

Hostos Community College Budget Process

Note: The following is largely excerpted from the 2017 MSCHE Periodic Review Report

The Budget Components and Financial Planning Process

The primary source of annual funding for CUNY colleges is tax-levy funding, sourced by CUNY Central via appropriations from New York State and New York City (for community colleges only), and tuition revenue from member colleges. CUNY Central allocates tax-levy funds based on a model that considers student enrollment, contractual obligations related to personnel, maintenance and operational needs, and tuition collection history.

The funding Hostos receives from New York State—via the CUNY Central Office—is based on “per FTE student base aid,” which is a predetermined dollar amount per full-time enrollee. Table 1 shows the increase in per FTE funding from 2012 to 2017.

Table 1: State Per FTE Funding, FY12-FY17

	FY14	FY15	FY16	FY17	FY18	FY19
Per FTE Funding	\$2,422	\$2,497	\$2,597	\$2,697	\$2,747	\$2,847

Funding from New York City is provided by the Office of the Mayor, which allocates the same amount every year in accordance with the maintenance-of-effort agreement.

Tuition revenue accounted for approximately 30% of the college’s funding for the last five fiscal years. In FY11, modest tuition increases of \$300 per year were approved as part of the CUNY Compact agreement. The funds from these five years of tuition increases were specifically earmarked to facilitate improvements on the campuses, including hiring additional full-time faculty, increasing student services and enhancing student financial support. As part of the Compact, CUNY agreed to self-fund a portion of the planned investments by directing each of the colleges to increase enrollment, expand philanthropic support, and create savings through restructuring and efficiencies.

CUNY undertakes a standard process for funding the operating budgets for community colleges and, with the exception of a few CUNY-wide programs, the University does not prescribe the utilization of college allocations. Although colleges remain in active communication with CUNY Central, each institution is responsible for its own budget plan. Once allocations are issued, colleges submit financial plans detailing the projected usage of 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, submitted to the University community. For a more detailed narrative on the general CUNY budgeting process as well as the more specific

community college funding process and timeline, see Appendices [A](#) and [B](#). See Appendices [C](#) and [D](#) for a chart outlining the flow of funds to Hostos, as well as the college's budget timeline.

CUNY typically releases operating budget allocations in July, and financial plans based on those allocations are due to the University in September. Additional allocations from CUNY follow, based on approved special programs and revenue collections. For example, Hostos receives a separate allocation funding for the ASAP program following receipt of the college's regular operating budget.

The college has several additional financial resources. The Hostos Community College Auxiliary Enterprises Corporation administers commissions from the bookstore and cafeteria, and space rental revenue. The Hostos Community College Association oversees use of the Student Activity Fee budget, and funds collected from a separate Student Technology Fee. Philanthropic contributions are raised and managed by the Hostos Community College Foundation, a 501(c)(3) not-for-profit corporation that operates exclusively for the charitable purpose of supporting Hostos Community College. The Foundation encourages assistance through gifts, scholarships, subsidies, endowments, grants, bequests, and other funds.

Hostos does not have a capital budget separate from that of the University. The University's capital budget is a multi-year plan of construction and major renovation projects that is approved by the Board of Trustees. The capital program has two components: the five-year Capital Plan (spanning 2017-2018 through 2021-2022), and the five-year Capital Budget Request. Capital funding for the college is allocated via CUNY from state (NYS Legislature) and city (Office of the Mayor/ NY City Council, and Office of the Borough President) sources for capital improvements on an individual project basis. Per New York State education law, the University can only receive capital funding for community colleges from the State as matching funds to a local contribution; the State of New York provides 50 percent under the condition that the City of New York provides the other 50 percent. College capital requests are based on the current Facilities Master Plan.

Financial Trends

Hostos' annual operating budget for the last 3 years has averaged \$92 million. The college's major cost center, as is the case with other CUNY colleges, is largely determined by personnel obligations, which account for approximately 84% of the budget (including fringe benefits). The remaining 16% of the operating budget is allotted to lease obligations, supplies, equipment, furniture, and recurring expenses such as maintenance contracts and software licenses. Table 2 shows the breakdown of PS and OTPS expenditures for FY2016-2018.

