

# Annual Operating Budget Report

2021-2022

This University at Buffalo (UB) Annual Operating Budget Report is a comprehensive presentation of the university's 2021-2022 budget and investment priorities.

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University at Buffalo  
Division of Finance  
and Administration



# Annual Operating Budget Report

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University at Buffalo | Fiscal year 2021-2022

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# Strategic Overview

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## 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 2021/2022.

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.

The COVID-19 situation created unprecedented financial uncertainty for New York State, which directly affected UB's budget. However, as we are beginning to return to normal, we are very pleased to share that UB is in a much stronger financial position than we had anticipated. This is largely a result of significant and unanticipated federal and state support. In addition, we have strong cash reserves due to the following:

- University-wide spending restrictions and savings;
- Forward-looking financial stewardship and planning;
- UB's enrollment has remained strong during the pandemic.

Summarily, UB faces the same the reality as most U.S. higher education institutions. International enrollment remains a concern for the upcoming year. State support was already declining or flat before COVID-19 heaped unprecedented financial challenges 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 rank in 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 accomplishing 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 joining the ranks of the nation's very best public research universities. In fall 2019, UB launched the PhD Excellence Initiative, a campus-wide effort to enhance the education of the next generation of scholars and researchers at UB. The initiative is 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

On October 16, 2020, President Tripathi outlined the university's commitment to becoming one of the Top 25 public research universities in the U.S. in the next decade.

As part of its Top 25 ambition, UB is continuing to enhance the university's physical infrastructure, creating an even more robust living-learning environment. The plan includes building new residence halls, reimagining library spaces and completing the Heart of the Campus initiative.

On the historic South Campus, UB is making progress on its plan to develop an academic hub for the university's professional schools. This entails relocating both the Graduate School of Education and the School of Social Work, in its entirety, from the North Campus; creating a health sciences complex; and demolishing temporary and vacant buildings to restore the design originally envisioned by master Buffalo architect E.B. Green.

On the downtown campus, UB continues to build out the Academic Health Center—anchored by the recently relocated Jacobs School of Medicine and Biomedical Sciences—to create a world-class destination for medical education, research and clinical care.

[Learn about UB's Top 25 goals](#)

### 3. Operating Budget Highlights

#### **Projected University Operating Budget 2021-2022 (All Funds: \$850 million)**

Tuition revenue, projected at \$335 million or 39% of the overall budget, represents the largest portion of the university's operating budget.

- This represents flat growth from 2020/21.
- There remains a certain level of uncertainty and volatility in enrollment projections as a result of the pandemic, particularly with the international student population. This could potentially positively or negatively impact actual tuition revenue for 2021/22 compared to initial projections.

Direct state tax support, projected at more than \$149 million or 18% of the overall budget, represents the second largest portion of the university's operating budget.

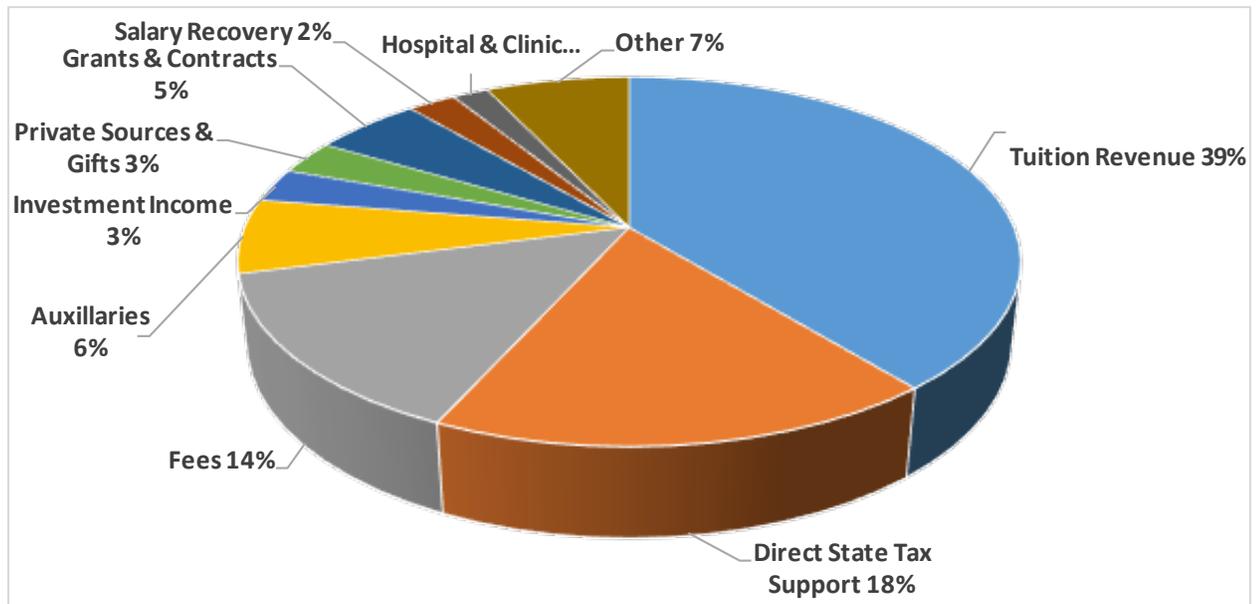
- After receiving a 5% reduction in direct state tax support last year, this support for 2021/22 returns to pre-pandemic levels.

Fee revenue represents \$120 million or 14% of the overall budget.

- Fee revenue includes the Comprehensive Fee, Academic Excellence Fee, Course Fees and other service fees.

Auxiliary revenues are projected to be \$55 million or 6% of the overall budget.

- Auxiliary revenues come primarily from student housing. It also includes athletics, parking and other rent revenues.
- The projection is a 31% increase from the prior year and is primarily a result of the return of more students, faculty and staff to campus.
- This money is collected and spent almost entirely within these units and cannot be used for other purposes.



# Budget Context

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## 1. State Impact

The COVID-19 situation created unprecedented financial uncertainty for New York State, and directly impacted UB's budget. As we return to normal, however, we are very pleased to share that UB is in a much stronger financial position than we had anticipated. This is largely a result of significant and unanticipated federal and state support.

In New York State's 2021 Enacted Budget Financial Plan the state reported significant decreases in state tax receipts as well as significant increased costs associated with COVID-19. To mitigate these impacts while it sought federal assistance, New York State employed these cost-saving strategies:

- Hiring freeze
- Freeze of contracts and pay raises
- Temporary holding back of 20% of funding to all state agencies.
- 10% to 25% reduction on all expenditures of state funds.

Once the federal government passed the American Rescue Act and some funding to state and local governments was authorized, the anticipated state cuts to the university were minimized.

