Budget and Planning Committee
Agenda for Tuesday, January 19, 2016
9:00 - 10:00 am
Room 610 Haaren

1. Report from President Travis
Budget and Planning Committee Meeting
Minutes
January 19, 2016

Attendees: Jeremy Travis, Mindy Bockstein, Jane Bowers, Ingrid Cabanilla, Angela Crossman, Janice Dunham, Mark Flower, Crystal Farmer, Rulisa Galloway-Perry (by phone), Jay Hamilton, Karen Kaplowitz, Patricia Ketterer, Thomas Kucharski (by phone), James Llana, Anne Lopes, Allison Pease, Robert Pignatello, Jayne Rosengarten (by phone), Douglas Salane, Michael Scaduto, Marjorie Singer, Dan Stageman, Scott Stoddart, Robert Troy, Nancy Velazquez-Torres, Alison Orlando (Recorder)

1. Report from President Travis. President Travis started by explaining that this meeting will focus on the budget proposal by the Governor and the ramifications of the proposal for John Jay. Three documents were handed out for review, including a memo from the Chancellor regarding the 2016 - 2017 State Executive Budget, a preliminary analysis of the 2016 - 2017 State Executive Budget by the University Budget Office, and a preliminary summary of the 2016 - 2017 budget address by Mindy Bockstein. The President then gave a general overview of the budget proposal by the Governor. First, the President described the positive news related to the budget proposal. One item to note is that there is at least partial support for a maintenance of effort provision which has resulted in additional funding for fringe benefits. Other positive items in the budget proposal include funding which will allow for undocumented students to be eligible for TAP, support for beginning predictable tuition increases, and performance improvement funding. There was also recognition that the state and city should be responsible for collective bargaining increases. The negative news is that the Governor is proposing to shift $485 million in CUNY funding from the state to the city. This is unexpected, and shows a change in the relationship between the city and the state. The President then discussed the Governor’s rationale for the reduction of state support to CUNY. He also mentioned important dates to watch regarding the Budget process: April 1, when the state budget must be enacted and January 21, when the mayor will announce the city budget. Mindy B. added that the January 21 date is when the preliminary budget will be announced but a more formal budget will be announced in February or March. The President then opened the floor to questions. Karen K. asked if the President would comment on the report of the possible merging of CUNY and SUNY. The President said that he did not want to fuel any speculation until he had more information. Rob P. commented that one unfortunate consequence of this announcement is that it seems like the collective bargaining agreement will be delayed as matters have been further complicated. The President agreed. Jane B. asked about the timing of real implications. Mindy B. explained that it is important to watch the 21-day amendments in which the Governor has 21 days to rectify the budget.

The conversation then shifted to the effects that the Governor’s proposal will have on John Jay. The President explained that recently John Jay has been able to have a balanced budget. Cost saving measures and cuts have been put into effect and revenue raising strategies have begun to bear fruit. Also, there are a number of proposals that are being looked at by the city that would bring in additional revenues to the college. However, the Governor’s budget may affect the current financial situation at the college, but this won’t be known until April 1. In the short term, the goal is to protect John Jay. The President observed that if the tuition increases go into effect, there will be enough money to cover any gaps. There will be a budget retreat at Hunter
on January 27; after this the committee will reconvene as more will be known by then. The President then opened the floor to questions. Jay H. expressed that he is not as optimistic about the tuition increases, as John Jay has not gotten as much funds as other colleges and it will affect the students. The President said an analysis is being done on how tuition increases are different among the senior colleges, but he feels that the tuition increases will be put in place. Pat K. explained that she is concerned if we can continue to rely on the university with the changes reported in the Governor’s proposal. The President also explained that the Governor did not propose a full maintenance of effort, which is in effect a cut.
BRIEFING MEMORANDUM

TO:       President Jeremy Travis
          Members of ESM/Budget and Planning Committee
FROM:    Mindy Bockstein, Executive Director of External Affairs
DATE:   January 13, 2016 (Revised 1/15/16)
RE: SOS/Proposed Executive Budget

