

BOARD OF TRUSTEES
THE CITY UNIVERSITY OF NEW YORK

COMMITTEE ON
FISCAL AFFAIRS

MINUTES OF THE MEETING
OCTOBER 5, 2016

The meeting was called to order at 4:02 p.m.

There were present:

Committee Members:

Hon. Barry F. Schwartz, Chair
Hon. Fernando Ferrer, Vice Chair
Hon. Lorraine A. Cortés-Vázquez
Hon. Robert F. Mujica
Hon. Una S. T-Clarke
Prof. Kay Conway, faculty member
Ms. Cecilia Salvi, student member
President Felix Matos Rodriguez

University Staff:

Chancellor James B. Milliken
Executive Vice Chancellor and University Provost
Vita Rabinowitz
Vice Chancellor Matthew Sapienza
Senior Advisor Marc V. Shaw
University Executive Budget Director Catherine
Abata

Trustee Observer:

Hon. Chika Onyejiukwa

Trustee Staff:

Senior Vice Chancellor and Secretary of the
Board Jay Hershenson
General Counsel and Senior Vice Chancellor
Frederick P. Schaffer
Deputy to the Secretary Hourig Messerlian
Ms. Towanda Lewis
Ms. Fenella Ramsami

Cal. No.	DISPOSITION
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The agenda items were considered and acted upon in the following order:

I. ACTION ITEMS:

- A. APPROVAL OF THE MINUTES OF THE MEETING OF SEPTEMBER 7, 2016.** The minutes were approved as submitted.

In response to a question from Ms. Cecilia Salvi, Committee Chair Barry Schwartz stated that he has been advised by Senior University Dean Robert Ptachik that the Committee will be receiving the ethnic distribution of students regarding decreased enrollment.

B. POLICY CALENDAR

1. Hunter College – Purchase of Audio Visual Equipment and Integration/Library Technology Upgrade. Committee Chair Schwartz asked for the Committee's approval to purchase Audio Visual Equipment and Integration from CDW-G under two existing contracts. One of these is a City of New York contract, for which Hunter College will make purchases not to exceed \$565,000. The other existing contract is a New York City Department of Education contract, for which Hunter College will make purchases not to exceed \$333,206. These transactions will be pursuant to law and University regulations during the fiscal year ending June 30, 2017. Hunter College is upgrading the technology in its library and will be converting mostly archival space into a state-of-the-art student success hub.

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President Jennifer Raab stated that Hunter College seeks this approval to use \$898,000 of Technology Fee money to invest in a project to radically transform two floors of the library at Hunter College, creating a Student Success Center with student tutoring and pre-professional support. It is being done in phases. Currently, the College is in its third phase, and the cost is \$18 million, all privately raised. Hunter College now has its first education library and a Macaulay Honors Study Center among other features. The money will be used for AV equipment, laptops, technology, and technical and digital support. The project will be done on time and on budget with an opening date scheduled for the end of January 2017.

University Student Senate (USS) Chair and Trustee Chika Onyejiukwa stated that this is a great initiative. She added that she would like to thank President Raab for making this project her priority.

University Faculty Senate (UFS) Chair and Trustee Kay Conway stated that she commends President Raab for raising the private funds and bringing it on time.

In response to a question from UFS Chair and Trustee Conway, President Raab stated that the Tech Fee expenditures were part of a consultative process. Hunter College has a very active and large Tech Fee Committee that consist of faculty, students, and staff, and they have been very enthusiastic about this proposal, going through all the details in regard to what the funds would be used for. The Tech Fee Committee unanimously supports this proposal.

In response to a question from Committee Chair Schwartz, Executive Vice Chancellor and University Provost (EVC&UP) Vita Rabinowitz stated that the libraries at CUNY vary enormously; however, there are no current library initiatives on the scale of Hunter College's. She added that this brilliant plan—right in the heart of the campus—will make a tremendous difference in student engagement and student success at Hunter College.

Committee Chair Schwartz stated that if this initiative is moving towards best practices, the Committee heartily endorses it. He added that he would like to see it applied throughout the CUNY system.

