

Hostos Community College Budget Process – Updated October 2020

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 2018-2019 through 2020-2021.

Table 1: State Per FTE Funding, FY 2018 – 19 through FY 2020-21

	FY 2018 – 19	FY 2019 – 20	FY 2020-21*
Per FTE Funding	\$2,847	\$2,947	\$2,947*

* 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, with the exception of 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 2019 – 2020 in particular, the University Budget Office will monitor college staffing and expenditure patterns, with a goal of reducing this spending by 2%.

For FY 2020 – 2021, 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](#) and [Appendix E](#) for information specific to the FY 2020 – 2021 budget condition with 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 2020 – 2021 Budget Conditions & the Impact of the COVID-19 Pandemic

From its start on July 1, 2020, financial uncertainties have been a defining characteristic of FY 2020-21. New York State and the City of New York are both facing significant revenue shortfalls resulting from the ongoing COVID-19 pandemic, and the timing of receipt of federal funds via the CARES (Coronavirus Aid, Relief, and Economic Security) Act came with its own unknowns. The result is that CUNY has refrained from presenting an annual budget plan, and has made several shorter-term allocations instead.

All CUNY institutions were allocated monthly budgets for July, August, and September 2020. In October 2020, those allocations were revised and extended into a seven-month budget effective July 1, 2020, through January 31, 2021. The decision to provide this budget was made at CUNY Central Office so institution could address financial planning needs for the remainder of the Fall

semester and the Winter session. The information would also help schools prepare budget scenarios for the Spring 2021 semester.

The total of \$30,026,000 allocated to Hostos Community College by the University takes into account cuts to State and City funding in FY 2020 – 2021, as well as the availability of certain CARES Act funds. More specifically:

- New York State is using the previous year’s per FTE student base aid to calculate funding, and is withholding 20% of that amount and all other funding categories. This means that the College is receiving only 80% of overall funding from the State, including per FTE funding and TAP tuition reimbursements.¹ The State also implemented an additional \$5.4 million reduction in funding for all CUNY community colleges due to enrollment decreases.
- The City of New York enacted a budget for FY 2020 – 2021 that included \$46.3 million in reductions for CUNY overall. Central Office will absorb over half of that funding cut, but this still means a decrease for Hostos totaling \$2 million. The City previously cut \$20 million for community colleges mid-FY 2019 – 2020. (See [Appendix E](#) for information sent to the campus community in April 2020.)
- Part of the October 2020 budget allocation was based on CARES ACT funds for three categories: Reimbursement of Tuition and Fees (\$16M CUNY-wide); Health and Wellness (\$5M CUNY-wide) and IT Infrastructure (\$20M CUNY-wide). A breakdown of Hostos’s CARES Act allocation appears in Table 2.

Table 2: CARES Act Institutional Portion Allocation for Hostos CC – October 2020

A. Tuition and Fee Reimbursement	\$42,194
1. Campus Health and Wellness Services	\$264,188
2. Assessment for Central Office Services	\$13,590
B. Subtotal: Health and Wellness Services (Lines 1 & 2)	\$277,778
3. Campus IT Investments for Distance	\$252,133
4. Central Office Laptops and iPads Purchases	\$291,140
C. Subtotal: IT Investments for Distance Learning (Lines 3 & 4)	\$543,273
Total (Lines A, B, & C)	\$863,245

Tuition revenue has also been impacted in FY 2020 – 2021, as enrollment for Fall 2020 was lower than previous years. If this trend continues for Spring 2020, the annualized total for FY 2020 – 2021 could equate to a \$2 million shortfall.

¹ TAP awards to students are not impacted by this change, and students will continue to receive their full grant amount. Instead, this means that the College will only receive 80% of the amount it would normally receive as a tuition reimbursement from the State, which translates to a decrease in tuition revenue.)

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 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 2016 – 17 through FY 2018 – 19.

Table 3: PS & OTPS Expenditures FY 2016 – 17 through FY 2018 – 19

Fiscal Year	Personal Services (PS)		Other Than Personal Services (OTPS)		Total PS & OTPS
	In Dollars	Percentage	In Dollars	Percentage	
FY16-17	79,336,731	85%	14,238,269	15%	93,575,000
FY17-18	80,369,378	85%	14,508,222	15%	94,877,600
FY18-19*	85,449,421	86%	14,357,579	14%	99,807,000

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.

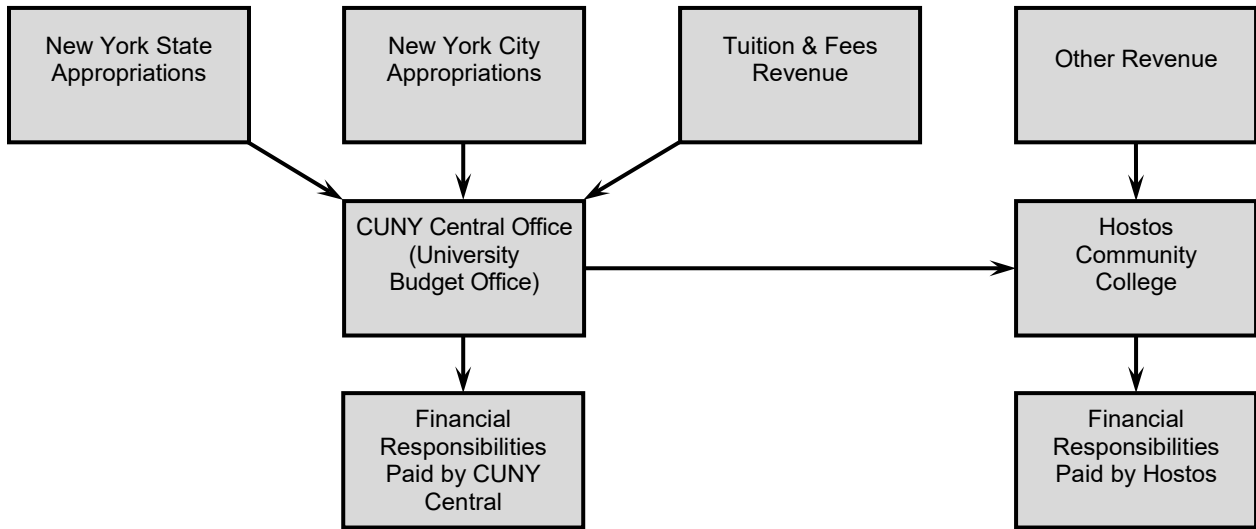
All other sources of funding (grants managed by the Research Foundation of the City University of New York, funds raised by the college foundations and/or auxiliary services) are separate and not managed by the University.

