

# Summary of Presentation

## John Verzani and Ned Benton

### UFS Summer Plenary July 21, 2020

#### General Overview

CUNY awaits more information from the state before adopting a budget. The state seems to be waiting for more information about a summer 2020 CARES/HEROES bill with more support for higher education and state/local government. Therefore:

- There is no information about the cuts NY is mandating from state agencies.
- Plans for spending the CARES act funds are not yet approved by the state.
- The CUNY Board has not approved a budget.
- No allocations have been issued to the campuses.

#### Adopted City Budget

The city adopted a budget in a timely manner for the upcoming fiscal year. The University provides an analysis. This analysis will be [here](<https://www.cuny.edu/about/administration/offices/budget-and-finance/>), but it is not yet there. For now, It can be found [here](<https://csi-covid19.github.io/CUNY/fy2021-city-budget.pdf>).

#### Highlights:

There was a fiscal year 2020 (FY20) adjustment to the monies allocated to the CCs. These include reductions to the CUNY Tutor Corps (2M), the College Visits program (0.9M), and contract spending (1M). (The analysis is relative to the Mayor's executive budget; this budget had mid-year reductions. For the CCs, there was a 13M duction in reserves in the Q3 report, up from an anticipated 5M reduction.)

For next year, FY21, the college bumps overall funding from 459.9M to 464.6M (1.02%). (511M was requested)

#### Changes include

- an additional 25.3M in *efficiencies* (totaling 46.3M for FY21). (The view point that in this context efficiencies and cuts are interchangeable was expressed.)
- 13.5M in collective bargaining increases
- 11.5M in fringe benefits
- 4.4 for building rentals

At one time, ASAP was to be deferred (to save 54.3M). There was *some* restitution, 34.3K direct funding restoration to the program and a 20M increase to the University's target for savings efficiencies.

Several items that were possibly threatened were supported, including: Vallone Scholarships (16M), 1M for food insecurity programs, 2.3M for CUNY research institutes, 3M for Citizenship now, 1.2M for new technology...

The 5-year adopted *capital* budget includes 636.7M in city funding

There is 43.9M in Reso A funding for FY21. (Borough President funding of projects)

### Adopted State budget

The state budget picture is still very uncertain. Around April 1, the state adopted a budget. CUNY's position then looked similar to the year before (increases of around 2% when expenditures increased around 5%).

However, this budget had 3 stop out points (4/30, 6/30, 12/31). Around April 30, the state announced it would likely trim back 8.2B from state agencies of which CUNY is a part (~10%) **provided** no additional federal funding was forthcoming. On June 30, no new adjustments were made.

However, State Comptroller Thomas DiNapoli reported recently that tax receipts in June fell 475M *below* the Cuomo administration pandemic-revised forecast.

The state *seems* to be waiting for the federal government to decide if it will add significant additional funds in a HEROES or new CARES act before committing. According to reporting at

[\[www.thecity.nyc\]\(https://www.thecity.nyc/2020/7/16/21327761/cuomo-aoc-federal-aid-new-york-budget-billionaires-tax?mc\\_cid=cc7ac511f1&mc\\_eid=a0a8e88ef\)\)](https://www.thecity.nyc/2020/7/16/21327761/cuomo-aoc-federal-aid-new-york-budget-billionaires-tax?mc_cid=cc7ac511f1&mc_eid=a0a8e88ef) a state budget is not expected until September.

### CARES ALLOCATIONS

The CARES Act Higher Education Emergency Relief Fund-Institutional Portion (ED-GRANTS-042120-004 also known as HREEF) allocates \$237 million to CUNY of which half is to be paid directly to students, and the other half - \$118.5 million – may be used for campus operations provided that the expenditures “cover expenses related to the disruption of campus operations due to coronavirus.” CUNY’s plan to spend the HREEF funds has to be approved by NY State.

Level	Campus	Total	Campus	Student
S	Total	157,985,587	78,992,792	78,992,795
C	Total	78,970,069	39,485,034	39,485,035
All	Total	236,955,656	118,477,826	118,477,830

Burke/Benton/Verzani statement

- the value of time and materials expended for preparation for eventual campus-based instruction in modes that reflect best public health practices;
- retention of faculty and staff so that current faculty and staff can continue to commit a substantial part of their working hours (much greater than 3%) to mitigate COVID-19 impacts affecting campus safety and student academic success, and to continue to implement significant changes and enhanced efforts in campus operations and the shift of the delivery of instruction, advising and administration from site-based to online modalities.

### SUMMER 2020 CARES/HEROES BILL

The CARES act funding was \$14 billion, and it resulted in the attached allocations totaling \$237 million to CUNY.

