THE CITY UNIVERSITY OF NEW YORK

2006-2007 STATE EXECUTIVE BUDGET Recommendations

PRELIMINARY ANALYSIS

University Budget Office and the Office of Facilities Planning, Construction and Management

JANUARY 18, 2006

SENIOR COLLEGE HIGHLIGHTS

- The FY2007 State Executive Budget recommendation totals $1.416 billion, an increase of $61.8 million over the current year. The additional funding reflects an increase in State aid of $16.1 million *(see note below)* and an increase in the revenue budget of $45.7 million.

Senior College Funding by Source
(millions)

	FY2006 Base	FY2007 Executive	$ Change from Base	% Change from Base
State Aid*	759.1	775.3	16.1	2.1%
City Support	32.3	32.3	0.0	0.0%
Tuition & Other Revenue	562.7	608.4	45.7	8.1%
Total	**$1,354.1**	**$1,416.0**	**$61.8**	**4.6%**

**FY2006 State Base is adjusted to reflect an additional $13.9 million in Energy funds that were recently appropriated.*

$61.8 million increase includes:

- $42.9 million for mandatory cost increases over the 2005-06 adjusted base levels, including $28.7 million for fringe benefits and $14.2 million for other inflationary increases.

- $13.9 million in additional operating assistance *(see note below)*.

- $5.0 million of the Empire Innovation Program funding to support critical research projects, academic programs and Master Plan Initiatives at CUNY.

- Revenue from tuition charges is set to rise by $45.7 million. Tuition revenue is the equivalent of an increase in tuition of $300 for full-time resident undergraduate students, an increase of 7.5%, from $4,000 to $4,300 per year.

Note: *The total year-to-year increase for CUNY as reported by the State is $72.9 million, with additional operating assistance cited at $25 million. Of the additional amount for FY2007, $11.1 million had already been assumed by the University in its FY2006 base budget, resulting in an adjusted year-to-year increase of $61.8 million in total funds and $13.9 million in additional operating assistance.*

CUNY COMPACT

Under a long-term Investment Plan, the University has proposed a COMPACT – a system of financing CUNY that would be shared by the State/City, the University (through internal efficiencies), philanthropic sources, and the students through enrollment growth and modest, predictable tuition increases. Through this COMPACT, the State and City would commit to fully funding the University's mandatory costs and a portion of the priorities in the Master Plan. The revenue from the increased tuition would go exclusively toward the CUNY investment initiatives, as would the philanthropic dollars and resources from internal efficiencies.

The following table compares the State Executive Budget with the CUNY COMPACT for the Senior Colleges.

FY2006-2007 STATE EXECUTIVE BUDGET vs CUNY COMPACT
Senior Colleges

CUNY COMPACT	Programmatic Initiatives	Mandatory Needs	Total
State Aid	8.9	55.5	64.4
Adjustment for add'l Energy funding	-	*(10.2)*	*(10.2)*
Adjusted State Aid	**8.9**	**45.3**	**54.2**
Tuition Revenue	28.3	-	28.3
Total Adjusted CUNY Budget Request	**37.2**	**45.3**	**82.5**
State Executive Budget			
State Aid	5.0	11.1	16.1
Tuition Revenue	13.9	31.8	45.7
Total State Executive Budget Increase	**18.9**	**42.9**	**61.8**
Difference	**(18.3)**	**(2.4)**	**(20.7)**

Meeting the Budget Challenge

- The State Executive Budget does not provide sufficient funding to cover the senior college mandatory costs and Master Plan initiatives. A gap of $20.7 million remains. $2.4 million of this shortfall is in Mandatory needs and is related to Energy. This $2.4 million shortfall will be funded by a special appropriation for energy outside of CUNY's budget. **Therefore, the remaining gap is $18.3 million.**

- The proposed **tuition revenue increase is $17.4 million** greater the requested amount of $28.3 million. The CUNY COMPACT calls for tuition to cover only programmatic needs. However, the budget proposal funds part of the mandatory costs with tuition.

- **In order to fully fund the COMPACT, as well as keep tuition increases consistent with those outlined in the COMPACT and devoted exclusively toward the college investment plans, the University is seeking an additional $35.7 million in State aid above the FY2007 Executive recommendations. This is a combination of $17.4 million in State aid to reduce the tuition increase and $18.3 million to fully fund the COMPACT.**

TUITION POLICY

The State has authorized additional revenue levels of $45.7 million, which is $17.4 million above CUNY's COMPACT proposal of $28.3 million in new revenue from tuition increases and enrollment growth.

The Executive Budget introduces legislation that would:

- permit annual incremental adjustments to tuition, based on an annual inflation index;
- authorize tuition levels above those driven by the annual inflation index in the event that State support for the senior colleges is reduced from the prior year or is not sufficient to fund mandatory costs;
- eliminate prohibitions against charging differential tuition at various CUNY campuses; and permit CUNY to adopt tuition changes in any given year prior to the adoption of a State budget.

