% referenced above largely represents assistant professors who were promoted to the level of associate professor based on successful promotional opportunities at UB. As a result, we have more associate professors now than we did in 2008.

Additionally, Fall 2006 to Fall 2009 was a period of significant hiring and represents a twenty-year peak in the hiring of assistant professors. Thus, not only should one understand this point in any comparison but also recognize that the full effects of the Great Recession were not felt until after 2009. Additionally, the State has made collective bargaining decisions that it did not fund, and this has significantly affected campuses' ability to hire. It is only through enrollment growth and tuition rate increases that we have sustained our positive trajectory over the past decade. As a result of the growth of new programs and through using an integrated planning process that utilizes actionable data available to all schools and the college, UB has been able to remain financially stable. UB is continuously implementing strategies to mitigate recent trends in declining international and graduate enrollment, shifts in student interest in majors, and associated changes in tuition revenue flows.

To illustrate hiring trends over the past 10 years, overall, the number of full-time faculty has increased 4.4% over the past 10 years (2009 to 2019); the number of ladder faculty has decreased 2.5%; and the number of non-ladder faculty has increased 18.1%. Most of our university's resources are in existing academic and academic support units' base budgets, and the academic units align these resources with their research, academic, and academic support priorities. It is important to note that faculty hiring decisions are made by academic departments within the budget allocated to them by their dean. As UB has grown enrollment, it has grown in disciplines that are more likely to hire non-tenure track faculty and shrunk in areas that have historically hired predominately ladder faculty. Generally, funding and hiring follow enrollment patterns.

UB's NYSUNY 2020 key objectives included growing ladder faculty by 300, replacing 300 FTE faculty who were projected to leave the university over the next several years with 400 FTE faculty, improve academic support infrastructure (state of the art educational and research environments for faculty and students), relocate UB's Jacobs School of Medicine and strengthen regional economic impact. A key assumption noted in the plan is that the State would achieve a Maintenance of Effort (MOE) by not reducing State Tax Support

from 2010-11 levels throughout and that the State would fund mandated costs including fringe. Mandated salary increases (\$81 million) have **not** been funded by the State since 2011-2012 which means the university has had to absorb these mandated costs. If negotiated salary increases had been funded by New York State, as they had been historically, faculty hiring would have increased at a higher rate than through enrollment growth alone.



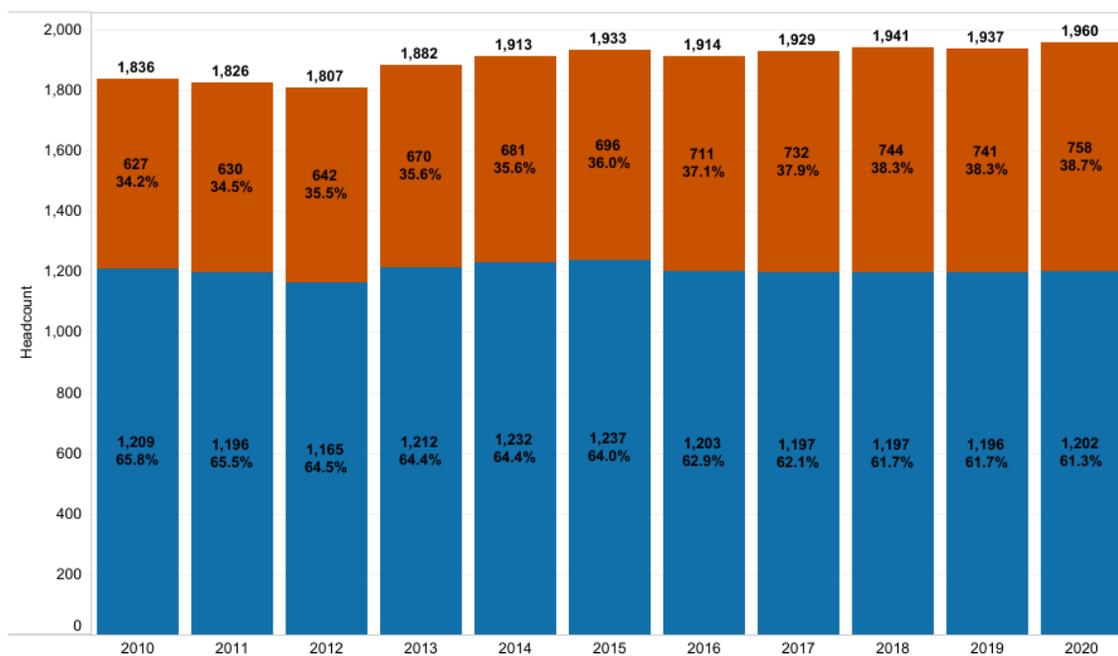
Factbook - Faculty and Staff Headcount Trend Fall 2010 to 2020

