

LAUNCHING UB'S ANNUAL RESOURCE PLANNING PROCESS 2021-22

Deans/VPs/UBOs

December 10, 2020



Maintaining UB's Vision and Aspirations in 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*

UNIVERSITY FINANCIAL UPDATE



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

Unit Impacted	Revenue Reduction	Amount
Central	State Tax Support	\$19.2M
Campus Living	Dorms/Apartments	\$13.8M
FSA	Dining	\$6.8M
Athletics	Athletics/Recreation Fees	\$1.3M
Student Life/Provost	Campus Life Fee	\$1.2M
VPFA	Transportation Fee	\$3.0M
Student Governments	Student Activity Fee	\$1.2M <i>(est.)</i>
Academic Units	Course Fees	\$0.2M
Total		\$46.7M

Major Revenue Loss – 2020/21 Projected

Reductions	Amount
Current Year Projected Reduction of State Tax Support 25%	\$37.5M
* Projected Current Year Tuition Revenue Shortfall from Prior Year	\$6M
Campus Living	\$29M
Athletics	\$8M
FSA	\$30M
Total	\$110.5M

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

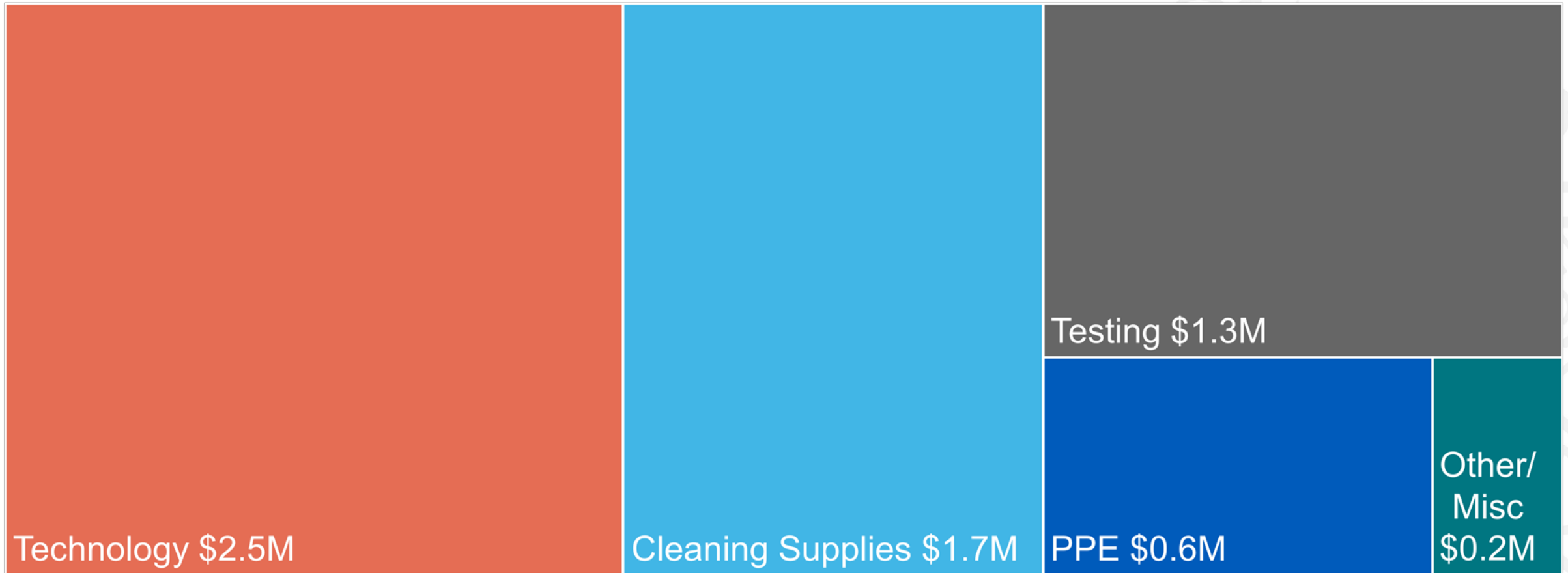
Other Impacts

- \$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



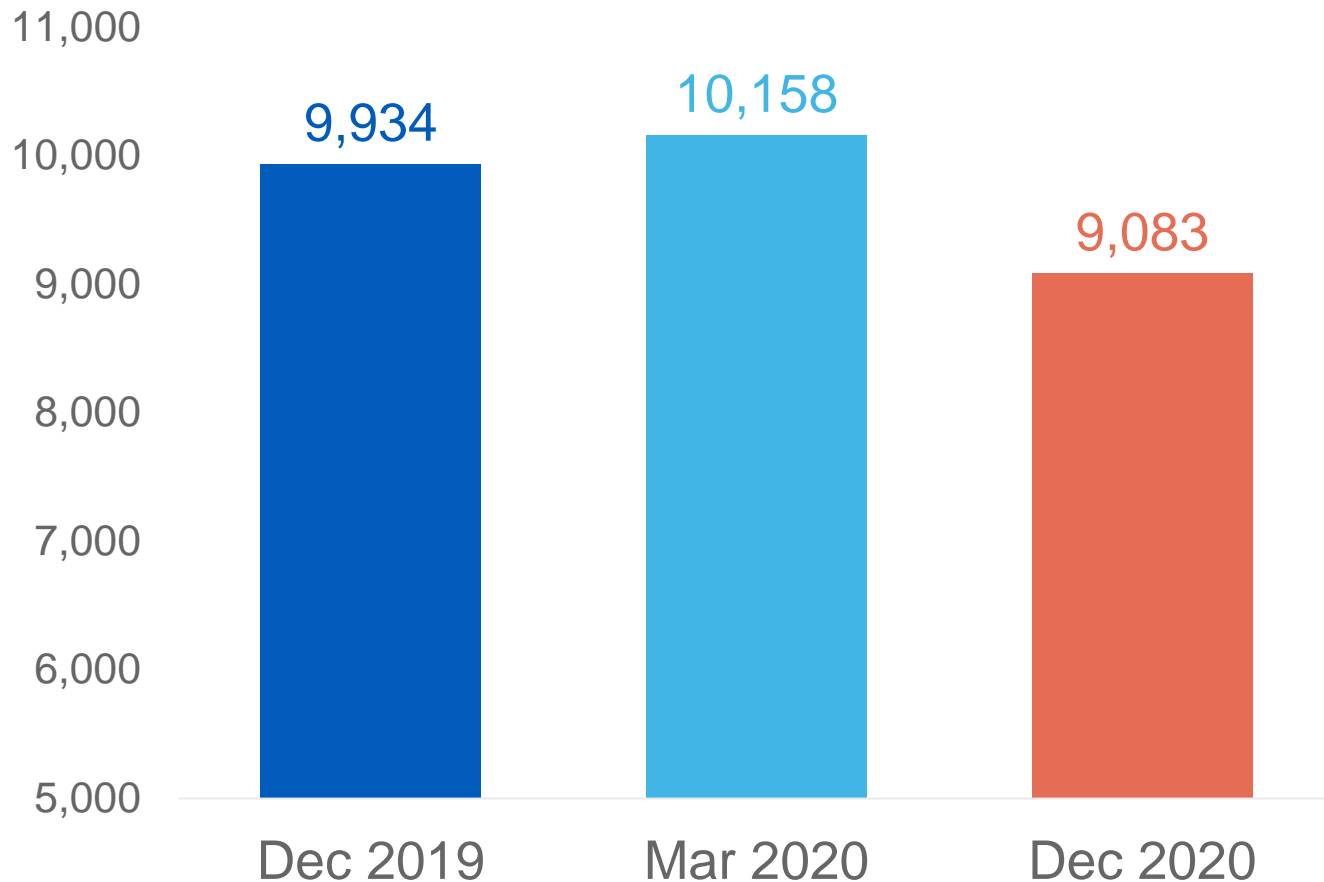
Strategies to Manage

NYS cash flow challenges equate to **constraints on expenditures** for UB across all State funds (State Operating, IFR, DIFR, SUTRA)

Strategies implemented to manage:

