

Financial Disclosure

Budget Bulletin from the CUNY Office of Budget and Finance

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2008-2009 Senior and Community College Budget Allocations are Issued

Budget allocations include funding for new initiatives, \$17.7 million in state mandated reductions for the senior colleges, and a shortfall for the community colleges of \$7.7 million.

On July 28, the University Budget Office issued the FY2008-2009 operating budget allocations for the senior and community colleges.

SENIOR COLLEGES

For the senior colleges, the FY2009 budget totals \$1.761 billion, a net increase of \$113.1 million over the FY2008 plan, a 6.9% increase. The increase in funding, which comes entirely in additional State tax levy support, includes \$76.1 million for collective bargaining costs for District Council 37 (DC37) and the Professional Staff Congress (PSC); \$52.7 million in funding to cover the costs of mandated, continuing obligations; and \$2 million in funding for the expansion of the Nursing programs. These increases, totaling \$130.8 million, are offset by a \$17.7 million reduction enacted as part of a State-wide deficit reduction program.

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\$17.7 Million Reduction

College and central administration savings targets have been established to meet the \$17.7 million budget reduction. CUNY will achieve these savings through a 5% reduction in other than personal service (OTPS) spending, saving \$8 million; a \$5 million reduction in University-wide lump sum accounts and \$4.7 million via a vacancy control initiative that will restrict the replacement of vacant positions.

Exempt from Budget Reductions

The University has exempted from reductions the allocations for child care services, services for students with disabilities and writing-across-the-curriculum. In addition, faculty, health and safety, and student support positions that provide a direct service to students will be excluded from the vacancy control program.

Special Revenue Accounts

In addition to the \$17.7 million reduction in the tax levy budget, the State has reduced the Senior Colleges' spending authority by \$3.35 million on "Special Revenue Accounts." These accounts include Income Fund Reimbursable (IFR) accounts, City University Tuition Reimbursable accounts (CUTRA) and Technology Fees.

Any reduced spending is to be limited to Adult and Continuing Education Programs. Technology Fee revenues are to be fully expended in accordance with plans developed by college technology committees and approved by the University.

College Reserves

In view of continuing economic uncertainty, budget allocations require the colleges and central administration to establish a 1.5% reserve to guard against possible additional cuts. By taking this prudent measure now, we will minimize the disruptive impact that a mid-year reduction can cause.

COMMUNITY COLLEGES

For the Community Colleges, the FY2009 budget totals \$608.3 million, a net increase of \$26.2 million over FY2008. This new spending is financed by the combination of revenues from two sources: \$21.4 million in additional City support and \$4.8 million in additional State aid. The budget provides for the financing of all projected mandatory cost increases and also reflects a \$7.7 million community college budget shortfall.

The City-adopted budget restored \$19.8 million of a proposed \$25.7 million reduction to the community colleges, leaving a gap of \$5.9 million. Unanticipated increases in utility costs of \$1.8 million, however, bring the total shortfall to \$7.7 million.

New University-wide Initiatives:

Despite the budget challenges the University faces today, and which we will likely confront in the foreseeable future, it is critical that the system continues to make the needed investments and address important college and University needs. The University is thus financing three new initiatives in this budget at both senior and community colleges:

- *Doctoral Student Health Insurance*

The first initiative, to be administered by the Graduate School, is the provision of health insurance for matriculated doctoral students who hold Grad A, B, and C titles or who teach as adjuncts at CUNY colleges.

- *Mental Health Counseling*

The second is a program to strengthen student mental health counseling services throughout the University. Additional funding for FY2009 will range from \$75,000 to \$125,000 per campus and may be used to hire additional counseling staff and to fund professional development for counselors and counseling-related technology needs and contract services.

- *Adjunct Conversion Initiative*

For the third initiative, the University is committed to creating 100 full-time Lecturer lines over a two-year period that would be available as adjunct instructional staff. Up to 50 of these full-time lines will be distributed to the colleges during the 2008-2009 academic year.

Governor Paterson, Citing Deteriorating Economy and Declining Revenues, Orders \$630 Million in Mid-year Cuts to State Agencies; Seeks Additional \$600 Million in Reductions from Legislature.

CUNY Senior Colleges face potential mid-year reductions of \$50.6 million. Community Colleges face reductions of \$8.2 million in State support.