Preliminary Summary: SOS/Budget Address 2016—FY 17

Overview: Proposed $145.3 Billion budget = 1.7% growth
Includes spending the state’s $2.3 billion windfall from court settlements

Higher Education:

- Operating Aid: Senior Colleges funded @ $2.402 billion, includes $51.5 million authorization to spend the tuition increase; $61.6 million for fringe (increase of $66.4 m)
- The Executive Budget does not provide funding for any other mandatory needs, including energy, building rental and incremental salary costs increases
- Tuition: Renews the rational tuition plan for 5 years and empowers trustees to increase undergraduate tuition no more than $300 per year, provided SUNY/CUNY demonstrates considerable efforts to reduce spending, not including staffing reductions, and justify tuition increases based on inflationary indices
  - Additional tuition revenue used to support investments in faculty, instruction and tuition credits for TAP-eligible students
  - It is estimated that $300 annual tuition increase would raise $89 million annually for SUNY and $51 million for CUNY
- Funding Parity/Operating Aid Realignment: Cost sharing with City for CUNY Senior Colleges; Realigns funding and governance for CUNY Senior Colleges: Adjusts financial responsibility for CUNY senior colleges to align with governance structure. NYC share of public support is only 2% yet City controls 30% of appointments to Board of Trustees. Commencing July 1, 2016 and for each year thereafter, proposed budget requires the City to assume a 30% share of CUNY senior college net operating costs and an additional amount equal to 30% of debt service and capital construction administrative expenses retroactively for the 12

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1 In the previous adopted budget, the State provided $1.2 billion in operating aid to senior colleges, whereas the City paid $32.3 million. Tuition and other revenue accounted for ~$1 billion.
month period beginning April 2014 (Estimated cost $485 million in the 16-17 City fiscal year)

- The State will provide $240 million from general fund to CUNY to support retroactive salary increases for labor agreement in FY 17, but City would bear the full cost by following year
- Outcomes/Performance\(^2\): Funding of $12 million is continued to boost outcomes in student access, completion and post-graduation success
- Competitive Grant: Renews SUNY/CUNY 2020 competition-based challenge grant program ($55 million for each system)\(^3\)
- Tuition Assistance: Does not provide any changes to the Tuition Assistance program; Authorizes undocumented immigrants to apply for State College Tuition Assistance under a DREAM Act
- CUNY LEADS: Recommends $1.5 M
- CUNY SEEK: Recommends $23 M
- Student Services at Senior College: Recommends $1.4 million for child care; $1.7 million for counseling, health services, career services, veterans’ support
- CUNY Community College: Recommends $238.7 million in State aid, an increase of $4.5 million from last year
- Community College Community Schools: Includes $1.5 million to expand the program to assist community colleges address student needs such as child care, transportation, health care, counseling and employment assistance to improve retention and graduation rates. CUNY is funded at $500,000
- Does not include ASAP, Child care funding and Career Centers\(^4\)
- Clean Energy Workforce Opportunity Program: Invests $15 million for SUNY to work with clean energy companies to develop a new jobs training and certification program. The funding will be used to hire new faculty and purchase equipment.
- Apprentice SUNY: Recommends funding stream to develop a statewide public/private partnership with new manufacturing apprenticeship programs to generate new employment opportunity for community college graduates. In partnership with the NYS Department of Labor, $5 million will be provided to leverage the $15 million USDOL Trade Adjustment Assistance Community College and Career Training grant of 2013. Apprentice SUNY will help approximately 2,000 students receive classroom and practical training through apprenticeships linked to degrees. It will provide on-the-job skills training, a degree or certificate and a full time job upon graduation
- RIRP: Extends the college tuition benefit programs for members of the New York Army and Air National Guard and Naval Militia
- CUNY Capital: Provides $103 million for critical maintenance at senior colleges; $52.7 million for critical maintenance at the community colleges to match funding from the City

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\(^2\) Executive budget continues performance-based funding of $18 million for SUNY.

\(^3\) Budget message mentioned an additional projected increase of $400 million in State capital funding over the next five years.

