

## An Overview of the CUNY Operating Budget Process

September 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 college 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 rentals, 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 nonrecurring nature of these resources.
- 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 division of these appropriations among the colleges is 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.

As with the senior colleges, the University submits a tax-levy budget request to New York City 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 Board of Trustees adopts a University-wide preliminary budget allocation in February after the State Executive and City Preliminary budgets are issued. The Board adopts the initial budget allocation in June and acts on changes to allocations throughout the year.

### **Senior and Community Colleges**

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. 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.

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. The University Budget Office monitors college spending throughout the fiscal year and publishes four quarterly financial reports to the Board of Trustees and University community.

### **CUNY Budget Timetable**

#### State

- State Fiscal Year: April 1–March 30.
- Executive Budget is issued mid-January.
- The legislature holds budget hearings in late January through February.
- Legislative budget proposals are issued mid-March.
- Budget is enacted on or before April 1.

#### City

- City Fiscal Year: July 1–June 30.
- The City issues four financial plans a year:
  - January: Preliminary Budget
  - April: Executive Budget
  - June: Adopted Budget
  - November: November Plan
- The City Council holds budget hearings on the January Plan and the Executive Budget.