

FY 2020-2021 Budget Options Summary

Professor Ned Benton, May 7, 2020

CUNY faces a very challenging fiscal environment for FY 2020-2021, and for several years beyond, because of uncertainties arising from the COVID-19 pandemic. The uncertainties are:

- The intensity and spread of the epidemic over time;
- The economic consequences for society and governments;
- Government expectations for CUNY's operations and modes of instructional delivery, changing in response to the epidemic;
- Student enrollment responses and patterns, based on their perceptions of the epidemic and student preferences for various modes of instructional delivery;
- Significant funding allocations that appear and disappear unpredictably.

In formulating and implementing financial plans, campuses will have to absorb deep cuts in resources, and adapt to constantly evolving expectations. Effective and frequent consultation with elected faculty governance leaders will promote understanding and cooperation, and will assure that the fullest range of ideas and options can be considered.

The purpose of this summary is to inform faculty governance leaders about issues and options affecting financial management. This document may be updated as new information develops.

Federal Options

- Whether there will be an additional CARES Act passed, that provides funds for state and local governments that can replace lost tax revenues so that NY State and City do not have to pass through tax revenue shortages to CUNY.
- Whether the already-appropriated CARES funds for campuses (the 50% not allocated specifically for students) can be spent for budgeted items and lost revenues. This is a total of \$79.0 million for senior colleges and 39.5 million for community colleges. See Appendix Two for the specific amounts for each campus.
- CARES Act allocations for other Minority Serving Institutions. See Appendix Three for the allocations for each campus, totaling \$14.2 million.

New York State and City Options

- The amount of the state-mandated additional budget and allocation cuts, for which decisions are to be made on April 31, June 30 and December 31. The current estimate for the first cut is 10% of state funding to CUNY compared to FY 2019-2020.
- Adopted State Budget Appropriations for CUNY Senior Colleges for FY 2021. Overall this is a 2.1% decrease for the community colleges. Base aid per FTE remains flat which results in overall revenue declines due to enrollment declines.

- NY City Budget for the Community Colleges: There is a 2.8% increase. Many programs not part of the base budget were not funded, including ASAP which enhances student success.
- The amount of any city-mandated cuts to the community colleges: \$20 for FY 2019-2020.
- Whether the State does anything about the differential impacts of the TAP and Excelsior gaps. No changes were made in the adopted budget.
- Changes in the fund allocation principles for SUNY and CUNY. The UFS has advocated that allocations should reflect enrollment factors rather than historically static shares of funding.
- State and City plans and expectations about the timing of phased reopening of the campuses.

CUNY Options

- Tuition increases: The tuition at four-year colleges will increase by \$100 per semester for FY2021, which would generate \$36 million, and for the community colleges there is a tuition increase for FY2021 of \$100 per semester, which would generate \$16 million. The Board of Trustees has not yet adopted the tuition increases.
- Unexpected initiatives like an early retirement incentive program.
- Whether CUNY does anything more about the differential impacts of the TAP and Excelsior gaps. These would involve changes in allocations internal to CUNY at the senior college level to spread the impact.
- Reserves the State or CUNY might require beyond the allocation cuts that are required.
- Deliberate steps by CUNY to preserve faculty lines, such as the centralization of funding for faculty lines under the control of the SVC for Academic Affairs, with separate funds for senior college and community college full-time faculty salary and fringe benefit costs.
- Potential cuts based in the effects of central “savings” initiatives purported to reduce campus operating expenses. CUNY envisions \$24.0 to \$37.6 million in savings based on improved operations. These could reduce central and campus operating costs, freeing up resources to cover campus budget gaps. However, if the actual savings are overstated, then the savings do not offset the campus budget gaps.
- Allocations from CUNY reserves like energy savings and fringe benefit savings. The savings may be greater than projected for 2020, providing funds that can be reprogrammed for FY 2019-2020 and FY 2020-2021.
- How collective bargaining costs are supported. But most of the University’s FY2021 cost increases for collective bargaining, energy, rent and other operating costs are not funded for FY 2020-2021 and have to be absorbed in campus budgets
- CUNY expectations about repayment of prior year “loans.” John Jay, Staten Island. Medgar Evers and York Colleges received support in FY 2019-2020 and may be expected to start repayments in FY 2020-2021.
- The Chancellor has announced a hiring freeze regulated by a Vacancy Review Committee, which should require campus level transparency and advance disclosure of applications for hiring waivers. The Committee should provide monthly reports of decisions shared with the BOT and the campus leaders and FGLs.