\(^4\) Usually a legislative addition for community colleges.
Criminal Justice:

- Funding for public safety agencies is projected at $4.8 billion for FY 2017.
- **Juveniles:** Raises the age of juvenile responsibility to 17 on January 2018 and to age 18 on January 1, 2019 with $1 million to OMH for additional services and staffing to support minors relocating. The Budget creates youth parts to hear cases removed, prohibits confinement of any minor in adult jail or prison, mandates diversion attempts for low-risk misdemeanor cases, establishes probation family engagement specialists to facilitate adjustment and a continuum of services and authorizes state reimbursement of 100% for increased probation costs as a result of the change of the age of juvenile jurisdiction ($25 M)
- **Alternatives to Incarceration:** Promotes alternatives to incarceration with an additional $1 million investment ($14 M)
- **Reduces Criminal Behavior through Education:** Invests in prison education in partnership with DA Vance ($7.5 m from criminal forfeiture funds) and private donor to provide approximately 1,000 individuals over 5 years with the opportunity to receive college-level instruction and earn an Associate’s Degree, Bachelor’s degree or industry certification—enroll up to 500 each year under new program which will be overseen by CUNY’s Institute for State and Local Governance. SUNY and John Jay PRI via MOU to develop programmatic standards and assist in the transition process within community after release from prison. Third-party research entity will evaluate effectiveness of program and impact on recidivism and community engagement upon re-entry. Class to begin in fall 2016 (Note: This is not in the actual budget since it does not require legislative approval.)
- **Re-entry:** Undertakes reforms to hold fewer people in prison pre-trial by reforming the bail process and increase transitional supports post release from incarceration, including housing, employment and human services. Provides for $1 million to DCJS for county re-entry task force expansion, recommends an increase in the urban youth jobs tax credit (see below) and provides $4 million for programs aimed at reducing the risk of re-offending to be distributed through a competitive process, which will include an evaluation
- Pardons young offenders who don’t commit new crimes
- **Special Prosecutor:** Creates independent office to investigate matters involving allegations of the use of deadly physical force by a police officer or peace officer and where such force resulted in the death of an unarmed person
- **Project GIVE Firearm Project:** $15M; Operation S.N.U.G. $3.3 M
- **Counterterrorism efforts:** Consolidates the operations of the Office of Counter Terrorism in Homeland Security in the New York State Police, allocates $40 million to establish State Police presence across the State to protect critical infrastructure and provides $4 million to State Police for equipment and enhanced training

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5 Executive budget recommends an increase of $5 million in DCJS State funding from the FY 2016 budget largely attributable to higher federal appropriations for seized assets, funding for Alternatives to Incarceration and county re-entry task force expansion.
**Social Justice/Human Services:**

- **Workforce Development:** Provides $50 million in Urban Youth Jobs Program to help an additional 10,000 disadvantaged or at-risk youth to find employment (Initially helped more than 30,000 youth gain employment)
  - Recommends $5 million investment to train at-risk youth to join workforce
  - Proposes an increase of $30 million to expand the Urban Youth Jobs Program, bringing the total available allocation for this tax credit to $50 million per year
  - Extends the *Hire-A-Vet Credit* for two years (10% of wages to a qualified veteran up to $5,000, and 15% of wages to disabled vet, up to $15,000)
  - Increases minimum wage to $10.50 in NYC effective July 1, 2016 and gradually increasing the wage to $15.00 on December 31, 2018
  - Budget reflects phased-in increase towards a $15 minimum wage for state workforce and SUNY

- **Housing:** Invests $20 billion in affordable housing and homeless services and empowers the City Comptroller in NYC to audit/investigate shelters, which may result in State receivership
  (Governor Cuomo indicated that he would give Stringer more money and staff to conduct audits)
January 15, 2016

To: Board of Trustees
   College Presidents and Deans

From: James B. Milliken

Subject: Fiscal Year 2016-2017 State Executive Budget

Governor Cuomo released the Fiscal Year 2016-2017 State Executive Budget Wednesday. There is much in the Governor’s proposal that supports the colleges, graduate and professional schools of The City University of New York, including performance funding that will allow us to deliver improved outcomes for our students, renewal of the predictable tuition policy, a State Dream Act, and more.

