

Fiscal 2009 Preliminary Budget Hearings

❖ 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

Agency Funding Sources	Fiscal 2008 Adopted Budget	Fiscal 2008 Current Modified	Fiscal 2009 Preliminary Budget
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
Total	\$641,221,970	\$670,152,180	\$594,303,330

HEADCOUNT OVERVIEW

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

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

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 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary 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
	Total PS	\$401,001,544	\$408,795,017	\$419,209,710
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
	Total OTPS	\$240,220,426	\$261,357,163	\$175,093,620
	Total Agency	\$641,221,970	\$670,152,180	\$594,303,330

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
Agency Budget as Per October Plan	\$430,987	\$21,354	\$452,341	\$378,436	\$0	\$378,436
January Plan New Needs						
HIP Rate Renewal	\$0	\$0	\$0	\$479	\$0	\$479
Hunter Campus Schools-Register Increases	\$0	\$0	\$0	\$288	\$0	\$288
Total New Needs	\$0	\$0	\$0	\$767	\$0	\$767
January Plan PEGs						
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)
Total PEGs	(\$5,813)	\$0	(\$5,813)	(\$9,698)	\$0	(\$9,698)
January Plan Other Adjustments						
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
Total Other Adjustments	(\$1,472)	\$253,440	\$251,968	\$424	\$224,374	\$224,798
Total Preliminary Budget Changes	(\$7,285)	\$253,440	\$246,155	(\$8,507)	\$224,374	\$215,867
Agency Budget as Per January Plan	\$423,702	\$253,440	\$677,142	\$369,929	\$224,374	\$594,303

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.

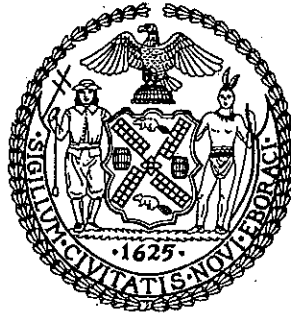
Fiscal 2009 Preliminary Budget Report

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.



Fiscal 2009 Preliminary Budget Hearings

City University of New York (Capital)

March 2008

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

*Hon. David I. Weprin, Chair
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*Hon. Charles Barron, Chair
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Agency Overview

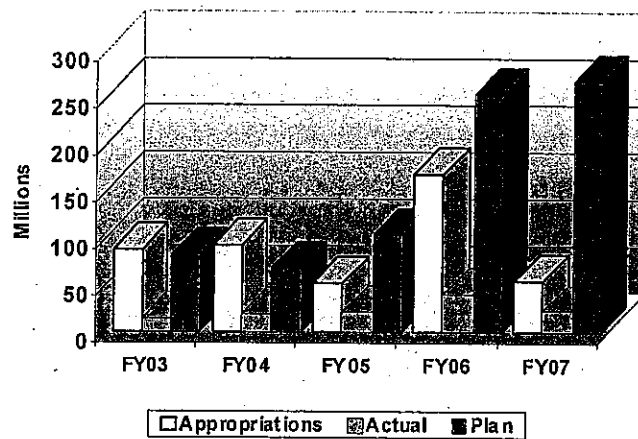
Incorporated in 1961, the City University of New York (CUNY) is the largest municipal university system and the third largest public university system in the nation. A 17-member Board of Trustees governs CUNY; the university is a conglomeration of senior colleges (ten), community colleges (six), a graduate center, a technical college, a law school, an affiliated medical school and CUNY-sponsored Hunter Campus Schools. Nearly 223,000 students are currently enrolled at the City University in degree credit courses. In addition, approximately 252,000 individuals are enrolled in adult and continuing education programs. While New York State assumes 100 percent responsibility for capital funding and operation of all senior colleges

and the schools for advanced studies, the City of New York and the State of New York split the financial responsibility equally (50 percent each) for capital funding of the University's six community colleges and Medgar Evers College.

