

IV. Operating Budget – Conclusions

The allocation of resources is only one part of an organization's planning and budgeting process. As such, it is important to understand how resource allocation fits in with the establishment of strategic goals and the actions taken to implement them. Accordingly, we have evaluated CUNY's budget planning and resource allocation processes based on five key planning components (see facing page) and have used these same components to develop our conclusions and recommendations for resource allocation. A brief description of each component follows:

1. Strategic Planning

An effective strategic plan identifies the priorities of an organization for carrying out its mission and provides a guideline for allocating resources to support these priorities. This guideline should not only identify the initiatives in which the organization will invest, it should also impact the decisions made by different units of the organization in terms of their independent plans and spending priorities.

2. Implementation

In implementation, an organization carries out the strategic plan through the creation of specific action plans and the identification of how resources need to be allocated to be in alignment with these plans. The request for funding for government support is then created, and once appropriated, the funds are distributed as defined by the action plans.

3. Evaluation

Through evaluation an organization carries out its plan to determine how effective actions taken have been in meeting the goals of the organization's strategy. Part of this evaluation is to determine how effectively allocated resources were utilized to meet these goals. Once the outcomes of specific actions have been evaluated, this information should feed into future planning processes to determine if and how strategies should be changed.

4. Governance

An effective governance structure provides an institution with the leadership and support needed to establish and carry out its strategic plan. The governing bodies of an organization have control over the direction taken by the organization and how resources will be used to move the organization in that direction.

5. Infrastructure

Infrastructure relates to the technology, policies and processes in place within an organization that support the administration and management of actions taken to implement the strategic plan, as well as the resources allocated to these actions during implementation.

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A. Strategic Planning

Due to a lack of consensus around a direction for the university as a whole, CUNY has not been able to create an effective framework for establishing university priorities to guide the allocation of resources or to help campuses set their own priorities as unique components of the larger institution.

The mission of The City University of New York, as described in New York State Education Law, Section 6201 of Article 125, establishes CUNY as:

- An integrated system of senior and community colleges with its own independent Board of Trustees;
- Responsive to the needs of its urban setting and maintaining close articulations between campuses;
- A university committed to academic excellence and providing equal access and opportunity for all faculty, staff and students.

CUNY has had a difficult time carrying out this common mission, however, since the institution lacks consensus on what the campuses and the university as a whole should do to support it. For example, there are differences of opinion among the campuses around many core university issues, including:

- The quality of the overall education at CUNY, particularly at the community college level versus the senior college level. This has led to difficulty in establishing articulation agreements and the acceptance of transfer students among the campuses.
- The role that CUNY should play in remedial education
- Priorities for funding (e.g., campuses vary in their ranking of funding priority for full-time faculty, technology, building maintenance and student recruitment)
- The role of Central Administration in setting strategic direction
- The prioritization of goals of the institution (e.g., to offer the best urban public education in the nation with academic areas of excellence such as business, engineering, social work and criminal justice or focus on serving the needs of the colleges' immediate communities)

Each of these differences can lead to very different strategies and consequently very different priorities in the allocation of resources. CUNY has struggled to develop strategies and allocate resources, but has done so without an established and agreed upon vision.

Without a common direction for the university, CUNY will not be able to create a cohesive strategic plan that can provide guidance to the campuses on what their individual priorities should be. The individual campuses will simply continue to plan and advocate independently for their separate needs rather than the needs of a unified institution.

CUNY's process for developing and prioritizing strategic initiatives for the university has been established without substantial campus participation or buy-in.

