



The State University of New York

2009-10 Operating and Capital Budget Presentation

November 18, 2008

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Operating Budget Request

National Rankings

“World’s #1 College for Nanotechnology”

- *Small Times Magazine*



“The Premier Public University in the Northeast”

- *Fiske College Guide*

“#1 Best Value Public College in the Nation”

- *Kiplinger's Finance*

Members, Association of American Universities

AAU is a select group of sixty-two leading public & private research institutions



“#1 Graduate School in Veterinary Medicine”

- *U.S. News & World Report*

“Top 50 Public National University”

- *U.S. News & World Report*





Operating Budget Request

National Rankings



"#2 Best Value Public College in the Nation"

- Kiplinger's Personal Finance

"#2 Best Public Master's University in the North"

- U.S. News & World Report

"Member, League for Innovation"

The League for Innovation in the Community College is a prestigious international organization dedicated to catalyzing the community college movement.



"#2 Most Diverse Campus in the Nation"

- U.S. News & World Report

"Among the Best Business Schools in America"

- Princeton Review



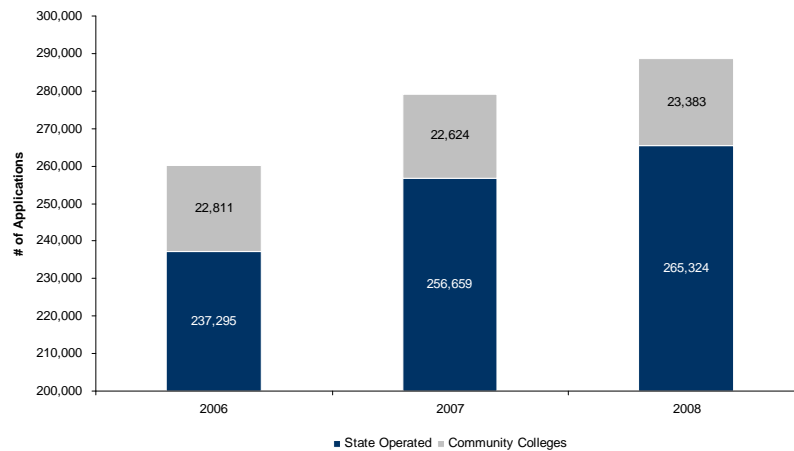
"Top Tech-Smart Community College"

- Center for Digital Education and the American Association of Community Colleges



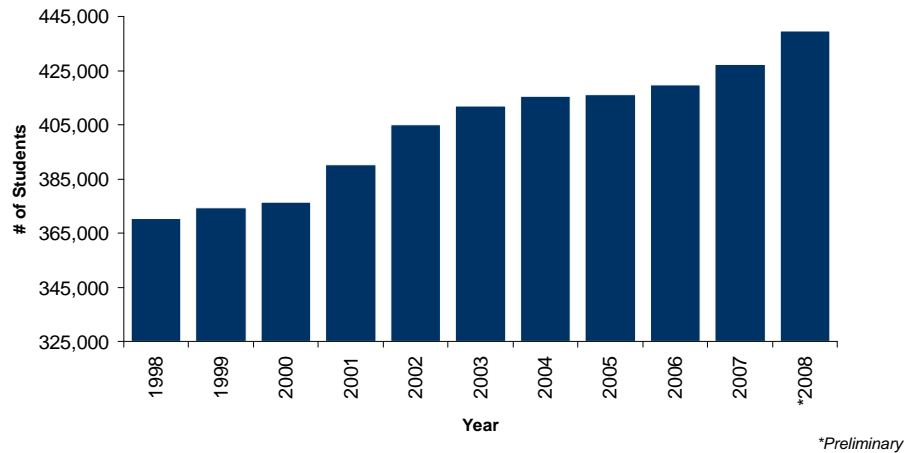
Operating Budget Request

System-Wide Application Totals





System-Wide Enrollment Totals



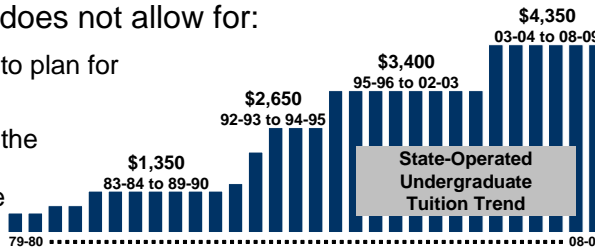
Four Pillars

- ▶ Rational Tuition Policy
- ▶ Expanding Entrepreneurial Activity and Public-Private Partnerships
- ▶ Management and Operational Reforms and Efficiencies (MORE)
- ▶ Appropriate State Support for the SUNY System