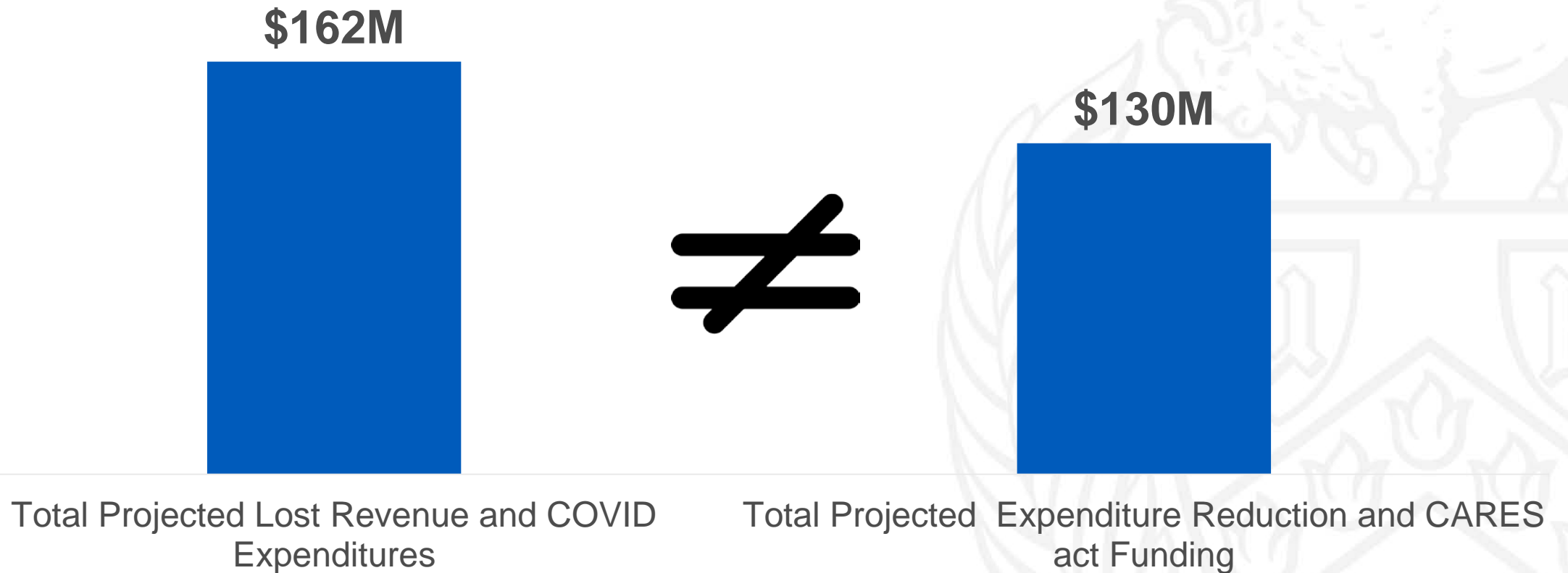
- Pause hiring, suspend rehab projects, review contracts, unit expenditure reduction plans
- **18.3% expenditure reduction** from April 1–November 30 compared to same timeframe last year (**\$77M**)
- FY 2021 one-time fiscal reduction equivalent to 10% of State Operating funds for all units (**\$40M**)

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

Total University Impact



Notes: Impact not equally distributed across units
Assumes 10% expenditure reduction from December 1, 2020 – June 30, 2021

