

## An Overview of the CUNY Operating Budget Process

February 2018

The following information may be helpful to inform your MSCHE report or attach as an appendix. Please note that MSCHE is primarily interested in your own campus process, but this information can help put it into context.

### CUNY Budget Allocation Process for Senior Colleges

New York State provides funding for the senior colleges using line item appropriations. The appropriated budget includes line items for each senior college as well as for central administration/shared services, information technology, fringe benefits, building rental, and various University programs. Each year, the University submits a tax-levy budget request to New York State for the entire system of colleges. The request is composed of the mandatory (base-line needs) and the programmatic request for increases for the operating budget.

- The mandatory request includes contractual salary increases and other than personal service (OTPS) inflationary increases. It also includes requests for rent increases, fringe benefits, and operating costs for new buildings.
- The programmatic request is based on University program initiatives outlined in CUNY's Strategic Framework and its Master Plan. Both the Framework and the Master Plan are developed by the University's central leadership in consultation with CUNY constituencies, including members of the Board of Trustees, college presidents, and faculty and student representatives.

The state budget for the senior colleges includes an appropriation for special revenue accounts, including the Income Fund Reimbursable Account (IFR), the City University Tuition Reimbursement Account (CUTRA), and the City University Stabilization Account.

- The **IFR** is made up mostly of self-supporting adult and continuing education programs. Colleges can spend what they collect. The IFR programs, however, are subject to a 12.0% cost recovery target.
- The **CUTRA** account enables the colleges to roll over into subsequent fiscal years excess tuition revenue. It gives colleges the ability to plan better for the use of additional revenue and, in effect, grants the colleges additional appropriation authority albeit limited due to the non-recurring nature of these resources. The University guidelines call for CUTRA balances to be between 1% and 3% of total excess tuition revenue.
- The **Stabilization** account enables the colleges and University to carry-over into subsequent fiscal years unexpended tax levy appropriations.

### CUNY Budget Allocation Process for Community Colleges

The City of New York appropriates funds to CUNY for all of the community colleges in two main units of appropriation; one unit is for the personal services expenditures for all community colleges and the

other is for other than personal services for all of the community colleges. The CUNY Office of Budget and Finance determines the division of these appropriations among the colleges based on a budget model that incorporates a number of factors, the most important of which is student enrollment.

The community college revenue budget consists of the funding sources for the expenditure budget. The most important sources of revenue besides the City tax-levy funds are tuition and fees and community college funding from the State, which is based on the number of FTE students.

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### **Senior and Community Colleges**

Colleges receive an initial allocation of their annual budgets before the start of the fiscal year (see timetable below). Each college is expected to meet a tuition revenue target. When tuition collections exceed the target, college budgets are increased to reflect the increased revenue. Additional budget allocations are made periodically during the year to adjust for revenue collections and to disburse additional funds. Additional lump sum allocations are also made to the colleges for child care, collaborative programs with the NYC Department of Education, Coordinated Undergraduate Education, language immersion programs, SEEK, and services for the disabled. Throughout the year, the colleges may receive additional allocations for various miscellaneous items.

Items that are paid for centrally, such as fringe benefits, building rentals, and student financial aid, are not allocated to the colleges but expended centrally on their behalf.

All other sources of funding (grants managed by the Research Foundation of the City University of New York, funds raised by the college foundations and/or auxiliary services) are separate and not managed by the University.

The University gives the colleges their own customized pieces of the overall CUNY audited financial report and the A-133.

## CUNY Budget Timetable

Funding is allocated to each college through the University. During the budgeting season, the University is in continual communication with the colleges, but the colleges are responsible for their own budget planning. The University generally does not prescribe the utilization of college allocations, with the exception of a few distinct programs. Once the allocations are issued, colleges submit financial plans detailing the projected uses of their funds to the University.

Subsequent allocations are made during the year to adjust for revenue collections and to disburse additional funds. The University Budget Office monitors college spending throughout the fiscal year and publishes four quarterly financial reports to the University community.

The University issues senior college budget allocations between May and June, following the adoption of the State budget. (The state fiscal year is April 1 to March 31.)

<b>July–September</b>	<b>October–December</b>	<b>January–March</b>	<b>April–June</b>
<ul style="list-style-type: none"> <li>• University consults with various constituencies, including college leadership, faculty and student governance organizations regarding groups’ budget priorities and concerns</li> <li>• University prepares draft overview of Request and consults with Council of Presidents and Board Committee on Fiscal Affairs</li> </ul>	<ul style="list-style-type: none"> <li>• Draft Budget Request is presented to the Board of Trustees Fiscal Affairs committee for review and consideration</li> <li>• Board hearing is held on draft Request</li> <li>• Full Board considers Budget Request</li> <li>• Board-approved Budget Request is formally transmitted to City and State Executive branches for consideration</li> </ul>	<ul style="list-style-type: none"> <li>• State releases Executive Budget Recommendations</li> <li>• City releases Financial Plan and Preliminary Budget</li> <li>• Testimony on impact of NYS Executive Budget recommendations before NYS Senate Finance and Assembly Ways and Means Committees</li> <li>• Testimony on impact of NYC Financial Plan and Preliminary Budget before NYC Council Finance and Higher Education Committees and Borough Presidents</li> </ul>	<ul style="list-style-type: none"> <li>• April 1 is State deadline for budget adoption</li> <li>• April 26 is deadline for release of City Executive Budget recommendations</li> <li>• Testimony on impact of NYC Executive Budget before NYC Council Finance and Higher Education Committees</li> <li>• June 5 is deadline for adoption of City Budget</li> </ul>