

January 19, 2017

To: Board of Trustees

From: James B. Milliken

Subject: FY2018 State Executive Budget

Earlier this week, Governor Cuomo released the Fiscal Year 2017-2018 State Executive Budget. The Executive Budget provides significant investment in The City University of New York and will advance its vital mission of providing a quality, affordable higher education to over a quarter-million degree-seeking students.

CUNY students will benefit from the ground-breaking Excelsior Scholarship initiative, which will make college more affordable and reduce debt for many middle-class students, and from passage of the Dream Act, which will extend financial aid and other benefits to CUNY students, regardless of immigration status.

The Executive proposal for the senior colleges' operating budget is \$107.6 million higher than the current year's budget, comprised of: additional revenue appropriation of \$42.8 million to recognize tuition increases; \$36.2 million in funding for fringe benefit cost increases; and \$35 million in tuition assistance to be funded from CUNY non-profit organizations. Legislative additions this year for SEEK, the Joseph S. Murphy Institute and the graduate pipeline program were not included in the Executive proposal.

For the community colleges, the Executive Budget recommends an overall operating increase of \$4.1 million. Base aid remains flat at \$2,697 per FTE, but overall support is increased by \$7.7 million due to enrollment gains. FY2017 legislative funding additions for ASAP, child care centers and College Discovery, totaling \$3.6 million, are not included in the Executive plan.

With respect to capital needs, the Executive proposal recommends \$456.6 million in new funding: \$284.2 million at the senior colleges; \$80.4 million at the community colleges; \$55 million for a fifth round of CUNY 2020 projects, allowing the campuses to pursue important job creation and economic development initiatives; and \$37 million to support the operating costs of the capital construction program. We are deeply grateful for the recognition of the need for additional investment in the maintenance and repair of our many facilities.

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: Council of Presidents

## FISCAL YEAR 2018 STATE EXECUTIVE BUDGET Preliminary Analysis

### Senior College Summary

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- The FY2018 state executive budget for the senior colleges totals \$2.46 billion, an increase of \$107.6 million, or 4.6%, over the current year.
  - The senior college increase of \$107.6 million includes:
    - \$36.2 million to fully fund projected fringe benefit cost increases.
    - \$42.8 million in revenue appropriations to accommodate a \$250 annual tuition increase to resident undergraduate tuition and proportionate increases to all other tuition categories.
    - \$35 million in tuition assistance for needy students, to be provided from revenues of University non-profit organizations.
    - The elimination of FY2017 legislative funding of \$1.5 million for the Joseph S. Murphy Institute, \$4.7 million in SEEK funds and \$250,000 for the graduate pipeline program.
- The executive plan recognizes \$253.9 million for 2016-17 retroactive collective bargaining expenses.
- The executive budget proposes the continuation of the predictable tuition policy for an additional five years. Tuition may be increased by up to \$250 and the revenue generated by the increase must be allocated for faculty, instruction, initiatives to improve student success and completion and tuition credits for TAP eligible students.

#### Senior College Funding by Source (\$ millions)

	FY2017 Adopted	FY2018 State Executive	Change (\$)	Change (%)
State Operating Support	\$1,238.5	\$1,268.3	29.8	2.4%
State Support for TAP	\$205.6	\$205.6	0.0	0.0%
<b>Total State Support</b>	<b>\$1,444.2</b>	<b>\$1,473.9</b>	<b>29.8</b>	<b>2.4%</b>
City Support	\$32.3	\$32.3	-	0.0%
Student Tuition	\$595.0	\$627.6	32.6	5.5%
Federal Funding	\$145.1	\$145.1	-	0.0%
Scholarships/Waivers	\$140.7	\$150.9	10.2	7.2%
Not-for-Profit Organizations		\$35.0	35.0	
<b>Total Senior Colleges</b>	<b>\$2,357.2</b>	<b>\$2,464.8</b>	<b>107.6</b>	<b>4.6%</b>

*Note: TAP, Federal Funding, Scholarships/Waivers amounts are based on FY2016 actuals*

## Community College Summary

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- The FY2018 state executive budget recommends \$252.9 million in operating aid for the community colleges, an increase of \$4.1 million from the FY2017 level.
  - Per FTE student base aid remains flat at \$2,697. Total base aid increases by \$7.7 million due to year to year actual enrollment increases and for projected increases resulting from the availability of Excelsior Scholarships.
  - FY2018 legislative funding is reduced by \$3.6 million and includes the elimination of ASAP support and a decrease in funding for child care centers and College Discovery.
- The executive budget includes a provision to reduce aid to community colleges if receipts from the federal government are less than the amounts assumed in the 2017-2018 financial plan.

