



CUNY BUDGET BASICS

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Understanding the Budget

Colleges is predominantly from New York City. The State budget fiscal year begins March 1st and the New York City fiscal year begins July 1st. CUNY is on a July 1 to June 30th fiscal year.

Colleges receive an initial allocation of their annual budgets before the start of the fiscal year. Each college is expected to meet a tuition revenue target. Variance to the collection target results in increases or decreases to the allocated resources that are issued periodically during the year. 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.

INTRODUCTION:

This document is intended to provide a useful orientation and resource on the budget process, timelines, and reports available.

General

The City University of New York (CUNY) is the third-largest public university system in the nation. The City University had its origin in the Free Academy established in 1847 under the auspices of the New York City Board of Education. The University's mission is to provide affordable higher education with a

focus on the urban community of New York City.

City University of New York (CUNY or University) consists of 25 institutions: eleven senior colleges, seven community colleges, with an additional seven honors, graduate and professional colleges and the Hunter High School. The University is governed by a 17-member Board of

Trustees comprised of: ten members appointed by the Governor; five members appointed by the Mayor. The two ex-officio members are the chairs of the Student Senate and the Faculty Senate. The chief executive officer of the University is the Chancellor, who is appointed by the Board of Trustees. Each College has a President that is also appointed by the Board of Trustees.

Each year, the University creates and submits a consolidated operating budget request 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 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.

Funding and Funding Allocations

CUNY has two major funding sources: tuition and tax-levy support. The tax-levy support for Senior College is predominantly from New York State and for Community

Components of the College Budget

The College budget has multiple components that are separately administered. Each has specific funding sources, rules, best practices, and laws regarding how the money is to be used. It is important to understand that each budget is required to be self-sustaining and funds cannot be comingled.



Operating Budget:

Purpose: This budget provides for personnel and expenses known as PS: Payroll Services and OTPS: Other than Payroll services. CUNY also provides restricted or "lump-sum" funds must be used to support specific programs.

Funding Source: City/States Tax-Levy and Tuition

Best Practice: Staffing levels should be closely tied to enrollment and campus square footage. Payroll services should not exceed 80-85% and OTPS 15-20%. If OTPS decreases below 15%, funds are not sufficient to provide for maintenance, supplies, equipment, training and travel, to properly support the day-to-day operations and services. CUNY strives to ensure all colleges maintain at least 1% - 3% of the operational budget in reserve.

Revenue Budget:

Purpose: Provides an estimate of how much money the College will take in during the fiscal year. This projection is based on enrollment and student FTE (Full-Time Equivalent).

Funding Source: Consists of the funding sources for the expenditure budget.

Best Practices: This plan should include revenue from all sources and should reflect the collection effectiveness.

Capital Budget:

Purpose: Large-scale improvements to the campus.

Funding Source: Bond Sales

Best Practices: These expenditures should ensure cyclical replacement of fixed asset reflective of the period of probable usefulness and be guided by an overall master plan.

Special Allocations:

Purpose: These are generally for capital projects or one-time equipment purchases.

Funding Source: City, State or Elected Official – Tax-Levy Allocation secured through lobbying

Best Practices: These requests should reflect the needs of the overall master plan and requests should be coordinated by a registered lobbyist (meaning the College President or Gov Relations Liaison.)

Student Technology Fee:

Purpose: Funds are to ensure students are provided with the latest in technology.

Funding Source: Student Technology Fees

Best Practices: Funds should be invested in a fiscally prudent manner in ways that directly and positively impact the experience of students at the college.

Related Entity / Non-Tax Levy NTL Budgets: Auxiliary

Purpose: Provide campus services such as bookstore, rentals, food services, campus cards, and events

Funding Source: Commission and Fees

Best Practices: Campus services should be self-sustaining and expenditures should be in line with the CUNY Matrix and consistent with the governance documents.

Association:

Purpose: Promote student life and well-being. This includes: Athletics, Student Center, Senior Affairs (Commencement), Study Abroad, Music/Art, Healthcare, Child Development Center, Student Government Association, Clubs/ Student Organizations.

Funding Source: Student Activity Fees

Best Practices: Campus services should be in line with the CUNY Matrix and operated in a fiscally prudent manner consistent with its' governance documents.

College Foundation:

Purpose: Organized solely for the benefit of the college and its' student scholarship.

Funding Source: Philanthropy.

Best Practices: By federal IRS law the money must be used as specified by the donor and operated in a fiscally prudent manner consistent with its' governance documents and applicable federal, state and local law and regulations.

CUNY Research Foundation:

Purpose: Provide funding for research.

Funding Source: Grants. The RF is also reimbursed for overhead of operational expenses which may be allocated to academic affairs and the president's office to support operating costs of the campus.

Best Practices: By federal IRS law the money must be used as specified by the donor and operated in a fiscally prudent manner consistent with its' governance documents and applicable federal, state and local law and regulations.



