

Testimony of The City University of New York
Vice Chancellor for Budget and Finance
Ernesto Malave
Before the New York City Council Committee on Higher Education
September 21, 2004

Good afternoon Chairman Barron and members of the Higher Education Committee. My name is Ernesto Malave; I am the Vice Chancellor for Budget and Finance for the City University of New York. I am joined here today by my colleague, Emma Macari, the University's Vice Chancellor for Facilities, Planning, Construction and Management. We are here this afternoon to provide you with a status report on CUNY's fiscal year 2005 budget, at both the State and City levels.

Let me first say that we are deeply grateful to the City Council and the Higher Education Committee for the continuing support in preserving appropriate funding levels for the University. Thank you, Chairman Barron, for your leadership.

CUNY's total budget for FY2005 is \$1.719 billion, an increase of \$94.4 million (5.8%) over FY2004. The increase in funding reflects additional State Aid of \$71.1 million (9.9%), enhanced City Support of \$15.3 million (9.5%), and an increase in the revenue budget of \$8.0 million (1.1%) from projected enrollment growth.

FY2005 CUNY Funding by Source
(millions)

	FY2004	FY2005	Change	Percent Change
State Aid	718.9	790.0	71.1	9.9%
City Support	161.6	176.9	15.3	9.5%
Tuition	744.2	752.2	8.0	1.1%
Total	1,624.7	1,719.1	94.4	5.8%

Community Colleges

For the Community Colleges, the FY2005 Adopted Budget funds a total of \$473.5 million, an increase of \$24.5 million (5.5%) over FY2004 levels. The increase in funding includes an

additional \$9.2 million in State Aid, which is mainly the result of enrollment growth dollars offset by a \$65 per fte reduction in funding. On the City ledger, the budget contains an increase of \$15.3 million, and includes \$8.8 million for projected collective bargaining costs, \$2.8 million to support building rental costs for the Borough of Manhattan Community College, and an increase of \$3.7 million for health insurance and pensions.

FY2005 Community College Funding by Source
(millions)

	FY2004	FY2005	Change	Percent Change
State Aid	138.9	148.1	9.2	6.6%
City Support	129.3	144.6	15.3	11.8%
Tuition	180.8	180.8	0.0	0.0%
Total	449.0	473.5	24.5	5.5%

CUNY is deeply appreciative of the City Council’s efforts in restoring and increasing the Peter F. Vallone scholarship program to \$7 million and restoring \$4.5 million in support of the Safety Net financial aid program, a program created last year by this committee to assist students who could not finance increases in tuition. Other funds also were restored, which preserved essential funding for the Hunter Campus Schools and Adult Literacy Programs.

The City Council also appropriated \$335,000 for the Immigration Center at Medgar Evers College; \$470,000 for the Dominican Studies Institute at City College; and \$469,000 for the Center for Puerto Rican Studies at Hunter College. I would like to thank Council member Miguel Martinez and Deputy Majority Leader Joel Rivera, both distinguished members of this committee, for their steadfast support of the Dominican Institute at City College and the Center for Puerto Rican Studies at Hunter College. Chairman Barron, I would like to thank you for your leadership on immigration issues. The hearing you, Chairman Barron, held with Chairman Stewart on this topic was critical in highlighting the concerns of the immigrant communities in New York and led to the funding of the new Center for Immigration at Medgar Evers College. The Council has once again displayed that public higher education is one of the City’s highest priorities.

Senior Colleges

CUNY's senior college funding for FY2005 is \$1.246 billion, an increase of \$69.9 million (5.9%) over FY2004. The increase in funding reflects additional State Aid of \$61.9 million (10.7%), and an increase in the revenue budget of \$8.0 million (1.4%) from projected enrollment growth.

