

Financial Disclosure

Budget Bulletin from the CUNY Office of Budget and Finance

Ernesto Malave, Vice Chancellor

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Governor and Legislature Reach Agreement on Budget. Senior College Budget Cut \$50.6 Million. CUNY to Reduce Impact on Colleges to \$18.6 Million. Core Academic and Student Services Protected. Community Colleges Largely Spared.

On August 19, the New York State Legislature returned to Albany to take up Governor Paterson's call to reduce current-year State spending to help address the State's growing budget deficit. The Governor had proposed for the Legislature's consideration a menu of reductions totaling \$1 billion and asked the Legislature to agree on \$600 million. These reductions would come on top of the \$630 million in cuts being implemented by the Executive branch and not requiring Legislative approval.

The Governor's proposal included cuts to CUNY senior colleges of \$50.6 million and \$8.2 million in reductions in aid to community colleges. The reduction for CUNY senior colleges was linked to parity with the \$96.6 million reduction assigned

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and being implemented administratively for SUNY's state supported colleges.

In the end, the Legislature agreed to \$427 million in reductions. The Budget agreement included the \$50.6 million reduction to CUNY senior colleges but rejected \$7.5 million of the proposed \$8.2 million cut in aid to the community colleges.

Impact on CUNY

CUNY has been mindful of the likelihood of major budget challenges in FY2009 and has been planning contingencies. With the support of the New York State Division of the Budget, CUNY has been able to identify \$32 million in one-time resources and apply them against the \$50.6 million.

The \$32 million is comprised of \$25 million in one-time reserves and the use of \$7 million in Capital Budget resources for equipment replacement. As a result of these actions, the actual reduction to the senior

colleges operating budget was reduced by nearly two-thirds, to \$18.6 million. The University is confident that this reduction can be managed while maintaining our core academic and student services.

Changes to FY2009 Budget Allocations

In order to satisfy this \$18.6 million reduction, the University is undertaking the following measures:

- Senior college budgets will be reduced by the 1.5% reserve that was included in the FY2009 Initial Allocation. This reserve, which totals \$13.9 million, will be applied toward the reduction.

The reduction is to be implemented through a 5% cut in other-than-personal-service (otps) and savings from restrictions in full-time hiring of administrative personnel. \$2.7 million in savings will be generated from fringe benefit savings related to the hiring restrictions.

- A reduction of \$2 million will be made against unallocated lump sum funding being held centrally.

FY2009 CUNY Compact

In order to give colleges more tools to deal with the current budget pressure, the University is deferring the planned FY2009 CUNY Compact to FY2010. The tuition revenue target increase associated with the FY2009 Compact is being rescinded. College tuition revenue targets will be reset to FY2008 levels.

Additional tuition revenue over-collections that are generated in the current year are resources that will be retained by the colleges and can be used to offset the planned reductions or be held in reserve (within the 2% reserve limitations).

Colleges may still choose, if their budget conditions permit, to generate Compact revenues as originally envisioned and make the planned investments.

This deferral of the Compact is a temporary measure intended to give the colleges' maximum flexibility in meeting the current budget challenges. The revenue targets will be reset for the FY2010 Budget.

Prior Year Compact Plans Continue

Compact plans for FY2007 and FY2008 have been funded in college base budgets and should continue to be implemented. Self-financing targets for the FY2007 and FY2008 Compact plans must still be maintained and be included in college financial plans. Compact spending should continue to be discretely accounted for in college financial plans.

The CUNY Compact initiative will continue to be the long-term financing vehicle for the University and will be the centerpiece for the FY2010 University Budget Request.

UBO Releases FY2008 Year-end Financial Report: Strong Enrollment Gains and Compact Spending Fuel Increase in Full-time Faculty. – A Net Increase of 280 Full-time Faculty Lines Last Year – 354 Over Two Years.

Over the Two Year Period John Jay Led all Schools with 69 New Full-time Faculty, a 24% Increase; Queens Followed with 49 Hires, a Gain of 10%.

On September 2, the University Budget Office (UBO) released the FY2008 Colleges Year-End Financial Report. The report, which is issued quarterly by UBO, tracks college revenue, expenditure, enrollment and staffing data.

This FY2008 report shows colleges increased spending by \$120.9 million over FY2007, an increase of 8.6%. (See Table 1). While collective bargaining costs account for some of this increase, most of the new spending was the result of 2008 Compact investments, \$23.9 million in additional revenue from enrollment gains and the spend down of \$12.8 million in college reserves (mostly CUTRA balances at the senior colleges). The colleges are projected to end FY2008 with resources available in reserve. These resources will assist colleges in managing current and future budget challenges.

