

Budget Committee Report to the College Council 02/27/2019

Presented for your information is the FY2019 Mid-Year Financial Report. It was prepared by the University Budget Office in collaboration with college Budget Office personnel. The report provides comprehensive summary data including resources, revenue, expenditures, student enrollment and staffing.

Please note that the revenue and expenditure projections in this report represent a snapshot in time and will change as college adjusts its spending patterns to achieve and maintain the budget balance.

I would like to update the College Council on the status of OTPS expenses. As of the end of February, out of \$22Mil allocated to the divisions and departments (excluding rent) almost \$7Mil. or 30% remains uncommitted. The Budget department distributed up-to-date reports to major divisions and departments showing the status of expenditures and encumbrances. Almost \$4Mil of remaining budget balance belongs to Special Allocations Programs with the largest amounts concentrated in ASAP, STEM, Workforce Development, and many smaller programs, some of which did not start spending their allocations yet. These special allocation funds and grants cannot be used for any other purposes and the college will lose any unspent money at the end of the year. Some academic departments also did not commit even 50% of their OTPS budget allocations. It is critical that department heads review their OTPS budgets and expedite the planned procurement of goods and services.

The annual memo regarding the deadline for OTPS expenditures was distributed. I would like to remind you that March 15 is the deadline for submission of purchasing requisitions against the FY18-19 budget. After this date the Budget Office has a discretion of sweeping the available uncommitted departmental OTPS budget balances in CUNY1st. for the purpose of reallocating the funds to the college renovation and construction projects.

It is also important to comply with deadlines established for processing the reimbursement for travel expenses. All travel authorizations for travel before June 30, 2019 must be entered in the system before May 31, 2019, and travel expense reports must be submitted within 30 days after return from travel, but no later than July 5, 2019.

FY19-20 Budget request call letter will be sent out soon. As in the past, the departments will be provided the history of OTPS expenses for the prior year and anticipated expenses for the current year. The departments must submit their OTPS budget requests for FY 19-20 for the review of respective divisional VP. All requests for additional funding or new initiatives must be substantiated by justification showing the link with the goals and objectives of current college strategic plan.

Resources for the new full-time hires also will be allocated based on the analysis of the assessment data and periodic evaluations, aligned with BMCC's mission and strategic goals.

Budget Committee Report to the College Council 02/27/2019

Presented for your information is the FY2019 Mid-Year Financial Report. It was prepared by the University Budget Office in collaboration with college Budget Office personnel. The report provides comprehensive summary data including resources, revenue, expenditures, student enrollment and staffing.

Please note that the revenue and expenditure projections in this report represent a snapshot in time and will change as college adjusts its spending patterns to achieve and maintain the budget balance.

I would like to update the College Council on the status of OTPS expenses. As of the end of February, out of \$22Mil allocated to the divisions and departments (excluding rent) almost \$7Mil. or 30% remains uncommitted. The Budget department distributed up-to-date reports to major divisions and departments showing the status of expenditures and encumbrances. Almost \$4Mil of remaining budget balance belongs to Special Allocations Programs with the largest amounts concentrated in ASAP, STEM, Workforce Development, and many smaller programs, some of which did not start spending their allocations yet. These special allocation funds and grants cannot be used for any other purposes and the college will lose any unspent money at the end of the year. Some academic departments also did not commit even 50% of their OTPS budget allocations. It is critical that department heads review their OTPS budgets and expedite the planned procurement of goods and services.

The annual memo regarding the deadline for OTPS expenditures was distributed. I would like to remind you that March 15 is the deadline for submission of purchasing requisitions against the FY18-19 budget. After this date the Budget Office has a discretion of sweeping the available uncommitted departmental OTPS budget balances in CUNY1st. for the purpose of reallocating the funds to the college renovation and construction projects.

It is also important to comply with deadlines established for processing the reimbursement for travel expenses. All travel authorizations for travel before June 30, 2019 must be entered in the system before May 31, 2019, and travel expense reports must be submitted within 30 days after return from travel, but no later than July 5, 2019.

FY19-20 Budget request call letter will be sent out soon. As in the past, the departments will be provided the history of OTPS expenses for the prior year and anticipated expenses for the current year. The departments must submit their OTPS budget requests for FY 19-20 for the review of respective divisional VP. All requests for additional funding or new initiatives must be substantiated by justification showing the link with the goals and objectives of current college strategic plan.

Resources for the new full-time hires also will be allocated based on the analysis of the assessment data and periodic evaluations, aligned with BMCC's mission and strategic goals.

FY20 State Executive Budget recommends a decrease of \$17.4Mil. for community colleges.

Per FTE Student base aid remains flat at \$2,847. Continuing community college enrollment declines result in a base aid realignment.

Next FY BMCC will be responsible for the payment of \$4.3Mil rent for the 3rd Floor and additional space on the 2nd Floor at Murray Street out of operating budget. This lease provided additional 30 classrooms.

At the end of January we were informed about recently negotiated 2016-2021/ 2017-2021/2017-2022 with and blue collar unit collective bargaining agreements and salary increases for classified staff employees. These agreements will affect the salaries of CUNY Office Assistants, Accounting Assistants, Purchasing agents, IT personal and trades. Employees will receive 2% salary increase per contract year.