- CUNY's current process for establishing strategic initiatives is primarily determined by Central Administration and the Board of Trustees with little participation from the campuses. Central Administration will often request that campuses rank specific initiatives according to their priorities and sometimes describe how they would carry out the initiatives on their campuses, but rarely are campuses formally involved in the development of these strategic initiatives.
- In addition to a lack of input and buy-in from campuses regarding the development of strategic initiatives, many campuses question whether CUNY priorities match campus priorities. For example, the faculty initiative was designed to increase the level of full-time faculty at all CUNY campuses. Some colleges, however, believe that technology, student recruitment or facility maintenance are of greater importance.
- Central Administration implemented Academic Program Planning (APP) in fiscal 1993-94 to improve the planning process for identifying and prioritizing university-wide initiatives and then aligning them with defined resources through annual academic plans submitted by the campuses. While APP helped many of the campuses improve their own campus planning procedures, it has not maintained momentum for the following reasons:
 1. Evaluation of campus plans was viewed by many campuses to be subjective since Central Administration did not create specific guidelines for campuses to understand how their plans would be evaluated
 2. The process was viewed by many campuses as overly time-consuming and paper intensive
 3. The process did not include specific outcomes measurements for campuses that received APP funding
 4. APP has been submitted in CUNY's budget request as a lump sum initiative and has not always been funded by the government, forcing Central Administration to reallocate resources from other initiatives to fund APP
 5. APP has been viewed by many campuses as a means to simply cut programs rather than an effective planning mechanism that has resulted in limited support from the campuses.

To help improve APP, the Office of Academic Affairs has recently reduced the tremendous paperwork requirements of APP and has focused campuses on five-year academic plans, which are now a requirement.

Without an appropriate level of campus participation and buy-in, university-wide strategic planning at the campus level has largely become an exercise of completing paperwork for Central Administration, with few expectations for success. This process has contributed to the mistrust of central initiatives and an apathy for planning among the campuses.

However, CUNY has recently taken steps to improve its planning process through the development of a multi-year budget request/planning document that will eventually include performance indicators and through increased discussions with campus presidents regarding campus priorities. Furthermore, some of the individual campuses have made progress toward developing and implementing campus strategic plans that link campus priorities to available resources.

- To impress upon the state the need to commit resources to CUNY over a period of time rather than on an annual basis, Central Administration has developed a multi-year operating plan for its budget request this fiscal year. Although the plan was not developed through a structured strategic planning process with the participation of the campuses, it is the first step to moving toward a multi-year planning process.
- At the campuses, strategic planning varies in terms of how long a structured planning process has been in place (e.g., several years versus a newly established process), the level of planning (e.g., the formal creation and presentation of departmental plans to campus management with clear, identified links to allocable funds versus informal strategic planning through discussions between the president and management staff) and whether planning is linked to campus budgets. Some examples of progress individual campuses have made include the following:
 - One college has established an annual planning process with a five-year horizon that links established priorities to budget resources, and involves department-level personnel. This process is also informed by formal assessments of student learning and organization-wide administrative assessment.
 - Another college has developed a College Council made up of administrative, academic and counseling personnel and community representatives to meet and understand college needs. This group first defines college needs over a ten-year horizon; then the college reallocates resources to meet the needs identified by this group and its committees.
 - One campus created a President's Academic Priorities Committee made up of academic and administrative staff, faculty and students. The Committee is used to determine the college's priorities for the coming year. Once these priorities are established, the college will then make an investment in these priorities using 100% of its flexible budget, as well as private gifts and grants.
 - Finally, one school is in the process of developing a new strategic planning process that makes more direct links between strategic planning and budget allocation. The process, which involves faculty, students and administrators, has been developed around six student-centered priorities. From these priorities the campus will create objectives and activities to support the six priorities and will assign flexible budget dollars to these activities.

Despite the campus efforts indicated above, the lack of a structured, university-wide strategic planning process has diminished the effectiveness of campus planning efforts.

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B. Implementation

All of CUNY's planning and budgeting processes are driven by the incremental/enrollment focus of the budget request established by the state and city. While this approach serves to meet government requirements, it does not help CUNY respond to changing priorities or promote accountability.

- Each year the Central Administration develops and submits a university-wide budget request to the state and city. The two main components of the request are: 1.) a base budget and 2.) a series of strategic initiatives that are funded separately as “lump sum” appropriations. The role of the colleges is to submit growth projections and provide feedback on which strategic initiatives best meet their individual needs.
- The base budget request is developed from prior year figures with incremental increases for the senior colleges and from enrollment projections for the community colleges, and does not consider campus strategies, programmatic needs or changes in student population.
- The majority of new university funding, including funding for CUNY strategic initiatives, is requested through lump sum appropriations. Since lump sums are restricted and funded annually, they are more susceptible to budget cuts, decrease spending flexibility and decrease the predictability of a campus' annual budget. In addition, lump sum requests for new strategic initiatives do not include formal long-term program or budget plans to carry the initiatives beyond one fiscal year, further decreasing a campus' ability to integrate these funds into long-term strategic plans.
- Furthermore, without a structure within the budget request for measuring university-wide performance, CUNY has no way to demonstrate that it has achieved the goals defined in its budget request, and thus account to the state and city for the funds provided.
- This year, however, CUNY plans to submit its first multi-year budget request to the state. Through this request, the university hopes to demonstrate a long-term plan, as well as secure a funding commitment that will in turn facilitate a multi-year planning process. CUNY also plans to define performance indicators as part of its multi-year budget request to establish accountability for resources received.

