The meeting was called to order at 5:00 p.m.

There were present:

**Committee Members:**
- Hon. Joseph J. Lhota, Chair
- Hon. Peter S. Pantaleo, Vice Chair
- Hon. Valerie L. Beal
- Hon. Judah Gribetz
- Hon. Carol Robles-Roman
- Hon. Kathleen M. Pesile
- Prof. Terrence Martell, faculty member
- Mr. Moklasur Rahman, student member

**University Staff:**
- Chancellor Matthew Goldstein
- Executive Vice Chancellor and Chief Operating Officer Allan Dobrin
- Associate Vice Chancellor Matthew Sapienza
- Vice Chancellor Eduardo Marti
- University Controller Barry Kaufman
- Chief Investment Officer Janet Krone

**Ex-officio:**
- Hon. Benno Schmidt

**Trustee Observer:**
- Hon. Sandi E. Cooper

**Trustee Staff:**
- Senior Vice Chancellor and Secretary of the Board Jay Hershenson
- Senior Vice Chancellor and General Counsel Frederick Schaffer
- Mr. Steven Quinn

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**Cal. No.**

**DISPOSITION**

The agenda items were considered in the following order:

**I. ACTION ITEMS:**

**A. APPROVAL OF THE MINUTES OF THE MEETING OF JUNE 6, 2011.** The minutes were approved as submitted.

**II. INFORMATION ITEMS:**

**A. Report by Associate Vice Chancellor Matthew Sapienza**

- Update on State and City Budgets

Associate Vice Chancellor Matthew Sapienza stated that, as the University's fiscal year starts on July 1st, the administration has opened up the new fiscal year for 2012, but is still working on closing out fiscal year 2011 and is starting to plan for fiscal year 2013.

Associate Vice Chancellor Sapienza stated that, for fiscal year 2011 the administration is currently working on closing out with both the state and the city and is ending the year in a very strong condition University-wide. Overall spending is actually down or projected to
be down year to year at the senior colleges for fiscal 2010 to fiscal 2011. It does not happen often in government that you see a year to year spending decrease but senior colleges’ spending is down. Community colleges are up slightly but overall at the University we are projecting only a 0.2 increase in spending year to year. When you keep in mind that a lot of the spending increases are due to contractual increases, salary increments, and mandated cost increases, it really was a very difficult year for our colleges that they have managed really well. Fiscal year 2011 should be closed out by the end of the month and at that point year-end reports will be issued and reviewed at a future meeting of this committee.

Associate Vice Chancellor Sapienza stated that, for fiscal 2012, which began on July 1st, a lot has happened since the last meeting of this committee. New York State came to an agreement on a rational tuition policy for both SUNY and CUNY. The City budget was adopted so there is a lot that has gone on and a lot of information that has been given out since then regarding the budget situations with both the State and City. Once the Board approved the $300 tuition increase that was effective this fall, the University sent out its allocations for the senior colleges and the community colleges. While the budget was certainly much better than what had been anticipated, there still was the need to do some reductions and so the senior college budgets were reduced by 1.75 percent for the current year. The community college budgets on the City side remained flat. There are still going to be some tough decisions that the campuses are going to have to make in the current year. However, with the additional revenue that was generated from the fall tuition increase the University was able to do a Compact investment plan and included that in its allocations. At the senior colleges it was almost $17 million. The biggest item that was included in there was the addition of 100 faculty lines at the senior colleges. At the community colleges the total investment plan was $8.5 million and it included sixty additional faculty lines. The University is also setting aside as part of the Compact a million dollars for financial aid assistance to any of the students that would be put in harm’s way with the tuition increase. So the allocations are out and the colleges are getting ready to put together their financial plans and submit them for the year.

Associate Vice Chancellor Sapienza added that, in terms of the overall State and City budget condition, the State situation is pretty stable in the current year. They are still projecting a $1.7 billion surplus for the current year which was the same that they were projecting when the budget was adopted so revenues appear to be stable. They do have a deficit of about $2.5 billion for next year, but in the current year things look stable on the State budget. As the State budgets start on April 1st, it is almost about half way through the State fiscal year. So the fact that there has not been any need for midyear cuts so far is an encouraging sign. The City budget is also in a balanced condition at this point of the year, but the City budget is only two months old at this point so things could change. The thing to be concerned about on the city side is that they have a very big deficit for next year, which is over $4 Billion. That is something that we will have to look at as the City budget process kicks into gear starting in November.

