

Syracuse University Senate Committee on Budget and Fiscal Affairs
Schools and Colleges 2016 Sources and Uses of Funds
Report to the SU Senate February 2017

Committee on Budget and Fiscal Affairs: Lois P. Agnew, Uday Banerjee, Thomas W. Barkley, Lorraine Branham, Bruce Carter (Chair), Andrew Kim, Eric Lui, Sinéad C. Mac Namara, Linda Meryl Milosky, Anne Munly, Frances Gaither Tucker, Guillermo Javier Guasp Perez, Laura A Troendle.

Introduction

For budget purposes, the university’s operations are divided into units referred to as responsibility centers. Each of the schools and colleges is a responsibility center, and there a number of non-academic responsibility centers encompassing the other revenue generating operations of the university (residence and food services, athletics, parking etc.). The following report concerns the sources of funds and uses of those funds for the school and college centers only.

The intent of this report is to illustrate the primary categories of income and uses for the school and college centers, the proportion of the total that each category represents, and where in the university structure decisions are made about those funds. The data presented here is based on the final results for fiscal year 2016 (which was July 1st 2015 through June 30th 2016).

Sources of Funds

The categories of revenue available to the the schools and colleges and the proportions of those revenues that come from each of the categories are presented in Figure 1. The categories are explained below. These proportions naturally vary from unit to unit – however it is worth noting that the proportions both within units and in total are relatively stable from year to year.

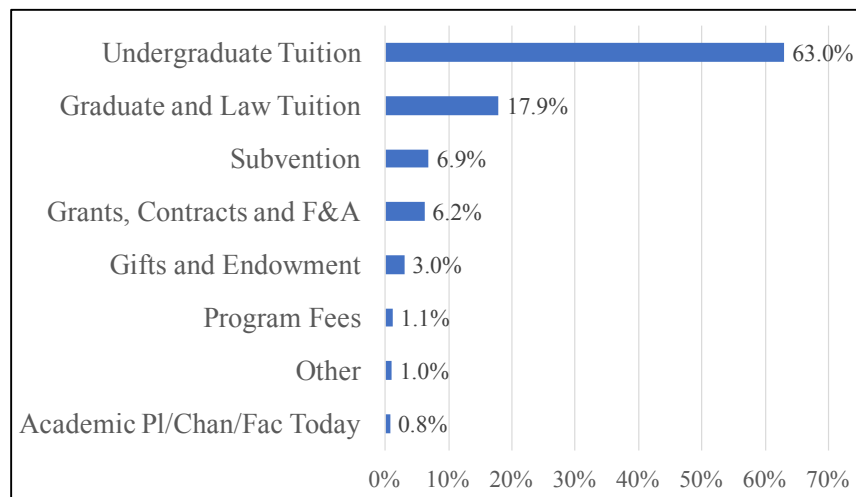


Figure 1: Sources of income across the academic units, FY 2016 results.

Undergraduate Tuition: This represents the gross tuition paid by all undergraduate students (not accounting for any aid, scholarships, grants etc.). Tuition revenue is allocated to individual schools and colleges based on both the college of enrollment of the student (25% of revenue) and the school/college of instruction for a given course that the student takes (75% of revenue). College

of instruction for a given course is determined based on the school/college that pays for the instructor's salary which in most cases is the same as the course prefix. Where courses are cross-listed the instruction revenue naturally follows the course prefix assignment to a school or college under which the students signed up for the class. Deans are free to mutually establish alternate arrangements among schools and colleges for the instructional portion of the revenue for interdisciplinary courses and/or other instances in which the college of instruction and the college that is paying the instructor's salary are different.

The share of total revenue across all the schools and colleges accounted for by undergraduate tuition is 63%. Naturally, this proportion varies across the schools and colleges with architecture and arts and sciences on the high end at over 70% and the i-school and education on the low end (42% and 44% respectively). All other units fall within this range with the obvious exception of the college of law where undergraduate revenues are less than 1% of total.

