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

There were present:

**Committee Members:**
- Hon. Barry F. Schwartz, Chair
- Hon. Una S. T-Clarke
- Hon. Lorraine A. Cortés-Vázquez
- Prof. Kay Conway, faculty member
- Ms. Shaina Yasin, student alternate
- President Felix V. Matos Rodriguez, COP Liaison

**University Staff:**
- Chancellor James B. Milliken
- Senior Vice Chancellor and Chief Financial Officer Matthew Sapienza
- Senior Advisor to the Chancellor Marc V. Shaw
- Senior Associate General Counsel Marina Ho

**Trustee Observer:**
- Hon. William C. Thompson, Jr., Chairperson

**Trustee Staff:**
- Senior Advisor to the Chancellor and Secretary of the Board Gayle M. Horwitz
- Interim General Counsel and Vice Chancellor for Legal Affairs Jane Sovern
- Ms. Towanda Lewis
- Ms. Fenella Ramsami
- Mr. Anthony Vargas

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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 OCTOBER 24, 2016.** The minutes were approved as submitted upon motion made by Committee Chair Barry Schwartz and seconded by Trustee Una Clarke.

B. **POLICY CALENDAR**

1. **Borough of Manhattan Community College – Purchase of Furniture.** Committee Chair Schwartz asked for the Committee’s approval to authorize Borough of Manhattan Community College (BMCC) to purchase furniture against existing New York State and New York City contracts, for an amount not to exceed $1.9 million for the fiscal year ending June 30, 2017. BMCC will use these contracts to purchase furniture to replace old and worn existing stock throughout the campus. BMCC has the University's largest student enrollment in degree-granting programs in CUNY but its square foot to student ratio is the smallest. As a result, the utilization and demand on its infrastructure is significant. At the same time, the wear and tear on its furniture is even greater.

   BMCC Vice President for Administration and Planning Scott Anderson stated that there is a lot of traffic, a lot of dedicated faculty and staff members, and extremely committed students going in and out of the campus. On about a 17-hour day, the classrooms turn over approximately 12 times. Each classroom probably sees not less than 325 to 375 students a day. This has a tremendous toll on furniture, not to mention infrastructure. The greatest challenge has been to accommodate the University initiatives as of late. The ASAP program alone, for instance, is in excess of a half a million dollars just to accommodate the staffing,
the furniture, and the installation costs needed to do the renovation. BMCC realized that in order to work with the small and limited space, it should make the campus attractive as it encourages learning and working. The campus is trying hard to become as space efficient as possible, but unfortunately that requires using more modern configurations like modular furniture. This proposal will help BMCC to reach its goal of accommodating the faculty, staff, and students, and to renovate and refurbish the furniture that is well used.

In response to a question from Committee Chair Schwartz on whether BMCC is open seven days a week:

BMCC Vice President Anderson stated that the campus is open seven days a week.

In response to a question from Trustee Clarke on when was the last time that BMCC purchased furniture:

BMCC Vice President Anderson stated that the last big wave of furniture renovations was around 1992. Since then, the staff has increased fourfold and the student population has increased about four hundred percent.

In response to a follow-up question from University Faculty Senate (UFS) Chair and Trustee Kay Conway on whether BMCC has had any furniture replacement since 1992:

BMCC Vice President Anderson stated that the College has had furniture replacement for the campus buildings in the past three to four years, to provide the same level of detail and quality in the furniture as outfitted Fiterman Hall, bringing the older buildings up to the same standard as the newer buildings.

Following discussion, the item was approved for submission to the Board as moved by Committee Chair Schwartz and seconded by Trustee Lorraine Cortés-Vázquez.

2. Borough of Manhattan Community College – Purchase of Construction Services. Committee Chair Schwartz asked for the Committee’s approval to authorize BMCC to purchase building construction services for various buildings against an existing State of New York contract not to exceed $950,000 for the fiscal year ending June 30, 2017. BMCC will use this contract to periodically supplement existing staff for various relocation and renovation projects throughout the campus. All proposed facility-related improvements must be reviewed and approved by the Office of Facilities Planning, Construction and Management. If appropriate, this review may include seeking approval from the Board of Trustees’ Committee on Facilities Planning and Management.

BMCC Vice President Anderson stated that this resolution addresses BMCC’s critical need to supplement its current workforce both in the trades and in other service support areas: electrical work, computer work, painting, taping, and carpentry. The campus only has two and a half weeks in the month of January to do the work before the start of classes on January 27th. During the summer, the College only has from June 1st to about August 15th to get work done in preparation for the September classes. That short window, and the fact that the campus runs intensive inter-sessions and three cycles of summer schools, means that the College has to bring in supplemental labor in a tight timeframe. Part of the labor charges also addresses the installation of modular furniture that the campus ordered.
In response to a question from Committee Chair Schwartz on how did BMCC come up with the dollar amount of $950,000:

BMCC Vice President Anderson stated that the contract cost of $950,000 is capped based on work predicated and the time table expected on BMCC’s Gantt charts to get these projects completed.

