

Budget Challenges

October 3, 2019

Dear Members of the Campus Community,

As a follow up to my previous budget memos

https://www.csi.cuny.edu/sites/default/files/pdf/presidentsoffice/newsletter/Welcome_Back_Budget_Statement.pdf;

<https://www.csi.cuny.edu/sites/default/files/pdf/presidentsoffice/newsletter/Budget101.pdf> , I write to provide additional clarity on our challenges for this year. Our task is to produce a budget for FY20 and beyond that allows us to have our expenditures not be greater than our tax levy resources. As I have previously stated, our CUTRA and NTL resources should be used to invest in areas that generate the revenue and to provide for one-time enhancements rather than to supplement our operating budget.

These challenges are mostly a result of a \$16M budget reduction over the past few years. About a third of the reduction resulted from state reductions, another third resulted from labor set asides based on the state no longer funding collective bargaining agreements, and the final third resulted from our decrease in enrollment and sub-par collections.

For those interested in the big picture, our tax-levy resources for FY19 were \$163,953,000 (\$164M)

https://www.csi.cuny.edu/sites/default/files/pdf/presidentsoffice/finReport/FY2019FinancialReport_P52.pdf. Of this \$164M, \$79.7M should have been collected from student tuition; however, it created a problem when we collected \$2.4 less than anticipated. Collection of tuition is central to us having a viable budget with the need for sufficient resources to care for our facilities as well as to care for our faculty and staff through adequate supplies, professional development, and travel. As you can see from FY 2019 year-end report, our personnel costs are \$97.7M (plus \$42.9M in fringe benefits) leaving only \$6.15M for OTPS. I must note that these resources include tuition, differential tuition, lump sum allocation, and student tech fee). There are no other resources; therefore, to balance the budget we had to use efficiencies and non-tax levy resources in ways that are not sustainable.

The picture for FY20 looks to be about the same, except that our labor set aside will increase from \$1.8M to \$5.1M and our budget has been decreased due to low collections. This means that our spending authority also decreased. The good news is that if we improve our collections, we get to keep the money.

To put our challenges into context we have somewhere between a \$2.5M and a \$5.0M problem in order to achieve a balanced budget for FY20. While this sounds like a lot of money, in actuality it is between a 1.5% and a 3% problem, something we can do if we work together. I believe that most of the problem should be shared across four areas with each playing an appropriate role in the discussions:

- 1) Our collections must improve.
- 2) Enrollment, including both admission and retention, must increase.
- 3) I have asked that the Provost lead discussion in academic affairs about workload, reassigned time, courses with workload credit that exceed student credit, course caps, and the appropriate use of adjuncts, sub lines, and lecturers.
- 4) We must explore efficiencies outside of Academic Affairs such as rebidding of contracts, save money by hiring our own staff rather than the use of contracted services, and in other areas, use more contracted services, move staff from lower to higher need areas, combine units with similar functions, and implement the use of shared services.

If we do this right and each of the four areas above can show improvements, we can present a balanced budget that includes more money for travel and professional development, as well as more resources to take care of our campus.

I believe that the future is bright and that our efforts will continue to make CSI into a Destination Campus.

Sincerely,

William J. Fritz
President