FY2005 Senior College Funding by Source
(millions)

	FY2004	FY2005	Change	Percent Change
State Aid	580.0	641.9	61.9	10.7%
City Support	32.3	32.3	0.0	0.0%
Tuition	563.4	571.4	8.0	1.4%
Total	1,175.7	1,245.6	69.9	5.9%

The total amount needed by the University senior colleges in FY2005 to finance projected mandatory cost increases is \$64.7 million. The majority of these costs are primarily increases in fringe benefits, energy, incremental salary increases, and other inflationary costs, and are outlined in our 2004-2005 University Budget Request. The Governor proposed increased funding of \$36.6 million in the Executive Budget, leaving a budget shortfall of \$28.1 million. The State Legislature added an additional \$33.3 million in the State Adopted Budget to meet CUNY's increased costs and also provided \$6 million in funding for continued investments in full-time faculty. However, as a result of an assessment by the State's Budget Division that the overall State Adopted Budget contains significant risks and is not in balance, CUNY has been advised that there will be restrictions on the amount of the \$33.3 million legislative addition that will be available for spending this year. If the State holds back a significant portion of this funding, CUNY would be left with a sizable budget shortfall. This shortfall would be problematic for the senior colleges, which last year sustained the largest tuition increase in history and are trying to meet the demands of record enrollment over the past five years. The budget shortfall would force reductions in CUNY senior colleges' instructional support and student support services, resulting in fewer class sections being offered and an increased class size in the remaining sections. In addition, library services would be cut back, as well as critical

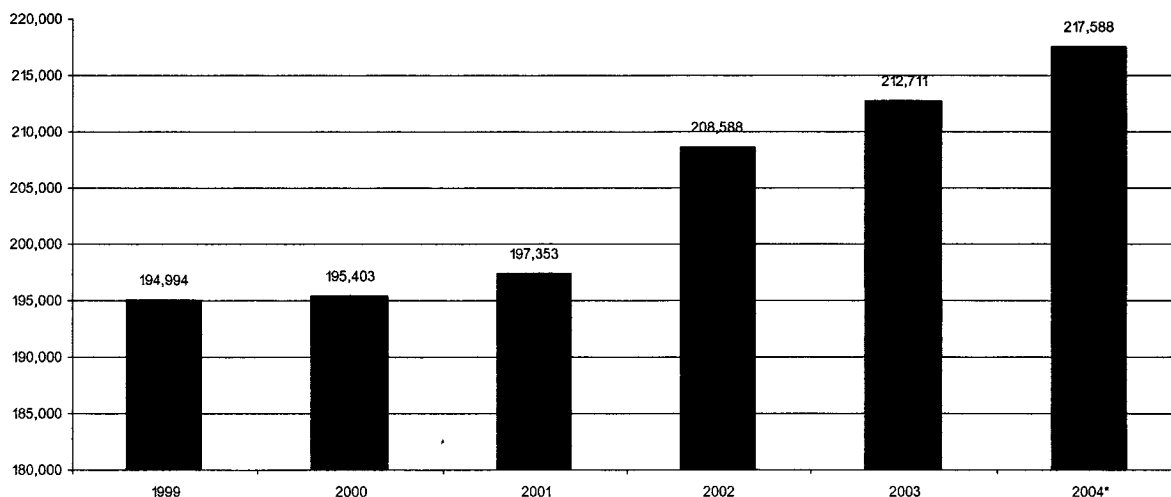
student services, such as tutoring, testing, financial aid counseling, and registration. A likely outcome of this diminution of services would be a fall-off in enrollment, which would further erode CUNY's financial base through lower tuition collections.

Despite the University's concerns over spending authority in the current year, the increase in public support is substantial and especially welcome. It's a measure of the level of public support enjoyed by the City University. An increase of \$86.4 million in public support for the senior and community colleges reduces the share borne by student tuition from 48% to 46%, a step in the right direction.

Enrollment

CUNY continues to demonstrate its value and quality through its continuing growth in enrollment. The people of New York are seeking opportunity at CUNY senior and community colleges in record numbers. CUNY's enrollment is at its highest since 1975. Today, CUNY is serving nearly 5,000 more students than last year, with double-digit gains at Hostos Community College and at Medgar Evers College and very strong growth at John Jay College, Lehman College and Bronx Community College. Since 1999, CUNY's student enrollment has risen by 22,594 (11.6%) to 217,588.

The City University of New York
Headcount Enrollment Trends -- Fall 1999 to Fall 2004



Community College Investment Program

I would like to provide you with a status report on the Community College Investment Program (CCIP). This program is the most substantive effort in CUNY's history to infuse our community colleges with resources aimed at substantially improving services. Over the past year, we have hired over 300 new full-time faculty at the community colleges, a 20% increase in the number of full-time faculty. These new faculty are increasing the percent of instruction taught by full-time faculty. Moreover, they are infusing schools with a burst of intellectual energy and excitement. In addition to the faculty positions, CUNY has invested in 150 new academic and student support personnel. Today there are 40 new librarians serving our students, 50 new academic advisors and counselors and 60 new student service staff in areas such as financial aid, student life, admissions, and registration. In short, our community colleges today have dramatically improved services thanks to the targeted investments we have made.

