

BOARD OF TRUSTEES
THE CITY UNIVERSITY OF NEW YORK

COMMITTEE ON
FISCAL AFFAIRS

MINUTES OF THE MEETING
SEPTEMBER 7, 2016

The meeting was called to order at 4:03 p.m.

There were present:

Committee Members:

Hon. Barry F. Schwartz, Chair
Hon. Fernando Ferrer, Vice Chair
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
Vice Chancellor Matthew Sapienza
Senior Advisor Marc V. Shaw
Senior University Dean Robert Ptachik
Director of Recruitment Clare Norton

Ex-officio:

Hon. William C. Thompson, Jr.

Trustee Staff:

Senior Vice Chancellor and Secretary of the
Board Jay Hershenson
General Counsel and Senior Vice Chancellor
Frederick P. Schaffer
Ms. Towanda Lewis
Ms. Fenella Ramsami
Mr. Anthony Vargas

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Committee Chair Barry Schwartz welcomed Trustee Fernando Ferrer—the new Vice Chair of the Committee, as well as Trustee Robert F. Mujica, a new member, and Prof. Kay Conway, the new faculty representative.

The agenda items were considered and acted upon in the following order:

I. ACTION ITEM:

- A. APPROVAL OF THE MINUTES OF THE MEETING OF JUNE 6, 2016.** The minutes were approved as submitted.

II. INFORMATION ITEM:

A. Budget and Fiscal Planning

Vice Chancellor Matthew Sapienza stated that he would like to welcome the new members, and thank the continuing members as well as Committee Chair Schwartz for their leadership on this Committee. He added that he would like to give an update on where the University is in terms of the budget. Fiscal Year (FY) 2016 ended on June 30th; however, both the State and City Controllers allow the University three months to formally close its books and the Office of Budget and Finance (OBF) is close to finalizing the year end. All of the CUNY colleges will end the year in a positive condition. The University's external auditors from KPMG have begun their work for the year-end to close, and OBF has been working hard on putting together the financial statements as they are due by October 31st, and the Subcommittee on Audit (SCA) is also scheduled for October 2016. At the Committee on Fiscal Affairs (CFA) meeting on June 6th, the Committee talked about college allocations, which were issued over the summer to both the

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senior and community colleges. As a result, there is a two percent reallocation target for the senior colleges this year. CUNY had a shortfall in its mandatory needs—expenses for the current year—as well as no new funding for some of the new initiatives that OBF was implementing for this academic year. Also there will be no new revenue from tuition for the current year so that necessitated the two percent reallocation target. OBF is also reducing administrative expenses at the Central Office and the shared services centers. By doing that, OBF is able to keep the reduction at the senior colleges to two percent. For the community colleges, it is a more positive situation with the addition of state-based aid this year with the support CUNY received from the City of New York for some of the key initiatives like ASAP. As a result, the community colleges are receiving a budget increase this year. The aggregate total for the community colleges is about \$10.6 million, so all seven community colleges will receive budget increases year-to-year. OBF will begin monitoring the colleges and their spending as the colleges start submitting their financial plans in a couple of weeks and will continue throughout the year. OBF requests college financial plans in September so that they will have the opportunity to consult with their elected student and faculty leaders. As to the current FY2017, for the collective bargaining costs, the allocations have not been given out to the campuses as of yet, due to the Trustees approving the labor agreements at its June 27th Board meeting. OBF has been working over the last several weeks with the Office of the State Controller and the City Office of Payroll Administration to determine when the payouts can begin for the union members. In October, OBF will be making the payments for the ratification bonus of \$1000 as it is part of the labor agreements that were agreed to for full-time employees, and pro-rated amounts for part-time employees. Then in January 2017, the payments will be given out—as the pay dates are formally established—for all the retroactive pay for union employees going back several years, as well as the salary increases that are effective as part of the contract. As mentioned, the funds have not been allocated yet, but funds have been reserved and will be given out as the pay dates get closer. In addition, OBF is working on the Budget Request for FY2018, and the members of CFA will be provided with a copy at its October 5th meeting. In fact, OBF had a good discussion with several Trustees during the University Student Senate Retreat last month about the budget and tuition for next year, and will be meeting with the University Faculty Senate later in the month. In addition to that, there was a discussion regarding the FY2018 Budget Request at the Council of Presidents meeting.