Enrollment and Tuition Revenue

The additional tuition revenue was generated from impressive enrollment gains. (See Table 2). The overall FTE increase at the senior colleges was 3.3%. The community college gain was a very strong 5.8%. Among the senior colleges, City College posted the largest gain at 8.5%, an increase of 784 FTE's. Queens and York colleges also showed strong gains of 5.3% and 6.2%, respectively. Among the community colleges, Queensborough's FTE's grew by nearly 10% and LaGuardia and BMCC each gained more than 6%.

Full-time Faculty Gains

The City University's number one priority continues to be the hiring of more full-time faculty. This year the colleges made significant gains in that direction, adding 280 new full-time faculty positions. Over the past two years, CUNY has added 354 new full-time positions. (See Table 3).

Of the 280 new positions last year, 238 were hired at the senior colleges. This reflected the more stable budget environment at the senior colleges last year. The community colleges spent much of the year absorbing City of New York directed budget reductions. Nonetheless, BMCC, Bronx, Hostos, Queensborough, and LaGuardia showed gains of 50 new faculty positions.

Of the 238 new senior college faculty hires over the fall of 2006, Queens College led with 45 new hires, a 9.6% increase, followed by John Jay's 42 positions, a gain of 13.1%, and Hunter College's 36 new hires, a 6.3% increase.

Table 1.

2007 - 2008 Year End Financial Report
Expenditures -- FY 2007 vs. FY 2008 (000's)

	FY- 2007	FY- 2008	Difference	% Change
Baruch	95,031.4	103,744.8	8,713.4	9.2%
Brooklyn	101,064.4	110,982.5	9,918.1	9.8%
City	111,715.3	127,763.1	16,047.7	14.4%
Hunter	124,287.4	133,384.5	9,097.1	7.3%
John Jay	73,830.0	76,850.3	3,020.3	4.1%
Lehman	69,227.0	76,957.9	7,730.9	11.2%
Medgar Evers	42,943.0	44,020.0	1,077.0	2.5%
NYCCT	68,388.2	73,769.7	5,381.5	7.9%
Queens	104,768.1	118,504.8	13,736.7	13.1%
CSI	73,374.8	78,572.6	5,197.8	7.1%
York	42,744.7	46,607.2	3,862.5	9.0%
Graduate School	89,722.0	103,592.6	13,870.5	15.5%
Law School	13,215.9	13,896.3	680.3	5.1%
School of Journalism		2,698.2	2,698.2	NA
School of Professional Studies		4,311.2	4,311.2	NA
Senior College Total	1,010,312.3	1,115,655.5	105,343.2	10.4%
BMCC	90,435.1	91,971.5	1,536.5	1.7%
Bronx	54,634.3	56,121.5	1,487.1	2.7%
Hostos	38,316.5	40,715.1	2,398.6	6.3%
Kingsborough	71,640.2	73,849.9	2,209.7	3.1%
LaGuardia	74,321.7	80,313.9	5,992.2	8.1%
Queensborough	61,939.0	63,900.7	1,961.6	3.2%
Community College Total	391,286.8	406,872.6	15,585.7	4.0%
University Total	1,401,599.2	1,522,528.1	120,928.9	8.6%

Table 2.

2007 - 2008 Year End Financial Report
 Annual Average FTE Enrollment : FY 2007 vs. FY 2008

	FTE			
	FY 2007	FY 2008	# Change	% Change
Baruch	12,316	12,533	218	1.8%
Brooklyn	11,246	11,585	339	3.0%
City	9,276	10,060	784	8.5%
Hunter	14,528	14,770	243	1.7%
John Jay	10,964	11,178	214	2.0%
Lehman	7,488	7,643	155	2.1%
Medgar Evers	3,916	4,023	107	2.7%
NYCCT	9,155	9,230	75	0.8%
Queens	12,769	13,443	675	5.3%
Staten Island	9,012	9,244	232	2.6%
York	4,369	4,639	271	6.2%
Graduate School	3,381	3,479	98	2.9%
Law School	503	499	(4)	-0.7%
School of Journalism	70	91	21	29.3%
School of Professional Studies	208	414	207	99.5%
Senior College Total	109,196	112,828	3,632	3.3%
Borough of Manhattan	12,961	13,784	823	6.3%
Bronx	6,296	6,567	271	4.3%
Hostos	3,341	3,538	197	5.9%
Kingsborough	10,411	10,708	297	2.9%
LaGuardia	10,092	10,714	622	6.2%
Queensborough	7,988	8,756	768	9.6%
Community College Total	51,089	54,066	2,977	5.8%
University Total	160,285	166,893	6,609	4.1%

*FY2008 annual average is based on Fall 2007 Final Enrollment Report and Spring 2008 Preliminary Flash Enrollment Report.
 For Kingsborough and LaGuardia, Spring 2007 actuals are used due to unavailable preliminary data.

