Good morning. Thank you for the opportunity to testify before you today on The City University of New York and the FY2004 New York City Budget.

In 1999, when I was first named Chancellor, I outlined a number of key reforms necessary for the University. I also spoke of our goal of changing the conversation about CUNY, given much of the criticism voiced by some influential policymakers. I am pleased to tell you today that in the last three years, the University has made great progress toward that goal, and that many substantive reforms have indeed been made.

As you know, we have instituted rigorous new admissions standards that, contrary to concerns voiced by some well-intentioned stakeholders, have not prevented continued growth in enrollment. Since 1999, our student population has increased by 13,000. Freshman enrollment increased over 10% during the same period. This semester alone, enrollment is up 3% over last year. At the same time our stronger admissions standards have attracted freshmen with higher SAT scores. These trends are particularly dramatic at our most selective senior colleges, where the average SAT score is now approximately 1130, and freshman enrollment has increased by 10.5%. Today, CUNY serves more students than ever before -- over 400,000 students annually: approximately 200,000 degree seeking students and 200,000 adult and continuing education students. And there has been little change in the remarkably diverse ethnic and racial composition of our student body at both senior and community colleges.

We’ve discarded outdated and home-grown tests that lacked scientific validity. In their place we’ve instituted uniform, reliable tests, for both entering freshmen and rising juniors. All students must now pass nationally-normed placement tests in math, writing, and reading. In spring of 2001, we administered the rigorous new CUNY Proficiency Exam (CPE), required of
students who are completing associate degree programs or beginning junior-level work. The CPE tests students’ ability to understand and think critically about ideas and information and to write clearly, logically, and correctly at a level associated with success in upper-division courses.

While setting higher academic standards, we have strengthened our efforts to ensure that high school students are prepared to meet those standards. We have dramatically expanded our partnership with Chancellor Joel Klein and the New York City Department of Education. Since 1999, the highly successful “College Now” program has grown -- by more than 300% -- from 11,000 students in 1999 to 40,000 in 2002.

This past fall, CUNY established three new competitive high schools on the campuses of City College, York College and Lehman College. All three high schools already have some of the highest attendance rates anywhere in the City. CUNY now hosts fourteen high schools on our campuses. Thirteen of those high schools recently made Chancellor Klein’s “A-list” of successful schools. To help staff these and other schools, CUNY continues to strengthen teacher preparation through the Teaching Opportunity Program (TOP) and the New York City Teaching Fellows Program, which was based on the TOP model. We are working closely with Chancellor Klein on bringing CUNY’s talents to bear in helping to prepare new leadership for the public school system.

The CUNY Honors College is now going into its third year. It offers enriched educational opportunities for students with outstanding credentials: special seminars with distinguished faculty, a “cultural passport”, academic expense accounts, and lap-top computers. In its first year the Honors College had 1400 applicants; this past year we had 2500 -- for 340 spots. 2500 applications arrived this year - with even higher SAT scores. The average SAT score for Honors College students is 1340. The Honors College, widely regarded as helping New York retain its best and brightest, has already attracted over $10 million in private funding.

We have established a new Performance Management System, hailed by the American Council
on Higher Education for its pioneering role in the national higher education community. Each college president works with University and college administration and faculty members to set key performance targets for the campus and appropriate indicators of progress toward those goals, consistent with the University’s Master Plan. This links planning and goal-setting by the University and its 19 colleges and graduate schools, helping to integrate the University and inject accountability. For the first time, we provide salary adjustments for college presidents and their executive teams solely on the basis of performance.

Performance has been enhanced by such innovations as CUNY’s new Business Leadership Council, headed by New York Life Insurance CEO and CCNY Engineering alumnus Seymour Sternberg. The Council includes prominent leaders in business, commerce, and public affairs. The Council strengthens our ties with business and industry, identifying and advising the University on workforce trends and career and internship opportunities in various economic sectors. At the same time, we are working more closely than ever with President Brian McLaughlin and the New York City Central Labor Council, offering new opportunities for working students through part-time and weekend programs.

We have achieved a great many of our goals, and built tremendous momentum at the City University. But we face the same fiscal dilemmas the rest of New York City is currently experiencing. Our greatest challenge now is to maintain this momentum during this particularly difficult time for this city. Now more than ever, New York City and its people need the opportunities for education, training and economic development that CUNY offers; now more than ever, CUNY needs the continued support of its traditional funding partners.

For FY2004, the City Preliminary Budget recommends a net decrease in support of $5.6 million for CUNY’s community colleges and Medgar Evers College. While the City Budget provides a $2.8 million increase in mandatory needs funding for pension costs, health insurance, and energy, this increase is offset by a $2.2 million reduction in college-based funding.
The City University of New York’s six community colleges are a major force in New York City's economy. As you know, community colleges serve multiple missions, including the preparation of students to earn degrees from four-year colleges, at CUNY and other universities. According to the American Association of Community Colleges, community college students who go on to earn baccalaureates succeed just as well as senior college students in terms of occupational status, lifelong earnings, job stability and satisfaction, and employment rate.

