The meeting was called to order by Committee Chair Barry F. Schwartz at 6:02 p.m.

The following people were present:

**Committee Members:**
- Hon. Barry F. Schwartz, Chair
- Hon. Fernando Ferrer, Vice Chair
- Hon. Lorraine A. Cortés-Vázquez (left @ 7:26 p.m.)
- Prof. Kay Conway, faculty member
- Ms. Cecilia Salvi, student member
- President Felix V. Matos Rodriguez, COP Liaison (left @ 8:01 p.m.)

**University Staff:**
- Senior Vice Chancellor and Chief Financial Officer Matthew Sapienza
- Senior Advisor to the Chancellor Marc V. Shaw (left @ 7:23 p.m.)
- Senior Associate General Counsel Marina Ho
- University Executive Budget Director Catherine Abata

**Trustee Staff:**
- Senior Advisor to the Chancellor and Secretary of the Board Gayle M. Horwitz
- Ms. Towanda Lewis
- Ms. Fenella Ramsami
- Mr. Anthony Vargas

The agenda items were considered and acted upon in the following order:

I. **ACTION ITEMS:**

   A. **APPROVAL OF THE MINUTES OF THE MEETING OF APRIL 3, 2017.** Moved by Committee Chair Schwartz and seconded by Committee Vice Chair Fernando Ferrer, the minutes were unanimously approved as submitted.

   B. **POLICY CALENDAR**

      1. **The City University of New York – Adoption of Fiscal Year 2017-18 Operating Budget.** Committee Chair Schwartz asked for the Committee’s approval to adopt the appropriated operating budget allocations by campus and program for the 2017-2018 University Fiscal Year beginning July 1, 2017. The total amount of next year's operating budget is $3.47 billion. The resolution also authorizes the Chancellor, or designee, to modify up to five percent of the allocations provided for, within the parameters of state and city budget legislation. Any modifications above five percent will require Board approval. The University will provide quarterly reports to the Board of Trustees' Committee on Fiscal Affairs as to all budget modifications. This quarterly report will also include expenditure and revenue actuals and projections.

      See attached presentation on the Fiscal Year 2018 Operating Budget by Senior Vice Chancellor and Chief Financial Officer (SVC&CFO) Matthew Sapienza.

      In response to a question from University Faculty Senate (UFS) Chair and Trustee Kay Conway on what funding source do scholarships/waivers represent:

      SVC&CFO Sapienza stated that the funding source is mostly waivers that the Office of Budget and Finance (OBF) does internally but there are also outside sources as well. It is
a combination of both. It is an expenditure fund, for instance, the Macaulay Honors Waivers or the City Council Merit Scholarships, so it could fund scholarships or waivers that are part of the overall budget. He added that OBF wants to break that out because those are not revenues that students are paying out of pocket; they are either being covered by a funding source or the University is covering it as part of its budget.

In response to a question from Trustee Lorraine A. Cortés-Vázquez on whether City support includes programs and the money that the city gives in terms of the Accelerated Study in Associate Programs (ASAP):

SVC&CFO Sapienza stated that City supports ASAP, CUNY Math Start, and remedial programs.

In response to a question from UFS Chair and Trustee Conway on why are the City Council Merit Scholarships part of City support rather than part of Scholarships/Waivers:

University Executive Budget Director Catherine Abata stated that merit scholarships go to not only community college students, but senior college students as well.

In response to a question from Trustee Cortés-Vázquez on whether the three percent increase that the senior colleges received from the FY2018 State Budget already includes the one percent budget reduction required from all senior colleges:

SVC&CFO Sapienza stated that the three percent increase in state funding for the senior colleges was not sufficient to cover the cost of the recent collectively-bargained labor agreements, so the base budgets have to be reduced.

In response to a question from UFS Chair and Trustee Conway on whether the Excelsior Scholarship will cover full tuition:

SVC&CFO Sapienza stated that the Higher Education Services Corporation (HESC) has a budget of $87 million in new funding that was added for all of the Excelsior Scholarships, for both CUNY and SUNY. In that budget language it states that a portion of the funds will be used for City University of New York tuition credits. Also, a portion of the $87 million will be used to cover the difference, so there will not be a new Excelsior gap that will be created by Excelsior, similar to the TAP gap.

In response to another question from UFS Chair and Trustee Conway on whether there are any expectations of there being a shortfall of funds:

SVC&CFO Sapienza stated that OBF is not expecting any shortfalls in year one. He added that if there is a shortfall, OBF has full expectations to be able to work with the State to make sure that it is covered.

