The meeting was called to order at 5:07 p.m.

There were present:

Committee Members:
Hon. Joseph J. Lhota, Chair
Hon. Valerie L. Beal
Hon. Kathleen M. Pesile
Prof. Terrence Martell, faculty member
Mr. Kevin McKessey, student member
President James Muyseksens, COP Liaison

Ex-officio:
Hon. Philip A. Berry

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
Deputy to the Secretary Hourig Messerlian
Mr. Steven Quinn

University Staff:
Chancellor Matthew Goldstein
Executive Vice Chancellor and Chief Operating Officer Allan Dobrin
Senior Vice Chancellor Marc V. Shaw
Vice Chancellor Eduardo Martí
Associate Vice Chancellor Matthew Sapienza
University Controller Barry Kaufman
Chief Investment Officer Janet Krone

Cal. No. DISPOSITION

The agenda items were considered in the following order:

I. ACTION ITEMS:

A. APPROVAL OF THE MINUTES OF THE MEETING OF AUGUST 30, 2010. The minutes were approved as submitted. Student member Kevin McKessey abstained.

B. POLICY CALENDAR

1. The City University of New York – Memorandum of Understanding with State University of New York, NYLINK. A resolution to authorize the General Counsel to execute a Memorandum of Understanding (MOU) on behalf of The City University of New York and the State University of New York (SUNY), NYLINK. This MOU formalizes and extends CUNY’s on-going relationship with NYLINK to receive critical library services for 20 CUNY Colleges and the CUNY Central Office. The MOU shall be awarded as an intergovernmental agreement for a term of one year, the total amount of the services not to exceed $1.6 million for the term.

Following discussion, the item was unanimously approved for submission to the Board.
2. The City University of New York – Revised Tuition Schedule for the Master of Social Work Programs. A resolution to authorize The City University of New York to adopt a revised schedule of tuition charges for students enrolling in the Master of Social Work programs within CUNY, effective the Spring 2011 semester. The proposed tuition increase is $500.00 per semester for full-time resident students, $50.00 per credit for part-time resident students and $35.00 per credit for full and part-time non-resident students. The increased tuition revenue will be used solely to support the Master of Social Work programs to strengthen the services to students and academic faculty.

Following discussion, the item was approved for submission to the Board. Student member Kevin McKessey abstained.

3. The City University of New York – Revised Tuition and Fees Schedule, Effective Spring 2011. Chancellor Matthew Goldstein stated that over the past two years the University has experienced well over a $200 million reduction in its operating budget. On a conference call just a few weeks ago the administration was told that the University will be experiencing yet another decrease and there is near certainty that when the budget is proposed by the current administration and adopted by the incoming administration there will be a huge hole on top of the dollars that have already been extracted. There is now a sense of the order of magnitude at this particular point in time: a nine-digit decrease on top of the $200 million plus that has already been cut. If the University does nothing now it is going to be faced with two outcomes. The possibility of layoffs, and the need for a huge tuition increase that the students would face starting July 1st of this year—this would be inconsistent with the CUNY Compact's call for developing a rational approach to levying tuition.

Chancellor Goldstein noted that the University is embedding into its operating needs all of the efficiencies and productivity actions that continue to be taken. It is also managing its enrollment in a way to grow revenue but not impact negatively on the academic life of the institution, and embedding philanthropy into the needs of the University. Merely ten years ago philanthropic efforts were raising under $40 million a year; which is now around $200 million a year. The University is also managing its investment portfolio in ways that it has never been managed before. The University is doing everything that it can to not only generate revenue but also to manage that revenue well.

Chancellor Goldstein stated that he will be reporting to the Board in November on an expenditure reduction plan that it has been working on since the formation of three working groups about two and a half years ago. Associate Vice Chancellor Matthew Sapienza has been carrying the charge on the operating side, Vice Chancellor Iris Weinshall is looking at our physical assets and seeing how they can be monetized to create revenue that can be reprogrammed into our operating budget, and Senior Vice Chancellor Frederick Schaffer has been looking at all of the operating documents at the University to see how we might be able to manage the affairs of the University if, indeed, the numbers get even worse than they are now.

Chancellor Goldstein reiterated his unalterable opposition to retrenchment. He stated that the University has experienced how retrenchment can have a very chilling effect, and it just is not an appropriate way to go.
Chancellor Goldstein noted that the proposed resolution provides for a prudent approach that is student-centered in that it spreads the pain of the tuition increase over two years as opposed to taking it all next year. The administration is mindful of the Tuition Assistance Program cap, which is $5,000. Tuition will be approaching that cap soon and, while the CUNY Compact is going to be the investment vehicle the University will be promoting and working on with a new administration, it is also going to work hard to get the TAP schedule adjusted in a way that positively correlates with any tuition increases. That is going to be critically important to be protective of the students. The students are going to be protected because PELL has increased quite substantially and there is a lot of room when you add the PELL program to the TAP program.

In response to a question, Chancellor Goldstein stated that it is not certain whether, if this increase is approved for the spring semester, it will in any way impact the revenue targets for the senior colleges. Hopefully, after the election has taken place, the legislature will, as in the past, be supportive of a reasonable program of tuition at both SUNY and CUNY. The likelihood is that it probably will be.

