



NEW YORK
STATE OF
OPPORTUNITY™

DASNY

Proposed Operating Budget 2018-2019 Fiscal Year

March 7, 2018

Budget Headlines for 2018-2019 Proposal

- **The total 2018-19 proposed operating budget of \$115,359,695 represents an expenditure increase of 1.99% over the projected results for the 2017-18 fiscal year.**
- Minor updates have been made to 2017-18 projected expenses and the 2018-19 proposed budget since the initial budget presentation at the January 10th Board meeting in an effort to reflect the most recent information available.
- **A minimal surplus is expected for 2018-19 operating results**, improving from the projected 2017-18 deficit.
- **Proposed FTEs** of 529 reflects the 13 new positions in the Grants Administration unit that were not anticipated in the 2017-18 budget.
- **Salaries** include the contractual cost-of-living increases of 2% (\$1.0 million) and step/longevity increases (\$0.45 million). An increase of 12 FTEs (\$0.9 million) is partially offset by funding from the Evolution and Health Care Transformation Reserves (\$0.55 million) to facilitate knowledge transfer with some retiring employees.
- **Benefits** reflect a 6% increase in health insurance premiums due to higher rates and participation (\$0.7 million) and higher contributions based on the estimate received from the Employee Retirement System. The proposal also funds higher contributions associated with additional retirees and accounts for benefits for the additional FTEs referred to above.
- **OPEB** expenses reflect a revised allocation of the liability DASNY has for Other Post-Employment Benefit liabilities (OPEB) from private institutions to public programs. The prior allocation to public programs reflected the cumulative share of time DASNY employees have spent supporting public programs since the inception of the liability in 2008 (87.5%). Previously the allocation was calculated based on the current fiscal year's share of time. By using the cumulative calculation, the allocation aligns with the overall level of support provided to the public programs, rather than being focusing on a single year's level of support.
- **Projected Construction workload for 2017-18 has increased 24%** over the prior year's value, while maintaining a steady number of projects in excess of 900 annually
- **Financing Fees** for 2017-18 reflect no additional private financings for healthcare or higher education clients.

2017-2018 Proposed Budget 12/31/17 vs. 3/7/18

	12/31 Proposed 2018-2019 BUDGET	3/8 Proposed 2018-2019 BUDGET	<u>CHANGE</u>	
<u>Personal Services</u>				
Salaries	\$ 51,975,599	\$ 52,509,769	\$ 534,170	1.03%
Retirement Contributions	7,127,419	7,127,419	-	
Social Security	3,681,918	3,780,703	98,786	
Health Insurance	12,243,587	12,118,684	(124,904)	
Workers Compensation	484,557	484,557	-	
Dental & Optical	360,000	360,000	-	
Miscellaneous Benefits	546,500	546,500	-	
Total Benefits	\$ 24,443,981	\$ 24,417,863	\$ (26,118)	
Total Personal Services	\$ 76,419,580	\$ 76,927,632	\$ 508,052	0.66%
<u>Maintenance & Operations</u>				
Rent & Utilities	1,871,631	1,871,631	-	
Office Supplies & Miscellaneous Expense	892,844	892,844	-	
Business Travel Expense	811,150	811,150	-	
Management & Staff Training	260,512	260,512	-	
Publications & Memberships	250,621	250,621	-	
Communications	394,472	394,472	-	
Corporate Insurance	499,673	499,673	-	
Non-Capital Equipment & Equipment Leases	226,950	226,950	-	
Diversity Training & Coordination	80,000	80,000	-	
Legal Fees	500,000	500,000	-	
Professional Services	643,000	643,000	-	
Computer Services & Equipment	2,621,467	2,621,467	-	
Depreciation Expense	820,000	820,000	-	
Payment in Lieu of Taxes	125,000	125,000	-	
Total Maintenance & Operations	\$ 9,997,319	\$ 9,997,319	\$ -	0.00%
Contingency	\$ -	\$ -	\$ -	
Total Internal Operating Budget	\$ 86,416,899	\$ 86,924,951	\$ 508,052	0.59%
<u>Pass Through Expenses</u>				
Pass Through Insurance	10,921,223	10,921,223	-	
Post Employment Benefits	14,100,701	14,100,701	-	
NYS Cost Recovery Fees	-	-	-	
Other Program Specific Expenses	3,515,205	3,412,821	(102,384)	
Total Pass Through Expenses	\$ 28,537,129	\$ 28,434,744	\$ (102,384)	
Total Operating Budget	\$ 114,954,028	\$ 115,359,695	\$ 405,667	0.35%

