Resource Allocation Model Update  
October 1, 2012

PROCESS

- Extended engagement process that included presidents, Board of Trustees, Resource Allocation Team (RAT), Finance and Administration Strategy Team (FAST) and business officers (SUBOA): **Fall 2011 - Summer 2012**
- May 2, 2012 RAT process memo to Presidents that included overview, recommendations and request for campus feedback. Every campus provided input.
- Four joint RAT/FAST summits (March/April/July/August) and discussions open to all interested constituencies.
- Review at September 6th Presidents Meeting provided additional input being reviewed and modeled. Including follow-up request for input.
- Presented to Board of Trustees Finance & Administration Committee on September 11th
- RAT/FAST/SUBOA/President meeting on September 21, 2012
  - Subcommittee on Research engaged to provide final solutions
- Executive Committee discussion – October 1
- DOB and GO Meetings
- BOT Meeting November 1, 2012 – Resolution in Support of Model TBD

ROLL-OUT

- State allocation remained the same for 2012-13 budget
- Deadline for final Recommendations – August 31, 2012
- Final Model Design – September 30, 2012
- Implementation 2013-14 Budget
  - Provide 5 year model that lets every campus plan for change including enrollment and tuition
  - Changes will be rolled out over three years
  - Special support will need to be provided short-term to certain campuses

MODEL COMPONENTS

The model will be comprised of four components and will allocate $787M. The funding in each component is approximately the same as 2012-13. Allocations by component are subject to change.

- Enrollment/Cost ($691M)
- Research/Public Service ($70M)
- Geographic ($15M)
- Mission ($11M)
- Transition/Small Campus Assistance (TBD)
Enrollment/Cost

- Prior allocation models have been based on some type of enrollment and cost calculation. Beginning with the 1998-99 model, there was no differentiation of factors by campus type.
- Cuts over the period 2008-09 to 2011-12 were allocated using various methods and moved funding far from these models and their principles. Tuition was a factor in allocating cuts; to try to use a similar enrollment model will significantly shift resources.
- Cuts did not factor in changes in enrollment (14,000 FTE (8%) unfunded enrollment)
- A review of enrollment growth over the last five years and planned enrollment for 2013-14 showed that virtually all the enrollment growth should be supported.
  - FTE increase included performance improvements in key areas like retention, not all increases are driven by new programs.
  - We will have meetings with every campus that has issues or questions with their planned/modeled numbers.
- SUNY does not have a current cost file (originally, the Course and Section Analysis/CASA system).
- A national study was used as a guideline and refined to use as part of a SUNY model

Final Recommendation

- Cost by enrollment level and discipline to be based on modified national study
- Different cost factors used for high level Carnegie classifications: Research/Doctoral, Comprehensive, Technology (Baccalaureate)
- First professional costs based on prior model, adjusted for current costs
- Separate funding pools (distributions) by enrollment level based on tuition levels and overall costs.
  - Undergraduate (funds 37% of calculated instructional costs)
  - Beginning Graduate (funds 38% of calculated instructional costs)
  - Advanced Graduate (funds 46% of calculated instructional costs)
  - First Professional (funds 59% of calculated instructional costs)
- Funding in each bucket distributed to campuses proportionate to cost per FTE data applied against estimated planned SUNY course level enrollment by CIP code
- Use three year weighted average (2 years actual, 1 year planned)
- Empire State College and on-line programs need a separate model and policy for funding. A detailed review of expenses and tuition is underway.
- All enrollment growth going forward will be based on approved plans and will be controlled through the Strategic Enrollment process. Any future funding for growth will need to be approved based on strategic plan principles and high needs.
- Decision on out-of-state enrollment required

Observations/Comments

- Individual campus input regarding funded enrollment levels complete
• Distribution of enrollment among disciplines (CIP) codes; model uses prior level to
distribute current enrollment; future models should distribute by disciplines based on
approved campus plans
• In some cases the changes provided in the cost matrix did not fully offset the mission
adjustments.

Impact
• Every sector has shifts from within. The model is mostly catching up with the data and
reality of each campuses performance in the last 7 years.
• Campuses that did not grow enrollment will have a smaller overall share (Morrisville,
Potsdam, SUNY IT, Cobleskill)

Research
• Several proposed parameters for research intensity at each campus were considered
and analyzed, including a proposal designed by UB and SBU
• Direct involvement by Research Foundation: New president Tim Killeen provided input
and discussed alternatives at RAT/FAST (8/20)
• A follow-up with the Sub-Committee on Research Allocation was held on September
17th; alternative model components under review
  o Indirect cost recoveries for pure research, all sources
  o Graduate students
  o Public/Private Partnerships – explicit criteria for competitive pool
  o Collaborative activities – explicit criteria for competitive pool
  o Training and Public Service – explicit criteria for separate competitive pool

