



## Budget Update to the Campus Community

**Samuel L. Stanley, Jr., M.D., President** to: Torre, F. Jason

06/16/2010 05:01 PM

Please respond to clondoiro

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To all Faculty, Staff and Students,

I want to take this opportunity to update you on Stony Brook's budget situation. I want to begin by saying that behind each financial decision we have made - and will make going forward - is the goal to preserve the fundamental teaching and research mission of Stony Brook University. Providing an outstanding education at an affordable price for our students and engaging in world-class scholarship remain our top priorities.

As has been widely reported, we have not yet received a final budget from the State, and while there may soon be some movement in this realm, there is little evidence that any restorations of SUNY's budget cuts will be forthcoming. As we wait to hear news of a resolution, we have taken a number of cost-saving measures already, including a local hiring freeze, elimination of rehab and repair funds, terminating the lease on one half of Stony Brook Manhattan properties, and the reconfiguration of the Southampton campus. After estimating savings from all these measures, a \$30 million deficit remains as our best estimate of a campus budget condition for fiscal year 2010-11.

Therefore, to address our current shortfall, we are implementing a phased series of cuts designed to spare, to all extent possible, Stony Brook's academic components. In phase 1, we will cut 10% from state budgets resulting in a \$14 million reduction in costs. The cut will be applied to base state funds - excluding all budgeted instructional salaries. In this way we hope to move closer to a balanced budget while protecting our primary teaching mission to the greatest degree possible. When the state budget is finally determined and SUNY completes its campus budget reduction allocation process, we will reevaluate our condition and anticipate a second phase of cuts. We have asked all of the University's units to be planning for that second phase.

The advantages of deferring some of the budget cuts lie in three areas. First, the hope that there may be some restoration of funds, (although that seems highly unlikely) or some form of increased tuition revenue; second, that there may be some relief from the separation/retirement programs being offered by the State and by Stony Brook; and third, that we will be given additional tools to deal with the budget shortfall. Many of you are aware that SUNY Central Administration has instituted its own combination of cost saving measures applicable to only its employees. These include a furlough program for Professional Services/Managerial Confidential employees (negotiating unit 13) during the July 1, 2010 through June 30, 2011 budget year, and layoffs of Professional Services/Management Confidential employees effective August 18, 2010, with an expected reduction in SUNY's represented workforce. We will look at these initiatives and determine whether any of them are applicable to Stony Brook and our employees. Obviously our goal is to minimize any work force reductions, but we face a challenging fiscal situation.

The news is not all bad. Using a targeted gift from the Stony Brook Foundation, we are enlisting the services of Bain & Company, one of the world's leading global business consulting firms. Bain brings expertise in large-scale transformational work in higher education and can provide an objective, cross-campus analysis. No state funds will be used for this initiative and the focus will be on administrative and not academic components. Bain has extensive experience in helping clients such as the University of North Carolina, University of California at Berkeley and Cornell, and we believe it will be valuable to get a third-party perspective on how Stony Brook does business. This concept of informed review is common to academia - we do it for PhDs and faculty reviews; it fits with our culture. With Bain's expert guidance, we expect to be able to save millions of dollars annually, and we expect the University to be in a much stronger financial position for years to come with sustainable solutions that allow us to direct more resources to teaching and learning. In the coming weeks you will receive more communications from me about Stony Brook's effort in this area, which we are calling Project 50 Forward, in recognition of the beginning of Stony Brook's next 50 years. Your cooperation will be absolutely vital to helping Project 50 Forward succeed. The stakes are high, we need to find ways to cut administrative costs and spare our academic mission, and Bain will be a great help to us moving forward.

Finally, expenditure reductions garner most of the attention in difficult budget times but we are keenly aware that new or expanded revenue generation has an equally beneficial effect on our financial well being. For example, our enhanced Master's programs have brought substantial new tuition revenue to specific departments. We are open to considering any and all suggestions in this regard. Please go to the Budget Office feedback page (<http://www.stonybrook.edu/budgetoffice/feedback.shtml>) to submit your income-enhancing and cost-saving ideas and proposals to Budget Director Mark Maciulaitis. We will acknowledge any ideas that we are able to implement.

Every effort to contain costs and decrease spending for a balanced budget is done with the goal of preserving our academic components. Stony Brook is resilient, and has an extraordinary faculty, staff, and student body that will continue to excel, even in these tough times. We will find ways to reward excellence and invest in programs of quality, and Stony Brook will move forward. I appreciate all of your help and support.

Samuel L. Stanley Jr., M.D.  
President