Rational Tuition

- ▶ Over the past 14 years, there have been only 2 resident, undergrad tuition increases:
 - Both increases raised tuition 28% in a single year
 - Both increases only *partially* offset larger reductions in state support in the same years
- ▶ Current tuition policy does not allow for:
 - Students and parents to plan for increased costs
 - Campuses to plan for the investments needed to improve the quality of education



University Center Tuition Comparison

Annual Tuition & Mandatory Fees

- Illinois (Urbana-Champaign): \$12,240
- New Jersey (Rutgers): \$11,083
- Michigan (Ann Arbor): \$11,038
- Massachusetts (Amherst): \$10,232
- Texas (Austin): \$8,615
- Maryland (College Park): \$7,969
- California (Berkeley): \$7,655
- Wisconsin (Madison): \$7,568
- Georgia (Athens): \$6,030
- SUNY (Average): \$5,888**
- Florida (Gainesville): \$3,022



Rational Tuition

- Rational tuition is a system of modest, annual and predictable increases based an inflation index such as HEPI (Higher Education Price Index)
- Rational tuition allows:
 - Students and parents to more effectively plan for the cost of higher education; and it allows
 - SUNY and its campuses to invest in academic quality initiatives such as full-time faculty, student scholarships, and student services



Rational Tuition Plan

<i>Period</i>	<i>HEPI Units</i>	<i>Tuition Increase</i>
Spring 2009	2	\$310 (semester)
2009-10	0	\$620 (annual amount from Spring Increase)
2010-11	1	HEPI Annual Rate
2011-12	1	HEPI Annual Rate
2012-13	1	HEPI Annual Rate

**Annual tuition rate beginning
Fall 2009 will be \$4,970**



Public-Private Partnerships

- Flexibility to sell or lease University assets
- Sponsored programs that directly benefit the New York State economy
- Ability to pursue short-term naming rights and related advertising revenue
- Explore development of SUNY property
- Divestiture of assets
- Maximize rental income



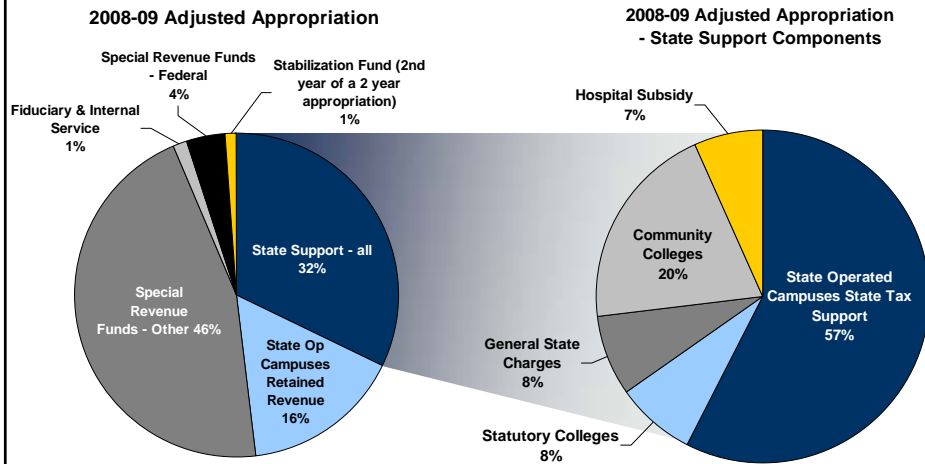
Management and Operational Reforms and Efficiencies (MORE)

- Overregulation has weakened SUNY and deprived New York of economic benefits
- Reforms needed:
 - Allow SUNY to control revenue from tuition and fees
 - Post-audit accounting practices
 - Ease red tape in procurement and contracts
 - Provide current delivery methods in capital construction