2. The City University of New York – Consideration of the FY 2017-2018 Operating Budget Request.

PRESENTATION BY CHANCELLOR JAMES B. MILLIKEN ON THE CONNECTED UNIVERSITY: CUNY IN THE 21ST CENTURY

In response to a question from Committee Chair Schwartz, Chancellor James Milliken stated that in regard to internships, the chancellery is currently doing an inventory of all the programs that exist across the University to measure what success looks like a little better. At this time, CUNY is focusing on a number of opportunities in IT and finance, as well as other areas. The University intends to expand and to build a better mousetrap in a way to provide access, one-stop-shopping to industry sectors employers, so they are not going to 24 places to find interns.

Committee Chair Schwartz noted that last year, former Trustee Valerie Beal raised the point which was accepted by Chancellor Milliken and Senior Vice Chancellor and Chief Financial Officer Sapienza that the Committee should be kept abreast of the projects that are approved and funded, so that the Committee could take stock of whether or not things are working as they were contemplated and if not make appropriate changes.

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Committee Vice Chair Fernando Ferrer stated that the proposed Budget request is a good direction for the University; however, the Committee should have a little more time to review the FY 2017-2018 Operating Budget Request as it will aid the University in discussions about what CUNY ought to be doing, and the future of the University.

***PRESENTATION BY SENIOR VICE CHANCELLOR AND CHIEF FINANCIAL OFFICER
MATTHEW SAPIENZA ON THE FY2017-2018 OPERATING BUDGET REQUEST***

In response to a question from Committee Chair Barry Schwartz, Senior Vice Chancellor and Chief Financial Officer (SVC&CFO) Matthew Sapienza stated that it would cost about \$3.3 million to expand Single Stop USA to all of CUNY's campuses that currently do not have it. He confirmed that this program has positively affected the lives of 85,000 CUNY students, providing \$189 million in additional benefits—a huge return on investment to the students.

Committee Chair Schwartz recognized that the University has limited resources and unlimited needs, but this is the sort of program that has proven itself and it translates immediately into dollars in the pockets of the families of the students which is a very good thing.

President Felix Matos Rodriguez stated that in his previous position as president of Hostos Community College, they had Single Stop, which was so successful that they were able to connect it with their philanthropic giving to the students. Any student who approached the Hostos College Foundation for a scholarship would be required to go to Single Stop first to find out if some of the additional aid the student may be eligible for would meet that need. This way Hostos Community College was able to leverage even more resources to provide additional support for students.

UFS Chair and Trustee Conway noted that as CUNY has limited resources to allocate, it seems that with such an obvious return on investment that the University should be funding the full \$3.3 million, not the \$1 million.

In response to a question from Trustee Lorraine Cortés-Vázquez, EVC&UP Vita Rabinowitz stated that currently there are 7,000 ASAP students CUNY-wide—an increase of 4,000 students from the beginning of last academic year—but the University plans on scaling this to 25,000 by FY 2019. Bronx Community College will fully become an ASAP college, chosen partly because of its size and partly because of the need to be the place where we did the proof of concept for taking it fully ASAP. The University is also piloting the program at a four-year college which would be a remarkable proof of concept if we could show that the same elements—the enhanced advising, the cohort effect, taking 15 credits a semester so that credits are accumulated and the students are making progress. Over fifty percent of associate degree students earn degrees in 3 years through the ASAP program and CUNY is hoping to move the needle on graduation rates at the senior colleges with similar elements.

Committee Chair Schwartz noted that the ASAP program has received national recognition, including from the White House, about its success. Other institutions of higher education have adopted some of its elements. Thus, he wonders as to why it is not a number one priority for CUNY, like Single Stop.