In response to questions from Committee Chair Schwartz on a) whether Excelsior will be live for the fall semester, and b) when will OBF provide this Committee with data about how Excelsior is working within CUNY:

SVC&CFO Sapienza stated that perhaps in August 2017, OBF will have better data about how many students at CUNY are eligible in the fall semester for Excelsior. HESC recently promulgated the regulations for Excelsior, and now the application period will open for CUNY students to apply. It is expected that the application period will end
sometime in July. At that point, the University will know the universe of how many students could be eligible for Excelsior by going through the eligibility criteria to see of those students that applied who are eligible. Students will have to apply for the Free Application for Federal Student Aid (FAFSA), Tuition Assistance Program (TAP), and Excelsior.

In response to a question from UFS Chair and Trustee Conway on whether there were any assumptions about whether the original 4,100 estimate of students who would have been eligible for Excelsior, enrolled for remedial or development credits:

SVC&CFO Sapienza stated that it was assumed that the remedial credits would be counted so the number would come down a little bit. He added that he wanted to point out one thing about Excelsior; it is anticipated that the enrollment is going to be higher in the fall. The applications are up significantly for new freshmen, and OBF is hoping that from the new freshmen applications, 6,000 students will be eligible for Excelsior. Again, it is all based on the students’ income levels but OBF is hopeful that there will be a significant number of new freshmen eligible for Excelsior.

UFS Chair and Trustee Conway stated that online education should be reflected in the FY2018 Operating Budget or some understanding of where the University will pick up those additional funds to cover the cost.

SVC&CFO Sapienza stated that online education is certainly a top priority in the strategic framework so it should be referenced. Besides part of the open education resources could help CUNY in terms of developing the online materials.

In response to a question from UFS Chair and Trustee Conway on whether anything has occurred since the discussion about there being a part-time scholarship initiative, as part-time students will not qualify for Excelsior:

SVC&CFO Sapienza stated that the State did include funding in its State Enacted Budget for a part-time scholarship program at the community colleges. Students who attend a community college and take between 6-12 credits would be eligible for that part-time scholarship program.

In response to another question from UFS Chair and Trustee Conway on whether the information provided on senior college tuition comparison, was obtained through the National Association of College and University Business Officers (NACUBO):

SVC&CFO Sapienza stated that there are tuition discount studies but he is not sure if NACUBO conducted one.

Trustee Cortés-Vázquez stated that another way to justify why tuition rates should not be changed at the community colleges for next year because Excelsior may not cover some of these students who are part-time.

In response to a question from Ms. Cecilia Salvi on how many senior college students come from households that earn less than $20,000:

SVC&CFO Sapienza stated that he will provide Ms. Salvi with the exact number.
In response to a question from Trustee Cortés-Vázquez on whether CUNY-TV falls under the category of centrally managed programs:

SVC&CFO Sapienza stated that CUNY-TV, media relations, and advertising, fall under the category of either Central Administration or Shared Services.

In response to a question from Trustee Cortés-Vázquez on what is the rationale as to why The Graduate Center has adjustments far in excess of the other listed colleges:

SVC&CFO Sapienza stated that the increase represents the Advanced Science Research Center (ASRC) moving to The Graduate Center. He added that the ASRC had always been managed through the Central Administration, and the decision was made that the Center should be funded at The Graduate Center—for about $9.8 million. The ASRC is located on the campus of City College.

In response to a question from UFS Chair and Trustee Conway on what is the justification for the additional resources for collective bargaining as it is off by $10-$12 million:

SVC&CFO Sapienza stated that some of the administrative efficiencies have not been allocated to the colleges yet. Determinations will be made as to where those efficiencies will come from. That is the reason for the difference.

In response to a question from Trustee Cortés-Vázquez on whether having tuition planned out for the next 3-4 years will mitigate the six percent reallocations the colleges endured over the last three years:

SVC&CFO Sapienza stated that the Central Administration is hopeful that with four years of predictable revenue coming in, the colleges will be able to offset those reductions but also make some additional investments.

In response to questions from UFS Chair and Trustee Conway on a) how much of the revenue targets are attributable to an increase on the existing enrollment numbers, and b) how much is an expectation for higher enrollment:

SVC&CFO Sapienza stated that it is all due to the tuition increase. For example, if colleges do have enrollment increases which the University is expecting several senior colleges to have next year, that is additional money on top of the $31 million that the colleges all keep.