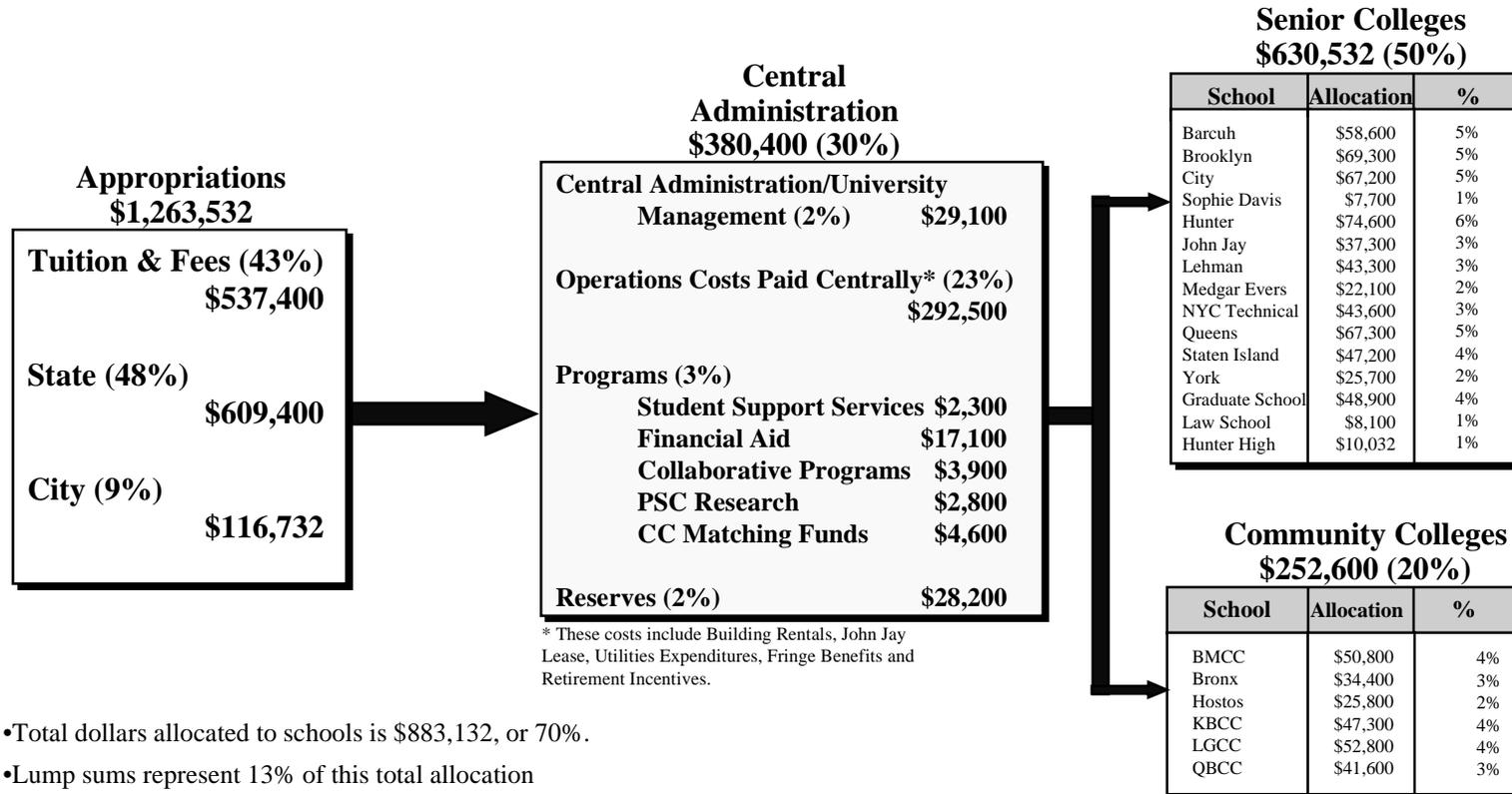
With planning and budgeting processes focused primarily on annual increments, CUNY has no vehicle for ensuring that the budget supports CUNY's most important priorities or responds to all critical external changes; this limitation begins during the request process and continues through allocation.

