LAUNCHING UB'S ANNUAL RESOURCE PLANNING PROCESS 2019-20

Faculty Senate Executive Committee

February 6, 2019

University at Buffalo The State University of New York

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Deans/VPs/UBOs

December 13, 2018

University at Buffalo The State University of New York

University Strategic Goals

- Build faculty strength, productivity and impact

- Recruit great students and fulfill their educational expectations

- Provide support structures ensuring faculty and student success

- Create a diverse campus community

- Become an increasingly global university

- Engage our local community to enrich student experience and regional well-being

- Strengthen partnerships for improved regional healthcare outcomes
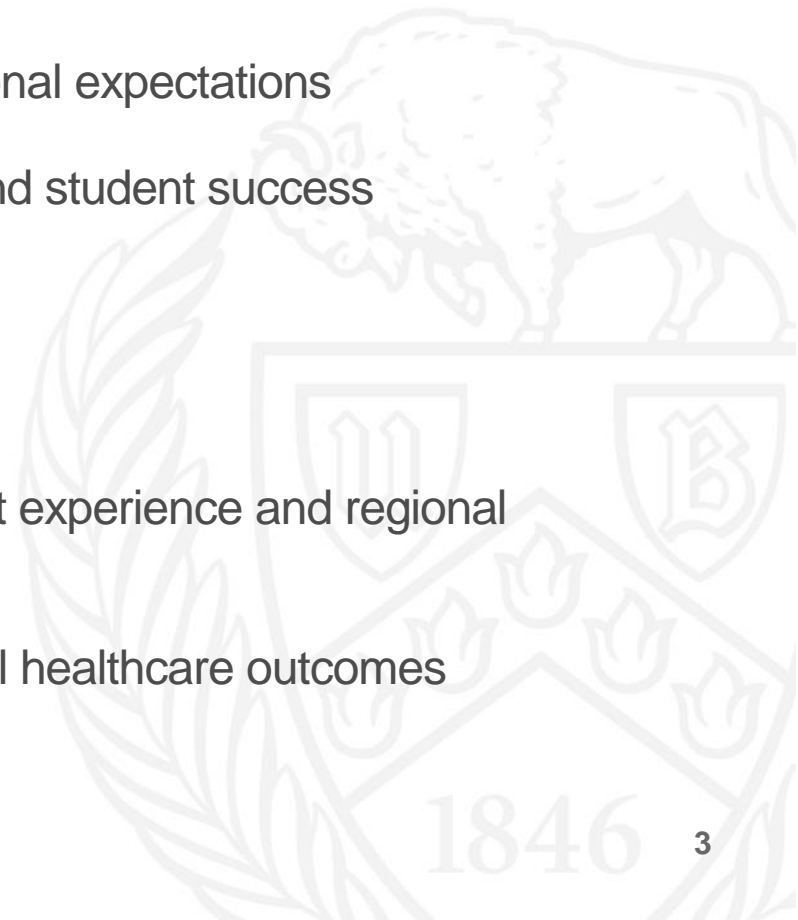
Budget Model: Guiding Principles

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

Observations from 2018-19 ARPP

- Exciting initiatives and changes are largely being achieved with unit budgets

- There is considerable competition across campus for limited central investment capacity

- Units are planning to use one-time funds to cover recurring expenses, including negotiated salary increases

- SUNY continues to inquire about our cash balances, limiting the effectiveness of our advocacy efforts regarding negotiated salary increases

- We were encouraged by timeliness of meeting ARPP due dates and continue to ask that due dates be met

Requirements for 2019-20 ARPP

- Plan and execute to achieve goals within financial constraints

- Align recurring uses with recurring sources

- Use carry forwards for one-time investments

- Continue workforce and enrollment planning

- Continue to seek opportunities for operational excellence and ways to become more efficient/effective

- Show how investments are being used to advance priorities and success
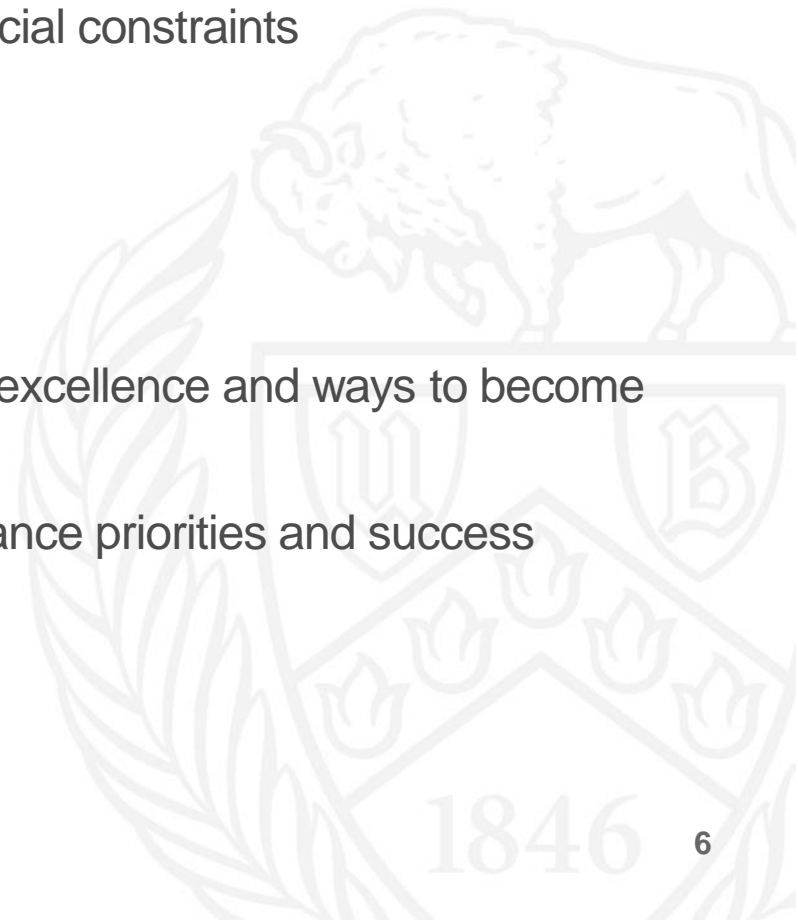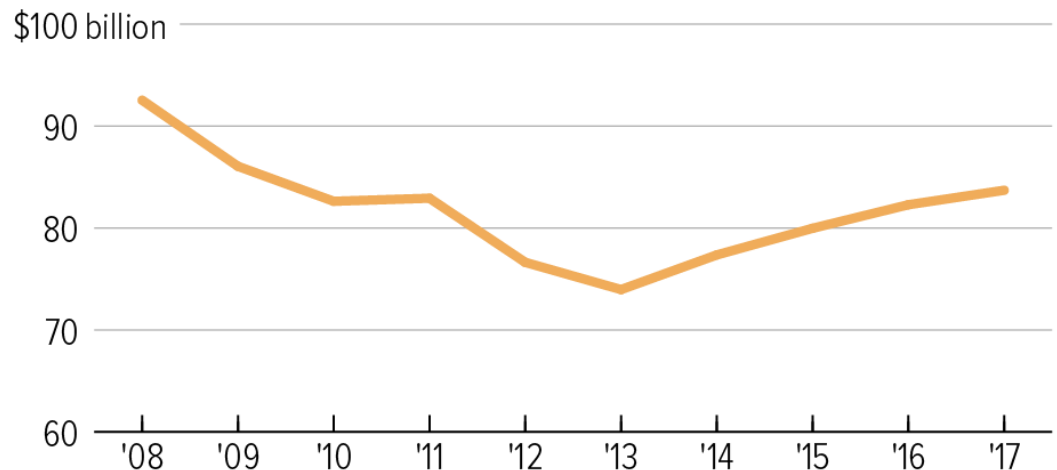
FINANCIAL CAPACITY

State Spending on Higher Education (2008-17)

State appropriations for public higher education declined by approximately **21%** from 2008 to 2013.

2017 appropriations were more than $9 billion below 2008.

