

August 29, 2019

Budget 101

Given the budget challenges that we face this year it is important to understand that we have multiple budgets and each has specific rules, best practices, and laws regarding how the money is to be used. It is especially important to understand that they cannot be comingled. I will be sending out a series of budget memos this semester and they should all be interpreted in light of this general overview. Below is a brief description of our budgets:

1. Operational Budget: this budget is allocated by CUNY and funded through tuition collections, state subsidy, and a little city money. We sometimes refer to this as our “tax levy” budget because it comes from city and state taxes. Some of this money can be allocated across campus at our discretion and other is called “lump sum” and must be used to support programs specified by CUNY. The operational budget is to provide for our full-time personnel, part time personnel (PS in reference to “personnel services”) and contractual services, maintenance and supplies, and materials (called OTPS in reference to “other than personnel services”). Best practice for any educational institution is to have the PS part of our budget be around 85% and OTPS 15%. If OTPS decreases below 15%, funds are not sufficient to provide for supplies, travel, and maintenance to properly support the work environment of employees.
2. Capital and Critical Maintenance Budget: This is money from the state and allocated by CUNY for construction and capital eligible repairs that by state law cannot be used for operational expenses. Capital money is for large projects (e.g., paving of loop road, renovation of 2M, new gutters, construction of a new electrical substation, new sidewalks) and cannot be used for routine repairs and labor costs for campus upkeep – both must be covered by our operational budget.
3. Related Entity Budgets: This category is made up of many different budgets and is sometimes referred to collectively as our “non tax levy” (NTL) budget. Some of the major budgets include:
 - a. Auxiliary Services Corporation which provides support for the campus for things like housing, bookstore, rentals, and food service.
 - b. CSI Foundation which manages money from philanthropy. Most Foundation money is restricted to support programs specified by the donor and includes scholarship funds as well as support of particular programs or projects. By federal IRS law the money must be used as specified by the donor.
 - c. The CUNY Research Foundation manages money received from federal, state, and city agencies in support of research. Money from the grant budget must legally be spent according to the approved budget. However, many granting agencies (NSF, NIH) know that it requires significant operational support to maintain research facilities and provide overhead above the budgeted request. Overhead pays for operational expenses of the RF and the remainder is given to the campus where it is shared between academic affairs and the president’s office and is appropriately used to support operating costs of the campus.

Each of the above entities is a legal state-chartered corporation and the money must be spent according to the state charter, the corporation bylaws, CUNY policy, and the board of director's resolution. Each corporation has an Executive Director and a Board chair/president.

4. Student Money: In addition to tuition, students pay fees to assist with providing quality in certain areas. There are two main ways this money is allocated:
 - a. Student Technology Fee money earmarked to support technology. This money is managed by a committee as specified by CUNY bylaws made up of students, faculty, staff, and administrators. There are very specific rules on the types of initiatives that can be supported by this money.
 - b. CSI Association is a corporation that manages revenue generated mostly from student activity fees. The corporation has an executive director managed by a board president and board members representing students, faculty, and administrators consistent with CUNY bylaws. Very specific rules exist as to how this money is spent and must follow the allocation of fees approved by the CUNY Board of Trustees (e.g. athletics, child care, student government, publications, radio station, transportation, clubs, activities, etc.)
5. Special Allocations: Money from city, state, and elected officials is received through lobbying and fundraising for specific projects. These are generally for capital projects or for one-time equipment purchase and must be used for the specific project for which they are allocated. It is important to note that it is illegal for any college employee to request such money from an elected official unless that person is a registered lobbyist (meaning the College President and the VP for Government Relations). Our elected officials have been very generous for supporting our athletic facilities, transportation, construction, as well as support for many academic initiatives (e.g., trading room floor, MakerSpace, media culture labs, tv studio, breast cancer research, and many others)
6. Reserve Money: If we have excess money in our operational budget, we can roll it to next year's budget through the City University tuition reserve account (CUTRA). CUNY guidance on appropriate CUTRA levels range from 1% and no more than 3% of our operational budget. CUTRA can be used for special projects but should not be used to supplement recurring costs.

It is important that the campus operate within its operational budget – expenses must not exceed our operational allocation and should not be supplemented from other budget categories which are reserved for needs of those organizations. These organizations exist to support the campus through services that would not otherwise be possible (e.g. dining services, book store, housing) and by providing for one-time initiatives.

Several of our related entities hire their own employees and some engage in their own labor negotiations with appropriate unions (e.g., auxiliary services and CSI Association). These entities provide their own HR and payroll. It is important to understand that following CUNY best practices we have employees in our operational budget whose salaries are reimbursed from

related entities. This is generally where there are too few employees to justify separate HR and payroll (CSI Foundation) or where compliance best practices are to have CUNY employees subject with the benefits and rules of the entire university (athletics). While these employees are in our operational budget there is no net effect on the budget as we are fully reimbursed by the appropriate agency.

In summary, we have a complex budget structure and it is important for the campus to have a basic understanding of the rules associated with each entity. It is also important that we spend the money consistent with CUNY and CUNY Board of Trustees policy and directives, city, state, and federal law, as well as rules of various accrediting agencies.

Bill Fritz
President