Ultimately, after federal government support was received, the university received a one-time 5% reduction of direct state tax support in 2020/21. Funding from other state-funded programs, including the Tuition Assistance Program (TAP) and Excelsior Scholarship program, were reinstated late in 2020/21. This includes all payments initially withheld in 2019/20 and 2020/21.

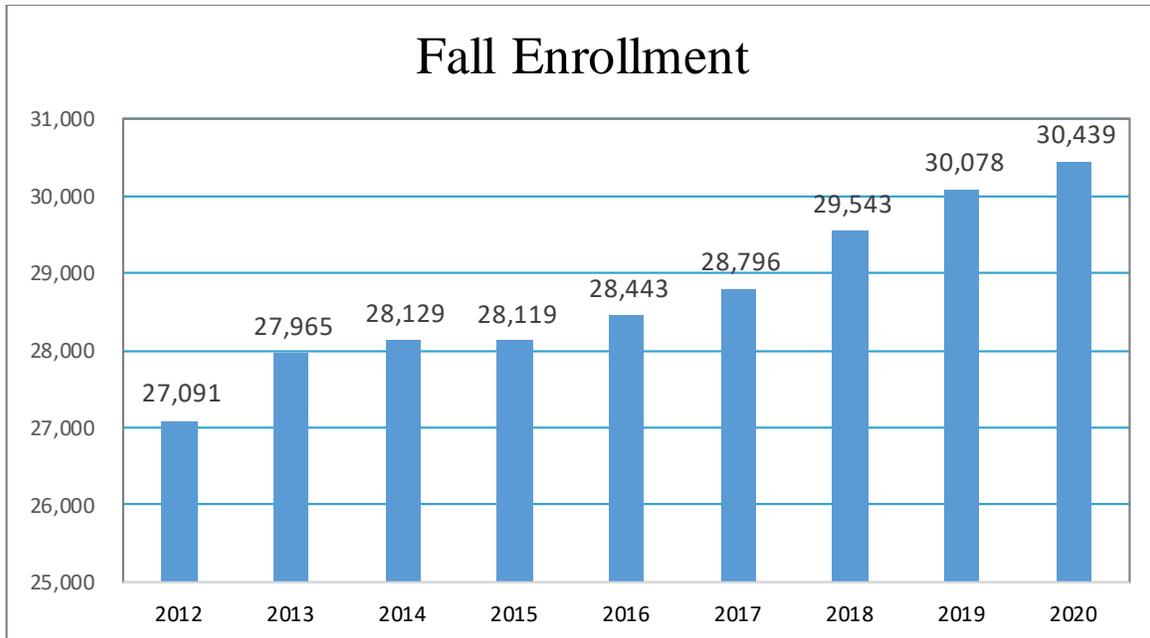
Prior to COVID, since 2008, state support was already decreasing or had remained flat year to year. This led UB to become more reliant on tuition and fee revenue. While UB's enrollment continues to increase, and UB is steadfastly committed to keeping our academic excellence accessible to students, as enrollments increase so does the cost of supporting those additional students.

Sources of funding for these additional costs primarily can only come from either the state or from increased tuition or fees for campus services. New York State direct

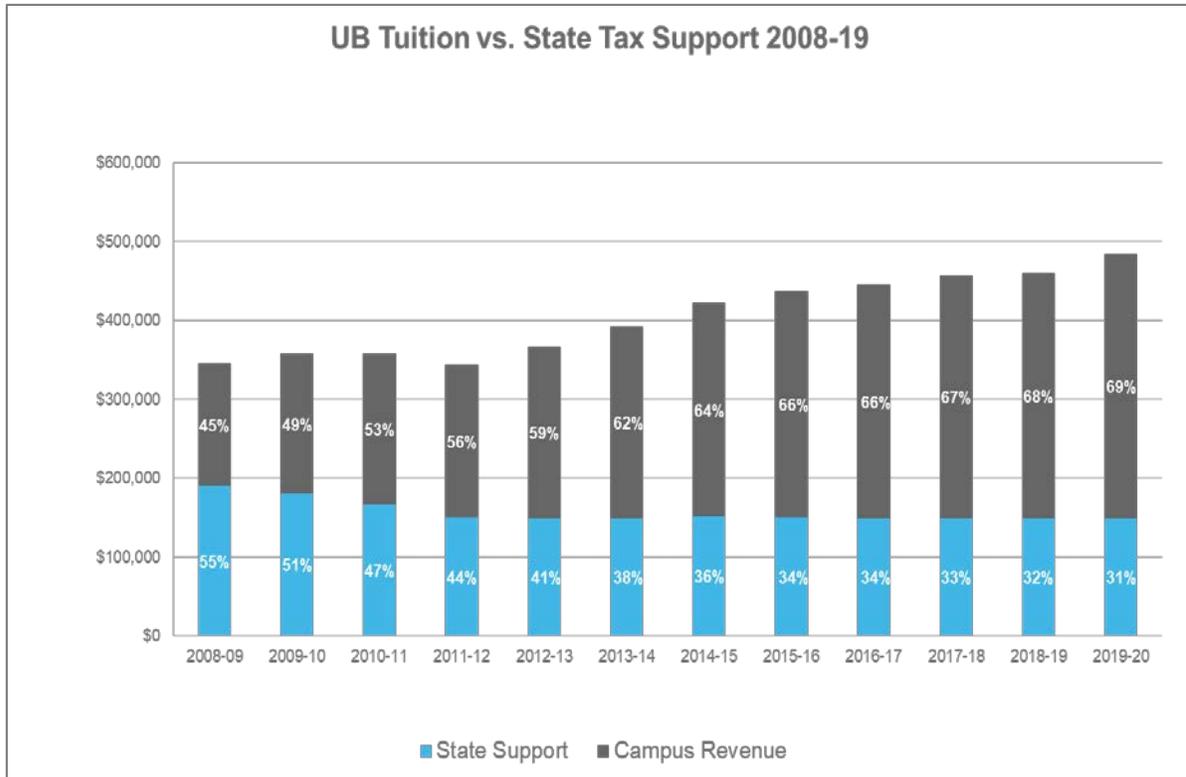
state tax support funds for higher education have remained flat for years, and UB bears a rapidly increasing share of the costs to support a growing student body.

UB anticipates that revenue from tuition and auxiliaries (including housing and dining) may soften from pre-COVID levels in the near term. 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 we make decisions in the face of the current budget challenges.