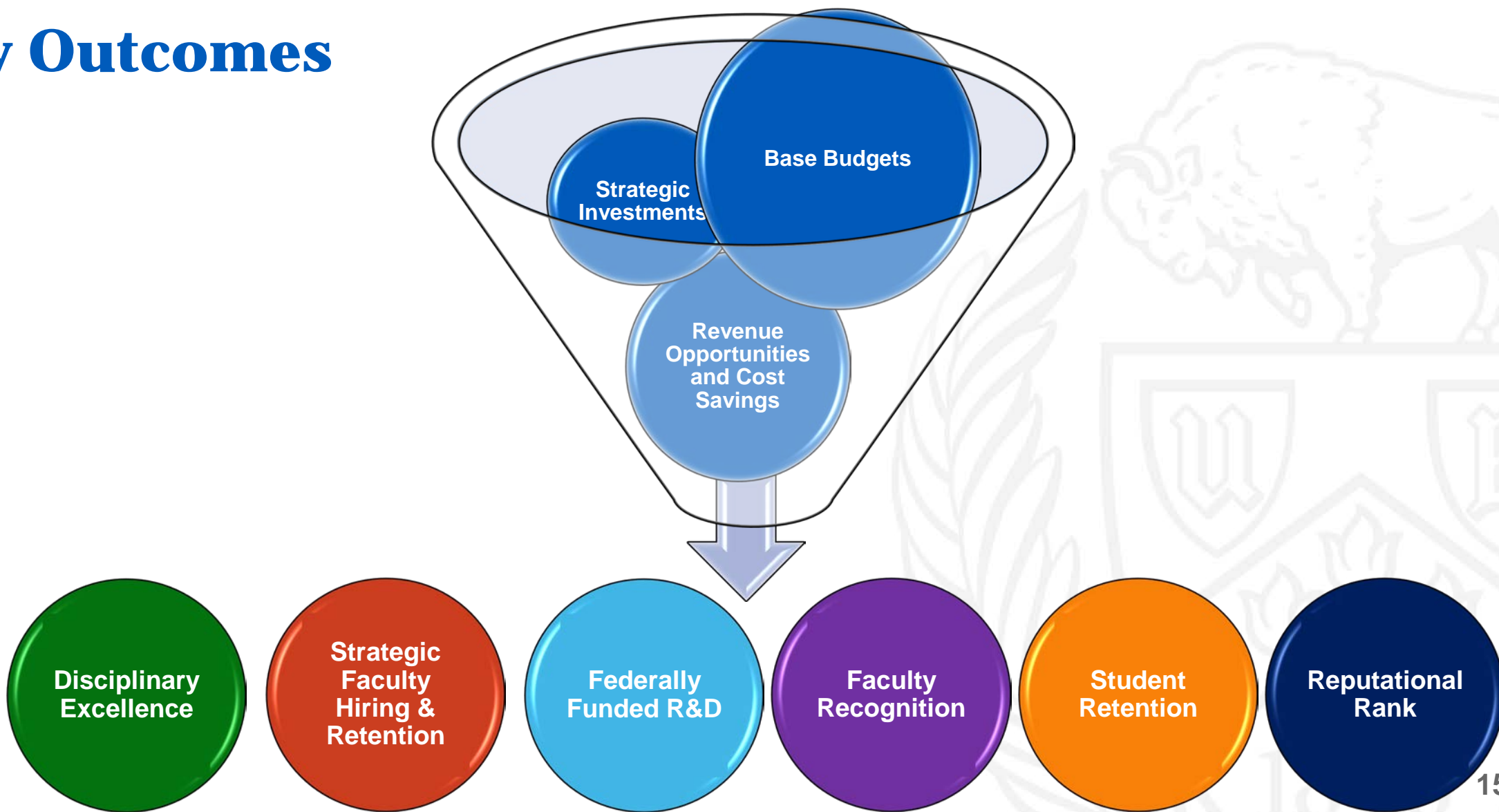
What We Are Advocating

- 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

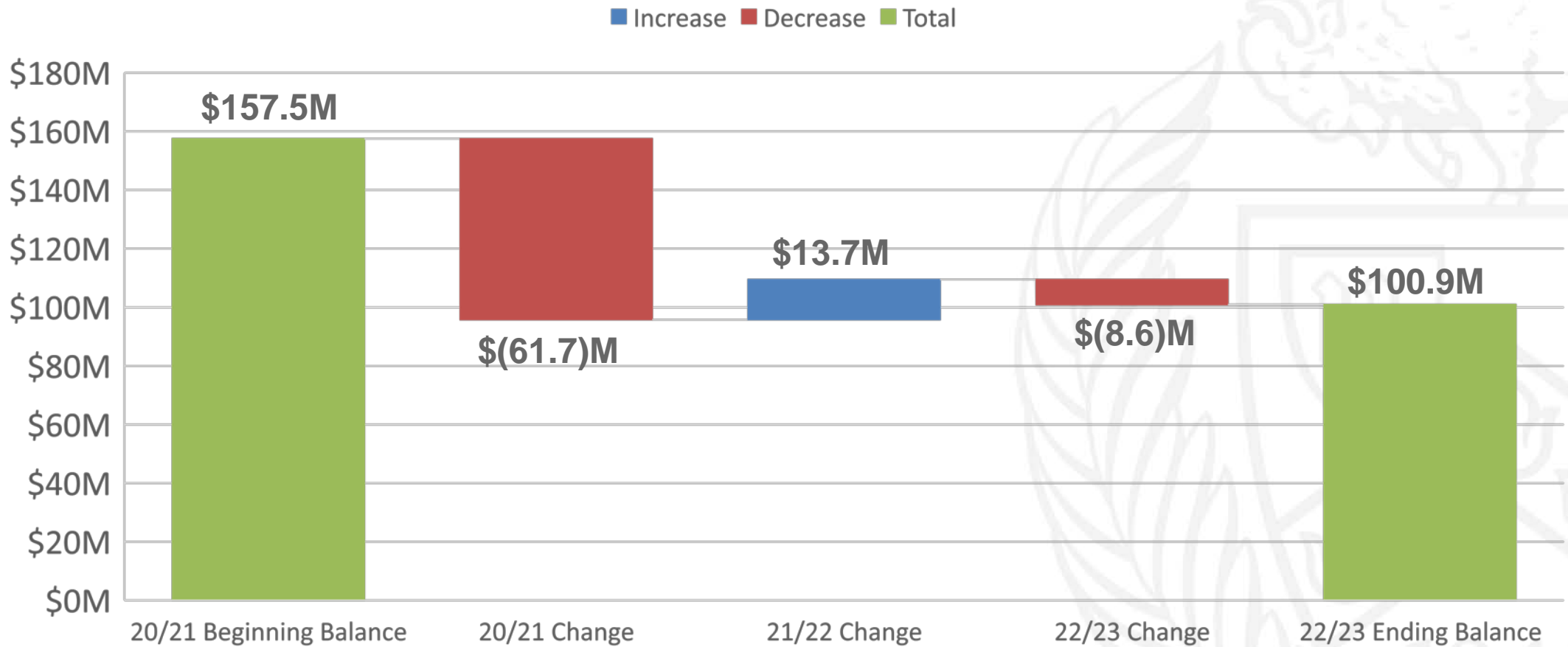
Decreases to the Financial Plan

