LAUNCHING UB’S ANNUAL RESOURCE PLANNING PROCESS 2021-22

Deans/VPs/UBOs
December 10, 2020
It has been a challenging year:

- A once in a lifetime pandemic
- Significant continuing budgetary challenges and uncertainties related to the pandemic
- A much needed and overdue examination of racism and systemic inequality on campus and beyond
- A presidential election unlike any other in US history

Yet we are making progress and our ambition remains:

*To advance into the nation's Top 25 public research universities, thereby expanding the scope of our reach and strengthening UB's world-wide impact*
When everything is uncertain, everything that is important becomes clear.

Unknown

It’s like driving a car at night; you never see further than your headlights, but you can make the whole trip that way.

E. L. Doctorow (on writing)
What We Know – NYS Budget

From FY 2021 Enacted Budget Plan Mid-Year Update:

- $14.9 billion General Fund revenue decline projection
- 15.3% All Funds tax receipts decline from forecast, creating loss of $63 billion through FY 2024
- $8.8 billion reduction in NYS spending compared to FY 2020 accomplished by freezing hiring, new contracts and pay raises, and by temporarily holding back 20% of payments
- Ultimate size of any permanent reductions depends on availability of unrestricted Federal aid
## Major Revenue Loss - 2019/20

<table>
<thead>
<tr>
<th>Unit Impacted</th>
<th>Revenue Reduction</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>State Tax Support</td>
<td>$19.2M</td>
</tr>
<tr>
<td>Campus Living</td>
<td>Dorms/Apartments</td>
<td>$13.8M</td>
</tr>
<tr>
<td>FSA</td>
<td>Dining</td>
<td>$6.8M</td>
</tr>
<tr>
<td>Athletics</td>
<td>Athletics/Recreation Fees</td>
<td>$1.3M</td>
</tr>
<tr>
<td>Student Life/Provost</td>
<td>Campus Life Fee</td>
<td>$1.2M</td>
</tr>
<tr>
<td>VPFA</td>
<td>Transportation Fee</td>
<td>$3.0M</td>
</tr>
<tr>
<td>Student Governments</td>
<td>Student Activity Fee</td>
<td>$1.2M (est.)</td>
</tr>
<tr>
<td>Academic Units</td>
<td>Course Fees</td>
<td>$0.2M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$46.7M</strong></td>
</tr>
</tbody>
</table>
## Major Revenue Loss – 2020/21 Projected

<table>
<thead>
<tr>
<th>Reductions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Year <strong>Projected</strong> Reduction of State Tax Support  25%</td>
<td>$37.5M</td>
</tr>
<tr>
<td>*Projected Current Year Tuition Revenue Shortfall from Prior Year</td>
<td>$6M</td>
</tr>
<tr>
<td>Campus Living</td>
<td>$29M</td>
</tr>
<tr>
<td>Athletics</td>
<td>$8M</td>
</tr>
<tr>
<td>FSA</td>
<td>$30M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$110.5M</strong></td>
</tr>
</tbody>
</table>

*$3.3M less in Fall 2020 from Fall 2019. Planning assumption in summer was over $30M in reduced tuition revenue.
Other Impacts

• $6.3M in COVID response (testing, PPE, technology for instruction)

• Failure by NYS agencies to pay/reimburse UB as planned

• NYS has signaled that AY 2020-21 programs including TAP, Excelsior Scholarship, and EOP are being funded at risk

• UB received ~ $12M in Cares Act funding for institutional use
COVID-Related Expenses
(Includes central and unit expenses)

$6.3M Total

Technology $2.5M
Cleaning Supplies $1.7M
PPE $0.6M
Testing $1.3M
Other/ Misc $0.2M
NYS cash flow challenges equate to constraints on expenditures for UB across all State funds (State Operating, IFR, DIFR, SUTRA).