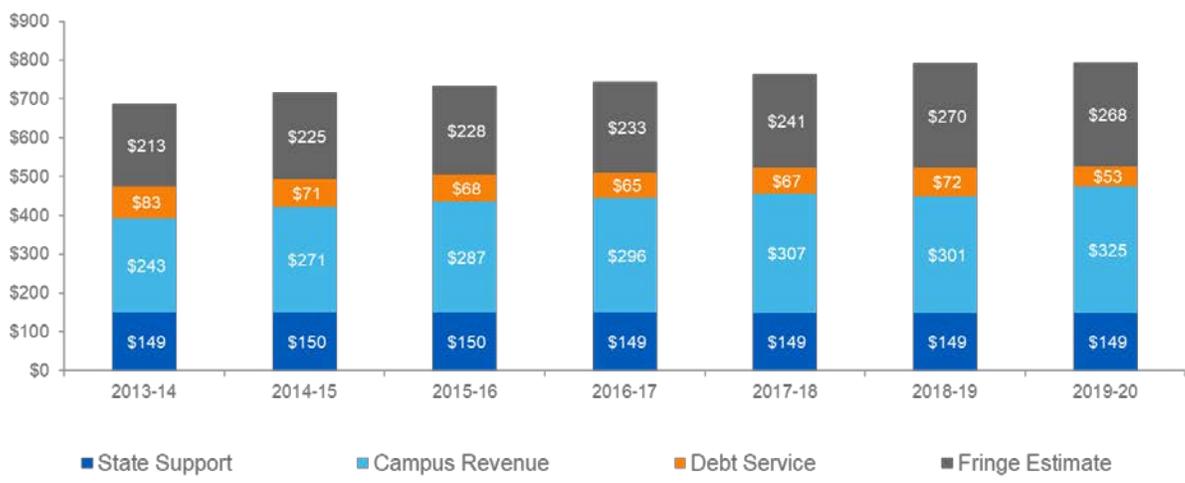
The below chart shows UB's strong enrollment growth. Enrollment has increased 12% since 2012.



UB continues to be more reliant on tuition revenue as the primary source of funding.



In addition to providing direct state tax support, New York State also covers debt service and fringe benefit cost for UB. The state's support has remained virtually flat for 10 years. The below chart shows annual state support trends and sources to UB.



*Based on information provided by SUNY Budget and Controller Office*

# Issues and Actions

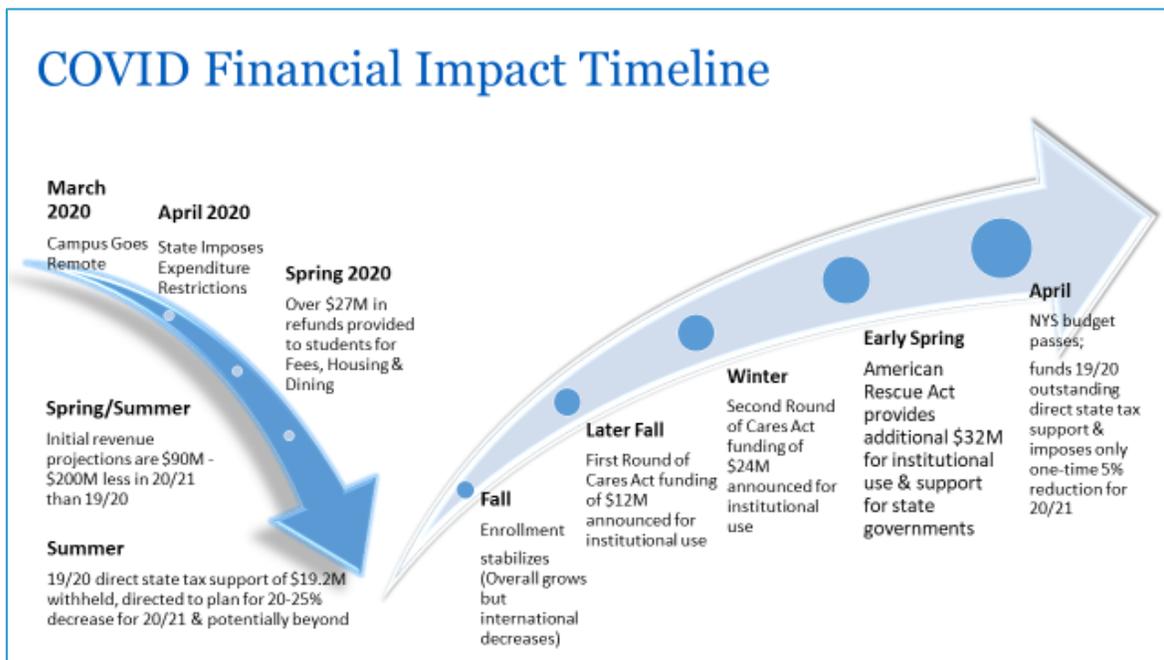
## 1. Issues and Challenges Affecting UB Budgets

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.

Even before COVID-19 affected 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.

### COVID-19 Impact

COVID-19 imposed serious challenges to all state-funded entities. The chart below illustrates the major milestones and timing of COVID-19 related state funding adjustments in 2020 and 2021.



### Revenue / Funding Loss

COVID-19 began affecting 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. The switch to remote instruction also drastically reduced occupancies in student housing. This resulted in a number of unanticipated revenue losses in FY 2019/20 and 2020/21 in addition to losses in state funds noted in the previous section.

In total, the university saw revenue loss exceeding \$127M while the vast majority of the costs associated with these services had already been committed or incurred.

In addition, UB's response to COVID-19 has, to date, cost the university \$10.2M for technology to provide remote instruction, cleaning supplies, testing and PPE (including masks and face shields.)

The chart below illustrates cuts or losses to funding at UB for 2020-2021 as a result of COVID-19.

<b>Source</b>	<b>Total Funding Reduction</b>
State Tax Support Cut	\$6.5 million
FSA Rent Forgiveness	\$7.4 million
Other Unit Revenue Loss	\$7.6 million
COVID Expenses	\$10.2 million
Tuition Revenue Shortfalls	\$13.6 million
Athletics Revenue Loss	\$10.6 million
FSA Revenue Loss	\$37.0 million
Campus Living	\$44.6 million
<b>Total</b>	<b>\$137.5 million</b>

### ***State-Mandated Cuts in Expenses***

As a result of COVID-19, UB was required by New York State to reduce expenses by at least 10%. The university reduced expenditures by \$84.1 million or 12% from the prior state fiscal year.

<b>NYS-Mandated Expense Reduction University Total</b>
\$84.1 million

***Relief from Federal Stimulus***

The university received over \$68 million in federal aid from the CARES and American Rescue Acts for direct institutional use. This excludes the aid provided to students impacted by COVID.

- The initial round of federal COVID aid for students, about \$12 million, was disbursed. The remaining student aid will be disbursed to students impacted by COVID over the course of the next two years.

The chart below illustrates funding relief provided to UB for institutional use in 2020-2021 by federal COVID-19 sources.