- Changes to the CUNY Senior College and Community College Allocation models. Appendix One lists a set of potential ideas for changes to the allocation models. Implementing the most equitable and efficient budget allocation practices should be a priority when funding is scarce.
- CUNY plans and expectations imposed on the campuses based on operational requirements and timing of phased reopening of the campuses.

Campus Options

- General budget transparency promotes understanding and cooperation and assures that all potentially worthwhile ideas are considered. Campuses should provide monthly consultation with designated campus governance leaders, and provide all documents listed in the UFS Best Practices Guide, which is included in Appendix Four.
- The actual availability of Federal, state and city fund allocations which are unpredictable before and during the fiscal year;
- Tuition revenue variations (up or down) based on admissions and enrollment;
- Savings from the full-time faculty and staff hiring freeze. To be most effective, campuses should require, for hiring any position, advance approval by campus budget governance body as well as Presidential recommendation.
- Multi-year planning, particularly for hiring decisions that entail continuing availability of funding, because some categories of Federal funding are only for one year;
- Savings from part-time hiring controls.
- Adjunct expenditure savings if sections can be reduced. The adjunct compensation per section is larger now because of the labor contract agreement. The need for sections would decline if enrollment declined, and/or if fewer sections would be needed for a fully-online semester because there would be no off-peak sections with lower enrollments. The typical occupancy rate would be higher. There is a May 15 deadline for notification of adjunct faculty members about Fall 2020 reappointments.
- Adjunct expenditure increases resulting from reduced classroom seat capacity for social distancing. For example, a 40-seat 900 square foot classroom would meet a typical classroom design standard of 22.5 square feet per occupant. A 6x6 space for each occupant would require at least 36 feet per occupant, and perhaps more for circulation. A 900 foot classroom accommodates 25 occupants at 36 square feet per occupant. More adjunct-taught sections would be needed for additional on-campus sections if the enrollments per section are limited by reductions in classroom capacities necessary to achieve social distancing in the classrooms.
- OTPS expenditure reductions and limits.
- Auxiliary enterprise losses might reduce campus subsidies. For example, fees from cafeteria services would be lower and revenues from space rental charges might decline. Net revenues are sometimes allocated to support campus operating costs and these allocations might not be possible.
- CUTRA balances – possible increases because of savings experienced in FY 19-20 because of closures.

Capital Expenditures and Major Facility Maintenance

- The FY 2020-21 State Enacted Budget authorized \$685 million in new funding:
- \$284.2 million in senior college capital infrastructure appropriations;
- \$300 million in a strategic needs capital matching program for senior colleges: for each \$1 of campus funds \$2 in state matching funds will be made available for strategic needs capital-matching program for senior colleges; subject to a plan approved by the Chancellor and the State Budget Director;
- \$64.3 million in matching appropriations for community college projects that have already received funding from the City of New York.
- Will there be a Federal Infrastructure Investment program, perhaps authorized before the election in November? Should CUNY be preparing project plans?
- Reopening the campuses may require temporary and permanent changes in space use based on public health principles and best practices. Implementing these changes may have direct costs for physical changes and equipment, and indirect fiscal impacts resulting from limiting occupancies in certain types of spaces. Appendix Five presents the net assignable square feet of space for each campus, per 1,000 full-time equivalent students. There is wide disparity in space available per student and this may impair or limit the implementation of public health principles and best practices at some campuses.