Associate Vice Chancellor Sapienza stated that, for fiscal 2013 the administration is starting its budget request process and the budget request is going to be presented at the next meeting of this committee and then to the full Board.

Associate Vice Chancellor Sapienza stated that, the other thing to point out and make sure everyone is aware of is that, as part of the new agreement on higher education that the Governor and the Legislature came to early in the summer, the Board of Trustees
needs to approve a five year tuition plan and that is something that will be presented at the next Board meeting.

In response to a question, Associate Vice Chancellor Sapienza stated that the five year tuition plans required by the State law passed this year would be brought before the Fiscal Affairs Committee.

In response to a question, Chairperson Benno Schmidt stated that the five year tuition plans will be voted on once for the five years. A plan could be changed by subsequent votes, but would otherwise remain in effect for the five years.

In response to a question, Associate Vice Chancellor Sapienza stated that in terms of the student to faculty ratio, the challenge the University has faced over the last several years is that although some tremendous strides have been made in bringing on new faculty, the University has not been able to keep pace with enrollment growth. The early data show that enrollment is up University-wide about 3 percent for this fall. So the additional faculty lines will help to keep up, but certainly not for the extent of the enrollment increases.

Chancellor Goldstein noted that the University is projected to have the largest class in its history in the fall. It is projected at about 270,000. And what is interesting is when you look at the mix of the academic profile, it is very heavily weighted these days towards high achieving students, students with high school averages above 85 and SAT scores that are higher as well. It is a T-A-L-E of two T-A-I-L-S. The University is getting very high achieving students and is also getting students that need a lot of help and that is a difficult model to manage because you need a lot of resources and very strong management when you have this bimodality. And that is a continuing challenge for the University. Plus a number of campuses are experiencing stress on the facilities because, even absent having different modalities of instruction, it is very difficult to fit as many students as are enrolled into the classrooms. At some point the Board is going to have to look at different ways of delivering instruction.

Associate Vice Chancellor Sapienza stated that an additional fiscal issue to be aware of is the cost related to last week's hurricane. The University has been working with both the State and the City to provide them with the costs that the colleges have incurred to date. So far from the data collected it is about $1.1 million in expenses. Most of that was due to overtime costs sustained because most of the colleges were evacuation centers. Many colleges had other costs related to flooding in buildings and things like that. The University is working to make sure that any potential FEMA reimbursement gets to the colleges to cover their expenses.

In response to a question, Associate Vice Chancellor Sapienza stated that Kingsborough Community College did very well. They had a little bit of leakage and a couple of trees down, nothing major.

In response to a question, Associate Vice Chancellor Sapienza stated that closing the campuses Friday through Monday should not affect the overall FTEs. The campuses were told on Sunday after the hurricane had passed that basically it was up to each campus what they wanted to do for Monday, because some campuses were in different situations. Most of the campuses decided to not to have day classes on that Monday. Some did have graduate classes back in the evening, but in terms of overall FTE it should not really make a difference.
B. Report by Chief Investment Office Janet Krone

- Market and Performance Update

***PRESENTATION BY CHIEF INVESTMENT OFFICER JANET KRONE***

Associate Vice Chancellor Sapienza noted that Central Office has sent correspondence out to the college presidents informing them that the University is starting a CUNY endowment council and asking all the presidents for at least one representative from the campus. I am going to leave it to the presidents to decide who is best suited at the campus to do that. I think at some campuses it may be the Vice President for Finance and Administration. At some campuses it might be the director of the foundation, or the Vice President for Institutional Advancement. The council is planned to meet quarterly and will be a good forum to talk about things like the NYPMIFA legislation and how it is being implemented at each of the foundations, any other investment related issues, and to share best practices amongst the colleges. The first meeting is going to be next month.

The meeting was adjourned at 5:35 p.m.