Hostos Community College Budget Process – Updated August 2021

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" (or "per FTE funding"), which is a predetermined dollar amount per full-time enrollee. Table 1 shows the increase in per FTE funding from 2019–2020 through 2021–2022.

Table 1: State Per FTE Funding, FY 2019–20 through FY 2021–22

	FY 2019–20	FY 2020–21*	FY 2021–22
Per FTE Funding	$2,947	$2,947*	$2,997

* *Note: Due to revenue shortfalls faced by New York State in FY 2020–21, no increase was made to per FTE funding from the previous year. Additionally, New York State is withholding 20% of the total funding that would normally be allocated; this translates to the same percentage withheld from FTE funding.*

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

In typical years, CUNY undertakes a standard process for funding the operating budgets for community colleges and, apart from a few CUNY-wide programs, the University does not generally 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 FY 2021–2022, the College faces significant fiscal challenges. New York State and New York City have both experienced revenue shortfalls as a result of the ongoing COVID-19 pandemic, and overall CUNY community college enrollment has continued to decline; these factors have resulted in funding reductions and a smaller operating budget. See the next section for information specific to the FY 2021–2022 budget condition and the impact of the COVID-19 pandemic.

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. Appendix C includes a chart outlining the flow of funds to Hostos; Appendix D describes 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.

FY 2021–2022 Budget Conditions & the Impact of the COVID-19 Pandemic

Financial uncertainties continue to be part of our reality in FY 2021–2022, as it had been in FY 2020–2021. New York State and the City of New York are both facing significant revenue shortfalls resulting from the ongoing COVID-19 pandemic. Hostos's enrollment decline continues to impact tuition revenue, and continuation of this trend could lead to revenue loss for this fiscal year. The College continues to rely on federal funds to balance our budget, via the CARES Act, CRRSAA, and ARPA[1].

The total of $49.8 million initially allocated to Hostos Community College by the University takes into account a $6.7 million cut to City funding for Hostos in FY 2021–2022. To compensate for this reduction, the University applied $12.3 million from CRRSAA and ARPA stimulus funds.

The University's FY 2021-2022 Budget includes a plan for the use of CRRSAA and ARPA federal stimulus funds. These funds will: cover student debt (through the CUNY Comeback Program) and college revenue losses; allow investment for reopening, student mental health services, the development of online programs and faculty professional development; and fund other eligible expenses related to the pandemic.

Student debt forgiveness from stimulus funding will occur through the CUNY Comeback Program. Announced August 2021, this initiative enables the College to pay off $2.998 million in COVID-19-related student debt incurred from March 13, 2020, through the end of the Spring 2021 semester. Students who meet the program's criteria will also have their financial holds lifted, allowing them to register for Fall 2021 classes and continue their education at Hostos.

A breakdown of Hostos's CRRSAA and ARPA allocations appear in Table 2.

Table 2: CRRSAA & ARPA Plan: Institutional Allocation for Hostos CC – August 2021

FY 2021 Commitments	$7,299,440
Student Support and Retention (CUNY Comeback Program)	$2,998,000
Reopening	$459,000
FY 2022 Revenue Loss	$10,223,500
FY 2022 Mental Health Services	$277,778
Online Program Development	$213,600
Faculty Professional Development	$491,400
Other FY 2022 & FY 2023 Eligible Uses	$5,282,864
Total CRRSAA & ARPA Plan	**$27,245,582**

[1] The CARES Act is the Coronavirus Aid, Relief, and Economic Security Act.
CRRSAA is the Coronavirus Response and Relief Supplemental Appropriations Act.
ARPA is the American Rescue Plan Act.

Financial Trends

Hostos's annual operating budget for the last 3 years has averaged $96 million. The college's major cost center, as is the case with other CUNY colleges, is largely determined by personnel obligations, which typically account for approximately 85% of the budget (including fringe benefits). The remaining 15% of the operating budget is allotted to lease obligations, supplies, equipment, furniture, and recurring expenses such as maintenance contracts and software licenses. *Table 3* shows the breakdown of PS and OTPS expenditures for FY 2018–19 through FY 2020–2021.

