The meeting was called to order at 5:02 p.m.

There were present:

**Committee Members:**
- Hon. Joseph J. Lhota, Chair
- Hon. Valerie L. Beal
- Hon. Judah Gribetz
- Hon. Kathleen M. Pesile
- Hon. Carol A. Robles-Roman
- Hon Terrence Martell, faculty member
- President James Muyskens, COP liaison

**University Staff:**
- Chancellor Matthew Goldstein
- Executive Vice Chancellor and Chief Operating Officer Allan Dobrin
- Senior Vice Chancellor Marc V. Shaw
- Associate Vice Chancellor Matthew Sapienza
- University Controller Barry Kaufman
- Chief Investment Officer Janet Krone
- University Deputy Executive Controller Miriam Katowitz

**Trustee Observer:**
- Hon. Brian D. Obergfell

**Trustee Staff:**
- Senior Vice Chancellor and Secretary of the Board Jay Hershenson
- General Council and Senior Vice Chancellor Frederick P. Schaffer
- Deputy to the Secretary Hourig Messerlian
- Mr. Steven Quinn

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The agenda items were considered in the following order:

I. ACTION ITEMS:

A. APPROVAL OF THE MINUTES OF THE MEETING OF JUNE 4, 2012. The minutes were approved as submitted.

B. POLICY CALENDAR

1. The Graduate School and University Center – Building Operating and maintenance Services. Following discussion the item was approved for submission to the Board.

II. INFORMATION ITEM:

A. Report on the status of CUNY’s current budget and allocations

Associate Vice Chancellor Matthew Sapienza stated that the City of New York adopted its budget since the committee’s meeting on June 5th. For CUNY the total amount appropriated to the community colleges was about $259 million, which was about $500,000 more than what was received in Fiscal Year 2012, thus the maintenance of effort level that the City has for the University was reached. Once the City budget was adopted, allocations were made to the community colleges, which included a healthy Compact initiative, as the total amount was $33.7 million for this year. About $5.3 million of that was from self-financing components, philanthropy
and additional productivity. Like the senior colleges the community colleges will have full flexibility as to how they determine the best use of funds at their individual campuses, and the colleges are currently submitting their financial spending plans to Central Administration.

The City also recognized all of the new tuition from the tuition increase for this fall. There was also restoration of some of CUNY’s City Council-funded items for Centers and Institutes and the Black Male Initiative (BMI)—$2.3 million was added into the budget for this initiative and the City base-lined the funds for it. Since BMI started in 2004, the University had been getting funding on an annual basis, and had to lobby the Council to put those funds back each subsequent year. The City’s community college allocations also included $2 million for the student financial assistance initiative—University-wide it was $5 million, with $3 million to the seniors colleges—and this will be really helpful to assist the University with students who might be in harm’s way from the additional tuition increase.

It should be noted that recently the City was dealt a blow to its financial plan in that it was counting on $635 million in revenue from the sale of additional taxi medallions in its budget, which was blocked and is currently playing out in the courts. This revenue is now at great risk and there is an expectation that the City will ask agencies for additional cuts to fill this gap in the November financial plan.

In July, the State Division of Budget issued its first quarter report for the fiscal year 2013 and it looks pretty stable. Revenues were close to planned levels. The State is still projecting a surplus at nearly the mid-point for the current fiscal year, leading to the possibility that there will be no mid-year cuts from the State. For next year's budget the State is projecting a deficit of just under a billion dollars, but as the State operating budget is about $120 billion, a billion dollars is not a big deficit concern for next year.

Overall, the University is not expecting any mid-year cuts for the senior colleges or for the community colleges, and it has been advising colleges to go ahead with their Compact plans—their hiring initiatives and their investment programs. CUNY is really optimistic and grateful to not only the State but the City of New York for its fiscal stability and for allowing it to have the investment program at the community colleges.

In response to a question from Trustee Valerie L. Beal, Associate Vice Chancellor Sapienza stated that when the allocations were issued to the senior and community colleges—who were then asked to turn in their financial plans for the year—the University made it extremely clear to the colleges that all financial plans had to be done in consultation with elected student and faculty leaders. Associate Vice Chancellor Sapienza noted that he met with the University Student Senate at their retreat in August, and mentioned to the students that the financial plans should be done in consultation with their elected leaders. So far there has been no feedback that this was not done at any of the campuses. Associate Vice Chancellor Sapienza added that at any meeting with the University Student Senate or the University Faculty Senate, he has reiterated the fact that if this was not done at any campus the matter should be brought to his attention immediately.

Associate Vice Chancellor Sapienza mentioned chargebacks with regards to the community colleges, and explained that New York State law requires that if a student attends a community college outside of their home county, that county is charged for the local share of costs for that student to attend college. Using CUNY as an example, if a student from Nassau County attends Queensborough Community College, Queensborough charges Nassau County for the cost of the
local share, because the local sponsor for the University is New York City and the law recognizes the fact that New York City should not be paying the local share for a Nassau County student.

When the state budget was adopted this past Spring, legislation was written into the budget agreement that mandated the SUNY Board of Trustees in conjunction with the CUNY Board of Trustees submit a report to the State Senate and the State Assembly that would provide recommendations to the community college chargeback system. They asked SUNY and CUNY to look at the process and mandated both institutions to provide this information to the State legislature in September. CUNY has been working with SUNY in drafting a report, whose recommendations will include that CUNY and SUNY work together to establish a more common process in setting the rate. The Trustees will be provided with a copy of this report in advance of its full board meeting for their review. Associate Vice Chancellor Sapienza noted that this is because it is really more of an issue with SUNY than it is for CUNY. For the University’s seven community colleges the overwhelming number of non-City of New York community college students is at Queensborough Community College, from Nassau County.

In response to a question from Committee Chair Joseph Lhota, Associate Vice Chancellor Sapienza explained that the legislature was probably looking for ways to improve the process in terms of how the rates that are charged to the outside counties are established, in terms of the processing of the payments, and the timing of the payments.

In response to a question from Trustee Judah Gribetz, Associate Vice Chancellor Sapienza stated that the University establishes the rates for the community colleges, as SUNY establishes the rates for their colleges. CUNY’s rates are established at the beginning of each fiscal year and sent out to all of the counties. The University looks at the amount of funding that is provided by the New York City for the community colleges in any one year, and divides that by the full-time equivalent student enrollment number to come up with the rate. For this year, the charge back rate was $3,420. Overall the revenue received from these outside counties for all CUNY community colleges is around $4 million a year—a very small portion of CUNY’s overall community college revenue stream.

The meeting was adjourned at 5:20 p.m. to go into the Fiscal Affairs Subcommittee on Investment meeting.

The committee resumed its meeting at 5:38 p.m. The following item was considered:

C. **Adoption of International Equity Recommendations.** Chief Investment Officer Janet Krone stated that a motion was put forward during the Subcommittee on Investment meeting to approve the international equity allocations that were discussed in Executive Session—adding two managers and allocations. This item was approved by the committee.

The meeting was adjourned at 5:39 p.m.