Once funds are appropriated, the university allocates a base budget to each college. While this allocation process is somewhat more responsive to changing enrollment and operational needs at community colleges than at senior colleges, it is not designed to support the university's strategic priorities.

- Central Administration allocates funds to the community colleges through a model that uses enrollment and other inputs to provide a relatively even level of resources per student, while assuring that no school falls below a minimum level. In contrast, Central Administration basically passes on the same incremental budget awarded by the state to each senior college, with little reallocation.
- The community college process is more responsive to changes at each college (e.g., enrollment) than the senior college process.
 - Since each senior college allocation has been based on the previous year's budget, colleges that have seen large changes in enrollment have not had budgets adjusted, resulting in wide variations in per-student allocation. While the university has made some reallocations to colleges with extremely low per-student funding, each of these initiatives has been met with fierce resistance from the other senior colleges, resulting in little significant change in this area.
 - The model used in the community colleges incorporates a number of operating indicators such as enrollment, average salary and campus square footage, allowing Central Administration to better allocate dollars based on operating requirements. However, colleges facing difficulties such as declining enrollments often receive more than their proportional share of resources since Central Administration reallocates funds among the campuses. While this reallocation allows the university to keep all colleges from facing severe fiscal crisis, it ultimately hurts the institution. It also serves as a disincentive for colleges to increase enrollments because they will not keep all of the revenue they generate. And, while in the short run it helps colleges with declining enrollments, in the long run this practice keeps colleges that face problems from making necessary changes.
- The allocation process at both the community colleges and senior colleges has been highly controversial, but the controversy has produced little change in the process or its results. This has led to a distrust of Central Administration and its policies, as well as causing many colleges to focus on why they are "given" too little, rather than considering the independent actions they could take to improve their financial positions.

The current process for allocating base budgets allows Central Administration to provide some equity among the campuses and to help keep all campuses afloat. However, for a university with limited resources, it is not an effective method of ensuring that available dollars are being allocated to the best use.

Appropriations Flow-Through to Schools (in thousands)



- Total dollars allocated to schools is \$883,132, or 70%.
- Lump sums represent 13% of this total allocation
- The three largest lump sums allocated to the schools this fiscal year were:
 - Adjunct Faculty 34% of lump sums
 - Academic Program Planning 11% of lump sums
 - SEEK 7% of lump sums

In addition to allocating the base budget, Central Administration allocates lump sum appropriations, as well as any additional flexible funds. The processes used for the allocation of these discretionary funds have been unclear and inconsistent, undermining the credibility of Central Administration and negatively impacting the resource allocation process.

- The methodology for disbursement of lump sum appropriations is often unclear to colleges. For example, while funding for Academic Program Planning initiatives was initially rewarded based on the “merit” of each college’s plan, campuses believe that concerns over equity changed the allocation criteria after the initial year. In general, colleges are not given adequate information about either the criteria used for or the results of discretionary allocations.
- There are also concerns that the Instructional Staff Model, a model used to allocate lump sum adjunct funding, is outdated. The model, which is based on student/faculty ratios in each discipline, has not been updated in many years, leading to concerns that it does not provide sufficient funding for some disciplines. This leads campuses to conclude that outdated formulas rather than academic priorities are driving resource allocation.
- Many of the allocations based on a three-year weighted average are more comparable to 80% of the current year and 20% of the past year, rather than a conventional average, due to the unconventional methodology used for calculation. Unclear terminology and methodologies used by Central Administration confuse colleges and obscure the allocation process.
- Like most system offices, Central Administration holds a central reserve to fund unexpected crises, cover revenue shortfalls at specific campuses or fund special needs that campuses cannot support within their operating budgets (see facing page). Colleges are also aware that Central Administration maintains control over any fringe benefits or utilities savings achieved over the year. While the illustration above shows that reserves are a minimal part of the total operating budget, and Central Administration has indicated that cost savings generated are used to supplement Central Administration programs, the amounts of these funds and the way in which they are disbursed are less clear to the colleges. This leads to concerns that either Central Administration is not spending these funds in accordance with college priorities, or that some campuses are benefiting from the ultimate dispersal of these funds at year-end at the expense of other campuses.
- However, Central Administration has taken several recent steps to open up the budget allocation process by:
 - Providing clearer explanations of the budget allocations to the campuses this past fiscal year
 - Working with campus Vice Presidents of Finance and Administration to improve the volatility of the revenue target calculation
 - Focusing more on the provision of support services rather than the monitoring of expenditures

