

President Schwaller's Report
To the Full Faculty
May 12, 2011

I am here to report to you all on the final budget for the campus for the coming fiscal year, 2011-2012. Unfortunately we do not yet have final figures from Albany upon which we can build a final budget. As a result allow me to give some insight into where we are and the strategic deliberations which have occurred over the past two years ending with what our budget goals are for the coming year. Huge sacrifices have been made in all divisions of the College. Moreover budget reductions have come at the same time as undergraduate enrollments have been increasing, placing a double strain on all of us.

There is no question about the difficulty of the cuts to Academic Affairs. We have seen a decline in the number of very small classes and an increase in the overall efficiency of the academic enterprise. I am so inspired by the faculty in their efforts to shoulder this burden, while they continue to seek to provide the very best education possible to our students. Yet the cuts have had a negative impact. We have offered fewer classes and each class has more students in it. This has the potential of creating retention problems among many students and increasing their time to graduate. We have reduced both the number of full time professors and the amount of money spent on adjunct instruction. Departments are hard pressed to cover the courses needed by the larger undergraduate population. Cuts to OTPS have been acutely felt by the academic departments as they also see increasing numbers of undergraduates which they need to serve. These cuts range from 25 – 40% in Academic Affairs. This has an impact on everything from required field trips, to handouts in class, to lab supplies. The loss of money for equipment also places us in a very difficult position in our effort to teach as effectively as possible. We have had to reduce or eliminate stipends for many classes of employees while asking them to do as much or more than they did before. The loss of professional development funds has the potential of negatively impacting the classroom as faculty members are unable to stay as current with developments in their field or to pursue research and creative activities. With the reduction of state support, where possible some costs have been moved to fee accounts. The Technology Fee has absorbed many necessary costs, but at the risk of severely limiting our ability to cope with any additional problems which might arise. In the face of all of this, I would

like to praise the Provost and deans for working diligently to maintain essential courses and to protect the curriculum in general.

While a great deal of attention has rightly been focused on the impact of the budget reduction in Academic Affairs, each of the other divisions has had to wrestle with significant reductions as well. In the area of Student Affairs the cut of just over \$200,000 has been managed through a combination of not filling positions, to cuts to the budgets of most offices, to placing some employee's salaries on student fee accounts. This year Vice President Chris Strong has been on leave from the campus. Following her leave she has asked to step down from the position of Vice President for Student Affairs. Furthermore, the position held by John Horan will not be filled now that he has retired. The loss of two senior positions will seriously impede the ability of this division to respond to student needs. The reductions to the area of student affairs have had a particularly hard impact on traditional student programs, including activities on Thursdays through Saturdays which provide an attractive alternative to parties and drinking. The programs in Student Affairs have seen a 15% reduction in their OTPS budgets. Taken as a whole this can have a negative impact on our retention of students, and has certainly increased the workload of most Student Affairs employees.

In the area of Institutional Effectiveness and Enrollment Management, the cut of over \$345,000 also has had a serious impact. The position in student retention programming, once held by Joe Sarnoff, has been cut. Two other positions, one in Student Accounts the other in Institutional Research have also been eliminated. Most significantly, OTPS budgets for all areas have been reduced dramatically, including \$101,000 in Admissions alone. These cuts can do serious harm to our ability to recruit students and to retain the students we have, dealing as they do with Admissions, Financial Aid, and Student Accounts. Cuts to Institutional Effectiveness hinder our assessment program and make it more difficult to both collect and process much of the data we require for decision making and assessment.

In College Advancement the budget reduction of \$315,000 has resulted in significant cuts to OTPS and in the loss of four positions, including two development officers. These cuts are especially problematic since they directly affect our ability to raise money. National data indicate that each early career development officer should raise \$250,000 in

charitable giving annually. By the fifth or sixth year that sum rises to between half a million and a million dollars. What this means for us practically is that in order to save just over \$100,000 in state salary dollars we are losing \$2.3 - \$3.2 million in charitable giving over the life of our comprehensive campaign. In a similar way, cuts to the OTPS budget in Advancement hinder our ability to contact alumni and to travel to solicit gifts. There is no easy metric to estimate the lost opportunity cost but we can easily assume that many thousands of dollars, if not a million, have been lost as a result of these cuts to Advancement.