Chancellor Milliken stated that the administration's number one priority is student success through completion. There is a significant investment that has been injected into the pipeline to get to the 25,000 students for ASAP. Even expansion at the community colleges is going to take some time what with space needs, hiring needs, etc., so CUNY

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is scaling about as quickly as possible right now. The senior colleges just had the first year of a small pilot funded by a philanthropy. It is thought that the same things will work and the first year's results are very positive. A second cohort is being put in place at John Jay College and we want to be on pretty firm ground before we forward a request for what is called the ACE program at the senior colleges. We will provide you with updates as we have more data on the results for the four-year schools, as well as a significant budget request.

In response to a related question from Trustee Robert Mujica, Chancellor Milliken noted that the biggest opportunity for growth is with the four-year colleges. With the community colleges, Bronx Community College is the proof of concept location on going completely ASAP and there are five others (because Guttmann Community College is not an ASAP campus). There are some hiccups with Bronx Community College in getting it fully scaled just because of the amount of work and space that is used for the program, and recruiting the students who are eligible for it. But, there is no question that we could increase that rate across CUNY. The University is committed to make it available to all the students who are eligible because of what it does to the graduation rates.

President Matos Rodriguez added that ASAP is predicated upon the students coming full time—taking 15 credits per semester—so that eliminates some students that one would not be able to include. That also presents a barrier. But clearly the University is moving as fast as possible, and looking at the results to make sure that they are comparable.

In response to a question from UFS Chair and Trustee Conway, SVC&CFO Sapienza stated that his office can provide the data on the percentage of instruction by full-time faculty over the last several years. One thousand new faculty lines were added with the investments that were made from the tuition increase over the last five years. But because the increase in enrollment the number, or percentage, of full-time faculty has not moved significantly. In terms of the \$14 million that you referenced, it may not seem like a big number but when you look over the 4-year plan, we want to ramp that up each year. It is hard to turn around and hire that many new faculty in one year because recruitment has to take place, and search committees have to be put together, but having said that it is certainly one of our top goals to hire more full-time faculty.

In response to follow up questions from Trustee Lorraine Cortés-Vázquez and USS Chair and Trustee Chika Onyejiukwa, EVC&UP Rabinowitz stated that diversity among faculty has increased very slightly, a single percentage point; about one-third of CUNY faculty are of color from underrepresented groups. Now nationally that sounds good because the national figure is about eighteen percent. But it is not good enough for CUNY where students are much more diverse. The numbers have been flat over the last few years. We have not done as much hiring as we would like to do. With the aging of our faculty, we will have a chance in the next few years to not only increase the faculty but to diversify the faculty with new hires replacing retiring faculty.

General Counsel and Senior Vice Chancellor (GC&SVC) Frederick Schaffer added that diversity among faculty applies to both the tenured and the non-tenured, but the tenured faculty, because they were hired a long time ago, tend to be whiter. But when this cohort begins to retire there will be an opportunity to make some progress.

In response to a comment from Trustee Una Clarke on under enrollment and the tuition deficit, SVC&CFO Sapienza stated that for the most part this budget request, and the four-year plan, assumes flat enrollment. In the past CUNY has included in its budget request a component for increased enrollments noting that the revenue from these increased enrollments will be used to fund specific areas. But because of the softness in

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enrollment this year, we are certainly not building in enrollment increases, but we are assuming that we are going to be able to keep enrollment flat. But if the colleges are successful in bringing in more students that would be additional revenue that they will be able to keep and use for local investments.

In response to related questions from Committee Chair Schwartz and Ms. Cecilia Salvi on the \$14 million line item on faculty and academic program investment, EVC&UP Rabinowitz stated that the administration has been thinking about how it can proactively diversify the faculty. This includes, among other things, hiring many of our diverse doctoral student population. CUNY would like to grow our own faculty to some degree; we have been thinking about leadership programs to advance young faculty of color into leadership positions, and we already have programs focused on advancing their careers, promotion, and tenure.

In response to a question from Committee Chair Schwartz on the amount of city funding needed to close the gap between senior college tuition and the maximum TAP award, SVC&CFO Sapienza noted that \$32 million has always been the base budget for the senior colleges that the city has funded. CUNY has never asked for an increase to that number but we feel that certainly the equity argument in terms of that number has never moved is justified, and we are requesting \$58 million in increased funding.