In response to a question from Committee Vice Chair Ferrer on whether the University has a concept of what are the formulae to predictable revenue:

SVC&CFO Sapienza stated that OBF will share that data with the Committee and added that different sources of revenue come from data collection rates, since they are different amongst all of the colleges.

UFS Chair and Trustee Conway stated that the Operating Budget would be a better tool if the Committee had some ratio analysis for comparison.

SVC&CFO Sapienza stated that OBF creates an expenditure report once CUNY’s fiscal year closes that has dozens of FTE analyses. He pointed out that this is the first year that
an analysis comparison has been done. OBF is open to any suggestions or recommendations as to how to make it better.

In response to a question from Committee Chair Schwartz on how did OBF determine the efficiency reduction for each of the particular community colleges:

SVC&CFO Sapienza stated that it is prorated by the base budgets for expenditures of each college; not the student count.

UFS Chair and Trustee Conway noted that the efficiency reduction does not take into account huge differences in facilities.

In response to a question from UFS Chair and Trustee Conway on why does Facilities Planning and Construction have zeros across the board as per the FY2018 Operating Budget:

SVC&CFO Sapienza stated that the administrative costs for capital planning and construction on the state side are covered through an allocation from the Dormitory Authority of the State of New York (DASNY). It is just a technical adjustment on how the Central Office is offsetting the costs next year. Rather than sending them to the city, the University is sending them to the state to offset the expenses. The office is not being eliminated.

In response to a question from UFS Chair and Trustee Conway on how are the Central Office total base budget adjustments impacted by the ASRC:

University Executive Budget Director Catherine Abata stated that it includes other purchases that are made on behalf of the colleges, for example IT initiatives, rather than taking money from the colleges and spending it centrally, the system allows the Central Office this year to spend the money and have the expenses directly hit college budgets as part of the efficiency initiatives. That is a more appropriate way to account for the expense rather than accounting for it in Central Office. This is an advantage because then all of the data is in the system, colleges can drill down, they can see what they are paying by vendor, by initiative, and have that information available to them readily.

In response to a question from Committee Chair Schwartz on what is the total projected tax levy operating budget for IT compared to last year:

SVC&CFO Sapienza stated that the FY2017 base budget is $33 million, the FY2018 initial tax-levy allocation is $38 million, and $28 million is the projected allocation outside of the operating budget. The increase in IT this year is mostly due to investments that the University is making through hosting services that was brought to the full Board at its last meeting. The Central Office is also setting aside about $3.5 million in investments for administrative excellence initiatives, but hosting services is a priority.

Committee Chair Schwartz stated that providing the Committee with an overview of Central Administration and Shared Services is not necessary for a vote on this resolution; however, it might be helpful to supply the standalone analysis of ASRC and compare it next year with last.

In response to a question from Committee Chair Schwartz on whether there will be any additional staffing reductions in FY2018:
SVC&CFO Sapienza stated that the University has already mandated a two percent reduction across the board and will continue with the modified freeze, and look for ways to restructure the Central Office so key investments will still be made but overall staffing will continue to come down.

In response to a follow-up question from Ms. Salvi on whether this process is a result of the consulting firm recommendations the Committee voted in favor of:

SVC&CFO Sapienza stated that in July 2015, Chancellor Milliken announced that reductions would be done at the Central Office. The consultant, McKinsey, was brought in last fall to help with the Administrative Excellence Initiative, restructuring administrative functions throughout the University.

In response to another question from Ms. Salvi on whether there have been reductions in essential services:

SVC&CFO Sapienza stated that none of these reductions have resulted in reduced services to students; it is all reductions in the Central Office and Shared Service Centers. The Central administration tried to mitigate any negative impact on the campuses.

In response to a question from UFS Chair and Trustee Conway on whether the University should be staffing up as opposed to cutting back in regards to the anticipated 6,000 new enrollments:

SVC&CFO Sapienza stated that he would like to recognize the great leadership that Director of Recruitment Clare Norton and her team put forth over the last couple of months. They put in tremendous effort and he is happy to announce that every single student who applied to the University will get a response about fall 2017 admission which was not the case last year.

In response to another question from UFS Chair and Trustee Conway on how many of the holders of 123 positions reduced in Central Office over the last two years have received jobs elsewhere at CUNY campuses:

SVC&CFO Sapienza stated that he does not have the information but OBF will work with Central Office Human Resources and Central Office Payroll to determine those numbers.