**State Spending on Higher Education Well Below Pre-Recession Levels**

Total state spending, adjusted for inflation

Source: CBPP analysis of data from Grapevine survey and State Higher Education Executive Officers Association, 2017

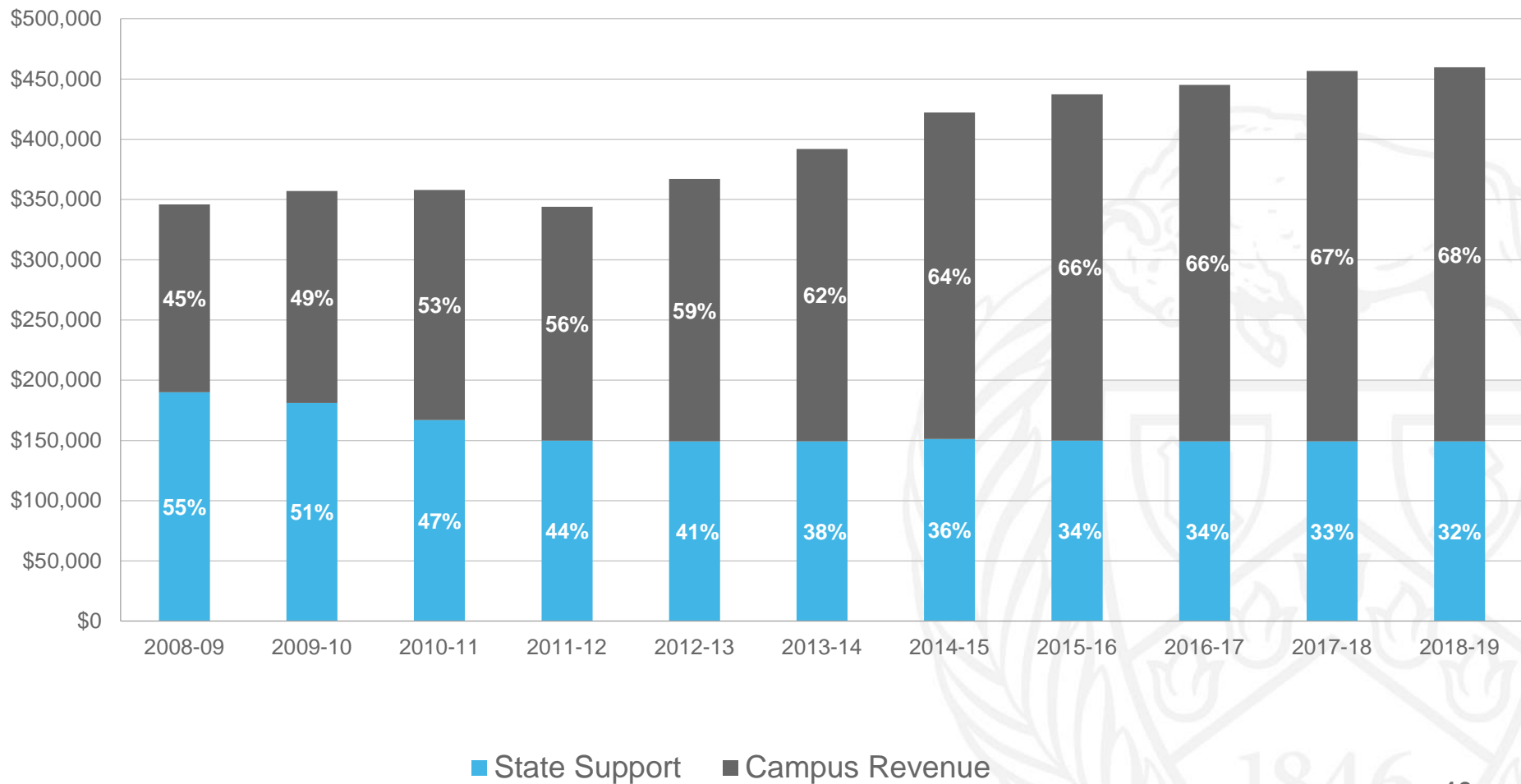NYS State Appropriations per FTE Flat
New Revenue from Tuition, 2008 to 2017

University at Buffalo The State University of New York

SHEEO
STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION
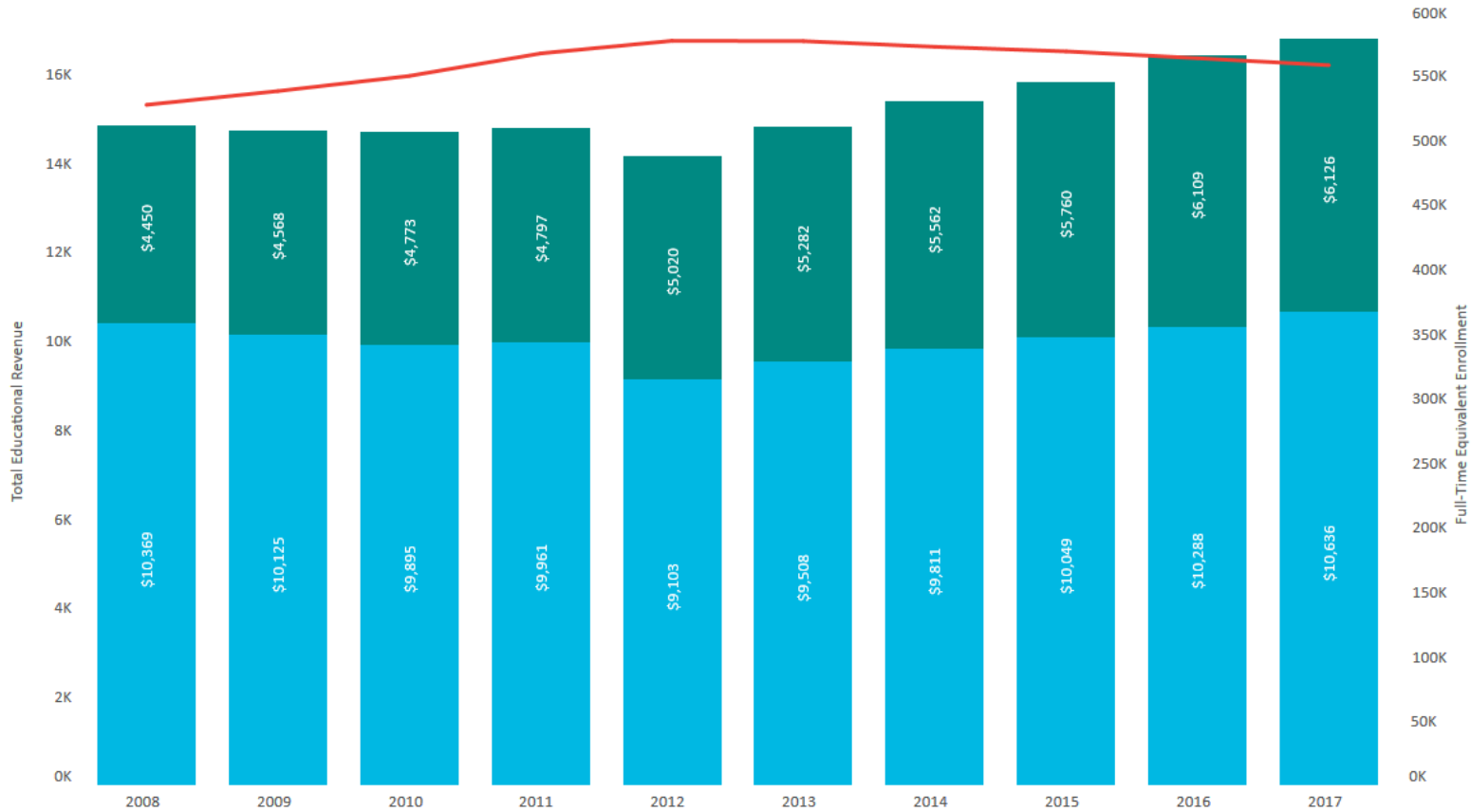
Educational Appropriations
Net Tuition Revenue
FTE Enrollment

UB Tuition vs. State Tax Support 2008-18

Legend: ■ State Support ■ Campus Revenue

Year	State Support	Campus Revenue
2008-09	55%	45%
2009-10	51%	49%
2010-11	47%	53%
2011-12	44%	56%
2012-13	41%	59%
2013-14	38%	62%
2014-15	36%	64%
2015-16	34%	66%
2016-17	34%	66%
2017-18	33%	67%
2018-19	32%	68%

FY 18-19 Based on projections.