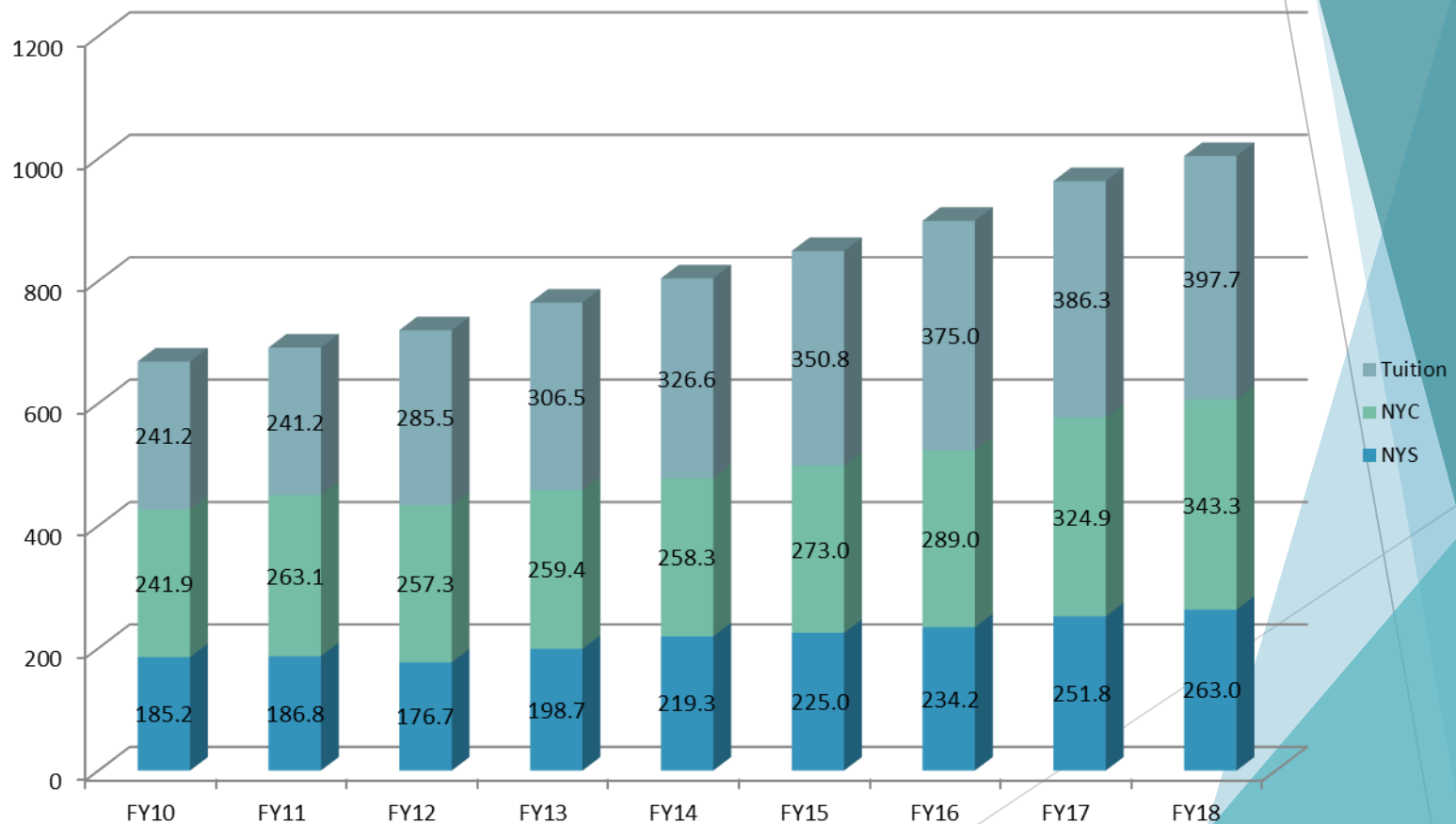
Community colleges will be funded for these increases. So far only DC37 confirmed this. Other unions have not responded yet. The date on processing the retroactive payments is negotiated between the NYC and CUNY.

FY2018 and FY2019 Financial Highlights

1

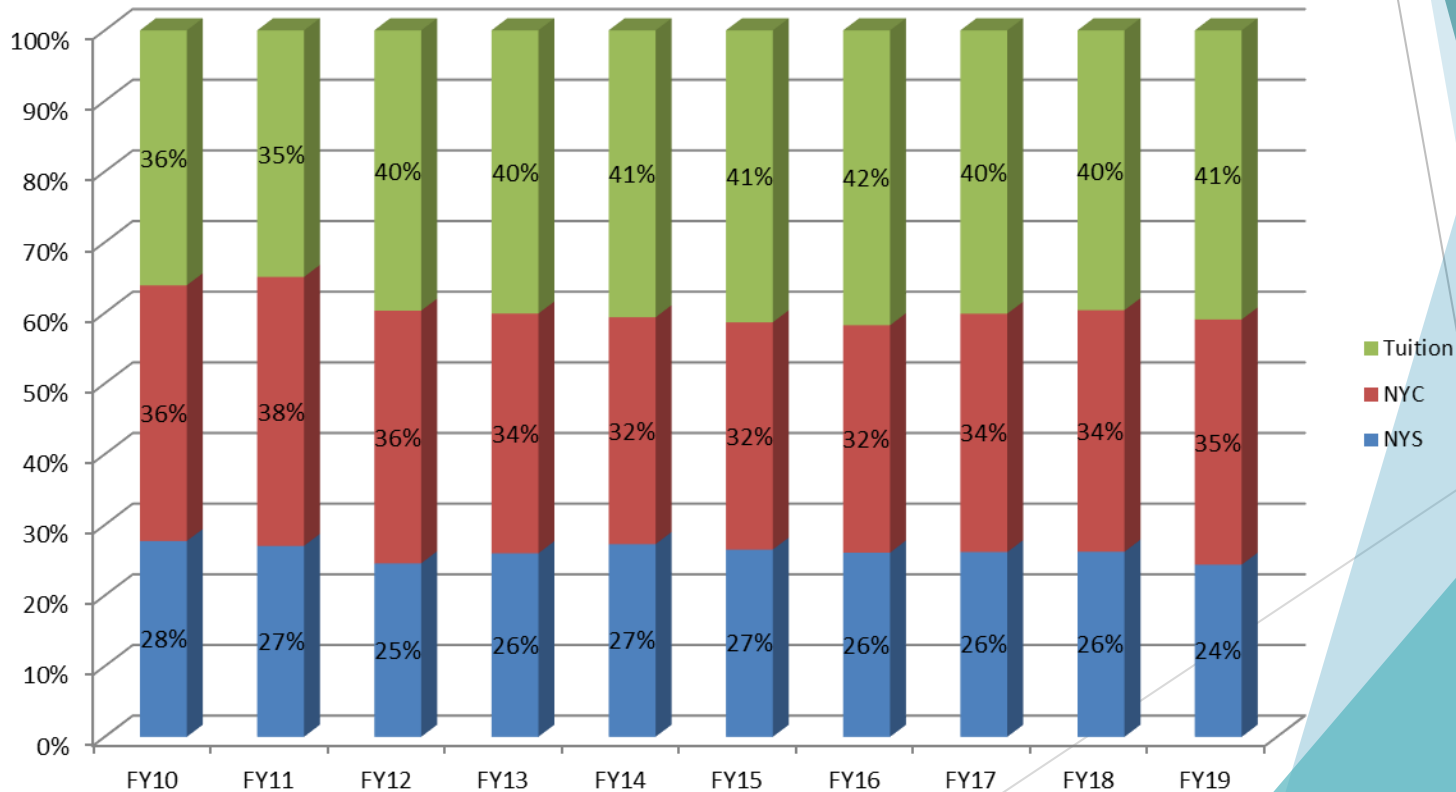
- ▶ All expenses and mandatory costs for Community Colleges were fully funded in FY18 and will continue to be funded in FY19. The NYS aid per FTE increased by \$100 in FY17, by \$50 in FY18 and by an additional \$100 in FY19. NYC support increase in FY18 was mainly for the expansion of ASAP. In FY19 NYC support increase provides additional funding for ASAP, CUNY Math Start, the CUNY Tutor Corps.

