

# College Finances

2020-21 Enacted NYS Budget

Impact of COVID 19 – Financial Planning

Spending Constraints Plan

Scenario Planning

2019-20 State Operating Budget 3<sup>rd</sup> Quarter Update

Joseph Rufo

## 2020-21 Enacted NYS Budget (in millions)

The funding amounts for SUNY State Operating campuses in the 2020-21 enacted budget looks very similar to the current year's budget ...

	2019-20 Enacted	2020-21 Enacted	Variance
State Operated Campuses – direct state tax support	\$708.0	\$708.0	\$0.0
ESF Allocation	\$22.6	\$22.6	
University-wide Programs	\$157.7	\$157.3	(\$0.4)
Critical Maintenance (capital)	\$550.0	\$550.0	\$0.0
ESF Allocation	\$2.32	\$2.28	(\$0.04)

***... but there is more to the story ...***

## 2020-21 Enacted NYS Budget – State Budget Director

The 2020-21 State Budget includes expanded powers for the State Budget Director.

If at any point during the fiscal year on a cash basis, a “General Fund Imbalance” has occurred, the State Budget Director has the authority to adjust and/or reduce any operational funding to maintain a balanced budget for 2020-21.

The General Fund will be considered imbalanced if:

- Actual State Operating Funds Tax Receipts are less than 99 percent of Estimated State Operating Funds Tax Receipts, or
- Actual State Operating Funds Disbursements are more than 101 percent of Estimated State Operating Funds disbursements, or
- Both

## 2020-21 Enacted NYS Budget – Projected Shortfall

“The New York State Division of the Budget announced today the FY 2021 Enacted State Budget Financial Plan, which projects a \$13.3 billion shortfall, or 14%, in revenue from the Executive Budget Forecast released in January and estimates a \$61 billion decline through FY 2024 as a direct consequence of the COVID-19 pandemic”.

*New York State Division of Budget, April 25, 2020*

<https://www.budget.ny.gov/pubs/press/2020/fy21-enacted-fp-released.html>

## Impacts from COVID-19 – Delay in April State Support Payment

On April 24<sup>th</sup> SUNY CFO Eileen McLoughlin notified the State University Business Officers that the Division of the Budget (DOB) indicated that State Operated campuses would not be receiving the expected April State Tax Transfer (i.e., the portion of state tax support scheduled to be received by campuses in April) of \$218.8M and will know more in May of what may be transferred at that time.

ESF scheduled to receive \$4.4M of its \$19.4M annual direct state tax support in April.  
ESF is scheduled to receive \$10.2M of its \$19.4M annual direct state tax support in April - June.

## Impacts from COVID-19 – Financial Planning

In response to the anticipated state budget shortfall, all SUNY State operated campuses were required to develop:

1. Spending Constraints Plan – due April 20<sup>th</sup>
2. State Support Reduction Scenarios of 10% and 25% -- due April 27<sup>th</sup>

# Impacts from COVID-19 – ESF Spending Constraints Plan

## **Hiring and Personnel Decisions**

All hiring decisions will be made after review by the President and Executive Leadership or a subset thereof designated by the President. This includes all new or backfilled State positions.

In all cases other than for health and safety, approved positions should be limited to temporary, visiting or adjuncts.

# Impacts from COVID-19 – ESF Spending Constraints Plan

## **Staff: Health and Safety**

Considered for approval only as needed to ensure the continued health and safety of the campus community.

## **Faculty: Instruction and Research**

Considered for approval only in areas which have proven to be in high-needs, high enrollment and research growth areas as demonstrated by enrollment applications and research awards.

## **Staff: Student Facing Experience**

Considered for approval only for positions that can be shown to meaningfully aid in student retention, recruitment, or service.



# Impacts from COVID-19 – ESF Spending Constraints Plan

## **Staff: Managerial / Operational**

All hiring for all positions will be frozen.

In the event a position is thought to be mission critical by its sponsor, the President may choose to consider it for approval.

## **Faculty and Staff: Revenue Generating**

Considered for approval only if revenue generation is known (e.g., a grant is already identified and in hand or is a fundraiser that comes with an established portfolio).