While Central Administration has made a number of improvements, the criteria for allocating discretionary funds need to be clarified and clearly communicated in order for colleges to understand why funding awards are made, as well as what actions to take to secure a larger share of the discretionary funds.

Finally, the university does not manage from an all funds perspective, focusing primarily on the management of appropriated dollars. This practice results in the allocation and management of funds with incomplete budget information.

- The revenues that are not appropriated are substantial, representing 25% of the university's operating budget. These revenues include auxiliary enterprises, sale of educational services, facilities rental, research and public service grants and contracts, individual giving and endowment income.
- However, since the budget process is centered on requesting and allocating government appropriation, most of the university's processes and supporting financial reports focus on appropriations. This practice leads campuses to view their total operating budgets as the sum total of appropriations received, without truly considering the potential of college-generated revenue.
- Throughout the university, this revenue is seen as supplemental to the operating budget, rather than an integral source of funds. However, there has been insufficient dialogue on strategic direction and the need to determine the role of these supplemental revenues in support of the base operating budget and special initiatives.
- Campuses are uncomfortable with the idea of Central Administration even monitoring supplemental funds, believing that Central Administration will either lower appropriations to, or increase a revenue tax on, the colleges that have successfully generated supplemental funding.
- Finally, other practices such as the maintenance of substantial numbers of vacant positions at many of the senior colleges also leads to a disconnection between resource allocation and budget management. Such practices make it difficult for the university and colleges to get a clear picture of total sources and uses of funds.

The fact that CUNY's planning and budgeting processes are focused primarily on appropriations has contributed to an organizational mindset that is not consistently proactive in identifying alternative revenue streams, reducing costs and reallocating existing funds to meet the university's operating needs.

Due to some inadequate policies and limited strategies, CUNY has not been able to strongly encourage the university and colleges to generate revenue, reduce costs or reallocate funds as alternative means for increasing available resources.

Revenue Generation

- Since tuition revenue does not go directly to the campuses but becomes part of the university appropriation, increased enrollment does not directly translate into increased revenue for the campuses. The only “relatively” guaranteed benefit a college receives for enrollment increases is an annual award of all tuition earned over and above the campus’ revenue target for that year. However, this enrollment increase may or may not translate into an increased allocation the following year, meaning that a college may have more students and the same allocation with which to run their campus. In addition, the campus’ revenue target will be increased since it is primarily based on the previous year’s growth, raising the hurdle the campus must meet to receive its annual tuition award. This disconnection between enrollment increase and revenue increase has greatly reduced campus incentive to generate tuition revenues.
- Fundraising is essentially a campus-based function, with little intervention from Central Administration. While this leaves some of the more established senior campuses with the freedom to raise and spend private dollars independently and often quite successfully, many of the younger senior colleges and community campuses do not have the expertise or resources needed to launch successful development efforts. Also, there may be significant opportunities to raise funds in support of CUNY as a whole, which are currently being missed.
- While some colleges have used auxiliary enterprises to generate revenues in support of other priorities, others run auxiliaries to break even, believing that generating income would come at the expense of students through increased prices.
- Many colleges have begun strategic alliances with private corporations to generate revenue streams through educational services for employee; however, there is great potential for CUNY to increase the number and scope of such relationships.
- The fact that the graduate program faculty are physically and organizationally dispersed among multiple locations may hamper CUNY’s ability to raise research dollars.
- Finally, there is no central funding mechanism that provides start-up funds for new, potentially revenue-generating initiatives. While some campuses have dedicated funding for this purpose, many do not have the resources to launch such programs.
- However, while there has been limited university-wide support, some individual campuses have created incentives to encourage revenue generation. For example, in order to encourage departments to generate new revenues through summer school enrollment, one campus has developed an incentive plan that supplements annual departmental expense budgets with a one-time grant of funds determined by the departments’ summer enrollments.