Table 3.**Fulltime Teaching Staffing Fall 2005 to Spring 2008**

Senior Colleges	Fall 2005	Fall 2006	Fall 2007	Spring 2008	# Change over 2005	% Change over 2005
Baruch	424	427	434	436	12	2.8%
Brooklyn	458	459	467	477	19	4.1%
City	453	461	457	464	11	2.4%
Graduate	331	331	339	337	6	1.8%
Hunter	565	572	602	608	43	7.6%
John Jay	294	321	352	363	69	23.5%
Lehman	301	311	334	329	28	9.3%
Medgar Evers	155	153	166	166	11	7.1%
NYCCT	289	300	328	329	40	13.8%
Queens	513	517	555	562	49	9.6%
Law	32	32	36	36	4	12.5%
Staten Island	306	304	319	315	9	2.9%
York	165	164	171	168	3	1.8%
Total Senior	4,286	4,352	4,560	4,590	304	7.1%

Community Colleges						
BMCC	354	351	362	366	12	3.4%
Bronx	234	234	245	241	7	3.0%
Hostos	138	148	156	156	18	13.0%
Kingsborough	284	284	275	276	-8	-2.8%
LaGuardia	245	249	262	255	10	4.1%
Queensboro	273	270	282	284	11	4.0%
Total Community	1,528	1,536	1,582	1,578	50	3.3%

College Totals	5,814	5,888	6,142	6,168	354	6.1%
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CUNY Retains Cambridge Associates

CUNY's Board of Trustees approved the selection of Cambridge Associates as the University Investment Consultant. Cambridge Associates is an independent consulting firm which provides investment consulting, advisory, and research services.

The firm was founded in 1973 to provide consulting and research services to the leading endowments, and they currently work with more than 600 institutional endowments globally, including 181 colleges and universities. Cambridge Associates will be assisting CUNY in reviewing its investment and spending policy, as well as developing a new asset allocation for CUNY's Long Term Investment Pool.

Financial Management Conference: "Managing the Challenge"

On September 15 and 16, the CUNY Office of Budget and Finance will host the 7th Annual Financial Management Conference. The conference, the annual gathering of over 300 CUNY senior managers, will focus on the current challenges facing CUNY.

The conference program includes an opening session with presentations from Executive Vice Chancellor and Chief Operating Office Allan Dobrin, Executive Vice Chancellor and University Provost Alexandra Logue and Vice Chancellor for Budget and Finance Ernesto Malave.

Mr. Joseph Lhota, Chair of the Board of Trustees' Committee on Fiscal Affairs, will deliver the keynote address during lunch at the conference.

A closing session will be held on the afternoon of September 16, at which the findings of the working sessions are presented to the larger group and a special Provosts' Roundtable will be held.

The closing session will include the active participation of all attendees. Like last year, a wireless audience response system will be deployed to gauge reaction to the topics presented during the conference and to measure consensus on various issues. Responses will be immediately tallied and presented on the screen to the full audience.

Following is a description of the planned breakout sessions:

1. CUNY's 2010 Budget Request and Tuition Policy Review.

This session will be led by Vice Chancellor Ernesto Malave and include Budget Director Matthew Sapienza, York College Vice for Finance President Jerry Posman and Baruch College Vice President for Student Affairs and Enrollment Management Ben Corpus. It will focus on the current state of CUNY finances and the development of the University's budget message to the City and State of New York in an environment of fiscal austerity.

The session will also include a major discussion of tuition and fee policy at CUNY and will include a presentation from a working group led by Vice President Jerry Posman. The working group has been seeking to "rationalize" CUNY's tuition structure and will bring to this forum some ideas and recommendations to help inform the revenue component of the University's 2010 Budget Request.

