

Report on the meeting of the Budget Advisory Group IV (BAG IV) to the University Senate and the Senate Executive Committee

March 28, 2011

This meeting was occupied with a briefing on the recently concluded state budget process, further consideration of alternative budget scenarios, and discussion of how BAG can conclude its deliberations in a timely fashion.

State Budget Briefing

Interim Vice-President for Finance and Business Steve Beditz presented a briefing on the recently concluded state budget process. The budget for SUNY for state operated campuses largely reflects the Governor's initial budget—there is a 10 percent cut in state aid, with no tuition increase. This means that the “worst case” budget that BAG has been using as a basis for deliberations is likely a reasonable approximation of the final UAlbany budget.

There is one further cause for concern and one possible reason for optimism. The cause for concern relates to state funding for the three SUNY hospitals in Syracuse, Brooklyn, and Stony Brook. The Governor's budget completely eliminated state funding for these hospitals in the amount of some \$154 million. The final budget agreement restored some \$60 million of this cut, and allowed the hospitals to realize pension finance savings of some \$26 million. This still leaves the hospitals short of what they claim they need to remain viable. If the Chancellor decides to restore some or all of the unfunded state support, funds will have to be provided by assessments against the other SUNY institutions. This would mean that UAlbany would have to absorb another stateside budget hit of as yet unknown size.

The cause for optimism relates to the possibility that the legislature and Governor may yet agree to some rational multi-year tuition policy in some form, either as part of a package for the four university centers or for the entire SUNY system. While there was no tuition increase in the budget as adopted, the Governor has indicated support for a multi-year tuition package and some procurement and other regulatory reform along the lines proposed by the University at Buffalo in its “UB 2020” proposal. The Governor has promised to convene a summit meeting of stakeholders—most likely the four university centers—to address these issues which may produce a stable multi-year pattern of state support and tuition.

Alternative Budget Scenarios

Groups then considered two alternate budget scenarios—one which protected the revenue generating units, and another which presented a more variegated pattern-- protecting schools and colleges and the revenue raising units, with larger reductions to athletics and smaller, but still substantial, reductions to the other divisions of the university. As before, groups were asked to evaluate the scenarios' fit with the university's strategic plan and indicate favorable and unfavorable aspects to each.

Institution-wide Budget Scenario #3: Protect Revenue Generating Units

Three groups evaluated a scenario which imposed minimal cuts on the research and development divisions, with larger off-setting cuts elsewhere across the university. Most of the discussion centered around the research function and the most appropriate way to encourage increased funded research across campus. Concern was expressed that there was no basis for predicting the effect of protecting the research infrastructure on the level of funded research and that protecting the research division while cutting schools and colleges could run counter to the strategic plan's goal of increasing the volume of funded research. It was argued that, while the Research Division houses several productive research centers, most funded research is generated by faculty. Incentives for increased research should be applied at the level of individual departments or faculty members, with more incentives being provided to departments which generate more external funding. It was also argued, however, that it's possible to "over-invest" in research and that the University's teaching mission should not be neglected as it is also a significant source of revenue.

Institution-wide Budget Scenario #4: Differentiated Reductions

Two other groups evaluated a more variegated scenario. Under this scenario, only minimal reductions were imposed on the schools and colleges and the revenue producing units, while larger cuts were imposed on other non-academic units, particularly athletics.

Both groups reported that this scenario fit well with some parts of the university's strategic plan, but less well with others. This allocation pattern protects the academic mission of teaching and research, but did less well in serving the strategic plans goals of maintaining the university's infrastructure and providing students with a high quality experience. Over-large reductions to IT and finance and business could adversely affect the strategic goal of maintaining the campus infrastructure, while reductions to athletics, academic support and student services could compromise the strategic goal of providing students with an excellent non-academic experience. The suggestion was made that the level of assigned reductions might be further modulated to accommodate a larger array of goals.

Concern was also expressed that such an allocation might actually "over-protect" the schools and colleges, and that individual departments and schools may need to be evaluated separately to determine their contribution to the university's strategic goals and mission.

Developing final observations and recommendations

A set of draft sentences were distributed as a very initial attempt to synthesize the BAG IV conversations and to capture the sentiments of the group. Sections included observations of the group about its work, about the realities of the current and prospective situation, about the various budget reduction models considered, and about recommendations for next steps. In addition to reflecting the discussions of the group, the draft sentences also drew heavily on the reports provided by UPPC Chair Fossett, and also on the document recently developed and distributed by UPPC. Members were asked to review in detail, to provide comments, corrections, and recommendations for the consideration of the group as it finalizes its deliberations in the next meeting.