In response to a question from Committee Chair Barry Schwartz, Vice Chancellor Sapienza stated that the collective bargaining agreement for District Council 37 (DC37) and its affiliated unions will expire later this Calendar Year 2016 as it was a seven-year agreement. The faculty union, Professional Staff Congress (PSC) also had a seven-year agreement, but their contract will not expire until fall 2017.

In response to another question from Committee Chair Schwartz, Vice Chancellor Sapienza stated that in regards to CUNY's budget planning, OBF will be mindful of the coming expirations for the current labor agreements while working on the FY2018 Budget Request and the Multi-Year Planning, for the years that follow. OBF will also be mindful of the out-year cost of the current labor agreements as it will affect that Fiscal Year.

In response to a question from Ms. Cecilia Salvi, Vice Chancellor Sapienza stated that in terms of tuition, the Predictable Tuition Policy that was enacted by the State of New York in 2011 expired on June 30th, and an extension was not included in the State budget for this year—the Governor included it in his Executive Budget but it was not in the final Enacted Budget of the Legislature—so the University did not have the ability to raise tuition at the senior colleges. He noted that CUNY's prior Budget Request included authorization to include an extension of the Predictable Tuition Policy for another five years as it is critical to the University, and for it to take place at the State level. The Predictable Tuition Policy will be addressed at the next CFA meeting in October as the Budget Request has not been finalized.

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In response to another question from Ms. Salvi, Vice Chancellor Sapienza stated that all revenue from the tuition increase at the senior colleges for fall 2015 was set aside. It was about \$40 million last year, and it has been sitting in a reserve as well as the continuing revenue into this year. All of those funds have been set aside and will be allocated to the senior colleges for use this year. The University has also reserved funds, and OBF has support from State and City funding partners as well, so all of those resources will be used in the current year for allocation to the colleges to cover the collective bargaining costs.

In response to a question from Trustee Una Clarke, Vice Chancellor Sapienza stated that the total retroactive cost for the senior colleges is about \$250 million, and about \$55 million for the community colleges. He added that OBF will provide CFA with the break down in terms of how much of that is for both PSC and DC37.

In response to a question from Committee Chair Schwartz, Vice Chancellor Sapienza stated that for the current year forty percent of the operating revenue is attributed to tuition in the current budget at the community colleges, and about 40-45 percent is attributed to tuition at the senior colleges. He added that OBF will provide CFA with the actual numbers.

In response to a question from Trustee Robert Mujica, Vice Chancellor Sapienza stated that in regard to the overall operating revenue, about ten percent comes from City at the University level. For the current Fiscal Year, about forty-six percent comes from the State and forty-four percent comes from tuition. It is different at the community and senior colleges. At the community colleges, the largest share of the three funding sources is tuition, and at senior colleges, the state aid is greater than the amount of tuition.

Senior Advisor Marc Shaw stated that the State Tuition Assistance Program (TAP) is part of the tuition.

In response to another question from Trustee Mujica, Vice Chancellor Sapienza stated that tuition includes the amount that students receive from TAP; it does not count as state funding.

At the suggestion of Committee Chair Schwartz, Vice Chancellor Sapienza stated that he will provide CFA with current budget charts—prepared at the request of Prof. Terrence Martell last year—so that the Committee can compare it to what CFA will be asked to review and approve.

In response to a question from Trustee Mujica, Vice Chancellor Sapienza stated that OBF prepares internal multi-year financial planning, but when the Budget Request is presented to the Trustees, it is generally only for the next year.

In response to another question from Trustee Mujica, Vice Chancellor Sapienza stated that the costs for future collective bargaining increases are included in the University's internal financial planning. He added that OBF estimates what the increases could be due to pattern bargaining, staying as close as possible to state and city agreements.

At the request of Committee Vice Chair Fernando Ferrer, Vice Chancellor Sapienza stated that as part of the Budget Request, the multi-year report will include projection-based needs of the University.

