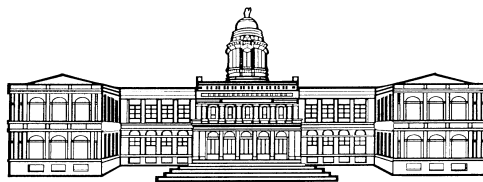


THE COUNCIL OF THE CITY OF NEW YORK

Finance Division



Hearing on the Fiscal 2010 Executive Budget for the **City University of New York**

May 15, 2009

Hon. Christine C. Quinn
Speaker

Hon. David I. Weprin
Chair, Committee on Finance

Hon. Charles Barron
Chair, Committee on Higher Education

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City University of New York (042)

Agency Overview

The City University of New York (CUNY) provides higher education to more than 244,000 degree-seeking students and over 246,000 adult and continuing education students. CUNY consists of 11 senior colleges, six community colleges, the Macaulay Honors College, a Graduate School of Journalism, the Graduate Center, the School of Professional Studies, 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 6,700 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. CUNY also sponsors the Hunter Campus Schools.

Expense Budget Summary

Budget Overview

CUNY's total budget of \$2.5 billion has not changed from the Fiscal 2010 Preliminary Budget to the Fiscal 2010 Executive Budget. Of that \$2.5 billion, there is \$1.9 billion for the senior colleges, which is a 3.9 percent increase from Fiscal 2009. These increases from Fiscal 2009 to Fiscal 2010 are offset by increased tuition revenue and enrollment. In addition, as reflected in the City's budget (and the chart below), there is \$646 million in the Fiscal 2010 Executive Budget for the community colleges, scholarship aid, Hunter Campus schools, and a funding advance for State payments to the senior colleges, which is a 5.4 percent decrease from the Fiscal 2009 Adopted Budget. An important Fiscal 2010 Executive Budget action to note is the inclusion of the \$6.8 million for the Peter F. Vallone Scholarship (\$6 million in Fiscal 2009 and \$750,000 in Fiscal 2010). Since its inception by the City Council in Fiscal 1999, this is the first time the Administration has included the funding for the scholarship program in the Executive Budget. The Council is pleased that students will continue to receive this important award during these financial times.

The chart below outlines CUNY's budget by personal and other than personal services spending, and by funding source, as well as provide the budgeted headcount.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$456,451,493	\$453,559,142	\$455,662,535	\$457,192,535
Other than Personal Services	\$214,840,018	\$229,581,204	\$187,941,909	\$188,544,769
Total	\$671,291,511	\$683,140,346	\$643,604,444	\$645,737,304
Funding				
City	NA	\$456,276,073	\$416,083,569	\$417,676,692
Other Categorical	NA	\$2,839,000	\$2,839,000	\$2,839,000
State	NA	\$210,982,815	\$210,982,815	\$197,752,815
Federal - Other	NA	\$0	\$0	\$13,730,000
Intra-City	NA	\$13,042,458	\$13,699,060	\$13,738,797
Total	NA	\$683,140,346	\$643,604,444	\$645,737,304
Headcount				
Non-Pedagogical	1,646	1,640	1,475	1,579
Pedagogical	2,872	2,686	2,656	2,656
Total	4,518	4,326	4,131	4,235

Community Colleges

New York City is the primary funding source for the community colleges. As per the maintenance of effort agreement, City support should not fall below the support level of the previous fiscal year. However, the Executive Budget does not maintain the Fiscal 2009 City support level for Fiscal 2010. The Fiscal 2010 Executive Budget provides \$212 million in City support, which is 10.6 percent or \$25 million less than in Fiscal 2009. Although CUNY did not participate in the four percent reduction exercise mandated by the Administration for the Executive Plan, this \$25 million deficit in Fiscal 2010 creates a significant gap in operational support to the community colleges.

The State Budget

The State Adopted Budget does not include the proposed \$270 per full-time equivalent student reduction, however, the overall base aid funding for the community colleges for Fiscal 2010 increases by \$14.6 million due to projected enrollment growth of an additional 5,500 full-time equivalent students.