2017-2018 Projected Results Compared to 2018-2019 Proposed Budget

	PROJECTED 2017-2018 EXPENSE	PROPOSED 2018-2019 BUDGET	<u>CHANGE</u>	
<u>Personal Services</u>				
Salaries	\$ 50,742,460	\$ 52,509,769	\$ 1,767,309	3.48%
Retirement Contributions	6,862,244	7,127,419	265,175	
Social Security	3,631,127	3,780,703	149,576	
Health Insurance	11,432,721	12,118,684	685,963	
Workers Compensation	475,000	484,557	9,557	
Dental & Optical	360,800	360,000	(800)	
Miscellaneous Benefits	556,250	546,500	(9,750)	
Total Benefits	\$ 23,318,141	\$ 24,417,863	\$ 1,099,722	
Total Personal Services	\$ 74,060,601	\$ 76,927,632	\$ 2,867,031	3.87%
<u>Maintenance & Operations</u>				
Rent & Utilities	1,751,360	1,871,631	120,271	
Office Supplies & Miscellaneous Expense	908,126	892,844	(15,282)	
Business Travel Expense	759,067	811,150	52,083	
Management & Staff Training	171,689	260,512	88,823	
Publications & Memberships	248,046	250,621	2,575	
Communications	363,863	394,472	30,609	
Corporate Insurance	605,653	499,673	(105,980)	
Non-Capital Equipment & Equipment Leases	218,840	226,950	8,110	
Diversity Training & Coordination	65,000	80,000	15,000	
Legal Fees	500,000	500,000	-	
Professional Services	639,808	643,000	3,192	
Computer Services & Equipment	2,538,754	2,621,467	82,712	
Depreciation Expense	818,036	820,000	1,964	
Payment in Lieu of Taxes	125,000	125,000	-	
Total Maintenance & Operations	\$ 9,713,242	\$ 9,997,319	\$ 284,077	2.92%
Contingency	\$ -	\$ -	\$ -	
Total Internal Operating Budget	\$ 83,773,843	\$ 86,924,951	\$ 3,151,108	3.76%
<u>Pass Through Expenses</u>				
Pass Through Insurance	10,501,176	10,921,223	420,047	
Post Employment Benefits	14,300,701	14,100,701	(200,000)	
NYS Cost Recovery Fees	-	-	-	
Other Program Specific Expenses	4,530,425	3,412,821	(1,117,604)	
Total Pass Through Expenses	\$ 29,332,302	\$ 28,434,744	\$ (897,557)	
Total Operating Budget	\$ 113,106,145	\$ 115,359,695	\$ 2,253,550	1.99%

Revenue and Expense Allocation by Program (in thousands)

	ACTUAL 2016-2017		PROJECTED 2017-2018		PROPOSED 2018-19	
REVENUE*						
Private Institutions	\$ 10,373	9.5%	\$ 8,480	7.6%	\$ 8,754	7.6%
Mental Health	29,072	26.6%	27,073	24.1%	27,523	23.9%
Municipal Facilities	3,463	3.2%	2,317	2.1%	1,619	1.4%
Other NYS Initiatives	-	0.0%	-	0.0%	-	0.0%
NYS Agencies	18,258	16.7%	26,821	23.9%	22,275	19.3%
SUNY	15,347	14.1%	14,644	13.0%	17,733	15.4%
CUNY	32,622	29.9%	32,904	29.3%	37,242	32.3%
	\$ 109,135	100.0%	\$ 112,239	100.0%	\$ 115,145	100.0%
Other Non-Operating Revenue	1,522		1,574		1,604	
Total Revenue	\$ 110,657		\$ 113,813		\$ 116,749	
ALLOCATED OPERATING EXPENSES*						
Private Institutions	\$ 8,993	8.4%	\$ 10,467	9.3%	\$ 10,158	8.8%
Mental Health	27,804	26.1%	25,708	22.7%	26,188	22.7%
Municipal Facilities	2,997	2.8%	2,057	1.8%	1,227	1.1%
Other NYS Initiatives	546	0.5%	506	0.4%	538	0.5%
NYS Agencies	18,258	17.1%	26,821	23.7%	22,275	19.3%
SUNY	15,347	14.4%	14,644	12.9%	17,733	15.4%
CUNY	32,622	30.6%	32,904	29.1%	37,242	32.3%
	\$ 106,568	100.0%	\$ 113,107	100.0%	\$ 115,360	100.0%
Other Non-Operating Expenses	2,077		1,252		1,298	
Total Expenses	\$ 108,644		\$ 114,359		\$ 116,658	
EXCESS (DEFICIENCY) BY PROGRAM						
Private Institutions	\$ 1,380		\$ (1,987)		\$ (1,404)	
Mental Health	1,268		1,365		1,335	
Municipal Facilities	466		260		392	
Other NYS Initiatives	(546)		(506)		(538)	
NYS Agencies	-		-		-	
SUNY	-		-		-	
CUNY	-		-		-	
	\$ 2,567		\$ (867)		\$ (215)	
Other Non-Operating	(555)		322		306	
Excess (Deficiency) of Revenues over Expenses*	\$ 2,013		\$ (546)		\$ 91	