Cost Reduction

- While Central Administration expects campuses to reduce their operating costs when they have enrollment declines or mid-year expenditure crises, campuses have often received aid from Central Administration reserves to make up for these lost revenues or extra costs. The availability of this aid without penalty does not provide an incentive to colleges to reduce costs.
- Colleges that seek to reduce costs through resource sharing initiatives with other campuses often do so independently of any university intervention. Although the university has convened committees to develop policy on questions such as technology strategy and investment, there have been few university-wide initiatives to share resources. The geographical proximity of CUNY's campuses, as well as recent advances in technology, provides substantial opportunities for cost saving and efficiency gains in this area.
- While CUNY has entered into several university-wide purchasing contracts (e.g., elevator maintenance, security, printers), many colleges indicated that additional contracts could further reduce purchasing costs, particularly for technology services and equipment.

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- Despite the lack of university-wide incentives, it should be noted that many campuses have independently taken the initiative to re-examine expenditure patterns, share resources and increase efficiency.
 - Some campuses have collaborated on technology solutions and workflow improvements, providing these schools with an opportunity to share best practices and lower the costs of developing new administrative processes and tools independently. These efforts are sometimes facilitated by Central Administration, but not as university-wide initiatives.
 - Many CUNY campuses have outsourced bookstore operations to private providers such as Barnes & Noble. Such agreements have the potential to provide better service at equal or lower cost to students while channeling additional income streams to the colleges.
 - Many colleges have worked to more aggressively manage and reduce costs for temporary services and overtime.

While two mechanisms have been instituted by the state to help facilitate effective resource management through savings accounts that allow future reallocation of excess funds, limitations in the availability and use of these mechanisms have prevented CUNY from taking full advantage of their benefits.

- The City University Tuition Reimbursement Account (CUTRA) allows campuses to rollover tuition revenues earned over and above set revenue targets and the Stabilization Account permits rollover of unexpended appropriations.
- While these two accounts facilitate the university's resource management, they are only available to the senior colleges since they were set up by the state.
 - Since community colleges lose all operating funds not spent by the end of the fiscal year and often have inadequate campus plans that do not include spending priorities, it is difficult for them to reallocate cost savings in such a short period time. In addition, there is a strong incentive for these colleges to engage in rapid, end-of-year spending that may not constitute an efficient use of resources.
 - Furthermore, community colleges cannot use additional tuition revenues to fund multi-year priorities.
- There are some limitations governing the use of the rollover accounts. For example, the university may only withdraw a total of \$5 million per year from the CUTRA account, making the funds less accessible for expensive priorities such as technology infrastructure and demanding the central coordination of all withdrawals.
- Finally the senior colleges have a limited perception of the potential of these accounts. They are seen predominantly as tools for handling short-term cash flow issues rather than long-term mechanisms that will facilitate the generation and management of flexible funds. If used properly, these accounts can help colleges gain the flexibility to undertake multi-year initiatives, as well as provide a buffer from year to year budget fluctuations.
- Despite the challenges surrounding the use of the two rollover accounts, there has been some effort to reallocate resources to meet campus needs. Examples include the following:
 - One college has made the increase of technology availability to students one of its main priorities. In order to ensure that this priority is adequately funded, this college takes 1% off the top of its operating budget and allocates these dollars to a separate technology investment fund.
 - Other colleges have decreased or closed departments to support the expansion of other departments that may be experiencing greater demand or may be of greater strategic importance to the college.

Despite individual campus efforts to generate and reallocate flexible funds, CUNY needs to be more aggressive in its use of the rollover accounts and in creating other university-wide incentive mechanisms and initiatives to help reduce the university's dependence on government support.

