
II. Executive Summary

CUNY's status as the third largest university system in the country, its mix of institutional types in one system, and the close geographic proximity of its campuses provides a blend of structural, managerial, and resource challenges. Recognition of this unique blend is a critical first step for examining CUNY's uses and sources of funding.

CUNY comprises 20 colleges serving different constituencies and delivering different levels of instruction.

- The three graduate and seven baccalaureate institutions comprise 45% of CUNY's operating revenues and approximately 46% of CUNY's full-time equivalent (FTE) students. The senior colleges include the university's flagship schools, including most of the older, more established institutions such as City College and Hunter College (see Figure 1).
- The hybrid colleges (16% of revenues, 20% of FTE enrollment) are administratively clustered with the senior colleges because they award baccalaureate degrees and receive state funding in the same manner as the senior colleges. (see Figure 1) However, because 74% of their instruction is concentrated at the lower level*, the population served and level of instruction are more similar to that of the community colleges (see Figure 2). The hybrid colleges include campuses such as John Jay Criminal College and New York City Technical College with strong mission differentiation and a vocational focus.
- The six community colleges (25% of revenues, 34% of FTE enrollment) award the associate degree, but also serve large numbers of non-matriculated students through non-degree and adult and continuing education programs (see Figure 1). For example, at LaGuardia Community College adult and continuing education comprises 3,370 FTEs in addition to 9,548 matriculated FTEs (see Appendix B). Community colleges serve a much higher proportion of part-time students and students who are adults over age 25. Consistent with their designation, they are extremely community focused.

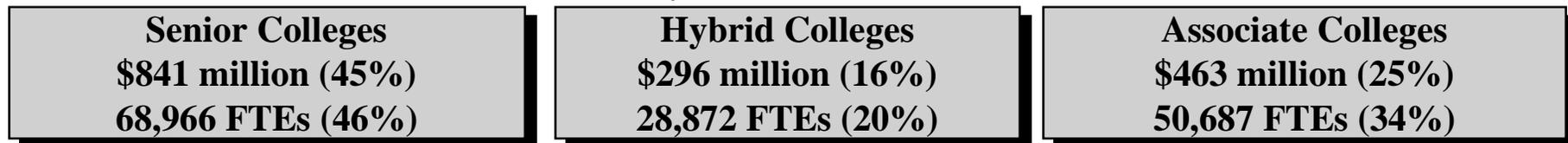
CUNY's mission and funding strategies must accommodate and support this unique mix of colleges, programs, and student characteristics.

* Lower level instruction includes the first two years of baccalaureate study, as well as associate, certificate, non-degree, and remedial programs.

Figure 1

1997 Revenues and FTE Enrollment

\$1.9 billion



Graduate

- CUNY Law School*
- CUNY Medical Center*
- Graduate School*

Baccalaureate

- Baruch College*
- Brooklyn College*
- City College*
- Hunter College*
- Lehman College*
- Queens College*
- York College*

Baccalaureate/Associate

- College of Staten Island*
- John Jay College*
- Medgar Evers College*
- NYC Technical College*

Associate

- Borough Manhattan Community College*
- Bronx Community College*
- Hostos Community College*
- Kingsborough Community College*
- LaGuardia Community College*
- Queensborough Community College*

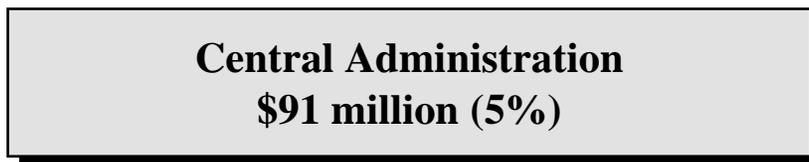
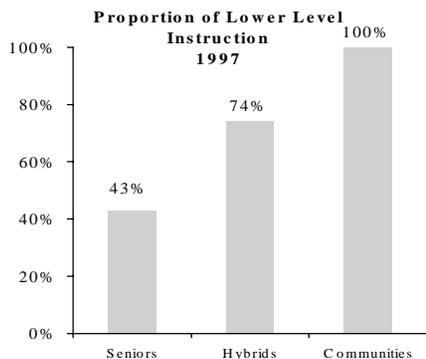


Figure 2



Changes in enrollment patterns among the senior, hybrid, and community colleges raise important strategic resource issues for CUNY.

The CUNY student population has been shifting from the senior colleges to the community colleges.

- Senior college FTE enrollment has decreased 6% since 1980, while hybrid and community colleges have grown at 20% and 32% respectively (see Figure 3).
- In 1980, the senior colleges enrolled 54% of all CUNY students; that level has now decreased to 46%, as the community college enrollment proportion has grown from 27% to 35%. Hybrids enrolled 19% of all CUNY students both in 1980 and in 1997 (see Figure 4).
- As a result of declining enrollments at the senior colleges, upper division and graduate enrollments comprise only 32% of CUNY's instructional activity in 1997 (see Figure 5).
- This change in enrollment has had a significant impact on changes in revenue at the three types of colleges, with 1980 to 1997 revenue increases of 19%, 88% and 118% for the seniors, hybrids and community colleges respectively (see Figure 6).

These shifting enrollment demographics have a number of significant implications for the university:

- Rethinking the strategic purpose and direction of the system and each campus, consonant with campus strengths and student demand.
- Establishing effective enrollment strategies for each campus type and each campus.
- Understanding more deliberately the cost structures of programs at each level.
- Developing funding strategies commensurate with program mix, costs, and enrollments.