Display By
Employee Category

Employee Category
Multiple values

Table View
Count

Tenure Track Faculty
Non-Tenure Track Faculty



	Headcount										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tenure Track Faculty	1,209	1,196	1,165	1,212	1,232	1,237	1,203	1,197	1,197	1,196	1,202
Non-Tenure Track Faculty	627	630	642	670	681	696	711	732	744	741	758
Total	1,836	1,826	1,807	1,882	1,913	1,933	1,914	1,929	1,941	1,937	1,960

Data sourced from OIA personnel and employee census data. Headcounts include personnel having their primary appointment in a faculty, classified, or professional position as of No.

5) That the administration demonstrate how the expenditure of \$30 million a year on subsidizing athletics (that is, funding above and beyond all donations, ticket sales, and other sources of athletic income) at a time when it insists money for academics is scarce will not damage the research and educational capabilities of the university and that, further.

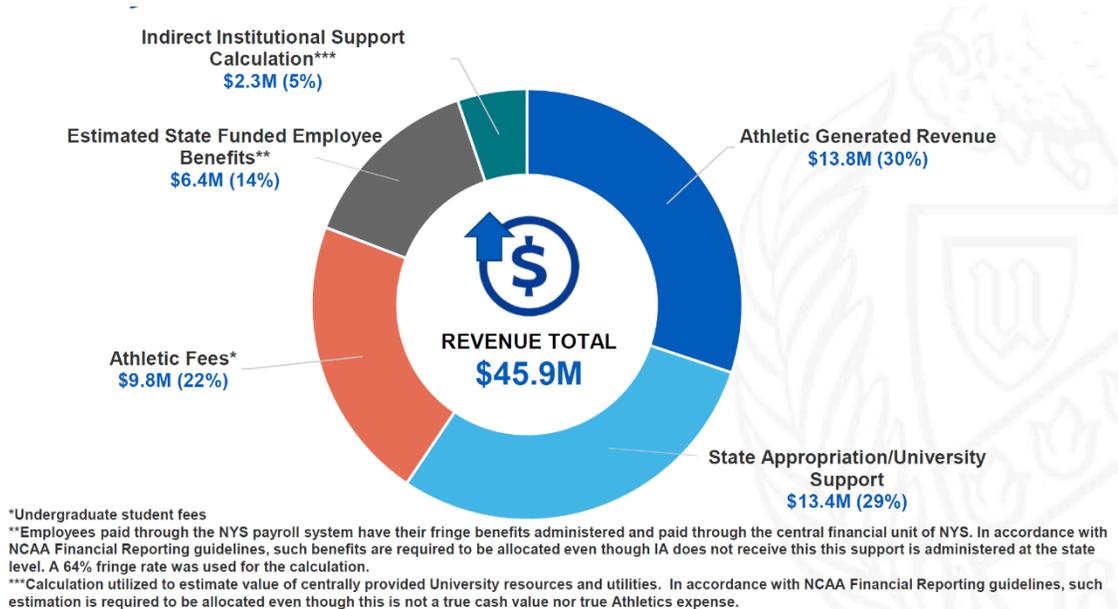
The University at Buffalo does not spend \$30 million a year subsidizing athletics. Athletics receives \$13.4 million in base state allocation but returns \$12 million to the university through the following sources:

- \$6.7 million in grant in aid provided by Athletics;
- \$3.3 million Student Athlete tuition, fees and room and board not covered by grant in aid;
- \$2 million in General University Service Fee (GUSF) generated by Athletics and then allocated to many units across the university as part of the Annual Resource Planning Process (ARPP).