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
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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)	<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*

Appendix E: COVID-19 Budget Impact

In April 2020, the below memo was distributed to the campus community to update the community about mid-year budget cuts from the City of New York and to provide early information about potential pending financial challenges.

Subject: Open Letter to the College Community Regarding Our Financial Future
Date: Thursday, April 23, 2020 at 2:50:43 PM Eastern Daylight Time
From: OFFICE OF ADMINISTRATION AND FINANCE
To: HOSTOS DISTRIBUTION LIST



OFFICE OF THE SENIOR VICE
PRESIDENT OF ADMINISTRATION &
FINANCE

April 23, 2020

Dear Hostos Community College community,

As the Chief Financial Officer for this institution, I write in the spirit of transparency to share our financial outlook for FY 2020-2021.

Background

Hostos comes to our current financial situation having endured funding challenges for the past 3 years. For FY 2017-2018, we managed with a \$800,000 cut and in FY 2018-2019, we had \$600,000 less available.

The college began this fiscal year, FY 2019-2020, with a permanent baseline budget reduction of \$1.2 million, the result of decreases in allocations from the City of New York and New York State. This cut was managed through revenue reserves, minor reductions in OTPS spending and vacancy accruals. Impacts to budgets were outlined in a September 10, 2019 memo for distribution to the Budget and Finance Committee of the College-Wide Senate. At that time I made clear that further budget reductions, in following years, would require the college to review all spending categories and determine where cuts could be made.

The College Administration has made a concerted effort to avoid reductions that could harm programs, faculty, or student areas. The unfortunate reality of our current circumstances—shaped not only by further decreases on the state and city level but the economic repercussions of the COVID-19 pandemic—is that difficult decisions lie ahead.

Now, and What Lies Ahead

Earlier this month, the CUNY community colleges received notice that the Mayor's Office of Management and Budget (OMB)—itself faced with declining revenues resulting from the public health crisis—had requested the community colleges to collectively reduce their budgets by a total of \$20 million. The university has indicated that they will provide half that amount, with the remaining to come directly from the community colleges via their OTPS budgets. Hostos represents ten percent of the CUNY community college budget. Therefore, our share is \$1 million of the OTPS allocation. This, of course, is in addition to the \$1.2 million cut for FY 2019-2020 that had to be accounted for in our current financial plan.

The City Office of Management and Budget (OMB) subsequently informed CUNY of new guidance for city-funded, tax levy voucher payments, including those for special programs. OMB has specified that their office will only process voucher payments for four specific categories until further notice:

1. Life/Safety (items and/or services to avoid or mitigate serious danger to life, safety, and/or property);
2. COVID-19 Related Expenses;
3. MWBE Contracts;
4. Human Services Contracts (defined as social services, health or medical services, housing and shelter assistance services, legal services, employment assistance services, and vocational or educational services).

Regrettably, the tremendous effect that COVID-19 has had on state and city revenue will continue into FY2020-2021 and beyond. We face tough years ahead. Hostos may have reductions of anywhere between \$2 million to \$3.0 million for FY 2020-2021. If tax revenue expectations continue to drop, the City and State of New York are poised to request additional cuts to the university and its campuses.

Furthermore, we have been advised by CUNY Central Office that a hiring freeze will be implemented. At that time, only critical positions will be approved. The University will provide guidance at a future date.

A ray of hope comes to us through this bleak news. The Coronavirus Aid, Relief, and Economic Security Act—the CARES Act—establishes an Education Stabilization Fund that will have a direct impact on students in the short term. An initial \$3.6 million disbursement from the Education Stabilization Fund will go directly to Hostos students in the form of emergency financial aid grants.

Additional monies, represented by a second disbursement of \$3.6 million, will be distributed at a later date through the university and may be spent on the institution's crisis-related expenditures. The Central Office is still working on the disbursement of CARES Act funds to the colleges. Once we have more information it will be easier for us to understand what this one-time disbursement means for the institution.

The role of my office will be to work with the heads of each college division, and with President Gómez and Interim President Cocco De Filippis, to assist with planning for FY 2020-2021 once we understand the full scope of our fiscal situation. Division leadership, in cooperation with their

directors and chairpersons, will themselves be responsible for determining how to decrease spending in line with the proportional reductions they receive.

Final Thoughts

While we face uncertainty and the difficulty of decreases in funding from the state and city, we must recognize they have their own budgetary shortfalls to address. The reductions they need to make include decreasing funding for higher education, among other areas. Their decisions are no less difficult than ours.

This is, after all, a collective effort at multiple levels. The cuts we must regrettably make, by virtue of circumstances, must still allow Hostos to meet the goals of the college's mission.

Our students are the priority for our institution. We serve a population disproportionately affected by the pandemic, and we must support them as much as we can. I trust we will get through this together.

Sincerely,

Esther Rodriguez-Chardavoyne
Senior Vice President, Division of Administration & Finance