Community College Funding by Source (\$Mil)



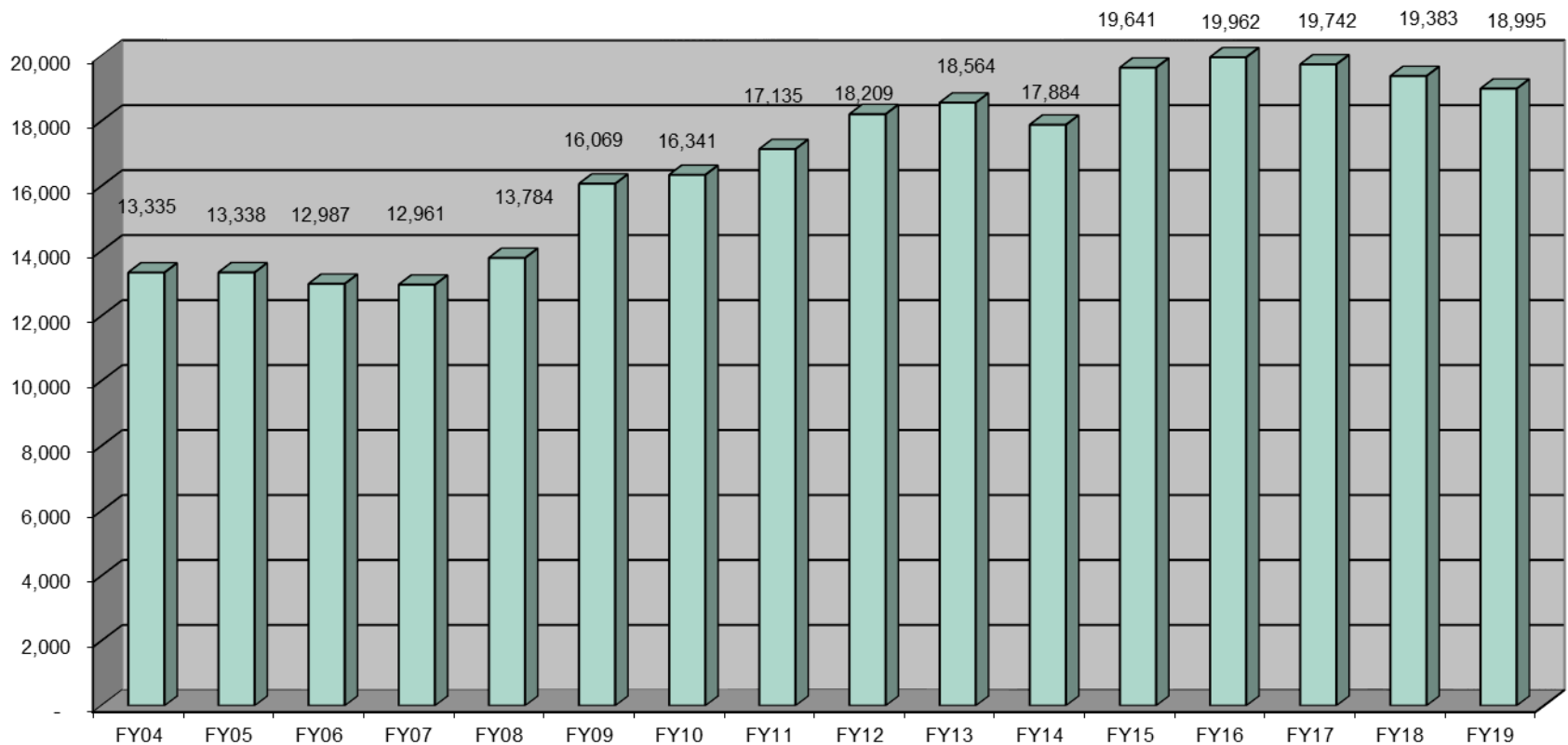
- ▶ The ratios of Tuition and NYC in total resources provided to Community colleges increased by 1% in FY 18-19, resulting in 2% reduction in NYS ratio.

Ratios of NYS, NYC and Tuition funds in total Community College resources



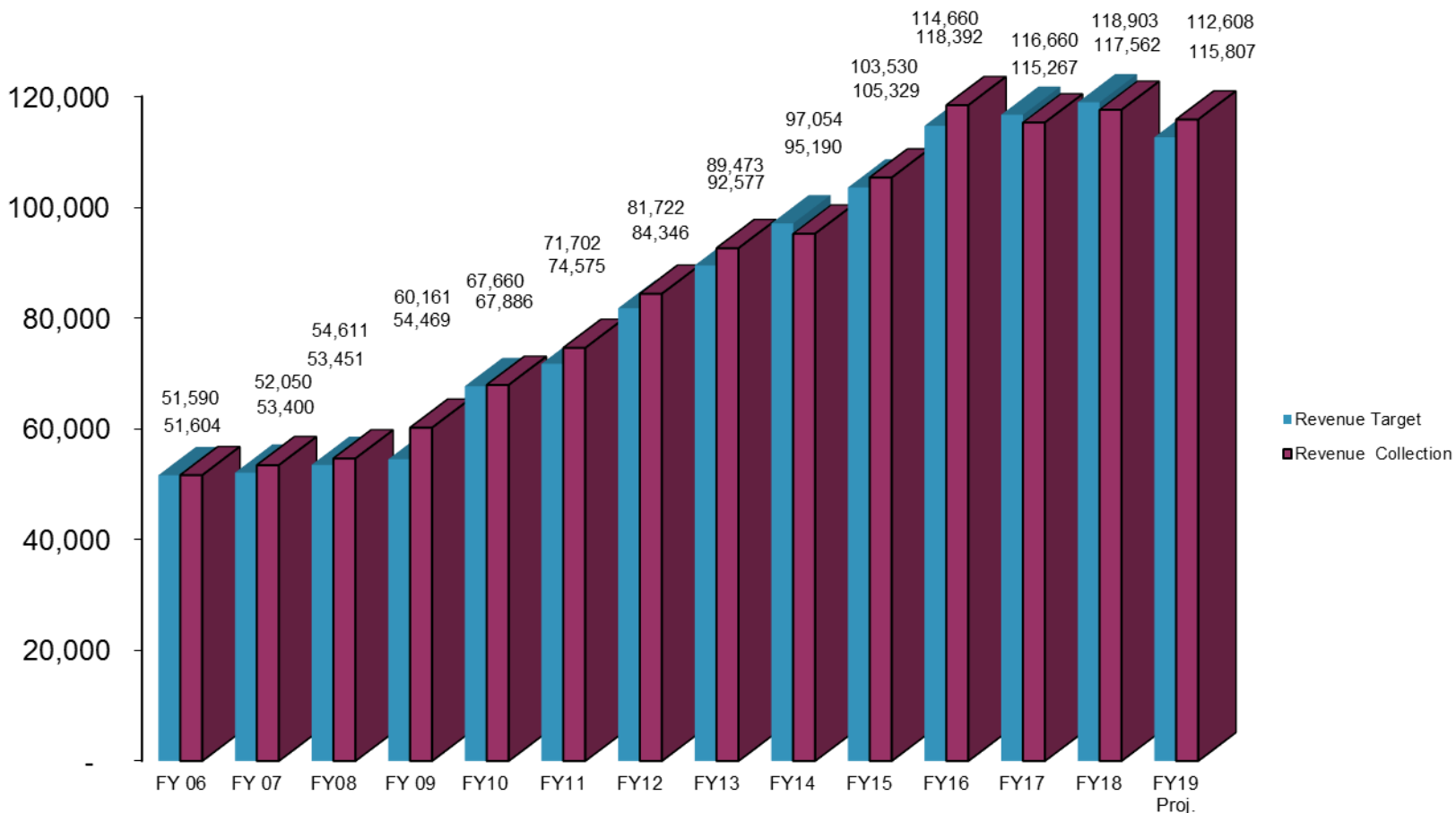
- ▶ Due to improvements in US economy, and demographic factors enrollment in community colleges and BMCC experiences a slight decline in the last three years after the extended period of growth. This trend most likely will continue in the next few years.