In addition:

- the university benefits from an estimated \$21 million paid advertising equivalent value of news stories.
- Athletic fees paid by undergraduate students support intercollegiate athletic experiences. By policy, funds received for athletics may not be spent on programming outside of intercollegiate athletics. The Athletic Fee at UB is the lowest among the four SUNY University Centers and our MAC peers.
- Estimated State Funded Employee Benefits as noted per the graph footnotes simply represent Office of the State Comptroller fringe benefit rate multiplied by Athletic salary expenses. **There is no direct cost to the University for fringe benefits.** Fringe benefits are reported solely as a criteria of the NCAA report requirement and not as a cost incurred by the university.
- Indirect Institutional Support calculation represents the distribution of University Administrative expenses (including utility costs) formulaically allocated to Athletics. They are reported solely as a criteria of the NCAA report requirement. In short, the University would continue to incur these expenses whether or not we had an athletics program.
- UB Athletics is funded at the lowest level of our MAC peers as a percentage of overall university expenses (per IPEDS data).

Per the 2018-19 NCAA Financial Overview report Athletics revenues were as follows:



UB has participated in NCAA Division 1 athletics since the mid-1990s. UB, as a member of the NCAA, benefits by recruiting outstanding student-athletes who excel in the classroom and on the field. UB also benefits from national media coverage which in turn elevates our name recognition, alumni engagement, and academic and research reputation.

Athletics is a key part of our student experience and an important way for our alumni to continue their engagement with their alma mater.

Athletics has not been immune to budgetary downturns. In fact, during the Great Recession, athletics (and all support areas) experienced budget cuts at twice the rate of our academic units. This differentiation in budgetary cuts was made in order to preserve our university's academic mission.

6)That the administration justify its spending on new construction for such projects as an \$18 million field house and an International Café costing unspecified millions at a time when it is seeking to reduce the number of the university's PhD students and increase the ratio of contingent to tenure-track research faculty.

As publicly stated, the Murchie Family Field House was made possible by a lead gift of \$3.2 million to the university that was restricted for purposes of a field house, along with \$1.22 million in other philanthropic gifts that were restricted for purposes of Athletics capital projects. In addition, athletic conference revenue proceeds supported this investment. **No state funds were used for this project.** The university does not have the authority to

repurpose these funds for a different use. Conference revenue and donor funds received were transferred to the State University of New York Construction Fund for project execution. This funding can only be used for designated construction projects.

One World Café is funded by two main sources and two minor sources. The two main sources are direct funds from the Faculty Student Association (FSA) for their portion of the mixed-use spaces and Critical Maintenance funds from NYS, which can only be used for infrastructure and renovations for existing facilities. Two minor sources include student fees to be used specifically for Heart of the Campus (these fees will be used for furniture and equipment) and university deferred maintenance reserves.

The payment by FSA for costs of space and equipment in facilities for which it generates revenues is a requirement of the contract between FSA and the university, which is also approved by SUNY. Students are the primary payers of FSA and FSA's investment in One World Café was approved unanimously by the FSA board, which includes six student members.

In the case of One World Café, rather than investing in an old facility (Berts), the campus master plan identified a new faculty and student space in One World Café. This plan was included in the Heart of the Campus (HOTC) project approved a decade ago via university processes involving stakeholder input. That larger project is now being implemented in phases, the third of which is One World Café (the first two being the renovation of the Silverman Library and 1Capen/1Diefendorf). All of these projects are student centric in their design and implementation.

Finally, all capital projects are funded with **one-time funds**. Thus, the suggestion that these funds, even if not legally constrained to their current uses, could be used to sustain the recurring university investment in PhD education or faculty hiring is ill informed.

As shared with the Faculty Senate in the past, decisions regarding PhD enrollment and related stipends are made at the decanal and departmental level based on priorities and available funding. It should be noted that UB's university-wide investment in graduate student stipends and tuition scholarships for graduate students has grown more than \$9 million since 2012-13. More recently, the University has provided nearly \$10M in bridge funds to units to fund increased costs in PhD education as units evaluate program size and outcomes.