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

	FY2017 Adopted	FY2018 State Executive	Change (\$)	Change (%)
State Operating Support	\$248.9	\$252.9	4.1	1.6%
State Support for TAP	\$115.5	\$115.5	-	0.0%
<b>Total State Support</b>	<b>\$364.4</b>	<b>\$368.4</b>	<b>4.1</b>	<b>1.1%</b>
City Support	\$324.9	\$348.3	23.4	7.2%
Student Tuition	\$123.6	\$123.6	-	0.0%
Federal Funding	\$116.1	\$116.1	-	0.0%
Scholarships/Waivers	\$33.6	\$33.6	-	0.0%
<b>Total Community Colleges</b>	<b>\$962.6</b>	<b>\$990.0</b>	<b>27.5</b>	<b>2.9%</b>

*Note: TAP, Federal Funding, Scholarships/Waivers amounts are based on FY2016 actuals. FY2018 City Support amount is based on the City's financial plan for FY2018.*

## Financial Aid

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- The state executive budget introduces the Excelsior Scholarship program to provide free tuition at CUNY and SUNY community and four year colleges to students of middle-class families earning up to \$100,000 in the current year and up to \$125,000 by FY2020. This program will be phased in over the next two years and students must be on track to complete their degrees in either 2 years for associate programs or 4 years for bachelors programs. The program is estimated to cost \$163 million annually when fully phased in.
- The executive budget includes the DREAM Act which would make undocumented students eligible for the Tuition Assistance Program and other State financial assistance programs.
- The state executive budget does not propose any changes to the Tuition Assistance Program (TAP).

## Other Initiatives

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- The executive budget includes language that requires each CUNY affiliated nonprofit organization and foundation to provide ten percent of its prior year revenue to CUNY to fund tuition assistance initiatives.
- The state executive budget proposes to expand the oversight of the State Inspector General to include the nonprofit organizations and foundations affiliated with CUNY. The affiliates manage resources which are used on behalf of the University and therefore will be subject to review and required to adopt financial control policies.
- As a measure to control tuition costs, the executive budget bill would limit annual tuition and fee increases to either \$500 or the three-year average of the Higher Education Price Index (HEPI), whichever is greater. Starting in FY 2019, colleges and universities that exceed the tuition and fee increase threshold would disqualify newly enrolled students from receiving a Tuition Assistance Program (TAP) award.
- The executive budget states that if CUNY property is sold during FY2018, up to \$60 million of sales proceeds may be used to support senior college expenses already accrued or to accrue during the year. These sales proceeds will reduce the state's net operating expense liability.

## CAPITAL BUDGET

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The FY 2018 State Executive Budget recommends \$456.6 million in new funding. The budget re-appropriates \$2.4 billion for the senior and community colleges and \$210 million for CUNY 2020, for a total of \$3.1 billion available in appropriations for CUNY in FY 2017-18.

Details of the appropriations for CUNY include:

- \$284.2 million for critical maintenance at senior colleges;
- \$80.4 million for critical maintenance projects at the community colleges, to match funding received from the City;
- The fifth-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 appropriated 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;
- \$2.6 billion in re-appropriations consisting of :
  - \$2.1 billion re-appropriated for senior colleges;
  - \$310.0 million re-appropriated for community colleges and Medgar Evers College;
  - \$210.0 million re-appropriated for CUNY 2020 Challenge Grant Program.

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

- Senior college critical maintenance funding continues at \$284 million a year;
- Community college critical maintenance funding continues at \$10 million a year;
- Funding for CUNY 2020 Challenge Grant Program continues at \$55 million a year, extended for another 5 years;
- Recurring funding for operating expenses incurred by DASNY and CUCF for overseeing the design, construction, acquisition, reconstruction, rehabilitation and improvement of CUNY's facilities.
- Language allowing design-build procurement was added for the new critical maintenance funds appropriated for FY17-18.