- 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

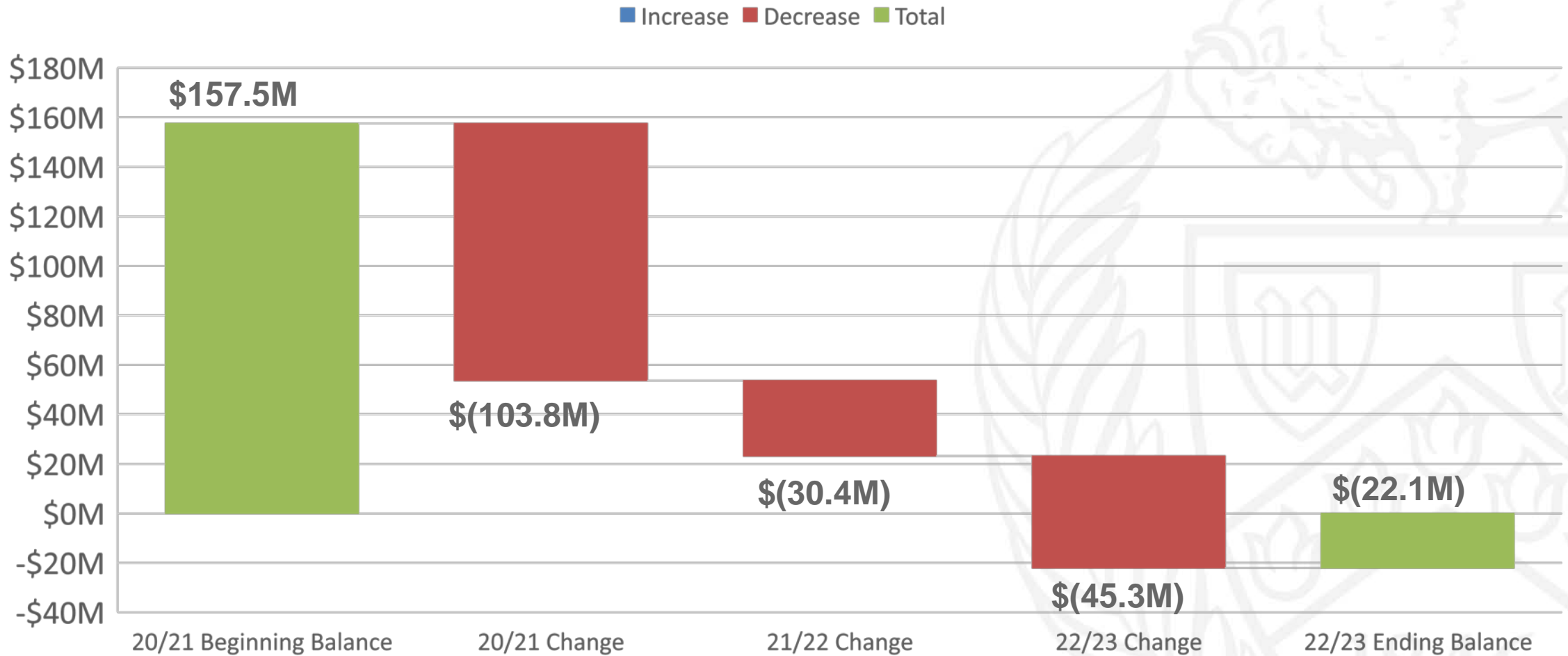


Note: Balances Exclude \$40M University Reserves

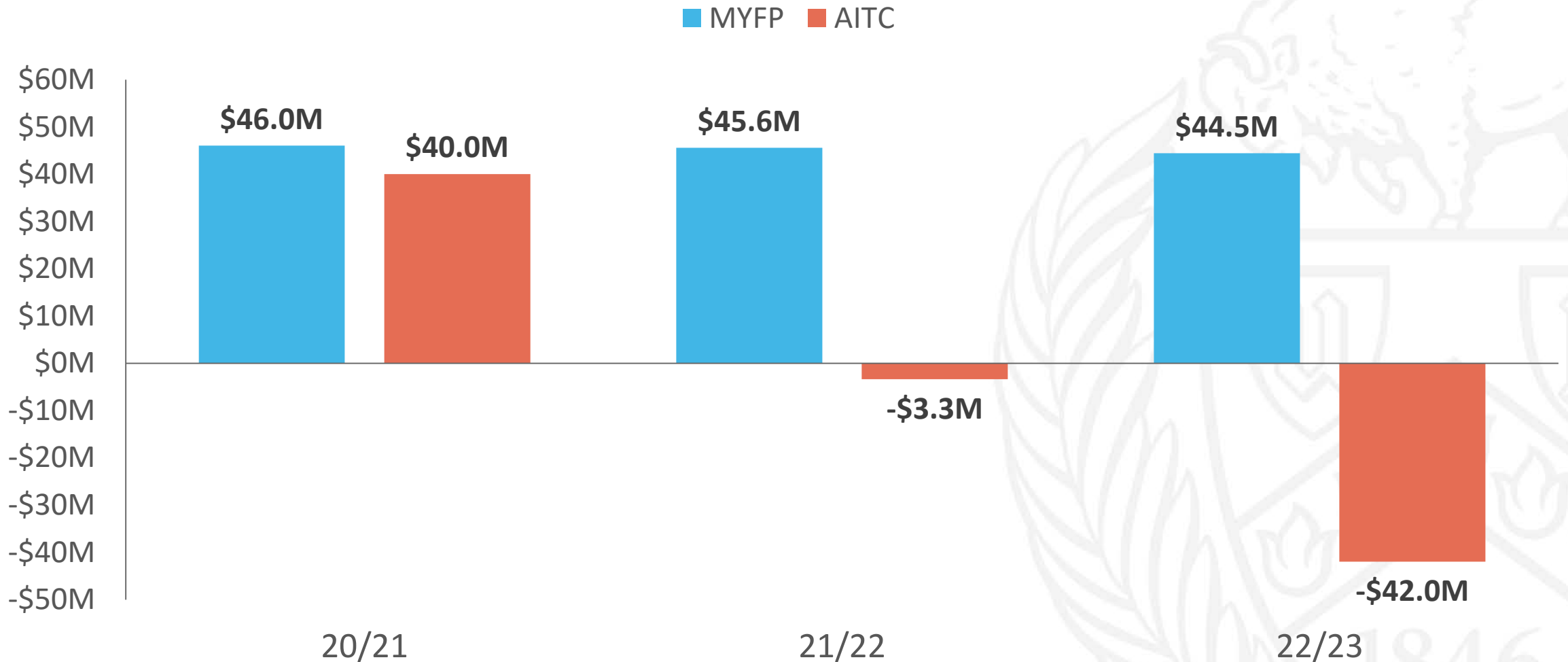