In response to a question from UFS Chair and Trustee Conway, SVC&CFO Sapienza stated that McKinsey & Company has not been given a target in terms of overall savings. Part of the motivation in doing that is because we want them to focus on business process redesign, improving services to the campuses, improving synergies between the campuses and the central office, between the campuses and the shared service centers and shared service activities that the central office provides, and improving business processes throughout the campuses and the central office. So we have not given McKinsey & Company a target to say you must reach this number of millions of dollars of savings but we certainly expect that the number is going to be significant to help us with our efficiency program.

Chancellor Milliken stated that we came up with a number of \$75 million over this four-year period of efficiencies, so that is sort of the straw man we are starting with. We would love it if they do better than that but right now they are going through benchmarking and trying to identify specific opportunities but that is our starting place for them. When they identify these opportunities and we bring them to you for discussion, then we will talk about how to do the implementation. There are a number of ways we can do this: with them, without them, have them do it—whatever they are paid will come out of savings, and my personal bias is that we do it in partnership because I want to build a culture with CUNY people doing a good part of the work on implementation with their guidance.

In response to a question from Ms. Salvi regarding tuition, SVC&CFO Sapienza stated that he just wanted to reassure the whole Committee and especially the student representatives who are here and the entire University Student Senate that we take tuition increases extremely seriously at CUNY. We know your position on it and we appreciate the dialogue that we have had with you over the last several years. In terms of what the implication would be if we do not have a tuition increase: we have been very clear for the last two years when we really started serious negotiations with our unions on a new contract that we only have three main funding sources here at the University: state, city, and tuition. That tuition revenue was going to have to be a component that was going to be needed to fund these salary increases. We think that one of the best investments we can make with the student dollars is recruiting and retaining great faculty.

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We do have costs that are growing next year by \$68 million for our faculty contracts. It is really critical that we generate the resources to cover that. If there is no tuition increase next year we will not have the sufficient resources that we are counting on to cover those costs. We will have to cover them in other ways that will be harmful to the campuses.

In terms of community colleges and senior colleges: we want to be mindful of the community college tuition rate, \$4,800 this year, for a full-time resident student. For the senior colleges that is \$6,330 and when you compare that with the private sector we are much lower, but even when you look at public higher education institutions throughout the country, our senior colleges are very low. When you look at community colleges throughout the country, not so much. Now some of that has to do with the fact that we are in New York City and the cost of doing business here is higher but we want to be mindful of that: not increase community college tuition that much, to the same rates as senior colleges. We want to be mindful that community college students have greater financial need than senior college students. Lastly, we have to be mindful that the maximum TAP award is \$5,165 and we want to try to keep community college tuition within that envelope. These are the kinds of differences between the community and senior colleges. We are not contemplating a freeze at the senior colleges but if we do receive the funding that we are requesting for community colleges we would commit to freezing it for at least next year at the community colleges.

In response to a related question from UFS Chair & Trustee Conway on separating the budget from the tuition freeze, Chancellor Milliken stated that the only way you could do it, if you separate it, is to put in a request and then make up for the loss in tuition. So the size of the request would go up dramatically if you separated tuition out and still would have to fund the faculty and staff salary contracts.

Trustee Mujica thanked the administration for a sound budget proposal. He noted that the tuition chart was very helpful—showing the comparison so you can see kind of where we are relatively speaking. The new initiatives that we have here, the initiatives that were in the Master Plan, and the funding numbers associated with them are in the budget proposal. We have seen for the first time exactly how much they cost. There are probably other initiatives that we might want to consider in addition to those or reevaluate how much we want to spend on those initiatives, but we should know what the impacts are if there is no tuition. To the point, one option is additional funding requests. Another option is other things that you would have to do at the University level to make up for that. So we should have this information so we understand what the impacts would be. On the organizational consultant that we are using, I view that as an opportunity to raise, and maybe expand, what they are looking at. If they can identify savings then these are opportunities for us to make additional investments in some of the Chancellor's priorities and otherwise. If they identify more savings then we can use that to reinvest in the system. So I would hope that we could use them to look at that as well. Also, the tuition to the extent that there is something there, allows us to make more investments. So to the extent we have to choose amongst priorities, investing in more money perhaps in the ASAP program or in some of the other programs so it is one pie, but if we have some of the resources from different places we can then use them to invest in a lot of the areas where the Board may think and the Master Plan may propose that we should put more investments. I think we should look at all that and then get a better perspective of where we want to make the investments and particularly in the new initiatives. There are probably some more things that we might be able to do.

