



# **Fiscal 2009 Preliminary Budget Hearings**

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## **❖ Committee on Higher Education**

*March 2008*

### **Scheduled To Testify:**

- *City University of New York*

*Hon. Christine C. Quinn  
Speaker of the Council*

*Hon. David I. Weprin, Chair  
Committee on Finance*

*Hon. Charles Barron, Chair  
Committee on Higher Education*

*James Caras, Acting Director  
Finance Division*

**CITY UNIVERSITY OF NEW YORK (042)**

**Agency Operations**

The City University of New York (CUNY) provides higher education to more than 217,800 degree-seeking students and over 246,000 adult and continuing education students. CUNY consists of 10 senior colleges, six community colleges, one technical college, a graduate center, a law school and a school of biomedical education. CUNY offers more than 1,450 academic programs, as well as adult and continuing education programs. Approximately 6,000 full-time faculty and 8,200 part-time faculty teach courses. In Fiscal 2005, CUNY granted more than 7,900 graduate and professional degrees, 15,000 baccalaureate degrees, 9,600 associate degrees and 140 certificates.

**AGENCY FUNDING OVERVIEW**

| <b>Agency Funding Sources</b> | <b>Fiscal 2008 Adopted Budget</b> | <b>Fiscal 2008 Current Modified</b> | <b>Fiscal 2009 Preliminary Budget</b> |
|-------------------------------|-----------------------------------|-------------------------------------|---------------------------------------|
| City                          | \$430,955,900                     | \$430,987,250                       | \$369,929,260                         |
| Other Categorical             | \$2,839,000                       | \$2,839,000                         | \$2,839,000                           |
| Capital IFA                   | \$0                               | \$0                                 | \$0                                   |
| State                         | \$194,629,800                     | \$194,629,800                       | \$208,904,800                         |
| Community Development         | \$0                               | \$0                                 | \$0                                   |
| Federal-Other                 | \$0                               | \$200,000                           | \$0                                   |
| Intra-City                    | \$12,797,270                      | \$41,496,130                        | \$12,630,270                          |
| <b>Total</b>                  | <b>\$641,221,970</b>              | <b>\$670,152,180</b>                | <b>\$594,303,330</b>                  |

**HEADCOUNT OVERVIEW**

| <b>Headcount Pedagogical</b> | <b>Fiscal 2008 Adopted Budget</b> | <b>6/30/2008 Forecast</b> | <b>Fiscal 2009 Preliminary Budget</b> |
|------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| City                         | 2,706                             | 2,687                     | 2,674                                 |
| Non-City                     | 0                                 | 0                         | 0                                     |
| <b>Total</b>                 | <b>2,706</b>                      | <b>2,687</b>              | <b>2,674</b>                          |

| <b>Headcount Non-Pedagogical</b> | <b>Fiscal 2008 Adopted Budget</b> | <b>6/30/2008 Forecast</b> | <b>Fiscal 2009 Preliminary Budget</b> |
|----------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| City                             | 1,773                             | 1,659                     | 1,518                                 |
| Non-City                         | 0                                 | 0                         | 0                                     |
| <b>Total</b>                     | <b>1,773</b>                      | <b>1,659</b>              | <b>1,518</b>                          |

## Fiscal 2009 Preliminary Budget Report

### AGENCY HIGHLIGHTS

The Fiscal 2009 Preliminary Budget for the community colleges in City support is \$178 million. This is a \$29.8 million decrease in City support for the community colleges. This net change mostly reflects the City's cost-savings efforts.

More than \$39 million of initiatives that the City Council restored or added to the Fiscal 2008 Adopted Budget are not in the Fiscal 2009 Preliminary Budget. Some of those initiatives include: \$14.6 million to the community colleges in various administrative areas; the Safety Net program at \$4.5 million; and \$11.2 million for the Peter F. Vallone Scholarship. Below is a list of other initiatives not funded in Fiscal 2008.

|                                                   |             |
|---------------------------------------------------|-------------|
| Creative Arts Team                                | \$598,392   |
| Dominican Studies Institute                       | \$470,000   |
| Immigration Center                                | \$335,000   |
| Puerto Rican Studies Institute                    | \$469,000   |
| Black Male Empowerment Initiative                 | \$2,500,000 |
| University Center for Worker Education            | \$250,000   |
| CUNY Citizenship and Immigration Project          | \$600,000   |
| Veteran Resource Center                           | \$1,000,000 |
| Workforce Development Initiative/Jobs To Build On | \$3,000,000 |

In addition, the Fiscal 2009 Preliminary Budget does not restore \$10 million for the Center of Economic Opportunity's (CEO) initiatives: CUNY Prep and the Accelerated Studies in Associate Program (ASAP).