On the operating side, for the senior colleges the Executive proposal increases their budget by $66.4 million. This net increase is comprised of additional revenue appropriation of $51.5 million to recognize tuition increases, $16.6 million in funding for fringe benefit cost increases and the reduction of current year legislative additions for the Joseph S. Murphy Institute and the graduate pipeline program. Performance improvement funding of $12 million is continued.

For the community colleges, the Executive Budget recommends an overall increase of $4.5 million. Base aid per FTE remains flat at $2,597. However, overall base aid is increased by $9.2 million due to enrollment increases. FY2016 legislative funding, including support for ASAP and child care centers, is reduced by $4.7 million.

The most significant item in the budget is a proposed change in the city and state funding shares for CUNY’s senior colleges. The proposal calls for a shift of $485 million in support from the state to the city. The budget also includes $240 million for retroactive salary increases, related to new collective bargaining agreements, that is contingent upon enactment of legislation requiring the shift in senior college funding shares.

Regarding financial aid, the Executive Budget does not propose any changes to the Tuition Assistance Program (TAP). It does include the state Dream Act, which would allow undocumented immigrant students to apply for state tuition assistance.

With respect to capital needs, the Executive proposal recommends $103 million in appropriations for senior college critical maintenance and $52.7 million in matching appropriations for community college projects that have already received funding from the City of New York. The Executive Budget also includes $55 million for a fourth round of CUNY 2020 projects, allowing the campuses to pursue important job creation and economic development initiatives.
Attached is a preliminary analysis which provides further details on both the operating and capital budgets for next fiscal year.

The University looks forward to continuing to work with the Office of the Governor, The New York State Senate, and The New York State Assembly during the Executive Budget review process.

Please let me know if you have any questions or need any additional information.

c: Cabinet
2016-17 STATE EXECUTIVE BUDGET
Preliminary Analysis

Senior College Summary

- The FY2017 state executive budget for the senior colleges totals $2.402 billion, an increase of $66.4 million, or 2.8%, over the current year.
- The executive budget proposes shifting 30% of senior college operating expenses and debt service costs to New York City to align funding with governance structure. For FY2017, this amount is $485.1 million.
- $240 million is recommended for the costs of retroactive salary increases related to new collective bargaining agreements. The provision of this funding is contingent upon enactment of legislation requiring the city to assume a greater portion of the operating costs of the senior colleges.
- The executive budget proposes the continuation of the predictable tuition policy for an additional five years. Tuition may be increased by up to $300 annually provided that administrative cost savings are being implemented to mitigate the need for tuition increases. Increases must be justified based upon inflationary indices. The revenue generated by the increase must be allocated for faculty, instruction, and tuition credits for TAP eligible students.
- The senior college increase of $66.4 million includes:
  - $51.5 in revenue appropriations to accommodate the $300 annual tuition increase to resident undergraduate tuition and proportionate increases to all other tuition categories.
  - $16.6 million for fringe benefit cost increases.
  - The elimination of FY2016 legislative funding of $1.5 million for the Joseph S. Murphy Institute and $250,000 for the graduate pipeline program.
  - The Executive Budget does not provide funding for any other mandatory needs, including energy, building rental and incremental salary cost increases.
- Performance improvement funding of $12 million provided in FY2016 is continued.
### Senior College Funding by Source ($ millions)

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Adopted</th>
<th>FY2017 State Executive</th>
<th>$ Change</th>
<th>% Change</th>
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<tbody>
<tr>
<td>State Aid</td>
<td>$1,217.2</td>
<td>$747.0</td>
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<td>-38.6%</td>
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<tr>
<td>City Support</td>
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<td>$517.4</td>
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<tr>
<td>Tuition &amp; Other Revenue</td>
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<td>$1,137.9</td>
<td>$51.5</td>
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<td><strong>Total Senior Colleges</strong></td>
<td><strong>$2,359.9</strong></td>
<td><strong>$2,402.3</strong></td>
<td><strong>$66.4</strong></td>
<td><strong>2.8%</strong></td>
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### Community College Summary