Appendix One: Discussion ideas for Allocation Model Changes

These are ideas and options to improve fund allocation methods and models, which are used by the CUNY administration to set the annual budgets of the campuses. Versions of these ideas have been periodically discussed at the UFS Budget Advisory over more than three decades, and the inclusion of any idea is not an endorsement, particularly because the merit of some of these ideas would depend on implementation details.

Community College Model: An option to consider would be the application of the community college model (CCM) to the senior colleges – allocations based on FTE enrollment. A problem is that this does not adjust for structural differences in campuses and differences in costs based on instructional levels and categories of instruction.

Adjusted Community College Model: The CCM could be adopted, with separate fixed cost allocations for special campus features, and allocations for I&DR that are adjusted for types and levels of disciplines. The 1990s Instructional Staffing Model changes attempted to specify differences in instructional staffing based on levels and types of instruction. These might be a starting point for further modeling.

Functional Disaggregation: Changes could be designed and implemented that concern particular categories of funding. For example, a model for the full-time faculty funding might be implemented separately for other categories of funding.

Tuition Revenues and Fund Allocations: If the adopted budgets continue to include unfunded tuition waivers, such as what we have experienced for the TAP and Excelsior, allocation modeling will have to reflect CUNY decisions about whether and to what extent these unfunded waivers are passed through to the campuses, or managed at a university level.

Changes to the Community College Model: Should changes be limited to the Senior College Model (SCM) or should there be an assessment of the CCM following be changes? Are we satisfied with the CCM as it is, for the community colleges?

Allocations for the Specialized Senior Colleges: How are the special needs of campuses like the Graduate Center and the Law School addressed? Should they receive core allocations based on an updated SCM, along with special allocations for special features of the missions and programs of those campuses?

Aligning the Operational Funding Model with Space Planning and Funding: If a revised SCM increases funds for faculty lines at some campuses, how are the space needs of the new faculty members supported?

Rationalizing and Right-Sizing Campuses and Enrollments: How does a revised SCM deal with enrollment changes? Should a change in enrollment at a campus result in changes in SCM

allocations? Should the changes reflect the full cost of the increase or decrease in enrollments? Should planned enrollment changes be treated differently than unplanned ones? Can a revised SCM be implemented at some campuses by right-sizing enrollment? Will CUNY be experiencing enrollment decreases in coming years?

Allocation Modeling for Online and alternative formats for Instruction: Should a revised model treat online instruction differently than campus-based enrollment. Are some of the costs different? Should there be incentives for online or specialized enrollments? Are there other formats for instruction that should be considered?

Performance Incentives and Allocation Models: Should enrollments leading to better graduation and student success outcomes be incentivized in funding allocations?

Local Campus Revenues: How should the achievement of local campus revenues be treated in fund allocation models? Should any of these funds offset budget allocations? Should all such funds be available for local campus activities?

Academic and Instructional Planning: In the past, CUNY has attempted to rationalize program offerings so that the CUNY-wide number of instances of a degree program on disciplinary offering would be limited to foster efficiency and program quality. The idea was that fewer instances of larger and better programs would work better than more instances of programs of varying size, quality and viability. Should this kind of planning be a part of funding model changes?

CUNY Structural Issues: Can CUNY's campus configurations be modified to be more academically effective and operationally efficient? For example, under what circumstances should "schools" be established as entities separate from traditional campuses? Are there delivery system efficiency expectations, and are these expectations met? Should there be greater multi-campus sharing of services? If there is to be an enrollment decline over the next decade, as SUNY is now facing at some campuses, how would CUNY respond?

Transition and Revenue Management: In the past, transition has presented a challenge to changes in the SCM. A strategy could be to transition to changes incrementally. Incrementalism could be based on time – like a 5-year implementation where the new model replaces the old model in 20% increments. Incrementalism could also be accomplished on a function basis, by, for example, implementing a new model for instructional costs before implementing a new model for non-instructional costs. Another related issue involves revenue assumptions. Can a revised SCM be implemented in a revenue-neutral manner, so that gradual increases in allocations to some campuses are offset by gradual decreases to other campuses? If not, are there sources of new funding that can buffer the transition?