The major elements of CUNY's Capital Program are health and safety concerns, facility preservation, increasing accessibility for persons with disabilities, acquisitions, rehabilitations and additions, new construction, asbestos removal, energy conservation, preservation of electrical/mechanical systems and the purchase and installation of computers and other equipment for instructional and administrative purposes. These capital projects come from approved college master plans and from ongoing condition assessments of the existing building stock. The City now funds its share of the University's large construction projects through its Capital Plan. In the past, the City and the State funded these projects through the Dormitory Authority.

CITY UNIVERSITY OF NEW YORK

Appropriations vs. Actual & Planned Commitments



Current Budget Summary

The January 2008 Capital Commitment Plan includes \$468.2 million in Fiscals 2008-2011 for the City University of New York (including City and Non-City funds). This represents less than one percent of the City's total \$52.5 billion January Plan for Fiscals 2008-2011. The agency's January Commitment Plan for Fiscals 2008 - 2011 is 8.5 percent more than the \$430.1 million in the September Commitment Plan, an increase of \$38.1 million. Some of the significant changes are:

- **Academic Building I at Medgar Evers College** - \$11.4 million was added to Fiscal 2009 for the completion of Academic Building I. In addition to these new funds, \$20.6 million was advanced from the out-years to Fiscal 2009 in order to fully fund the project.
- **Bronx Community College** - \$6 million was added in Fiscal 2009 for capital improvements to the Bronx Community College's North Instructional Building.
- **Borough of Manhattan Community College - Fiterman Hall** - \$20.8 million was advanced into Fiscal Year 2010 from fiscal year 2011.

Over the past five years CUNY has only committed an average of 18.3 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2008 capital plan will be rolled into Fiscal 2009 thus greatly increasing the size of the Fiscal 2009-2012 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2008 has increased from \$288 million to \$298.1 million, an increase of \$10.1 million or 3.5 percent.

Currently, CUNY's appropriations total \$273.8 million in city-funds for Fiscal 2008. These appropriations are to be used to finance CUNY's \$283.7 million city-funded Fiscal 2008 capital commitment program. The agency has \$9.9 million or 3.6 percent less than it needs to meet its entire capital commitment program for the current fiscal year.

Fiscal 2009 Preliminary Capital Budget Report

The City University of New York's capital commitment history for the previous five years is shown below:

FIVE YEAR HISTORY - CAPITAL BUDGET					
(\$ in millions)					
	FY03	FY04	FY05	FY06	FY07
CITY	14	18	20	39	21.9
NON-CITY	4	1	0	1	1
TOTAL	18	19	20	40	22

The Adopted Four-Year Capital Plan is shown below:

ADOPTED CAPITAL BUDGET - SEPTEMBER 2007					
(\$ in millions)					
	FY08	FY09	FY10	FY11	FY's 08-11
CITY	288	43	35	73.4	407.9
NON-CITY	10.0	0.4	0.3	11.7	22.4
TOTAL	298	43.4	3.8	85.1	430.3

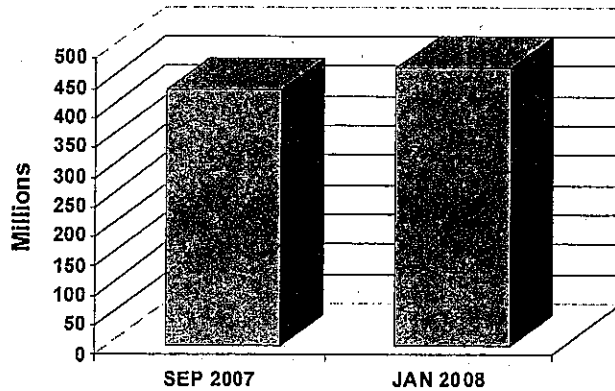
The Preliminary Four-Year Capital Plan is shown below:

PRELIMINARY CAPITAL PLAN - JANUARY 2008					
(\$ in millions)					
	FY08	FY09	FY10	FY11	FY's 08-11
CITY	298.1	94.3	24.2	29.3	445.9
NON-CITY	9.4	1.0	0.2	11.7	22.3
TOTAL	307.5	95.3	24.4	41	468.2

