Report of the Committee on Budget and Fiscal Affairs
April 19, 2017

Committee Members: Lois Agnew, Uday Banerjee, Thomas Barkley, Lorraine Branham, Bruce Carter (Chair), Catherine Engstrom, Guillermo Guasp-Perez, Andrew Kim, Eric Lui, Shanique Mothersill, Sinead MacNamara, Linda Milosky, Anne Munly, Laura Troendle, Frances G. Tucker.

The University Senate Committee on Budget and Fiscal Affairs has spent considerable time during the 2016-2017 Academic Year on processes internal to the Committee, on the review of prior year and current year budgets, and on the preparation of materials designed to afford a deeper understanding for the Senate and other constituents of the University's Responsibility Centered Management budgetary model. This report presents several of the highlights of our deliberations during the past year and areas the Budget Committee anticipates exploring in the year ahead.

2017-2018 Budget Plans

The University follows a budget plan timeline in order to assure systematic planning and evaluation of budgetary estimates can be undertaken. The most recent component of this timeline is summarized below.

Fiscal Year 2018 Budget Development Timeline

March

1. Revised tuition and financial aid projections are developed based on assumptions on tuition rates, enrollments, and financial aid discounts.
2. Schools and Colleges undertake budgetary sessions with the Provost and the Senior Vice President/Chief Financial Officer.
3. The Budget and Executive Committees of the Board of Trustees meet to approve fiscal year 2018 rates.

April

1. The University's Budget Development System opens for academic centers (i.e., the Schools/Colleges), the non-academic centers (e.g., auxiliaries such as Residence Life, Food Services, etc.), and support units (e.g., the Library and Enrollment and the Student Experience) to develop a detailed budget plan.

   NOTE: Under the pre-RCM budgetary model, pro form increases and other budgetary changes were determined largely centrally. Under the current budgetary model there are certain parameters that are to be followed as to the nature and volume of budgetary changes. For example, changes in personnel costs must be approved centrally by Human Resources, the Provost, and the Senior Vice President/Chief Financial Officer. These changes are reviewed by the Office of Budget and Planning in order to evaluate the ability of the unit to afford the proposed changes. However, the result is that budgetary plans and budgets are not finalized until they have been approved and entered into the system.

May

1. Completion and University Administration approval of the fiscal year 2018 budget occurs followed by review and ultimate approval by the Board of Trustees.

As a result of these processes although elements of the 2017-2018 budgets have been approved by the Board of Trustees and are therefore known, other elements of the budgetary plans for Fiscal Year 2018 are not available for review and thus cannot be included in our report at this time. The Senate Budget Committee will review the completed budget plan for Fiscal Year 2018 and compare it to the Fiscal 2017 actual results when it reconvenes early in the Fall semester.

There are, however, some important elements of the University's budgetary plans there are known and are part of this report. Principal among these are the increases in the tuition, room, and board rates approved by the Board of Trustees and announced publically on March 23, 2017 (https://news.syr.edu/2017/03/2017-18-university-budget-to-significantly-increase-financial-aid-continue-growth-of-graduate-assistants-stipends-and-set-tuition-rates/).

The University has announced that tuition will increase by 3.9% for the 2018 Fiscal Year (the 2017-2018 academic year). As a result, full-time undergraduate tuition for the 2017-18 academic year will be $45,150. Consistent with the University's budgetary model, tuition revenue will be allocated primarily to the schools/colleges and other academic units. The schools and colleges and other responsibility centers largely will determine how funds associated with these increases will be expended although we anticipate that expenditures will be dictated by unit goals and objectives.

The University's rate of increase for tuition is similar to that of its peers that have published tuition rates to date; the University's increase of 3.9% compares to a peer average increase of 3.8%.

The Board of Trustees also approved an increase in Room rates of 2.5% and an increase of Board rates of 2.0%. Rates for both vary depending on the room type and the meal plan selected by the individual student but all will increase by these percentages.

