

MEMORANDUM

To: All Faculty and Staff

From: Christopher C. Dahl
President



Date: May 6, 2010

Subject: Geneseo's Financial Situation

I am writing to update you on the College's financial situation and our actions to deal with it to date. As you know, we have been subject to numerous funding cuts since 2007-2008, including tuition sweeps and unfunded negotiated salary increases.

Entering the 2009-2010 year, we had a funding gap of \$2.9 million consisting of a 2008-2009 base budget cut of \$920,000, elimination of \$217,000 in SCAP and Academic Equipment Replacement funds, and annualization of the \$96 million mid-year reduction from 2008-2009. In addition there was the 80 percent "tuition sweep" and a reduction of \$826,000, which was to be covered by shifting expense from the State Purpose budget to IFRs. This left us with a total of \$3.3 million in cuts as we entered the current fiscal year.

Our funding gap was increased somewhat by actions taken to invest in high priority areas of the College. We increased temporary service and OTPS funding in Academic Affairs by \$217,000 to allow us to hire more adjunct faculty and to fund more travel to present at conferences. We also funded \$233,000 in library acquisitions in the main budget, and \$613,000 in major initiatives, which included bringing scholarships in line with the new tuition levels, support for College Advancement as we approach the public phase of the capital campaign, and restoration of the College reserve. In addition, funding provided for negotiated salary increases was short by \$65,235, which caused a further increase in our gap.

In spite of the cuts, the 2009-2010 budget contained some additional funding of \$661,000 for energy costs, some OTPS inflation and partial restoration of Academic Equipment Replacement and SCAP funding. Taken together, all these factors left us with a net funding gap of \$3.7 million at the beginning of this year.

To deal with this problem, we continued the 4 percent savings requirement for all divisions of the College, and other personnel hiring actions including a soft hiring freeze. These actions are projected to produce \$1.4 million in one-time savings. We also continued the 12 percent reduction in OTPS funding and reduced funding by one percent across-the-board in all

divisions. In addition, we transferred \$826,000 in electricity funding and \$945,000 in Academic Affairs OTPS from State Purpose to IFR funding; although these are one-time funds, they do not represent reduced funding for utilities or Academic Affairs.

Unfortunately, we were faced with a further mid-year cut of \$890,200, which was covered by using \$100,000 of reserves and by taking targeted reductions in supplies, travel, equipment and student temporary service for the remainder.

In sum, then, we have offset a total funding gap of \$4.6 million to date through actions that are a combination of use of reserves and one-time savings actions that need to be continued into next year. In order to begin reducing our base costs, we have identified 17 positions that will be cut by the end of this fiscal year. These positions are all non-instructional positions and will help to alleviate in a small way the continuing, one-time actions that need to be taken.

In looking at how we have spread reductions throughout the College, you will note that while Academic Affairs has taken 40 percent of the reductions, it has actually been supported by reductions in other areas:

	President	Academic Affairs	College Advancement	Enrollment Services	Student & Campus Life	Administration & Finance	Campus wide	TOTAL
Base Budget	\$475,502	\$26,223,991	\$1,401,953	\$1,702,021	\$1,948,328	\$9,384,604	\$817,701	\$41,954,100
Percent of Budget	1.13%	62.51%	3.34%	4.06%	4.64%	22.37%	1.95%	100.00%
Cuts	(\$44,387)	(\$1,199,786)	\$420,586	\$86,908	(\$214,350)	(\$818,049)	(\$1,227,601)	(\$2,996,679)
Percent of Cuts	1.48%	40.04%	-14.04%	-2.90%	7.15%	27.30%	40.97%	100.00%
Cuts as % of Base	-9.33%	-4.58%	30.00%	5.11%	-11.00%	-8.72%	-150.13%	-7.14%

The positions identified for deletion include no instructional positions and are spread across the College, as follows:

<u>Title</u>	<u>Number</u>
<i>Academic Affairs</i>	
Staff Associate	2
Visiting Associate Librarian	1
Calculations Clerk	1
<i>Student and Campus Life</i>	
Residence Hall Director	1
Keyboard Specialist	1
<i>Administration and Finance</i>	
Senior Staff Associate	1
Senior Staff Assistant	1
Maintenance Supervisor 1	1
Keyboard Specialist 1	1
Clerk 2	1
Calculations Clerk 2	1
Cleaners	5

At this juncture, then, we have taken a series of one-time actions that are intended to deal with the draconian budget reductions and at the same time preserve the academic enterprise of the College. We have made every effort to date to protect Academic Affairs and its programs, including adding additional funds for adjuncts and travel. We have also not made major reductions in College Advancement because we are on the verge of a capital campaign, for which \$11.8 million has already been raised. But the unavoidable facts of our institution are that we stand at this time with some 36 positions held vacant, 12 of which are faculty lines, and we are facing an uncertain but clearly challenging future regarding state funding for the next several years.