PRELIMINARY BUDGET HIGHLIGHTS:

o The Preliminary Capital Budget continues to include the multi-year capital improvement plan that was appropriated three years ago for the Community Colleges and Medgar Evers College. This Plan provides a total of \$326 million for the Community Colleges and Medgar Evers College. Together, the City and State commitments provide a multi-year capital improvement plan totaling \$600 million for Community Colleges and Medgar Evers College. The re-appropriated multi-year capital budget for the Community Colleges and Medgar Evers College includes funding for:

CITY UNIVERSITY OF NEW YORK
September 2007 vs. January 2008
CAPITAL COMMITMENT PLANS



- 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: Medgar Evers College Academic I, Bronx CC North Instructional Building, Queensborough CC Holocaust Center and Instructional Building;
- Replacement of Fiterman Hall at BMCC;
- Infrastructure work at Bronx CC, Kingsborough CC, and Queensborough CC;
- Infrastructure and programmatic improvements at BMCC, Hostos CC and LaGuardia CC;
- Minor reconstruction projects for the Community Colleges and Medgar Evers College.

Fiscal 2009 Preliminary Capital Budget Report

- The State Executive Budget recommended \$260 million in new funds for the Fiscal 2008/09 to 2013/14 University Five-Year Capital Improvement Plan for the Community Colleges and Medgar Evers College. This increase consists of:
 - \$250 million that has been allocated in a lump sum amount for new and existing projects. This funding has not yet been assigned to individual projects.
 - \$10 million is set aside for project management and minor reconstruction.

- Medgar Evers College has the unique and unenviable distinction of being the only four-year college at CUNY classified as a two-year college for capital budget purposes. When the State Legislature returned Medgar Evers to four-year college status in 1994, it did not change its capital status as a community college. That means that all capital spending is supposed to be shared by the City and the State. The City has repeatedly requested that the State take over 100 percent of the capital costs of Medgar Evers. This would equalize Medgar Evers with the other CUNY senior colleges that already receive 100 percent reimbursement of capital costs from the State. The State Assembly has repeatedly introduced legislation to achieve this takeover but at this time no action has been taken.

Professional Staff Congress/CUNY Testimony On the Executive Fiscal Year 2009 Preliminary Budget
for the City University of New York
City Council Higher Education Committee
March 14, 2008

Delivered by

Barbara Bowen
PSC President

Good afternoon, Chairperson Barron and members of the City Council Higher Education Committee. I represent the 22,000 faculty and professional staff of CUNY.

We come to you today, as we have in years past, to ask that you restore to CUNY budget cuts made by the Mayor in his preliminary budget, and that you continue to increase the needed investments in CUNY. Last year, and for several years before that, you have been vigilant in seeing to it that CUNY's budget has made gains and recovered some of the ground lost in prior years. We thank you for your efforts.

This hearing is occurring at an auspicious moment. Outgoing Governor Spitzer formed the Commission on Higher Education which took the position that New York could—and should—have a premier system of public higher education. This has always been the position of this Committee under your leadership, Chairperson Barron, and you have been a strong and unflinching advocate for increased funding for CUNY. As you are aware, providing the funding necessary for a first class university that meets the particular needs of New Yorkers has not always been the position of other Mayors and Governors. Having the Commission on our side is a welcome development.

The Commission made a breakthrough analysis of the state of public higher education in New York. With its preliminary report, New York State's official silence about its history of systematic underfunding of CUNY and SUNY has been broken. The Commission's report looks at the history of underfunding squarely in the face and determines that the practice of starving New York's public universities of money has not served the State and City well.

Lack of resources is especially acute for us at CUNY because CUNY has suffered from two waves of underfunding—in a way that is distinct from SUNY. That history, I believe, explains in part why the crisis of full-time faculty is even more acute at CUNY than at SUNY. First CUNY was devastated by the New York City fiscal crisis, in 1975-76, which came on the heels of an unprecedented rise in enrollment. Thousands of faculty were fired, masses of programs were cut, and a century of free tuition was ended.