Total cost of attendance increase of 3.4% for AY 2017-2018. This increase is essentially equivalent to the rate increase for AY 2016-2017.
The 2017-2018 budget also includes a 2.5 percent increase in graduate assistant stipends for students earning above the minimum stipend, a measure advanced by the Graduate Student Organization. This increase follows increases to the minimum stipend rate of 7.0%, 7.0%, and 6.3% percent over the past three years (2014-2015, 2015-2016, and 2016-2017). This increase has resulted in the minimum stipend being modestly above the median stipend rates at our peer institutions.

The Senate Budget Committee was informed of these increases and supports their implementation to meet University fiscal plans and objectives.

First year student discount rate expected to be 38%, consistent with prior year's discount rates. Approximately 3.5% of discount is funded by gifts.

Increases in Administrative Pool Costs

Many members of the Senate and others on campus have raised concerns about the increases that have been seen in Administrative Pool costs. Under the University's budget model, Administrative Pool Costs are funded primarily through revenue based taxes on the Responsibility Centers (academic units and certain auxiliaries). The nature, reasons, and magnitude of such increases are complex and vary by administrative unit. For example, some of the apparent increases in Administrative Pool costs reflect reorganizations in administrative units (e.g., in Facilities and Planning) and a shifting of costs that resulted. In some areas there have been decreases in costs, such as the decision not to allowing support units to carry over the vacancy credit amounts that resulted from changes in the personnel pool. Although there have been fluctuations in the Administrative Cost pool that reflected one-time or limited duration expenditures, to date our review of increases in the Administrative Pool costs indicate that such increases largely are due to increases in funding for the offices of Advancement (Development), Human Resources, and Admissions that resulted from recommendations in the Bain Review. We will be asking these offices to provide information about the increases, how increases were expanded, and their mechanisms for evaluating the returns on these administrative costs during our reviews next year.

Faculty Salary Issues

The Budget Committee is aware of the fact that the Fiscal Year 2017-2018 budget plans include an average increase of 2.0% in faculty average faculty salaries. We also are aware that Associate Provost for Faculty Affairs LaVonda Reed currently is coordinating a committee that is evaluating salary information. To date, however, the Budget Committee has not received information about this process other than the information shared with the Senate earlier this semester. We will be asking for updates on this process during the upcoming year.

Graduate Enrollment Issues

The committee notes that in recent years as well as the near-term budget projections, there has been an emphasis on increasing graduate enrollment (particularly in both existing and new professional Master's degree programs) as a revenue source. The committee further notes that ambitious growth targets in this area have not always been met in the past. The committee recommends that clear guidelines and metrics be put in place to facilitate schools and colleges in appropriate market data identification for both new and existing programs, as well as recruitment and admissions strategies, noting that some of these issues may require centralized co-ordination similar to that of undergraduate enrollment. If the goal is to increase revenue then the University and the academic units must be aware or resources and costs associated with graduate recruitment, placement, etc. Important in such efforts will be decisions about marketing and recruitment at the graduate level and the effectiveness (costs and benefits) of efforts in these realms. It very well may be the case that a distributed recruitment effort (centered on the school/college or department unit) may be appropriate in some instances while a broader University-wide marketing strategy may be more appropriate in other contexts. A careful evaluation of such efforts and consideration of instances in which support for marketing personnel should be centralized or whether allocation of seed monies to fund distributed efforts would be more effective should be undertaken, perhaps as part of the overall evaluation of academic programs to be undertaken by Academic Affairs. The Budget Committee does not believe that such needs and expenditures have been evaluated in a systematic fashion and urge that such efforts be undertaken.

Future Plans

In addition to the areas of focus for the upcoming year outlined above, the Budget Committee plans to ask to meet with the Chair of the Board of Trustee's Budget Committee in order to facilitate direct communication between the Senate Committee and the Board Committee. It is our hope that such efforts would result in a broadening of the understanding of the issues and concerns represented in each Committee and that greater communication will facilitate increases in coordination of the work of these two committees.