CUNY has prepared well for a possible mid-year reduction and while cuts of this magnitude are painful, we anticipate minimal impact on the core business of the University.

On July 30, Governor Paterson, announced a series of measures to address New York State's growing budget deficit. The New York State Budget Division, in its quarterly update to the State's financial plan, is now projecting a budget shortfall of \$6.4 billion for FY2010, an increase in the deficit of \$1.4 billion since the FY2009 budget was enacted. The total budget shortfall over the next three years is now projected at \$26.2 billion, an increase in the deficit of \$4.7 billion since the budget was adopted.

The Governor proposes to generate \$1.2 billion in savings in the current year by reducing State agency spending by \$630 million (including \$147 million for CUNY and SUNY State-operated campuses) and has asked the Legislature to reconvene on August 19 and enact an additional \$600

million in savings, which may further impact higher education.

Impact on CUNY

The New York State Division of the Budget has recommended a reduction of \$50.6 million to CUNY senior colleges and \$8.2 million for the community colleges. These proposed reductions in State funding are in addition to the \$17.7 million cut already implemented and reflected in the senior college budget allocations issued July 28.

The University administration is carefully assessing the impact a potential mid-year reduction would have on the colleges and will work with the Governor and Legislature to meet this challenge while assuring that we fulfill our commitments and obligations to our students, faculty and staff, alumni and friends.

The approval of the New York State Legislature is necessary to enact these changes to the CUNY budget.

Next Steps on Budget Allocations

Colleges will soon receive guidance from the University Budget Office on changes to the FY2008-2009 budget allocation that takes into account these new developments and outlines a strategy for the development of the University's FY2010 Budget Request.

CUNY-wide Hiring Restrictions – A Pause

As a result of the new budget challenges CUNY faces until further notice, the Chancellor has directed a “temporary pause” in new hiring beyond those embedded in the FY2009 budget allocation.

The hiring restrictions will be reassessed once a clearer picture emerges of the fiscal outlook for the remainder of the year.

Effective August 11, 2008:

- Exempt from suspension are replacements of full-time faculty and new faculty hires whose positions are already included in each college’s financial plan.
- Replacement of staff members who provide direct services to students, such as mental health counselors and academic advisors, may also proceed, though documentation may be requested.
- College assistants may be replaced if those positions are already included in the college’s financial plan.

The following require a written request to the Vice Chancellor of Human Resources Management and University Budget Director, who will make recommendations to the Executive Vice Chancellor and Chief Operating Officer.

- New hires for which a formal letter of offer dated before August 11, 2008 has been sent to the candidate.
- Discretionary salary increases and/or upgrades with effective dates before August 11, 2008, or for whom approvals were granted before August 11, 2008.

- Replacements deemed critical to operations of college or office. This includes replacements of health and safety personnel, such as campus peace officers, if college determines that security of campus would be jeopardized by lack of replacement.
- All other personnel actions should be deferred at this time.

New York State Commission on Higher Education Presents Final Report to Governor Paterson

Governor praises Commission’s work – vows to introduce new low-cost student loan program.

On July 21, The New York State Commission on Higher Education presented its final report to Governor Paterson. The commission’s recommendations focus on:

- Investing in CUNY and SUNY using a cost-sharing approach through the New York State Compact for Public Higher Education. Modeled after the CUNY Compact, the statewide compact delineates shared responsibility for public higher education resources in order to reverse chronic underinvestment in CUNY and SUNY.
- Creating a low-cost student loan program for residents attending college in New York State.
- Hiring an additional 2,000 full-time faculty over the next five years, including 250 eminent scholars.

- Creating a \$3 billion Empire State Innovation Fund which would stimulate research and economic development vital to New York's future.
- Addressing the buildup of critical maintenance at CUNY and SUNY with a sustained program of capital reinvestment.
- Enacting a College Readiness Act to encourage student access and preparation by ensuring that high school graduates are well prepared for college.
- Strengthening articulation and transfer agreements throughout SUNY and CUNY in order to create a seamless transfer process by 2011-2012.

Governor Paterson called for the introduction of legislation to establish a low-cost student loan program. He said that given the State's fiscal situation, the State will first seek to implement those recommendations that achieve high impact at little or no cost and at the same time pursue innovative ways to finance some of the recommendations which require State funding.

