Finance Associate's Report
Albany University – The State University of New York at Albany

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The State University of New York at Albany is a component of the State University of New York (SUNY). By choice of SUNY, Albany has not obtained separately-audited financial statements including notes and any unit-specific management letter comments. Consequently, there is limited ability to discern financial position using common ratios and analysis; there is too much "missing" information that would be present in a Statement of Cash Flows, a more-detailed Balance Sheet than is available from the IPEDS data, and the notes accompanying the financial statements. As an example, the institution has negative unrestricted net assets. Typically, this is due to an assessment for its share of the parent's (or state's) net unfunded liability for post-retirement benefits (pension and/or health care); however, without a detail of those current non-cash items and the terms of Albany's obligations, it is impossible to discern the institution's real reserve position. Consequently, I will make remarks based on the IPEDS information or the commentary in the self-assessment.

Albany has shown a steady improvement in Total Operating Revenue in the IPEDS data over the five-year period; there was some exceptional circumstance in Private Operating Grants and Contracts in fiscal year 2013. A decline in FY14 in Federal Operating Grants and Contracts is discussed in the assessment – the increasing competition for a flattening amount of research funding is impacting Albany where it is a substantial but relatively small revenue category. Net tuition and fees has improved after stagnating through FY12. Auxiliary Enterprise revenue declined sharply in FY13, offset by State Operating Grants and Contracts. State Appropriations improved in FY14 after stagnating in the earlier periods.

As noted in the commentary (p. 31), the data provided by SUNY are insufficient to draw conclusions on the overall financial position. There is a disconnect between the IPEDS data and that provided by Albany in its management reports. For instance, Tuition and Fees is shown at $99.3M for FY14 in the IPEDS data, but it is shown as $107.8M in the management report. It is also hard to understand the relationship between Grants and Contract in the IPEDS data and the SUNY Research Foundation data on the management report.

There are a few areas of comment:

- Hitting enrollment targets is a critical area of concern for financial projections, especially given the University's increasing dependence on out-of-state and international student enrollment to meet tuition revenue requirements. The decline in retention does not help – this institution is more dependent on undergraduate enrollment revenues than other large public universities. It is also concerning that the University missed its tuition revenue targets by almost 3% in FY15.

- It is unclear what impact financial aid programs at the state level have on Albany's enrollment projections. While the potential pool of applicants is increasing, much of that increase may be in first-generation-to-college or in need of proportionally more financial aid (as shown by increase in Pell-eligible students). If Albany must supply increasing aid through discounting, that could impact its operating flexibility; if those funds come through other NYS programs, perhaps not.
- It appears that concerted efforts to reduce campus-based expenditures have worked to slow the increase after accounting for the removal of the College of Nanoscale Science and Engineering and the one-time expenditures noted on page 34. Net margins would improve from $12.5M in FY14 to a projected $21.3M in FY15. This follows three previous years of deficits.
- Finally, the strategically-oriented new budget model, the Compact Plan, is a very positive move to work to align the Institution's operating plan with its goals. It appears to have a focus on new revenue generation while providing governors on expenditure growth.