### UNITS OF APPROPRIATION

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/As represent the amount appropriated for personal services (i.e. salaries) or Other Than Personal Services (i.e. supplies) for a particular program, purpose, activity or institution.

| U/A# | U/A Name            | Fiscal 2008<br>Adopted Budget | Fiscal 2008<br>Modified as of<br>1/24/2008 | Fiscal 2009<br>Preliminary<br>Budget |
|------|---------------------|-------------------------------|--------------------------------------------|--------------------------------------|
| 002  | Community Colleges  | \$388,245,252                 | \$396,038,725                              | \$406,134,146                        |
| 004  | Hunter Schools      | \$12,756,292                  | \$12,756,292                               | \$13,075,564                         |
|      | <b>Total PS</b>     | <b>\$401,001,544</b>          | <b>\$408,795,017</b>                       | <b>\$419,209,710</b>                 |
| 001  | Community Colleges  | \$193,357,911                 | \$214,494,648                              | \$139,568,752                        |
| 003  | Hunter Schools      | \$697,515                     | \$697,515                                  | \$524,868                            |
| 005  | Educational Aid     | \$11,165,000                  | \$11,165,000                               | \$0                                  |
| 012  | Senior College OTPS | \$35,000,000                  | \$35,000,000                               | \$35,000,000                         |
|      | <b>Total OTPS</b>   | <b>\$240,220,426</b>          | <b>\$261,357,163</b>                       | <b>\$175,093,620</b>                 |
|      | <b>Total Agency</b> | <b>\$641,221,970</b>          | <b>\$670,152,180</b>                       | <b>\$594,303,330</b>                 |

## Fiscal 2009 Preliminary Budget Report

### FUNDING ANALYSIS

The increase in funding for the personal services unit of appropriations reflects collective bargaining costs and health insurance rate increases. The decrease in funding for the community colleges unit of appropriation reflects the various reduction programs for the City's cost-savings efforts.

### PRELIMINARY BUDGET ACTIONS (\$000)

| Description                                  | Fiscal 2008      |                  |                  | Fiscal 2009      |                  |                  |
|----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                              | City             | Non-City         | Total            | City             | Non-City         | Total            |
| <b>Agency Budget as Per October Plan</b>     | <b>\$430,987</b> | <b>\$21,354</b>  | <b>\$452,341</b> | <b>\$378,436</b> | <b>\$0</b>       | <b>\$378,436</b> |
| <b>January Plan New Needs</b>                |                  |                  |                  |                  |                  |                  |
| HIP Rate Renewal                             | \$0              | \$0              | \$0              | \$479            | \$0              | \$479            |
| Hunter Campus Schools-Register Increases     | \$0              | \$0              | \$0              | \$288            | \$0              | \$288            |
| <b>Total New Needs</b>                       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$767</b>     | <b>\$0</b>       | <b>\$767</b>     |
| <b>January Plan PEGs</b>                     |                  |                  |                  |                  |                  |                  |
| Community College Reduction Program          | (\$2,249)        | \$0              | (\$2,249)        | (\$7,587)        | \$0              | (\$7,587)        |
| University-wide Initiative Reduction Program | (\$3,075)        | \$0              | (\$3,075)        | (\$435)          | \$0              | (\$435)          |
| Hiring Freeze and Vacancy Reduction Program  | (\$489)          | \$0              | (\$489)          | (\$1,676)        | \$0              | (\$1,676)        |
| <b>Total PEGs</b>                            | <b>(\$5,813)</b> | <b>\$0</b>       | <b>(\$5,813)</b> | <b>(\$9,698)</b> | <b>\$0</b>       | <b>(\$9,698)</b> |
| <b>January Plan Other Adjustments</b>        |                  |                  |                  |                  |                  |                  |
| Fuel                                         | \$427            | \$0              | \$427            | \$424            | \$0              | \$424            |
| Heat, Light, and Power                       | (\$1,899)        | \$0              | (\$1,899)        | \$0              | \$0              | \$0              |
| Intra-City                                   | \$0              | \$41,496         | \$41,496         | \$0              | \$12,630         | \$12,630         |
| Community College - State Aid Increase       | \$0              | \$14,275         | \$14,275         | \$0              | \$14,275         | \$14,275         |
| Solar Energy Program                         | \$0              | \$200            | \$200            | \$0              | \$0              | \$0              |
| Miscellaneous                                | \$0              | \$197,469        | \$197,469        | \$0              | \$197,469        | \$197,469        |
| <b>Total Other Adjustments</b>               | <b>(\$1,472)</b> | <b>\$253,440</b> | <b>\$251,968</b> | <b>\$424</b>     | <b>\$224,374</b> | <b>\$224,798</b> |
| <b>Total Preliminary Budget Changes</b>      | <b>(\$7,285)</b> | <b>\$253,440</b> | <b>\$246,155</b> | <b>(\$8,507)</b> | <b>\$224,374</b> | <b>\$215,867</b> |
| <b>Agency Budget as Per January Plan</b>     | <b>\$423,702</b> | <b>\$253,440</b> | <b>\$677,142</b> | <b>\$369,929</b> | <b>\$224,374</b> | <b>\$594,303</b> |

### Preliminary Budget Action Analysis

#### New Needs

- **HIP Rate Increase.** The Fiscal 2009 Preliminary Budget increases CUNY's budget by \$479,000 in Fiscal 2009, \$514,000 in Fiscal 2010, \$555,000 in Fiscal 2011, and \$600,000 in Fiscal 2012 for HIP rate costs.
- **Hunter Campus Schools – Registration Increases.** The Fiscal 2009 Preliminary Budget increases the CUNY's budget by \$288,000 in Fiscal 2009 and the outyears for enrollment growth.