MYFP Additional Items to Consider - Major Assumptions

- 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)



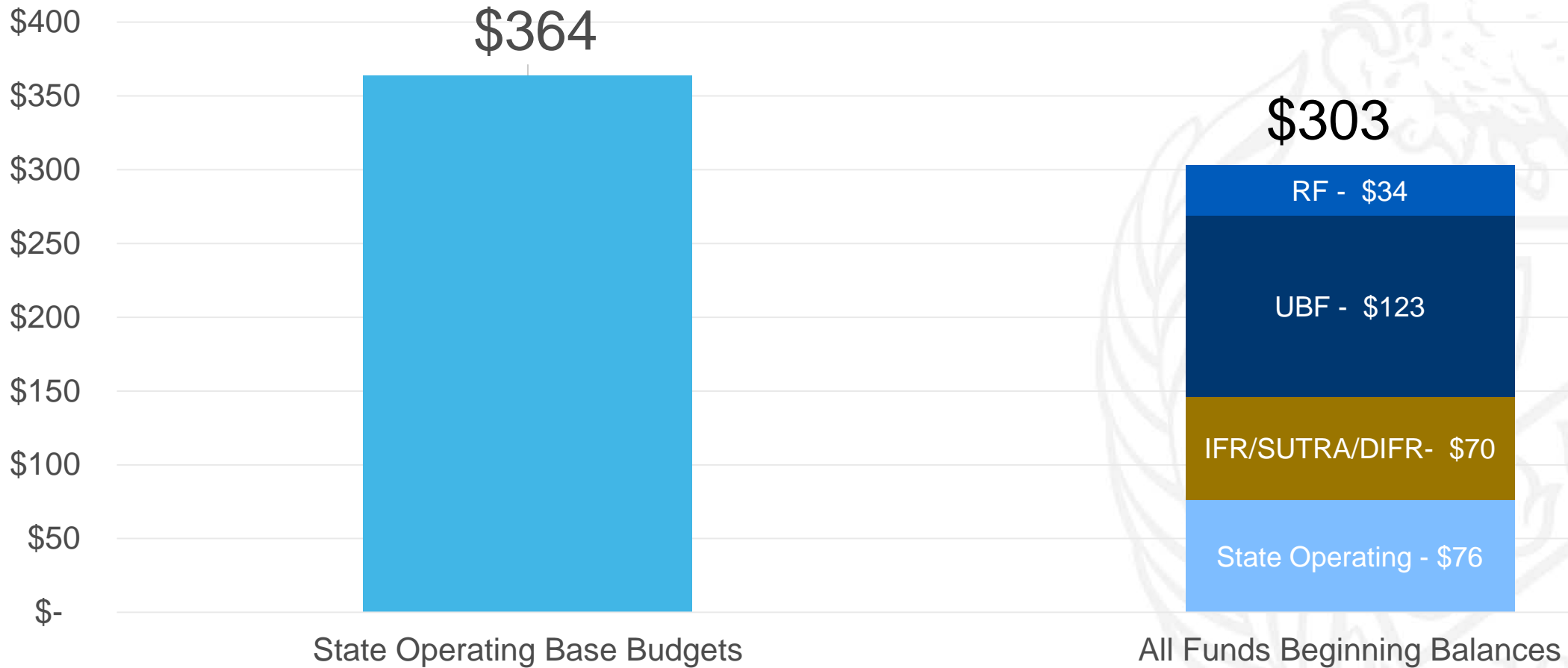
MYFP Scenarios - Projected State Operating Balances