In response to a third question from UFS Chair and Trustee Conway on whether the Administrative Excellence Transformation Initiative savings target for the Research Foundation is the result of shifting money around, or is it new money:

SVC&CFO Sapienza stated that the money is generated from grants that have not been maximized in terms to offset administrative overhead costs or fringe benefit costs.

In response to a question from President Felix Matos Rodriguez on whether the college collection rates will be increased to 0.5 percent:

SVC&CFO Sapienza stated that it all depends on what their collection rates historically have been. Furthermore, it will be done college by college, and some colleges whose rates are lower may get a higher target and some of the ones that do a lot might get a lower target.
Committee Chair Schwartz urged OBF to give the Committee quarterly expenditure reports, particularly to track the $14 million for the Administrative Excellence Transformation Initiative.

In response to a question from Committee Chair Schwartz on what strategic thinking has been given to how the University will deal with any risks or uncertainties should they occur:

SVC&CFO Sapienza stated that the University has to continue to be very flexible, and continue to monitor and be fiscally prudent. A lot will depend on the federal budget because once it is done whatever effect it has on the state and city could have a ripple effect on the agencies within the state and city government.

Ms. Salvi stated that she would like to thank SVC&CFO Sapienza and his team for presenting the FY2018 Operating Budget in a very fair fashion as it shows transparency and accountability in financial matters.

In response to questions from Ms. Salvi on a) whether the FY2018 Operating Budget has been added to the CUNY website, and b) whether it has been shared with college presidents/senior administrators:

SVC&CFO Sapienza stated that the FY2018 Operating Budget has not been added to the website or shared yet with the presidents. The plan is that if the resolution is passed tonight preliminary allocations will be issued to the colleges so they can begin planning for next fiscal year with the caveat that it still needs to be approved by the full Board.

In response to a follow-up question from Ms. Salvi on whether there was a proposal earlier in the year to increase tuition by $100:

SVC&CFO Sapienza stated that CUNY’s Budget Request proposed $250 at the senior colleges and $100 at the community colleges but it was stated that if all the funding requests were received from the community colleges CUNY would freeze tuition. So for the $250 at the senior colleges, the State Enacted Budget authorized $200, and at the community colleges even though all the funding requests were not received, the Central Administration still feels confident that the community colleges are in a stable position so the University is comfortable going forward with the freeze after consultation with the presidents.

In response to another question from Ms. Salvi on whether alternatives were considered before going to the tuition increase:

SVC&CFO Sapienza stated that tuition increase is taken very seriously as it has an impact on forty percent of the senior college students; sixty percent go for free. Furthermore, Chancellor Milliken and he were very open for the last couple of years that tuition increases were going to be needed in order to pay for the labor contracts. The fact that the senior colleges announced the one percent reduction and taking a six percent cut over three years, the Central Administration could have tried to find other efficiencies but essentially that $31 million would have come out of the senior college budgets. He added that one of the best uses of student funds and tuition revenue is the recruitment and retention of talented faculty, and having a labor agreement with the faculty which gave them a 10.41 percent increase.
Committee Vice Chair Ferrer acknowledged and thanked Committee Chair Schwartz and SVC&CFO Sapienza for moving the FY2018 Operating Budget process into a far better direction.

Committee Vice Chair Ferrer stated that he is mystified that in the context of a budget, the Capital Budget is not being considered as well in this Committee. The Capital Budget does have operating budget implications and is part of the same fiscal document of an institution, so it should come from the same source. He added that nonetheless, he expects that by the next fiscal year, the University will have a unified budget.

SVC&CFO Sapienza noted that Vice Chancellor Judy Bergtraum is presenting the Capital Budget for next year to the Board’s Committee on Facilities Planning and Management, and stated that to Committee Vice Chair Ferrer’s very good point, Vice Chancellor Bergtraum and he have spoken in consultation with Senior Advisor to the Chancellor Marc Shaw and the plan for the full Board meeting on June 26th is to do a combined presentation and present one comprehensive operating capital budget.

Committee Chair Schwartz suggested that next year both the Committee on Fiscal Affairs and the Committee on Facilities Planning and Management combine the operating and capital budgets to have one presentation.

Moved by Committee Chair Schwartz and seconded by Committee Vice Chair Ferrer, and following discussion, this item was approved for submission to the Board—Ms. Salvi abstained—as amended as follows:

In the RESOLVED section of the resolution, the second paragraph to read as follows: “Appropriation levels included herein for the senior colleges and for the community colleges and allocation to the various units of the university thereof reflect the priorities of the University, and per the authority vested in the Chancellery by the Board of Trustees, all budget adjustments reflected in the FY2017-2018 state enacted and city proposed appropriations for the university.”