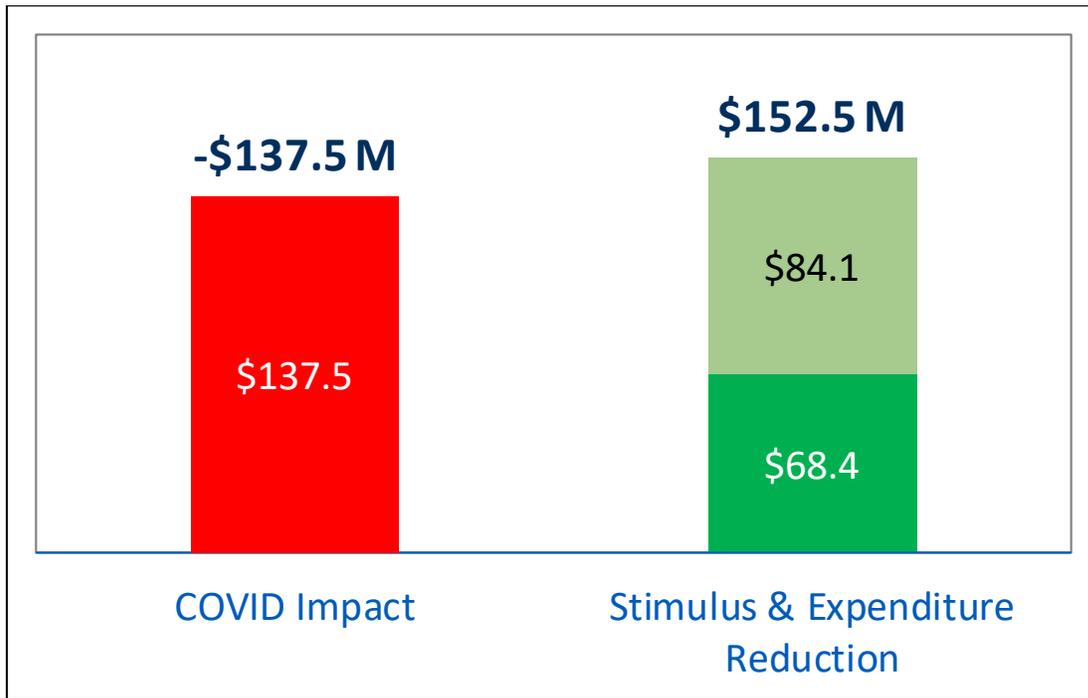
<b>Federal Funding Source</b>	<b>Funding Received</b>
Cares Act 1	\$11.9 million
Cares Act 2	\$23.8 million
American Rescue Act	\$32.7 million
<b>Total</b>	<b>\$68.4 million</b>

Below is a graph representing internal allocation of the federal stimulus funding; the remaining unallocated amounts will be considered for future use for those areas most impacted by the COVID-19 pandemic.

<b>Allocation of Federal Relief Funds</b>	<b>Total Allocation</b>
Campus Living	\$17.4 million
Tuition Revenue Shortfall forgiveness	\$13.6 million
Continuing COVID Impacts (unallocated)	\$12.1 million
Marker – 2021/22 International Enrollment Shortfall	\$10 million
COVID expenses (e.g., testing, PPE, technology)	\$7.5 million
FSA Rent Forgiveness	\$7.4 million
<b>Total</b>	<b>\$68.4 million</b>

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.

The chart below illustrates the balance of COVID-related costs and lost revenue compared with federal stimulus and cost savings incurred during the pandemic.



Collectively, the reduction in expenditures and federal stimulus funds provided UB with relief and, with strong financial stewardship, is expected to offset much of the negative financial impact associated with the COVID-19 pandemic.

### ***Contractual Obligations***

#### PERSONNEL (\$80M+ IMPACT)

Unfunded negotiated salary increases continue to be the university's most pressing long-term financial concern. A long-term strategy will need to be reached to address this issue.

- Negotiated salary increases for the 2020/21 year were deferred to be paid in August 2021, including retro pay for the prior year.
- 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 per year 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 funding sources.

- As the university continues to address this recurring obligation and we find efficiencies to offset these costs, we anticipate our reserves could be completely depleted if another contract's negotiated salary increase went unfunded.
- Revenue growth expected from increases in undergraduate resident tuition rates and the Academic Excellence & Success (ACES) fee is being realized much slower than the recurring cost associated with contractual raises. In fall 2021, in an effort to keep the cost of higher education affordable, only a few professional non-resident tuition rates were increased while the estimated cost of salary increases exceed \$10 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***

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.

- The partial extension of NYSUNY 2020 has meant that tuition revenues have increased only modestly over the last several year. For fall 2021, tuition increases were authorized for only a few non-resident professional degree programs.

### ***Enrollment***

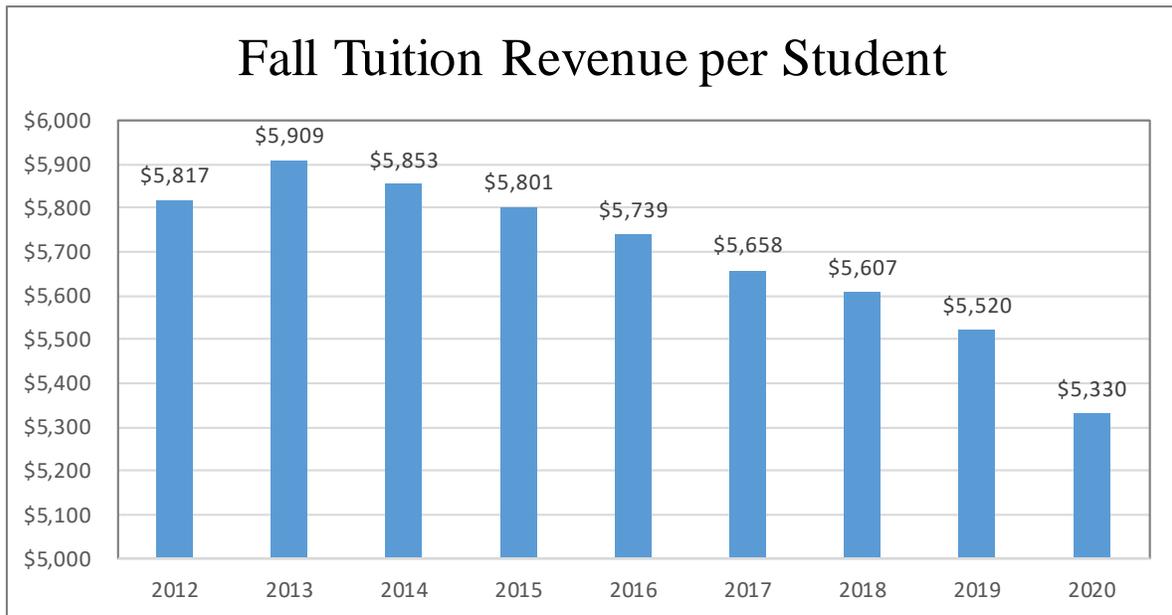
Through Integrated Resource Planning and our utilization of data analytics, UB has made a concerted effort to use data to forecast and prepare for trends in declining international and graduate enrollment and the consequent decrease in tuition

revenue. While the 2019/20 decline in international and graduate enrollment stabilized in several areas, the impact of COVID-19 fueled a major decline in tuition revenue per credit hour for 2020/21 and potentially again in 2021/22.