A preliminary version of the Senate's summer 2020 bill allocates \$105 billion, of which \$30 billion is for higher education. How this would actually benefit us depends on many factors yet to be determined:

- Will the President and the House agreed to this? The House \$3 trillion HEROES bill includes only \$27 billion for higher education, so we don't really know.
- What will the rules be? Will 50% be allocated for direct payments to students? Will the institutional funds have to be spent on COVID mitigation not operating expense gaps? Will the allocation formula be like the CARES formula that benefited campuses with students with financial needs?
- Will there be an allocation for state and local government that will reduce the need for the state to assign cuts for agencies because of tax revenue shortfalls? (The House bill provides \$375 billion in a local fiscal relief fund.)

### **FY 20-21 Allocations**

- Directives to campus (we heard at the last BAC these were: to expect at least a 3% cut, which was based on known knowns at the time, but not known unknowns; this was different than the earlier 10% expectation)
- JULY Spending Allocation: CUNY has not issued anything publicly.
- The budgets were posted directly into CUNYfirst in order to give colleges sufficient spending authority for the month.
- The method that was used to determine the month's appropriation was:
  - 1) we took the Campus-Based Projected Expenditures from the FY2020 Third Quarter Financial Report, and took 1/12<sup>th</sup> of the total and
  - 2) we then discounted this number by 20%, to account for the fact that July is always one of the lowest months in terms of expenditures, as well as for the need to implement further reductions in FY2021

### **Tuition increase/Wellness fee**

In the University Budget [request]([https://www.cuny.edu/wp-content/uploads/sites/4/page-assets/about/administration/offices/budget-and-finance/FY2021-CUNY-Budget-Request\\_2020-02-10\\_FINAL.pdf](https://www.cuny.edu/wp-content/uploads/sites/4/page-assets/about/administration/offices/budget-and-finance/FY2021-CUNY-Budget-Request_2020-02-10_FINAL.pdf)), the university requested increased tuition at the senior colleges by \$100 per semester, as it has done for the past several years under the "predictable" tuition policy. This year the university *also* requested the same increase for community college students, which hasn't been the case of late. These increases project to an additional 36M and 16M in resources.

In addition, a \$60/semester wellness fee was proposed.

CUNY was given authority to impose these costs by the state, but *both* are pending board approval. In the normal order, these two increases would have been voted on in June. Neither vote occurred. Whether a vote will finally happen and if it were to happen, whether either would pass is currently uncertain. It is not clear that were a vote held, it would pass through the Fiscal Affairs committee, the only committee faculty would have a vote on this matter and the budget allocations overall.

### **Food Service Contract – CULINART**

- CulinArt Group, Inc., part of the large Compass Group family of food companies, awarded a contract to provide food service operations CUNY-wide – except CSI.

- \$16,000,000 in facility improvements, technology, pre-opening and transition expenses.
- \$2,000,000 to support students who are food insecure
- If in any year, operating costs exceed gross sales, the vendor shall be solely responsible for the loss. If in any year the food service operations generate annual profit in excess of 3% of gross sales, the vendor will pay to CUNY an amount equal to 80% of the annual profit in excess of the 3%, and vendor shall retain an amount equal to 20%.
- two tiers of pricing based on whether the campus currently prices significantly above or below “street value.”
- phase one colleges will include Baruch College, City College, the Graduate Center, John Jay College, Kingsborough Community College, Medgar Evers College, Queens College, Queensborough Community College, and York College. Phase 2 are the others.

# **SPRING 2020 CARES ACT ALLOCATIONS TO CUNY**

<b>Level</b>	<b>Campus</b>	<b>Total</b>	<b>Campus</b>	<b>Student</b>
S	Baruch	16,563,226	8,281,613	8,281,613
S	Brooklyn	17,627,330	8,813,665	8,813,665
S	CCNY	15,399,906	7,699,953	7,699,953
S	Graduate Center	776,134	388,067	388,067
S	Hunter	19,006,958	9,503,479	9,503,479
S	John Jay	15,320,009	7,660,004	7,660,005
S	Law	141,995	70,997	70,998
S	Lehman	13,293,096	6,646,548	6,646,548
S	Medgar Evers	7,109,437	3,554,718	3,554,719
S	NYCTC	16,209,328	8,104,664	8,104,664
S	Queens	16,736,798	8,368,399	8,368,399
S	Staten Island	\$12,595,956	6,297,978	\$6,297,978
S	York	7,205,414	3,602,707	3,602,707
C	BMCC	26,420,828	13,210,414	13,210,414
C	Bronx	9,658,626	4,829,313	4,829,313
C	Guttman	1,228,352	614,176	614,176
C	Hostos	7,267,430	3,633,715	3,633,715
C	Kingsborough	10,156,521	5,078,260	5,078,261
C	Laguardia	12,917,232	6,458,616	6,458,616
<u>C</u>	<u>Queensboro</u>	<u>\$11,321,080</u>	<u>5,660,540</u>	<u>\$5,660,540</u>
S	Total	157,985,587	78,992,792	78,992,795
C	Total	78,970,069	39,485,034	39,485,035
<b>All</b>	<b>Total</b>	<b>236,955,656</b>	<b>118,477,826</b>	<b>118,477,830</b>