2. Where Financial Affairs and Academic Affairs Intersect.

Vice Chancellor for Budget and Finance,

Ernesto Malave and Executive Vice Chancellor and Provost, Alexandra Logue will be joined by Baruch College Provost Jim McCarthy, John Jay Provost Jane Bower and BMCC's Vice President for Finance and Administration Scott Anderson to discuss some of the issues that arise when an Academic Affairs office considers making allocations, particularly during times of budgetary challenges. Some of the questions that will be addressed include:

- What is the core mission of Academic Affairs at CUNY, and how do we align resource allocations with that core mission?
- How do we evaluate existing Academic Affairs programs on an annual basis to look at quality and cost vs. benefit so as to determine whether programs are meeting objectives and are in line with the organization's mission?
- How should funding decisions be driven? Should an Academic Affairs office (including a central Academic Affairs office) give its units flexibility and allow for risk taking in meeting program outcomes with resources?
- How can an office of Academic Affairs better serve multiple units' needs?
- Should University lump sum budget allocations become part of college base budgets?
- How should data be used to inform budget allocations?

3. Labor Relations Perspective - Where we are – How We Got Here and – Where We Go Next.

Vice Chancellor for Labor Relations, Pamela Silverblatt, will be joined by her colleague, Deputy Senior University Director of Labor

Relations, Laura Blank and Commissioner of New York City Office of Labor Relations, James F. Hanley, who will look at some of the recent changes in the Professional Staff Congress collective bargaining agreement – how they build on prior modifications.

There will be a discussion of some of the external parameters that help shape how we bargain with our unions. And we will conclude with an exploration and dialogue of potential future innovations in faculty bargaining to better strategically serve the University.

4. The State of Internal Controls at CUNY

Gordon Taylor, CUNY's Director of Audit and Internal Control, will lead a panel discussion on issues involving internal controls and the critical need to strengthen controls so as to protect the university's resources and ensure that the University can achieve its operational goals and objectives.

Participants in this session will have the opportunity to discuss the challenges of safeguarding assets from fraud and embezzlement, the critical importance of ensuring that transactions are properly authorized, recorded, and reviewed, and the benefits of establishing a climate where all employees are aware of their responsibilities for internal controls.

Discussion will include the 2008 internal control self-assessment project and will elicit suggestions on ways in which the process can be improved to better serve managers and department heads.

5. CUNYfirst

Associate Vice Chancellor Brian Cohen and the CUNYfirst team will lead a panel that will focus on the next applications being readied for Go-Live, including Human Resources, Student Financials, and

Procurement, which includes Purchasing and Accounts Payable and Advanced Budgeting.

The session will also include a discussion of lessons learned from the successful launch of the General Ledger, and how we can collectively address problems related to security and additional training. We will also explore the campus readiness requirements for HR and Campus Solutions.

6. Capital Funding - Understanding and Accessing Capital Funding

Iris Weinshall, Vice Chancellor of Facilities Planning, Construction and Management and key department senior staff will focus on two major Facilities Planning, Construction and Management initiatives:

City Capital Projects, particularly RESO A Projects - and CUNY-Wide Capital Projects/ Critical Maintenance Projects.

Every year the colleges are successful in lobbying for funding for smaller-scale projects from the City and State. Spending these funds, historically, has not been an easy task. This session will provide guidance for the colleges on using these funds for capital projects, to include:

- Overview of the City and State approval processes.
- Presentation of capital eligibility issues.
- Discussion of issues particular to senior colleges versus community colleges.
- Presentations by college representatives regarding their experience with completed capital projects.

Every year the University receives State and City funding for CUNY-Wide initiatives intended to address state-of-good-repair throughout the system. In the past year

CUNY has initiated an unprecedented number of smaller-scale projects that will correct issues of health and safety, facilities preservation, ADA and code compliance, etc. at the campuses. This session will provide an overview of:

- Status of lump sum funding for these CUNY-Wide projects.
- Projects accomplished to-date.
- Guidelines for eligibility for CUNY-Wide funding and call for projects.
- Critical Maintenance funding that augments this CUNY-Wide funding.

President Bush Signs Congressional Reauthorization of Higher Education Act

The Higher Education Opportunity Act of 2008 (H.R. 4137) was signed into law on August 14, 2008. This is the first reauthorization of the nation's primary higher education laws in a decade.

This legislation governs federal financial aid regulations and is also known as The College Opportunity and Affordability Act. The new legislation requires colleges and universities to provide additional information to consumers about their institutions as well as information on tuition and fees. Among the initiatives proposed in the Higher Education Act are:

- Increase college aid and support for veterans and military families.
- Hold colleges and universities accountable for their tuition hikes by requiring them to report their reasons for tuition increases.