Simultaneously, while undergraduate enrollment continues to grow, primarily from resident and Excelsior eligible students, this growth is occurring in the cohort of students who pay the lowest tuition rates: resident undergraduate students.

- It takes three resident undergraduate students to replace the lost tuition revenue from one student from all other tuition groups (e.g., international students)

The below graph illustrates how tuition revenue per student continues to decline when the tuition rate is normalized at 2020/21 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.

UB's programs continue to experience strong student demand. UB seeks to balance the overall size, diversity and make-up of its student population with revenues received and costs incurred to provide the highest degree of excellence in academic and student experiences.

## **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 \$555 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.

\$40.5M in funding received from the State University Construction Fund lump allocation to renovate Foster Hall will help relieve space constraints on the North campus and fulfill our priority to realize the vision for South campus as the location for community-facing professional programs.

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**

To meet today's 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.

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.

The steps we have taken include the following:

## **Study and Planning**

- In April 2020, 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. The hiring pause was lifted in May 2021.
- 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). The restrictions to spending were lifted in May 2021.
- 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. The group will continue to meet in the 2021/22 fiscal year.
- We have conducted a comprehensive review of our budget model in order to further maximize our existing resources. Updates to the model are outlined later in the document.
- 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. The initial module for commitment management has been implemented centrally and will be rolled out to all units across campus during the fiscal year.
- 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.

Another positive outcome of the state budget was the Tuition Assistance Program (TAP) being fully funded by 2024/25. The projected savings to UB is \$1M in 2021/22 and an additional \$3M a year from 2022/23 – 2024/25 when the program is fully funded.

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.

## Budget Planning

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### 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. The outcomes of the ARPP are submitted to SUNY for approval before implementation.

### **Planning Phases**

The ARPP consists of three phases:

- 6) **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.
- 7) **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.
- 8) **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 being several years of financial volatility. As we entered FY 2021/22, several important factors influenced our beginning fund balances:

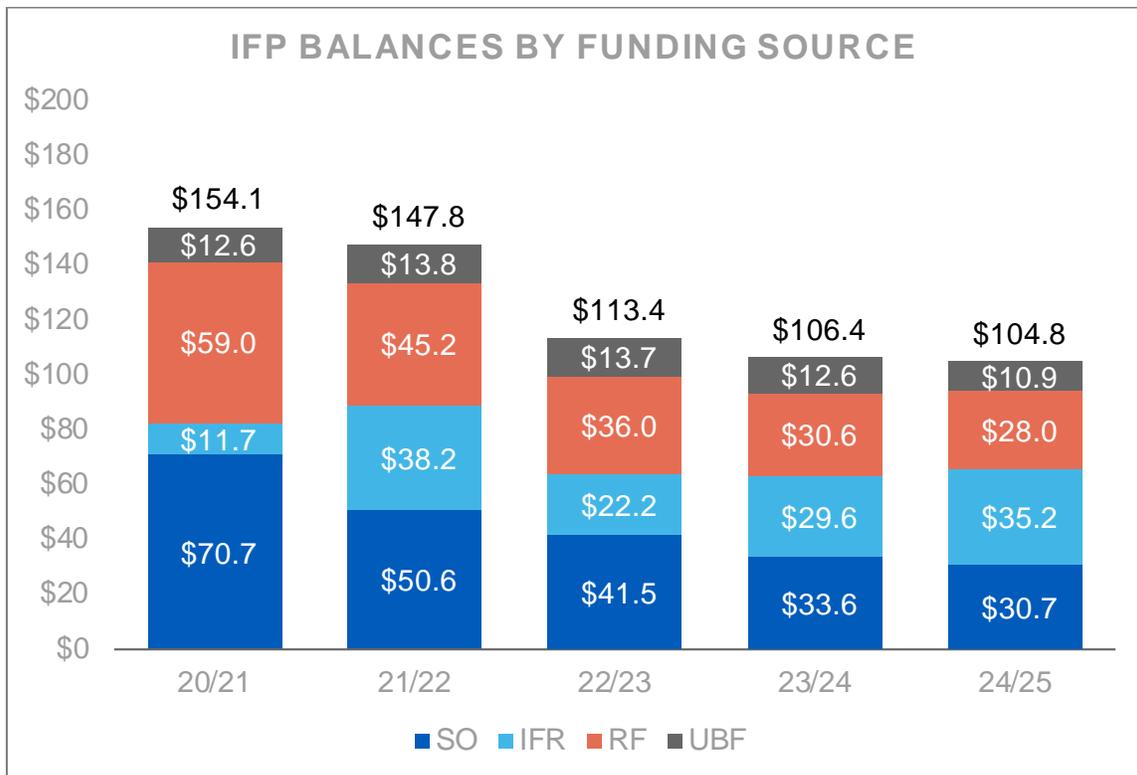
- Our 5-year rolling financial planning process, which anticipates and takes into account major economic opportunities and impacts;
- Our multi-year planning effort for addressing unfunded negotiated salary increases means that decanal and divisional units have been saving funds for that purpose as they also assess future staffing needs;
- State expenditure limitations and the university’s hiring pause and stronger than anticipated revenues in 2020/21 increased fund balances;
- Our financial disciplines that hold contingency reserves to assist with the very types of financial challenges we now face;

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

Unit balances also grow 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 represents projected centrally managed Internal Financial Plan (IFP) balances in millions over the next 5 years as a result of investments made during the 2021/22 ARPP outlined in the next section.

- IFP balances are strategic reserves set aside to fund investment proposals through the ARPP that meet the strategic priorities of the university. The balances below exclude the university's \$40M in emergency reserves set aside to manage unforeseen circumstances and only to be used if the President, Provost and Vice President for Finance & Administration all agree it is necessary.