Committee Chair Schwartz asked for the Committee’s approval to adopt a revised schedule of student tuition, effective for the Fall 2017 semester, that includes a $200 annual increase over current rates. All community college rates will be maintained at current levels.

Ms. Salvi noted that she is against tuition increases and stated that many of the students have already registered for classes so they might be hit with a bill that says they owe a balance. She added that she is afraid that students are going to be dropped, or not allowed to continue with their classes.

In response to a question from Ms. Salvi on whether there is a plan to mitigate the effect of the revised tuition schedule:

SVC&CFO Sapienza stated that if this proposal is approved by the full Board, OBF will work out a plan with the colleges to modify the dates going forward since there will be a change in the tuition rates. He noted that all student bills say subject to approval by the Board of Trustees so there is that caveat.
In response to another question from Ms. Salvi on what will be the absolute latest date, working on the premise that this resolution would be approved, students would have to pay:

SVC&CFO Sapienza stated that at this point he does not know the dates but he will bring a proposal to the Committee as well as work with the University Student Senate to make sure the students are aware.

Moved by Committee Chair Schwartz and seconded by Committee Vice Chair Ferrer, and following discussion, this item was approved for submission to the Board. Ms. Salvi voted no.

3. The City College of New York - Grove School of Engineering and CUNY School of Medicine – Academic Excellence Fee for the Masters of Science in Translational Medicine. Committee Chair Schwartz asked for the Committee’s approval to adopt an academic excellence fee of $3,000 for both the fall and the spring semesters, and $1,000 for the summer semester for graduate students in the Master of Science program in Translational Medicine (MTM) that is jointly run by City College's Grove School of Engineering and the CUNY School of Medicine, effective with the Fall 2017 semester. The MTM is the only translational medicine program in the greater New York City area at this time. This will help lead the way in providing graduates with the skills to capitalize on fundamental research and translate the research into meaningful and timely advances for patients, and City College is making translational medicine a priority for the engineering, science, and biomedical disciplines. The addition of the proposed Academic Excellence Fee would bring the total resident cost (tuition and fees) of the MTM program to approximately $19,000. This total is considerably less than that charged by institutions in other areas of the United States that offer similar programs. The Academic Excellence Fee will be used to continue to develop quality program content, support a cohort of specialized external faculty to complement the full-time faculty who provide the core teaching for this program, support the basic operating cost of the training facilities, and create networking and job placement opportunities for the students.

CUNY Distinguished Professor Mitchell Schaffler gave a brief overview of the MTM program.

In response to questions from Committee Chair Schwartz on a) what are the commercialization opportunities, b) who is the beneficiary of any commercialization that is successful, and c) who owns the IP that might get created:

Dr. Mitchell Schaffler stated that the thinking about the commercialization opportunity is that the College would like it to happen, and many years ago, at the undergraduate level, City College developed a partnership IP arrangement. In the past, the College had students as well as the advising faculty involved in the IP. MTM Director Jeffrey Garanich actually worked with the undergraduate senior design so he has a deep base in understanding these issues. So City College has a model that has been going in the department for authenticity since its inception as an undergraduate program in 2002 for sharing IP with hospital partners. Like every other medical center, except for maybe Harvard University and Stanford University, City College has not translated that IP into the commercial sector, so that is something the College is hoping Dr. Garanich can work on because he has the experience, and City College already has a ton of IPs from the undergraduate exercises in place. The program was started last year with a soft launch that the Trustees approved in December 2015 for the program academically. Then it went through the New York State Department of Education in record time, getting approval to
bring in a class for Fall 2016. He added that he hopes the IP commercializes but he views the primary product the College produces in this program as a highly educated competitive student.

Committee Chair Schwartz stated that he would like to urge that there be some discussion, and also urge Chancellor Milliken and the Office of Legal Affairs to continue the discussion because there ought to be an understanding as to who owns the IP and who benefits from any commercialization, which will include the students perhaps, City College and CUNY, as well as the hospital.

Dr. Schaffler noted that City College already has that in place.

In response to a question from Ms. Salvi on whether this is City College's first cohort:

Dr. Schaffler stated that the College is presently on its second cohort.