Graduate Tuition: This represents the gross tuition paid by all graduate students (not accounting for any aid, scholarships, grants etc.). The same 25% enrollment, 75% instructional split described above for undergraduate tuition applies to graduate tuition. The share of total revenue across all the schools and colleges accounted for by graduate tuition is 17.9%. Naturally, this proportion varies across the schools and colleges with arts and sciences (6%) and VPA (7%) on the low end and the i-school on the high end at 41%. All other units fall within this range with the obvious exception of the college of law where graduate revenues are 62% of total.

Subvention: All academic units receive revenue in the form of subvention from the participation/subvention pool. The proportion of the total revenue to schools and colleges that this represented in 2016 was 6.9%, however this proportion varies significantly across the schools and colleges. The Senate Budget Committee hopes to bring the Senate a more detailed discussion of this topic in a later report.

Grants, Contracts, and F&A. This includes all revenue from grants and contracts, which goes 100% to the department within a school or college to which they are awarded (based on school/college of principal investigator), and F&A recovery, revenue from research sponsors charged for University facilities and administration costs. F&A is allocated to the school or college of the principal investigator conducting the research; grants can be set up to divide contract and F & A revenue to multiple principal investigators.

Gifts and Endowment. Gifts are one-time donor gifts that have been allocated by the donor to a specific academic unit or individual department to use generally or for a designated purpose. Endowment distributions are also based on donor instructions, and where donors have specified that endowed funds are to be assigned to a specific unit, that unit receives the income on those endowed funds and it must spend according the designated purpose. The annual unit distribution rate (dollars per unit) for endowments is calculated by multiplying the average of the three prior fiscal years' monthly unit market values by the payout percentage that is approved by the University's Investment and Endowment Committee.

Program Fees: These are revenues associated with specific program fees charged by schools and colleges.

Academic Plan, Faculty Today and Chancellor Funds. These are revenues distributed to the academic units by the central administration to fund specific initiatives or incentivize specific activities such as faculty recruitment and special projects. These represent a very small percentage of overall revenue for the schools and colleges.

Sources and Decision Making

The categories of revenue presented in Figure 1 are re-presented in Figure 2, color-coded according to where the decision-making authority to effect change lies within the university structure. “Decision-making authority” with respect to schools and colleges was defined by the question: *Can a dean make an independent decision that will make this number go up or down in the next year?* These designations are a result of an analysis by the senate budget committee with input from the budget office, deans, and school/college budget directors. This analysis is not intended as either a critique or endorsement, but rather as a discussion to help faculty and staff understand the budget system so as to facilitate effective shared governance.

The largest source of income, undergraduate tuition revenue, is influenced by a number of factors: admissions decisions which are controlled centrally with school/college input; tuition rates which are controlled centrally with deans, student, board of trustees, University executive and senior leadership, and students; and student course choices which are a function of both program offerings and program curricula. Changes to graduate tuition revenue are more easily effected at the school/college level as graduate admissions are a unit level decision. Subvention is entirely centrally controlled (and will be discussed in more detail in a later report to the senate). Schools and colleges can try to improve revenues from grants, contracts, sponsored programs, gifts and endowments, but all of these are impacted by outside influences. Program fees are directly influenced at the school and college level.

A summary of the decision-making authority for sources of funds is presented in Figure 3.

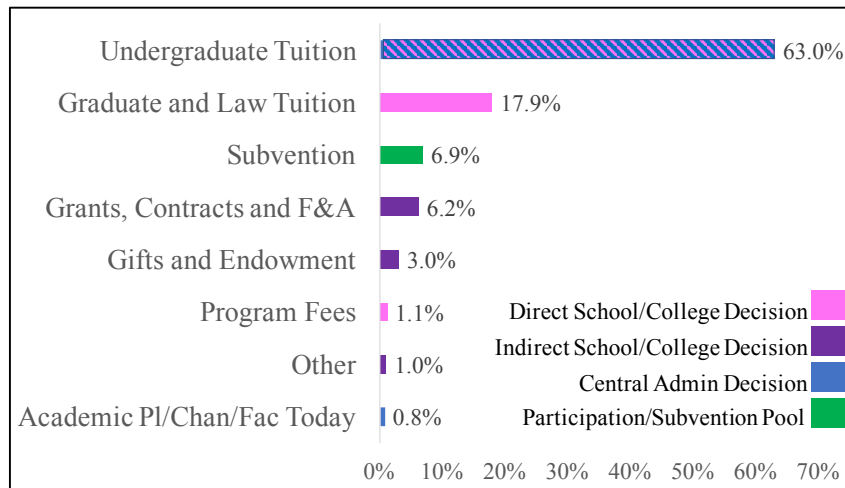


Figure 2: Sources of income across the academic units and decision making.

