The meeting was called to order at 4:03 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
- Prof. Terrence Martell, faculty member
- Mr. Moklasur Rahman, student member
- President James Muyskens, COP Liaison

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

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

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

**Trustee Staff:**
- Senior Vice Chancellor and Secretary of the Board
  - Jay Hershenson
- Ms. Towanda Lewis

**Cal. No.**

The agenda items were considered in the following order:

I. **ACTION ITEMS:**

A. **APPROVAL OF THE MINUTES OF THE MEETING OF SEPTEMBER 7, 2011.** The minutes were approved as submitted.

B. **POLICY CALENDAR**

1. The City University of New York – FY 2012-2013 Operating Budget Request. Associate Vice Chancellor Matthew Sapienza stated that the state’s budget deficit for next year is projected to be $2.4 billion. Through the actions the state took in the enacted budget last spring, it significantly brought down the deficit for FY 2013. This was well above $10 billion last year, and now it is $2.4 billion—still a challenge, but not nearly as much. The city has a much bigger projected deficit of $4.6 billion at this point. The Mayor recently asked all city agencies for an additional round of reductions to try closing the gap for next year. Since FY 2009, CUNY has sustained significant reductions at its senior colleges—a $95.1 million reduction for the current fiscal year has brought the four-year total up to $300 million. CUNY’s community colleges have not been spared from the reductions either—the rate of community college base aid received from the state has been reduced by 20 percent over the last four fiscal years, while enrollment at the community colleges has gone up by 26 percent. Both senior and community colleges have had to make really difficult decisions over the last few years to manage their budgets. At the senior
colleges, overall spending actually went down year-to-year from FY 2010 to FY 2011. Community college spending was almost flat from FY 2010 to FY 2011. This includes all of the mandatory cost increases and contractual increases.

***PRESENTATION ON THE FY 2012-2013 OPERATING UNIVERSITY BUDGET REQUEST BY ASSOCIATE VICE CHANCELLOR MATTHEW SAPIENZA***

Responding to a question from Trustee Judah Gribetz, AVC Sapienza stated that the cost of fringe benefits has been growing about 10 to 11% per year for the last several years. Its three biggest components are health insurance costs, pension costs and Social Security costs. Chancellor Matthew Goldstein added that embedded into fringe benefits, is a pledge that he made to deal with the problem of adjunct health insurance for a class of adjuncts that would presumably lose their health benefits unless the Welfare Fund was secured, and it is not secured at this particular point. The administration is in discussions with the Executive Office to see if this can be achieved.

Responding to a question from Trustee Valerie Beal, AVC Sapienza noted that as per the maintenance of effort provision in the Higher Education Agreement, New York State cannot reduce the amount that is funded to CUNY’s senior colleges in any one year as they did in prior years, unless the state declares a fiscal emergency. This gives the University the stability needed in order to use tuition revenue for enhancements and investment. Chancellor Goldstein noted that mandatory cost needs are not written into this legislation, but it is a good faith effort as the state is determined to keep those costs whole.

Responding to a further question from Trustee Beal, AVC Sapienza stated that CUNY’s Manhattan campuses are the ones that are feeling the most stress in terms of their enrollment versus their capacity. Executive Vice Chancellor and University Provost Alexandra Logue has done a terrific job over the last year and a half, in meeting with each individual campus and setting their enrollment targets for each semester, and this has gone a long way in helping the campuses and collectively the University to better manage its enrollment. Chancellor Goldstein added that the University was a little lax with enrollments in the last two years, in part because of the miserable recession. It was a moral imperative to keep CUNY open to as many people as possible who wanted to come back to college to shore up their skills. As soon as the recession ends, the presidents will receive direct guidance on enrollments in order to ensure that there is no dilution to the academic experience, especially if the University cannot keep up the appropriate teaching power with fulltime faculty.

Responding to a question from Prof. Terrence Martell, AVC Sapienza stated that with regard to the tuition increase, and assuming TAP will not increase, the amount of $5 million that is put aside is over and above what is needed to cover TAP. With the tuition increase, the portion that will go to cover students at the senior colleges who qualify for full TAP would be $10 million—to cover that gap between $5,000 and the new rate of $5,430. This percentage would then stay constant as the tuition goes up, unless TAP increases. Also, when working out revenue targets going forward, it will be on the tuition increase net of TAP.