BMCC Enrollment (FTEs)



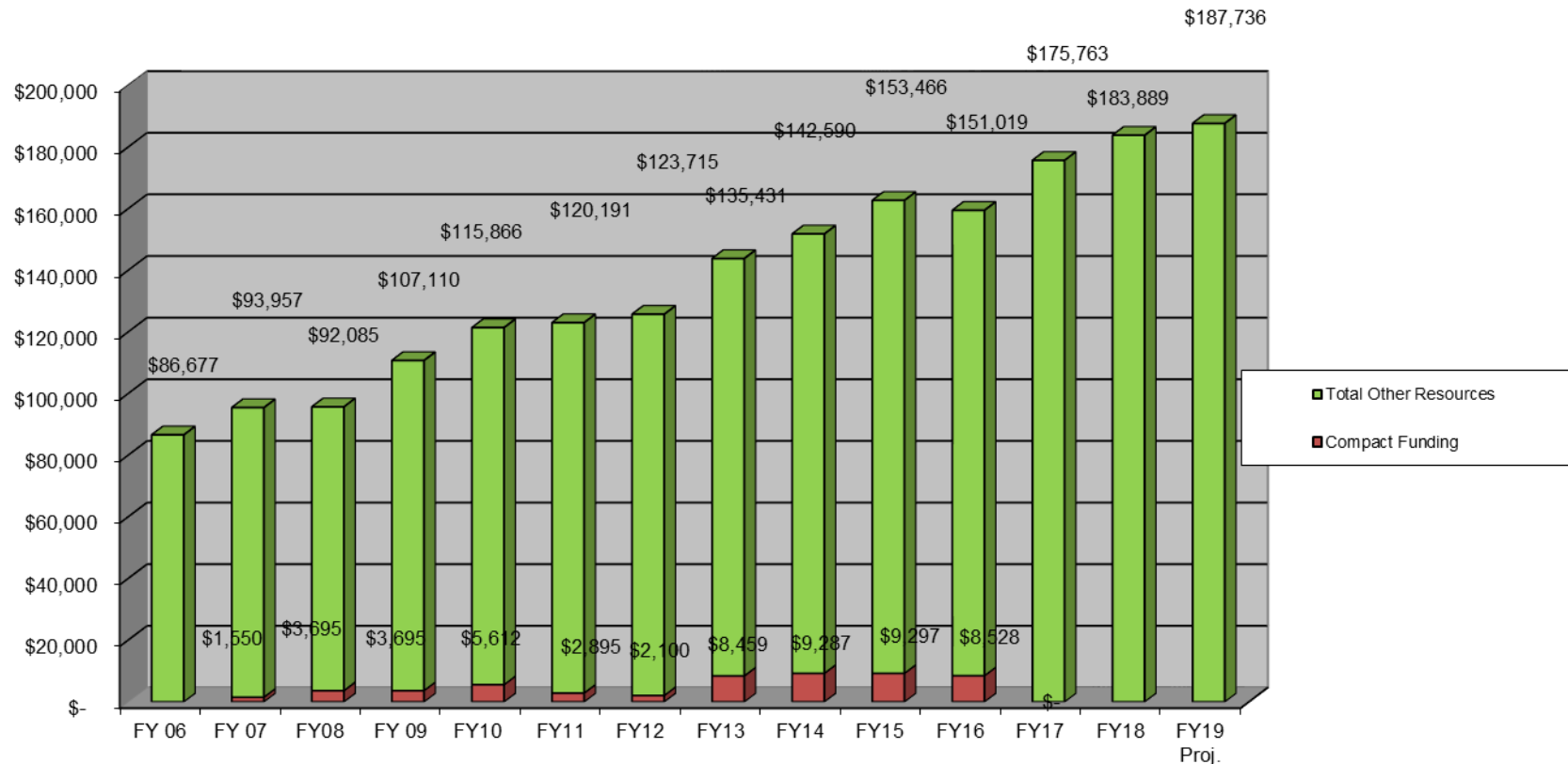
- ▶ BMCC’s tuition revenue collections, one of the major sources of funding, followed an upward trend for a long period with over \$3Mil drop in FY17 that resulted in missing the revenue target.
- ▶ The University had frozen the tuition revenue targets for the last 3 fiscal years at the level of \$109,660K for BMCC. However, BMCC’s revenue target was adjusted upward by \$2 Mil to align the target with actual collections. In addition, it was adjusted by \$5Mil, \$5 Mil and \$6.5Mil respectively in FY16, FY17 and FY18. These funds were directed to the capital budget.
- ▶ Tuition revenue collected up to the amount of the revenue target must be turned over to the University. The College uses revenue collections above the target to supplement its operating budget.