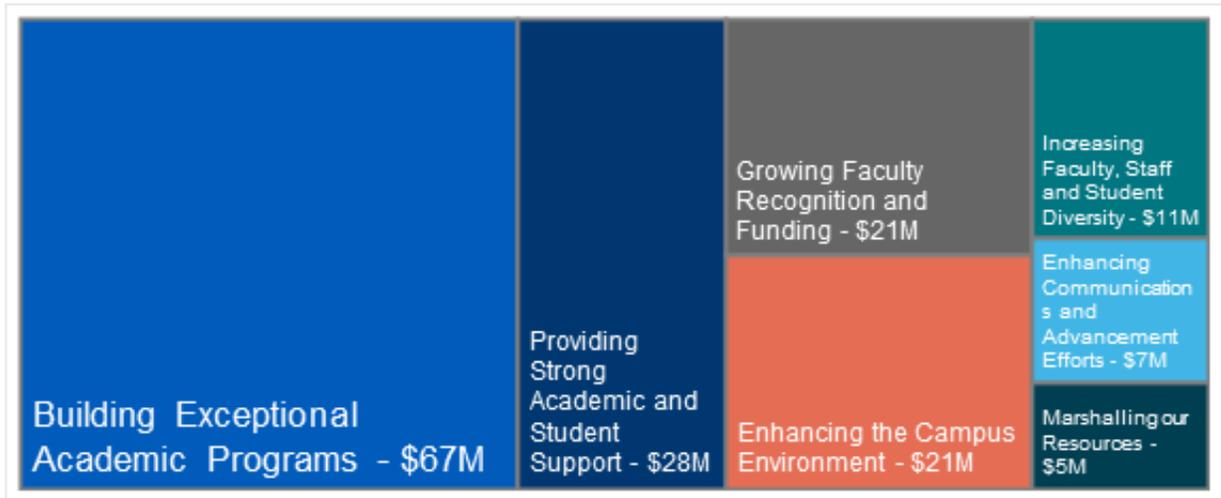
# Investment Decisions

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## 1. Investment Requests & Funding

The COVID-19 pandemic brought financial uncertainty in the spring of 2020; we managed expenditure reduction mandated by New York State and expected revenue lost related to COVID-19. As a result no investments were made during the 2020/21 ARPP. With stronger than anticipated enrollment and the federal stimulus funds for both UB directly and to support state budgets impacted by the pandemic, spring of 2021 brought a much stronger financial outlook for the year than anticipated. As the financial impact of the pandemic becomes clearer the university will have to remain diligent in planning for potential impact continuing over the next several years, but has well positioned itself to invest in initiatives and projects that align with the university's mission and goals.

For the 2021/22 ARPP, investment totaling \$160 million over three years were made. Note recurring amounts were added for each year to get a three year total. The below graph show the breakout by funding priority.



The following is a list of all investments made during the 2021/22 ARPP by priority.

## Investment Priorities

### *Building Exceptional Academic Programs*

Title	Focus	Unit	One Time Funding	Recurring Funding
Bold Ideas - Marker	Building Exceptional Academic Programs	Academic Units - Central Marker	\$1,000,000	\$0
Disciplinary Excellence Initiative - Marker	Building Exceptional Academic Programs	Academic Units - Central Marker	\$30,000,000	\$0
Funding for the Arts	Building Exceptional Academic Programs	CAS	\$300,000	\$0
Senior Leadership Searches	Building Exceptional Academic Programs	Central	\$280,000	\$0
Recruit PhD students	Building Exceptional Academic Programs	GSE	\$760,000	\$0
Decanal Transition for JSMBS	Building Exceptional Academic Programs	JSMBS	\$750,000	\$500,000
SPPS Decanal Spousal Hire	Building Exceptional Academic Programs	JSMBS	\$0	\$125,000
Gender Institute Rent	Building Exceptional Academic Programs	Provost	\$50,000	\$0
SEAS New Building - Marker	Building Exceptional Academic Programs	SEAS - Central Marker	\$25,000,000	\$0
Recruiting Elite Early Career Faculty	Building Exceptional Academic Programs	SPHHP	\$400,000	\$60,000
Finalize 3E funding for SPHHP	Building Exceptional Academic Programs	SPHHP	\$300,000	\$235,000
Decanal Transition for SPPS	Building Exceptional Academic Programs	SPPS	\$750,000	\$450,000
Decanal Transition for SSW	Building Exceptional Academic Programs	SSW	\$100,000	\$325,000
Continuing Support of CTSA	Building Exceptional Academic Programs	VPRED	\$2,500,000	\$0

### ***Enhancing Communications & Advancement Efforts***

Title	Focus	Unit	One Time Funding	Recurring Funding
Enhance Philanthropic Giving	Enhancing Communications and Advancement Efforts	UA	\$500,000	\$1,000,000
Brand Strategy	Enhancing Communications and Advancement Efforts	UC	\$3,750,000	\$0

### ***Enhancing the Campus Environment***

Title	Focus	Unit	One Time Funding	Recurring Funding
Demolish Diefendorf Annex	Enhancing the Built Environment	Central Marker	\$2,250,000	\$0
Cloud based HUB	Enhancing the Built Environment	CIO	\$500,000	\$1,000,000
Health Sciences Backfill - Marker	Enhancing the Built Environment	Health Sciences - Central Marker	\$12,000,000	\$0
Student Union Master Plan	Enhancing the Built Environment	SL	\$375,000	\$0
Initiate Wellness Center Master Plan - Marker	Enhancing the Built Environment	SL/VPFA/Ath	TBD	\$0
COGS-Wayfinding and Security	Enhancing the Built Environment	University Wide - Central Marker	\$665,000	\$106,000
One World Café University Club FFE	Enhancing the Built Environment	University Wide - Central Marker	\$1,000,000	\$0
Small Spaces	Enhancing the Built Environment	University Wide - Central Marker	\$250,000	\$0

## ***Marshalling our Resources***

<b>Title</b>	<b>Focus</b>	<b>Unit</b>	<b>One Time Funding</b>	<b>Recurring Funding</b>
Shared Services Model for Enhancing Service Delivery - Marker	Marshalling our Resources	University Wide - Central Marker	\$5,000,000	\$0
Univeristy Membership Subscriptions	Marshalling our Resources	University Wide - Central Marker	\$50,000	\$115,000
Funding Swap	Marshalling our Resources	VPFA	\$0	\$2,000,000

## ***Growing Faculty Recognition & Funding***

<b>Title</b>	<b>Focus</b>	<b>Unit</b>	<b>One-Time Funding</b>	<b>Recurring Funding</b>
Competitive Salaries for Faculty - Marker	Growing Faculty Recognition and Funding	Academic Units - Central Marker	\$0	\$2,500,000
UB Scholars of Excellence Top Off - Marker	Growing Faculty Recognition and Funding	Academic Units - Central Marker	\$1,250,000	\$0
Emerging Requests Faculty Retention - Marker	Growing Faculty Recognition and Funding	Academic Units - Central Marker	\$3,000,000	\$200,000
CTRC Rehab	Growing Faculty Recognition and Funding	JSMBS	\$400,000	\$0
Faculty Development and Awards	Growing Faculty Recognition and Funding	Provost	\$0	\$165,000
Small Animal Irradiator	Growing Faculty Recognition and Funding	SDM	\$93,000	\$0
EIP Startup and Retention	Growing Faculty Recognition and Funding	SEAS	\$1,500,000	\$0
Engineering Cage	Growing Faculty Recognition and Funding	SEAS	\$1,980,000	\$0
Increased Research Support	Growing Faculty Recognition and Funding	VPRED	\$3,000,000	\$0
AI Institute Buildout	Growing Faculty Recognition and Funding	VPRED	\$1,100,000	\$0