Recommendation
• Three component model
  o Federal Indirect Recovery (70%). Additional options
    ▪ Add other indirect recovery
    ▪ Add direct
  o Advanced Doctoral FTE (20%)
  o SUNY Research Excellence Fund ($5M), Tie to Governors priorities and SUNY
    Budget Strategy, with a focus on enabling a campus or collaborative to gain new
    federal funding; separate committee with campus participation will oversee
development of award criteria and assessment guidelines and grant application
review/awards
  o Public Service Fund ($1.3M); awarded through competitive process; separate
    committee with campus participation will oversee development of award criteria
    and assessment guidelines and grant application review/awards
• CNSE pulled out of the model and maintained current support level.
  o Meeting with UAlbany September 27, 2012.
  o Freeze at $6.5M including CNSE tuition. No downside.
• Growth in research and enrollment reviewed outside the model going forward.
  • Tuition share TBD
  o CNSE’s RAT modeled funding would be significantly less at $3.7M including tuition
  o Need for new MOU with SUNY

Observations/Comments
• Loss of support for non-federal, non-research grant and loss of support for SUNY’s traditional public service mission has been a concern of most of the campuses.
• Within the $63M, $23M was originally allocated directly to campuses in support of individual research centers and institutions. SBU and UB received the majority of the funding, and do not want this amount to go through a model
• The SUNY Research Excellence Fund is new and will require additional discussions with campuses to develop guidelines and composition of award committee
• Treatment of CNSE as a separate campus is new in allocation model

Impact
• Buffalo State has the largest loss ($2.0M) because most funding was through state contracts and federal pass-thru

Geographic
• Previous studies have shown that a geographic differential exists; however, it has never been fully funded
• Most recently, the Rockefeller Institute of Government was retained for a study of geographic costs differences, which shows a $73M differential if Western NY is used as the base
• Alternatives
  o Use the Location Pay analysis ($15.4M): simple, clean, data driven, based on contractual obligation
  o Limit results of RIG study to differential of 3% or more differential
  o Fully fund for all regions

Final Recommendation
• Use location pay as basis for distributing $15.4M. Overall it is virtually at the same funding level, it is data driven and exact.

Observations/Comments
• Several downstate campuses feel that location pay and geographic differential are two separate issues and should be treated (and funded) differently
• Treatment of changes in campus annual payments due to changes in employment levels (either increases or decreases)
• A campus may have a higher cost from the RIG study, but not be obligated to location pay and would not receive an allotment

**Impact**
• Overall very close campus by campus

**Special Mission**
• Special mission adjustments for academic driven program support were considered.
• A majority of the requests will be accommodated by the cost/enrollment model
• Justification must meet the following criteria:
  o **Centrality to Mission**: the function is a core academic function or program that defines the institution’s identity and purpose
  o **Uniqueness**: the program is unique within SUNY or the region
  o **Materiality**:
    ▪ The program’s costs represent a significant proportion of the campus budget
    ▪ The program reaches a significant proportion of the campus enrollment
    ▪ These extraordinary costs are not adequately reflected in SUNY base funding
  o **Available revenue**: Costs exceed any available associated revenue stream or other income, or possible cost saving measures such as program collaboration or shared services

**Final Recommendation**
• ESF and Maritime mission adjustments are included in the model.
  o ESF $9.5M (40% of State Support, 25% of Financial Plan)
  o Maritime $1.5M (20% of State Support, 7% of Fin. Plan)
  o Purchase $1.0M for Neuberger Museum under review
• Working with the campuses, the use of detailed cost of instruction data, Peer and National Cost Study will be used to justify final adjustments
• Long-term plans to reduce adjustments will be developed
• We are also reviewing the impact of the “Small Campus Adjustment”. Models that allow transition funds on a limited basis for a limited time are being reviewed.

**Observations/Comments**
• Campuses may feel that adjustments were not adequately considered.

**Impact**
• UB, Fredonia, Potsdam, Purchase and Farmingdale previously received mission funding adjustments
ROLL-OUT PLAN

- Changes will be implemented as follows:
  - 2013-14 - 30%
  - 2014-15 - 30%
  - 2014-16 - 40%
- We will be setting up detailed financial, operating and academic reviews for those campuses that have the highest levels of reduction. This will allow us to develop short-term and long-term solutions that address the specific situations.

Small Campus/Transition Adjustment
- Campuses will submit plans demonstrating need and use of funds
- Not a permanent adjustment; will be phased out over implementation period
- Possible use of loans discussed
- Recommendation:
  - Available to only certain campuses based on Mission Review Meeting (Academics, Finance, Operations)
  - Transition fund capped at $500K for three years
  - Additional support through the SUNY loan process/policy as needed requested. Takes the support out of the model.
  - Transition funds require an investment and improvement plan.
    - Funding to be used for driving improvements, addressing the issues.
    - Regular meetings, discussions and updates
  - System-wide funding to address broader issues will also be required:
    - Recruiting & Marketing
    - Enrollment & Program Support
    - Retention & Student Success
    - Transfer Programs & Partnerships
    - Shared Services & Investments in Savings

OTHER RECOMMENDATIONS

- BOT Review November 1, 2012 – Resolution in support of Model
- The September 30th run of the model is to be used as a working draft. Minor refinements to the model will continue throughout the year until NYS State Budget is enacted, with periodic updates provided to the campuses
- Upon release of Executive Budget in January, an updated model run will be provided to campuses.

When the State Budget is enacted in April, the final run for 2013-14, incorporating all improvements, updated tuition revenue, and the roll-out plan, will be completed and shared with the campuses and the Board of Trustees, and will form the Financial Plan.