Responding to another question from Prof. Martell, AVC Sapienza stated that the Compact has done a terrific job about finding efficiencies in college budgets, and having to achieve cuts is a de facto way of achieving efficiencies. Chancellor Goldstein noted
that restructuring at CUNY means looking for ways to generate revenue outside of the normal processes, and that Executive Vice Chancellor Allan Dobrin and a group of administrators and faculty around the University in the areas of technology and science are close to finding new resources that the University could do and do well, and generate the kind of revenue that is needed to fill some gaps.

Responding to a question from Chairperson Benno Schmidt, AVC Sapienza stated that if a student has a full TAP award of $5,000 and tuition currently in the fall semester for a resident senior college student is $5,130, TAP will cover $5,000 of that $5,130 and CUNY picks up the remaining $130. In addition, this also works with students who receive part-time awards. If a student receives a partial TAP award of $2,500, the University has to pick up 50 percent of the gap of that $130, or $65 in this instance. Chancellor Goldstein noted that the Federal government is under tremendous stress with all of the deficits that are being encountered. There is talk about reducing Pell, but CUNY started very early with its congressional caucus to try to turn around this possibility, and successfully mobilized a lot of other universities to work with it to get Pell secured in the short run.

AVC Sapienza acknowledged the terrific work of Deputy Budget Director Catherine Abata, and all the staff in the University Budget Office in putting the request together for the current request year.

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

2. The City University of New York – Revised Schedule of Tuition Charges for the Doctor of Physical Therapy Program at the Graduate Center, CUNY, effective Spring 2012 Semester.

Following discussion, the item was approved for submission to the Board. Mr. Moklasur Rahman voted NO.

3. The City University of New York – Revised Schedule of Tuition Charges for the Doctor of Nursing Science Programs within the Graduate Center, CUNY, effective Spring 2012.

Following discussion, the item was approved for submission to the Board. Mr. Moklasur Rahman voted NO.

4. The City University of New York – Revised Schedule of Tuition Charges, as Tuition Differential, for the Doctor of Audiology Consortium Program, effective Spring 2012 Semester.

Following discussion, the item was approved for submission to the Board. Mr. Moklasur Rahman voted NO.

5. The City University of New York – Revised Tuition and Financial Aid Schedule.

Mr. Moklasur Rahman stated that as a member of student government, he is aware from a lot of surveys, that CUNY students do not want to pay more tuition, because in this bad economy everybody is struggling—they do not have jobs and they do not know how to pay their rent. If tuition keeps increasing then it will be really tough for many CUNY students to continue with their studies. The University wants to accelerate graduation...
rates, but this might not work out if tuition is increased, as students have to work more and will drop out for some semesters, which will delay their graduation rate.

Responding to a question from Prof. Martell, AVC Sapienza stated that as per the recent state legislation this past June, if approved by the Board at its meeting on November 28th, CUNY will submit the five-year tuition plan to the State Assembly, State Senate, and the State Budget Director.

Responding to a question from Trustee Beal, Chancellor Goldstein noted that the administration will always bring a budget request to the Board, and embedded into it will be a change in tuition. There will not necessarily be a separate vote disaggregating the tuition increase from the budget request.

Following discussion, the item was approved for submission to the Board. Mr. Moklasur Rahman voted NO.

6. The City University of New York – Amendment to the University’s Investment Policy.

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

II. INFORMATION ITEMS:

A. Report by Chief Investment Office Janet Krone

- Update on the Endowment Council Meeting of October 4, 2011.

CIO Krone reported that an Endowment Council was established to support the college foundations in terms of meeting investment and regulatory challenges, particularly in light of the New York Prudent Investment Management Act. At its first meeting, the Council received a comprehensive review of best practices in endowment management that was given by Cambridge Associates. The Council was also provided with some updates on NYPMIFA legislation and the feedback was very good. The Council’s next meeting is scheduled for November the 16th.

Responding to a question from Chairperson Schmidt, CIO Krone stated that NYPMIFA was passed in September 2010, and given its various provisions, it was necessary to seek outside counsel for the implementation of the laws. A large part of that has been completed, and there might be some fine-tuning in terms of implementation going forward, but nothing along the lines of the massive work that was done to basically become in compliance with the law.

Responding to a question from Prof. Martell, CIO Krone agreed that it is fair to say that with the enhanced responsibilities that the Subcommittee on Investment has taken on, the administration is going to be looking for outside counsel from time to time.

- Performance Update as of September 30, 2011.

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

The meeting was adjourned at 5:03 p.m.