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C. Evaluation

CUNY does not have an agreed-upon structure for assessing the quantitative and qualitative outcomes of strategic initiatives, and relating their outcomes to future planning processes and resource allocation decisions.

CUNY has made efforts to link campus performance with resource allocation decisions, but without much success, mainly due to a lack of campus participation and buy-in:

- Academic Program Planning (APP) has linked campus academic plans to resource allocation, but as previously mentioned the evaluation aspect of APP has been very subjective without clear indicators of success defined.
- In an attempt to introduce performance-based budgeting at CUNY, Central Administration designated a metric (graduation rates) by which a few million dollars in flexible funds would be allocated to the individual campuses. This metric raised concern among many campuses, particularly the community colleges, about the fairness of using such metrics uniformly across CUNY, since it is made up of senior and community colleges with very different missions. Central Administration has since developed, with the help of five college presidents, a new set of metrics, which divides the colleges into three tiers for comparison. Overall the campuses are positive about the concept of performance-based budgeting as a basis for allocating a portion of budget resources, but they share many concerns regarding how the indicators will be defined and applied:
 - **Use of the same metrics for community and senior colleges.** Graduation rates are a fair and important metric for most senior colleges, but graduation is not always the goal for students attending community colleges. Many community college students transfer to senior colleges before earning a degree or take several years to earn a degree due to personal and financial circumstances, while others attend community college to simply improve their skills or knowledge through a few select courses. Such students may be reaching their goals, even though they are not graduating. Therefore, many community colleges believe student intent should be taken into consideration when developing appropriate performance metrics.
 - **Failure to incorporate future policy changes within CUNY.** How will policies on remedial education and other issues affect program offerings and student bodies at all of the campuses? Campuses are concerned that major policy shifts will hurt their ability to achieve against the current performance metrics.
 - **Competition of colleges with diverse missions.** Most CUNY campuses view themselves as unique and are concerned about applying uniform metrics across campuses with different histories, different student demographics and different academic focuses. However, most believe a methodology based on individual campus improvement would be fair.

- **The awarding of too large a percentage of total budget.** Most of the colleges agree that any application of performance-based budgeting should be limited to a small percentage of the flexible budget dollars and should be phased in to prevent any one campus from being drastically affected in any one year.
- **Development of a methodology without adequate participation from campuses.** Individual campuses have different ideas about what “fair” performance metrics would be, but without the involvement of representatives from all campuses, it will be difficult to create metrics and develop a process that is agreed upon and supported by all campuses.

While establishing a performance-based budgeting process is a step toward aligning resources with campus performance based on established criteria, these criteria need to be agreed upon to be successfully implemented and need to clearly tie into the overall strategic plan of the university.

Furthermore, while budget to actual monitoring is a common activity throughout CUNY, accountability for effective fiscal management is less defined due to the lack of specific policy and the lack of information provided to budget managers.

Budget to actual monitoring occurs at every level within CUNY (e.g., at Central Administration, high-level campus administration and department levels) and to various extents (e.g., from high level monthly reviews to detailed monitoring systems that automatically flag accounts that are close to zero). However, while account monitoring is a common activity throughout CUNY, accountability for budgets at a particular level is less defined while the administrative costs for monitoring are likely to be high due to the various methods and levels of review. For example:

- Department heads usually receive several reports on a monthly basis that provide budget balances for the budget lines they control (e.g., adjunct faculty, temporary personal services, supplies, faculty travel, equipment), but rarely do they receive comprehensive budget reports. There might be accountability for a few expenditure accounts, but departments are rarely responsible for managing their entire budgets. A few campuses, however, have begun to consolidate these various budget categories on a single report and/or include the other budget categories that are not officially allocated to departments to help them understand the sources and uses of resources needed to run their departments.
- CUNY does not have formal policies for campuses that overspend their budgets (e.g., there are no official penalties) or for campuses that effectively manage their budgets through the reallocation of funds or cost reduction (e.g., there are no rewards for effective management).
 - At year-end, Central Administration has balanced out college accounts that were overspent with accounts that still carried balances. In effect, campuses with surpluses often funded campuses with overspent budgets. While this policy has been considered another method for Central Administration to balance “inequitable” appropriations among campuses or reduce the budget crises of enrollment declines, it has created a disincentive for colleges to generate surpluses.
 - The state’s Stabilization Account, introduced in fiscal 1997-98, will diminish the effects of the above policy since it authorizes senior colleges to save excess appropriations in a central account for future spending, thus reducing the cushion that Central Administration has had to help struggling campuses.

