BUDGET UPDATE

STEVE POPE, FPC CHAIR
FINANCIAL POLICIES COMMITTEE

December 9, 2009
Financial Policies Committee

• Meets every two weeks
• Paul Streeter
  – Interim Vice President for Planning & Budget
  – (Carolyn Ainslie – 9/2008)
  – (Elmira Mangum – 2/2010)
• Administration shares confidential information
• Budget Task Force
  – 4 meetings
• FY 2011 budget (2010-2011)
  – December 2, 4:45-6:50 p.m.
• Part-Time Appointments for Faculty
  – December 17
• Charles Walcott, NB&B, CALS
• Donald Campbell, Astron., A&S
• Ronald Ehrenberg, ILR
• William Lesser, AEM, CALS
• David Lewis, City & Reg. Plan., AAP
• Stephen Pope, MAE, Engr.
• Donald Rutz, Entomology, CALS
• Charles Seyler, ECE, Engr.
• Donald Smith, Clinical Sciences, Veterinary Medicine
• Peter Wolczanski, Chem. & Chem. Biology, A&S
• Bill Fry, Ex Officio
• Paul Streeter, Ex Officio
Major Budget Factors
(2009-2010 Ithaca Campus)

• Revenues: $1,867M
  – 38% Tuition & fees
  – 20% Sponsored programs
  – 12% Endowment
  – 9% NY State

• Expenditures
  – 55% Salaries
  – 16% Financial aid

• Proposal for 2010-2011
FY 2011 Budget Timetable

• December 2009 – review preliminary major assumptions with Trustee Finance Committee

• January 2010 – Trustee action on major assumptions (tuition, SIP, endowment payout)

• March 2010 – FY11 budget allocations and adjustments to colleges/units

• May 2010 – Trustee approval of Operating & Capital Budget
BUDGET UPDATE

FACULTY SENATE
December 9, 2009

David Harris
Deputy Provost
Budget Update

Goal for today:
Address concerns about the deficit and cost-cutting strategies
Budget Update

Apparent inconsistency between:

1. Expectation of solving the vast majority of our budget challenge through administrative cost savings; and

2. Proposals to save money through such academic area changes as closing libraries and reducing faculty lines in some units
Budget Update

Explanation

1. Context for Task Force Reports
2. Remaining Deficit
3. Two Goals of Reimaging Cornell
4. Priorities and Constrained Resources
Budget Update

Looking forward, we will work with deans and faculty to identify academic area actions that will:

• Have a positive budget impact and little or no negative impacts on our academic mission, and

• Position Cornell for future excellence
We have completed the diagnostic and are about to embark on the solution design phase.

5 months: Diagnostic
- Identify and prioritize opportunities to reduce cost

0-6 months: Detailed solution design
- Develop detailed implementation plans to capture value

3-36 months: Execution
- Implement workstreams and drive change in organization

What to do
How to do it
Do it!
Refined set of savings targets will result from redesign analysis

Diagnostic results provide savings target guidance

**Diagnostic savings opportunity**
- Completed
  - Provided to each Initiative team
  - Driven by diagnostic analysis
    - Identified high-potential savings areas and quantified achievable savings
    - Established Cornell cost baseline
    - Savings targets quantified based on benchmarking and Bain experience
    - Savings made conservative with "haircut"

**Budgeted savings target**
- Validated savings targets vetted or challenged by Steering Committee
- Final budget figures approved by Steering Committee for input to FY2011 budget process
- Savings target for FY 2011 delivered to Steering Committee by 3/1

**Validated savings target**
- Set to begin
  - Initiative team validates baseline & determines how redesign will be executed
  - Revised targets to be approved by Initiative Sponsors
  - Initiative Sponsors deliver new estimates as recommendation to Steering Committee
  - Should be determined by 2/22