Downstate Medical Center FY 2016/17

Annual Resource Planning Process and Financial Plan

This is to inform you that the Lawson Budget & Planning (LBP) System has been set up so that as of today you can begin participating in developing the 2016/17 Annual Resource Planning Process and Financial Plan. During the past few months the Budget team, IT and Planning & Budget Committee (PBC) have been working towards preparing for this so that everyone has the necessary tool (LBP) and critical information to make informed decisions while developing the budget. Student enrollment projections which were based on current year trends, planned activities for recruitment have been developed and submitted to Albany. In addition, a review of the Broad Based Fees has been reviewed and updated with requests for increases submitted to Albany for approval. Furthermore, LBP has been modified based on requirements of the Hospital as they have a different revenue source as well as a significantly different reporting of expenses. This modification should allow for an easier rollup of all budgets as well as a more coordinated approach to budgeting as everyone at DMC will only need to be proficient in one system. In addition, there will be increased transparency which will enhance the management oversight as well as improve internal controls, especially as it relates to positions that straddle both budgets as you will be able to see the entire salary at the summary level.

The recently enacted NYS Budget will have a direct impact on the overall allocations that can be anticipated for the 16/17 fiscal year and most likely will continue into the following fiscal year, thus requiring decisions made in this budget cycle to be viewed over an extended period of time as to the impact on the future budgets. Since FY 2011/12, state support for DMC has remained relatively flat at about $58M, yet the campus managed to increase overall revenue on a year-to-year basis since then resulting in total revenue increasing from $85M to $99M. Unfortunately this trend, which was the direct result of increases in both enrollment and tuition rates, will not continue into the 16/17 fiscal year as enrollment is projected to be flat while NY State has yet to provide SUNY with the authorization to allow tuition rates to be increased. Again, the fact that our allocation will be flat year-over-year will directly impact our ability to provide additional funding for departments as our 16/17 budget already has both new and increased expenses such as the opening of the new building, contractual obligations, IT upgrades and replacement of software/hardware as well as other requirements that are a necessity for continued effective and efficient operations of DMC.

We anticipate that at year end, we will have significant unspent allocation. Departments are expected to budget within their FY 15/16 allocations requiring you to identify cushion
(reasons for unspent allocation), non-essential activities and associated expenses and possibly identify opportunities whereby further cost savings can be realized.

During the next couple of weeks the Planning & Budget Committee (PBC) will continue to meet regarding the Planning Process and will conclude with recommending to the President of DMC the “Final Target” for all budgets. The PBC and Budget Team are aware that some budgets have limited capacity to reduce expenses, unfortunately, the situation is such that you will need to be creative and think outside of the box to meet the challenge of bringing the budget within the “Final Target” as there will be very few if any other options available to us. The “Final Target” will be based on various factors related to both revenue and expenses that the PBC has been and will continue to review while taking into consideration things such as the overall needs of the campus, available funds to carryover from FY15/16, contractual obligations and commitments, short term and long term priorities that are critical to our continued success.

**Colleges and Shared Services**

The budget for each department has the “preliminary target” of allocation for the upcoming fiscal year and this is equal to the total amount of expenses that each department can budget expenses up to but cannot exceed. Salaries have been increased based upon contractual obligations which will require you to closely review and reduce expenses in order to absorb the increased salary expenses while the revenue remains flat from the prior year and is not likely to increase for your department. The “preliminary target” is equal to the amount of allocation provided at the beginning of the 15/16 fiscal year as this will allow you to begin to plan and budget activities based on priorities within your department and you will have to identify cost savings to enable you to remain within your FY 15/16 allocation. As in prior years, Personal Service is pre-populated with staff positions, salaries and % of salary charged to the department(s). This section should be reviewed for accuracy of the # of positions in your budget, the % of the salary that is charged to the department and validate that all other information is correct. The contractual OTPS obligations are also pre-populated however you are required to review and confirm that the budgeted amount accurately reflects the commitments of your department; in addition you should compare the amount budgeted to the prior year actual expenses to determine that the amount is reasonable and if there is a significant variance, an explanation should be provided. In the comments section, you are **required** to provide the name of the vendor, purpose and specific dollar amount for all contractual amounts. Finally, OTPS should be entered into the budget to support the anticipated activities during the year. Please note that it is critical that you identify the correct object code that you anticipate incurring expenses against and that you enter the total amount you anticipate for each type of expense. You will experience at least two benefits if you take the time to work through this step and provide as much line item detail as possible to accurately have the amount budgeted in the correct object code. The first benefit will be the experience of using a tool to develop a budget and provide a clearer
understanding of the costs associated with running your department. This will help you identify possible cost savings which could allow funds to be budgeted for other needs in your department. Secondly, we have recently been having difficulty with the P-Cards as the system is requiring that charges on the P-Card have appropriate allocations in the budget prior to incurring the expense for the specific item based on its object code classification in the chart of accounts. If the expenses incurred during the year align with the budget you developed, transactions on P-Cards should be processed and paid timely and the need to do paperwork re-allocating funds will not be necessary, saving you significant time in your day.