Appendix Two: Cares Act Higher Education Allocations

These are allocations from the CARES Act Emergency Relief Fund for Higher Education. The student share is being allocated directly by CUNY to students. The campus share may be allocated to each campus, but the rules are not finalized.

Level	Campus	Total	Campus	Student
S	Baruch	16,563,226	8,281,613	8,281,613
S	Brooklyn	17,627,330	8,813,665	8,813,665
S	CCNY	15,399,906	7,699,953	7,699,953
S	Graduate Center	776,134	388,067	388,067
S	Hunter	19,006,958	9,503,479	9,503,479
S	John Jay	15,320,009	7,660,004	7,660,005
S	Law	141,995	70,997	70,998
S	Lehman	13,293,096	6,646,548	6,646,548
S	Medgar Evers	7,109,437	3,554,718	3,554,719
S	NYCTC	16,209,328	8,104,664	8,104,664
S	Queens	16,736,798	8,368,399	8,368,399
S	Staten Island	\$12,595,956	6,297,978	\$6,297,978
S	York	7,205,414	3,602,707	3,602,707
C	BMCC	26,420,828	13,210,414	13,210,414
C	Bronx	9,658,626	4,829,313	4,829,313
C	Guttman	1,228,352	614,176	614,176
C	Hostos	7,267,430	3,633,715	3,633,715
C	Kingsborough	10,156,521	5,078,260	5,078,261
C	Laguardia	12,917,232	6,458,616	6,458,616
C	Queensboro	<u>\$11,321,080</u>	<u>5,660,540</u>	<u>\$5,660,540</u>
S	Total	157,985,587	78,992,792	78,992,795
C	Total	78,970,069	39,485,034	39,485,035
All	Total	236,955,656	118,477,826	118,477,830

Appendix Three: CARES Act Higher Education Additional Allocations

These are CARES Act allocations for Minority Serving Institutions, in addition to those specified in Appendix Two above.

The authorization letter states:

Unlike the funds under Section 18004(a)(1) for Emergency Financial Aid Grants to Students and for an Institution's Costs, the funds provided under Section 18004(a)(2) and Section 18004(a)(3) of the CARES Act, respectively, are not subject to Section 18004(c), which means institutions are not required to use at least 50% of these funds for grants to students.

Institutions may also use these funds to defray institutional expenses, which under Section 18004(a)(2) and Section 18004(a)(3) may include lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, faculty and staff training, and payroll.

	<u>Strengthening Asian American and Native American Pacific Islander-serving Institutions (AANAPISI)</u>	<u>Strengthening Predominantly Black Institutions (PBI)</u>	<u>Developing Hispanic-serving Institutions (DHSI)</u>	<u>Promoting Postbaccalaureate Opportunities for Hispanic Americans (PPOHA)</u>	
<u>School</u>					<u>Total</u>
Bernard M Baruch College	66387				66387
Borough of Manhattan CC	105008		1613111		1718119
Bronx CC			589436		589436
Brooklyn College	70398				70398
City College	61517		954041	152249	1167807
Graduate Center	3331	81496	58456	11084	154367
Hostos CC			440788		440788
Hunter College	76300		1194146	193386	1463832
John Jay College	61038		941885	149091	1152014
LaGuardia CC	51726		805857		857583
Lehman College			820272	130351	950623
Medgar Evers College		456272			456272
New York City Tech	64586		996886		1061472
Queens College	67136		1049222	169533	1285891
Queensborough CC	45312		705281		750593
York College	28791	474997	446744	71354	1021886
Stella and Charles Guttman CC			74820		74820
College of Staten Island	50351		781877	125036	957264
Total	751881	1012765	11472822	1002084	14239552

Appendix Four: Best Practices for Budget Consultations

University Faculty Senate Budget Advisory Committee

Version 1.0 February 25, 2019

An important summer activity in the CUNY budget cycle is the development, by each campus, of a financial plan. These plans identify the revenues that each campus expects to receive, including targets for tuition and fee revenues. The plans then identify how the funds are to be spent to support campus programs and operations including the salaries of faculty and staff. The plans are eventually submitted for approval by the University Budget Office.

