

Overview of the 2009-10 State Budget and its Impact on the State University of New York

The State University of New York (SUNY) remains challenged as to how its campuses will be able to maintain access and quality as we enter the 2009-10 academic year.

While it has been widely reported that SUNY received an increase in state funding, this is mainly the result of funding for mandated collective bargaining increases.

The 2009-10 state budget reduces state support to SUNY by \$118 million (excluding increased funding for mandatory collective bargaining). This consists of an 80% tuition sweep of \$63.5 million, a reduction of \$40 million related to campus fees and other self-generated revenues, a \$7.8 million reduction in support reflective of the 10% research tithe, reductions to statutory colleges, and a reduction to a university-wide program. It does, however, restore the proposed reduction in community college base aid as well a funding for university-wide programs, with the exception of the Levin Institute.

State Support	
2008-09	2009-10
\$1,282,813,700	\$1,164,539,700 (-9.1%)

In order to meet our academic/instructional obligations and to partially fill the \$214.8 million in reduced state support in 2008-09 for budget deficit reduction purposes, the SUNY Board raised annual tuition by \$620 with the anticipation that the \$152 million in additional tuition revenue generated in 2009-10 would stay with the campuses.

Unfortunately, the 2008-09 and the 2009-10 state budgets swept \$122 million of our student’s tuition into the state’s general fund for state budget reduction purposes. The budget also includes an 80% sweep of \$10.1 million tied to a \$12.6 million increase to in-state graduate and 1st professional tuition that has not yet been approved by the SUNY Board.

Based on the level of state support and available tuition revenue in the 2009-10 state budget, SUNY's campus allocations will be less than those of last year. This situation will require campus presidents to make careful and strategic decisions as to where to implement spending reductions while still seeking to meet the educational needs SUNY's 440,000 students. With the release of our financial plan in late April, SUNY will be in a better position to assess the overall financial situation of its campuses.

When State Support and Campus Revenue are totaled, exclusive of collective bargaining, SUNY funding still decreases year-to-year by \$28 million. If SUNY had retained 100% of the increased tuition revenue the University would be financially whole year-to-year.

Total Funding without collective bargaining	
2008-09	2009-10
\$2,262,641,700	\$2,234,587,300

SUNY’s collective bargaining is negotiated by the state for the University and it is reflective of salary and benefits paid to faculty and employees. While the overall SUNY budget counts these costs as

increased funding, the practical matter is they are not controlled by SUNY and are outside of the core instructional budget.

Collective Bargaining Increases (cumulative)

2008-09	2009-10
\$157,587,000	\$201,736,500

The reduction of the \$40 million in IFR funds treats these funds as “reserves” but they are not. These are individual campus funds generated through student fees, user fees and other revenues that enable the campus to fund ongoing programs and take advantage of programmatic opportunities for which no funding is received from the state. As we have explained, use of these funds on a one-time basis to cover a budget shortfall is short-sighted and in the long term harmful to a University system. This would also further draw on campus revenues that have already been targeted for state general fund deficit reduction purposes.

The 10% Research Tithe would place SUNY researchers at a competitive disadvantage as they strive to increase their sponsored research opportunities as the federal government will not score the “research tax” as a positive indicator of state support for its public university system researchers.

In addition to the \$25.4 million cut in state support, the final overall Medicaid impact on the SUNY hospitals is a loss of \$15 million – for a total year-to-year reduction of over \$40 million in funding to the hospitals. The budget calls for a \$48 million Disproportionate Share (DSH) payment acceleration of funding already owed to the hospitals for losses already incurred.

Federal Stimulus “State Fiscal Stabilization” funding to New York State totaled \$3 billion - 2.5 billion for K-12 and higher education (for both SUNY and CUNY) subject to a distribution formula, and \$500 million in discretionary funding for “other government services”. New York will also receive \$11 billion in FMAP-Medicaid funding. SUNY was severely limited in access to those funds and was only allocated \$27.7 million of the \$2.5 billion and it was used to restore community college base-aid reductions. In addition, SUNY was allocated \$7.7 million of the \$550 million in discretionary State Fiscal Stabilization funding also for the restoration of community college base-aid, and \$48 million of the \$11 billion in FMAP-Medicaid funding to help accelerate Disproportionate Share (DSH) payments to SUNY’s three hospitals.

As we look ahead we must recognize that even in difficult times there are important opportunities to strengthen SUNY in this rapidly changing and challenging world. We are looking at ways to better use the System’s assets in the international field to benefit campuses, while expanding the University’s global reach and reputation. While The Levin Institute was not funded in the budget, SUNY remains fully committed to supporting a University-wide international program that includes continuing programs and activities in New York City.

SUNY also proposed administrative and land use flexibility for the express purpose of the permitting campuses to explore revenue enhancement opportunities and implement efficiencies to make additional funds available to support faculty and programs. While care was taken in the development of these proposals, as the budget process evolved changes were offered to address UUP and other union issues in an effort to work collaboratively. Unfortunately, a wholesale rejection of all of the proposals resulted in none of the potential being realized. In other words, enhanced campus revenues that would benefit the campuses, and in turn, students, faculty and staff, will not be realized. We are hopeful that many of these issues can be dealt with and resolved before the 2009 Legislative Session concludes through negotiations and the State Asset Maximization (SAM) Commission.

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