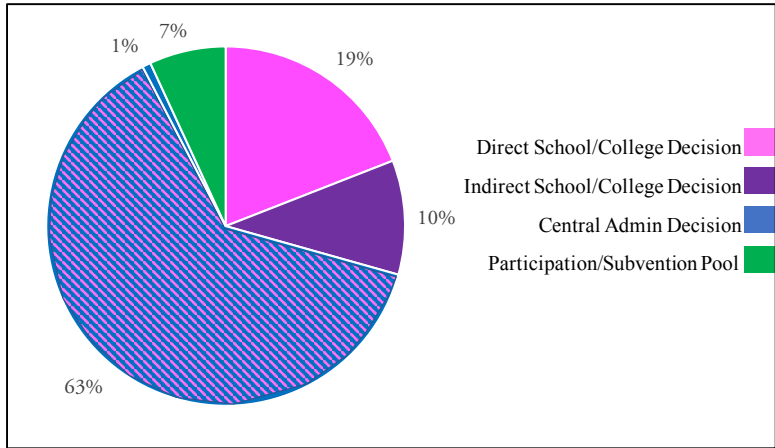


Figure 3: Sources of income and decision making.

Uses of Funds

The major categories of uses of funds and the proportions thereof are presented in Figure 4. The categories are explained below. These proportions naturally vary from unit to unit – however it is worth noting that, as with sources of funds, the proportions both within units and in total are relatively stable from year to year.

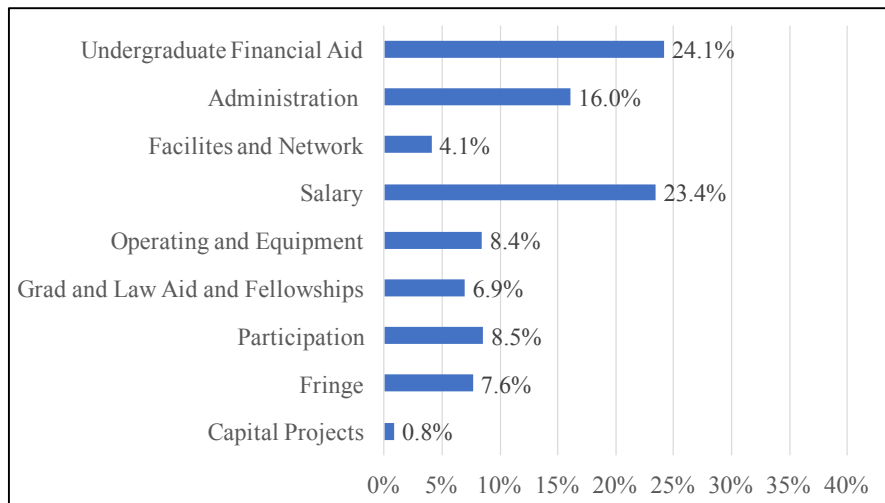


Figure 4: Uses of funds across the academic units, FY 2016 results.

Undergraduate Student Aid. This is the financial expenditure that funds all undergraduate student aid awards. It is the largest use of funds for the academic units at 24.1% of total uses. Schools and colleges do not directly pay the student aid bill for their specific students. They pay a percentage of their undergraduate revenue to fund this expense, this *blended rate* is the same for all units, and was 38.5% in 2016.

Administration. All units are charged a *percentage of their revenue* to cover academic and administrative support costs of the university including salaries, fringe benefits, operating, facilities and network expenses. This represents over 16% of the total uses of funds for the academic units. Since there is often considerable interest in this category a list of the uses covered in this cost pool is presented here:

- Academic Affairs, which includes:
 - o Library
 - o Enrollment Management
 - o Office of the Vice Chancellor & Provost
 - o University College
 - o Research Administration
 - o University Art Collections
 - o Office of Institutional Research and Assessment
 - o Academic Programs
 - o Graduate Studies
- Information Technology and Services
- Veteran and Military Affairs Business, Finance & Administrative Services
- Office of the Chancellor, General Counsel, and Board of Trustee
- Human Resources
- Public Affairs and Government Relations
- Student Affairs
- Advancement and External Affairs
- Program Management Office
- Legal, Audit, Professional Services, etc.
- Facilities and Network Allocations for Administrative Units
- SU Abroad Administration.