Note: Balances Exclude \$8M State Operating University Reserves

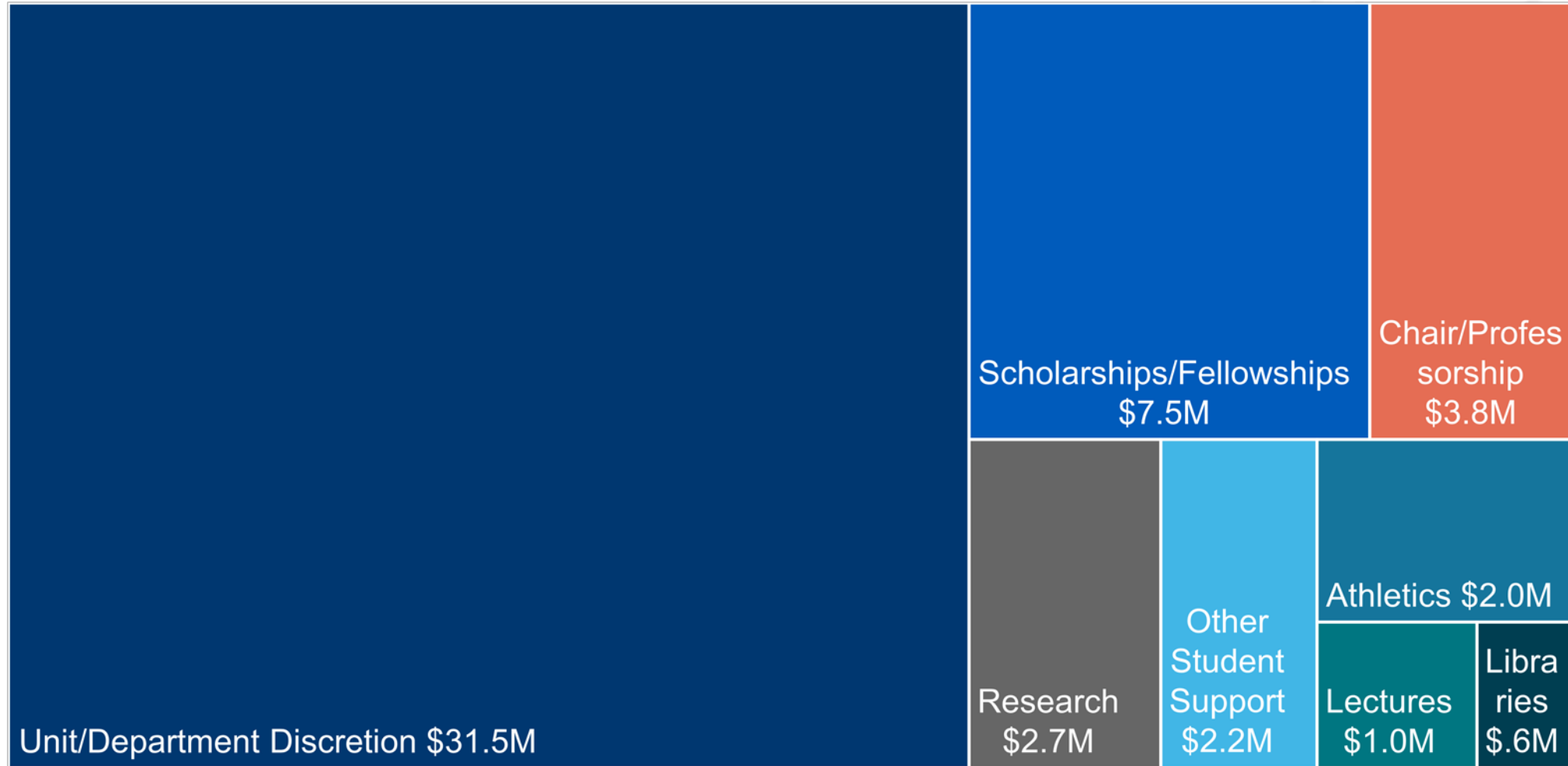
Unit Base Budget and Beginning Balances

\$ in Millions



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

Available Philanthropic Fund Balances Total: \$51.4 Million



PLANNING GUIDANCE



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

Funding Source	Assumption
Direct State Tax Support	<ul style="list-style-type: none"> • 20-25% reduction again for 2021/22 • Receive clarity on recurring reduction from NYS
Enrollment	<ul style="list-style-type: none"> • Overall enrollment remains flat • Currently applications are down from prior year • International impact continues to be unknown
Tuition and Fee rates	<ul style="list-style-type: none"> • Continue to be flat • UB will advocate for approved resident UG increase to