Annual State Support Trends and Sources 2013-18 *($ in M)*

	2013-14	2014-15	2015-16	2016-17	2017-18
Total	$688	$717	$733	$743	$764
Fringe Estimate	$213	$225	$228	$233	$241
Debt Service	$83	$71	$68	$65	$67
Campus Revenue	$243	$271	$287	$296	$307
State Support	$149	$150	$150	$149	$149

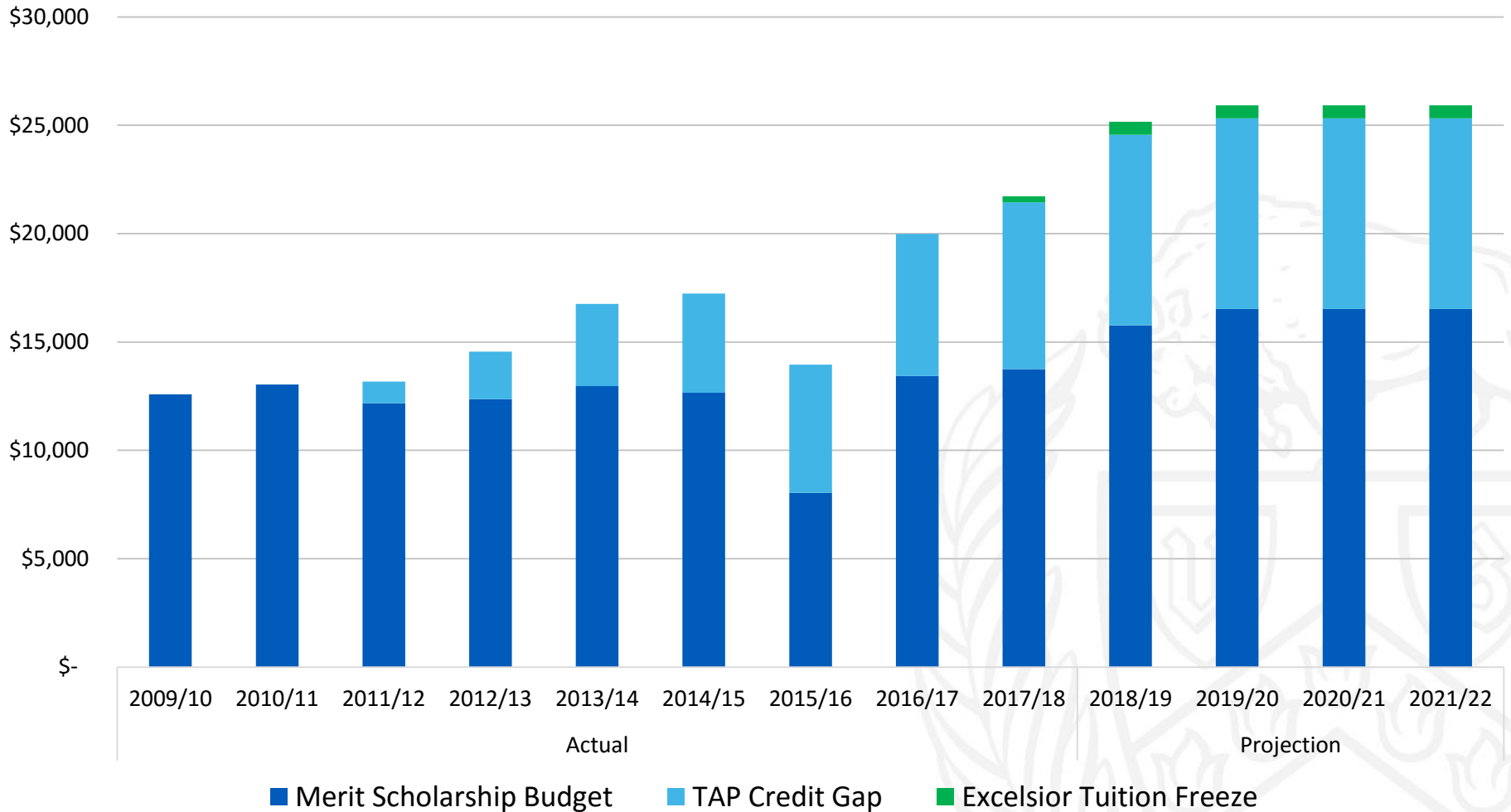■ State Support ■ Campus Revenue ■ Debt Service ■ Fringe Estimate
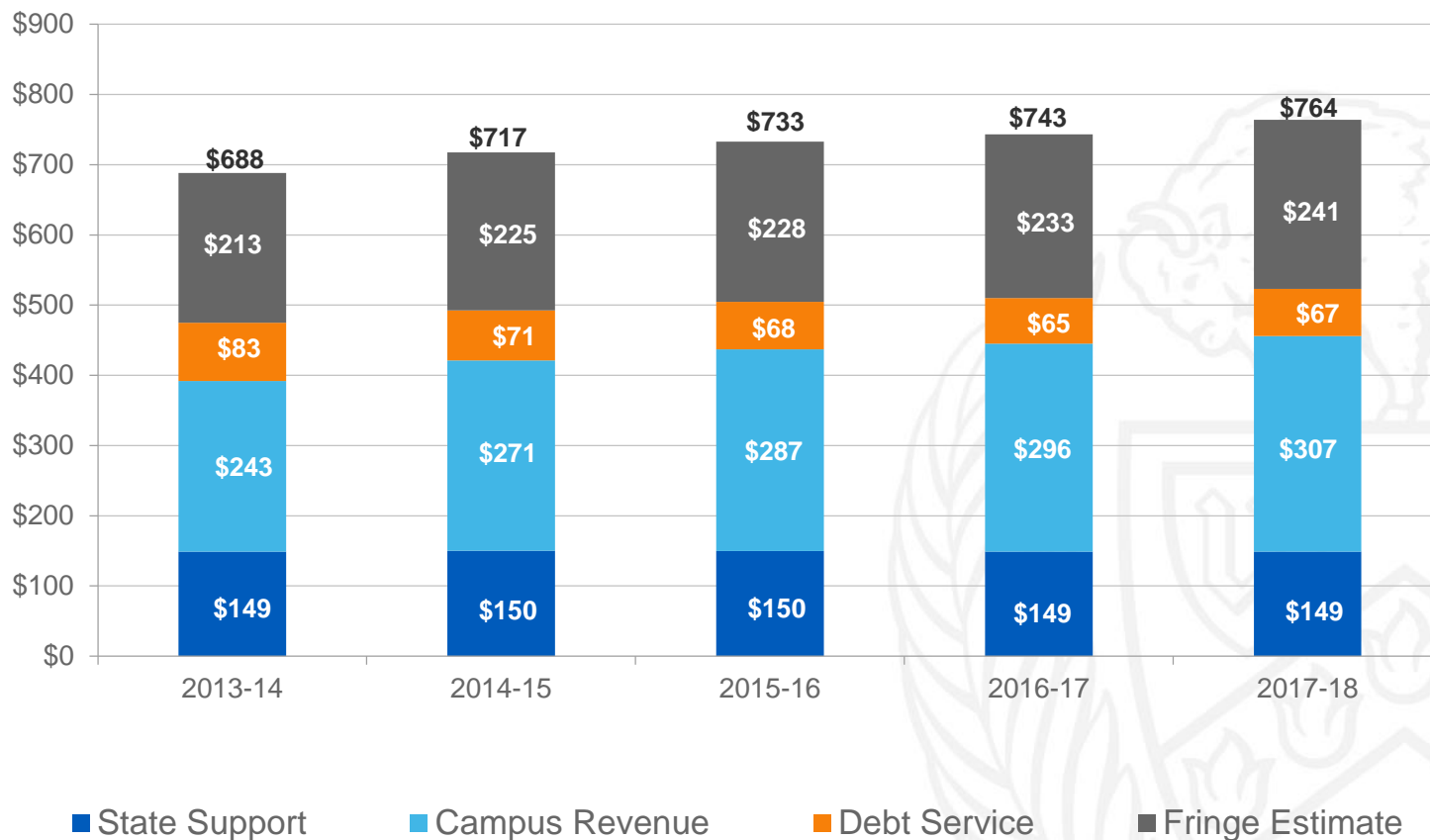
Based on information provided by SUNY Budget and Controller Office