In Business Affairs, the reduction of just under \$1 million has also had significant impact. A total of 15 positions have been held vacant. This is felt particularly in the area of physical plant where we are unable to hire as many grounds keepers, janitors, and cleaners. While we might be able to sustain this reduction in the short run, in the medium to long term it can be extremely costly. The “look” of the campus is a very important criterion in attracting new students and providing a pleasant workplace for our employees. Athletics too has taken a significant hit as a result of the budget cuts. A year ago I mandated that Athletics move to become self-supporting, relying only on the Athletics fee and whatever external revenue it accrues. This will take some time to accomplish, since we are limited in the degree to which the Athletics fee can be raised each year, but we have begun that process. While the budget cuts which we have received constitute about a 15% reduction to our financial plan, Athletics has been cut by nearly 25%.

While we all know the impact of the cuts on our own area, not everyone is familiar with the effect in other divisions. We must remember that the current financial situation has its roots in the drastic cuts which the state has imposed on SUNY. Every other state operated campus in SUNY is wrestling with the same problems and finding roughly the same solutions. Exactly two years ago, the Administrative Cabinet and I began to meet: planning how to manage what we knew would be significant cuts in our state support. I now would like to take this opportunity to walk you all through those deliberations as a manner of explaining how we arrived at our current budget discussions.

When it became clear in the summer of 2009 that serious and significant cuts were coming to SUNY, the Administrative Council met to develop a plan as to how to address the reductions. The starting point for

this discussion was the mission and strategic goals of the campus, as elaborated in the Bicentennial Plan. In the face of many conflicting needs and goals, we needed to develop a strategy to allow us to evaluate and prioritize needs. We analyzed the centrality of each program, academic and administrative, to our mission, its role in generating revenue, and its cost to the institution. The thinking was that we might be able to eliminate some programs and thereby save money and increase efficiency. After a detailed analysis, informed at each step by the mission and goals, no additional programs emerged as candidates for elimination. Moreover, in 2009 we did not have authority to lay-off, retrench, or eliminate programs. Consequently, by the end of the summer of 2009, we had invested a great deal of effort in program eliminations and realized that this would not be a viable alternative for several reasons. Nevertheless, we learned a great deal in the process. We had prioritized the operations of the College in light of the mission and strategic goals. We discovered some reorganization strategies to strengthen existing programs, which we have implemented, resulting in some savings.

I then charged each of the members of the Cabinet to proceed to see how deeply they could voluntarily cut in order to reduce our base budget by about \$7.5 million, a figure that became clear by that time. Each of the Vice Presidents did detailed analyses of their areas and cut as deeply as they dared go. The end result was that we still fell several million dollars short of our goal. There was a consensus among the Vice Presidents that if specific reduction targets were given they would do their best to make the necessary reductions in their areas. We then discussed how best to allocate the reductions. After many discussions of various models, we agreed to a proportional system.

PROPORTIONAL MODEL

Area	Target Amount
Central	\$1,000,000
President	\$67,250
Business Affairs	\$957,028
Student Affairs	\$208,736

IE&EM	\$345,040
Advancement	\$315,381
Academic Affairs	\$4,606,565
TOTAL	\$7,500,000

Much has been said about the utility of the proportional cuts. Going into the process I realized that probably no division would be able to absorb its full cut. Yet at the same time, this strategy would put the most critical needs in high contrast. We could then identify the critical needs in each division, and seek to ameliorate them, consistent with the strategic goals of the College. Not every critical need was in support of a strategic goal, and thus not every critical need might be resolved. It was with this in mind that I approved the budget relief to the initial proportional cuts. Just to make it a bit clearer, the proportional restraint was a means to allow us to identify levels of cuts which had to be made. It was never meant to be blindly followed.

After critical needs had been identified and analyzed in light of the mission and goals, I restored funds to every division, for this current fiscal year. These dollars were made available to mitigate the effect of the proportional cut. By and large they are one-time dollars, and all budgets will reset to the lower base.

Restraint Relief

2010-2011

Area	Added Funds
Academic Affairs	\$899,399
Student Affairs	\$35,000
Business Affairs	\$90,000
IE&EM	\$40,000

Advancement	\$37,000
TOTAL	\$1,101,399

Of the more than \$1 million restored, one can see that Academic Affairs was clearly the recipient of the lion's share, accounting for 90% of the restoration. The net effect of this was to increase the proportion of our spending plan that went to Academic Affairs, and to classroom teaching in general since nearly all of Academic Affairs's relief money was used for classroom instruction.