* Includes Pass Through Revenue or Expenses, if applicable

Budget and Financial Plan Summary
April 1, 2016 - March 31, 2022
(in thousands)

Budgeted Revenues, Expenditures and Changes in Net Assets

	<u>Actual 2016-2017</u>	<u>Projected 2017-2018</u>	<u>Proposed 2018-2019</u>	<u>Proposed 2019-2020</u>	<u>Proposed 2020-2021</u>	<u>Proposed 2021-2022</u>
REVENUE & FINANCIAL SOURCES						
Operating Revenues:						
Fees for services	\$91,159	\$98,294	\$100,906	\$102,090	\$103,273	\$103,523
Rental & financing income	531	553	553	553	553	553
Other operating revenues						
Non-operating Revenues						
Income on investments	991	1,021	1,051	1,083	1,115	1,149
Other non-operating revenues	17,976	13,945	14,238	14,038	13,838	13,638
Total Revenues and Financial Sources	110,657	113,813	116,749	117,764	118,779	118,863
EXPENDITURES						
Operating Expenditures:						
Salaries and wages	\$46,668	\$50,742	\$52,510	\$53,660	\$54,810	\$55,260
Other employee benefits	22,933	23,318	24,418	24,953	25,487	25,697
Office Infrastructure	6,266	7,778	8,150	8,150	8,150	8,150
Legal & Professional services	1,087	1,140	1,143	1,143	1,143	1,143
Other operating expenditures	657	796	705	705	705	705
Total Operating Expenditures	77,611	83,774	86,925	88,610	90,294	90,954
Non-internal operating expenditures	28,957	29,332	28,435	28,235	28,035	27,835
Total Operating Budget	106,568	113,107	115,360	116,844	118,329	118,788
Non-Operating Expenses	2,076	1,252	1,298	1,296	1,295	1,311
Total Expenditures	\$108,644	\$114,359	\$116,658	\$118,140	\$119,624	\$120,099
Excess (Deficit) of revenues over expenditures	\$2,013	-\$546	\$91	-\$378	-\$845	-\$1,237
RESERVE FUNDS & CAPITAL OUTLAYS						
Beginning Reserve Fund Balance	\$50,578	\$61,493	\$58,370	\$48,835	\$44,418	\$42,865
* Transfers to Reserves	\$15,527	\$246	\$883	\$414	-\$53	-\$445
Reserve for Replacement (Capital Outlays)	\$202	\$991	\$3,350	\$650	\$500	\$500
Fiduciary Fund	518	518	518	518	0	0
Healthcare Portfolio Management Fund	3,500	0	0	0	0	0
Other Reserve Funds	347	168	150	150	150	150
*Evolution Reserve Fund	0	1,118	1,400	1,482	0	0
*21 Century Technology Reserve Fund	45	374	1,500	1,081	0	0
*Healthcare Transformation Reserve Fund	0	200	3,500	950	850	0
Total Reserve Fund & Capital Outlays	4,612	3,369	10,418	4,831	1,500	650
Ending Reserve Fund Balance	\$61,493	\$58,370	\$48,835	\$44,418	\$42,865	\$41,770