### ***Increasing Faculty, Staff and Student Diversity***

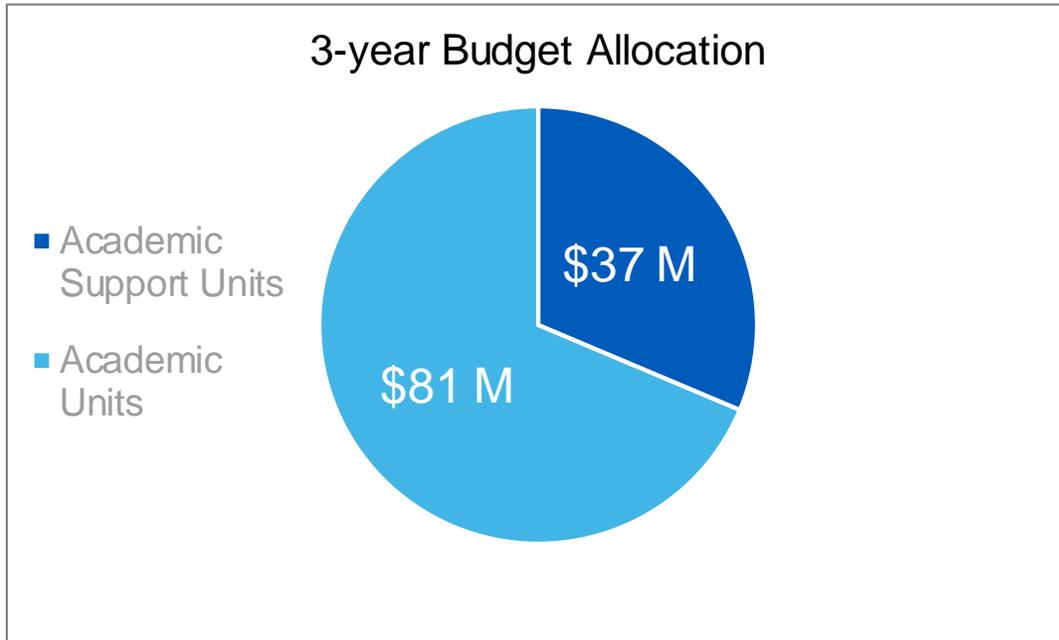
<b>Title</b>	<b>Focus</b>	<b>Unit</b>	<b>One Time Funding</b>	<b>Recurring Funding</b>
Emerging Requests Faculty Diversity - Marker	Increasing Faculty, Staff and Student Diversity	Academic Units - Central Marker	\$1,000,000	\$200,000
URM PhD Pipeline - Marker	Increasing Faculty, Staff and Student Diversity	Academic Units - Central Marker	\$450,000	\$0
Increase Faculty Diversity	Increasing Faculty, Staff and Student Diversity	CAS	\$6,000,000	\$0
Targeted Diversity Hiring	Increasing Faculty, Staff and Student Diversity	GSE	\$2,000,000	\$0
Diversity Pipeline Proposal	Increasing Faculty, Staff and Student Diversity	JSMBMS	\$613,000	\$0
Discover Law: Diversity Pipeline for Law	Increasing Faculty, Staff and Student Diversity	LAW	\$105,000	\$0
Visiting DEI Fellow	Increasing Faculty, Staff and Student Diversity	LAW	\$170,000	\$0
URM Hire in AI	Increasing Faculty, Staff and Student Diversity	SSW	\$0	\$73,000

## ***Providing Strong Academic & Student Support***

Title	Focus	Unit	One Time Funding	Recurring Funding
Fund Graduate Fees for full time PHD students on TA and RA appointments - Marker	Providing Strong Academic and Student Support	Academic Units - Central Marker	\$0	\$2,000,000
Comprehensive masters recruitment strategy	Providing Strong Academic and Student Support	Academic Units and Provost	\$450,000	\$0
Undergraduate Retention Improvements by Appointment of Full Time Teaching Faculty	Providing Strong Academic and Student Support	CAS	\$5,000,000	\$0
Increase to 1 Capen Budget for Director Salary and Fringe	Providing Strong Academic and Student Support	Central	\$72,000	\$123,000
Increase to Instructional Facilities/Class Room & Tech Budget	Providing Strong Academic and Student Support	Central	\$7,928,000	\$0
New Faculty Athletic Representative	Providing Strong Academic and Student Support	Central	\$40,000	\$0
PhD Tuition Support for Basic Sciences	Providing Strong Academic and Student Support	JSMBS	\$2,500,000	\$0
Telehealth	Providing Strong Academic and Student Support	Nursing	\$165,000	\$0
Undergraduate Recruitment	Providing Strong Academic and Student Support	Provost	\$900,000	\$0
AutoStore System for Offsite Library Storage	Providing Strong Academic and Student Support	Provost-Libraries	\$2,700,000	\$0
Fabrication Workshop	Providing Strong Academic and Student Support	SAAP	\$250,000	\$0
E-Sports Coordinators/Coaches	Providing Strong Academic and Student Support	SL	\$0	\$150,000
Student Accessibility Support	Providing Strong Academic and Student Support	SL	\$500,000	\$0
Summer Bridge Program	Providing Strong Academic and Student Support	SL and Provost	\$600,000	\$0

## Direct Unit Budget Impact

Three year budget impact totaling \$118 million in funding over three years will go directly to unit budgets. The below graph show the breakout by area. Totals include unit investments, return of the 2020/21 budget cut, tuition revenue shares and other budget model updates. The below excludes academic, university wide and capital funding markers that have yet to be attributed to unit budgets or will be managed centrally.



# Budget Model

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## 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 Director for Resource Planning (RP) and the Associate Vice President and Director of Institutional Research (IR).