Capital Budget Summary

The following table compares the Preliminary and the Executive Capital Commitment Plan for CUNY for Fiscal 2009-2013 and demonstrates the changes in City and Non-City capital funding per plan.

CUNY Capital Commitment Plan, 2009-2013

Millions of dollars

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	TOTAL
January Plan						
City	\$379.7	\$3.5	\$3.5	\$0	\$73.4	\$460.1
Non-City	\$11	\$0.2	\$0	\$0	\$17.1	\$28.3
Total	\$390.7	\$3.7	\$3.5	\$0	\$90.5	\$488.4
Executive Plan						
City	\$379.7	\$10.9	\$2.5	\$0	\$48.8	\$441.9
Non-City	\$14	\$2.3	\$0	\$0	\$15.6	\$31.9
Total	\$393.7	\$13.2	\$2.5	\$0	\$64.4	\$473.8
Difference						
City	\$0	\$7.4	(\$1)	\$0	(\$24.6)	(\$18.2)
Non-City	\$3	\$2.1	\$0	\$0	(\$1.5)	\$3.6
Total	\$3	\$9.5	(\$1)	\$0	(\$26.1)	(\$14.6)
Percent Chng.	0.8%	256%	-29%	0%	-29%	-3%

Commitment Plan Overview

The 2009 Executive Capital Commitment Plan includes approximately \$474 million in Fiscal 2009-2013 for CUNY (including City and Non-City funds). This represents one percent of the City's total \$47.1 billion Executive Capital Commitment Plan for Fiscal 2009-2013. The Executive Commitment Plan for Fiscal 2009-2013 is approximately three percent or \$15 million less than the \$488 million January Capital Commitment Plan for CUNY.

The Fiscal 2009-2013 Executive Capital Plan does not recommend any new funding for CUNY. However, the City continues to fund the multi-year capital improvement plan that was appropriated over prior years for the community colleges and Medgar Evers College. The Executive Plan provides a total of \$394 million for the community colleges and Medgar Evers College in Fiscal 2009. Together, the City and State commitments provide a multi-year capital improvement plan totaling \$474 million for community colleges and Medgar Evers College.

Since Adoption last June, the Capital Commitment Plan for Fiscal 2009 has increased from \$390 million to \$394 million, an increase of \$4 million or one percent. Currently, CUNY's appropriations total \$294

million in City funds for Fiscal 2009. These appropriations are to be used to finance the agency's \$333 million City-funded Fiscal 2009 capital commitment program. CUNY is left with a 13 percent or \$39 million deficit to meet its capital commitment program for the current fiscal year. The 2009-2010 State Adopted Budget recommended that \$631 million for community colleges and Medgar Evers College be re-appropriated.

Since the City continues to not match State capital funds, there are approximately \$160 million in unmatched State funds for Fiscal 2010-2013. Although historically the City's capital funding has risen over the past five years, this is not so for the critical maintenance and campus expansion needs for the community colleges and Medgar Evers College. CUNY would need the City to keep its commitment to meet the matching funds from the State.

Expense Budget Overview

Community Colleges 002 and 001

Funding for these units of appropriation are for personnel, supplies, materials, and support services at CUNY's six community colleges.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
002 – Community Colleges-PS	\$441,987,432	\$439,789,643	\$441,512,374	\$442,542,374
001 – Community Colleges-OTPS	\$202,930,406	\$187,308,265	\$152,418,970	\$152,283,531
Total	\$644,917,838	\$627,097,908	\$593,931,344	\$594,825,905
Funding				
City	NA	\$436,543,805	\$402,720,639	\$403,575,463
Other Categorical	NA	\$2,828,830	\$2,828,830	\$2,828,830
State	NA	\$174,682,815	\$174,682,815	\$160,952,815
Federal - Other	NA	\$0	\$0	\$13,730,000
Intra-City	NA	\$13,042,458	\$13,699,060	\$13,738,797
Total	NA	\$627,097,908	\$593,931,344	\$594,825,905
Headcount				
Full-time Positions (Civ & Ped)	NA	4,105	3,910	4,014

Reductions (PEGs)

Since the release of the last three financial plans, November, Preliminary, and Executive, CUNY has received a total of \$51 million in reductions from the City's cost-savings efforts for Fiscal 2010 between the Fiscal 2009 Adopted Budget, the Fiscal 2009 November Plan changes, and the Fiscal 2010 Preliminary Budget. There is a decrease of \$34 million in these units of appropriation in the Fiscal 2010 Executive Budget, which is reflected in the \$51 million reduction to CUNY's community colleges but is offset by \$16 million in other adjustments.