CUNY had not been allowed to recover from that assault—in fact, it never has—when the statewide recession of the late 1980s and 1990s began to affect its budget, as it affected the budget of SUNY. Those two fiscal blows—together with a lack of political will to invest in the people CUNY serves—meant that CUNY was never able to get back on its feet. CUNY has experienced decades of what I would call planned poverty which is related to the race and urban character of CUNY.

What the Commission's report does—crucially—is name the second wave of underfunding (by the State and City in the 1990s), though it does not sufficiently examine the effect on CUNY of the double

assault. The CUNY from which the State and City began systematically withdrawing funding in the 1990s was an institution already terribly impoverished. New York City and New York State made CUNY poor.

So, it's official. Compared to its own history, compared to peer institutions, and compared to peer states, the Commission finds that CUNY is underfunded.

The Report also makes clear that this is economically an unsound policy. The Commission found that CUNY and SUNY are the most important engine of economic development for New York State.

In the wake of this path-breaking Report, the Mayor's preliminary budget goes in the opposite direction from its findings. Not only is there little new investment, there are actual cuts worth about \$54 million. These cuts are recommended at a time when:

- Half of our courses are still taught by highly exploited adjuncts, who have little time to meet with students;
- Today there are 5,000 fewer full-time faculty than there were in 1975;
- Progress on diversity hiring of faculty has been too slow, in large measure because of our non-competitive salaries. This leaves CUNY with a faculty that is 30% Black, Latino, Hispanic, Asian and Native American and a student population that is 73% students of color;
- CUNY is at a 35 year high in student enrollment;
- Too many of our students do not get the counseling and mentoring services they need to stay in school and succeed.

Despite this continuing need, the Mayor's preliminary Operating Budget for CUNY does not permit the University to move forward. The Mayor's budget does not fully cover operating costs and financial aid needs. Uncorrected, CUNY and its students will suffer and we will move backwards rather than continue to repair the years of underfunding.

The PSC urges the City Council to restore needed dollars to the Mayor's budget and to continue its historic commitment to invest in the economic, cultural, and intellectual well-being of New Yorkers by approving a net increase in funding for CUNY. The PSC proposes:

A. Restoring Executive Budget cuts to CUNY community colleges: **\$29.8 million**

We call on the City Council to provide \$29.8 million to restore funding to Fiscal Year 2008 levels. Without this restoration, CUNY will not be able to meet its current community college operating cost obligations, and would face the elimination of the successful Safety Net program, Veteran's Resource Center, and a training program for improved energy efficiencies. The Mayor is also proposing to take the successful ASAP program – Accelerated Studies in Associate Programs Initiative and CUNY Prep – out of CUNY's budget.

B. Providing full public funding for mandatory cost increases and critical new needs – especially additional full-time faculty lines to keep up with growing enrollments and reduce the current faculty to student ratio of 1:36:
\$26.7 million.

We call on the City Council to fund new programs proposed in the CUNY COMPACT for the community colleges including additional faculty, improved student services, better libraries, science laboratories, equipment and other critical needs. The cost of providing these improvements – without depending on raising student tuition and fees – is \$18.8 million. An additional \$7.9 million is needed for mandatory cost increases.

C. Funding successful City Council-sponsored programs left out of the Mayor's Executive Budget: \$24.3 million

The PSC supports the following restorations to the budget urged by CUNY:

- Peter F. Vallone City College Scholarships -- \$11.2 million
- Civic Justice Corps at John Jay College -- \$4.8 million
- NYC Works (Workforce Development Initiative) -- \$ 3.0 million
- CUNY's Black Male Empowerment Initiative -- \$2.5 million
- Support for Centers and Institutes -- \$1.6 million
- CUNY Citizenship and Immigration Project -- \$.6 million
- Creative Arts Team -- \$.6 million

NEW FUNDS

The Professional Staff Congress is asking the City Council to address two additional needs.