Tuition Revenue: Target vs. Collection (\$000)



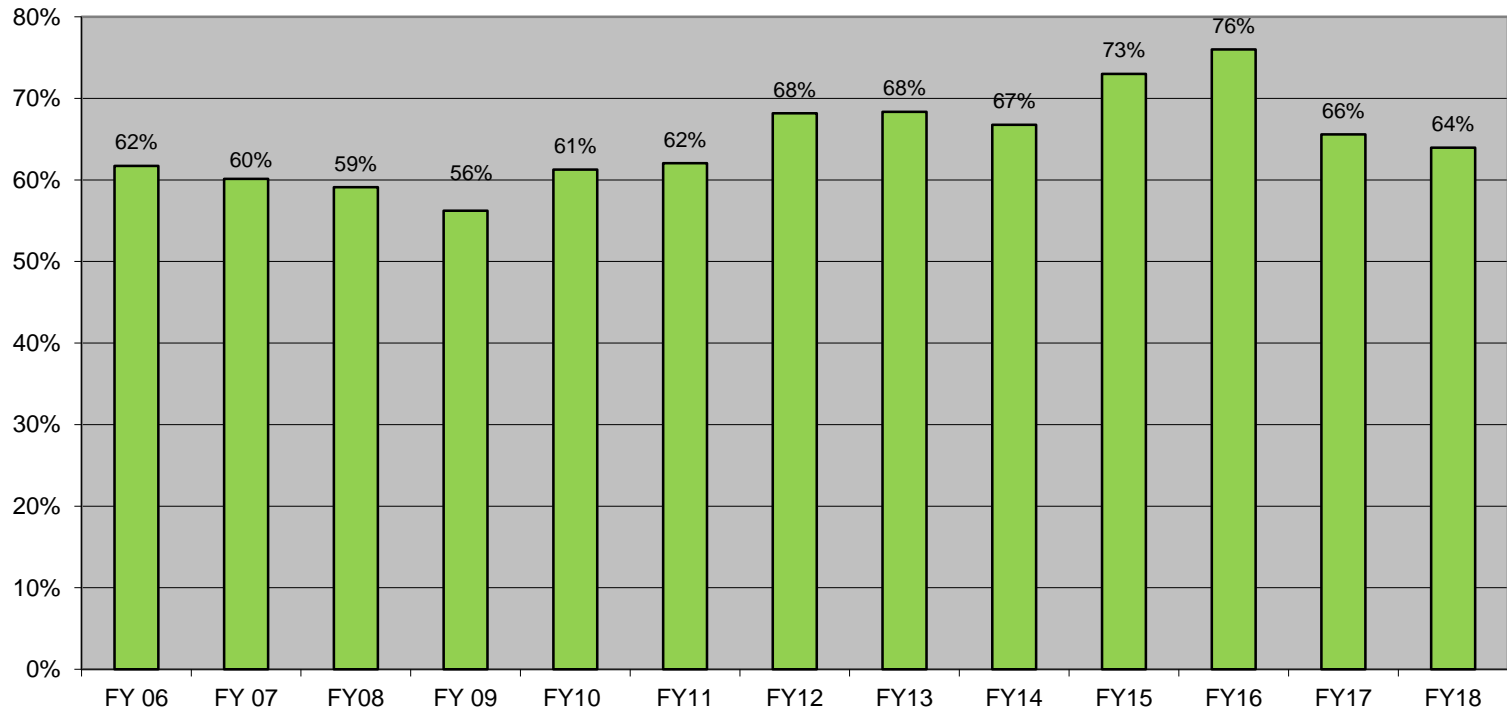
- ▶ In response to college requests for budget simplification and greater flexibility, starting from the fiscal year 17-18, the initial includes funding for items that have historically been allocated throughout the year, such as sabbaticals, adjunct extra hour, untenured faculty release time, as well as some others. This change allowed for a larger portion of the divisional and departmental budgets to be allocated from the beginning of the FY.

Total Financial Resources (\$000)



Percentage of tuition revenue in total BMCC's resources was reduced to 66% in FY17, mainly due to funds provided for contractual salary increases and remains at even lower level of 64% in FY18 as a result of increases in NYS and NYC support.

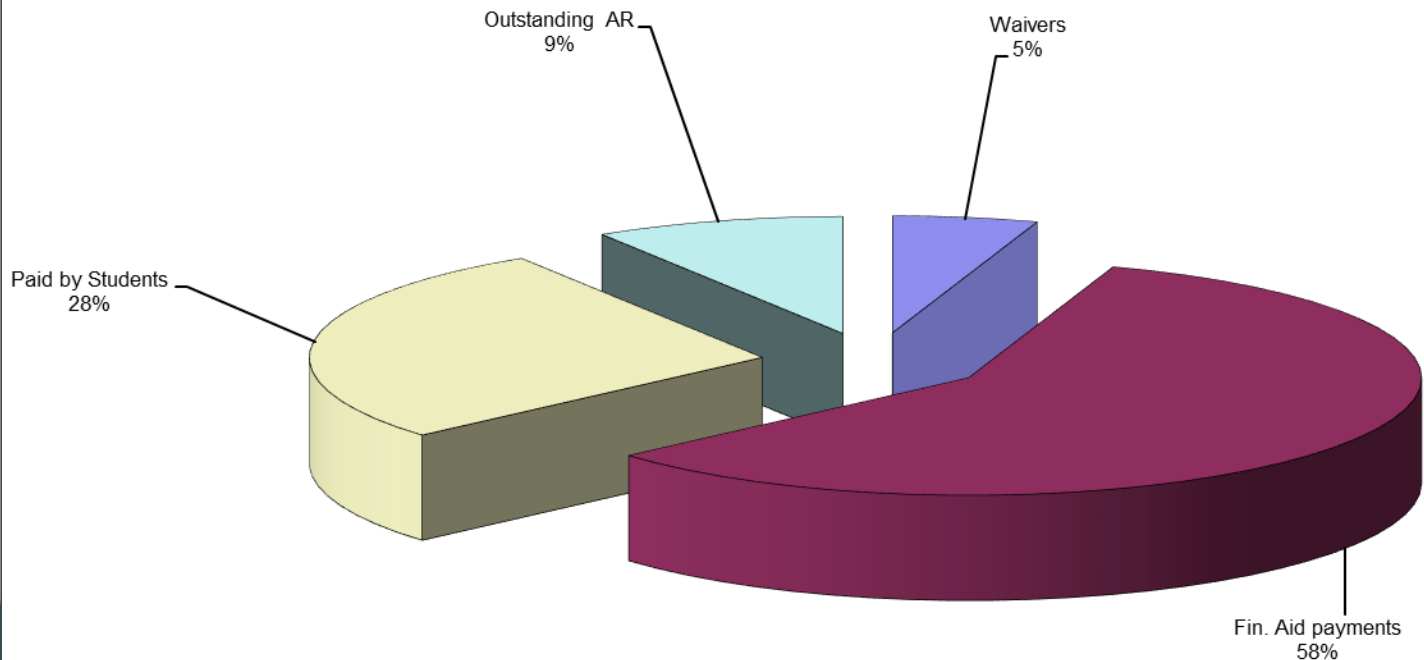
Percent of Tuition Revenue in BMCC's Operating Budget



In FY 2018 only 28% of tuition revenue was actually paid by our students, which is the same as in FY17. Collection rate of tuition billed to students remains the same as well, at 76%.