In response to other questions from Ms. Salvi on a) how were the cohorts consulted, and b) was the Student Government Association at City College consulted as well:

Dr. Schaffler stated that the excellence fee for this program was in City College’s original business development model and was in the proposal that was reviewed and approved in the general principles presented to the CUNY Board of Trustees in Fall 2015, and the request was put through for implementation, but there was some administrative breakdown in the process so City College would like to revisit it now. He added that there was no consultation at the outset because there is a real cost to doing this. The advantage of this was that the College was able to consult with the students in the first year cohort last year—saying, would you have paid more for this, and the answer was yes—by means of an exit interview. When it was realized this year that due process had not been followed and the students were charged the excellence fee, and that the approvals of the Board were not there, City College refunded the money which allowed the College to have a very specific discussion with everybody in the second year cohort. It was not an exit interview; it was a real-time process for the four students in the program this year who unanimously agreed that the model as it is configured for this excellence fee to provide all this business expertise and acumen coming into the program has high value.

In response to a question from Committee Chair Schwartz on whether the Committee on Fiscal Affairs has already reviewed this proposal:

Dr. Schaffler stated that this proposal has not been reviewed previously as it never made it to the agenda of the Committee. He added that Dr. Garanich is currently in the process of recruiting next year's class online, to bring in between 10 to 12 students, doubling the size of the program. Each student has been interviewed, either in person or by Skype, to discuss the fact that there will likely be an excellence fee, which is not currently listed on City College’s website, in order to offset the cost of bringing in the external consultants.

In response to a question from Committee Chair Schwartz on whether the first cohort has been charged this fee:

Dr. Schaffler stated that the first cohort has not been charged this fee and there will be no retroactive charge. He added that going forward, starting in the fall, anybody who is coming in has been informed that there could be supplemental fees to pay for the additional unique content of this proposal, and to be clear, City College has not consulted
with any overall student body because this is a very narrowly focused professional degree and does not fit the model; but based on the College’s experience with interviewing 12 to 15 students, and having brought now eight student through the program, City College has not received any negative feedback with regard to potential cost versus benefit. Dr. Schaffler stated that the College recognizes that there is a high cost. Dr. Garanich has been working with the City College Fund and the alumni, in a very short time, have raised between $150,000 and $200,000 to use as scholarships for students who can demonstrate need to offset the costs of the excellence fee. The need to raise this was actually in City College’s original strategic plan for this program, which was presented two years ago.

In response to a question from UFS Chair and Trustee Conway about anticipated student earnings:

Dr. Schaffler stated that the first student that was placed out of this program was offered $95,000. It is a very quick payback. The experience—two years or one cohort and one cohort most of the way through—looks very much like the University of California, Berkeley (UCBerkeley), and the University of California, San Francisco (UCSF), where about half the students go into technology spin-offs companies in the biomedical field that are technology-based. Also, about half of them pursue further education in the medical field. In fact, Mount Sinai has approached City College as they have a number of masters programs that they have offered over the years, and they want to list the MTM program as a fifth year option for their medical students, and the timing fits right in the gap between the third and fourth year of medical school.

Ms. Salvi stated that she would like to encourage the College to always consult with the student government association because they are the elected representatives at the campus, even if this is a small and unique program. She added that if the students are saying they have no problem spending $1,000 a semester more on this Academic Excellence Fee because it benefits them, she would like to hear that from the students.

Moved by Committee Chair Schwartz and seconded by Committee Vice Chair Ferrer, and following discussion, this item was approved for submission to the Board. Ms. Salvi abstained.

4. The City University of New York – Service Student Loan Programs. Committee Chair Schwartz asked for the Committee’s approval to authorize a contract with Heartland ECSI, on behalf of OBF, to service student loan programs and provide a support system for the Federal Perkins Loan Program and any similar future programs.

SVC&CFO Sapienza added that Heartland ECSI is the vendor that has been providing these services for mostly Federal Perkins loans but also for some other federal financial aid programs. OBF did do an RFP. Heartland was the only vendor that replied to the RFP, so there was no need for an evaluation committee. The total cost is about $255,000 going forward and this year OBF paid a shade under $250,000.

University Controller Thomas Zhou stated that the Federal Perkins Program, which has been a great program for CUNY students, has decided they are phasing out the program. Even though they are phasing out the program, CUNY still has a lot of students who were grandfathered in, so existing students that had Perkins loans are still eligible and students who already graduated have many years of repayment, so the University still has to have a mechanism and a vendor to help CUNY service the loans that are outstanding.
In response to a question from UFS Chair and Trustee Conway on why there were no other bids from vendors:

SVC&CFO Sapienza stated that as University Controller Zhou mentioned, it could be that the Federal Perkins Loan is being phased out and no one else is getting into this business.