In response to Ms. Salvi's concern about the idea that we need tuition increases in order to fund salary increases, SVC&CFO Sapienza noted that we have been very clear, transparent and public, about the fact that we were going to need to have tuition

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increases in order to help fund these contracts. But again when you look at the funding slices here, students already are paying for faculty salaries. Salary costs are eighty percent of what our total expenditures are. The overwhelming majority of that eighty percent are faculty salaries. Because forty-four percent of our total budget comes from students, students are already paying for faculty salaries. All of those additional faculty that we hired over the last five years, all those additional lines that were created, came directly from additional tuition revenue. So we think it is extremely appropriate for tuition revenue as the second largest component of our total operating budget to be used for the largest component of our expenditure base. I also want to underscore the fact that this contract by being able to pay our faculty at a higher rate is going to help us recruit new and more talented faculty, and retain the current talented faculty that we have. That is going to be a direct benefit to the students.

Trustee Mujica commented that he already asked for this chart to be presented a little differently, just for presentation purposes. It comes from one source but we put it in two different buckets. Just for presentation, it is actually fifty-five percent, not forty-five percent from the state. And the same thing on the other side when you use the numbers, you are looking at about \$8,800 in state aid. I think it is important to just show that because you also show how that number has increased over time because the TAP number does not go down. It consistently goes up every year.

USS Chair and Trustee Onyejiukwa thanked SVC&CFO Sapienza for reviewing the budget with the USS last week. She stated that the Bridge to Completion program is a great idea, and it is something that the USS, NYPIRG and other student organizations have advocated for years to help the TAP increase and meet where tuition is. It will be worth every penny that we can actually partner on. Going back to Ms. Salvi's earlier points, we support the operation, we understand that the University needs to operate. We need to go to classes. We need to attain a degree. But this idea about the faculty contract, it is something that we have heard before; that this money will be used to bring more diverse people in, but we have not seen it happen. The rationale that enrollment increased over the years that tuition went up and now we see enrollment going down does not add up. Also, based on the chart that you did show, state aid did not go up every year as tuition went up—actually, in 2012, from the chart that you showed us, it went down. Where do you come up with the proposed tuition numbers. Are you conceding that the state and the city cannot fund our public university. We are moving away from the conversation of state and city investments, because, if we can receive full funding then there would be no need to raise tuition. This idea that the tuition raise would be used for faculty contracts directly is something that we have heard before but did not see in action.

Chancellor Milliken stated that one hundred percent of the tuition from last year is being used for the faculty contracts as they are implemented. Likewise with a significant portion of the year before. We are using those two years, to assure as part of this plan, to finance the new contracts going forward.

SVC&CFO Sapienza noted that the 2012 chart shows that state aid went down that year. But I just want to point out that when the Predictable Tuition Policy was enacted in the summer of 2011, the state budget for Fiscal Year 2012 had already been adopted and had a decrease for that year. We were coming out of the recession. But since the policy was technically in place in 2011, the first year it impacted was Fiscal Year 2013, and from that point on state aid did increase. But just to go back to your point. The costs that we have in the mandatory needs that we have to cover, tuition is such a large component of the budget. In terms of the history, we really do not want to go back to that place, where right now the state and city are both in a strong economic position, but we do not want to

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leave ourselves exposed if things go the other way, as we would have to do a very large tuition increase in any one year. So we think the Predictable Tuition Policy provides students and their families with the ability to plan and the ability to keep the University affordable.

