

SENATE COMMITTEE ON BUDGET AND FISCAL AFFAIRS

JANUARY 17, 2007

This is the second in a series of regular reports from this Committee to the University Senate. In this report, we provide a summary of our fall activities and present recommendations for fiscal year 2007-08 (July 1, 2007 through June 30, 2008).

Committee Discussions and Activities in Fall 2006

Our fall meetings centered on issues concerning the conversion of the University budget to the RCM system and recommendations for the fiscal year 2007-08. Our November report to the senate outlined the implementation of RCM and proposed changes to the RCM model.

During the fall our discussions have focused on the following general topics.

Fall 2006-07 Budget Revision

The Office of Budget and Planning presented the Committee with a comparison summary of FY 07 budget projections versus actual fall numbers. Compared to the projections, new undergraduate student enrollment was greater by 187 students, returning undergraduates by 21 students, and graduate enrollment by 177 students. Enrollments were lower than projected in the College of Law (8 students) and SU Abroad (50 students). In addition, the total discount rate for undergraduates was modestly below the original budget (The discount rate for first-year students came in approximately 2 percentage points below the original budget and the discount rate for transfer students was approximately 2 percentage points above the original budget.) As a result of the enrollment and financial aid variances, undergraduate and graduate net tuition revenues were higher than projected. Overall the variances for schools and colleges and non-academic centers were positive (\$2.6 million and \$0.1 million respectively).

Tuition, Room and Board, and Financial Aid

The Committee received input from David Smith, Vice President of Enrollment Management and Chris Walsh, Dean of Financial Aid and Scholarship Programs regarding the number and quality of new student applicants, provision of financial aid, and admissions decisions.

New student undergraduate applications this year are up about 21% compared to last year. Graduate school applications also have increased compared to last year. Smith reported that families perceive SU to be a good value for the education received; there does not seem to be significant pushback from parents and applicants on price. Walsh informed the Committee that about 75% of students receive financial aid, and for about 70% of those students we are able to meet need fully. Large increases in indebtedness have not been seen among our students. Our yield has improved in the middle income (\$80,000-120,000) category with increased financial aid targeted to that group.

In an examination of 2006-07 tuition and fees at 32 universities similar to Syracuse (namely the AAU private universities and a few other private universities of regional interest), the Committee found the following:

Tuition alone: SU \$28,820. Median \$32,898. Difference \$4,078.

Tuition and required fees: SU \$29,965. Median \$33,577. Difference \$3,612.

Room and board: SU \$11,340. Median \$9,948. Difference (\$1,392)

Tuition, required fees, room and board: SU \$41,305. Median \$43,756. Difference \$2,451.

Syracuse University has ranked 27th in total cost for the past four years on this list of 32 schools.

Graduate Student Issues

Ben Ware, Vice President of Research and Dean of the Graduate School, provided input on how graduate education is handled under RCM. As proposed by the RCM Committee, graduate tuition will now be handled as a net revenue so that assessments will be levied against graduate revenues only to the extent they exceed graduate financial aid. The six fellowships for African American graduate students and the six McNair fellowships will be administered by the Graduate School and funded by a central pool. In addition, new procedures will be developed for the appointment of GAs outside their unit of enrollment. These procedures will require that the unit of enrollment approve the appointment before it is processed. Units appointing these GAs are responsible for the stipend and fringe benefit costs of the assistantship, while the home school is responsible for the tuition scholarship.

Strategic Faculty Development Fund

The Committee discussed whether the Strategic Faculty Development Fund (SFDF) should continue as a central fund under RCM or be distributed to schools and colleges. Each year the Committee receives a report on how the SFDF has been used. In FY07 92 faculty members received allocations from the SFDF with the median adjustment being \$5,775. Of the 92 adjustments, 27 were given to address major market disparities, 7 as a response to outside offers, 23 were used to address issues of salary compression, and 35 to reduce vulnerability to outside offers.

Staff Category 3 and Fair Wage Initiative

Neil Strodel, Associate Vice President and Chief Human Resources Officer and Karen Morrissey, Director of Benefits, Compensation and Human Resource Services met with the Committee to discuss staff compensation. Based on market comparisons pay for staff in category 3 has improved from 25% below market in FY 05 to 15% below market in summer 2006. Based on the favorable benefit structure of SU compared to local and regional companies, Human Resources considers that our pay position can be as much as 10% below the market and still remain competitive. They recommended continuing to target increases for staff in category 3 positions at the University.

Strodel also provided information on the Fair Wage Initiative. In 2001 SU adopted a Fair Wage Initiative that provided a minimum hourly pay rate 10% greater than the federal poverty level for a family of four. This policy affects employees at the lower end of the pay scale and those in temporary non-faculty positions. This minimum rate (\$9.01) has not increased since

2003. Neil Strodel recommends increasing the Fair Wage minimum hourly rate to \$9.40 effective fiscal year 2007-08.

Committee Recommendations for Fiscal-year 2007-08

Based on the information outlined above and discussion of these issues we recommend the following regarding the fiscal 2007-2008 budget plan:

1. Tuition. We recommend for fiscal year 2007-2008 an increase in tuition of 5.7% for undergraduates and a 7.7% increase in graduate tuition (excluding the Law School). This continues for one more year the 2% graduate tuition differential designed to bring the cost per credit hour of graduate and undergraduate tuition in line. The tuition differential is used to fund acquisitions in the library and to enhance graduate education.
2. Room and Board. We recommend an increase in room and board charges of 5.0%.
3. Undergraduate Financial Aid. We recommend budgeting the targeted undergraduate financial aid expenditure (“the tuition discount rate”) for incoming first-year students at 35.5%, as recommended by David Smith and Chris Walsh, matching the rate originally budgeted in FY07.
4. Size of the Entering Undergraduate Class. We recommend maintaining new-student enrollment at roughly the same level as the current year. The target set for new student enrollment in FY08 is 3407 first-year and transfer students (including 3015 first year and 285 transfer students for the fall, and 107 (transfer and first year students) in the spring). For FY07 actual fall enrollments were 3054 first year students and 257 transfer students, and a target of 107 spring transfer and first year students, for a total of 3418 students.
5. Salary increments. We recommend a 3% increment in salary budgets with an additional \$200,000 allocated to staff category 3 and an additional \$20,742 allocated to fund the Fair Wage Initiative. In addition, we recommend funding the Strategic Faculty Development Fund with \$500,000 to be allocated by the Provost.
6. Operating expenses. We recommend a 1.5% increment in general operating expense budgets. Operating budgets have not increased for four years.

Depending on the accuracy of projections, these recommendations may require the use of unrestricted carryover and reserve balances equivalent to that needed in FY07.

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