

III. Executive Summary

The City University of New York (CUNY), like most of higher education, has responded to declining government financial support over the past two decades by significantly increasing the level of funding provided by tuition, and by initiating measures to generate new sources of funding. This redistribution of support among stakeholders increases the pressure on universities to be accountable not solely for where they expend their resources, but also for how they manage the resource allocation process. For CUNY, this means developing a comprehensive planning and budgeting process that more effectively sets institutional direction and establishes the linkage between institutional priorities and resource allocations.

Current Resource Environment. CUNY's resource allocation process reflects its current funding environment. At present, state funding for the senior colleges is historically based with annual incremental changes; the majority of new funding is provided through lump sum appropriations for special programs. State funding for the community colleges is determined on the basis of enrollment-driven formulas, with some lump sum appropriations also provided for special programs. Additional city funding for the community colleges is currently capped at a constant amount in accord with a maintenance of funding agreement between the city and the state. These funding policies, some of which impose restrictions on how and where resources can be allocated, have both guided and constrained CUNY's internal resource allocation procedures. For the most part, these procedures provide inadequate redirection of funds in response to changing demands, insufficient prioritization of funding requirements, and limited or no explanation for resource decisions.

Conclusion.

The current environment for CUNY, the state, and the city results in:

- A lack of motivation by CUNY or the campuses to think strategically about long-term institutional direction and resource priorities
- Confusion and mistrust between central administration and the campuses regarding the allocation of resources
- Unawareness of whether available resource support is aligned with demand
- Few incentives for campuses to identify cost reduction opportunities, reallocate resources to higher priorities, or generate new revenues
- A general lack of confidence in the entire resource allocation process

At the highest level, the findings from this analysis suggest the conclusion that for some time CUNY has operated essentially without direction. Nowhere can be found answers to such fundamental questions as:

- How well is CUNY doing?
- What should CUNY be doing?
- When should CUNY be doing it?

- How could CUNY be doing it more effectively?

Whatever processes, mechanisms, or policies are adopted, the most crucial task for CUNY and its collective leadership is to answer these questions.

Recommendations. Although several interim initiatives have been made to open up the annual budget request process and to provide better understanding of resource allocation decisions, there are multiple opportunities for CUNY to improve its internal processes. The recommendations presented in this report present challenges to CUNY's Central Administration, to campus leadership and faculty, to the Board of Trustees, and to the State and City of New York.

- CUNY leadership should develop a university-wide strategic planning and budgeting process that provides comprehensive strategic direction across the system, establishes both university and college strategic goals and priorities, links resources to priorities, and establishes criteria for assessing performance.
- Building on its strategic planning and budget process, CUNY should continue to develop the multi-year budget request approach initiated for FY 1999-00.
- CUNY should base its internal resource allocation methodologies on established priorities, with well-articulated and communicated criteria.
- CUNY and the campuses should adopt an all funds budget that plans for the effective utilization of funds available to each campus from all sources and aligns resource planning with strategic intent.
- The state, city, and CUNY central administration should collectively design mechanisms that encourage and reward campuses for:
 - Reducing costs, reallocating resources internally to support priorities, and generating alternative revenues that support new strategic initiatives or qualitative improvements to current programs.
 - Effective fiscal management, sharing resources across campuses, collaborating on academic programming and administrative process improvements, or creating university-wide initiatives such as purchasing contracts for equipment.
- CUNY should develop the information systems infrastructure needed to support its planning and budgeting process and to provide the management information required to support effective decision making. Implementation of this recommendation requires that the state, city, and CUNY work collectively to identify the critical and substantial resources that will be needed to fund new systems.
- The Board of Trustees, the state, and the city should support changes in structures, policies, and procedures that enable CUNY to be more effective in and accountable for its fiscal management.

Capital Budgeting. The resource allocation analysis focused primarily on CUNY's general operating budget. A smaller but corollary review of the capital budgeting process revealed that the process works fairly well, given the complexities of construction funding, planning,

and management. Most campuses are satisfied with the support provided to this process by central administration. Several opportunities exist for improvements in the areas of construction management and deferred maintenance.

Planning & Budgeting Process

Governance Structure

**Strategic
Planning**

Implementation

Evaluation

Environmental Assessment

Vision Creation

Strategy Development

Goal Specification & Prioritization

Performance Indicator Definition

Guidelines for Strategic Goals

Budget Request

Appropriation

Resource Allocation

Expenditure Monitoring

Performance Measurement

Tie in to Strategic Plan

Infrastructure

**This sheet MUST accompany this document
at ALL TIMES**

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