- Ensure states maintain higher education funding and encourage colleges to use innovative methods to keep costs down.
- Expand college access and support for low-income and minority students.
- Make colleges more affordable for low-income and non-traditional students by allowing students to receive Pell Grant scholarship aid year round.

Highlights under Title IV – Student Assistance – of the act include the following:

Pell Grants

Effective July 1, 2009, the law increases the authorized Pell Grant maximums for eligible students. In addition to increasing the annual authorized maximum Pell Grant, several other changes are included to the Pell Grant Program.

- Students will be eligible to receive Pell Grants on a year-round basis to foster persistence and reduce time-to-degree.
- The minimum award is set at 10 percent of the authorized maximum award.
- Students who lose a parent to combat in Iraq or Afghanistan are eligible for a maximum Pell Grant.
- Lifetime Limit on Pell Grant Eligibility – limits the time students can receive Pell Grants to 18 semesters (or equivalent) for those who first received a Pell on or after July 1, 2008.

Federal Direct student Loans

- Requires Institutions participating in the Direct Loan program to provide additional disclosures about loans to students.

- Allows borrowers to use an income-based repayment plan.

Perkins Loan

- Authorizes funding through 2013-14, with an extension of subsidies through 2018-2019 to allow students who received loans for the period ending prior to October 1, 2014 to continue or complete their course of study.

The amount of Perkins Loan is increased as follows:

- Undergraduates annual loan limit increases from \$4,000 to \$5,500.
- Graduates annual loan limit increases from \$6,000 to \$8,000.
- Undergraduates aggregate loan limit increases from \$20,000 to \$27,500.
- Graduates aggregate loan limit increases from \$40,000 to \$60,000.
- Expands Perkins Loan cancellation opportunities for specific professions and courses of study.

Needs Analysis

Authorizes the Department of Education to issue regulations to use “prior prior” year income to determine eligibility for aid. This would for example allow a student applying for the 2008-09 academic year to use 2006 income instead of 2007.

General Provisions

- Requires the U.S. Department of Education to develop an EZ Free Application for Federal Student Aid (FAFSA) for low income students.

- Requires the U.S. Department of Education to reduce the number of FAFSA data elements by 50%.
- Requires institutions to disclose information about plans to improve the academic program to current and prospective students.
- Requires institutions to develop and detect unauthorized distribution of copyrighted material.
- Requires institutions to disclose information on student body, diversity, the placement in employment and the types of jobs obtained by graduates.
- Requires institutions to provide additional information during exit counseling to student borrowers.
- Requires institutions to notify the campus community in the event of a significant emergency and publish the procedures.
- Requires institutions to publicly disclose current policies on credit transfer policies and the criteria used to evaluate transfer credit earned at another institution.
- In addition, there are general provisions under Title I of the Act requiring postsecondary institutions to provide tuition and fee information to the Department of Education, publish college statistics on the colleges' web site, provide information on the cost of textbooks and link textbook information on its course schedule, provide students access to a "net price calculator" allowing students to estimate the net price of a school.

Key Figures *(updated)*

(CUNY funding by Source)

2008-09 Adopted Budget (\$ millions)

Senior

State Aid	1,101.0	63.2%
City Support	32.3	1.9%
Tuition	<u>609.1</u>	<u>35.0%</u>
Total	\$1,742.4	100.0%

Community

State Aid	177.1	29.1%
City Support	239.5	39.4%
Tuition	<u>191.1</u>	<u>31.4%</u>
Total	\$607.7	100.0%

Total University

State Aid	1,278.1	54.4%
City Support	271.8	11.6%
Tuition	<u>800.2</u>	<u>34.0%</u>
Total	\$2,350.1	100.0%

*Numbers may not add due to rounding.



Financial Disclosure is a bulletin produced by the Office of the Vice Chancellor for Budget and Finance. Its purpose is to provide the University community with important information from the University Budget Office, the University Office of Audit and Internal Controls, and the University Controller's Office concerning the finances of The City University of New York. This bulletin will appear monthly or periodically as developments warrant. Any comments or opinions can be sent to the Office of the Vice Chancellor for Budget and Finance at 535 East 80th Street, New York, New York.: Editors: Ernesto Malave and Yvonne Sotomayor. Document designed by the Office of Communications and Marketing.