**2018-2019 Budget Questions & Answers:**

**Questions after 04-30-2018 Campus Budget Presentation**

**Q1: Why do we not just borrow?**

1. Borrowing funds to compensate for the Structural Deficit does not solve the problem of over spending and would result in financing costs. The Structural Deficit results from spending being greater than the tuition and State support received to cover the expenditures. Borrowing funds results in interest costs and the payment of principle.

**Q2: DIFR.** We are using $1.25M in DIFR to achieve the $4.9M in cuts by July 1, 2018. When and how will we make up for these offsets? Will that mean that our July 1, 2019 cut will be larger than $3M? Members of Planning and Budget are under the impression that we will continue to rely on DIFR to offset our budget deficit for the near future. Is that accurate?

**A**: The Cabinet decision of how much DIFR will subsidize the State Structural Deficit is made annually. Cabinet has only identified the DIFR assessment for the 2018/2019 Budget.

**Q3: The PEPRE Process**. If we are collecting data in the summer, how will IRPA know what data to collect? The data sets in the PEPRE process are very specific but may no longer be relevant. There may be other data that we need. How and when will IRPA go about collecting data? Will each division follow their own process or will this be an institutional process?

**A:** IRPA will collect the data as specified in the PEPRE data as soon as feasible. Additional data sets may be added by division if necessary. Finance and Administration provided much data to each Vice President during the budget process and can provide additional information and analysis as needed. Academic Affairs’ EAB Tool “Academic Performance Solutions” could provide many useful metrics as well.

**Q4:** **Hiring freeze**. How can we avoid layoffs if we continue to hire? Should we freeze hiring until we have a plan for making the July 1, 2019 budget cuts?

**A**: Hiring Freeze is not practical as essential positions that must be filled may become available. Every opening will be reviewed by Cabinet and vetted to insure that the responsibilities cannot be addressed without hiring.

**Q5:** **2018-2019 enrollment.** Preliminary numbers from IRPA suggest that we are off our target for returning students in fall 2018. Does this mean that we will have to cut even more from our budget by July 1, 2019? If so, how much more?

**A:** We will begin our budget process for 2019/2020 starting July 1, 2018. Many results and factors will change over the 2018/2019 year that will affect our future planning.

**Q6:** **Communication**.​ How and when will the final decisions about the July 1, 2018 cuts be communicated to the campus?

**A:** The final decisions will be made in mid-June and communicated to the Campus prior to July 1, 2018.

**Questions after 12-18-2018 Academic Affairs Forum:**

**Q1**: What is the starting point in the cuts from Academic Affairs (AA) from year to year?  That is, you mentioned this current fiscal year (FY19), you had to make cuts of $1.25 million.  And next year (FY20), cuts of $2.5 million need to be made. Does the FY20 budget start with the pre-FY19 line items?  Or with the budgeted FY19 amounts (including the $1.25 million cuts)? I'm trying to determine if another $1.25 million for FY20 needs to be cut (FY19 $1.25 plus FY20 $1.25 = $2.5 in total cuts) OR $2.5 million in NEW cuts for FY20?  [I hope this makes sense!]. Either way, the cuts are substantial.

**A**: At the start of each fiscal year we start developing the budget for the next year.  Based on the previous year’s actual budget base and the organizational and personnel changes anticipated in the current year that will be instituted going forward, this becomes the BASE for the next year’s Budget.  The Expenditure Base is deducted from the anticipated Revenues to generate a Surplus (Revenue greater than Expenses) or a Deficit (Expenses greater than Revenues). In the case of a Deficit, the cabinet develops cost reduction targets to reduce the Deficit.

**Q2**. You shared a slide showing a three-year loan plan.  I'm trying to understand why the $3.4 million loan would be repeated each year, unless the plan is to try and restore the FY20 cuts each year.  If the FY20 cuts are (semi) permanent, then hopefully we wouldn't need to borrow additional money in FY21, except to start paying back the loan plus interest.

**A**: The loan is to cover the deficit generated AFTER the cost reductions have been implemented.  That deficit will continue until additional cost reductions are imposed or revenue increases.

**Q3.** This is a request (not a question).  Please have someone share a five-year budget plan (FY20 - FY24).  A plan that shows projected enrollment with revenues and expenses, along with the loan repayment plan.  It would help the campus to see there is a light at the end of the tunnel. There is, isn't there?

1. Vice President of Finance and Administration, Michael Metzger will be preparing a multi-year projection after the cost reductions are finalized. This will include cost reductions for future periods as a result of the PEPRE project**.**

**Q4.** If programs are reduced/cut, it seems to follow that overall enrollment will be lower (as students who would have attended Fredonia will find another university to attend).  So is 4,700 students for next year a fair projection? Reviewing the list of programs on the PEPRE list, there were 34 new students in FY19. If all of those programs are cut, theoretically, there will be 34 fewer new students enrolled in FY20 (assuming the other students in these majors stay at Fredonia).

**A.** I counted 28 students.  Yes, you are correct. That’s one of the things that we are weighing--impact on new students attending Fredonia vs. cost savings over time.  Would those students major in something else or are they coming to Fredonia specifically for that major? It is not straightforward.

**Q5.** All we talk about are the expenses.  Has the Foundation been charged with raising more unrestricted revenue?

1. Yes. Recognizing the growing need for flexible funds, raising unrestricted gifts is one of the five priorities for the Nurturing Innovation Campaign. Strategies to reach those most likely to give in this way have been implemented and best practices are continuing to be explored.

Major gift fundraising and endowment building has been a priority for this Campaign. The reality is, gifts at that level are most often restricted for a particular purpose. These gifts sustain our programs, provide scholarship, department funds, and make special projects possible. (Recent examples are the purchase of new practice pianos and funds to redesign existing classrooms and other learning spaces.)