Other Adjustments

The other adjustments include funding for mandatory needs increases, such as collective bargaining, health care costs, and energy. The Administration provided a funding adjustment of \$518,000 for two Commission on Economic Opportunity (CEO) programs: Accelerated Studies Academic Program and Job Plus. Included in this funding adjustment is a \$366,000 decrease from the Civic Justice Corp program, an existing CEO program, to the Job Plus program in Fiscal 2010. Job Plus is a partnership between CEO, CUNY, the NYC Housing Authority, and the Human Resources Administration in which Hostos Community College will provide services to unemployed and under-employed residents of East Harlem's Jefferson Houses with job and increased income opportunities.

For Fiscal 2010, the State funded a State Fiscal Stabilization Grant of \$13.7 million for the community colleges from the American Recovery and Reinvestment Act funding, which diverted a reduction from the community colleges.

Educational Aid 005

Funding for the Peter F. Vallone Scholarship is the only funding in this unit of appropriation. The scholarship is for New York City High School students who graduated with a B average and attend a

CUNY school. Currently, the award is \$500 a year and more than 22,000 students received the scholarship in Fiscal 2008.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
005 – Educational Aid	\$11,165,000	\$6,750,000	\$0	\$750,000
Total	\$11,165,000	\$6,750,000	\$0	\$750,000
Funding				
City	NA	\$6,750,000	\$0	\$750,000
Total	NA	\$6,750,000	\$0	\$750,000

The Administration has provided \$6 million in Fiscal 2009 and \$750,000 in Fiscal 2010 in the Fiscal 2010 Executive Budget for the Peter Vallone Scholarship. Recipients in the 2009-2010 academic year will benefit from the total funding of \$6.7 million.

Hunter Campus Schools 004 and 003

Funding for these units of appropriation are for personnel, supplies, and materials at the Hunter Campus Schools, which consist of an elementary school and high school on the campus of Hunter College.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
004 – Hunter Schools-PS	\$14,464,061	\$13,769,499	\$14,150,161	\$14,650,161
003 – Hunter Schools-OTPS	\$744,612	\$522,939	\$522,939	\$511,238
Total	\$15,208,673	\$14,292,438	\$14,673,100	\$15,161,399
Funding				
City	NA	\$12,982,268	\$13,362,930	\$13,351,229
Other Categorical	NA	\$10,170	\$10,170	\$10,170
State	NA	\$1,300,000	\$1,300,000	\$1,800,000
Total	NA	\$14,292,438	\$14,673,100	\$15,161,399
Headcount				
Full-time Positions (Civ & Ped)	NA	221	221	221

The Fiscal 2010 Executive Budget contains \$881,000 in other adjustments in U/A 004 for collective bargaining, fringe benefit increases, and a \$500,000 State Aid adjustment. This is the first State Aid adjustment to these schools in over 20 years. There is an \$11,000 decrease in U/A 003 for energy adjustments.

Senior College 012

Funding in this unit of appropriation allows CUNY to pre-fund senior college expenses funded by the State due to the different funding cycles of the City and the State.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
012 – Senior College OTPS	\$0	\$35,000,000	\$35,000,000	\$35,000,000
Total	\$0	\$35,000,000	\$35,000,000	\$35,000,000
Funding				
State	NA	\$35,000,000	\$35,000,000	\$35,000,000
Total	NA	\$35,000,000	\$35,000,000	\$35,000,000

Executive Capital Commitment Plan, 2009-2013

In January, the Mayor announced his intention to reduce the City's capital plan by 30 percent. The objective of the capital cut is to reduce the amount of debt service as a percentage of total revenues. The 30 percent reduction in the Ten-Year Capital Plan Fiscal 2010 – Fiscal 2019 would reduce the long-term average annual growth in debt service costs to 3.4 percent, equal to the level of forecast growth in City revenues. The capital cut would eliminate nearly \$7 billion in planned commitments from the current Plan.

