


May 6, 2008

To: Members of the Board of Trustees
State University Campus Presidents
Interim Chancellor John B. Clark
System Administration Senior Staff

From: Carl T. Hayden 
Chairman, Board of Trustees

Subject: State University Budget – Update

I wanted to report to you on my discussions Monday with Governor Paterson's senior staff concerning the State University of New York Budget. I am pleased to report that our conversations were friendly, supportive and candid and moved us forward in addressing both the Governor's and SUNY's needs.

The key outcome of our discussion is that SUNY – as a University and not a state agency - will be developing its own plan in response to the Division of the Budget's call for spending restrictions. The plan that SUNY will be putting together, to be presented to the SUNY Board of Trustees for approval prior to submission to DOB, will include the following components:

- Tuition and fees will not be a component of the plan.
- We will take into account the fact that we have taken a \$38.7 million budget reduction in responding to DOB's request that we reduce our spending by another \$109 million. In identifying any funds to be restricted, we will focus on General Fund accounts and not "special revenue accounts".
- We will work to expand our spending base, especially as it impacts key planned projects with our hospital and other initiatives. Expanding the base will not result in increased calculations in the spending reduction, i.e., the \$109 restriction being currently requested by DOB will not increase as a result of expanding the base.
- We are looking into the legality of all spending reductions so as to make all arguments on strong legal ground.
- We will seek to avoid any actions that may have unintended consequences, particularly those that could be viewed by external audiences as harming fundraising or other sources of external support.
- We will consult fully with campus presidents in our planning

There have been various reports that the impacts of reductions on SUNY could be far in excess of \$109 million with some reports in the hundreds of millions. Our plan will outline steps to both increase the base and meet fiscal intent so as clearly not to exceed \$109 million, and make the strong case for a substantially lower number.

I am convening a meeting of the Board's Executive Committee to begin discussions on this plan, working with Chancellor Clark and our Senior Staff. I will be inviting representatives of our presidents and business officers to join in this effort, using our current organizational structures.

Beyond the immediate impact of this budget discussion, our conversation highlighted the importance for Governor Paterson to indicate his support for public higher education. I am pleased that my recommendations for his engaging with us met with a warm reception. Significant time was spent on how we can re-energize efforts highlighted by the Commission on Higher Education, especially those that may not require substantial funding given the current economy but can provide great operational and overall benefit to the State University. We are taking steps with his staff to outline a series of activities over the coming weeks, including issuance of the Final Report of the Commission on Higher Education and the Governor's visits to a number of our campuses.

As we are now engaged in substantive negotiations with the Governor's Office, let me suggest that we be cautious in our public relations outreach while we are in this key negotiation phase. I would ask that we "stand down" on any activities that could prompt conflict as we are seeking a collaborative solution. We are putting our plan together over the next week and are in a position to continue to build on the support we have received from the Governor's Office.

Please be assured of my continued support of the State University and all of its campuses as we work through this important challenge. I hope you will share your thoughts with Chancellor Clark and me as we move forward.

Thank you.