Following discussion, the item was approved for submission to the Board as moved by Committee Chair Schwartz and seconded by UFS Chair and Trustee Kay Conway.

Committee Chair Schwartz added that he would like the Committee to be provided with an update in advance of the next meeting with respect to goods and services approvals that were made last fiscal year as to whether or not those authorizations are tracking against expected performance.

In response to a question from Committee Chair Schwartz on what is the Office of Budget and Finance’s (OBF) status of the publication of the RFP for the outsourced Chief Investment Officer function:

Senior Vice Chancellor and Chief Financial Officer (SVC&CFO) Matthew Sapienza stated that there was a discussion about issuing a Request for Proposal (RFP) for outsourcing the Chief Investment Officer function at the last Subcommittee on Investment (SCI) meeting. OBF developed and completed an RFP, and it is being reviewed by the Office of Legal Affairs. It is expected that the RFP will be issued within the next week or so in the State Contract Reporter and the City Record. OBF will then look to getting proposals back. Furthermore, OBF will put together an evaluation committee as done with all issued RFPs. OBF will then report back to the Subcommittee once the evaluation committee has done their work. As OBF committed to in the last SCI meeting, this process is still on track for completion by June 2017.

In response to a question from UFS Chair and Trustee Conway on the status of the year-end expenditure report as of the last Committee meeting:

SVC&CFO Sapienza stated that now that Fiscal Year 2016 is complete, OBF can provide the Committee with the year-end expenditure report, detailing the breakout between the Central Office and the campuses, and the goal is to continue to update it for Fiscal Year 2017.

II. INFORMATION ITEMS:

A. Statement of Chancellor James B. Milliken

I am going to take a point of personal privilege and add one other item because it is something that this Committee would be quite interested in. I attended the first of six of the State of the State messages from Governor Andrew Cuomo. There were a number of exciting elements in the announcements, but three were of particular relevance to The City University of New York (CUNY). First, the free tuition proposal for community college and bachelor's students at CUNY. The proposal positions New York, CUNY, and SUNY to be among the leaders in the country. It will address issues of affordable access and it is hoped completion as well. So CUNY looks forward to working with the Governor's staff and with the legislature to accomplish this bold goal for New York.

Second, renewal of commitment to an initiative that this Board has supported in the past and will again, which is the passage of the DREAM Act this year. The administration has already been indicating how enthusiastically CUNY supports this. What an enormous difference it will make for the students at CUNY and for New York and the nation.
Third was the plan to transfer the Institute for Basic Research in Staten Island to the College of Staten Island (CSI) and CUNY. More about this transition will be mentioned in the future. Governor Cuomo intends to establish a blue ribbon taskforce to look at issues regarding the proposed transition. This is the research enterprise that was affiliated with Willowbrook. It has been under State agency governance, but it makes all the sense in the world to affiliate it with CSI. There is already academic work going on between the two institutions in chemistry, biology, physical therapy, and other areas. It could be a CUNY-wide resource, not unlike the ASRC and others. It would work with The Graduate Center and doctoral students, as well as with students and faculty at CSI. President William Fritz is excited about working with the taskforce and the chancellery hopes to see that transition take place.

Lastly, this Board, and this Committee in particular, is aware of significant reallocations that the University has made over the last two years in furtherance of the interest in investing in the highest priorities of CUNY. The chancellery is working with the Board on changes to create greater transparency in the University's financial work and a greater internal control environment at CUNY. Those changes will be very positive both administratively and as a governance matter. The University has plans underway to increase investments in private fundraising to achieve a significant growth in private funds to support the academic and student success missions of this University. CUNY has a new strategic plan that will be discussed with the full Board this month, which tracks the University's 4-year Master Plan and for the first-time ever a 4-year Financial Plan for CUNY that creates a goal of $75 million in savings over that period to be reinvested again in the highest priorities of the University.