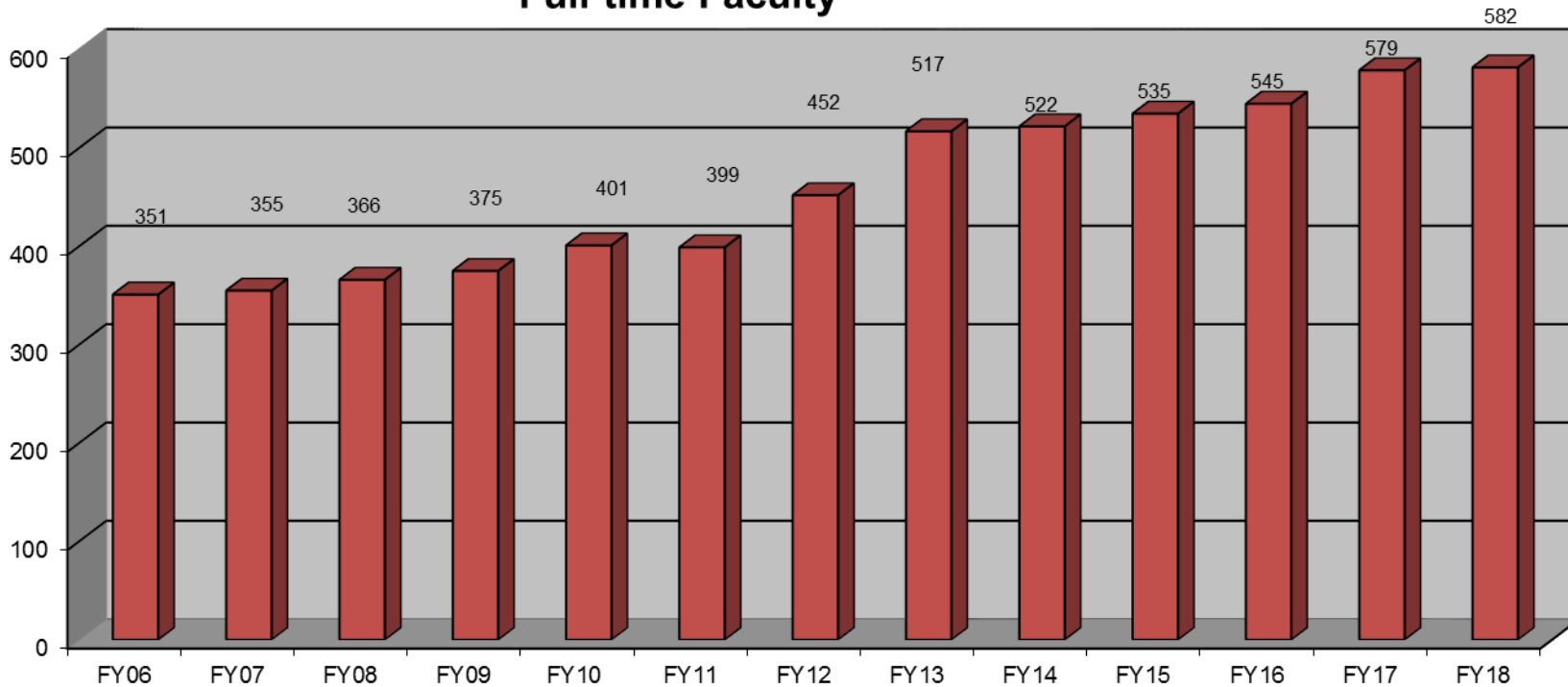
As part of Administrative Excellence Efficiencies program, University established the targets to increase tuition collections: in FY2018 by \$744K and in FY2019 \$82K. The amounts equivalent to the targets were added to the revenue targets in both years respectively.

2018 Tuition Revenue



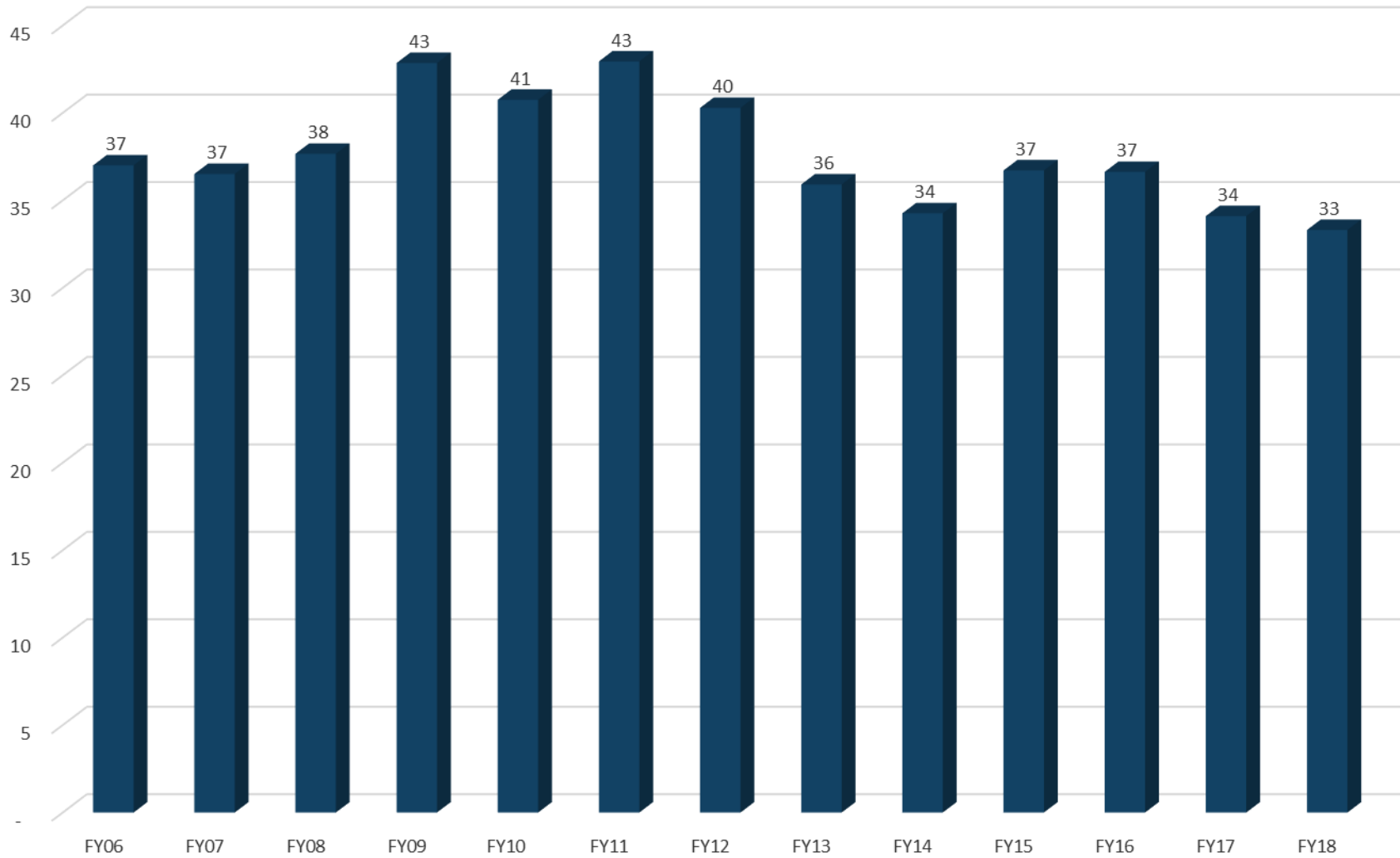
During several FYs when Compact funding was provided the college aggressively increased its full-time faculty by over 190 positions. Full-time faculty remains at this and slightly higher level for the last couple of years.