## Tables and Figures

### University-wide Funding by Source (\$ millions)

	FY2017 Adopted	FY2018 State Executive	Change from base \$	Change from base %
<b>Senior Colleges</b>				
State Operating Support	\$1,238.5	\$1,268.3	\$29.8	2.4%
State Support for TAP	\$205.6	\$205.6	\$0.0	0.0%
<b>Total State Support</b>	<b>\$1,444.2</b>	<b>\$1,473.9</b>	<b>\$29.8</b>	<b>2.1%</b>
City Support	\$32.3	\$32.3	\$0.0	0.0%
Student Tuition	\$595.0	\$627.6	\$32.6	5.5%
Federal	\$145.1	\$145.1	\$0.0	0.0%
Scholarships/Waivers	\$140.7	\$150.9	\$10.2	7.2%
Not-For-Profit Organizations	\$0.0	\$35.0	\$35.0	
<b>Total Senior Colleges<sup>1</sup></b>	<b>\$2,357.2</b>	<b>\$2,464.8</b>	<b>\$107.6</b>	<b>4.6%</b>
<b>Community Colleges</b>				
State Operating Support	\$248.9	\$252.9	\$4.1	1.6%
State Support for TAP	\$115.5	\$115.5	\$0.0	0.0%
<b>Total State Support</b>	<b>\$364.4</b>	<b>\$368.4</b>	<b>\$4.1</b>	<b>1.1%</b>
City Support	\$324.9	\$348.3	\$23.4	7.2%
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Federal	\$116.1	\$116.1	\$0.0	0.0%
Scholarships/Waivers	\$33.6	\$33.6	\$0.0	0.0%
<b>Total Community Colleges</b>	<b>\$962.6</b>	<b>\$990.0</b>	<b>\$27.5</b>	<b>2.9%</b>
<b>University-wide</b>				
State Operating Support	\$1,487.4	\$1,521.3	\$33.9	2.3%
State Support for TAP	\$321.1	\$321.1	\$0.0	0.0%
<b>Total State Support</b>	<b>\$1,808.5</b>	<b>\$1,842.4</b>	<b>\$33.9</b>	<b>1.9%</b>
City Support	\$357.2	\$380.6	\$23.4	6.6%
Student Tuition	\$718.6	\$751.2	\$32.6	4.5%
Federal	\$261.2	\$261.2	\$0.0	0.0%
Scholarships/Waivers	\$174.3	\$184.5	\$10.2	5.9%
Not-For-Profit Organizations	\$0.0	\$35.0	\$35.0	
<b>Total University</b>	<b>\$3,319.7</b>	<b>\$3,454.8</b>	<b>\$135.1</b>	<b>4.1%</b>

<sup>1</sup> Excludes Income Fund Reimbursables

Note: TAP, Federal Funding, Scholarships/Waivers amounts are based on FY2016 actuals

**FY2018 State Executive Budget  
Senior Colleges and University-wide Programs (\$000)**

	FY2017 State Adopted Budget	FY2018 Executive Budget	Change (\$)
<b>Senior Colleges</b>	<b>1,436,357</b>	<b>1,477,657</b>	<b>41,300</b>
<b>Academic Excellence</b>	<b>3,070</b>	<b>3,070</b>	<b>-</b>
Language Immersion Programs	1,070	1,070	-
Nursing Programs	2,000	2,000	-
PSC Research Awards	3,309	3,309	-
<b>Student Services</b>	<b>44,461</b>	<b>74,531</b>	<b>30,070</b>
Child Care	1,430	1,430	-
City University Supplemental Tuition Assistance (CUSTA)	1,060	1,060	-
Graduate Pipeline Program	250	0	(250)
SEEK Program	28,077	23,397	(4,680)
CUNY LEADS	1,500	1,500	-
Financial Aid Matching Funds	1,444	1,444	-
Student Services	1,700	1,700	-
Tuition Reimbursement	9,000	9,000	-
Tuition Assistance Initiatives		35,000	35,000
<b>University Management/Infrastructure</b>	<b>869,993</b>	<b>906,193</b>	<b>36,200</b>
Building Rentals	52,842	52,842	-
Central Administration	36,300	36,300	-
Fringe Benefits	690,055	726,255	36,200
Information Management Systems	12,167	12,167	-
Utilities	78,628	78,628	-
<b>Total Programs</b>	<b>920,833</b>	<b>987,103</b>	<b>66,270</b>
<b>Total Operating Budget</b>	<b>2,357,190</b>	<b>2,464,760</b>	<b>107,570</b>

**FY2018 State Executive Budget  
Community College State Aid (\$ 000)**

	<b>2017 Adopted Budget</b>	<b>2018 Executive Budget</b>	<b>Change (\$)</b>
<b>Base Aid</b>	<b>226,963</b>	<b>234,676</b>	<b>7,713</b>
<b>Program and Initiatives</b>			
ASAP	2,500	-	(2,500)
Building Rentals	8,948	8,948	-
Child Care	1,715	813	(902)
College Discovery	1,349	1,124	(225)
Apprentice CUNY program	2,000	2,000	-
Community Schools Grants	1,500	1,500	-
Economic Development	1,880	1,880	-
Next Generation Job Linkage	2,000	2,000	-
<b>Total Programs and Initiatives</b>	<b>21,892</b>	<b>18,265</b>	<b>(3,627)</b>
<b>Total Community College State Aid</b>	<b>248,855</b>	<b>252,941</b>	<b>4,086</b>