The full commission report can be viewed at www.hecommission.state.ny.us.

Increase in Technology Fee

In an effort to enhance available technology-related services to students, the Board of Trustees has approved an increase to the University's technology fee from \$75 to \$100 per semester for full-time students and from \$37.50 to \$50 per semester for part-time students. The increase is effective September 2008

The CUNY Technology fee was established in 2002 and since then the cost of providing

a full array of technology options to students has increased by about 20 percent. The fee increase will allow the University to procure additional equipment and services for students.

The increase is estimated to raise an additional \$11 million in revenue to support technology initiatives.

Individual colleges have been advised to assist students who cannot afford to pay the increase, and in cases of financial hardship colleges may waive the technology fee for individual students.

The Chancellor has directed that each college's Technology Fee Committee meet and develop a technology plan that makes the best use of this revenue to meet the specific needs of the individual campuses.

Maximum Pell Grant Award to rise \$421 -- from \$4,310 to \$4,731 -- an increase of 9.8%

The maximum award for Federal Pell grant recipients is set to increase by \$421 in 2008. The minimum Pell Award more than doubles, from \$400 to \$890.

These adjustments will assist the neediest students in offsetting increases in the cost of attendance. Additional changes planned for next year will increase the number of CUNY students eligible for the maximum award.

CUNY's Financial Management Conference ***7th annual confab set for September 15 and 16. Theme this year is "Managing the Challenge"***

On September 15 and 16, the CUNY Office of Budget and Finance will host the 7th Annual Financial Management Conference at the Westchester Marriott Hotel in Tarrytown.

The conference, the annual gathering of over 300 CUNY senior managers, will focus on the current challenges facing CUNY -- from the difficult choices that must be made to maintain a stable operating and capital budget environment, to the implementation of the mammoth CUNYfirst project, to the state of Labor Relations and Internal Control.

A special focus of this year's conference will be in the area of Academic Administration and Planning. This will include a broad debate on the most effective and efficient use of funds from lump sum accounts -- "to base or not to base." Also on tap is a discussion on how best to assure program quality.

Chancellor Matthew Goldstein will again address the conference and will join Executive Vice Chancellor Allan Dobrin in presenting the City University's annual productivity awards.

CUNYfirst GL goes Live on Time and on Budget

A little over a year ago, a core group of dedicated professionals representing both the campuses and the Central Office began an undertaking which would transform the University's financial management systems. This core group began by reviewing business processes and analyzing how these existing processes would fit into the new (PeopleSoft) General Ledger system which the University was committed to implementing.

The General Ledger (GL) is the backbone of any financial reporting system. The GL module does more than record debits and credits, it lays the foundation for all other modules and pillars scheduled to be implemented over the next few years.

Within the finance pillar, the GL leads the way for purchasing and accounts payable (PO/AP), advanced budgeting, accounts receivable, and several other finance related modules. The GL has also laid the foundation for the receipt and analysis of data from other related pillars such as Human Capital Management (HCM), which includes all payroll and HR related data, and Campus Solutions (CS), which includes all student related data including financial aid and tuition and fee related data.

Once all of the other modules and pillars have been implemented then the true value of the work begun by the core group of finance professionals will be recognized. At that time, using the new GL as its foundation, college and University administrators will be able to provide in-depth financial analysis in a more efficient and effective manner.

Key Figures

(CUNY funding by Source)

2008-09 Adopted Budget (\$ millions)

Senior

State Aid	1,119.6	63.6%
City Support	32.3	1.8%
Tuition	<u>609.1</u>	<u>34.6%</u>
Total	\$1,761.0	100.0%

Community

State Aid	177.7	29.2%
City Support	239.5	39.4%
Tuition	<u>191.1</u>	<u>31.4%</u>
Total	\$608.3	100.0%

Total University

State Aid	1,297.3	54.8%
City Support	271.8	11.5%
Tuition	<u>800.2</u>	<u>33.8%</u>
Total	\$2,369.3	100.0%

*Numbers may not add due to rounding.

In the Next Issue:

- City Budget Outlook
- State Budget Update
- Congressional Reauthorization of Higher Education Act – What does it mean for CUNY?
- Financial Management Conference – Program Details
- Year-end Financial Report
- CUNY Retains new Investment Consultant



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.