Full time Faculty



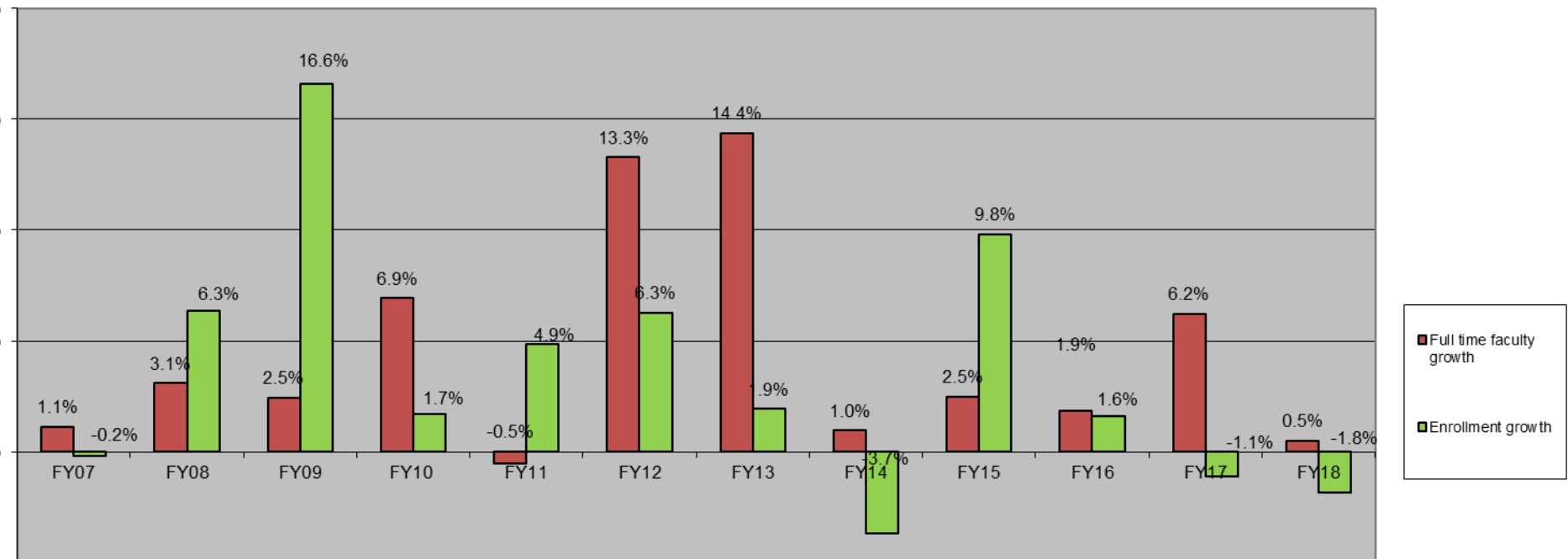
Number of student FTEs per Full-time faculty is at the lowest level in FY19.

Student FTEs per full-time faculty



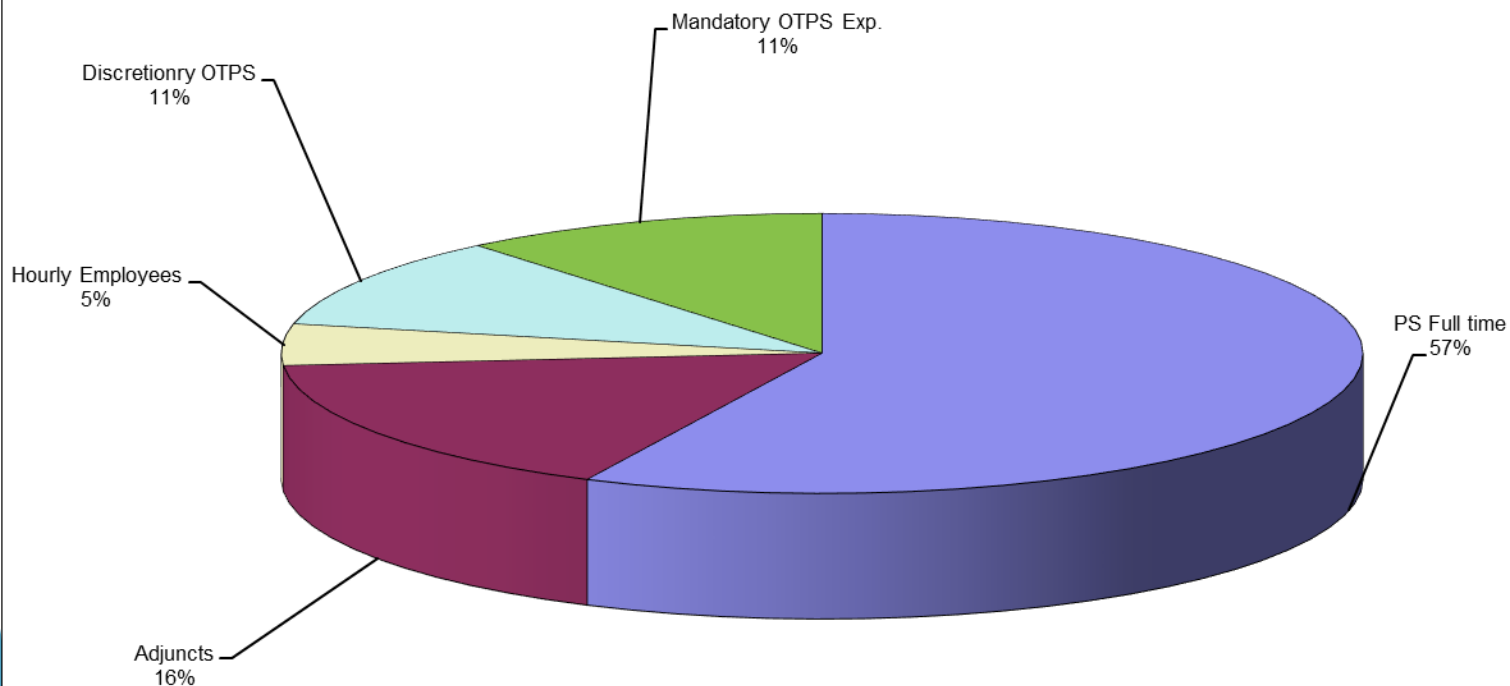
- ▶ Increase in Full Time faculty historically was not consistent with student enrollment trends. There were years when increase of full time faculty exceeded the enrollment increase, and years when full time faculty count increased and enrollment dropped.

