THE CITY UNIVERSITY OF NEW YORK

2003-2004 STATE EXECUTIVE AND CITY PRELIMINARY BUDGET Recommendations (POST 30 DAY AMENDMENTS)

PRELIMINARY ANALYSIS

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

FEBRUARY 28, 2003
The City University of New York
2003-2004 State Executive and City Preliminary Budgets
Preliminary Analysis – February 28, 2003 (Post 30 Day Amendment)

Senior College Highlights

- The FY2004 State Executive Budget recommendation totals $1.118 billion, an increase of $31.1 million over the current year. The increase in funding reflects an increase to the revenue budget of $121.5 million and a decrease in State aid of $90.4 million. Elements include:

  - State aid reduction from $663.1 million to $572.7 million, a decrease of $90.4 million from the FY 2003 level.
  - Tuition and Other Revenue target is increased by $121.5 million, to $513.4 million.
  - City revenue offset for University Management and Associate degree program costs remains unchanged at $32.3 million.

- The Executive Budget restructures the senior college budget by appropriating only State aid to colleges and University programs and providing the tuition revenue in a lump sum.

Other Elements of the Senior College Budget include:

  - $28.9 million increase in funding for fringe benefits over the 2002-03 adjusted base level.
  - $7.3 million decrease in SEEK student financial aid.
  - $1.06 million decrease in funding for new faculty.

- The Executive Budget recommends amending the State Education Law to allow the University to impose differential tuition rates for graduate and professional programs. The budget will also provide CUNY with the ability to adopt tuition policies that permit annual incremental adjustments to tuition.
The Executive Budget continues the appropriation of $7.1 million for Academic Support Services.

The City University Tuition Reimbursable Account (CUTRA), which permits revenue collections in excess of the University’s revenue target to be used in subsequent years, is increased by $15 million, to $30 million.

The Income Fund Reimbursable (IFR) account, which funds senior college continuing education and other self-supporting programs, is funded at $98.7 million, which includes $8.7 million in funding from the Higher Education Services Corporation for financial aid administration. This represents a $30 million increase from FY2003.

The City University Stabilization Account, which provides for the rollover of unexpended funds from year to year, remains at the 2003 level of $5 million.

The Executive Budget eliminates the $880,000 legislative add-on for childcare appropriated in FY2003 through the Department of Family Assistance.

Community College Highlights

New York State Executive

State aid is reduced by $17.3 million. Elements include:

- $19.2 million reduction related to a $345 per FTE reduction in Base aid from $2,300 to $1,955—the reduction equates to $14.4 million in the state’s FY2004 general fund.

- $3.9 million increase related to an adjustment for enrollment increases.

- $1.0 million reduction (elimination) for workforce development lump sum.

- $0.6 million reduction (elimination) for building rentals.

- $0.4 million reduction for College Discovery financial aid.

- Childcare is reduced by the $560,000 legislative add-on appropriated in FY2003 through the Department of Family Assistance.

- Maintenance of Effort provision (requiring NYC to “maintain” prior-year funding levels) is extended through 2003-2004.
NEW YORK CITY PRELIMINARY BUDGET

- In the current fiscal year (FY2003), the community college budget increases by $1.3 million for pension costs.

- For fiscal year 2004, the City Preliminary Budget recommends a net decrease in support of $5.6 million from the current fiscal year 2003 budget. Elements include:
  - Elimination of $5.5 million in funding for the Vallone Scholarships.
  - $2.8 million increase in mandatory needs: $1.4 million for pension costs; $1.0 million for health insurance, and $0.4 million for Energy. This increase is offset by a $2.2 million reduction in college based funding.
  - Discontinuance of City Council Member Items totaling $0.7 million: $0.3 million related to community colleges; and $0.4 million related to senior colleges and Hunter Campus Schools.

CAPITAL BUDGET

NEW YORK STATE

- 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 for The City University of New York of $1.03 billion. The budget recommends reappropriation of $172 million of prior years’ funding ($97 million for the Senior Colleges and $75 million for the Community Colleges and Medgar Evers College), not yet bonded, for a grand total of $1.203 billion.

- The multi-year plan also recommends $25 million in (hard dollar) minor rehab projects: $20 million for the Senior Colleges and $5 million for the Community Colleges and Medgar Evers College.