D. Provide mental health counseling services for CUNY community college students: \$1.5 million.

CUNY currently has one mental health counselor for every 2,331 students outside of the College Discovery Program – far below the ratio of 1 counselor for every 1,500 students recommended by the International Association of Counseling Services. Among the lowest-income students in the nation, CUNY students face pressures unknown at many academic institutions. A fully-staffed psychological counseling service is important to our students' success and for maintaining a safe environment.

E. Provide additional funds for a new CUNY Mentor's Fund: \$ 2 million.

We propose the creation of a new fund to support intense, hands-on mentoring of CUNY students that would be used to support a variety of initiatives designed to improve retention by providing intense, sustained mentoring of each individual student.

Fully Fund CUNY's Capital Request: Finally, the PSC supports full funding of CUNY's Capital Budget request for important maintenance projects and to provide matching dollars to the State's share for projects like the demolition and rebuilding of Fiterman Hall at BMCC and construction at Medgar Evers.

We acknowledge that we are facing a possible economic downturn and that tax revenues may fall. But, this is precisely the time to increase public investment in higher education. There is no better economic development program than higher education. In the 21st Century, we know that a high school diploma is not enough to advance one into the middle class. Higher education is a necessity for personal advancement and investment in public higher education is a necessity for societal advancement. The City Council has understood this fundamental economic strategy in the recent past and has stood by CUNY in lean times. There is no more important time than now to make the investments that will build the 21st Century CUNY that New Yorkers need and deserve.

The City University of New York



**Testimony of Chancellor Matthew Goldstein
The City University of New York
New York City Council Higher Education Committee
Fiscal 2009 Preliminary Budget
March 14, 2008**

Good morning, Chairperson Barron and members of the committee. Let me begin by thanking you for your longstanding support of the University and its students. This morning, I am pleased to have an opportunity to speak with you about the Mayor's Fiscal 2009 Preliminary Budget and its effect the University, particularly on our six community colleges—Borough of Manhattan, Bronx, Hostos, Kingsborough, LaGuardia, and Queensborough—as well as Medgar Evers College, the CUNY senior college in central Brooklyn.

These seven CUNY institutions serve an enrollment of more than 82,000 degree-credit students and over 120,000 adult and continuing education students. Since 1999, CUNY's community colleges alone have seen a 22 percent increase in enrollment. University-wide, enrollment growth continues. Our Spring 2008 enrollment reached 231,000, the highest level since 1976. Since 1999, spring enrollments—which are generally an indicator of student retention—have increased by almost 20%.

As the size of our student body rises, so does its performance. For example, CUNY's teacher-education students, many of whom started at a CUNY community college, have posted six-year increases in the passage rate on the state's Liberal Arts and Sciences Test from 88% to 98%. In addition, recent data regarding pass rates on the National Council Licensure Examination—the NCLEX—for the New York City metropolitan area demonstrate our nursing students' continued success in preparing for their profession. NCLEX is a standardized exam used by state boards of nursing to determine a candidate's readiness for entry-level nursing practice. NCLEX pass rates from 2003 to 2007 indicate that the average rate for CUNY's community colleges and Medgar Evers College was about 84%, compared to a rate of about 81% for all other New York City nursing programs and all Westchester County nursing programs, and 79% for all Long Island nursing programs.

Over the past year, our community colleges have continued their work to encourage student success in college and in the workplace, from hiring talented new faculty members to developing new degree programs, such as the radiologic technology degree

at LaGuardia Community College and the medical office assistant degree at Queensborough Community College. In addition, the Accelerated Study in Associate Programs, or ASAP, developed with the city's Center for Economic Opportunity, is now serving over 1,000 students at our community colleges, helping them attain their degrees in a timely way and move on to promising employment.

We are proud that more and more students are choosing CUNY, and that they are succeeding in their educational goals at the University. But the challenge of offering a steadily increasing number of students the first-rate educational experience they deserve is a very real one. The Department of City Planning projects a population increase for New York City of a million people by 2030. We expect an accompanying increase in the demands on our community colleges. In a fluctuating economy, New Yorkers turn to community colleges to re-tool their skills, gain new competencies, and understand the forces that are shaping their future.