Moved by Committee Chair Schwartz and seconded by Ms. Salvi, and following discussion, this item was unanimously approved for submission to the Board.

5. College of Staten Island – Bus Transportation Services. Committee Chair Schwartz asked for the Committee's approval to authorize a contract on behalf of the College of Staten Island (CSI) to purchase bus services to transport students, staff and faculty between the ferry terminal and the campus, along the 2.5-mile loop road on campus and to and from sporting events.

President William Fritz gave a brief overview to provide additional background on CSI's bus transportation services.

In response to a question from Committee Chair Schwartz on what impact will ridership have on the amount of this contract if the ridership goes down over the course of the 5-year term:

CSI Vice President for Finance and Administration Ira Persky stated that the terms of the contract are such that there is flexibility with what the hours are or the service that is provided.

In response to a follow-up question from Committee Chair Schwartz on whether this is a fixed cost contract:

CSI Chief Financial Officer Carlos Serrano stated that the contract was structured to currently ask for bid pricing based on the current service loads that CSI provides, but also built flexibility into it, so CSI can adjust accordingly, based on ridership numbers.

In response to a third question from Committee Chair Schwartz on how are adjustments done, if ridership in the next year goes down:

CSI Chief Financial Officer Serrano stated that CSI can adjust the schedules. Currently, the College provides one service Monday to Friday, having a particular schedule that runs from 7 a.m. to 11 p.m., but CSI would have to look at what its ridership numbers are daily—the College has that granularity—and how CSI tracks the numbers, during what periods of time, and basically scale back the service with the vendor.

CSI Vice President Persky noted that CSI students offset the cost of this contract with a $40 per semester fee, which is charged to all students and $10 fee per summer session that was approved at the June 2015 Board meeting. Furthermore, the faculty and staff that use it pay as well.

President Fritz stated that student support is a key factor because a year or so ago when CSI was looking at budget reductions, the College felt that it could not maintain offsetting the full cost and the students really rallied behind this and voted the transportation fee rather than to see reductions or elimination of part of that service, and as CSI Vice
President Persky said, that was done under the condition that faculty and staff who ride the bus pay the same amount that the students are paying.

In response to a follow-up question from UFS Chair and Trustee Conway on what do the contributions amount to:

CSI Vice President Persky stated that on an annual basis, it works out to just over a million dollars.

In response to another question from UFS Chair and Trustee Conway on whether there has been any thought on negotiating with another company that could provide this service across multiple campuses for better rates:

SVC&CFO Sapienza stated that there have not been any negotiations but it is a good point, and maybe it is something CUNY could look at, although bus service tends to be local in nature.

President Fritz noted that CSI has been in discussions with the Metropolitan Transportation Authority (MTA), and stated that if CUNY could get some of the other buses to potentially come onto campus, that could be something that would reduce this need. This is something to evaluate on an annual basis, to make sure that CSI is providing the most efficient service.

Committee Chair Schwartz noted that according to the bus schedule that was sent out prior to the meeting, ridership for Fiscal Year 2015 was 360,000 and the estimated ridership for Fiscal Year 2017 is 283,000.

In response to questions from Committee Chair Schwartz on a) how does ridership translate into a reduction in the cost of total contract, and b) how does it relate in the reduction of charges to the students and faculty:

CSI Vice President Persky stated that the students were charged regardless of enrollment, and they pay the same amount, so CSI did have a reduction in enrollment in Fiscal Years 2016 and 2017. The things that impacted ridership in Fiscal Years 2015 and 2016 was a change in the schedule for the MTA S93 bus. When they initially started that bus route in 2001, it had very restrictive hours of operation. Ultimately, it was increased in 2013 and, in January 2014, MTA expanded it again and brought it onto the campus, impacting ridership in Brooklyn.

In response to more questions from Committee Vice Chair Schwartz on a) whether the fee is based on student population, and b) whether the contract provides for reduction and loss based upon utility of the service:

CSI Vice President Persky responded in the affirmative.

Ms. Salvi noted that for the record the contract has a five-year term that can be terminated at any time without cause.

Moved by Committee Chair Schwartz and seconded by Committee Vice Chair Ferrer, and following discussion, this item was approved for submission to the Board.
6. Graduate School and University Center – Janitorial, Building Operating, Engineering and Maintenance Services. This item was withdrawn.

