

## VI. Capital Budget – Process Conclusions

*Due to the complexity and numerous issues related to the operating budget, our scope focused primarily on the operating budget and less on the capital budget. However, this section provides conclusions we derived from our review and some areas designated for further study.*

**The overall process of developing requests and allocating funds for capital projects seems to work well, especially given the complexities of construction funding, planning and management.**

- The role of Facilities Planning and Construction Management (FPCM) has evolved considerably since it was established. While originally set up as a funding mechanism for the university's capital projects, the colleges have now effectively outsourced the process of planning and managing capital construction to FPCM.
- FPCM has developed a five-year planning process that recognizes the multi-year nature of capital planning and budgeting. Last year, the state made a five-year funding commitment to the university, greatly increasing the colleges' ability to conduct real long range planning. This model has been extremely effective for both the planning for and securing of funding, so much so that it was used by Central Administration to create this year's multi-year operating budget request.
- FPCM seems to have developed a strong working relationship with the facilities managers at each college, meeting regularly to discuss the budget process and procedures. This process receives strong praise from almost all campuses as being fair, rational and well organized.
- Local influence often plays a strong role in the capital process.
  - Although CUNY submits a five-year master plan to the state and city government that outlines its priorities for all capital projects, occasionally funding is appropriated for a project that has not been included within the master plan.
  - CUNY receives approximately \$7 million each year from borough presidents and city council members, the majority of which is secured through individual relationships established between colleges and their local representatives.
  - While the insertion of local influence may not necessarily result in colleges with greater needs receiving less funding, the university's ability to ensure that funding decisions make sense for the whole institution, as well as the individual colleges, is weakened through the current structure.

**Despite FPCM's strong management, there are still problems in the capital project process that should be addressed. However, these problems are driven as much by inefficiencies in resource allocation as by issues with the actual construction management process.**

- The majority of problems in the capital process are due to the multitude of parties involved (e.g., Facilities Planning and Construction Management, the Dormitory Authority of the State of New York, the campus facilities offices) – each with different mandates, incentives and desired outcomes. Having three major stakeholders involved in the process of constructing a CUNY building, each with different responsibilities and goals, often leads to a disjointed process.
  - For example, FPCM has the responsibility to get projects funded, while DASNY must actually complete the funded projects. FPCM often gets a project passed with a budget that is well below original projections, setting up a construction process that will most likely go over budget.
  - In many cases, campuses believe that DASNY manages budget shortfalls with dollars allocated for equipment to be purchased for the new building; this leaves campuses short on funds to purchase equipment and complete the process of making the new building functional.
- There is a large degree of variance in the role that colleges want in, and have the appropriate staff to dedicate to, the construction management process. While FPCM seems to adjust its role to suit the individual campuses, essentially FPCM must apply a “one size fits all” model to the process of planning and managing construction projects. This leaves some campuses without adequate staffing needed to get a project launched, while other campuses are eager for a much greater degree of control in the construction process.
- Many campuses also find it difficult to fund the operating and ongoing maintenance of new buildings with existing operating budgets; while Central Administration often allocates new funds through lump sum allocations, there is great concern that these funds are not sufficient to keep up new buildings. Also, many campuses have reallocated facilities dollars to fund other priorities; at many campuses this has led to costly repairs of buildings that have not been properly maintained.