A growing population vulnerable to an uncertain economy needs a firewall, something to protect against financial instability. CUNY has always been that firewall. The city has relied on the University—and its community colleges, in particular—to provide its residents with an education that offers greater financial security and professional options and to provide the city with a skilled, flexible workforce. Today, more than ever, this city needs a firewall. With your assistance, the University can continue to serve in that capacity.

However, the 2009 Preliminary Budget poses serious challenges to CUNY. Let me briefly review the past year as a prelude to describing the University's current situation.

The Fiscal Year 2008 Adopted Budget provided almost \$212 million in city support for CUNY's community colleges. Although there was no funding provided for the programmatic initiatives outlined in the University's budget request, all mandatory cost increases, such as collective bargaining, fringe benefits, and energy, were fully funded.

In addition, \$10 million was provided through the Center on Economic Opportunity for the ASAP initiative (\$6.5 million) and CUNY Prep (\$3.5 million).

This past fall, the mayor announced that all agencies would be subject to a 2.5% budget reduction in the current year, which for CUNY equated to \$5.8 million. In order to mitigate the negative impact of these cuts, and help preserve instructional and core services to community colleges, the University identified \$3 million in reductions to other city-funded University-wide programs, reducing the impact on the community colleges to \$2.8 million.

This \$2.8 million reduction, along with a cut of \$1.5 million in CUNY's energy budget, reduced overall city support for the community colleges in FY 2008 to \$207.6 million. While mid-year reductions are always painful, of greater concern is the Fiscal Year 2009 budget for the community colleges.

The total city support for community colleges included in the FY 2009 financial plan is \$183.3 million. However, in its FY 2009 budget request, the University sought a total of \$225.1 million in city funds, leaving a current shortfall of \$41.8 million. The largest component of this shortfall is \$28.3 million in direct operating support to the community colleges, which includes all prior year reductions as well as the recent round of new cuts announced by the mayor. Based on the reduction proposals submitted by our colleges as part of the city's PEG initiative, cuts of this magnitude would have a deep, harmful, and direct impact on our students. Allow me to cite just a few examples:

- At BMCC, the college would eliminate six full-time and 16 part-time positions, affecting areas such as continuing education, student services, and the computer center.
- At Bronx Community College, approximately 56 class sections would be eliminated, requiring an increase in average class size from 27 to 32.

- At Hostos Community College, 55 class sections would be eliminated, and evening and weekend services provided by the library, financial aid, registrar, and bursar areas would be reduced.
- At Kingsborough Community College, counseling and tutorial services would be reduced, and facility maintenance expenditures would have to be curtailed.
- At LaGuardia Community College, 117 course offerings—the equivalent of 3,276 seats—would be eliminated. Twenty part-time student peer advisor positions would also be cut.
- At Queensborough Community College, evening and weekend hours at the library would be reduced. In addition, purchases for classroom and laboratory supplies would need to be scaled back.

The FY 2009 budget also eliminates funding for Safety Net Scholarships (\$4.5 million), and the Veteran's Resource Center at LaGuardia Community College (\$1 million). The mayor's Preliminary Budget also does not provide matching funds of \$2.7 million that were included in the State Executive Budget for leased space at BMCC due to the loss of Fiterman Hall.

In addition to the reductions at the community colleges, \$24.3 million in funding for the senior colleges and other University-wide initiatives has been eliminated in the city's FY 2009 budget. Included in these decreases is \$11.2 million for the Peter F. Vallone City Council Scholarships and \$2.5 million for the Black Male Initiative, championed by this committee. The Vallone scholarships are a vital New York City-based support vehicle to high-achieving city students, encouraging them to remain in the city for their college education. During the 2006-07 academic year alone, about 12,000 CUNY students received Vallone scholarships, and since the program's inception in 1998, over 117,000 awards have been made to CUNY students. In addition, the Black Male Initiative has made impressive progress in its mission to support the inclusion and educational success of under-represented groups in higher education, accomplished through University-wide conferences and a distinguished speaker series, as well as programming at specific

campuses, including mentoring and counseling, and seminars and workshops open to all students.