In response to several questions, Chancellor Goldstein stated that even with the $75 decrease in TAP funds students will face in the spring semester, TAP will still cover tuition costs. While TAP funds may not be paid to students in a timely fashion, PELL funds become available almost immediately, so that should not be a problem.

Committee Chair Joseph Joseph Lhota voiced his concern that the last time New York had a gubernatorial election there was an enormous amount of discussion about the importance of public education, both downstate and upstate, and it is not part of the agenda this time.

Committee Faculty Member Terrence Martell stated his intent to support the resolution, and voiced a concern that the monies actually get down to the senior colleges. The colleges are seeing cuts that call into question the ability to offer what CUNY wants to offer, an internationally competitive education. That takes resources. Hopefully, if this item is approved, ultimately some of this will flow down to the operating units where it is desperately needed.

In response to a question, Chancellor Goldstein stated that, if tuition is going to pierce the TAP ceiling, the University has to insure that the students who are the most in need are protected. The only way to truly guarantee that is if this cap moves in tandem. The easiest ways to do that, of course, is to add whatever the increment is that exceeds the TAP ceiling to the TAP ceiling, but there are lots of other ways one could do it.

In response to a question, Committee Chair Lhota confirmed that international students are treated as out of state students.

Chancellor Goldstein added that international students are not eligible for TAP or PELL. The University has tried to make its tuition schedule more friendly to these students and has raised a lot of money for student financial aid.

Following discussion, the item was approved for submission to the Board. Student member Kevin McKessey voted NO.
4. The City University of New York – FY 2011-2012 University Budget Request

***PRESENTATION BY ASSOCIATE VICE CHANCELLOR SAPIENZA***

In response to several questions, Associate Vice Chancellor Sapienza stated that the University did experience a cut this year in the state budget for childcare services in the amount of $750,000 to funds received through the Office of Children & Family Services. Other funding is still in place, but there is not question that the $750,000 reduction is harmful, and the University does want the state to restore those funds for fiscal year 2012. It is not technically part of the University's request because those funds come through the Office of Children & Family Services' budget and not through CUNY's budget. It was part of University lobbying efforts with the state for fiscal year 2012 and is one of the University's priorities.

Trustee Valerie Beal stated that it is important to let constituents know that those monies came from another source outside of CUNY and were cut by that other source.

In response to a question, Associate Vice Chancellor Sapienza stated that the new building at Medgar Evers College was part of this year's budget. The building did open this year and those funds were provided to the college to cover the operating costs of the new building.

In response to a question, Associate Vice Chancellor Sapienza stated that Bronx Community College is getting a new building because there was a high school that was on the campus that this year is no longer there. There is some work that has to be done to that building, but it is not scheduled to open in fiscal year 2012. The University's budget request for fiscal year 2013 will likely contain a request to cover the operating costs of that building.

In response to a question, Chancellor Goldstein stated that a number of schools have reached capacity and capacity is a qualitative and not a quantitative word. It is qualitative because it is about what time of the day and what days you keep the institution available for students and when faculty want to teach. The University is managing this the best way that it can. This past spring the University had to create waiting lists and is likely going to continue to have waiting lists and have them at the senior colleges as well. The University cannot indefinitely manage enrollment absent new facilities without using different modalities of teaching. There is a big movement here to do online and hybrid courses. The University is a little behind the curve in opportunities and that is how the University is managing. If a student wants to go to Campus A, and this campus is full to capacity, the University tries to keep this student by attempting enrollment at another CUNY campus.

In response to several questions, Committee Chair Lhota stated that over the last several years the state has consistently met the University's mandatory needs. This year the state is likely to meet CUNY’s mandatory needs and then cut back, as it did last year.

Committee faculty member Martell noted that, although it looks like a shell game at some level, it establishes a tradition that is a useful one.
Chancellor Goldstein noted that, in addition to abiding by its pledge to meet 100 percent of the University's mandatory needs, so far it has also abided by the pledge to share revenue through tuition. This is what this budget is predicated upon, that this will continue.

Following discussion, the item was unanimously approved for submission to the Board.

II. INFORMATION ITEMS:

A. Report on Investment Portfolio

1. Market and Performance Update

Chief Investment Officer Janet Krone stated that the University's investment portfolio achieved a return of a little over 10 percent for the third quarter ended September 30, making it the top performing endowment among peers. For the month of September the Pool was up 5.6 percent. Since then, based upon estimates for October the Pool is up roughly 2.5 percent, bringing calendar year-to-date performance up about eight percent at a minimum, which would bring the Pool to a market value of $155 million.

2. Asset Allocation Implementation

CIO Krone stated that at its last meeting the Subcommittee on Investment approved the hiring of a global equity manager, International Value Advisors, at a funding of $10 million and which was now effective. The decision was also made not to fund the non-marketable alternative allocation but rather to build out the University's satellite approach. A recommendation in that regard will be brought to the next meeting of the Subcommittee on Investment.

The meeting was adjourned at 6:02 p.m.