- When the University receives matching support from the City for the Community Colleges and Medgar Evers College, the total five-year plan will amount to an unprecedented $1.328 billion Capital Building Program.
CAPITAL BUDGET, CON’T

- As we proceed with the University’s initiatives to monetize our real estate values through public/private opportunities, thereby realizing the entire construction costs of some projects, the total five-year capital plan becomes $1.58 billion.

- The Executive Budget, as printed, does not include all requested CUNY-wide and individual projects in their entirety. The attached charts outline a revised fund allocation plan, within the State’s recommended amounts, that addresses the University’s highest priorities as approved by the Board of Trustees. The University’s proposed plan provides for all enumerated projects to start: some will be completely finished within the FY 2003-08 funding allocations, while other projects will receive completion funding in the next five-year plan.

- Within the recommended funds, the University will be able to continue CUNY-Wide initiatives such as health and safety and facilities preservation projects, a re-design of the University’s computer applications and information systems, an advanced science research center to support University faculty engaged in sponsored research modeled after the adjacent New York Structural Biology Center, and projects to meet mandated EPA and energy conservation policies.

- Funds are included for completion of ongoing projects at Brooklyn, City, and John Jay Colleges. In addition, the University will be able to plan and construct the first phase of new instructional facilities at City, Hunter and Lehman Colleges, and renovate existing science facilities at Queens College.

- The multi-year plan includes funds to provide new state-of-the-art facilities for New York City College of Technology, which could be substantially increased through public/private partnership development opportunities.

- The $50 million in funding for Community Colleges and Medgar Evers College will provide, in addition to completion of the Medgar Evers Academic Building I, new facilities at Bronx and Queensborough Community Colleges, and will allow for continued renovations to buildings at LaGuardia, Hostos and Borough of Manhattan Community Colleges, as well as providing crucial funds for health, technology and safety and code-related upgrades.
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CAPITAL BUDGET, con’t

NEW YORK CITY

• The City of New York recommends funds of $8.242 million for FY 2003-04, and a
preliminary ten-year capital strategy plan of $57.382 million.

• Support from the City’s Preliminary Budget for Major Projects at the Community
Colleges and Medgar Evers College, which are funded 50/50 by the City and
State and bonded through the Dormitory Authority, are not included in this
preliminary plan. The City’s support of the University’s request for bonded funds
will be announced later on during the City and State budget adoption process.

FINANCIAL AID HIGHLIGHTS

• The Executive Budget recommends funding of $567.5 million for the Tuition
Assistance Program (TAP). The budget recommends a significant restructuring of
the State’s Tuition Assistance Program:

  • The overall level of TAP awards will remain the same as previously
    authorized. However, awards will now be provided in two components
    – A “base” award equivalent to two-thirds of current award, and a
    “performance” award for the remaining one-third, payable to the
    student upon attainment of a degree.

  • Students would be expected to finance the performance award portion
    through Federal loan programs. Students who have exhausted their
    Federal loan eligibility will be eligible to obtain loans through a new
    “TAP Loan” program administered by the Higher Education Services
    Corporation (HESC).

  • Upon completion of their degree programs, students will receive a
    performance award payment from HESC equal to the amount of their
    deferred TAP awards plus any accrued interest from Federal or State
    loans that may have been used to finance the performance award.
STATE EDUCATION DEPARTMENT

- Aid for Independent Colleges and Universities (Bundy Aid) is funded at $25.6 million, a reduction of $18.7 million from the 2002-2003 level.

- $10 million reduction (elimination) in funding for Science and Technology Entry Program STEP/CSTEP.

- Liberty Partnership Program is funded at $5 million, a reduction of $6.5 million.

The Executive Budget proposes changes in the governance structure of the Education Department and transfers some functions to other State entities. Proposed changes include:

Governance:

- The Governor would appoint the majority of the State Board of Regents. Currently, all Regents are appointed by the Legislature.

- The number of Regents would increase from 16 to 18.

- The terms of office would increase from 5 to 6 years.

Structure:

- The Office of Vocational and Educational Services for Individuals with Disabilities (VESID) will be transferred to the Department of Labor. In addition, the Commission for the Blind and Visually Handicapped will be transferred to the Labor Department from the Office of Children and Families.

- The Office of the Professions will be transferred to the Department of State and consolidated with its Business and Licensing program.

- Cultural Education Programs -- including the State Museum, Library and Archives -- will be transferred to a new entity, the New York State Institute for Cultural Education (NYICE). NYICE will be established as a public benefit corporation and governed by a 15 member board appointed by the Governor, legislative leaders and the Board of Regents.