COMMUNITY COLLEGE HIGHLIGHTS

- State aid per FTE has been increased by $100, to $2,450, which results in additional base aid of $6.3 million.

- Funding for building rentals is increased by $0.5 million.

- Funding for College Discovery, Child Care, and Workforce Development remains at the 2005-06 levels.

- Maintenance of Effort provision (requiring NYC to "maintain" prior-year funding levels) is extended through 2006-2007.

FINANCIAL AID HIGHLIGHTS

- The Executive Budget recommends a reduction in overall Tuition Assistance Program awards of $189.9 million, a result of the following changes:

  - Institutions will be required to pre-finance TAP awards provided to first-time TAP applicants who are admitted to post-secondary programs without having a high school diploma, including those students with GEDs or those who have passed Federal Ability to Benefit tests. Institutions will be reimbursed for these pre-financing costs, including interest, upon the students' successful completion of 24 credits.

  - Full-time study will be defined as 15 credits per semester to ensure students complete their degree programs before exhausting their eight semesters of TAP eligibility. Students enrolling in fewer than 15 credits would receive 80% of their TAP award.

  - TAP eligibility will depend on a student's being in full-time attendance at the time of certification, and on a student's being in good standing with all federal student loans, regardless of loan guarantor.

  - Academic progress and good academic standing criteria for continued TAP eligibility will be enhanced.

STATE EDUCATION DEPARTMENT

- Aid for Part-time Study is funded at $14.6 million, no change from the 2005-2006 level.

- Aid for Independent Colleges and Universities (Bundy Aid) is funded at $42.0 million, no change from the 2005-2006 level.

- Science and Technology Entry Program (STEP and CSTEP) is funded at $19.0 million, a $9.5 million increase from the 2005-2006 level.

- Liberty Partnership Program is funded at $10.9 million, no change from the 2005-2006 level.

- A new $5 million program for Math/Science Summer Institutes was added. This funding includes $2.5 million for summer math/science programs at community colleges for middle school students and $2.5 million to support university-based programs to refresh and renew the competency of math/science teachers in state-of-the-art technology, equipment, and pedagogy.

- The Executive Budget also includes legislation to establish the New York State Math and Science Teaching Initiative for students at public or private colleges who make a 5-year commitment to teach math and science in middle or high schools located within the State. Under this program, 500 new annual scholarships will be provided every year.

CAPITAL BUDGET ANALYSIS

The State Executive Budget recommends an increase of $35 million and re-appropriation of $1.65 billion for a total of $1.7 billion for a FY2004-FY2009 University Five-Year Capital Improvement Plan. The building plan includes: $1.46 billion for the Senior Colleges and $254 million for the Community Colleges and Medgar Evers College. The $35 million increase is made up of $26.2 million for the Senior Colleges and $8.8 million for the Community Colleges and Medgar Evers College.

- ❖ The recommended $1.46 billion Five-Year Capital Budget for Senior Colleges includes:
- $26.2 million appropriation increase;
  - $15 million for CCNY's New Science Facility;
  - $11.2 million to continue rehabilitation of the Marshak Building at CCNY;
- $1.414 billion re-appropriated from the 1998-2003 and 2004-09 five-year plans;
- $20 million in (hard dollar) minor rehabilitation projects for the Senior Colleges.
- ❖ The recommended $254 million Five-Year Capital Budget for the Community Colleges and Medgar Evers includes:
- $8.8 million appropriation increase for Auditorium Upgrades at Medgar Evers College;
- $245 million in re-appropriated funds from the 1998-03 and 2003-08 five-year plans.
- ❖ The State recommended funds are matched by the City of New York and the plan now provides $589 million for the Community Colleges and Medgar Evers.
- ❖ The FY 2005-06 increases and re-appropriations to the Senior Colleges and the Community Colleges and Medgar Evers College capital plans represent an Executive Budget recommendation of $1.7 billion. The Community College/Medgar Evers College State recommended funds are matched by the City of New York, making the five-year CUNY Capital Budget Plan totals $2.047 billion.

However, the Executive Budget does not include all of the additional funds requested by the University in FY 2006-07:

- ❖ $49 million to address escalation increases due to recent economic changes for projects that are already designed and ready to begin construction;
- ❖ $80 million more is needed for the New Science Facility to be constructed in a single phase project and $13.8 million more for the rehabilitation of Marshak at CCNY;
- ❖ $10 million for the new Graduate School of Journalism;
- ❖ $33 million for matching grant programs at the Senior and Community Colleges;
- ❖ $15.6 million for health and safety projects at the Community Colleges and Medgar Evers, for which the matching City funds are already committed.