As part of this Administrative Excellence set of activities, CUNY has engaged McKinsey & Company and has been working with them over the last few months led by SVC&CFO Sapienza and his team. McKinsey is doing a number of things for the University. It would be a misnomer to say they would come in to look at how to cut the budget or how to simply create efficiencies. That is not what they are doing. OBF has taken advantage of this opportunity to work closely with hundreds of people across the University, so that they could understand CUNY as well as possible and work on designing its business processes so that CUNY does a number of things: operate as efficiently as possible; and, provide the highest level of service to the students, faculty and staff so that CUNY can get its work done in a way that rationally distributes the work across this large university system. Should the work be done centrally? There are areas in governance, policy, and others where it makes all the sense in the world for it to be done centrally. There are areas where that makes the most sense where there is a delivery of service at the ground level. Or, should it be done in a shared service where there is a level of expertise that is needed, that does not need to be replicated twenty-four times, and does not need to be situated in the highest administrative offices of the University, involving college advice and decision-making. That is one of the most important things that CUNY has been working on with McKinsey. At the next scheduled Board meeting, there will be further discussion about Administrative Excellence but it was important to bring this Committee up to speed on where the University is to date.

B. Report by SVC&CFO Matthew Sapienza

As Chancellor Milliken mentioned, the approved Budget Request for Fiscal Year 2018 called for $75 million in administrative efficiencies over the next four years. McKinsey was certainly a critical component in helping the University to achieve that target, but for clarification, CUNY did not task McKinsey when they reported that the University must come up with $75 million over four years. The goal was for them to help CUNY to become the most efficient administrative organization possible, and McKinsey's expertise as a leader in management organizational design, well serves them.

While the main goal was not for McKinsey to find the University savings, the administration knew that by them making recommendations as to how CUNY can be more administratively efficient,
that savings would be generated from those recommendations. The generated savings could then be reinvested in core areas as outlined in the four-year plans as part of the 2018 Budget Request. The review of this operating model also produced more consistent service levels, increased customer satisfaction, and also lowered the risk potential for the entire University.

McKinsey was asked to focus on, as the Chancellor mentioned, where were the services being provided, how were they being provided, and where should they best be housed within the University system. The scope was just on administrative functions. They were not asked to look at direct academic services; it was just on the administrative functions which is about a third of CUNY's overall budget.

The engagement began this past September. It was a 90-day engagement so it was a very aggressive timeframe. What McKinsey has been working on is what the University calls a diagnostic study of CUNY's administrative functions. OBF has been the liaison with McKinsey, and I would like to recognize Deputy Chief Financial Officer Christine Chiappa and Deputy Chief Operating Officer Burt Sacks for their terrific work in working with McKinsey.

In terms of the process that McKinsey followed, and what the University, working with McKinsey engaged in, there were six key areas of administration that were looked at together with McKinsey: facilities, information technology, human resources, procurement, finance, and enrollment services. Each of these six areas had a campus co-lead and a Central Office co-lead to ensure that the campuses were participating in each of those areas.

Each of those six areas also had a working group of subject matter experts that again were mostly made up of campus personnel. Two deep dive colleges were also identified, making sure that CUNY had a clear understanding of the synergies that take place in terms of the administrative functions between Central Office and campuses. The two deep dive colleges were Queens College and Kingsborough Community College. The administration also created a Presidential Advisory Committee that was made up of seven college presidents and received terrific feedback from the presidents as part of that process.

Lastly, the administration also had a Stakeholder Advisory Committee that was made up of thought leaders at the University. Senior Advisor Marc Shaw was part of that committee, as well as Executive Vice Chancellor and University Provost Vita Rabinowitz, other campus provosts, campus vice presidents for finance and administration, and UFS Chair and Trustee Conway. Overall, every campus president or dean of a college was involved in this process. OBF has spoken to over 170 campus personnel as part of this process over the last three months that lead to some deep and robust campus involvement. I would also like to recognize the leadership of Committee Chair Schwartz and other members of the Committee who have been engaged in this process and thank them for their direction and leadership.

As Chancellor Milliken mentioned, OBF will present the Stakeholder Advisory Committee findings at the full Board meeting on January 30th but again, just at a very high level, the chancellery found that there were some functions being provided by the Central Office, there were some being provided by campuses, and there were some that were being provided by both which of course leads to a duplication of services. CUNY would be best served by having a federated administrative model whereby the determination of where these administrative functions take place would be based on where they would be best delivered, looking at best practices of other large organizations and other large higher education systems. This federated model would best be served by developing customer governance with consequences over shared activities so that the campuses and the system office would work together in creating these shared services with clear metrics that would be established and followed as these shared activities open up. This would lead to minimal duplication between Central Office and campuses. It would also lead to improved performance management and transparency on performance and service levels.
One of the things I wanted to mention that was extremely helpful as part of this process is that OBF went up to Albany back in December 2016 and looked at one of the State's Business Services Centers (BSC). The BSC in Albany serves 62 discreet state agencies, and I would like to thank and recognize Commissioner RoAnn Destito of the State Office of General Services and her top leadership team. They were very accommodating and welcoming. It was an eye-opening visit to see that this BSC was extremely well-functioning for 62 state agencies throughout the entire New York State. It was encouraging to know that it can be done for 62 agencies so it is hopeful the University can do it for the 24 campuses in one city. The challenges and roadblocks that they faced were talked about, and OBF is looking forward to again working with them and getting their expertise in creating some shared services centers at CUNY.