Strategies implemented to manage:

• Pause hiring, suspend rehab projects, review contracts, unit expenditure reduction plans

• 18.3% expenditure reduction from April 1–November 30 compared to same timeframe last year ($77M)

• FY 2021 one-time fiscal reduction equivalent to 10% of State Operating funds for all units ($40M)
Hiring Pause Impact on Staffing Levels

- December 2020 total FTE reduced by 1,075 from March 2020
- Reduced 850 FTE from December 2019
- 82% of FTE reduction from student workers
- Faculty increased by 34 FTE in December 2020

Source: SIRI HR dashboards
Notes: Impact not equally distributed across units
Assumes 10% expenditure reduction from December 1, 2020 – June 30, 2021
What We Are Advocating

- Importance of AAU status and continuing path to Top 25
- Continuation of NYSUNY2020 tuition increases and Maintenance of Effort agreements
- Funding for negotiated salary increases
- Levels of State/tuition funding per student relative to peers
- Tuition rates relative to peers
- Differential tuition
- Procurement and capital project delivery reforms
FINANCIAL CAPACITY
Key Outcomes
Multi Year Financial Plan Major Assumptions

Decreases to the Financial Plan

• Prior Year State Tax Support Not Received - $19.2M
• 2020/21 State Tax Support Reduction 25% - $37.5M
• Current Year Tuition Revenue Shortfall - $6M

Increases to the Financial Plan

• Unit 10% One-Time Budget Cut - $40M
• Cares Act Funding - $12M
Multi Year Financial Plan (MYFP) Projected Balances

Note: Balances Exclude $40M University Reserves
MYFP Additional Items to Consider - Major Assumptions

- Includes all MYFP Assumptions
- 2021/22 & 2022/23 State Tax Support Reduction 25% - $37.5M per year
- 2021/22 Tuition Revenue Shortfall - $5M
- 2020/21 UB Funds State Programs (TAP, Excelsior, EOP) - $28M
- FSA Revenue Deferred for 2 Years - $7.4M
- UBF Student Apartments Revenue Deferred 2 Years for Debt Service - $2.4M
MYFP Projected Balances - With Additional Items to Consider (AITC)

20/21 Beginning Balance: $157.5M
20/21 Change: $(103.8M)
21/22 Change: $(30.4M)
22/23 Change: $(45.3M)
22/23 Ending Balance: $(22.1M)
MYFP Scenarios - Projected State Operating Balances

Note: Balances Exclude $8M State Operating University Reserves
Unit Base Budget and Beginning Balances

$ in Millions

State Operating Base Budgets

- State Operating - $76
- IFR/SUTRA/DIFR - $70
- UBF - $123
- RF - $34

All Funds Beginning Balances

- State Operating - $76
- IFR/SUTRA/DIFR - $70
- UBF - $123
- RF - $34

Source: SIRI Financial dashboards
Note: State Operating Base Budgets after 10% reduction

364
303
Available Philanthropic Fund Balances  Total: $51.4 Million

- Unit/Department Discretion $31.5M
- Scholarships/Fellowships $7.5M
- Chair/Professorship $3.8M
- Research $2.7M
- Other Student Support $2.2M
- Athletics $2.0M
- Lectures $1.0M
- Libraries $0.6M

Amounts available on June 30, 2020
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
UB Financial Planning Assumptions 2021/22

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct State Tax Support</td>
<td>• 20-25% reduction again for 2021/22</td>
</tr>
<tr>
<td></td>
<td>• Receive clarity on recurring reduction from NYS</td>
</tr>
<tr>
<td>Enrollment</td>
<td>• Overall enrollment remains flat</td>
</tr>
<tr>
<td></td>
<td>• Currently applications are down from prior year</td>
</tr>
<tr>
<td></td>
<td>• International impact continues to be unknown</td>
</tr>
<tr>
<td>Tuition and Fee rates</td>
<td>• Continue to be flat</td>
</tr>
<tr>
<td></td>
<td>• UB will advocate for approved resident UG increase to be implemented</td>
</tr>
<tr>
<td></td>
<td>• Will work with units for advocating any increases to specialized/professional tuition rates and fees where appropriate</td>
</tr>
<tr>
<td>Spending Constraints</td>
<td>• Anticipate restrictions to continue for several more months; potentially impacting the start of the next fiscal year.</td>
</tr>
<tr>
<td>Hiring Pause</td>
<td>• Will continue in alignment with state spending constraints</td>
</tr>
<tr>
<td></td>
<td>• State will continue deferral of negotiated salary increases. Units should continue to plan to cover these cost.</td>
</tr>
</tbody>
</table>
Continue Investing in Achieving Top 25