Does not include hiring based on the hope of revenue generation.

# Impacts from COVID-19 – ESF Spending Constraints Plan

## **Employee Separations**

From now until May 10<sup>th</sup> institutions should not carry out layoff, retrenchment, furloughing, or other activities that would prematurely end the employment status of a SUNY State-operated Campus or Community College employee.

This does not extend to employees who have an employment status that is seasonal, or employees who operate under a fee-for-service / contractual status, or employees who have contracts that are up for renewal.

## Impacts from COVID-19 – ESF Spending Constraints Plan

### **All general purchases of material, supplies and food.**

All purchases less than \$1,000 will require justification and will be considered for approval by the Business Office based on four (4) criteria.

All purchases of \$1,000 or more will require justification and will be considered for approval by the President and Executive Leadership or a subset thereof designated by the President and based on four (4) criteria.

# Impacts from COVID-19 – ESF Spending Constraints Plan

## **All general purchases of material, supplies and food – four (4) Criteria**

1. To meet essential operating and educational requirements\* through the end of the current fiscal year, 6/30/20.
2. To prepare for essential operating and educational requirements for the next fiscal year, which will begin 7/1/20, where a significant ordering lead time is required.

*\*Examples of essential operating and educational requirements include contractual obligations, compliance requirements and other critical goods or services to meet operational or educational requirements, where the failure to procure or pay would result in a critical disruption to campus operations or directly disrupt instruction.*

# Impacts from COVID-19 – ESF Spending Constraints Plan

## **All general purchases of material, supplies and food – four (4) Criteria**

3. To meet federal, state or local mandates relative to the ongoing COVID-19 crisis or to protect the campus community from COVID-19 threats.
4. Reimbursements for the use of personal funds will be rejected unless prior approval, consistent with the guidelines in this document, are included with the submittal.

# Impacts from COVID-19 – ESF Spending Constraints Plan

## **Large-Scale Purchases (software, equipment, vehicles, etc.)**

All purchases will be made after review by the President and Executive Leadership or a subset thereof designated by the President and approval provided only for items that meet one or more of the following criteria:

- Essential for health and safety
- Essential for campus mission
- Has a demonstrated future benefit

## **Travel**

All travel related purchases will require justification and will be considered for approval by the President and Executive Leadership or a subset thereof designated by the President.

# Impacts from COVID-19 – ESF Spending Constraints Plan

## **Submitting Purchase Requests**

All state purchase requests, regardless of the dollar amount, should be sent to the Business Office.

A brief justification should accompany each request. For purchases not time sensitive, the Business Office may ask that a purchase requisition be used instead of a P-Card.

All state purchase requests over \$1,000 will be forwarded by the Business Office to the CFO and VP for Administration for consideration by the President and Executive Leadership.

# Impacts from COVID-19 – ESF Spending Constraints Plan

## **State Procurement cards (P-Cards)**

P-Card purchasing authorization will be reduced to \$1.00. All P-Card purchases must be approved in advance through the Business Office and meet the essential operating and educational requirements defined above. Once approved, the P-Card limit of the requester will be reinstated for that purchase only.

## **Operating funds used to support capital projects**

Unless the capital project relates directly to health and safety, revenue generating activities that will see a quick (one-year or less) return on investment, or are considered essential for the future academic mission of the College, these activities should be placed on hold and cash held in reserve for potential operational challenges.



# Impacts from COVID-19 – ESF Spending Constraints Plan

## **Shared support**

Individual college departments and offices will work together to share materials and supplies whenever possible

## **Savings Generated**

All savings that are not in some way restricted should be held centrally and utilized to fund operational reserves and to redirect available resources to areas that need funding

# Impacts from COVID-19 – State Support Reduction Response Scenarios (as defined by SUNY)

## **3 Scenarios**

### Base Case - Key Assumptions

- 10% reduction in Direct State Tax Support (\$1.94M for ESF)
- No change in enrollment from 2019-20
- A \$100 tuition rate increase for NY resident UG and grad students