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B. Enrollment

REPORT BY SENIOR UNIVERSITY DEAN ROBERT PTACHIK AND DIRECTOR OF RECRUITMENT CLARE NORTON

In response to a question from Committee Chair Schwartz, Senior University Dean (SUD) Robert Ptachik stated that in terms of the colleges increasing the yield rate of admitted students, and as the achievement level increases, it gets tougher to yield the same ratio because those students have additional choices.

In response to another question from Committee Chair Schwartz, SUD Robert Ptachik stated that the actual price that a student pays to go to a college across the country is about fifty percent of the listed tuition. Colleges are cutting their prices, but in regard to tuition, they will never get to the level that this University is, therefore the net revenue to the CUNY colleges is what is in jeopardy.

In response to a third question from Committee Chair Schwartz, SUD Ptachik stated that CUNY's application fee is \$65 for freshman students, \$70 for transfer students from outside of CUNY, and no fee for transfer students from within CUNY.

Vice Chancellor Sapienza added that the \$65 fee at the undergraduate level allows applicants to apply up to six CUNY institutions.

SUD Robert Ptachik noted that as a comparison, SUNY has a centralized process that charges students \$50 per college. CUNY students average about 4.2-4.3 colleges so if nothing changed and the University applied the SUNY pricing model, it would cost CUNY students about \$200 or \$225. SUNY receives a lot more than CUNY for doing similar work.

In response to questions from Committee Chair Schwartz and Chairperson William Thompson, Vice Chancellor Sapienza stated that every college has a revenue target, and enrollment is one of the key drivers in terms of looking at whether a college's fiscal health is stable or not. In terms of revenue implications, OBF is constantly analyzing and working with the Office of Enrollment Management (OEM), as well as the campuses about University enrollment.

SUD Ptachik added that OBF and OEM will both meet with each college in early fall to receive their projections for enrollment next year, aiming to get the colleges' performable yield in terms of tuition revenue.

Chairperson Thompson stated that in regards to enrollment, larger institutions create greater opportunity so CUNY should be more competitive by tying in a rebranding effort with a major focus on students in New York City and New York State because in many ways, and for many students, CUNY is their only opportunity at higher education. Online presence should be an additional focus.

Chancellor James Milliken stated that CUNY is a public institution about access and providing opportunity first to New Yorkers, and the University is not anywhere near the point of having too many students. The way that CUNY can change the trajectory for the change in the employment market in this country, city, or state is to provide more opportunity. The University is much stronger in the adult market—a million plus residents in New York City with some college credit and no degree. This is a natural market for CUNY to bring these folks in as students so that they can increase their economic opportunity. Online is also a huge opportunity and the University will see its physical delivery over the course of the next few years. Increasing CUNY's online presence, and increasing the attractiveness of the offer will give more access to New Yorkers and help the University with revenue by increasing opportunities to educate people globally. CUNY's priority will continue to be to New Yorkers. The University may not be in the exact position as

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private schools that do not have huge endowments, and are driven hugely by enrollment and tuition, but CUNY is forty-five percent driven by tuition, which is quite significant. The demographic trends are part of the reason that puts competitive pressure on CUNY's competitors, so it compounds the issue. The online penetration will only increase the competitiveness for the students in New York so it is important that this is monitored by this Committee. It is hugely important to the University's bottom line.

Committee Chair Schwartz noted that he would like to see greater access, more affordability, and better product quality for CUNY.

Trustee Clarke stated that CUNY has 24 institutions, including the community colleges, and it would be to the University's advantage to have a dedicated group of staff members who recruit from the high schools, developing relationships with their guidance counselors to achieve aggressive recruitment for CUNY.