As it looks now, the budget for 2010-2011 will leave us with an additional budget gap of \$2.1 million on top of the cuts we have already made:

• Annualization of the 2009-2010 mid-year cut	\$ (317,600)
• Executive Budget recommended reduction	(1,694,500)
• Share of Union “give back” proposal	(642,000)
• Cost of Raises	(1,687,600)
• One-time reserve funding	(100,000)
• <u>ADDITIONS: tuition split, OTPS, Raises</u>	<u>2,305,100</u>
	\$ (2,136,600)

This is the budget gap we face if the Governor's Budget Recommendations are passed. The Senate budget bill, however, contains further reductions to the state-operated campuses and system to fund TAP and a restoration of \$40 million to the community colleges.

This presents us with very severe challenges. If the Public Higher Education Empowerment and Innovation Act is not passed and if there is no major increase in tuition for the coming year, we must consider how to move forward in this environment and preserve the outstanding education we provide our students. It was my hope that the Six Big Ideas would have been farther along by this time, so that we could begin implementing some of the structural changes in the 2010-2011 academic year. They were conceived as ways of strengthening our College, while at the same time reducing costs and increasing revenues. However, when we launched these ideas one year ago, we could not anticipate the full severity of the State's fiscal crisis. It is increasingly clear that even if we were able to implement the Six Big Ideas by 2011-2012, we would still be forced to make some difficult decisions over the next few years about how to preserve the core of our academic enterprise. The question we are facing is, how much more can we cut across-the-board, weakening everyone, without losing a larger measure of our essential quality? In addition, how can we support those things we must invest in to keep Geneseo vibrant and vital in the face of diminishing resources?

We are at a point where, like many colleges and universities across the country, we must consider program closures as a way of preserving quality. Such institutions as Stanford, Yale, and Brandeis, and public institutions such as the University of Georgia system, Arizona State University, and Michigan State University, among many others, have faced the same challenges and taken steps to reallocate diminishing resources through program closures. This is not a desirable or easy decision. We shall keep pressing the Legislature and Executive to support SUNY and to pass the Public Higher Education Empowerment and Innovation Act. However, we have to prepare for the worst, as the State's fiscal outlook over the next two to five years looks grim with projected budget gaps growing into the tens of billions. The College Budget Priorities Committee has met and discussed their role, which will be advisory and will not involve discussion of specific program reductions. As a College we have taken every action outside of Academic Affairs to close our budget gap and maintain our programs.

As we look at what we want the College to be five years from now, we need to assess what we are doing that moves us toward that goal and invest in it. Likewise, we need to identify those things we are currently doing that do not move us forward and stop doing them. This is how we will not only survive, but prosper. We must continue to look at the Six Big Ideas and the structural changes they will bring as ways of creating a better future. I ask all members of the College community to share any ideas for cost savings they might have, so we can be sure that we have considered everything before having to move to program closures. You may share

your ideas by going to the Budget Office website (go.geneseo.edu/budget) and filling in the comment box. All suggestions will be considered seriously.

While we must be prudent in preparing for the near-term future, we cannot lose sight of what all of us have created together at Geneseo or forget the continuing promise of the College's future. Geneseo has never shied away from difficult decisions; I have no doubt that we can make the decisions that have to be made and ultimately emerge from the process as a stronger institution. Although it is tempting to be disheartened or depressed in the midst of New York State's current travails, now is the time to work together to protect all that is good at Geneseo and continue on the path of realizing our vision of Geneseo as the premier public liberal arts college in the country. As always, I am grateful to each and every member of this college community who has made Geneseo the fine institution it is and who will help us realize our vision of liberating and life-enhancing education.

I look forward to sharing more ideas about our present situation and our future promise with you at the All-College Meeting on May 12th.