A majority of the projects in Fiscal 2009 will roll into Fiscal 2010, which provides an increase in commitments for Fiscal 2010. However in Fiscal 2011 and 2013, the Executive Plan is reduced by 29 percent from the January Plan. Again, this affects many of the critical maintenance and infrastructure upgrade projects at the community colleges and Medgar Evers College.

The re-appropriated multi-year capital budget of \$474 million for the community colleges and Medgar Evers College includes funding for:

- Ongoing CUNY-wide programs, such as health, safety, and facilities preservation, network infrastructure/information systems upgrades, and projects to meet mandated EPA, ADA, and energy conservation policies;
- New facilities including the Medgar Evers College Academic Building I, Bronx CC North Instructional Building, and Fiterman Hall at BMCC;
- Infrastructure work at Bronx CC, Kingsborough CC, and Queensborough CC.

Fiterman Hall – Borough of Manhattan Community College

The Administration has committed \$129 million to the demolition and construction of the Borough of Manhattan Community College's Fiterman Hall. The State has re-appropriated \$98.6 million in the Fiscal 2009-2010 State Executive Budget, and there is \$87.4 million in insurance funding and federal grants. With a total of \$325 million in capital funding, Fiterman Hall is scheduled to be completed by 2012.

Medgar Evers College

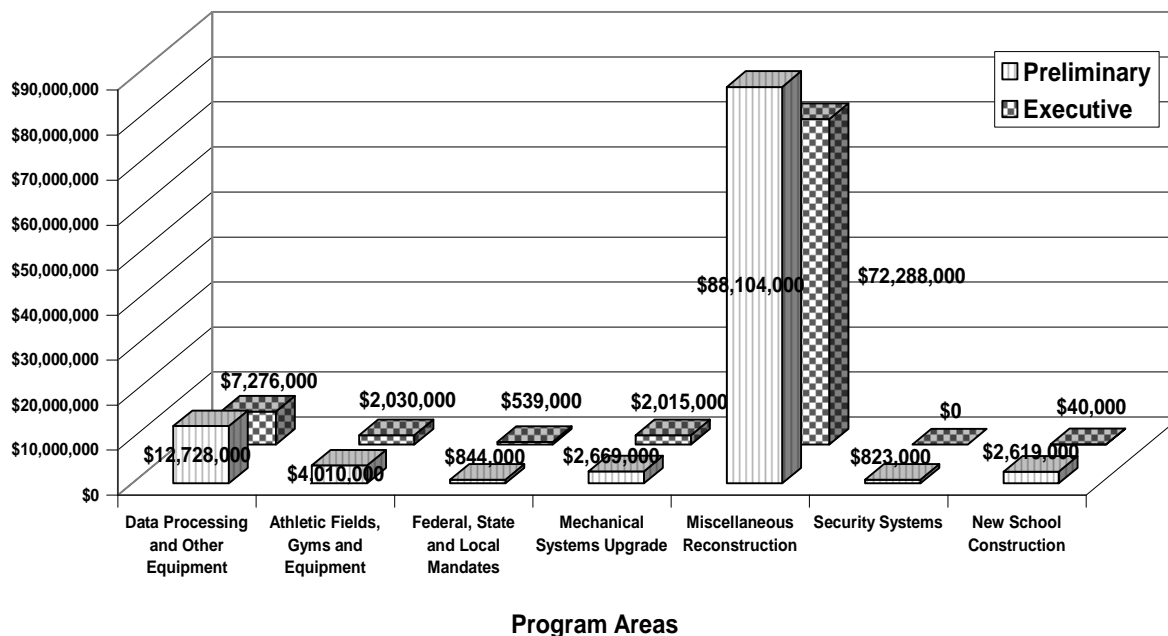
Medgar Evers College was re-designated as a four-year college in 1994, but its capital funding status remained as a community college. The Fiscal 2009-2010 State Adopted Budget includes Article VII, which now recognizes Medgar Evers College as a four-year college for capital funding purposes. As of July 1, 2009, Medgar Evers College will be funded as a senior college for capital spending with all projects eligible to receive funding from the State only.

