



## STATE UNIVERSITY CONSTRUCTION FUND

Edward F. Cox, Chairman  
Eugene K. Tyksinski, Member  
Stephen V. Reitano, Member

May 16, 2008

Mr. Zach Scarchilli  
Associate Budget Examiner  
Division of the Budget  
State Capitol – Room 139  
Albany, NY 12224-0341

Dear Mr. Scarchilli:

The State University Construction Fund is hereby responding to Budget Bulletin B-1178 – Spending Reductions/Financial Management Plans. This response pertains solely to the Fund's Operating Budget. A plan that addresses the SUNY Capital Program will be delivered under separate cover.

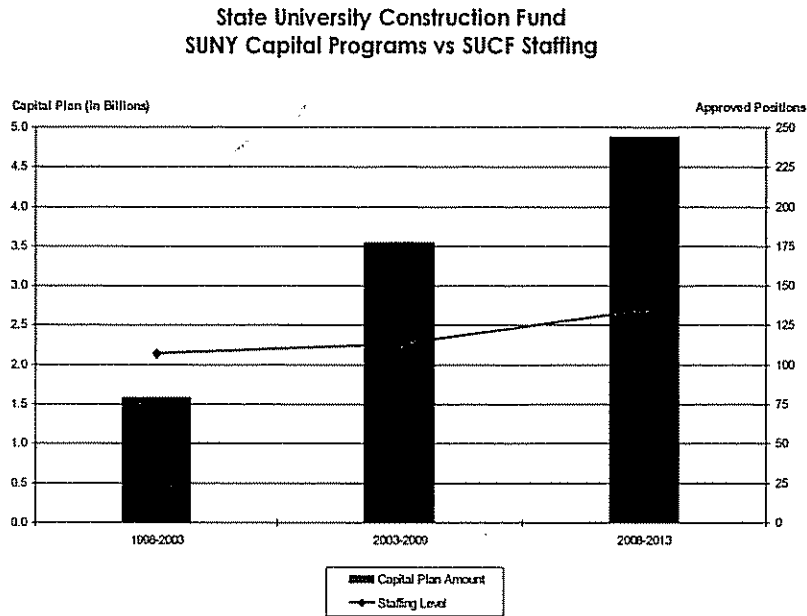
The Fund's statutory mission is to expedite SUNY's Capital Plan. The Fund provides funding, planning, design, construction and other mission-critical services to SUNY and its campuses. The Fund has and will continue to develop methods to deliver essential services in relation to this mission more effectively.

As you are aware, the Fund is continuing to deliver the educational facilities and hospital portions of the \$3.6 billion multi-year SUNY Capital Program that was commenced in the 2003-04 and 2004-05 fiscal years. This Capital Program represented a 125% increase over the preceding multi-year capital program.

The significant growth of SUNY's Capital Program over the past decade was expedited with a very minimal increase in operating resources. The Fund was faced with executing a capital program that more than doubled the predecessor plan with a 10% increase in staff. The Fund met this challenge by: conducting a comprehensive assessment of its resources and implementing process improvements; timing and controlling expenditures; and reorganizing to shift more personnel to mission-critical functions.

The 2008-09 Budget includes a new multi-year Capital Program that adds more than \$4.4 billion to the educational facilities capital projects over the next five years, which is a 41% increase over the prior educational facilities capital projects. The new program was proposed by the Governor and adopted by the Legislature after a thorough and detailed examination and assessment of facility conditions conducted by the Fund and SUNY and a comprehensive analysis of facility needs for each campus.

The following chart graphically displays the historical relationship between the increase in the size of the SUNY Educational Facilities and Hospital Capital Programs and the staffing levels afforded the Fund.



The Fund has met the challenge of providing quality services with limited staff and will institute further efficiencies in order to save an additional 3.35% or \$458,000, excluding fringe benefits, for the 2008-09 fiscal year pursuant to Budget Bulletin B-1178. The Fund intends to meet this goal by:

- 1) Delaying hires for vacant positions. The Fund has yet to fill any of the ten additional positions provided in the 2008-09 budget and has other vacant positions as a result of normal attrition. While the availability of all of these resources will be critical to the Fund's mission, Fund management will delay filling these positions for as long as practicable in order to achieve savings in personal services expenditures and associated benefits.
  
- 2) Applying limited Fund resources to the functions that are most critical to meeting its mission. The life-cycle of a project follows a critical path through planning, design and construction. The Fund develops and continuously monitors both the dollar volume and the number of projects that are passing through each stage of the project life-cycle, as well as projects scheduled to enter each phase. The operating divisions of the Fund have been established to mirror the phases of the project life-cycle in order to provide appropriate professional resources and expertise throughout the progression of the projects. The Fund will use efficient and effective personal services resources management by directing staffing patterns in the various divisions so that the resources are shifted to correspond to the migrating workload volumes of the project life-cycle. Vacant positions will be redeployed to the division that most requires the resource. This dynamic approach to work force management has been used in the past and has proven to be an effective process to optimize resources while still expediting the Capital Programs.

- 3) Providing savings in its non-personal service expenditures. The expenditure of funds for non-personal service items will undergo similar scrutiny. Due to the nature of its business, the Fund is predominately staffed with professionals that require both training and a presence at project sites on campuses throughout the State. Correspondingly, much of the Fund's discretionary non-personal services budget consists of funding for travel and training. All employee requests for conferences and training will be examined by senior management to assure that they are both valuable and prudent in the execution of the Capital Program and in line with spending that is cognizant of the State's fiscal challenges. The Fund is also investigating the practicality and potential cost efficiencies of sponsoring certain core training (e.g. code training) at the Fund's offices.

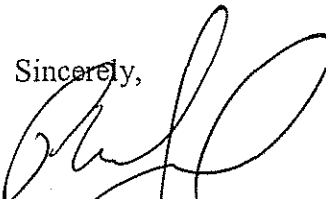
These measures will also be implemented in subsequent fiscal years to yield recurring savings.

The State has appropriated almost \$5 billion in additional capital investments in SUNY educational facilities and hospitals. In order to protect these capital investments, sufficient operating resources must be committed to avoid budget, schedule and quality issues on SUNY's capital projects.

I am confident that these measures, along with a careful review of all other non-personal services expenditures, will produce the savings that you have identified. Fund management will monitor both year-to-date expenditures and annual expenditure projections on a monthly basis to assure that this savings goal is met.

Should you have any questions or require further information, please contact me or Tom Mannix.

Sincerely,



Philip W. Wood  
General Manager

cc: Dan Sheppard  
Jeff Bender  
Denard Cummings ✓  
W. Thomas Mannix