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Tuition & Academic Excellence and Success Fee (ACES) Increases vs. Salary Increases 2018-22 *($ in M)*
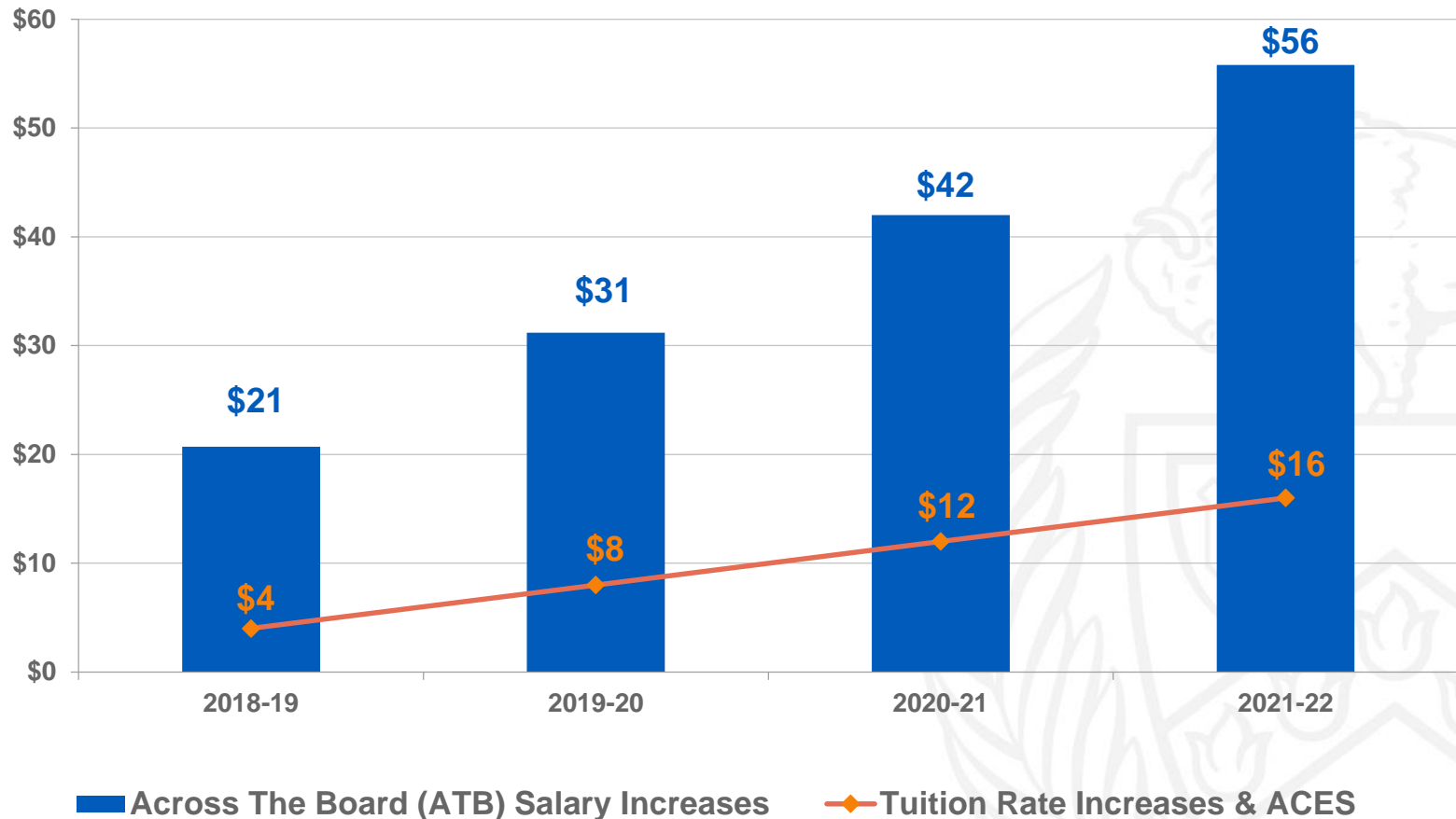
Across The Board (ATB) Salary Increases

Tuition Rate Increases & ACES

Centrally Funded Student Aid *($ in K)*

Legend: ■ Merit Scholarship Budget ■ TAP Credit Gap ■ Excelsior Tuition Freeze

Note: Excelsior Tuition Freeze impact estimated **$556k** in 2018/19 – 2021/22
State currently plans to cover Excelsior Scholarship cost projected at **$5.5M - $8M** in 2018/19 – 2021/22.
State currently plans to cover Excelsior Tuition Credit cost projected at **$265k - $465k** in 2018/19 – 2021/22.

Central Support Per Dollar for Undergraduate Tuition Revenue

	2014/15	2015/16	2016/17	2017/18	2018/19*
Uncollectables	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
TAP Credit Gap	$ 0.03	$ 0.04	$ 0.04	$ 0.05	$ 0.05
Excelsior Tuition Freeze	$ -	$ -	$ -	$ 0.00	$ 0.01
Merit Scholarship Budget	$ 0.09	$ 0.05	$ 0.09	$ 0.09	$ 0.10
Total	**$ 0.13**	**$ 0.10**	**$ 0.14**	**$ 0.15**	**$ 0.17**

KEY TAKEAWAYS^

- Central Support for undergraduates has grown **48%** from 2014/15 to 2018/19

- Excelsior is having a significant impact on uncollectable rate which has increased **44%** over prior year

2018-19 CENTRAL SUPPORT FOR STUDENT AID & UNCOLLECTABLES

- **$0.17** of every undergraduate tuition dollar supports academic units in form of student aid from central resources

- **$0.83** is invested in academic and academic support units base allocation and institutional initiatives
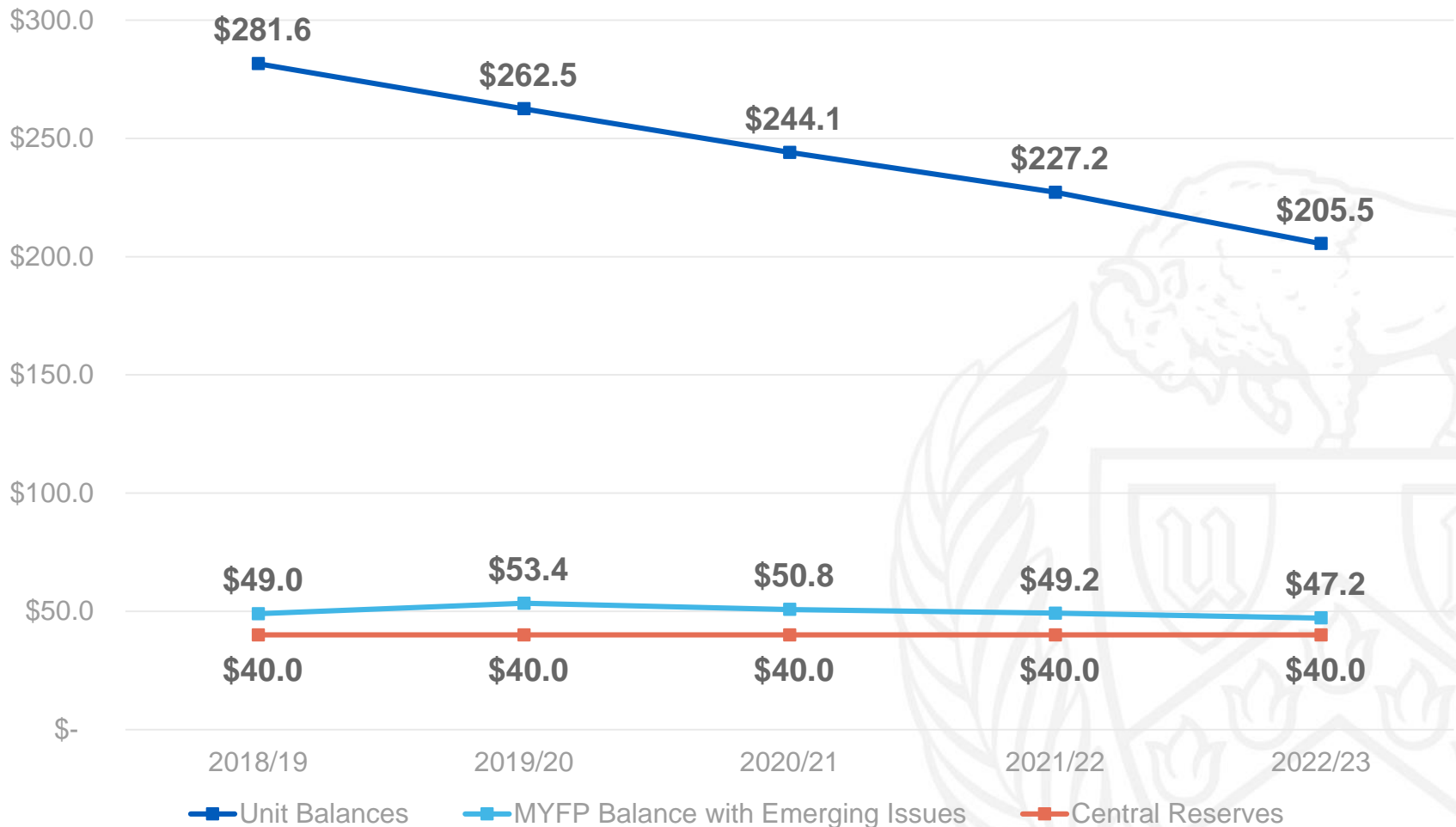
$0.17

