

{The following message is being sent on behalf of Chairman McCall}

Colleagues:

I have attached a recent message from the Chancellor to the Presidents of our state-operated campuses.

This represents a slight change of course from the process for moving forward with our approved resource allocation model that the Board has devoted a great deal of time to working on and endorsing the key concepts that guide us.

As you know any projected numbers or specific applications of a draft model were still tentative, and that no final decisions or specific funding amounts had been decided upon by the administration, much less recommended to and approved by the Board.

The message below recognizes the ongoing feedback that we have been receiving, from presidents, legislators and unions (who we were able to stop from launching an ad campaign against the model) and the Governor's office (who is responding to pressure from these groups).

Thus, the work on the model and the process, as outlined below will continue as will the communications to you regarding any developments. At our March meeting we will have formal discussions with the Chancellor and her team concerning any updates to the model that will address concerns from the opposition and is fair, based on enrollment, and our commitment to research.

Thank you and please let me know if you have questions.

Carl

MEMO FROM THE CHANCELLOR

Presidents:

As you know, we have been working for well over a year to develop a new resource allocation model that is:

- Fair and based on current data;
- Recognizes the importance of research funding;
- Accurately recognizes costs; and
- Adjusts appropriately for mission and geographical differences.

This has not been easy. In the past year we have continuously sought input and feedback from our many constituent groups on our most recent iteration of a new model that was reviewed and approved by the SUNY Board of Trustees.

This feedback is telling us we are not quite there yet.

In addition, we have some real concerns with how the crisis at Downstate Medical and the insufficient state funds for our hospitals are going to affect the system and campus budgets and the overall funding formula.

On Monday, I will be testifying to the Joint Committee of the Senate and Assembly Fiscal Committees. At this time, I will be notifying them that, for the reasons mentioned above, we are not quite ready to implement the new model as we had hoped. (I have included this portion of my testimony below.)

As a next step, I would like to personally reconvene the FAST group that has been providing oversight to the development process, and supplement it with any presidents and their finance officers who wish to join. This group would meet and work with all of us in determining how we build upon the good work that has already been done and implement a model that is fair and accurately reflects the vast differences of our system. Our goal will be to redefine enrollment growth to ensure that our campuses are growing enrollment to meet New York's job demands.

In the meantime, as enrollment is a critical part of any new model, we have decided to ask the Legislature to right size our funding so that the over 9% of SUNY students who currently do not receive state support will be appropriately funded. We will also ask the State for performance based funding, similar to the Governor's recommendations for community colleges.

I appreciate your patience as we move forward and also ask that you incorporate this request for new enrollment funding into your advocacy this year. Clearly, if that funding were made available in this legislative cycle, we could implement a new model sooner and without adverse impact to current base funding.

If you have any questions, please do not hesitate to contact me.

Nancy

Testimony Section:

BALANCING OUR RESOURCES: STATE-OPERATED CAMPUSES

As you likely know, SUNY System Administration has been engaged in the development of a resource allocation model that would update our current outdated methodology, including aligning State tax dollars with the cost of instruction and the students being instructed. We have been doing this with representation from all parts of the SUNY family, from students and faculty, to business officers and presidents of our 29 state-operated campuses.

Although there has been strong support to develop a new tool, and for each of its components, at this time we recognize that the change would have a significant impact for several of our campuses – an impact that is only exacerbated as we work to sustain SUNY’s public hospitals across the state.

We still are not fully satisfied with how the most critical component of the model – enrollment – has played out for our campuses. It’s not right yet, and we will not introduce an incomplete solution to such a wide-ranging set of challenges.

We know that there are ways to incentivize enrollment growth that benefit the State while also avoiding unnecessary competition amongst our campuses. Instead, we must be very strategic about enrollment growth in fields that have more job openings and encouraging students not to enroll in those that are either oversubscribed or don’t open a pathway to a productive career.

- We must do this with our K-12 colleagues, working to produce more high school graduates – even as that age cohort sees a downward trend in the coming years – by improving GED results and ensuring more kids are prepared for college.
- We must do this by engaging displaced workers, and retraining them for the high tech and high need jobs for our State to remain competitive.
- We must do this by finding adult learners and ensuring that they actually complete their degrees and do not just enroll in a course here or there – that they are credentialed for the knowledge economy.
- And, we must do it by accommodating New York’s veterans to ensure that they have every opportunity to enter the workforce and begin a career deserving of the men and women who fight to preserve this great nation we call home.

That being said, let me be clear that this does not mark the end of our efforts to improve the resource allocation model. As the State University’s fiscal landscape continues to shift, we will persist in working with our campuses, lawmakers, and other stakeholders to develop and implement the right plan – with those targets I just mentioned in mind – for our students and for New York.

While we continue our work, we still must address the fact that our current model is based on 2008 enrollment statistics. Over the past five years SUNY has seen a 9.1 percent increase in enrollment, and we have continued to offer a high quality education to every enrollee. However, during this same period our state support has been reduced or kept level. This means that this growth has been funded only by tuition dollars, with no accompanying contribution from the state. To improve our instructional ability, SUNY is requesting \$19.9 million to begin aligning support with this growth. About a quarter of this addition funding would be tied directly to growth in high need areas such as healthcare, agriculture business, and information technology.