Facilities and Network. All units are assessed charges to pay for the university's buildings, grounds, general infrastructure, and network infrastructure. This represents over 4% of the total uses of funds for the academic units. These charges are calculated on the basis of either that unit's revenue (grounds, shuttle bus, and registrar classroom space is allocated on this basis) or as a pro-rata share of the square footage occupied by that unit (capital projects, utilities, insurance, custodial, maintenance, and network infrastructure are allocated on this basis).

Salary. This category includes the salaries of all full and part time staff and faculty in a unit (this includes deans and associate deans within schools and colleges). Graduate assistant salaries are also included. It represents 23.4% of all uses of funds in the schools and colleges.

Operating and Equipment. This is the funds used by schools and colleges for all other expenses incurred in school/college activities.

Grad and Law Aid and Fellowships. This use of funds is the sum of all financial aid given to graduate students (with the exception of graduate assistant stipends which are counted as salary).

Participation. All academic units pay a *percentage of revenue* to the participation/subvention pool. The proportion of the total uses across the schools and colleges paid into this pool is 8.5%, but it should be noted that this expense is charged to units as a percentage of gross undergraduate tuition revenue, but net graduate tuition (discounting aid), and other non-tuition taxable revenues, so the specific proportion paid by units will vary based on the mix of undergraduate and graduate students

and other taxable revenues in that unit. The Senate Budget Committee hopes to bring the Senate a more detailed discussion of this topic in a later report.

Fringe. This item is the expenditure to cover all the fringe expenses associated with salaries in the units. It accounts for 7.6% of all uses in the schools and colleges. The primary fringe expenses are healthcare, retirement, and dependent tuition benefits. Fringe is charged to the units at a percentage of the salaries paid, with different fringe rates for different types of employees, i.e., regular employees (faculty and staff), graduate assistants, part-time faculty, etc. Fringe charged on full time faculty salaries is 40%.

Capital Projects. These are the uses of funds by schools and colleges for capital projects.

Uses and Decision Making

The categories of use presented in Figure 4 are re-presented in Figure 5, color-coded according to where the decision-making authority to effect change lies within the university structure. “Decision-making authority” with respect to schools and colleges was defined by the question: *Can a dean make an independent decision that will make this number go up or down in the next year?* These designations are a result of an analysis by the senate budget committee with input from the budget office, deans, and school/college budget directors. This analysis is not intended as a critique or endorsement, but rather as a discussion to help faculty and staff understand the system so as to facilitate effective shared governance.

The largest expense, undergraduate student aid, is centrally administered. Trends in undergraduate student aid as a percentage of undergraduate tuition revenue are presented in Figure 7. Administration, facilities and network expenses are all decided at the central level. Participation rates are set by the central administration. Salaries, operating and equipment, and graduate aid of all kinds are directly influenced within schools and colleges. Fringe can be indirectly influenced at the unit level as salaries are set by the unit, but fringe rates are set by central. Capital projects are initiated by units with central oversight by the Office of Campus Planning, Design, and Construction.

A summary of the decision-making authority for uses of funds is presented in Figure 6.