$0.83

*Estimated
^Percentages based on actual dollars
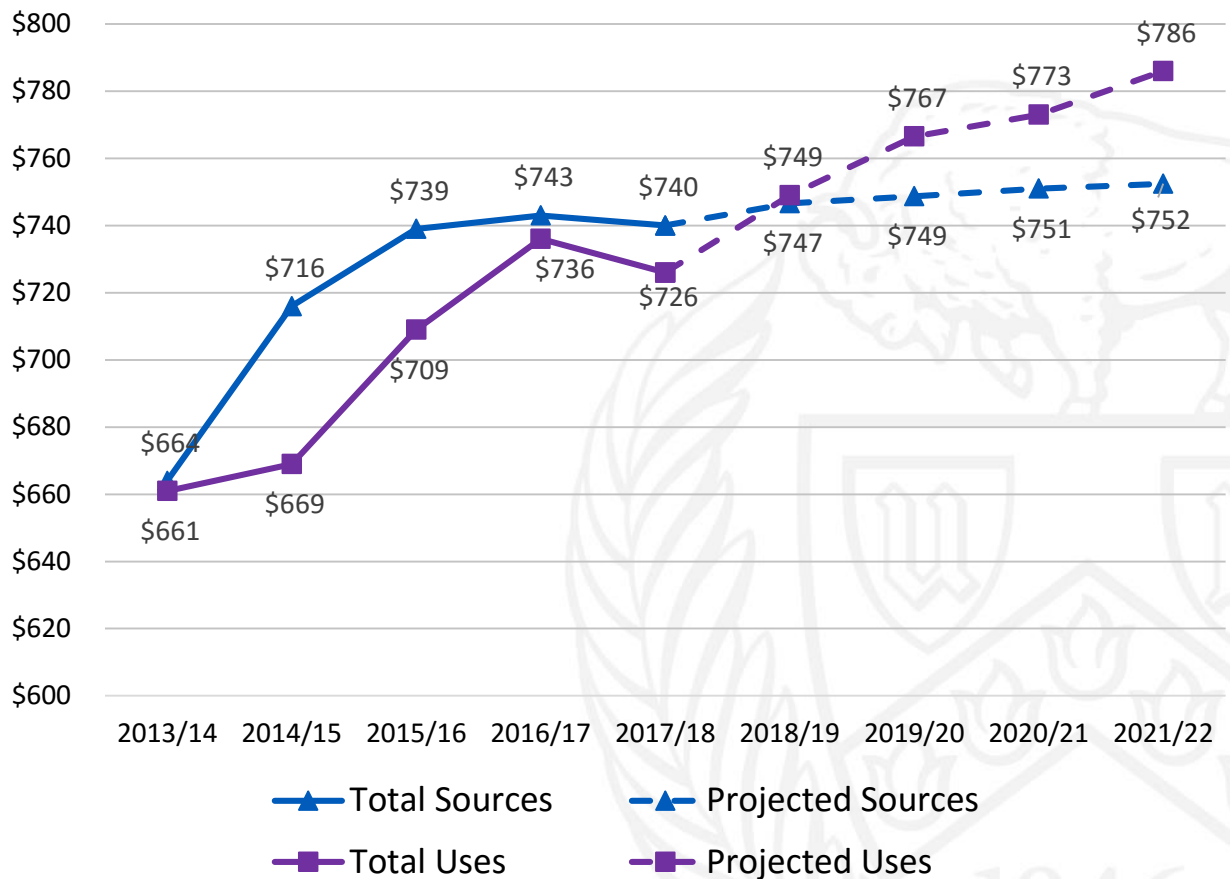
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Projected Balances All Funds *(\$ in M)*

Unit balances from August workforce planning submission

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Financial Capacity
Operating Sources and Uses 2013-22 *($ in M)*

With the exception of small enrollment growth, sources are flat.

Operating expenses, especially due to negotiated salary increases, continue to rise.

Summary of Financial Capacity

- Like most public research universities, we continue to experience declining/flat state support and are increasingly dependent upon tuition revenue

- Resources are in existing base budgets – how you deploy these resources is critical

- Units are using carry forward for recurring expenses and additional recurring expenses are forthcoming (e.g., unfunded salary increases)

- Units and central do not have the capacity to incur recurring or unfunded costs in the future

- Workforce restructuring in units must take place before carry forwards are exhausted

Required to Address Issues

Sources

Enrollment

External Support (e.g., grants, philanthropy)

Uses

Workforce

Operating Expenses
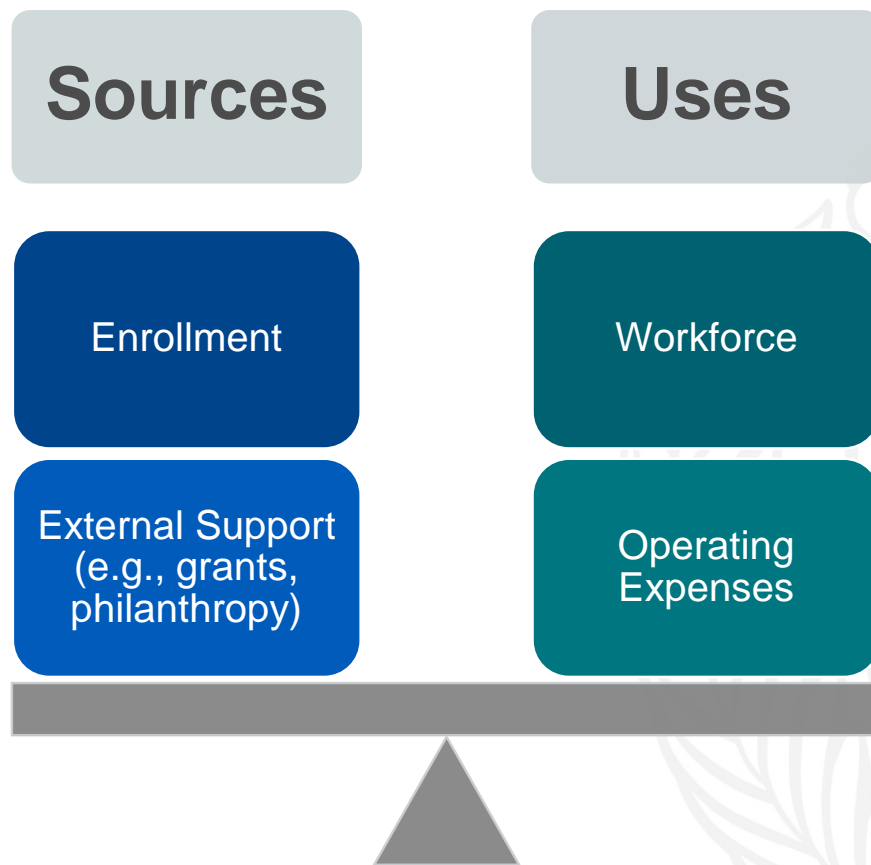
August 2018 Unit Workforce Check-Ins: Planned Outcomes