Table 2: PS & OTPS Expenditures FY16-FY18

Fiscal Year	Personal Services (PS)		Other Than Personal Services (OTPS)		Total PS & OTPS
	In Dollars	Percentage	In Dollars	Percentage	
FY16	72,418,731	82%	15,485,269	18%	87,904,000
FY17	79,336,731	85%	14,238,269	15 %	93,575,000
FY18*	80,369,378	85%	14,508,222	15%	94,877,600

Data Source: CUNY College Expenditures Analysis

** Estimated*

Revenue targets, like operating budget allocations, are determined by CUNY and primarily based on FTE enrollment trends. Any excess tuition revenue above enrollment targets can be retained by the institution, while tuition revenues below target result in negative budget allocations. Thus, growing enrollment strengthens college finances.

Appendix A: General Budget Allocation Process for CUNY

Each year, the University submits a tax-levy budget request to New York State 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, energy, and operating costs for new buildings.
- The programmatic request is based on University program initiatives outlined in the Master Plan and is 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 includes an appropriation for special revenue accounts, including the Income Fund Reimbursable Account (IFR), the City University Tuition Reimbursement Account (CUTRA) (for senior colleges only), 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 senior colleges to roll over into subsequent fiscal years excess tuition revenue. It gives senior colleges the ability to plan better for the use of additional revenue and, in effect, grants the senior colleges additional appropriation authority albeit limited due to the non-recurring nature of these resources.
- The Stabilization account enables the colleges and University to carry-over into subsequent fiscal years unexpended tax levy appropriations.

The tuition revenue budget is appropriated by the state to CUNY as a lump sum, and then distributed by CUNY to the campuses. Lump sum allocations include 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. For the community colleges specifically, the University requests increases to state aid on an annual basis. Funding for mandatory increases and special programs for community colleges come from the Office of the Mayor of the City of New York.

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. However, energy budgets are now allocated to the colleges. The colleges have the opportunity to generate additional operating funds by achieving savings. Savings remain with the campus; conversely, deficits must be funded within college budgets.

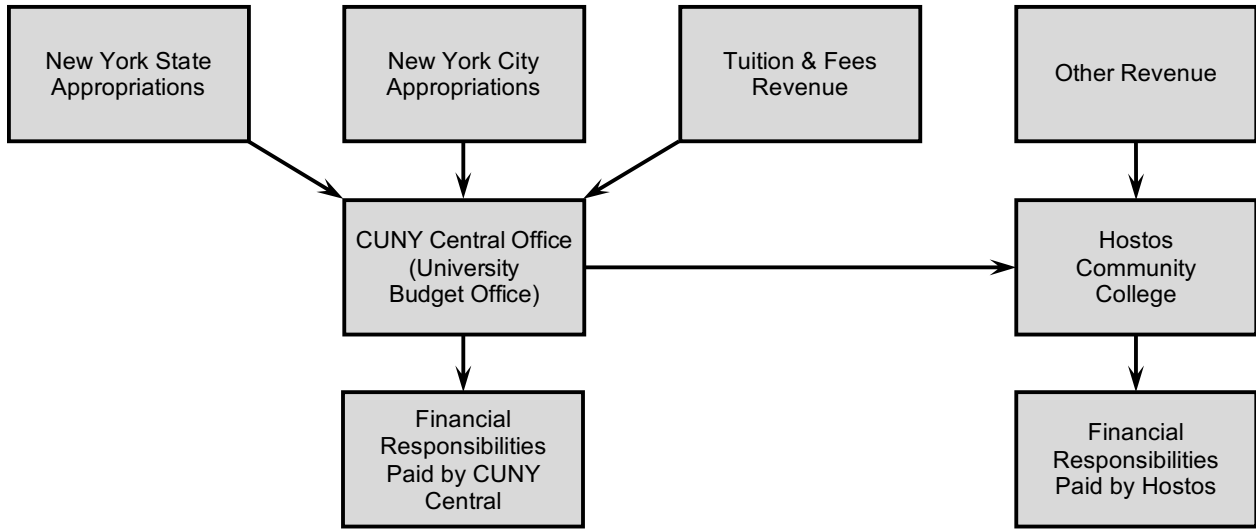
All other sources of funding (grants managed by the Research Foundation of the City University of New York, funds raised by the college foundations and/or auxiliary services) are separate and not managed by the University.

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

Appendix B: CUNY Community College Funding Process and Timeline

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

Appendix C: Flow of Funds



Appendix D: Hostos Budget Timeline

Date	Activities
April-May (Previous FY)	<ul style="list-style-type: none"> • VP of Administration and Finance meets with individual division vice presidents to begin conversation on the new fiscal year budget. 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 of Administration consolidates requests and has a discussion with the college President
July 1	Start of Fiscal Year
July/August	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The financial plan is developed for submission to the University
Ongoing	<ul style="list-style-type: none"> • 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