Capital Budget and Medgar Evers

Senior Colleges

The State Budget provides for the senior colleges a new \$1.115 billion Five Year Capital Investment Plan and \$97 million in funds reappropriated from the previous five-year plan, for a total of \$1.212 billion representing \$1.095 billion for Major Bonded Projects and \$20 million for Minor Rehabilitation Projects (hard dollar).

The approved Five Year Capital Plan funding includes \$346 million for ongoing CUNY-wide programs such as health and safety and facilities preservation, and projects to meet mandated EPA, ADA and energy conservation policies. \$40 million is specified for CUNY-wide Information Systems upgrades. \$216 million is included to complete several major projects already underway, specifically the John Jay College expansion, Brooklyn College West Quad building, the City College School of Architecture, and renovation of the Roosevelt House for Hunter College. A significant portion of the five-year plan (\$394 million) supports the

University's initiative to upgrade science facilities. These include the first phase of an Advanced Science Research Center (Center for Bio-Sensing) that will serve multiple colleges (\$176 million), science facility upgrades at Queens College (\$30 million), and the first phase of science projects planned for City College (\$60 million), Hunter College (\$68 million) and Lehman College (\$60 million). Funds are also provided (\$86 million) for the first stages of a new state-of-the-art facility at New York City College of Technology, an amount which could be substantially increased through public/private partnership development opportunities.

The Borough Presidents and City Council have provided \$18.5 million for minor renovation and equipment Projects at the Senior Colleges. Included in these projects are health and safety projects at the College of Staten Island, CUNY Law, The Graduate Center and York College, and classroom, laboratory and technology upgrades at various colleges.

Community Colleges

The State Budget reappropriates \$119 million for the Community Colleges and Medgar Evers College, consisting of \$64 million from the State's previous five-year capital plan and \$55 million from FY 2003-04, representing, \$114 million for Major Bonded Projects and \$5 million for Minor Rehabilitation Projects (hard dollar). When matched by the City of New York, this will provide \$238.7 million for Community Colleges and Medgar Evers College.

The total approved funding includes \$19.8 million (\$39.6 million when matched by the City) for ongoing CUNY-wide programs such as health and safety and facilities preservation, and projects to meet mandated EPA, ADA and energy conservation policies. \$58.85 million (\$117.7 million when matched by the City) is provided for the Medgar Evers Academic Building I. The remaining \$35.7 million (\$71.4 million when matched by the City) will begin design for new facilities at Bronx and Queensborough Community Colleges; continue renovations in Center 3 at LaGuardia Community College, 199 Chambers Street at Borough of Manhattan Community College, and the 500 Grand Concourse Building at Hostos Community College; and upgrade the infrastructure at Kingsborough Community College.

The Borough Presidents and City Council have provided \$17 million for minor renovation and equipment projects at the Community Colleges. Included in these projects are support for the North Instructional Building at Bronx Community College; the Holocaust Center at Queensborough Community College; Student Services and Study Area at Borough of Manhattan Community College; renovations at Center 3 for LaGuardia Community College; and classroom, laboratory and technology upgrades at various colleges.

The \$1.212 billion 2004-2009 Senior College capital plan and the reappropriated \$119 million for the Community Colleges and Medgar Evers College represent a State sponsored five-year plan of \$1.331 billion. When the Community College/Medgar Evers State recommended funds are matched by the City of New York, the next five-year CUNY Capital Budget Plan totals \$1.45 billion.

The Legislature recommended an increase in capital funding of \$333 million that was unfortunately vetoed by the Governor. This increase included an additional \$108 million for the community colleges, which, when matched by the City, would have enabled the investment in the colleges that the City Council has championed. I would like to take this opportunity to express our thanks for the State legislators -- both Assembly and Senate -- who came together in an unprecedented manner with the support of the Council to support CUNY's capital needs. We are working with the State Legislature and the Governor to reinforce the need to fund this capital plan as adopted.

Thank you again for your support. We would be happy to answer your questions.