We understand that you may wish to identify activities that were not budgeted in FY 15/16 and cannot be absorbed within your current allocation. We will be providing instructions and a template for you to complete that will provide information to the PBC for their review.

**Hospital**

The staff working on budgets for the Hospital have already received instructions on how to move forward as they started two weeks earlier to allow for training on LBP for those who never used it before or a refresher for those who have not used it in the last few years.

The following has been added to the budget based on contracts:

* **Contractual Salary Increases included in Salary Projection**

  **UUP** 1% Discretionary

  Effective 7/1/16 - The estimated increase in salary is $885 per position. This discretionary increase has resulted in an unknown salary increase for each individual position requiring the total amount of salary increase to be budgeted as a total for the department at AU level, object code 1925 as opposed to the base of each employee line.

  **MC** 2% of base

  Effective 4/1/16 – the amount has been added to the base of each salary position. The increase in base will be 100% of the 2% increase during the 16/17FY

  2% of base

  Effective 4/1/17- The amount has been add to base. The increase in salary costs for the 16/17 fiscal year is ¼ of 2% or 0.5%

The other union contracts are under negotiation and no funds have been budgeted for increases.
Salary Projection for FY 16/17 Does NOT Include:

- Overtime 1948
- Holiday Pay 1947
- Vacation Payoff 1918
- Overtime meals 1985
- Also Receives (Temp Svc) 2052
- Geographic (Temp Svc) 2055
- Location (Temp Svc) 2061
- Supporting Academic** 2100
- Adjunct** 2400
- Teaching Assistants 2483
- Extra Service 2499
- Student Assistants 2600
- Deficit Reduction Leave Payback *** 0000

** 2100 / 2400 are projected with $1 as a placeholder for hourly employees, and should be adjusted as necessary.

***Deficit Reduction Leave (DRL) payback – No funding is included in budget. No action is required in 16/17 budget. SMRT will show expenses coded for DRL which will be transferred to another fund at year end. During the Fiscal Year, when reviewing AU balances in SMRT, accumulated expenses for DRL should be manually removed from the expenditure column, in order to determine the adjusted AU balance.

Other

- Hospital & Clinics budget guidelines will be communicated by the Hospital Finance office.
- IFR Fund – Projected Revenue for each accounting unit (AU) to be developed by Budget Preparer. Projected revenue is to be entered into LBP, to be considered a “Target”, or maximum available funding for each IFR. Instructions are included in the manual, beginning on page 35.
PRELOADED DATA

Salary Projections were pre-loaded in the Workforce tab, using data from Payroll 23 (check dated 2/24/2016).

Budget Preparer should

• Review and compare to the SUNY Management Resource Tool (SMRT) system, adjusting for projected MC salary increases.
• Adjust for changes in workforce salary components or employment status which occurred after Payroll 23.
• Add missing or vacant positions. For positions that appear in error, reduce the budget to zero in LBP. Review the position information in the SMRT system to see if a correction has already occurred. If not, follow up with Human Resources and/or Financial Management to determine course of action. If appropriate, prepare long-term distribution forms to initiate the transaction/correction.
• Review Contracts data – preloaded based on prior year data entered in LBP system and adjust as necessary to reflect changes for FY 2016/17.
• Add other Personnel Components, such as Overtime, and OTPS Budgets to the Finance Tab.

The LBP System is now open for budget input.

Please note: Completed Budgets are due for submission to Budget Administration no later than 5/20/2016.