The Budget Office issues a memorandum of Financial Plan instructions to the campuses, including the requirement that the plans be fiscally balanced (spending cannot exceed available funds) and that the Presidents of each campus must provide for consultations with elected student and faculty leaders.¹ As an elected faculty leader you will be invited for these consultations and we encourage you to fully participate.

This statement describes best practices by faculty governance leaders for these consultations.

1. Advance Planning

During the spring semester, identify the faculty governance leaders who will be participating in the consultations. It may also be important to determine the availabilities of participating faculty governance leaders if the consultations take place during the summer. Then clarify with your campus administration their expectations for the consultations.

Also consider the relationship between your faculty consultation group and your campus Committee on Faculty Personnel and Budget,² or its equivalent, which is the body that will actually vote on the financial plan. You might form an informal faculty/chairs caucus, or you might have an official faculty budget consultation committee.

If their approach is unsatisfactory, explain the situation to UFS leaders who may be able to assist you. A goal is to develop and plan and resolve conflicting expectations in advance.

2. Financial Document Archive

¹ Section VIII.8.7.c of the CUNY Bylaws says: "Within the period prescribed by the chancellor, the president shall prepare the annual tentative budget and submit it to the committee for its recommendations. The committee shall make its recommendations within the period prescribed by the chancellor and submit them to the president. The president shall submit to the chancellor, within the period prescribed by the chancellor, such tentative annual budget, together with his/her comments and recommendations and any comments and recommendations of the committee."

² Section VIII.8.a of the CUNY Bylaws says "There shall be in each college a committee on faculty personnel and budget or equivalent committee. The chairperson of this committee shall be the president. The members of the committee may include the department chairs, the vice president of academic affairs and one or more deans designated by the president."

A faculty member should be designated to maintain a Financial Document Archive so that there is a central resource used by faculty governance leaders to access documents that have already been provided, as well as to access copies of similar documents from prior years.

Documents to consider for archiving include:

- The most recent annual financial report of CUNY, which includes a very useful “dashboard” on each campus summarizing enrollment, employment, revenue and expenditure trends;
- The latest draft financial plan or drafts of the plan, including the supporting tables;
- A multi-year table of full-time positions, identifying faculty lines separately from other positions;
- Your campus Auxiliary Enterprise Corporation budget, recent annual financial statement, bylaws, and most recent IRS 990 return.³
- Important contracts of the Auxiliary Enterprise corporation, such as the contract for food services.
- Your campus foundation budget, recent annual financial statement, bylaws, and most recent IRS 990 return.
- Your campus student activities corporation budget, recent annual financial statement, bylaws, and most recent IRS 990 return.
- Any other supporting entity budget, bylaws, and most recent IRS 990 return. These are separate corporations that in some campuses are included in the auxiliary enterprise corporation and in some campuses are separate, like performing arts centers or child care centers.
- Reports of allocations of indirect funds associated with your campus from the Research Foundation;
- Budgets and financial reports for any differential tuitions, excellence fees and program supplement fees that are charged at your campus;
- The facilities and capital projects plan for your campus;
- The requests for city council Resolution A funds for capital projects.

It is also reasonable to ask for a copy of the Financial Plan once it is submitted and approved.

3. Early Consultations

Ideally, consultations should also take place during the spring semester, so that once the allocation memorandum arrives from CUNY, final adjustments are being made to a general plan worked out in advance. Proposals and recommendations presented during the spring semester will have more influence than proposals and recommendations presented just before the financial Plan is submitted.

³ Note that IRS 990 forms are public documents that can be downloaded online. However, there are delays in posting the returns, so campus officials may have more recent 990s that are not yet posted.

The financial plan is a multi-year document, including the following tables:

- Table I - Revenue Projection
- Table II - Multi-Year Plan
- Table III - Anticipated Additional Funds
- Table IV - Multi-Year Hiring Plan
- Table V - IFR/Fund Code 11 Program Summary
- Table VI - Procurement Plan
- Table VII - Community ACE Cash Deposit Schedule

Expenditures such as payroll have to be managed by making informed decisions about employee hiring and replacement over time, and the multi-year hiring plan can be informative.