In response to a question from Committee Chair Schwartz, Director of Recruitment Clare Norton stated that the CUNY Welcome Center is a place where students can visit for information, and about 25,000 students do so each year. The Center also communicates with about 11,000 students a month via phone and about 8,000 students a month via e-mail. Of those visitors about forty-nine percent are older than 25 years of age. Also a large percentage of them are CUNY transfer students, and a large percentage of them are individuals who have some education outside of the United States, whether that be at secondary or college level. Furthermore, the Center has a team that handles recruitment on behalf of the University at-large. On the undergraduate level, the University has a recruiter assigned to every high school in the five boroughs. One of the things CUNY saw this year was that although it finished slightly up in freshman applications, the University has enrolled fewer new freshmen. The University organizes on average about 1,400 recruitment events in a given year, and that entails a combination of activities, such as college fairs that are hosted by schools, whether that be high schools or community colleges looking to help transfer students. Community organizations host events as well. CUNY also works with elected officials to host community information sessions in their districts. Every fall, the CUNY Welcome Center hosts the CUNY Counselor Conferences at one of the colleges in every borough, inviting high school guidance counselors, teachers, community organizations, etc. Usually about 500 counselors attend to get an overview both of the host institution as well as updates on the University in general. The Center will, going forward, provide information about the CUNY Service Corps and internship opportunities, as it is important to families in terms of making decisions about where their children will attend school. Currently, Dean Ann Kirschner is working on the Women in Technology in New York initiative for the University, and details of the program will soon be available at the CUNY Welcome Center as it is important that people have a face-to-face relationship with CUNY.

In response to a question from Chairperson Thompson, Ms. Norton stated that recruitment is done at the University level and then each of the campuses also have an admissions office of varying size. At the Central Office level, there are about forty recruitment officers.

In response to a question from Committee Vice Chair Ferrer in regard to the number of recruiters at the campuses, President Felix Matos Rodriguez stated that it varies from college to college.

In response to a question from Committee Chair Schwartz, Ms. Norton stated that the University also recruits for the community colleges, and they also have admission staff that handles recruitment. However, the community colleges rely more heavily on the Central Office to recruit and to generate applications while they focus more on the completion and evaluation of those applications, and to getting students registered. At the University level, the CUNY Welcome Center make an effort to introduce students, parents, teachers, and counselors to the wide variety of opportunities available at CUNY, in addition to encouraging students to connect with the

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individual colleges they are interested in. Both at CUNY and nationally, students are much more likely to enroll in institutions that they have visited.

In response to several questions from Ms. Salvi, SUD Ptachik stated that much of the graduate decline is due to the decreased interest in teacher education and business programs as they make up a major part of the graduate portfolio. Teacher education and education-related programs enroll about fifty percent of the Master's program students. Business programs follow close behind. The University did have an increase in the number of full-time faculty but it never reached the target of seventy percent of CUNY's instruction being taught by full-time faculty, and the increase in enrollment makes it harder to reach that goal. In addition, there has been no increase in the contractual teaching load for an individual faculty member. He added that a summary of the ethnic distribution of students entering and graduating CUNY can be provided to the Committee if needed.

Vice Chancellor Sapienza stated that one of the things that has been helpful to the University over the last several years in terms of dealing with the increased enrollment is that CUNY has added almost 1,000 new faculty lines through the revenue from tuition increases from 2011, which has helped to offset some of the additional faculty teaching needed for enrollment.

In response to a question from Ms. Salvi, SUD Ptachik stated that OEM will provide the Committee with a robust package of data in reference to the ethnicity of students regarding decreased enrollment.

Committee Chair Schwartz stated that going forward he would like to hear from OEM as to what it is CUNY would like to accomplish and what it needs to do so. He added that, as Chancellor Milliken and Chairperson Thompson mentioned, tuition is a substantial part of the operating budget each year.

Chancellor Milliken stated that CUNY is coming off a two year enrollment increase in its 170 year history. Demographic trends, economic changes, and competitiveness have impacted traditional enrollment in a small way this year. The University still gets over sixty percent of New York City high school graduates who go onto college. CUNY will never reach a hundred percent, but adult education and online classes are a huge opportunity for the University, and it is going to be a big part of CUNY's strategy going forward.

Prof. Kay Conway stated that in regard to enrollment, retention should be discussed because from a faculty perspective those students who enroll at the last minute are the first ones that drop out or do not do the work. She added that as Vice Chancellor Sapienza mentioned, in terms of the 1,000 new faculty lines, the net figures should be included in the budget because CUNY has had huge enrollment growth, and the proportion of full-time faculty teaching the students has not budgeted significantly.

Committee Chair Schwartz stated that he would like the Committee to receive all documentation requested before the next meeting.

The meeting was adjourned at 5:12 p.m.