Full Time Faculty vs. Student Enrollment growth



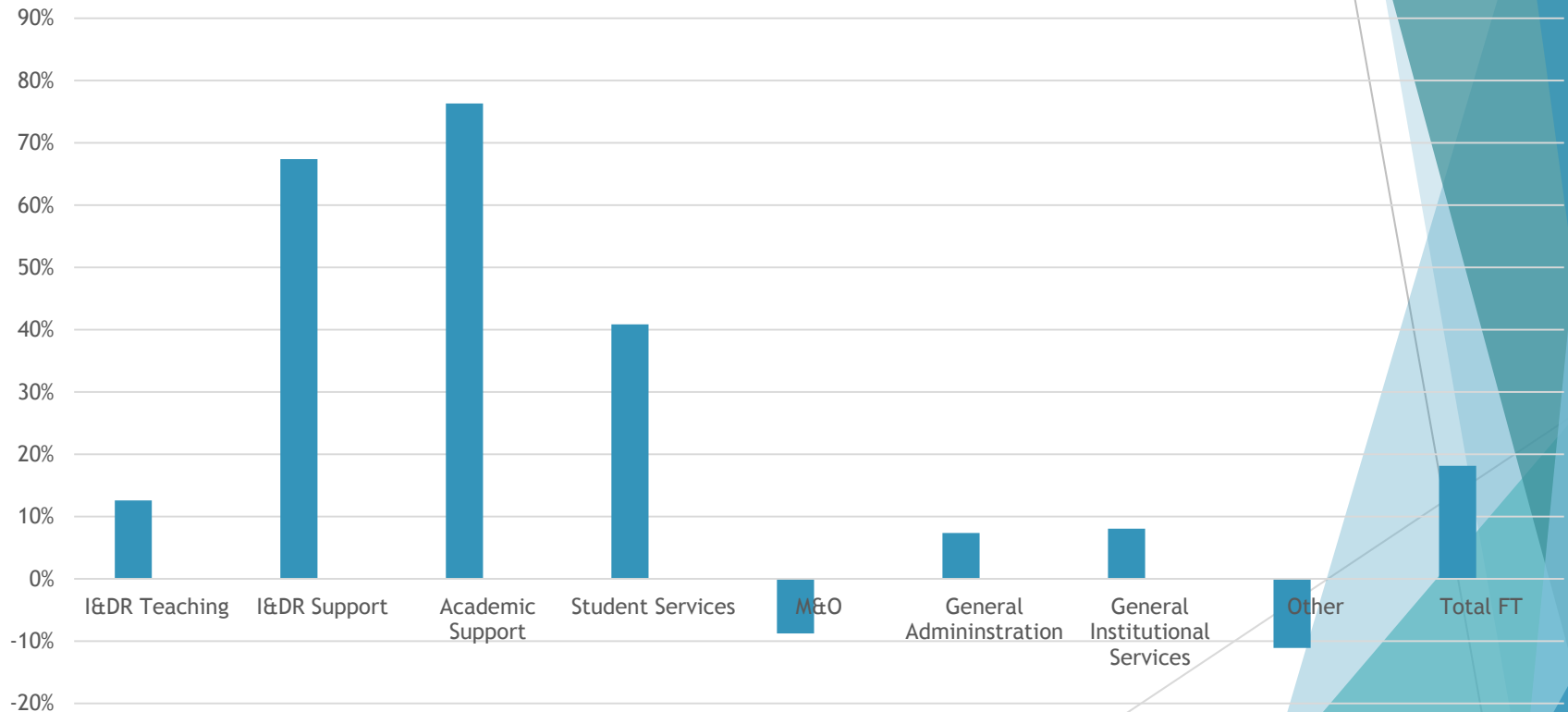
- ▶ Almost 80% of the college's budget is spent for personnel services expenses. The remaining 21% is split between mandatory recurring OTPS (other than personnel services) and discretionary OTPS expenses.

2018 Expenditures



Total number of full time employees increased by 209 or 18% over the last five years. This increase was mainly experienced in the areas of Academic and Student Support, where the headcount of full time employees grew up by 207, while in the area of administration the net increase was only 2 full time employees.

Changes in Full Time staffing from FY13 to FY18



Categories of mandatory recurring expenses	FY2018
Rent	11,732,540
Cleaning Services	1,316,818
Engineering Services	704,782
Elevator/escalators repairs & maintenance	566,022
Exterminating Service	73,370
Fire Alarm Maintenance	207,802
Security Services	757,691
HVAC maintenance	180,401
Copier maintenance	118,631
Armored car service	3,578
AMAG Site Support Agreement	75,000
Telephone	204,840
Technology contracts and software licenses	2,055,775
Total maintenance and services contracts	19,544,669

- BMCC submits balanced financial plans, and we carefully monitor the tuition revenue and expenditures.

FY20 State Executive Budget recommends a decrease of \$17.4Mil.for community colleges.

Per FTE Student base aid remains flat at \$2,847. Continuing community college enrollment declines result in a base aid realignment.

Next FY BMCC will be responsible for the payment of \$4.3Mil rent for the 3rd Floor and additional space on the 2nd Floor at Murray Street out of operating budget. This lease provided additional 30 classrooms.

At the end of January we were informed about recently negotiated 2016-2021/ 2017-2021/2017-2022 with and blue collar unit collective bargaining agreements and salary increases for classified staff employees. These agreements will affect the salaries of CUNY Office Assistants, Accounting Assistants, Purchasing agents, IT personal and trades. Employees will receive 2% salary increase per contract year.

Community colleges will be funded for these increases. So far only DC37 confirmed this. Other unions have not responded yet. The date on processing the retroactive payments is negotiated between the NYC and CUNY.