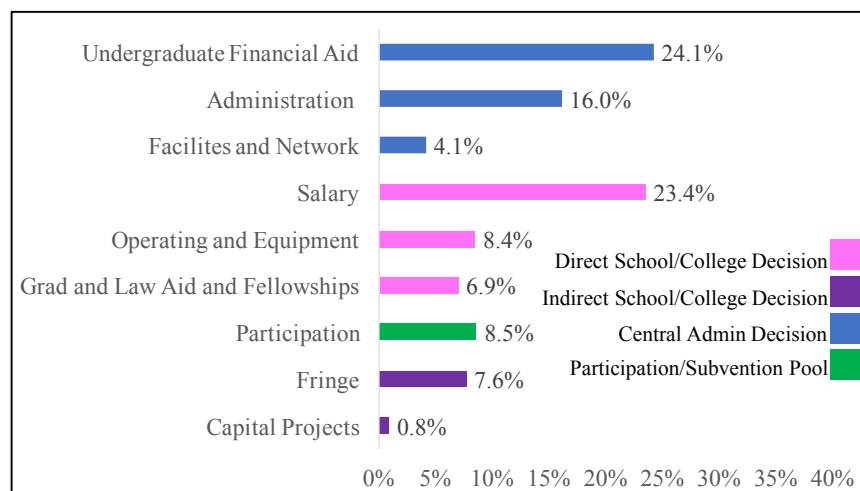


Figure 5: Uses of funds across the academic units and decision making.

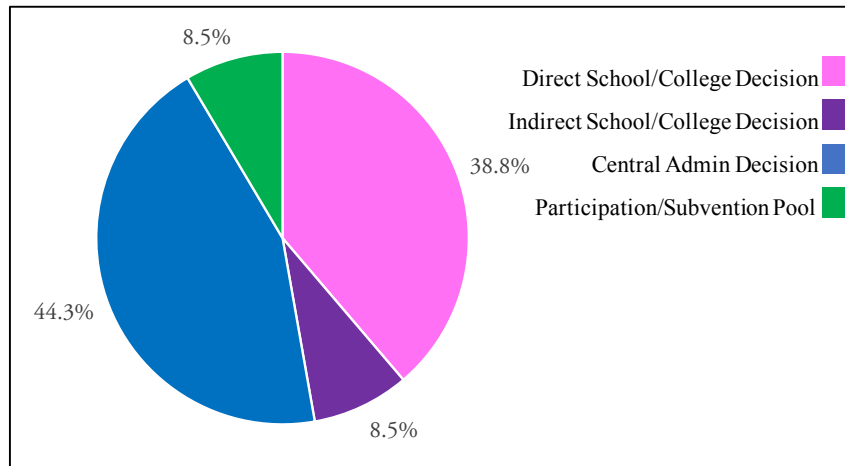


Figure 6: Uses of funds and decision making.

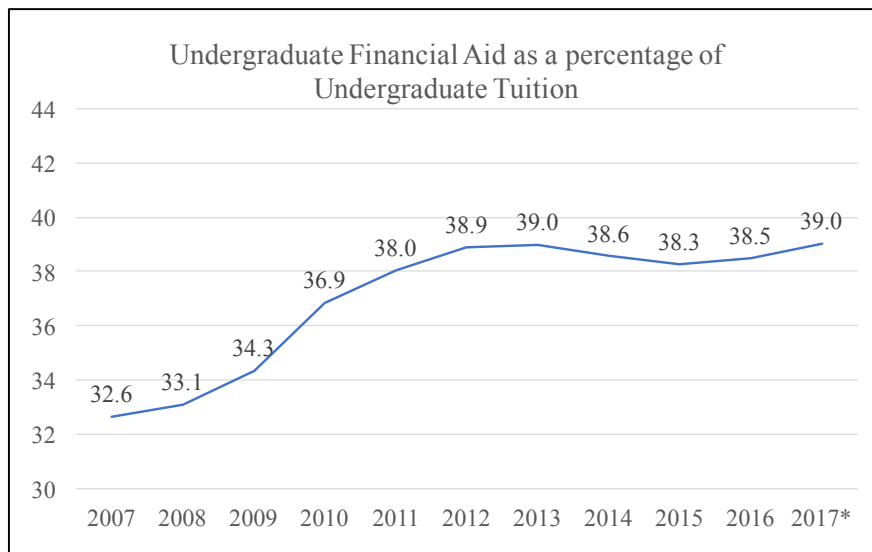


Figure 7: Undergraduate Financial Aid as a percentage of Undergraduate Tuition Revenue.
 *2017 figures are budgeted, all other years are final.

The committee would like to gratefully acknowledge the invaluable assistance of Cynthia Carnahan, Interim Director of Budget and Planning, and Gwenn Judge, Interim Chief Financial Officer, in the preparation of this report.