Without the availability of comprehensive budget information or the existence of policies for overspending or effectively managing campus budgets, accountability for allocated resources is diminished throughout the CUNY system.

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D. Process Support

A poor technology infrastructure at CUNY has established the need for campuses to develop shadow systems within the budget process, resulted in inefficient and paper-intensive allocation and budget monitoring processes and prevented campuses from having easy access to university-wide information.

- Most campuses have discovered the need to develop a financial system independent of the university-wide Financial Information System (FIS) since this system is not user-friendly nor capable of providing adequate financial reports for campuses or their departments. In addition, since there is a time lag of two weeks to a month for data to be input into FIS, campuses indicate that their shadow systems provide them with more accurate and timely information.
- Furthermore, CUNY's FIS system does not link to other university, state or city systems such as budgeting, purchasing, accounts payable or payroll. We were informed that even the new state payroll system will not link to the FIS system. As a result, many campuses are beginning to take the initiative to either integrate their current systems or develop new integrated systems, such as an on-line purchasing system.
- With the lack of integrated systems, most campuses have indicated that their internal budget request, allocation and monitoring processes are extremely paper-intensive and rely upon large numbers of temporary personnel (e.g., college assistants).
- University-wide data (e.g., budget, financial, student, institutional research) are also not readily accessible to all campuses to help them understand and analyze information and trends across other campuses, evaluate their own situation with comparative data or simply be better informed about opportunities or issues other campuses face and address.
- A Technology Task Force was established two years ago by the Trustees and made up of Central Administration personnel and campus presidents to review the university's academic and administrative technology infrastructure. Several recommendations supporting integrated systems are scheduled to be presented to the Board of Trustees for approval. However, while several campuses indicated that the recommendation for an integrated system would be welcome, other campuses that have developed customized systems that work with their individual administrative processes might resist this recommendation.

Shadow systems and the lack of shared management information reduce the efficiency and effectiveness of the planning and resource allocation processes, raise the costs of routine operations and inhibit the campuses from sharing resources or collaborating on programmatic or administrative improvements.

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E. Governance

CUNY's planning and budgeting process operates within a governance structure in which policies and procedures at the various levels (e.g., state, city and Board of Trustees) complicate the planning and budget process and constrain the ability of CUNY to plan and manage its resources effectively.

- The state's and city's annual budget request processes and spending policies lack incentives for multi-year resource planning and impel colleges to simply spend their budgets at year-end rather than encouraging effective resource utilization crossing over fiscal years. While the state has recently introduced the CUTRA and Stabilization Account to allow senior colleges to rollover excess tuition and appropriations, this account is not available to community colleges.
- Furthermore, the incremental budgeting methodology used for funding senior colleges has been historically based and does not reflect changes in enrollment at the various campuses.
- Lump sum allocations, while providing funding for valuable university initiatives, mask decrements in CUNY's overall state appropriation and do not promote integrated planning strategies. These funds are infrequently added into the university's base appropriations, and therefore are subject to discontinuation in any year.
- The state and city do not have an overall funding strategy for developing the technology infrastructure needed to meet the changing academic and administrative needs of higher education institutions. Initial infrastructure and program development costs are high, but could be reduced through a strategy that encourages collaboration and resource sharing across institutions.
- The frequent lateness of the approval of CUNY's appropriation, although tied up in the development and enactment of the state's overall budget, is not conducive to effective annual budget development and operations.
- State policy of appropriating tuition as one component of the "tax levy" decreases the university's strategic planning and use of tuition revenues in the year tuition is generated. This serves as a disincentive for the colleges to generate revenues through increases in qualified enrollments and new programs.
- Board of Trustee time and attention that could be focused on policy and strategic direction is overly consumed by review and approval of more operational matters (e.g., all expenditures over \$20,000 and lengthy review of purchases over \$100,000).

Without changes to policies that dictate how and when funding is provided and approved for expenditure, CUNY will be limited in creating efficient and effective processes for planning and resource allocation and in establishing accountability for proper fiscal management.