As a result of the University's engagement with McKinsey, that is finishing up this month, and based on some analyses that were conducted as part of this project, OBF is more confident that the $75 million target that was included in CUNY's Budget Request and the 4-year Financial Plan can be achieved. As I said at the beginning, in addition to the savings, one of the things that OBF is looking forward to, and is confident in, is that these changes in the administrative structure will lead to improved service levels at the campuses, best-in-class risk management system, and also a new and continuous improvement culture at the University.

Finally, the next steps are that OBF is going to continue to work with McKinsey to finalize their findings over the next couple of weeks, and then present the full recommendations to the entire Board on January 30th as part of an overall update on the administrative efficiencies program. OBF will then outline a plan for implementation that will result in achieving savings in Fiscal Year 2018.

In response to a question from Trustee Clarke on whether the colleges have questions concerning autonomy, although having more transparency:

SVC&CFO Sapienza stated that regarding concerns, it was made clear with the campuses and specifically with the presidents that this process was not about centralization, and was not about taking functions away from them and putting them at the Central Office. This was about how to best serve the administrative staff at the campuses, the faculty, and the students. Having the Presidential Advisory Committee was extremely helpful. All of the presidents on the committee looked at this through the lens of what is best for the University and not necessarily for their individual campuses. One of the things I want to make sure that is taken away from this is that any of these activities that OBF recommends to be part of these shared services will have a shared governance structure. The system office will work with the campuses, the shared services director, and the leadership team of the shared services center to make sure that the University develops very specific metrics as to how the campuses will be served, and to make sure that OBF keeps track of those metrics and reports on transparency.

Chancellor Milliken stated that as a practical matter it would be safe to say that what the University will not see is a consolidation of functions centrally as a result of this process. The presidents have been a part of this development and it has been a rationalization of where these functions ought to be. There are certain functions that have to be done centrally and there are certain functions that have to be done at a campus and the real trick is going to be how CUNY manages these shared services to provide the expert function to multiple colleges with their involvement.

In response to a question from Trustee Lorraine Cortés-Vázquez on whether the shared services function is limited to Information Technology (IT):
Chancellor Milliken stated that while IT is an increasingly important part of every big organization, there is a lot more than IT when it comes to shared services. Every major administrative function of the University was catalogued.

Committee Chair Schwartz added that having participated in some of the conversations by way of updates from McKinsey as to what it was doing with the various constituents that SVC&CFO Sapienza mentioned, this was an effort that began before McKinsey was engaged. This was an effort that began at the initiative of Chancellor Milliken. McKinsey was hired around September or August 2016 with an aggressive time table. One thing that some of the members of this Committee did with respect to that time table was it had three update conversations to keep this process moving so that it stayed with the agenda that Chancellor Milliken outlined. At the next Board meeting on January 30th, there will not be a report necessarily about what McKinsey has to say, rather a report on what Chancellor Milliken and the senior administrators have incorporated and taken away from what McKinsey has done, and make recommendations for administrative changes that the full Board would then authorize and implement throughout CUNY. McKinsey was careful to point out that to bring about changes like this, many of which will be cultural changes, requires buy-in from a large number of constituents. That is, the promise of better services be a promise that CUNY can fulfill because if the promise is not fulfilled no one is going to want to use the University’s shared services.

In response to a question from UFS Chair and Trustee Conway on how many CUNY students will Governor Cuomo’s announcement of free tuition impact that are under the income level of $125,000:

SVC&CFO Sapienza stated that CUNY has data by income levels for the students. The one caveat is that it is based on students who submitted their Free Application for Federal Student Aid (FAFSA). All students do not submit their FAFSA, so it certainly would not be a complete list. He added that in regard to financial aid, OBF does not as of yet know what the State would cover, as a lot of the details have to be worked out in terms of what the Excelsior Scholarship will look like, what it will be based on, and what students will need to continue to be part of the scholarship program. But again, as Chancellor Milliken has mentioned, the chancellery is excited because anything that can create further access for students the University is very supportive of.

President Felix Matos Rodriguez noted that as for Queens College, the State covers financial aid for 1,322 students.

In response to another question from UFS Chair and Trustee Conway on how would free tuition impact enrollment, in terms of increased numbers of students:

SVC&CFO Sapienza stated that the Division of Enrollment Management is looking at enrollment projections. This could certainly result in increased enrollments at the CUNY campuses.

Upon motion duly made by Committee Chair Schwartz, and seconded by UFS Chair and Trustee Conway, the meeting was adjourned at 4:40 p.m.