Table 3: PS & OTPS Expenditures FY 2017–18 through FY 2019–20

Fiscal Year	**Personal Services (PS)**		**Other Than Personal Services (OTPS)**		**Total PS & OTPS**
	In Dollars	**Percentage**	**In Dollars**	**Percentage**	
FY 18–19	85,449,421	86%	14,357,579	14%	99,807,000
FY 19–20	88,007,366	88%	11,530,564	12%	99,537,929
FY 20–21*	87,914,805	90%	10,285,455	10%	98,200,261

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.

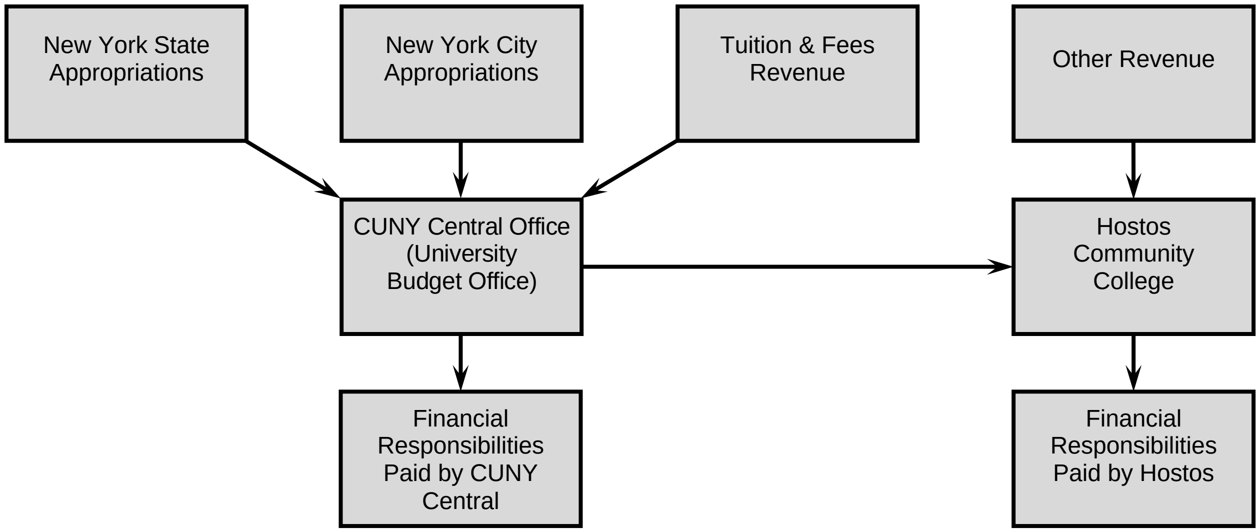
All other sources of funding (grants managed by the Research Foundation of the City University of New York, funds raised by the college foundations and/or auxiliary services) are separate and not managed by the University.

The University gives the colleges their own customized excerpts of the overall CUNY audited financial reports and A-133 audits.

Appendix B: CUNY Community College Funding Process and Timeline

July–October	November–December	January–March	April–June
• A call letter from the CUNY Chancellor is sent to the College Presidents. • College Presidents submit college priorities for consideration by The University. • The University consults with faculty and student governance organizations regarding groups' budget priorities and concerns. • The University prepares draft overview of budget request and consults with Council of Presidents and Board Committee on Fiscal Affairs.	• A draft budget request is presented to the Board of Trustees' Fiscal Affairs Committee for review and consideration. • A board hearing is held on draft request. • The full Board of Trustees considers Budget request. • The Board-approved budget request is formally transmitted to City and State Executive branches for consideration.	• The State of New York releases its executive budget recommendations. • The City of New York releases its financial plan and preliminary budget. • Testimony on the impact of the NYS executive budget recommendations is delivered before the NYS Senate Finance Committee and NYS Assembly Ways and Means Committee. • Testimony on the impact of the NYC financial plan and preliminary budget is delivered before the City Council Finance Committee and Higher Education Committee, and the Borough Presidents.	• The NYS executive budget is adopted by the April 1 deadline. • NYC executive budget recommendations are released by the April 26 deadline. • Testimony on the impact of the NYC executive budget is delivered before the City Council Finance Committee and Higher Education Committee. • The NYC executive budget is adopted by the June 5 deadline.

Appendix C: Flow of Funds



Appendix D: Hostos Budget Timeline

Date	Activities
April-May (Previous FY)	• 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	• 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
Ongoing	• 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*