

Report on the Meeting of the Budget Advisory Group (BAG IV)

February 22, 2011

This meeting was devoted largely to budget briefings from several vice-presidents and comparable officials. It was announced that the University is in the final stages of drafting a Request for Proposal (RFP) for a consulting study of the university's administrative structure and procedures to benchmark the university's administrative performance and identify possible efficiencies and savings. State funds will not be used to pay for this study. A consulting firm will be selected for its expertise in higher education management. It is expected that this study will be completed by the end of the summer.

University Vice-Presidents were asked to brief BAG on their current budget situation and to assess the consequences of a further 4 percent reduction in their state funds allocation for 2011-12 beyond the reductions required in the two year financial plan developed last year. BAG heard three presentations at this meeting.

Office of the President

(Presenter: Vince Delio, Chief of Staff)

In addition to the President's office proper, the Office of the President also includes the university's legal counsel, the Office of Diversity and Affirmative Action (ODAA), and the Office of Internal Audit. The Office is financed by state funds and allocations from the UAlbany Foundation (which supports one professional staff member in the president's office) and the university's indirect cost recovery funding from research grants (which supports a contract with a Washington consulting firm to handle the university's federal affairs). This office is considerably smaller than in the past; as recently as 2003, there were sixteen staff members in the office of the president proper; by 2010, that number had been reduced to eight. Staffing in the entire office (including legal counsel, ODAA and audit) is significantly lower than in the university centers at Buffalo and Stony Brook and roughly comparable with Binghamton. This unit has absorbed roughly \$300 thousand in budget cuts over the past three years; the overwhelming majority of which (80 percent) have been absorbed by the office of the president proper. This office no longer has a receptionist; one has to ring a bell to get someone's attention.

Discussion of this presentation focused on the potential for further savings and the possibility of achieving further savings by out-sourcing such functions as legal services. Out-sourcing of legal services is not possible; the two attorneys in the office of the president formally work for the SUNY University Counsel rather than UAlbany. Out-sourcing is also expensive; the amount of work being done by the counsel's office would cost considerably more if out-sourced than the cost of maintaining lawyers on the payroll.

Department of Athletics and Recreation

(Presenter: Lee McElroy, Vice President for Athletic Administration and Director of Intercollegiate Athletics)

UAlbany sponsors Division I teams in 19 sports with approximately 500 athletes, roughly evenly divided between men and women. UAlbany teams have made more NCAA appearances and won more conference championships than the other university centers at Binghamton, Stony Brook, and Buffalo combined. Athletes have roughly comparable GPA's and graduate at higher rates than the UAlbany undergraduate student body as a whole.

The athletic department's budget is roughly \$13.7 million, financed by a mix of state funds (34 percent); the comprehensive athletic fee levied on students (42 percent); external revenues such as ticket sales and scholarship funds provided by the NCAA(19 percent) and an allocation from the dormitory income fund (5 percent). Because of the need to levy fringe benefits on salaries paid from non-state funds, the bulk of the department's state funds allocation supports salaries, while non-state funds are used to support non-personnel costs, primarily scholarships. Outside of the basketball teams, athletes generally do not receive full scholarships.

Athletics has taken the same budget hits as other non-academic departments and has lost approximately 10 staff members in the last four years in both full and part-time positions. The department has also reduced its media operations and travel for both recruiting and competitive purposes, among other things.

Discussion of the issues raised in this presentation included the potential for moving more of the department's activities off of state funds and onto the athletic fee or other outside revenue and the need to demonstrate the value of athletics to the university's educational mission. There was also discussion of the financial consequences of dropping back to Division III, which might eliminate the provision of scholarships. The university's ability to raise the athletic fee, which is already the highest among the university centers, is constrained by SUNY policy. The university is also prohibited by NCAA regulations from reducing scholarships without advance notice, and eliminating coaches are subject to the same union rules as eliminating faculty. If students lose scholarships, they may well transfer to other D-I schools, which may translate into a loss of tuition revenue for the university, since most athletes do not receive full scholarships. In the short run, tuition increases will increase the amount of money required for scholarships.

The department argues that athletics provides greater exposure to the university, elevates its visibility to both the media and the public, and increases the recruiting base for all kinds of students. It also contends that athletics increases the university's diversity in both ethnicity and gender. It refers to research, sponsored by the NCAA, that argues that participation in sports provides considerable personal benefit to students, particularly women.

Development

(Presenter: Fardin Sanai, Vice President for Development)

The Development Office is funded largely by state funds and has been subject to the same budget reductions as other non-academic units. It has also reduced the "tax" it levies on contributions to individual departments. As a result, the number of development officers who are charged with actively raising money has declined over the last few years from 14 to 8.5 and attempts to link development officers with particular departments have had to be considerably curtailed. The Foundation Relations Office has also been eliminated, and the university's alumni magazine has been terminated. The development office has significantly fewer fundraising staff relative to the number of alumni compared to the other SUNY university centers and other peers.

Discussion of this presentation centered around the effectiveness of the office in raising funds. It was noted that the office has had very high turnover at the vice-presidential level and that alumni participation is relatively low.

There was also discussion of the schedule that BAG IV has set for itself. Concern was expressed that the schedule needed to allow more time for analysis and discussion of major budget scenarios and consideration of alternatives. The chairs will take this matter under consideration.