Key Dates

March/April

- Enrollment Actual Report and Revised 3 Year Enrollment Plan compiled
- April 1 is the NYS Budget Adoption Deadline and these results will further guide campus process
- The President holds a retreat with the division vice presidents to begin conversation on the new fiscal year budget. President provides overall strategy and direction. Division VPs provide a list of anticipated vacancies, OTPS needs, and special initiatives they are looking to fund as part of strategic initiative operational planning. VP for Administration and Finance consolidates requests and has a discussion with the college President

July/August/September

- The college receives its budget allocation from CUNY Central Office.
- The college budget allocation is reconciled against the requests received from divisions and annual operational plans.
- The Budget Office compiles the allocations for each Division.
- The President gives final approval of budget allocations

August

- VP of Administration and Finance, and Budget Director have individual meetings with division VPs to provide information on allocations, including full-time staff, temp services, adjuncts, and OTPS. These allocations would include any special initiatives approved by the President as part of operational plans

- Following individual meetings with Division heads, the Budget Office and division liaisons work together to outline how individual allocations for each unit/ department will align with the division allocation September
- The financial plan is developed for submission to the University. This process may be ongoing due to financial situation.
- Division liaisons work with the Budget Office to ensure spending is aligned with their division's allocation.

NOTES:

- 1) This budget timeline is a general outline. The actual timeline is dependent on when the budget allocation is received from the CUNY Central Office.
- 2) "Division liaisons" are the individuals designated in each division to manage the divisional budgets

Key Documents

The Financial Plan provides a multiyear perspective on city spending and revenues. The Plan shows how the current-year budget would affect budgets in future years and this plan may be adjusted several times during the year corresponding to reforecasts. While the first plan of each fiscal year reflects revenue and spending as estimated in the Adopted Budget, subsequent plans reflect changes in current year estimates

The Capital Budget is a separate budget covering one fiscal year, funding physical infrastructure or equipment. To be included in the Capital Budget, individual projects must have a value of at least \$50,000 and for most projects, a period of probable usefulness of at least five years.

The Capital Program provides a multiyear plan detailing the funds needed for the current year and the

next three fiscal years for projects already underway and new projects initiated in the Capital Budget.

Campus Master Plan details the campus plan for the development of capital facilities for the upcoming decade. The Capital and Campus master plans coordinate the physical space to the college strategic plans.

Accountability

An important element to understanding the budget, is understanding how its' effectiveness is evaluated. The University must demonstrate accountability for the performance of its services and the results achieved from year to year to the Board of Trustees and the various oversights and constituencies. Colleges perform routine assessments and are subject to a Middle States review. Financial operations participate in an annual

internal control assessment and receive an independent outside audit annually. In addition to various targeted internal reviews and audits, oversight entities perform a variety of audits each year: financial, programmatic, operational and compliance reviews. The University maintains a dashboard of institutional indicators which are compiled and reviewed by each college institutional effectiveness/ assessment office. This data is issued periodically

throughout the year and includes narrative and statistical information on activities. These indicators are used and shared to benchmark colleges against their peers and to prompt institutional efficiencies and discussions. It is important to note that assessment and institutional effectiveness are not the responsibility of one office, but rather of the entire institution.

Functional Areas

Common Definitions

CUNY's budget is expended on the following functional areas:

- **Instruction and Departmental Research (I&DR):** I&DR includes all faculty teaching and research activity and all non-teaching, full-time academic staff from deans of divisions to departmental secretaries.
- **Academic Support Services:** Includes all expenditures associated with the library, organized activities, organized research, and extension and public services. Organized activities include audio visual services, museums, galleries, and various media operations.
- **Student Services:** Includes counseling, financial aid administration, registrar, athletics, international student services, admissions, and student health services, services to students with disabilities, and child care.
- **Maintenance and Operations (M&O):** Includes administrative, maintenance, and custodial activities associated with colleges' physical plants.
- **General Administration (GA):** Includes presidential offices, legal services, fiscal operations, campus development, and grants offices.
- **General Institutional Services (GIS):** Includes information technology, security, mail and printing, institutional research, public relations, computer and telephone services.
- **SEEK & College Discovery:** Includes all expenditures from these college specific programs.
- **Other than Personal Service (OTPS):** Includes non-personnel related expenditures including supplies, contractual services, and equipment.

Allocation – A sum of money within an appropriation that is set aside for a specific purpose.

Appropriation – The amount of money identified in the budget for expenditure, generally divided into a number of smaller "units of appropriation."

Budget Gap – The difference produced when planned spending exceeds planned revenues in a given fiscal year.

Budget Modification – A change in an amount in any portion of the Adopted Expense or Revenue budgets during the fiscal year (see also Modified Budget).

Budget Surplus – The difference produced when planned revenues exceed planned spending in a given fiscal year.

Capital Appropriation – The amount of money allocated to a

specific budget line in the Capital Budget.

Capital Commitments – Awarded contracts for capital budget spending, frequently for a multiyear period, that have been registered.

Debt Limit – A limit on long-term borrowing imposed by the state Constitution and Local Finance Law.

Debt Service – Funds included in the Expense Budget for the payment of principal and interest on long-term and short-term debt.

Fiscal Year – An accounting period of 12 months. By convention, each fiscal year is named for the calendar year in which it ends (fiscal year 2022 begins in July 2021 and ends in June 2022).

Modified Budget – The Adopted Expense or Revenue Budgets are modified when revenue projections change or expenditures are

reallocated during a fiscal year.

Other Than Personal Service (OTPS) – Funding for expenses other than salaries, such as supplies, equipment, and contractual services.

Personal Service (PS) – Funding for salaries and fringe benefits of employees.

Unit Of Appropriation – The operating budget is divided into a number of units of appropriation. These units of appropriation are further divided into personal service and other than personal service expenditures.

Chart of Accounts - the coding structure that defines CUNY's operations in financial terms and serves as the foundation for the General Ledger and financial reporting.