4. Documents to Request When Consultation is Initiated

While you should have many documents in your archive, it is reasonable for you to ask for documents to review immediately in advance of the consultations. Documents to consider requesting include:

- The latest draft financial plan or drafts of the key tables;
- The latest University quarterly financial report;
- An updated multi-year table of full-time positions, identifying faculty lines separately from other positions;
- Updates of the budgets and financial statements of your campus corporations;
- Updates of reports of allocations of indirect funds associated with your campus from the Research Foundation;
- The facilities and capital projects plan for your campus;
- The requests for city council Resolution A funds for capital projects.

It is also reasonable to ask for a copy of the final version of the Financial Plan once it is submitted and approved.

5. Issues to Consider

As you review and discuss the documents, consider the following strategy issues:

- What priority issues are relevant to the approval of the Financial Plan?
- How will you communicate your assessment of the financial plan. You might consider drafting a statement to your campus Committee of Faculty Personnel and Budget, or its equivalent. That is the committee which will vote on the financial plan. Alternatively you might draft a resolution for the Committee to take up, reflecting the positions of the faculty.

Also consider the following specific issues:

- Are the student admissions and enrollment projections reasonable?
- Have numbers of faculty lines been increasing in proportion to enrollment?
- Are non-faculty positions growing at a rate that exceeds the growth of tenure-track faculty positions? Is there a rationale for the difference in growth?
- What are the plans for faculty and academic support staff in the “multi-year hiring” section of the financial plan.
- How are the Auxiliary Enterprise Corporation surplus funds, and the surplus funds of related corporate entities, being expended to support the college?
- How are campus foundation funds being expended to support the college? What policy is applied to determine the proportion of funds to be expended?
- How are facility maintenance and space issues being addressed?
- What is the CUTRA surplus at the start of the fiscal year, and what CUTRA balance is anticipated at the end of the fiscal year?
- If there are differential tuitions, excellence fees and program supplement fees that are charged at your campus, what evidence is available that the funds are expended in accord with the requirements exacted with the tuitions and fees were established?

It is probably impractical to consider all of these issues on one meeting, but additional meetings should be scheduled during the academic year to go over these topics.

Appendix Five: Space per 1,000 Full-time Equivalent Students

The following table presents the Net Assignable Square Feet of Space (NASF) per thousand full-time equivalent (FTE) students in Fall 2019 for each CUNY campus.

Campus	NASF Space	FTE Students F2019	NASF / 1,000 FTE
Professional Studies	43,124	1,634	26,392
BMCC	756,703	19,680	38,450
Guttman	42,508	1,047	40,600
John Jay	630,543	12,770	49,377
Public Health	26,853	482	55,712
Queensborough	565,727	9,813	57,651
Baruch	878,119	15,069	58,273
NYC Tech	787,080	12,502	62,956
Medgar Evers	312,899	4,587	68,214
Staten Island	747,585	10,646	70,222
Kingsborough	730,740	9,983	73,198
Lehman	852,537	10,650	80,050
Hunter	1,461,826	18,080	80,853
LaGuardia	1,086,496	13,242	82,049
York	501,769	6,101	82,244
Hostos	403,620	4,709	85,712
Queens	1,414,088	15,589	90,711
Journalism	28,080	282	99,574
Brooklyn	1,414,022	14,099	100,292
Bronx	733,702	7,025	104,442
Labor and Urban Studies	15,080	136	110,882
CCNY	1,609,579	12,590	127,846
Graduate Center	491,265	2,778	176,841
Law School	127,860	670	190,836

The NASF figures are from the Fall 2019 Space Statistics by the Office of Facilities Planning, Construction and Management. The John Jay NASF does not include North Hall which is not available for use by the College. The enrollment figures are from the 2019-2020 Mid-Year Financial Report for Fall 2019.