



# Budget Update Faculty Senate – 11/11/20



- Budget Priorities
- How we got here
- Precautionary Actions and Assumptions
- Current Forecast
- Critical Decisions



# Budgetary Priorities

1. Maintain the health and safety of our community
2. Preserve the educational quality of our programs and our leading research and scholarship
3. Alleviate the financial impact of the budget on our employees
4. Continue to invest in our core missions



# FY20 SUMMARY

Ended FY20 in good shape

- Deferred capital and planned maintenance expenditures
- Significant cost reductions: travel, supplies, repairs, entertainment
- Strong philanthropy
- Hiring freeze

Despite

- Housing and dining rebates
- Costs of shutdown and COVID testing
- Technology investments

*Savings will fund deferred expenditures and buffer multi-year impact of pandemic*



# FY21 – Cost Reductions Implemented

Actions Taken in FY21 Budget	\$ Value (millions)
Suspend Retirement Contributions / Salary Reductions	\$43
Capital Spending Reductions	\$35
No Salary Increase	\$25
Reductions in Common Support Functions	\$25
Hiring Pause	\$20
Travel Pause / Discretionary Spending Reductions	\$20
Increase Endowment Payout	\$12
Other Reductions / Use of Reserves	\$10
Shift Philanthropy to Current Use	\$15
Total Actions	\$205



# Budget Assumptions

- 95% UG/ 70% Grad Enrollment
- 14% Annual Unemployment (for Financial Aid purposes)
- \$20M COVID-19 Expenses
- 10% NYS Allocation Reduction



# FY21 Forecast vs Projections

	\$ in millions
Tuition & Fees Undergraduate – actual 98% vs plan at 95% of target Masters Degree – near target vs. plan at 80% of target	\$20.0 \$15.0
State Appropriations – assuming 20% decline vs. plan of 10%	\$14.0
Educational Activities & Other – significant variability, but current overall trend indicates slight improvement	\$10.0
Personnel Costs – salary and benefit costs trending slightly higher	\$18.0
Financial Aid – unemployment and resulting impact on Cornell student families significantly less than projected	\$71.0
General Expense & Services – projecting higher costs due to additional COVID expenses such as securing quarantine space	\$15.0
Use of Fund Balances – improvement in financial results expected to eliminate need to use reserves; impact may vary by unit	\$45.0



# Ithaca & Cornell Tech - FY21 Forecast

\$ in millions

	2021 Prelim. Budget	2021 Current Forecast	Change	
<b><u>OPERATING REVENUES</u></b>				
Tuition & Fees	\$ 1,147	\$ 1,182	\$ 35	2.9%
Investment Distributions	277	277		0.0%
Gifts	173	173		0.0%
Sponsored (Direct & Indirect)	425	432	\$ 7	1.7%
Federal & State Appropriations	139	125	\$ (14)	-11.2%
Housing, Dining & Other Auxiliaries	105	105		0.0%
Educational Activities & Other Sources	292	302	\$ 10	3.2%
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 2,558</b>	<b>\$ 2,596</b>	<b>\$ 38</b>	<b>1.5%</b>
<b><u>OPERATING EXPENDITURES</u></b>				
Personnel Costs	\$ 1,354	\$ 1,372	\$ 18	1.3%
Financial Aid	552	481	\$ (71)	-14.7%
General Expense & Services	471	486	\$ 15	3.2%
Maintenance & Facilities	132	132		0.0%
Debt Service	53	53		0.0%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 2,562</b>	<b>\$ 2,525</b>	<b>\$ (37)</b>	<b>-1.5%</b>
<b>NET BEFORE TRANSFERS</b>	<b>\$ (4)</b>	<b>\$ 71</b>	<b>\$ 75</b>	<b>105.7%</b>
Transfers (To)/From-Other than Plant	\$ 2	\$ 1	\$ (1)	
Transfers (To)From-Plant Funds	(43)	(43)		
Use of Fund Balance	45	0	(45)	
<b>NET FROM OPERATIONS</b>	<b>\$ 0</b>	<b>\$ 29</b>	<b>\$ 29</b>	





# Important Budget Considerations

- Budget projections are premised on a continued hiring freeze!
- Budget impacts will vary significantly by unit
  - Based on mix of resources – e.g. state appropriations, tuition
  - Capacity to constrain spending on hiring and non-personnel activities
  - Savings from SIP, CURP, salary reductions
- Capacity of central resources to offset
  - Cost savings in central administration – SIP, CURP reduction, hiring freeze, spending constraints
  - Ongoing budget reductions assigned to specific units
  - Redistribution of prior-year savings



# Bottom Line

- Better off than we thought at this point
- Result of tremendous collaborative effort of faculty and staff
- Need to retain focus on fiscal discipline
- Differential affects by College; Center will try to smooth impact
- CURP and Salary Reductions were initiated in order to ensure that we could make the investments necessary to protect our community and pursue our missions
- Given the positive financial outlook, our first priority will be to restore the CURP and Salary reductions
- Decision not made by the President yet, but announcement likely next week



# Discussion