Two paths that are connected but whose strategies are separate and definable:

**UG Rank & Reputation**
- Student Retention
- Reputational Rank

**Graduate/Professional Disciplinary Rank**
- Disciplinary Excellence
- Federally Funded R&D
- Faculty Recognition

These need to be pursued in parallel.
ARPP Funding Priorities: Undergraduate Rankings and Experience

RETENTION
• Investments that improve UB’s first- to second-year retention rate to 90% or greater by 2025

REPUTATION
• Investments that improve UB’s reputational score to 3.5 or higher by 2025

Coordination required across units and center.
ARPP Funding Priorities: Faculty Recognition/Retention

FACULTY RECOGNITION
• Investments to facilitate recognition of faculty excellence through progressively prestigious awards

FACULTY RECRUITMENT AND RETENTION
• Proactive and nimble approaches to recruiting and retaining highly productive faculty scholars
ARPP Funding Priorities: Disciplinary Strength and Rankings

STRATEGIC FACULTY HIRING and RETENTION
• Disciplinary strength
• Advancing research and scholarship
• Growing diversity

ACADEMIC EXCELLENCE
• PhD Excellence Initiative
• New program development
• Strong student outcomes

Investments in:
• Salary costs
• Start ups
• Facility needs
ARPP Funding Priorities: Additional Focus Areas for 2021/22 Investments

INCREASING FACULTY AND STAFF DIVERSITY
• Investments in programs and processes that build community and prepare the campus for diverse populations, build pipelines to diverse faculty hiring, and/or enhance retention of excellent and diverse faculty

TRANSLATING LESSONS LEARNED IN COVID
• Investments in ideas, concepts, and/or programs developed in response to COVID to adopt them as part of UB’s longer term Top 25 goal
2020/21 Investment Proposals

- For 2020-21, 93 proposals addressed these priorities
- Many good ideas were not funded because of budget challenges
- These continue to be important to our Top 25 aspirations and units are encouraged to resubmit if they are still a unit priority
2020/21 Investment Request by Funding Priority

<table>
<thead>
<tr>
<th>Priority</th>
<th>Proposal Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Excellence</td>
<td>62</td>
</tr>
<tr>
<td>Faculty Recruitment and Retention</td>
<td>38</td>
</tr>
<tr>
<td>UG Student Retention</td>
<td>25</td>
</tr>
<tr>
<td>Faculty Recognition</td>
<td>22</td>
</tr>
<tr>
<td>UG Student Reputation</td>
<td>34</td>
</tr>
<tr>
<td>Strategic Faculty Hiring</td>
<td>19</td>
</tr>
</tbody>
</table>

93 Investment Proposals
3 Year Total
$125M
LOOKING FORWARD
Future Meeting Topics

• **Financial Transparency and Communications**

• **Work Force Planning & ABC Insights Analysis:**
  - Aligning our workforce to meet our long term goals.

• **University Budget Model** – Review Tuition Revenue Targets, Base Budget & Tuition Revenue Sharing.

• **Salary Recovery Policies** – Implement a policy which supports more strategic utilization and better alignment of sources and uses.

• **Reserve Policies** – Implement unit policy which supports the financial health and integrity of the university and enables pursuit of its mission and strategic goals.
Conclusion: Moving Forward

• 2020 has been a challenging year
• We are waiting for greater clarity from NYS and federal government on factors that impact our budget
• Despite challenges, UB remains committed to Top 25 aspiration
• We encourage submission of excellent proposal ideas to help us achieve our goals
• Even if not funded this year, they may plant the seed for future opportunity and innovation
Questions?