7. Macaulay Honors College – International Program Affiliation Agreement. Committee Chair Schwartz asked for the Committee’s approval to authorize the Dean of Macaulay Honors College to execute an International Program Affiliation Agreement for study abroad on behalf of Macaulay Honors College with Tel Aviv University (TAU), located in Tel Aviv, Israel.

Dean Mary Pearl added that the charge of the program is $3,860 per participating student but Macaulay Honors College only pays that if the student signs up, and only with privately raised money. The origins of this program stem from the Strategic Investment Initiative that Chancellor Milliken inaugurated, and unfortunately it was just a one-year program, but in that one year, the School successfully proposed to create a series of international opportunities for the students to study environmental science, making links with seven international universities, and the first trip was with the faculty at the University of Havana to study Cuban Biodiversity. Macaulay Honors College has one coming up with the Agricultural University of Indonesia. The trip to Brazil was cancelled because of insufficient student interest, but overall the School has provided opportunities for students to study around the world. The students did go on a trip with funding from the Strategic Investment Initiative to the Porter School of the Environment, which is one of the best environmental schools in the world—so Macaulay Honors College decided that it would make sense to have a predictable amount of money per student negotiated. This will help the School raise money. There are many opportunities for Macaulay Honors College to get funding in the context of having a Memorandum of Understanding (MOU) governing the partnership.

In response to a question from UFS Chair and Trustee Conway on whether this is a major for students who participate in the study abroad program or is it an elective:

Dean Pearl stated that any student can apply to this study abroad program. Initially, these programs were set up for Macaulay Honor College students but other honor students are also allowed to apply. Other students, by permission of the professor, who have a real competence in this area but may not be in an honors program may also apply, even though Macaulay Honors College students have preference to apply, followed by honor students, then by other students.

In response to a question from Committee Chair Schwartz on whether Brooklyn College has a similar agreement with TAU:

Dean Pearl stated that there are a number of relationships between the different colleges and different schools, for example, Macaulay Honors College is organizing a trip for the students to the National Agricultural University of Indonesia and it turns out that John Jay College has a class in Bali right now. She added that this is important because, as Chancellor Milliken has created International CUNY as a priority, it is really important for the students to have the opportunity to study abroad. That is why the initial project was funded, and why she is committed to seeing it through, even though that program is not continued. Dean Pearl stated that she wants to create MOUs with the best partnerships so that money can be raised to sustain them.

Moved by Committee Chair Schwartz and seconded by Committee Vice Chair Ferrer, and following discussion, this item was approved for submission to the Board. Ms. Salvi abstained.
8. The City University of New York – Outsourced Chief Investment Officer. Committee Chair Schwartz asked for the Committee’s approval to authorize a five-year contract to provide, through an Outsourced Chief Investment Officer (OCIO), investment management services for the University’s Long-Term Investment Pool. The contract is being awarded on the basis of best value to a responsible and responsive offeror after public advertisement and timely submission of sealed proposals pursuant to law and University policy. The annual fees payable to the OCIO shall be based on a percentage of the value of the University's assets under management. The cost for these services will be chargeable to the University's Long-Term Investment Pool. The OCIO will advise the University on investment policy, asset allocation strategy, manager selection with discretion from an open architecture, monitor the performance of the managers, prepare regular reports on the performance of the portfolio, and perform other ad hoc services. Responses to the RFP were reviewed and scored by an evaluation committee comprised of Central Office and college personnel. The firms that were recommended as finalists by the evaluation committee provided oral presentations to the Board of Trustees’ Subcommittee on Investment at its meeting on May 16, 2017.

Committee Chair Schwartz moved to go into Executive Session at 8:07 p.m. This motion was seconded by Committee Vice Chair Ferrer.

CONVENING OF EXECUTIVE SESSION:

Committee Chair Schwartz called for an Executive Session pursuant to Section 105, Article 7, of the Public Officers Law, to discuss information regarding matters related to a potential appointment of a corporation. The Committee met in Executive Session from 8:09 p.m. to 8:16 p.m.

B. POLICY CALENDAR, continued

8. The City University of New York – Outsourced Chief Investment Officer. Committee Chair Schwartz asked for the Committee’s approval to accept the recommendation of the Subcommittee on Investment to engage with the successful proposer responding to the RFP. It is anticipated that the contract negotiations will be concluded by the June 2017 Board meeting.

Moved by Committee Chair Schwartz and seconded by Trustee Kay Conway, and following discussion in Executive Session, this item was approved for submission to the Board.

Committee Chair Schwartz moved to adjourn the meeting. The motion was seconded by Trustee Conway and the meeting was adjourned at 8:17 p.m.