President Matos Rodriguez stated that he wants to share a story about how the Predictable Tuition Policy played a role in his previous institution at Hostos Community College where he served the five years that coincided with the plan. The College was nominated to compete for the Aspen Prize, which is the highest prize given to a community college in the country—\$1 million. We competed and ended up in the top ten. The one program that they signaled as transformational was the Student Success Coach program. That program existed exclusively because of the Rational Tuition Policy. The planning capacity of the Predictable Tuition Policy gave Hostos Community College the ability to make a direct investment and had a dramatic impact on the life of its students. I want to put the perspective of the presidents in terms of our capacity to plan, to invest, and to do the right thing for our students and our faculty when we have that kind of long range component.

Committee Chair Schwartz stated that we have three principal sources of revenue to satisfy our operating needs. That is the city, and state—mostly the state—and tuition. Tuition has been part of our sources of revenue for a long time. New York is in the forefront of states in our country in supporting public higher education and for that we are all grateful. Here we have a shorter term problem which is keeping the lights on for this year and for next year which is what this budget is all about and which is why we have to confront it. Let me just say that the budget presentation that was sent to this Committee, albeit without enough time to review it as we would all like to, was very good and SVC&CFO Sapienza's presentation today was enormously helpful. I can assure you that everybody on this Committee reads what you send out. I would urge you that if there is going to be a presentation, like this very good PowerPoint, that we get it in advance because we will have read it and we could short circuit some of the discussion here because we have already formulated our questions. Having said that I am very mindful of the last page of your presentation about next steps. We have a situation in our state where the Executive Budget is dealt with in January 2017. It is now October of 2016. We have a Board meeting scheduled for October 26th and the next one is in January, after the State of the State. There is a Budget and Public Hearing on October 19th, where we will have further input from the interested public. So the question is we have a resolution in front of us that calls for this Committee to endorse this budget. There have been a number of questions that people have raised. There has been a request for further consideration. And we have lots of answers to some of these questions. It seems to me that we can do one of a number of things. If the Committee members are satisfied, and I would like see unanimity on this frankly, we could endorse this resolution and present it to the Board for further discussion. If we are not there, the Committee could pass on this resolution without adopting it and we could let this budget be discussed in full at the Board meeting on October 26th for an acceptance. If the Board does not accept it then, we can schedule a special meeting of our Board and we can schedule a special meeting of this Committee with notice and opportunity for others to be heard before we vote on this budget. But, I think we have a responsibility as a Committee to come to consensus so that we can put it to the full Board after we are all in agreement on it. I think that the Committee members need more time to read, to absorb, and to understand. So my suggestion is that we have the public hearing and those of you who can attend, please do so. Then we will have a sense of what others have to say. We can certainly continue to reflect on what we said to each other here today and what this budget is. Or, we could call for a special meeting of the Board to deal with the budget after we have had adequate time to digest all this.

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Chancellor Milliken noted that he is probably responsible in part for this budget review taking place in October. I looked at the schedule of the state and thought that we cannot do this in late November anymore. We moved it into October so the Board and others would have the benefit to see the budget proposal before people in Albany. I am wondering if we could still try to get a meeting in prior to the October 26th.

Committee Vice Chair Fernando Ferrer stated that he wants to review the details of the budget and the four-year plan. This includes the kinds of things we discussed in broad terms at the Committee's last meeting, but certainly the information that we need to make an informed decision on sending this budget forward to the Board.

Committee Chair Schwartz agreed that all of the things that you have requested we should have before the meeting, such as the chart prepared the way Trustee Mujica has suggested, and including 2018. He announced that this meeting would be reconvened on Monday, October 24th for lunch and further discussion. He noted that there has not been a motion to move this resolution, so it does not have to be tabled. We are just going to adjourn this meeting without having addressed the second item on the policy agenda.

SVC&CFO Sapienza stated that he and his team were available any time between now and the reconvened meeting to answer whatever questions the Committee members may have.

The meeting was adjourned at 5:46 p.m.