- **16** of **21** units are projecting structural deficit in **2018-19**, while **12** are projecting a deficit every year through **2021-22**

- **11** of **21** units are planning to reduce their total FTEs

- **6** units projecting FTE increase, only **1** with enrollment growth agreement in place

- Among all units, projecting a decrease of only **22** FTEs from **2018** to **2022**

OPPORTUNITIES FOR REDUCING COSTS

Unit Workforce Plans:
Increasing Faculty/Staff Efficiency

- To cover unfunded salary increases, we must continue to design and implement strategic staffing plans:

  o Restructuring our workforce to align state operating sources with uses

  o Rethinking staffing strategies as a result of operational excellence initiatives and shared central resources

  o Ensuring we maintain excellence and success with reduced workforce

August 2018 Unit Workforce Check-Ins: Sample Strategies

- Reallocating responsibilities as attrition occurs to reduce workforce

- Offering positions to earlier career professionals to gain attrition savings

- Offering early retirement opportunities for faculty/staff

- Holding vacancies open longer for one-time savings

- Exploring different models to deliver clinical education

- Increasing enrollment through new programs and considering discontinuing programs as necessary

- Implementing new systems and technology to enable reduced workforce

- Delaying purchases and applying targeted cuts to services

- Using central or shared services to reduce overlaps

Operational Excellence: Current Initiatives

- **U Plan** – Fully integrated, all-funds budgeting, planning and forecasting system

- **Integrated Security Systems** – Fully integrated and coordinated security systems across the university that support enterprise risk management and customer service objectives

- **Employee Recruitment Processes** – Recruit, develop and retain diverse faculty and staff and improve customer service and effectiveness

- **Collaborative/ Consortium Purchases and Systems** – Enhance coordination and efficiencies in purchasing and managing major services including marketing and enterprise systems/software

- **Strategic Procurement/ eTravel** – Align professional development and workforce planning goals with new systems/business processes

Diagram: Operational Excellence (center) surrounded by: Align with Academic Priorities, Facilitate Innovation, Effective, Efficient, Flexible, Sustainable

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Getting to Operational Excellence

EAB PROCESS IMPROVEMENT PRESENTATION

- Process Improvement Playbook provides a "step by step" guide to the five essential phases of any project

- Provides tools to establish the foundations for a culture of continuous improvement

- Real life examples for reflection on how common problems and operational excellence initiatives might play out in your area

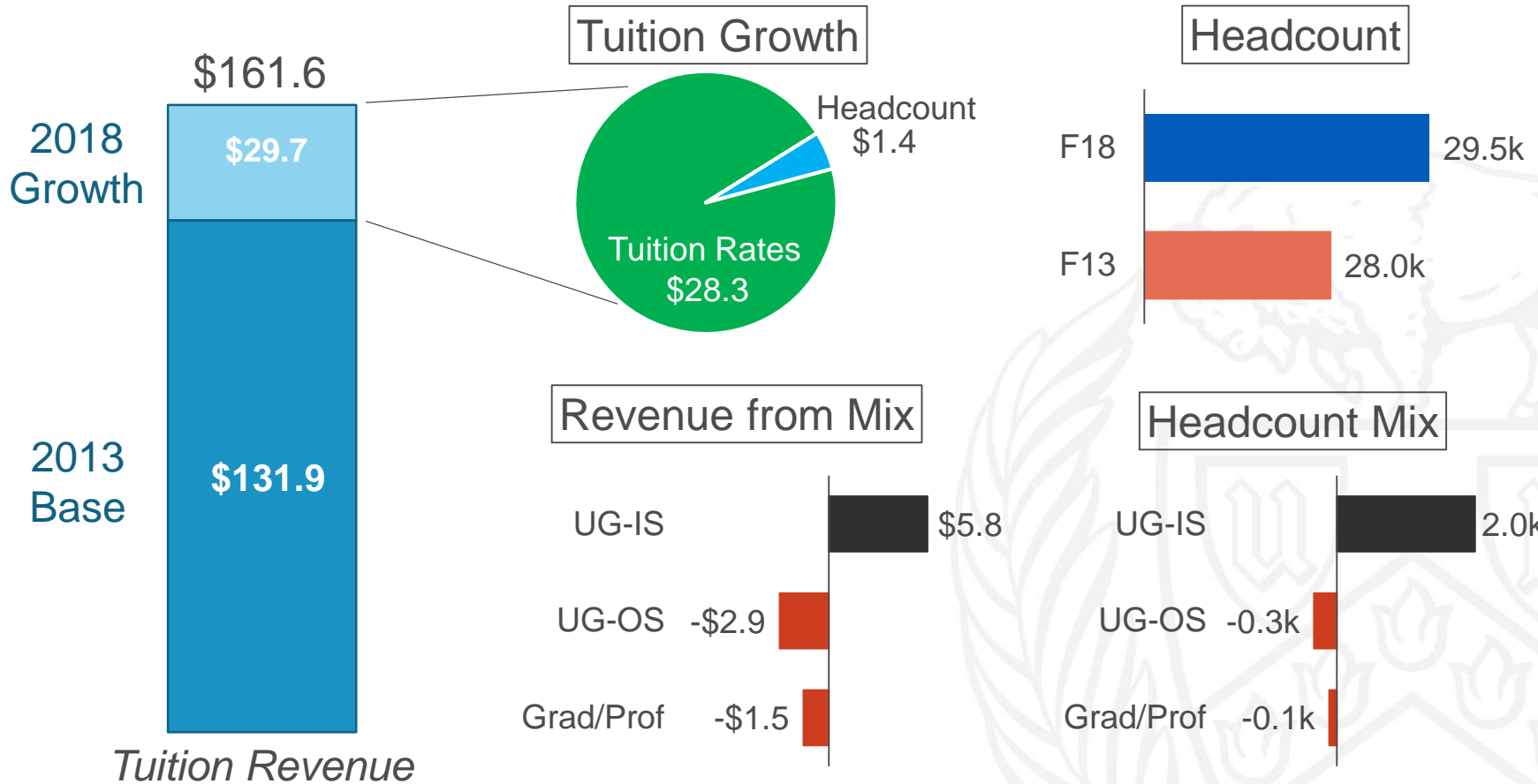## ACADEMIC BENCHMARKING CONSORTIUM PRESENTATION

- Objective is to improve decision-making by providing reliable benchmarking data