Operating Budget Request

State Support vs. All Appropriated, 2008-09



Operating Budget Request

State Support by Category, 2008-09

	Adjusted 2008-09 State Tax Support	2008-09 State Tax Dollar Support Reductions	Adjusted 2008-09 State Tax Support After Reductions
State Operated Campuses*	\$1,305,797.5	(\$133,318.7)	\$1,172,478.8
Statutory Campuses	172,858.3	(13,003.3)	159,855.0
Cornell Cooperative Extension	4,170.0	(250.2)	3,919.8
Hospital Support	154,100.0		154,100.0
Community Colleges	459,387.5	(768.7)	458,618.8
Fringe Benefits (General State Charges)	175,150.0		175,150.0
Total	\$2,271,463.3	(\$147,340.9)	\$2,124,122.4

*Includes University-wide programs and System Administration.
 Note the Adjusted 2008-09 Support \$139.9M of raise funding received in 2008-09.



Operating Budget Request

All Appropriated Funds, 2008-09

(thousands of dollars)	2008-09 Adjusted Appropriation ¹	2008-09 State Tax Dollar Support Reductions	2008-09 Adjusted after Reductions
State Operated Campuses State Tax Support	\$1,305,797.5	(\$133,318.7)	\$1,172,478.8
State Operated Campuses Retained Revenue	\$1,086,523.0		\$1,086,523.0
Statutory Colleges	172,858.3	(13,003.3)	159,855.0
General State Charges	175,150.0		175,150.0
Special Revenue Funds - Other	3,208,570.0		3,208,570.0
Fiduciary Funds	67,000.0		67,000.0
Internal Service Funds	12,410.0		12,410.0
Special Revenue Funds - Federal	275,500.0		275,500.0
Total State Operations	\$6,303,808.8	(\$146,322.0)	\$6,157,486.8
Community Colleges	\$459,387.5	(\$768.7)	\$458,618.8
County Cooperative Extension - Cornell	4,170.0	(250.2)	3,919.8
Total Aid to Localities	\$463,557.5	(\$1,018.9)	\$462,538.6
Total	\$6,767,366.3	(\$147,340.9)	\$6,620,025.4
For information only			
Hospital Subsidy	\$154,100.0		\$154,100.0
Stabilization Fund (2nd year of a 2 year appropriation)	85,000.0		85,000.0

¹Includes \$139.9M provided for salary increases during 2008-09



Operating Budget Request

State Support Request by Category

	Adjusted 2008-09 State Tax Support After Reductions	2009-10 Requested Increase	2009-10 Budget Request
State Operated Campuses*	\$1,172,478.8	\$153,608.8	\$1,326,087.6
Statutory Campuses	159,855.0	6,953.3	\$166,808.3
Cornell Cooperative Extension	3,919.8	170.0	\$4,089.8
Hospital Support	154,100.0	38,300.0	\$192,400.0
Community Colleges	458,618.8	31,570.9	\$490,189.7
Fringe Benefits (General State Charges)	175,150.0	14,815.0	\$189,965.0
Total	\$2,124,122.4	\$245,418.0	\$2,369,540.4

*Includes University-wide programs and System Administration.

Note the Adjusted 2008-09 Support \$139.9M of raise funding received in 2008-09.



State-Operated Campuses Request: Base and Initiatives

2008-09 Adjusted State Tax Dollar Support	1,172,478.8
Base Level	143,608.8
<i>Negotiated Salary Increases</i>	72,836.1
<i>Enrollment</i>	45,084.7
<i>Energy</i>	25,688.0
Initiatives	10,000.0
<i>Recruitment of World Class Research Faculty</i>	8,000.0
<i>Expansion of High Needs Program</i>	2,000.0
Total	153,608.8
2009-10 Total State Tax Dollar Support	1,326,087.6



State-Operated Campuses: Base and Initiatives

- Provide state support for mandatory cost increases
- If available, provide state support for targeted University initiatives designed to increase efficiency and generate additional University revenue:
 - Recruitment of World Class Research Faculty
 - Expansion of High Needs Programs



Community Colleges

2008-09 Adjusted State Tax Dollar Support	458,618.8
Base Level FTE Aid	18,491.3
Initiative - \$100 increase per funded FTE	13,079.6
Total	31,570.9
2009-10 Total State Tax Dollar Support	490,189.7

- Base: Fully fund enrollment growth(\$18.5M)
- Initiative: \$100 increase in rate per funded FTE (\$12.1M)