### PEGs

- **Community College Reduction.** The Fiscal 2009 Preliminary Budget proposes a total reduction of \$2.3 million in Fiscal 2008 and \$7.6 million in Fiscal 2009 and the outyears for the community colleges. For Fiscal 2009, these reductions include \$2.7 million that will be eliminated from institutional and departmental research services resulting in the elimination of three full-time positions, \$867,000 will be eliminated from library services resulting in the elimination of two full-time positions, \$964,000 will be cut from student services resulting in a loss of five full-time positions, \$290,000 will be cut in external and public services resulting in a loss of one full-time position, \$1.3 million will be cut in general institutional services resulting in a loss of 10 full-time positions, and \$1.5 million will be cut from administration and maintenance/operations resulting in a loss of 10 full-time/full-time equivalent positions. In total, 31 positions will be eliminated if this funding is not restored. All positions will be eliminated through attrition.
- **University-wide Reduction Program.** The Fiscal 2009 Preliminary Budget decreases CUNY's budget by \$3.1 million in Fiscal 2008 and by \$435,000 in Fiscal 2009 and the outyears. This program reflects reductions of several City-funded initiatives, which include the Long-Term Unemployment program, the John Jay Certification program, and the Civic Justice Corps.
- **Hiring Freeze and Vacancy Reduction Program.** The Fiscal 2009 Preliminary Budget decreases the CUNY's budget by \$489,000 in Fiscal 2008, \$1.7 million in Fiscal 2009, and the outyears. This program reflects the City's cost savings effort through reducing staffing levels and maintaining staff vacancies as determined by CUNY.

### Other Adjustments

- **Fuel.** Based on re-estimates, the Fiscal 2009 Preliminary Budget increases the CUNY's budget for fuel costs by \$424,000 in Fiscal 2009 and the outyears.

### State Issues and Highlights

The 2008-2009 State Executive Budget provides a total of \$175 million for CUNY's community colleges, an increase of \$1.6 million over the Fiscal 2008 adjusted budget. This increase includes a shared funding with the entire CUNY system of \$1 million for nursing programs, funding for a tuition benefit of up to \$4,350 for veterans of Vietnam, Afghanistan, and Persian Gulf conflicts, and \$2.7 million for Borough of Manhattan Community College lease costs due to the loss of Fitterman Hall.

Furthermore, the 2008-2009 State Executive Budget does not recommend a tuition increase for any CUNY institution and reduces the community college base operating aid by \$50 per full-time equivalent student to achieve savings of \$3.1 million. Also as part of the 2008-2009 State Executive Budget, the Governor proposes that students in default on federal loans be ineligible for TAP awards regardless of guarantor.

## **Fiscal 2009 Preliminary Budget Report**

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The Governor's New York State Commission on Higher Education released a preliminary report in December 2007. Here are highlights from this report:

- Recruit 2,000 full-time faculty to SUNY and CUNY institutions including 250 eminent scholars in order to expand research capacity;
- Create a single entity to guide investment in training and education capacity at SUNY and CUNY institutions, particularly at the community colleges;
- Fund community colleges to provide vocational non-credit courses;
- Create Education Partnership Zones, which would foster collaboration between K-12 schools and higher education. This includes restructuring schools under the Department of Education, building teacher capacity, and allowing qualified students to attend SUNY and CUNY institutions for free;
- Provide students who need remediation with access to the necessary courses while in high school or in a summer immersion program prior to college enrollment, such support would be funded through a College Readiness Act;
- Increase State financial support for opportunity programs, such as College Discovery, Search for Education, Elevation, and Knowledge (SEEK), and the independent sector's Higher Education Opportunity Program (HEOP);
- Establish articulation and transfer agreements between SUNY and CUNY by the start of the 2010-2011 academic year;
- Amend TAP eligibility criteria to allow part-time students to participate and allow such funds to cover fees and tuition;
- NYS Compact for Higher Education would require government (state and local), institutions, philanthropy, and students to fund CUNY. The state would pay 100 percent of the mandatory costs (labor contracts, fringe benefits, and energy costs) and 20 percent of state-approved master plan investment program. CUNY to fund the remaining investment plans through philanthropy and tuition increases; and
- Allow CUNY to charge different tuition rates based on program type and campus.

Most of these recommendations do not include timetables or implementation measures. Neither the Commission nor the Governor has established a cost-benefit analysis for these recommendations yet.

Finally, the Governor announced during his "State of the State" speech that in the 2009-2010 State Executive Budget there will be provisions for a \$4 billion endowment for the SUNY and CUNY institutions, which is to be funded by the state lottery. It is unclear how the lottery, which already supports K-12 institutions, will fund this endowment. The State plans to secure a financial advisor to work on the creation of this endowment.