- Standard Activity Model™ to benchmark costs across the university in:
  - ➢ Finance
  - ➢ Human Resources
  - ➢ Information Technology
  - ➢ Facilities
  - ➢ Research Administration
  - ➢ Communications
  - ➢ Development
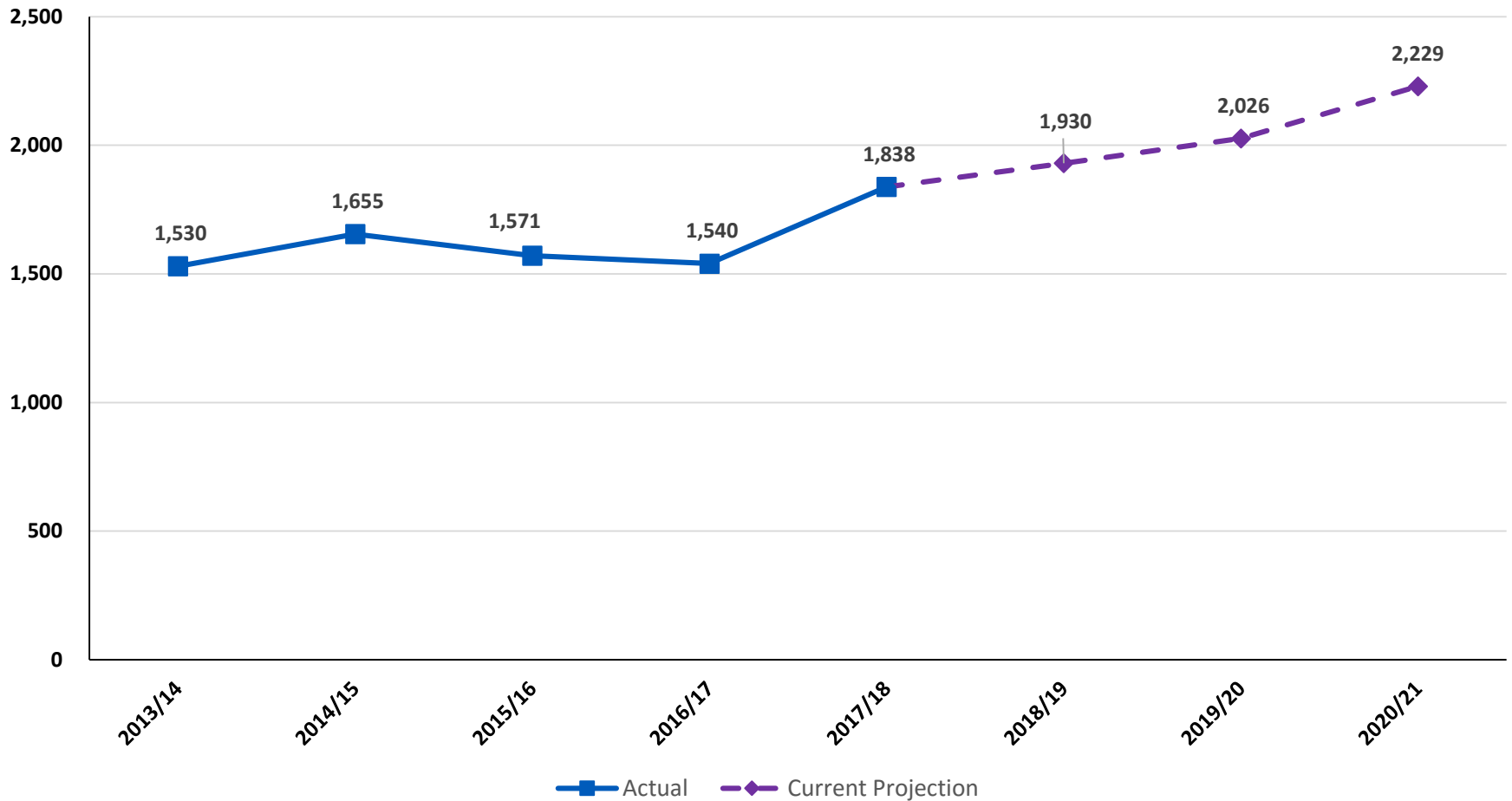 - ➢ Student Services

OPPORTUNITIES TO GROW REVENUE
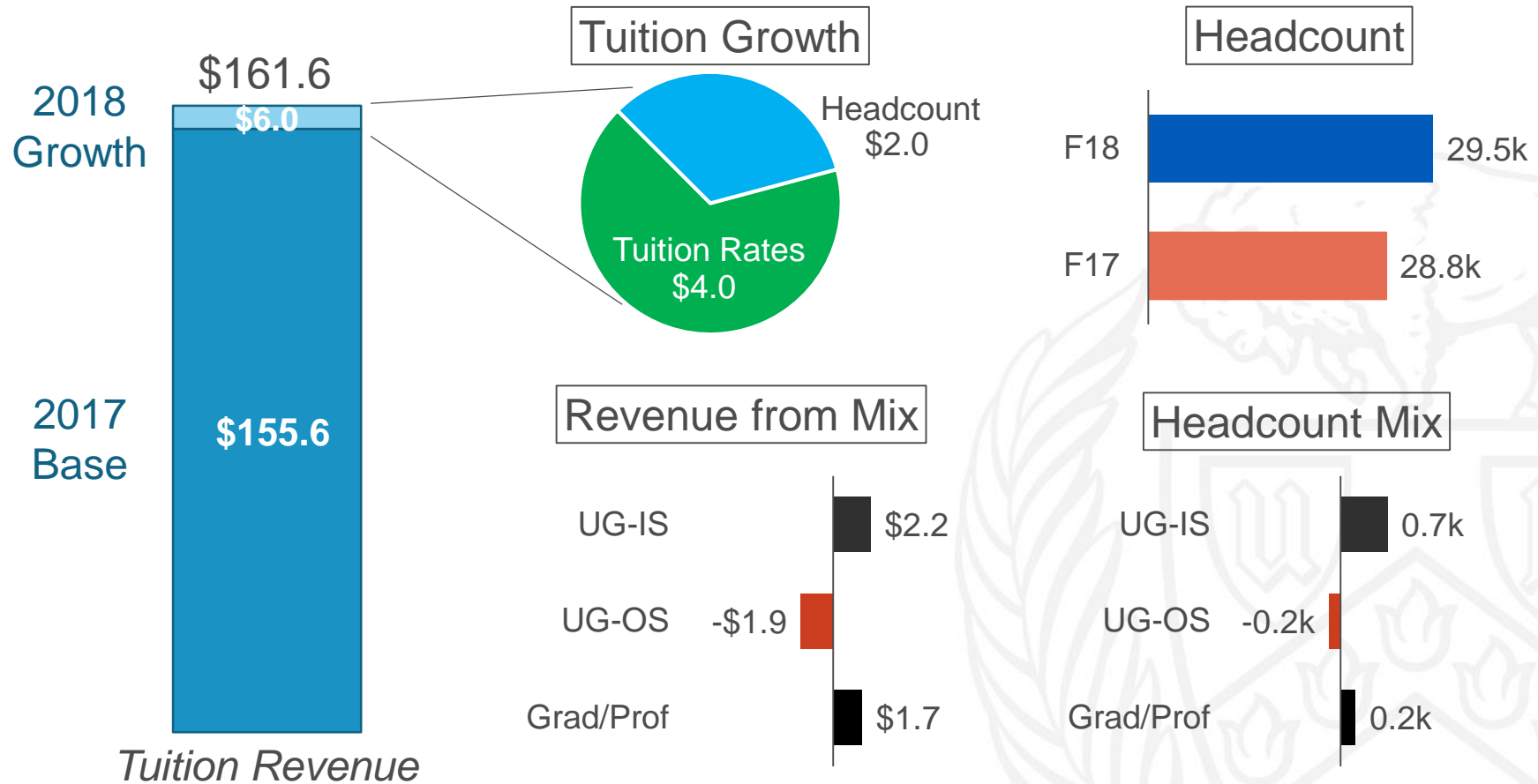
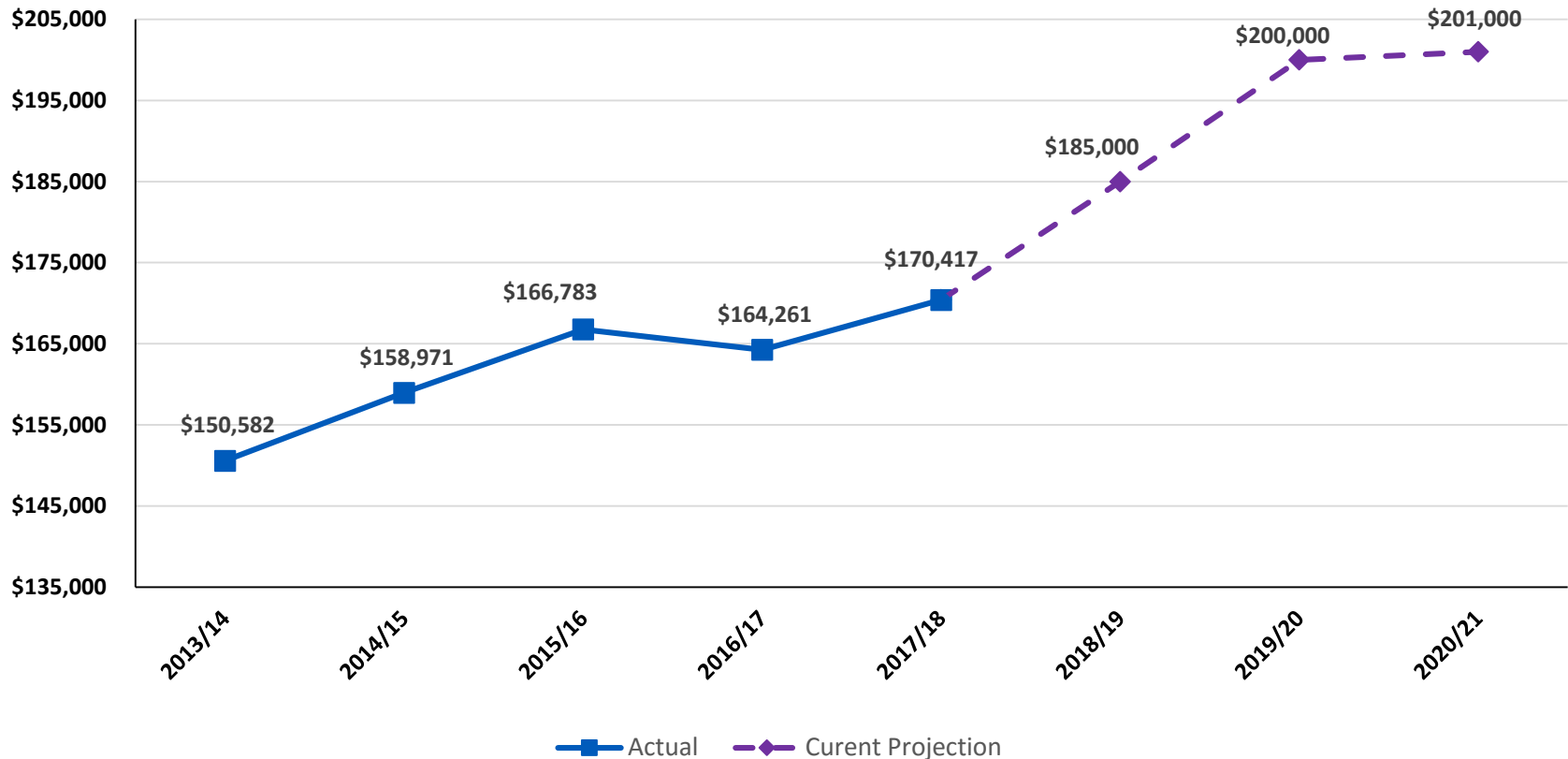# Explore Creative Ways to Reduce Costs and/or Increase Revenue