I must emphasize the importance of addressing all of these reductions. Only with city support can we continue to meet the educational needs of our increasing numbers of students. Scaling back class sections, library hours, and counseling services, as well as scholarship programs, would have a direct and detrimental impact on our students. As the test scores I noted earlier indicate, these students have made great strides, and academic, faculty, and financial support is essential to their progress.

The University also requested an additional \$5.3 million in city funds for programmatic initiatives directly tied to our four-year, state-approved academic plan. These funds are needed in order to increase full-time faculty, provide additional advising and counseling, enhance services to students with disabilities and returning veterans, and expand high-needs programs. This is not a wish list. These are initiatives that comprise the very core of the University. Building a strong, stable learning environment simply must be a priority if we are to move forward. Each year of retreat chips away at the considerable progress we have made.

Turning to the University's capital program, let me first reiterate our appreciation for the council's recognition of our urgent facilities needs, especially its assistance in garnering our first multi-year appropriation from the city. Facilities projects are often long-term, so the ability to plan into the future, rather than year to year, offers a degree of certainty that has been quite helpful.

I note with appreciation that the FY 2009 Preliminary Budget recommends a \$17.4 million increase to the commitment plan for two important projects—\$11.4 million for the Medgar Evers College Academic One Building and \$6 million for the Bronx Community College North Instructional Building. The University is also grateful for funds advanced for the Medgar Evers building and the Center 3 renovations at LaGuardia

Community College, as well as for Fiterman Hall at Borough of Manhattan Community College.

However, the backlog of deferred maintenance at our community colleges remains a deep concern. In partnership with the State University Construction Fund, the University recently conducted a study to determine what would be required to bring our facilities back to a state of good repair. The study indicated that the University has a \$1.7 billion backlog of deferred capital maintenance. Our community colleges represent \$516 million of that amount. This includes basic needs, such as heating and ventilation systems, exterior walls, and electrical equipment.

As you know, in capital funding every state dollar spent on our community colleges and Medgar Evers College must be matched by city funds; otherwise, we cannot access the state funds. Unfortunately, there has been inconsistency in the application of this funding split, and CUNY frequently holds on to state money for long periods waiting for the city match. Often the University completes RESOA-funded projects without any state dollars.

This year, the governor's Executive Budget recommended \$2.84 billion for CUNY's capital needs. Less than 10%—\$260 million—was designated for the community colleges and Medgar Evers College. The Executive Budget allocates almost the entire amount the University requested to fund the critical maintenance needs identified in the "State of Good Repair" report for the senior colleges. However, the Executive Budget allocated no critical maintenance funding for the community colleges. The state did not feel confident that the University could secure the city's matching funds.

This inconsistency is affecting our ability to provide basic maintenance. Every city dollar that we do not receive for the community colleges means that we effectively lose a dollar of state funds. For example, the critical project to renovate Hostos Community College's 500 Grand Concourse fifth floor is awaiting \$900,000 in city funds to fully match available state funds. There are several examples of such projects. In order to truly

address our capital needs, we must request additional funding for both critical maintenance and expansion requirements. And we must find a way to work with the council to target the funds in order to maximize their value by matching them with state funding.

Chairperson Barron and members of the committee, we understand, as you do, the precarious economic climate that currently informs this and every funding discussion. It is this climate that makes the University's budget request this year so important to the city. CUNY is the city's rainy-day fund, the source it turns to when dark economic clouds threaten. The University provides the training and programs upon which New York's residents and industries depend; and it is CUNY's skilled graduates, the vast majority of whom stay and work in New York, who stimulate our economy. With your support, CUNY can continue to be the resource to which the city turns during unsettling times. We remain deeply appreciative of your partnership and look forward to working together to advance the lives and careers of thousands more New Yorkers. Thank you.