State University Hospitals

- State Support Request - \$38.3M

2008-09 Adjusted State Tax Dollar Support	154,100.0
Base Level	38,300.0
2009-10 Total State Tax Dollar Support	192,400.0

- Background: SUNY Hospitals receive a state subsidy recognizing State sponsorship and mission, including:
 - Unique and costly programs (Burn Unit, Neonatal Units, Level I Trauma Centers) serving New York's citizens and supporting academic mission
 - Differential related to
 - Salaries
 - Employee benefits



Operating Budget Request

Statutory Colleges: Cornell

- Budget Request: \$6.5M

CORNELL	
2008-09 Adjusted State Tax Dollar Support	154,130.5
Base Level	6,467.0
<i>Negotiated Salary Increases</i>	<i>4,655.0</i>
<i>General Inflation (as req. - including \$620.0 accessory instr.)</i>	<i>1,642.0</i>
<i>Cooperative Extension Formulaic Need</i>	<i>170.0</i>
Total	6,467.0
2009-10 Total State Tax Dollar Support	160,597.5



Operating Budget Request

Statutory Colleges: Ceramics

- Budget Request: \$656K

CERAMICS	
2008-09 Adjusted State Tax Dollar Support	9,644.3
Base Level	656.3
<i>Negotiated Salary Increases</i>	<i>585.8</i>
<i>General Inflation (general at 3.6% and libraries at 6%)</i>	<i>70.5</i>
Total	656.3
2009-10 Total State Tax Dollar Support	10,300.6



Operating Budget Request

General State Charges

- Total Request - \$14.8 M

2008-09 Adjusted State Tax Dollar Support	175,150.0
Base Level	14,815.0
2009-10 Total State Tax Dollar Support	189,965.0

- General State Charges: SUNY's portion of the fringe benefits, primarily the matching portion for participants in the Optional Retirement Program, paid to State-Operated and Statutory College employees funded through the core operations budget.



Operating Budget Request

All Appropriated Funds

(thousands of dollars)	2008-09 Adjusted Appropriation ¹	2009-10 Requested Increase	2009-10 Budget Request
State Operated Campuses State Tax Support	\$1,172,478.8	\$153,608.8	\$1,326,087.6
State Operated Campuses Retained Revenue	\$1,117,723.0	\$154,485.9	\$1,272,208.9
Statutory Colleges	159,855.0	6,953.3	166,808.3
General State Charges	175,150.0	14,815.0	189,965.0
Special Revenue Funds - Other	3,208,570.0	241,207.5	3,449,777.5
Fiduciary Funds	67,000.0	-	67,000.0
Internal Service Funds	12,410.0	2,890.0	15,300.0
Special Revenue Funds - Federal	275,500.0	23,000.0	298,500.0
Total State Operations	\$6,188,686.8	\$596,960.5	\$6,785,647.3
Community Colleges	\$458,618.8	\$31,570.9	\$490,189.7
County Cooperative Extension - Cornell	3,919.8	170.0	4,089.8
Total Aid to Localities	\$462,538.6	\$31,740.9	\$494,279.5
Total	\$6,651,225.4	\$628,701.4	\$7,279,926.8
For information only			
Hospital Subsidy	\$154,100.0	\$38,300.0	\$192,400.0
Stabilization Fund (2nd year of a 2 year appropriation)	85,000.0	NA	NA

¹Includes \$139.9M provided for salary increases during 2008-09



Capital Budget Request

State University
Construction Fund



Available Capital Funding By Program

	2003-07 Funding ⁽¹⁾	2008-13 Funding ⁽¹⁾	Percent Increase/ (Decrease)	Funded By
Educational Facilities	\$3,132	\$4,426 ⁽²⁾	41%	State
Hospitals	\$419	\$450	7%	Hospital Revenues
Residence Halls	\$685	\$573	(16%)	Room Rents
Community Colleges	\$379	\$390	3%	50% State 50% Local
Totals	\$4,615	\$5,839	27%	

(1) Expressed in millions.

(2) Includes \$2.2 B in future appropriations for critical maintenance projects.