- Grow master's and selected professional degree programs

- Innovative degree programs – credentialing, dual degrees, interdisciplinary programs, online courses

- Assess existing programs for efficiency/effectiveness

- Collaborate with other units, SUNY institutions, or external partners

- Utilize SUNY/UB funding programs (e.g., Open SUNY)

- Rethink operations at unit level

Research Proposals
2013 – 2021

Legend: ■ Actual ◆ Current Projection

Data points:
- 2013/14: 1,530 (Actual)
- 2014/15: 1,655 (Actual)
- 2015/16: 1,571 (Actual)
- 2016/17: 1,540 (Actual)
- 2017/18: 1,838 (Actual)
- 2018/19: 1,930 (Current Projection)
- 2019/20: 2,026 (Current Projection)
- 2020/21: 2,229 (Current Projection)

Source: Office of Research and Economic Development

Research Expenditures *($ in K)*
2013– 2021

Source: Office of Research and Economic Development

Boldly Buffalo:
The Campaign for UB

- **$650M** campaign launched in April

- Largest in UB and SUNY history

- Top UB priority

- Currently at **73+%** of goal

- More than **100** donors have made **$1M+** gifts

- Comprehensive – all academic units have set goals and priorities

- Important for all units to continue working toward goals

Advocacy

OPERATING
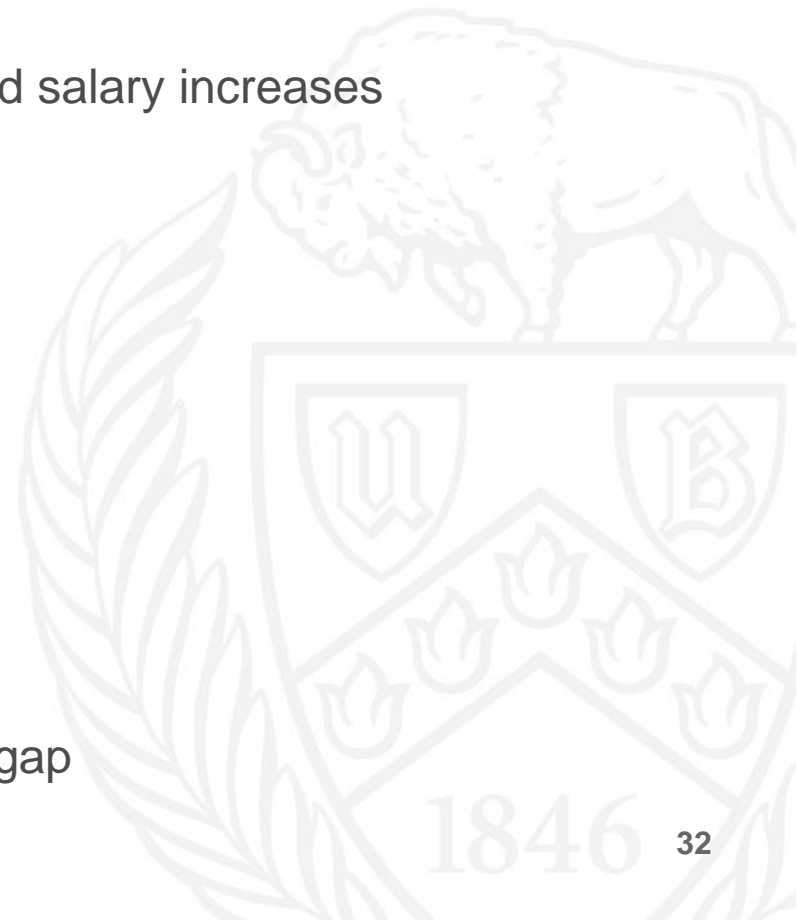
- Predictable tuition

- Increased operating support for negotiated salary increases

CAPITAL

- Critical maintenance funding

- Funding for new capital projects

POLICY

- Maintenance of Effort

- Procurement Flexibility

- Mitigate Excelsior tuition freeze and TAP gap

PLANNING GUIDANCE

Key Questions for Three-Year Plan and Presentation

ACHIEVING GOALS

How are you using your budgets to achieve unit and institutional goals?

How are you ensuring that investments are being used and having impact as intended?

ALIGNING RECURRING SOURCES & USES

How are we ensuring recurring sources and uses are aligned for all funding sources?

To ensure sustainability, how are you restructuring your unit workforce to align state operating sources with uses?

WORKFORCE PLANNING

Can staffing strategies change as a result of operational excellence initiatives/shared central resources?

Are there ways to be more efficient/effective?

How do we maintain excellence and success with reduced workforce?

ENROLLMENT

What programmatic changes could you introduce to meet enrollment and mix goals?

How do we manage enrollment growth and what are the implications for campus services and facilities?

Update on Prior ARPP Investment Outcomes

- Units will provide updates on prior central investments

- How have funds been used to advance university and unit priorities?

EXAMPLES

- Investment in SDM Director of Core Instrumentation Facility contributed to doubling external funding, including Oral Biology recently receiving **6** grants totaling **$6.6** million

- Investment in the central Classroom Rehabilitations for 2017-19
  - Rehabilitated **36** classrooms
  - Increased seating capacity by **608**

Looking Ahead

- Align recurring financial sources and uses

- Use carry forwards for one-time investments

- Continue focusing on gaining efficiencies

- Develop metrics for measuring progress toward goals and link to unit budgets