# Impacts from COVID-19 – State Support Reduction Response Scenarios (as defined by SUNY)

## **3 Scenarios**

### Low Case – Key Assumptions

- 25% reduction in Direct State Tax Support (\$4.86M for ESF)
- An overall 16% decrease in full-time UG and grad students
- Tuition/fee rates same as 2019-20

# Impacts from COVID-19 – State Support Reduction Response Scenarios (as defined by SUNY)

## **3 Scenarios**

### “Best” Case – Key Assumptions

- No reduction in Direct State Tax Support
- An overall 16% decrease in full-time UG and grad students
- A \$200 tuition rate increase was applied to NY resident UG and grad students, a 5% increase for non-NY UG students

# Impacts from COVID-19 – State Support Reduction Scenarios

## **Process**

1. Identify reductions in spending to offset the impact of lower enrollment. Incorporated many of the key revenue and savings elements of our Deficit Reduction Plan (8 dated March 3, 2020).
2. Identify additional reductions in spending necessary if direct state tax support was reduced by 10%.
3. Identify additional reductions in spending necessary if direct state tax support was reduced by 25%.

# Impacts from COVID-19 – State Support Reduction Scenarios

## **Key takeaways**

1. We could more than fully offset the lower enrollment projections with the Deficit Reduction Plan revenue and savings initiatives.
2. To fully offset lower enrollment plus a 10% reduction in direct state tax support, we would need a reduction in labor costs equal to 26 state FTEs\*, or 6.6% of our 389 full time state employees.
3. To fully offset lower enrollment plus a 25% reduction in direct state support, we would need a reduction in labor costs equal to 65 state FTEs\*, or 16.7% of our 389 full time state employees.

*\*The dollar value of a state FTE was based on the simple average salary of ESF's 389 full time state employees which is \$75,563.*

# 2019-20 State Operating Budget – 3<sup>rd</sup> Quarter Update

REVENUE (\$000's)	Original Budget	Year-End Forecast	Projected Variance	
			\$	%
State Allocation (assume 10% reduction)	\$22,609.8	\$21,585.6	(\$1,024.2)	-4.5%
Campus Revenue - Tuition	\$19,132.0	\$18,079.9	(\$1,052.1)	-5.5%
Scholarships/Waivers	(\$4,985.9)	(\$4,299.0)	\$686.9	-13.8%
Campus Revenue - College Fee and Interest	\$138.1	\$222.2	\$84.1	60.9%
<b>Total State Operating Revenue</b>	<b>\$36,894.0</b>	<b>\$35,588.7</b>	<b>(\$1,305.3)</b>	<b>-3.5%</b>

# 2019-20 State Operating Budget – 3<sup>rd</sup> Quarter Update

EXPENDITURES (\$000's)	Original Budget	Year-End Forecast	Projected Variance	
			\$	%
Personal Service - Regular	\$31,295.7	\$30,216.5	(\$1,079.2)	-3.4%
Personal Service - Temporary	\$3,502.7	\$3,193.1	(\$309.6)	-8.8%
OTPS: UG Student Scholarships	\$2,839.2	\$2,429.5	(\$409.7)	-14.4%
OTPS: Grad Student Tuition Waivers	\$1,995.5	\$1,869.5	(\$126.0)	-6.3%
Scholarships/Waivers	(\$4,834.7)	(\$4,299.0)	\$535.7	-11.1%
OTPS: Syracuse University Services Contract	\$2,050.0	\$2,171.7	\$121.7	5.9%
OTPS: Department Expenses	\$4,140.8	\$3,463.7	(\$677.1)	-16.4%
OTPS: Utilities	\$1,803.7	\$1,830.4	\$26.7	1.5%
OTPS: Assessments by SUNY for Selected Services	\$506.9	\$336.1	(\$170.8)	-33.7%
<b>Total State Operating Expense</b>	<b>\$43,299.8</b>	<b>\$41,211.5</b>	<b>(\$2,088.3)</b>	<b>-4.8%</b>



# 2019-20 State Operating Budget – 3<sup>rd</sup> Quarter Update

<b>Projected Operating Deficit</b>	(\$6,405.80)	(\$5,622.8)	\$783.0	-12.2%
<b>Projected Cash Balance on 6/30/20</b>		(\$3,174.2)		

Questions?