Executive Ten-Year Capital Strategy, 2010-2019

The Executive Ten-Year Capital Strategy for CUNY reduces City capital funds by 24.7 percent, which is the result of the elimination of capital funding for security system upgrades and maintenance as well as a 98 percent reduction in funding for new school construction. The majority of the Ten-Year Capital Strategy for CUNY that's funded is for the miscellaneous reconstruction program. This program area contains the rehabilitation or replacement of roofs, windows, elevators; renovation of the interior and exterior of buildings; and electrical, drainage, heating, ventilation, and air conditioning upgrades. However, this much needed capital program is reduced by 18 percent in the Executive Ten-Year Capital Strategy.

The chart below compares the Preliminary and the Executive Ten-Year Capital Strategy for CUNY by program area.

CUNY Ten Year Capital Strategy: Preliminary vs. Executive, 2010-2019



Supplemental Tables

Executive Budget Actions

The following table summarizes changes to the Fiscal 2009 and 2010 budgets since the 2009 budget was adopted. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the January Plan	\$455,901	\$249,425	\$705,326	\$416,084	\$227,521	\$643,605
Executive Plan New Needs						
Merit Scholarship Program (Vallone Scholarship)	\$6,000	\$0	\$6,000	\$750	\$0	\$750
Total New Needs	\$6,000	\$0	\$6,000	\$750	\$0	\$750
Executive Plan Other Adjustments						
CEO Adjustments	\$0	\$0	\$0	\$518	\$0	\$518
Lease Adjustments	\$0	\$0	\$0	\$946	\$0	\$946
HIP Rate Increase	\$0	\$0	\$0	\$1,030	\$0	\$1,030
Heat, Light, & Power	(\$4,406)	\$0	(\$4,406)	(\$1,028)	\$0	(\$1,028)
Fuel	(\$593)	\$0	(\$593)	(\$623)	\$0	(\$623)
CUNY School of Law Foundation	\$10	\$0	\$10	\$0	\$0	\$0
York College of Performing Arts Center	\$5	\$0	\$5	\$0	\$0	\$0
State Aid for Hunter Campus Schools	\$0	\$500	\$500	\$0	\$500	\$500
State Aid Stimulus Funding	\$0	\$0	\$0	\$0	(\$2,978)	(\$2,978)
Federal Stimulus	\$0	\$0	\$0	\$0	\$2,978	\$2,978
Solar Energy Program	\$0	\$200	\$200	\$0	\$0	\$0
Miscellaneous-Intracity	\$0	\$8,831	\$8,831	\$0	\$40	\$40
Total Other Adjustments	(\$4,984)	\$9,531	\$4,547	\$843	\$540	\$1,383
Total Executive Plan Budget Changes	\$1,016	\$9,531	\$10,547	\$1,593	\$540	\$2,133
Agency Budget as per the Executive Plan	\$456,917	\$258,956	\$715,873	\$417,677	\$228,061	\$645,738

Summary of Changes Since June 2009 Plan*City Funds only, \$\$ 000's*

	2009	2010	2011	2012	2013
June 2008 Plan	\$456,276	\$413,737	\$420,180	\$421,830	\$421,830
New Needs	\$6,000	\$1,334	\$620	\$673	\$731
Collective Bargaining	\$0	\$0	\$0	\$0	\$0
Other Adjustments	(\$4,609)	\$15,026	(\$109)	(\$61)	(\$8)
PEGs	(\$750)	(\$12,419)	(\$12,419)	(\$12,419)	(\$12,419)
Exec 2010 Plan	\$456,917	\$417,678	\$408,272	\$410,023	\$410,134