- The FY2017 state executive budget recommends $238.7 million for the community colleges, an increase of $4.5 million from the FY2016 level.
  - Per FTE student base aid remains flat at $2,597. Base aid increases by $9.2 million due to enrollment increases.
  - FY2016 legislative funding is reduced by $4.7 million and includes the elimination of ASAP support and a decrease in child care support.
- $500,000 is provided for an additional community schools grant. Two $500,000 grants were provided in FY2016. The goal of the grants is to bring healthcare to campuses, assist students with transportation, provide additional resources for child/elder care, and augment existing academic and career development supports in order to improve retention and graduation rates.

### Community College Funding by Source ($ millions)

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<thead>
<tr>
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<tr>
<td>State Aid</td>
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<tr>
<td>Tuition &amp; Other Revenue</td>
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<td><strong>Total Community Colleges</strong></td>
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Financial Aid

State

- The state executive budget does not propose any changes to the Tuition Assistance Program (TAP)
- The executive budget includes support and language for the DREAM Act by allowing undocumented students to apply for state tuition assistance. It also states that undocumented students who graduate from a NY high school will be considered at the resident rate if they had continuous attendance in that school.

Federal

- The maximum Pell Grant award will increase by $140, to $5,915, for the 2016-17 academic year.
- The Perkins Loan program, which had been scheduled to close, was extended for another two years.
- Funding will remain level for the Federal Work Study program.
- "Ability-to-benefit" (ATB) students enrolled in career pathway programs are once again eligible for the maximum Pell Grant award.
### University-wide Funding by Source ($ millions)

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<td><strong>Total Senior Colleges</strong></td>
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<td><strong>Community Colleges</strong></td>
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<tr>
<td><strong>University-wide</strong></td>
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<td><strong>$70.9</strong></td>
<td><strong>2.2%</strong></td>
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1 Excludes Income Fund Reimbursables
Capital Budget

The FY2017 State Executive Budget recommends $247.6 million in new appropriations/funding: $103 million in senior college critical maintenance appropriations; $52.7 million in matching appropriations for community college projects that have already received funding from the City of New York; the fourth $55 million installment of CUNY 2020 Challenge Grant appropriation available to all CUNY colleges and schools; and $37 million for operating expenses incurred by the capital construction program of the University. The budget also re-appropriates $2.5 billion for the senior and community colleges, for a total of $2.75 billion available in appropriations for CUNY in FY2017.

Details of the appropriations for CUNY include:

- $103 million for critical maintenance at senior colleges, including $56.6 million in lump sums and $46.4 million in college-specific allocations;
- $52.7 million for critical maintenance projects at the community colleges, to match funding received from the City;
- The fourth-year appropriation of $55 million for the CUNY 2020 Challenge Grant Program that will enable the University to invest in transformative capital projects that will be selected in a competitive manner based on economic impact, advancement of academic goals, innovation and collaboration. This funding is appropriated under the New York State Urban Development Corporation budget;
- $37 million for operating expenses incurred by The Dormitory Authority of the State of New York (DASNY) and the City University Construction Fund (CUCF) while overseeing construction activities for CUNY’s facilities; includes $21 million for DASNY and $16 million for CUCF;
- $2.5 billion in re-appropriations consisting of:
  - $2.15 billion for senior colleges;
  - $350 million for community colleges and Medgar Evers College.

The State continues the following initiatives in the out years of the financial plan:

- Senior college critical maintenance funding of $103 million a year;
- Community college critical maintenance funding at $10 million a year;
- Funding for CUNY 2020 Challenge Grant Program at $55 million a year;
- Recurring funding for operating expenses incurred by DASNY and CUCF for overseeing the design, construction, acquisition, reconstruction, rehabilitation and improvement of CUNY’s facilities.