2009-10 Capital Budget Request

- Educational Facilities – Critical Maintenance - \$550M
- Community Colleges – \$52M
- Energy Cost Reduction Financing Program - \$250M

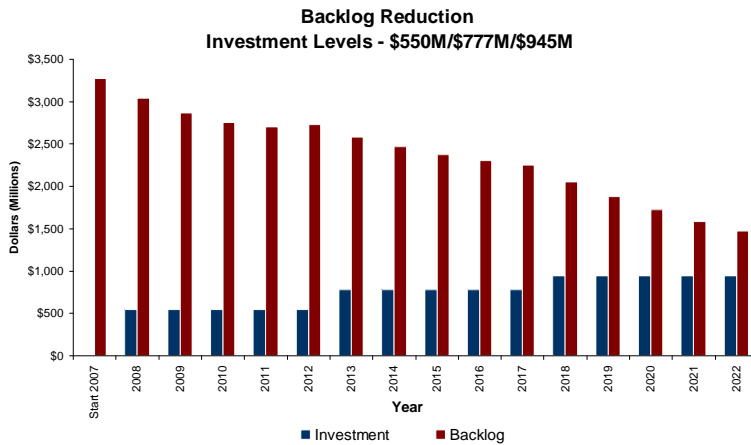


Educational Facilities – Critical Maintenance

- In 2007, SUNY and the Construction Fund undertook a comprehensive Condition Assessment Survey and Capital Reinvestment Study.
- The initiative identified a \$3.2 billion deferred maintenance backlog and a need for approximately \$400 million per year for on-going facility renewal.
- The Executive and Legislature made a long-term commitment to reduce the backlog and fund renewal through a fifteen-year plan that includes:
 - \$550M - per year for 2008/09 - 2012/13;
 - \$777M - per year for 2013/14 - 2017/18; and
 - \$945M - per year for 2018/19 - 2021/22.



Educational Facilities – Critical Maintenance



Educational Facilities – Critical Maintenance

- In the 2008-09 Capital Budget, the University received the first of five annual installments of \$550M.
- The \$550M is allocated to campuses by a formula approved by SUBOA using the following criteria:
 - Gross square footage, facility age, and FTEs - adjusted for regional cost
- This year's request of \$550M represents the second year of the capital reinvestment initiative to bring SUNY's educational facilities to a state of good repair.



Community Colleges – Budget Request

- ▶ All community college capital projects are planned, designed, bid and constructed under local control and authority, either by the college or the local sponsor.
- ▶ Local sponsors must provide at least 50% of the capital funding for a Community College project.
- ▶ To be included in SUNY's Capital Budget Request, colleges must obtain a local sponsor resolution committing the local sponsor's funding share.



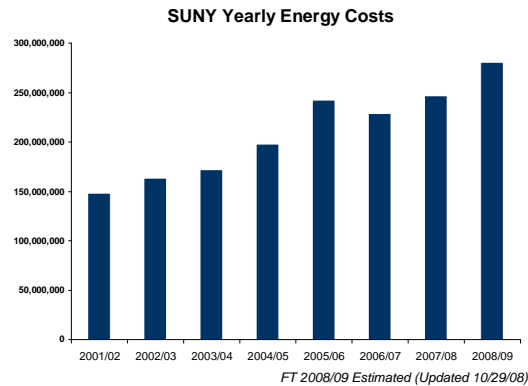
Community Colleges – Budget Request

- ▶ SUNY is requesting \$52M in additional community college capital for:
 - Eight colleges have received local sponsor funding support for a total of \$35M (local share).
 - Six colleges that are in the process of obtaining local sponsor funding support for a total of \$17M (local share).



Energy Cost Reduction Financing Program

- ▶ SUNY is the largest energy user of any State entity with an estimated annual cost of \$276M.
- ▶ The SUNY Energy Task Force Report and Policy calls for a 37% reduction in energy use per square foot.



Energy Cost Reduction Financing Program

- ▶ In order to reduce energy consumption and cost, SUNY campuses must expedite energy conservation capital projects such as:
 - Install increased efficiency boilers and chillers;
 - Upgrade mechanical, building controls and lighting systems; and
 - Install on-site electric generation using photovoltaics, wind, fuel cell and bio-mass systems.



Energy Cost Reduction Financing Program

- ▶ To implement a highly effective program which benefits SUNY and the environment, SUNY proposes a five year \$250M Energy Cost Reduction Financing Program, at no cost to the State.
- ▶ Campuses would identify energy conservation capital projects and determine associated payback schedules.
- ▶ The State would issue bonds to finance the energy reduction projects.
- ▶ Campuses would contract with the State to pay the debt service on the bonds with energy savings.



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