Since the funds added to each division this year are largely one-time only, to plan looking forward we have returned to the base budgets of each area. In preparation for the 2011-2012 budget, I consulted with the Vice Presidents and Deans to see what the areas of critical need are. Some of these needs resulted from the budget reductions of the last two years, some were new needs which have recently arisen. I then analyzed them in terms of our mission and goals. In consultation with the President's Council, I have been cautious to not expect much financial relief from the state. In fact we have another \$2 million cut to absorb, which I outlined in my most recent President's Notes. Based upon the discussion of our strategic goals and the areas of critical need on the campus for next year, 2011-2012, I have approved the following plan, which differs in several regards from that which I outlined in my President's Notes:

Increases to Base 2011-2012

Tentative

Area	Already Allocated	Yet To Be Allocated
Academic Affairs	\$185,000	\$400,000
Business Affairs	\$100,000	
Student Affairs	\$35,000	
Advancement		\$50,000
IE & EM		\$40,000
	\$320,000	\$490,000

I have set as my first goal to find approximately \$400,000 additionally for Academic Affairs, which the Provost informs me is necessary to provide for essential classes. And I will find that money. Not only will these funds be allocated for the 2011-2012 fiscal year, I will work to see that as much as possible becomes part of the new base of each division, and not a simple one-time relief. This will mean that, again, the lion's share of the funds will go to Academic Affairs, about 75%.

But in our strategic planning, Academic Affairs is not the only area of concern. A year ago we hired a psychiatrist to serve our students. The restraint relief provided to Student Affairs this year made that possible. This is an on-going commitment of the campus to the health of our students. In the area of Advancement, we are limited in the amount of charitable giving which we can raise because of unfilled positions in our development office. As a result of this, I will be working to fund a new development officer. The financial needs in the Admissions department remain unmet. We must have sufficient enrollment if we hope to generate tuition and fees to support the activities of the College. I will attempt to also provide relief to Admissions in 2011-2012 to assure that we have strong first-year and transfer cohorts coming to the College. In Business Affairs, I have approved the hiring of an energy manager, in order to reduce our utilities bill, and for an assistant in our health and safety office. To briefly reiterate an important point, each time that we have been able to allocate additional funds, the first destination and the recipient of the largest portion is Academic Affairs. At the same time, I hope that discussions will continue in Academic Affairs about the best way to proceed towards our strategic goals knowing that we have real constraints on our budget.

The course from here is clear. Over the summer, I will work to provide \$400,000 to Academic Affairs for essential courses, and all of the other amounts described. As I noted in my opening speech this year: "Each decision about the allocation of resources must occur in the context of whether or not it will assist us in becoming the campus we wish to be in 2016, our Bicentennial year, and beyond. This will mean that some aspects of what we do will return to the way they were before this crisis, because they are essential to building the campus we want for the future. Other things which we have done in the past will be abandoned." Each

decision will be made in the context of the mission and goals of the campus, just as decisions have been made up to this point.

I anticipate that either this year or next there will be a tuition increase and the adoption of a rational tuition plan. Whether or not this occurs, the President's Council and I will continue to be forward-looking and strategic in our decision making. This summer I will present my ideas regarding the future of the College to them, and after their deliberation and modification, I will engage in strategic planning with a broad cross section of the campus. One example of my ideas is to develop a program of incentives for academic and administrative departments to reconfigure or reorganize how they do things to increase efficiency while still maintaining the quality of the student experience. I will consult with the Business Affairs Committee of the Faculty Senate to keep it apprised of our progress. I will make regular reports to the Faculty Senate on the budget and progress on our strategic plan. I have asked Mike Lewis to produce a budget overview so that folks can better understand of our spending plan. We are working to get the budget transparency web site up and running in a more user friendly configuration.

Our mission statement and Bicentennial Plan call upon us to provide programs of quality to our region, state, nation, and world. We will continue to evaluate how best to strengthen the College, whether through investments in existing programs, the creation of new programs, or the elimination or modification of others. All that I have done, and will continue to do, I have done keeping the mission and strategic goals foremost in my thoughts.