### **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 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.

### ***Considerations for Growing Enrollment***

- 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)***

Updates to the tuition revenue target component of the budget model for the academic year go into effect for 2021/22. The changes will align targets with recent enrollment trends, remain effective in distributing revenue to growing units and bring consistency on how targets are calculated for all units. The changes include:

- Targets reset annually based on a weighted 3-year rolling average versus target in prior model based on a static single year.
  - 50% weight for the most recent year
  - 30% weight for the next year
  - 20% weight for the third year
- Differentiate Grad/Professional tuition revenue from Undergraduate tuition revenue. To offset the impact and distribution of Excelsior and International student enrollment for undergrads not controlled by the various schools.
  - Grad/Professional – continue to use gross tuition revenue as metric
  - Undergrad – shift to an average value per UG credit hour across the university and utilize to calculate UG tuition revenue target based on credit hours taught.
- Tuition revenue shares are now standardized at 70% for growth above target.
  - If a unit exceeds its tuition revenue target in a given year, the unit will receive their share the following year in non-recurring state operating funds. Units that do not meet their target in a given year continue to be subject to the Tuition Revenue Shortfall Assessment (TRSA) outlined below.

In order to continue to receive the same base budget each year, each unit will need to maintain its tuition revenue target. Base budgets will be adjusted beginning in FY 2022/23 in alignment with tuition revenue targets updated each year. The change to base budget will be 70% of the change to the 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:

### 3. 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.

## 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 (1<sup>st</sup> to 2<sup>nd</sup>, 2<sup>nd</sup> to 3<sup>rd</sup> ... 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 Rate Increase Revenue (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.

## 4. 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 \(HEPI\)](#)*

## 5. 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](#)*

## 6. 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](#)*

## 7. 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](#)*

## 8. 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

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### 1. Decanal Units

Academic				
	Sources	% of Total	Uses	% of Total
College of Arts and Sciences	\$107	24.6%	\$101	24.8%
Graduate School of Education	\$17	3.9%	\$14	3.4%
Jacobs School of Medicine and Biomedical Sciences	\$108	24.9%	\$106	25.9%
School of Architecture and Planning	\$10	2.3%	\$8	1.9%
School of Dental Medicine	\$36	8.4%	\$35	8.6%
School of Engineering and Applied Sciences	\$61	14.2%	\$59	14.4%
School of Law	\$16	3.7%	\$15	3.6%
School of Management	\$27	6.1%	\$26	6.4%
School of Nursing	\$9	2.1%	\$9	2.2%
School of Pharmacy and Pharmaceutical Sciences	\$14	3.2%	\$12	3.0%
School of Public Health and Health Professions	\$20	4.5%	\$16	3.8%
School of Social Work	\$9	2.0%	\$8	2.0%
<b>Grand Total</b>	<b>\$433</b>	<b>100.0%</b>	<b>\$409</b>	<b>100.0%</b>

- In the 2020/21 academic year, total revenue sources exceeded uses by \$24 million across all academic units.

- Due to the COVID-19 pandemic, NYS imposed expenditure restrictions reduced expenditures at a greater rate than revenues lost for most academic and academic support units.
- Union negotiated salary increases for 2020/21 were not implemented until the 2021/22 fiscal year. These expenditures incurred in 2021/22 will be retroactive for the entire 2020/21 fiscal year.

## 2. Academic Support

<b>Academic Support</b>				
	Sources	% of Total	Uses	% of Total
Chief Information Officer	\$36	11.9%	\$28	10.1%
Division of Athletics	\$29	9.6%	\$27	9.8%
Finance and Administration	\$69	22.7%	\$61	22.0%
Health Sciences	\$10	3.2%	\$10	3.5%
President	\$6	2.0%	\$5	1.8%
Provost	\$51	16.6%	\$45	16.3%
Research and Economic Development	\$19	6.3%	\$20	7.3%
Student Life	\$66	21.6%	\$63	22.8%
University Advancement	\$14	4.7%	\$13	4.8%
University Communications	\$5	1.5%	\$4	1.4%
<b>Grand Total</b>	<b>\$306</b>	<b>100.0%</b>	<b>\$278</b>	<b>100.0%</b>
<b>Central University</b>				
	Sources	% of Total	Uses	% of Total
Central University	\$77	100.0%	\$76	100.0%
<b>Grand Total</b>	<b>\$77</b>	<b>100.0%</b>	<b>\$76</b>	<b>100.0%</b>

- In the 2020/21 academic year, total sources exceeded uses by \$28 million across all academic support units.
- Academic support units 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:

**Chief Information Officer.** Includes Enterprise Application Services, IT Customer Services, Network & Communication Services and other IT support.

**Division of Athletics.** Includes UB's 16 Division I sports, various administrative and student athlete support areas and Recreation and Intramurals.

**Finance and Administration.** Includes Finance & Administration; Business Services; Emergency Management; Human Resources; Parking & Transportation Services; Resource Planning; Sustainability; University Police; and University Facilities.

**Health Sciences.** Includes VP for Health Sciences and office of Interprofessional Education.

**President.** Includes the office of the President; Equity, Internal Audit, Diversity & Inclusion; Government & Community Relations; and University Events.

**Provost.** Includes office of the Provost; Academic Planning, Enrollment Management; Faculty Affairs; Inclusive Excellence; Institutional Analysis; International Education; Educational Affairs; Educational Opportunity Center; University Libraries; and University Shared Governance.

**Research & Economic Development.** Includes Sponsored Research Administration, Communities of Excellence, Research Advancement, Economic Development, Animal Facilities, Research Compliance and several centers and institutes.

**Student Life.** Includes Student Health & Wellness, Counseling Services, Dean of Students, and Campus Living.

**University Advancement.** Includes advancement teams for all academic units; Alumni Engagement; Philanthropy.

**University Communications.** Includes University Communications, Trademarks and Licensing, and university branding initiatives.

### 3. Funding Sources

The tables below note the common sources of funding to campus budgets and how those funds are used. Each unit is required to align their costs to the appropriate sources.

#### State Funds

##### *Sources of Funds*

State Tax	Tuition Revenue	Income Fund Reimbursable (IFR)	State Univ. Tuition Reimbursable (SUTRA)	Dorm Income Fund Reimbursable (DIFR)	Research Foundation (RF)	UB Foundation (UBF)
Appropriated by NYS Govt. Allocated to campus by SUNY	Student tuition payments	Student fee revenue External funds self-supporting programs	Students in Study Abroad, contract courses, etc.	Residence Hall rent revenue	Federal, state, private grants Indirect cost recovery earnings	Donor support On-campus apartment rent Clinic and other self-supporting program revenues

##### *Uses of Funds*

	State Tax	Tuition Revenue	IFR	SUTRA	DIFR	RF	UBF
Instructional Salary Expenses	X	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	62.70% on salary expenses	28.9% assessed on revenue	62.70% on salary expenses	Applicable fringe rate per apptmt type	Actual fringe cost
Non-Salary Expense (e.g., contractual svcs, supplies, travel, prof fees, 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

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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.** Annual 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.
  - Audited financial statements for UB are included in the appendix to the Overview of Financial Activities.
- 2) **Supplemental Financial Activity Reporting.** Additional financial information including an overview of core operating activities and other key financial highlights.

*View the current version of [UB's Financial Reporting](#)*