be implemented • Will work with units for advocating any increases to specialized/professional tuition rates and fees where appropriate
Spending Constraints	<ul style="list-style-type: none"> • Anticipate restrictions to continue for several more months; potentially impacting the start of the next fiscal year.
Hiring Pause	<ul style="list-style-type: none"> • Will continue in alignment with state spending constraints • State will continue deferral of negotiated salary increases. Units should continue to plan to cover these cost.

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



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

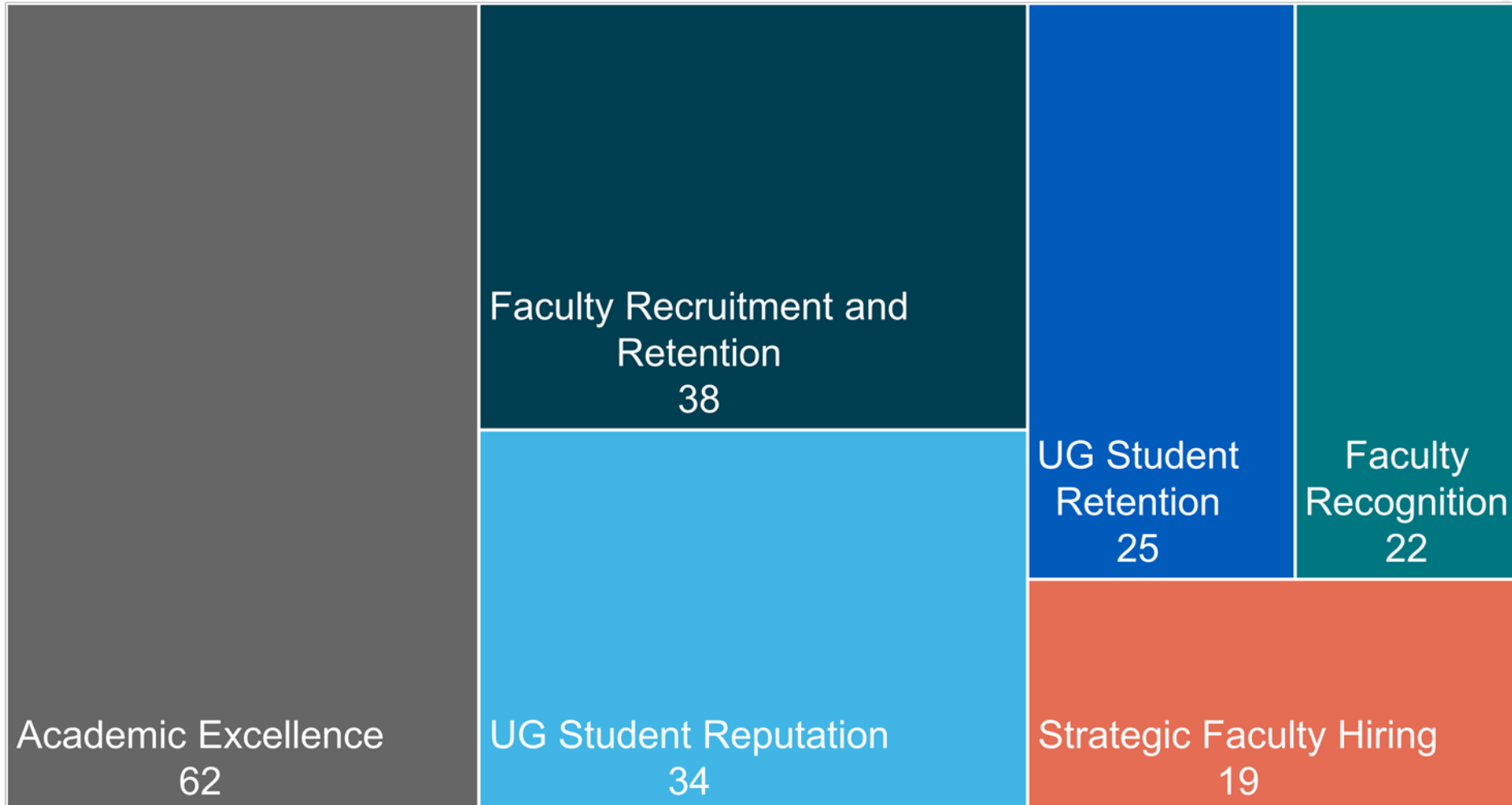
TRANSLATING LESSONS LEARNED IN COVID

- 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



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?

