CUNY Investment Pool - Spending Deliberations
Fiscal Year 2014

Committee on Fiscal Affairs
Subcommittee on Investments
April 8, 2013
Overview

1st
• 4 Similarly Situated Fund Categories

2nd
• 8 Prudence Factors

3rd
• Deliberate on Prudent Spending Rate
Similarly Situated Fund Categories

- Academic Support
- Institutional Support
- Scholarships and Fellowships
- Instruction

Similarly Situated Funds
8 Prudence Factors

1. Duration & Preservation of the Endowment Fund
   - Universal

2. Purposes of the Institution & the Endowment Funds
   - Factor Specific

3. General Economic Conditions
   - Universal

4. Possible Effects of Inflation/Deflation
   - Universal

5. Expected Total Return from Income & Appreciation
   - Universal

6. Other Resources of the Institution
   - Universal

7. Alternatives to Expenditure of the Endowment Fund
   - Special

8. The CUNY Investment Policy
   - Universal
Spending Deliberation Process

1st
• Factor 2: Purpose of Institution & Endowment Funds by Category

2nd
• Universal Factors: Discuss Jointly for all 4 Categories

3rd
• Brief Review of Factors Applicable to Exigent situations.
Purpose – Scholarships & Fellowships

- Percent of Spending
  - 56% of Spending

- Purpose
  - Attract & Retain
  - Education Access
  - Crucial to CUNY

- Duration
  - Perpetuity
  - Preservation
  - Expected Return
Purpose – Academic Support

- **Percent of Spending**
  - 14% of Spending

- **Purpose**
  - Professional Programs
  - Technical Programs
  - Key Endowment Support to CUNY

- **Duration**
  - Long Term Funds
  - Donor Designated
  - Program Specific
Purpose – Institutional Support

- **Percent of Spending**
  - 4% of Spending

- **Purpose**
  - Work Study Programs
  - Do Not Qualify for Federal WS Programs
  - Important role – Education Access

- **Duration**
  - Long Term Funds
  - Donor Designated
  - Program Specific
Purpose – Instruction

- Percent of Spending
  - 3% of Spending

- Purpose
  - Faculty Fellowships
  - Important to CUNY Staying Competitive

- Duration
  - Long Term Funds
  - Donor Designated
  - Purpose Specific
Purpose – Additional Considerations

- **State Appropriations**
  - Historically provided majority of funds for these programs

- **CUNY Investment Pool**
  - Not the primary source

- **Balance**
  - Annual Spending Amount
  - Increasing needs of current & future students
  - Donor-Designated Funds
Joint Discussion – Universal Factors

- Other Resources
- CUNY Investment Policy
- Expected Total Return
- General Economic Conditions
- Possible Effects Inflation/Deflation
- Duration & Preservation Endowment Funds

Scholarships & Fellowships

Academic Support

Instruction

Institutional Support

CUNY Investment Policy
Scholarships & Fellowships
Duration & Preservation Endowment Funds
Expected Total Return
General Economic Conditions
Possible Effects Inflation/Deflation
## Factors Applicable to Special Situations

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Spending Decision

5.0%  4.5%

- Risk of Pool Depletion
- % Average Pool Spending
- New Deliberation if Crisis

- Economic Conditions
- Lower Expected Returns
- Pool Net Withdrawals
- Reversible If Too Conservative