Community colleges are invaluable platforms for students to improve their circumstances, and crucial engines for economic recovery. They offer job training and retraining to make students competitive in tough markets (such as the one in which we now find ourselves)—from instructing the employees of a newly merged bank on back-office processes, to teaching technicians recombinant DNA techniques, to assisting mid-level administrators in management techniques. In return, students become wage-earners and taxpayers who contribute to our communities economically.

To take an even more active role in the City’s economic development, CUNY is establishing a high-tech incubator network at selected community colleges across the City. These incubators will provide community-based entrepreneurs with low-cost, wired space, and administrative, legal, financial, managerial and funding support. They are expected to launch more than 200 businesses and create over 5,000 jobs over five years in fields such as arts and design, health care, and video, digital and web-based entertainment.

CUNY’s community colleges provide academic, cultural and skills programs for more than 160,000 degree-credit and adult and continuing education students at many levels of education. They offer instruction and support services in basic and remedial skills, and English as a second language. They are indispensable links to knowledge and culture for all their local constituents, offering courses for returning students, exposing young audiences to the fine arts, and providing opportunities and facilities for research.
Our citizenry needs to have access to the opportunities CUNY’s colleges provide for educational growth, career advancement and personal fulfillment. For that reason, we are particularly concerned about the City Budget’s proposed elimination of $5.5 million in funding for the New York City Council Peter F. Vallone Scholarships.

Since 1998, the Vallone Scholarships have provided much-needed financial assistance— and an academic incentive— to New York City high school graduates who maintain a “B” average and attend CUNY. The Vallone Scholarships recognize and reward the best students in our educational system, enabling them to obtain a respected and valued college degree from CUNY and thereby realize their goals and dreams. These scholarships have helped make college affordable for more than 32,000 students to date, ensuring the widest possible access to CUNY’s educational opportunities and fostering the growth of an educated citizenry and a well-trained workforce.

In addition, we are concerned that the Preliminary Budget discontinues City Council Member Items totaling $0.7 million relating to community colleges, senior colleges and Hunter Campus Schools.

As I have argued since I became Chancellor, CUNY should figure among the City’s highest funding priorities. We recognize the reality of the City’s fiscal condition, and acknowledge that there simply will not be enough money to go around this year. At the same time, we cannot allow the entire burden of addressing our budgetary requirements to fall on the shoulders of our students. To this end, I am calling upon everyone in this University to shore up resources and create new streams of revenue, so our core business of teaching and learning is protected. Here are some of the things we are doing, or have considered:

- I have imposed a hiring freeze on non-instructional personnel across the University. Our top priority continues to be our faculty, who will not be affected by this freeze.
- We are accelerating our efforts, consistent with the theme of the integrated university, to centralize and coordinate appropriate administrative operations of our campuses,
building technology platforms and shared data systems to relieve individual campuses from the necessity of replicating these functions.

- We are looking at ways of generating revenue through a comprehensive tuition schedule that includes undergraduates and distinguishes among graduate and professional programs. We are also urging State officials to formulate a more manageable tuition policy that allows institutions to strategically plan and enhance operations while keeping pricing structures predictable for students and their families.
- We are asking our administrators and executives both to participate in the teaching force of the University, and to take a hard look at administrative and executive positions, reducing them wherever possible.
- We are providing financial aid seminars for our students to maximize their awareness of the full array of City, State, Federal and private financial assistance and scholarships. Last month we offered a series of financial aid seminars in each of the five boroughs, many of them in Spanish, Chinese and Russian, in addition to English.
- We are establishing a central web-site location for student jobs, both on and off campus, to better coordinate existing programs and to advertise new initiatives.

I am glad to report that the University’s Capital Budget received some much-needed good news this year. My colleagues and I are gratified that the State Executive Budget supports new bonded funds in the amount of $981.5 million for the senior colleges and $50 million for the community colleges and Medgar Evers College, for a total recommended multi-year capital investment program of $1.03 billion. We hope to be able to leverage that figure up further by exploring innovative public-private development opportunities with regard to existing physical assets, new mixed-used facilities and under-utilized real estate assets, such as air rights.

As you know, major capital projects at the community colleges and Medgar Evers College are funded 50/50 by the City and State, and bonded through the Dormitory Authority. We are grateful that the City has supported the multi-year $138-million Medgar Evers Academic Building I project. However, the City Budget recommends funds of $8.242 million for FY 2003-04, and a preliminary ten-year capital strategy plan of $57.382 million—figures that not
only reflect no new funding for capital projects at CUNY’s community colleges, but in fact indicate a 30% reduction in support.

As technology and the needs of New York City’s workforce change, and as our student body grows, our community colleges must maintain and upgrade their facilities in order to continue the vital work they accomplish in our neighborhoods and our economy. I urge you to communicate to the New York delegation, as you have in the past, your strong support for the University and its request for capital funds as we proceed through the budget adoption process.

Ladies and gentlemen, we have counted on your help in the past to support our critical needs and we appreciate all that you have done to assist us. We are proud of our status as an urban University— one that, since its inception as the Free Academy, has enabled all New Yorkers to meet their personal and professional goals. We ask you now to help us continue our tradition of helping students of all backgrounds participate fully in the life and the economy of this City. Thank you.