A fundamental struggle for CUNY has been to provide enough resources to maintain the quality of its flagship senior colleges, while still being responsive to the needs of the rapidly growing community colleges.

Figure 3
Percentage Change in Enrollment
(1980–1997)

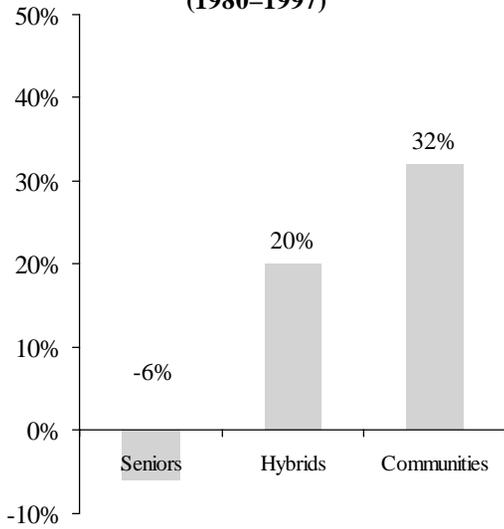


Figure 4
Enrollment Proportions
(1980–1997)

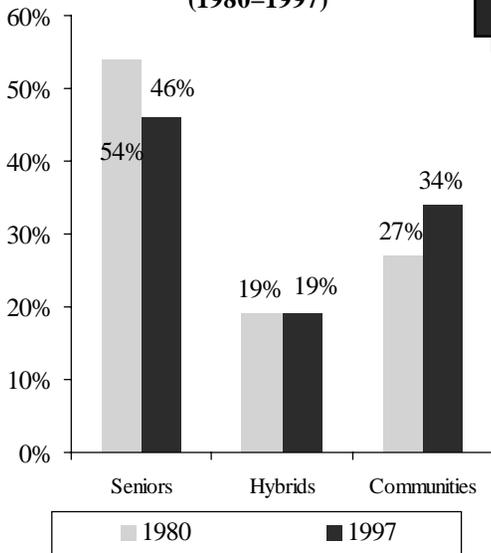


Figure 5
Proportion of FTEs at Upper and
Lower Instructional Levels
1997

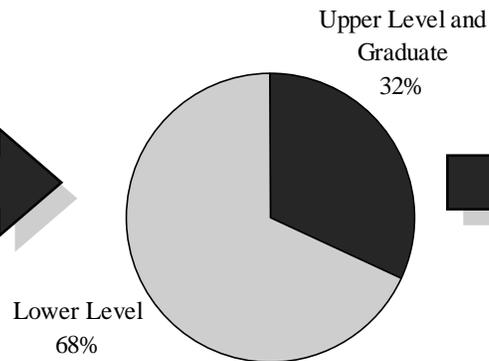
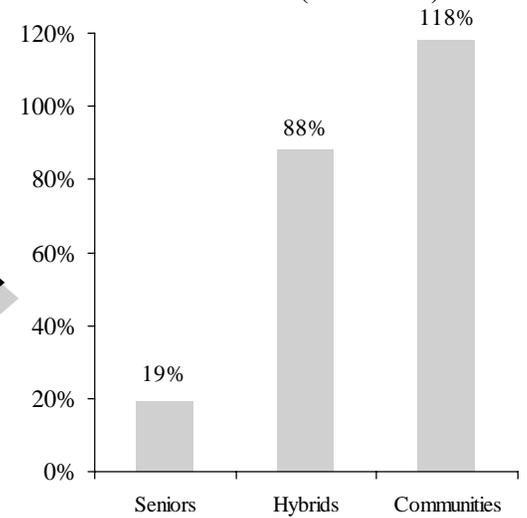


Figure 6
Percentage Change in Revenues in
Constant Dollars (1980–1997)



Along with dramatic shifts in enrollments, CUNY has experienced significant changes in its funding support, with the University becoming less dependent on government appropriations and more reliant on student tuition and fees.

New York State's appropriation to CUNY in constant dollars has decreased 40% since 1980 (see Appendix C), and the proportion of the budget represented by state funds has decreased by 11% (see Figure 9). Over the same period, the proportion of CUNY's funding from New York City has declined 13%, with a decrease in constant dollars of 90% (see Figure 10).

Along with the decline in governmental appropriations, the proportion of CUNY's revenues from tuition has increased 6% over the same period, from 25% in 1980 to 31% in 1997 (see Figure 7).

- As a result, CUNY's tuition at both the senior colleges and the community colleges is considerably above tuition of their peer comparison institutions—especially for the community colleges.
- The proportion of annual revenues from tuition and fees is also consistently and considerably higher for CUNY colleges than for their respective peer institutions.

Although tuition increases have been accompanied by New York State's increased commitment to financial aid, the state's Tuition Assistance Program (TAP) funded 33% of CUNY's total tuition revenue in 1980, while it only funded 23% of the total tuition revenue in 1997 (see Table 4).

- Since 1980, TAP increases to CUNY have outpaced state appropriations increases 175% to 129% (see Table 5).
- However, TAP has not grown sufficiently to offset the decline in state appropriations as a proportion of CUNY's revenues. Together, TAP and state appropriations have decreased 12% as a proportion of CUNY's revenues (see Figure 8).
- Total state support, including TAP, state appropriations, and research funding support, has decreased 11% as a proportion of CUNY's revenues for the same period (see Figure 8).

The current funding situation puts continuing pressure upon CUNY to raise tuition, limiting its advantage as a public institution to attract the highest quality students, encouraging the university to institute policies that maximize the ability of prospective students to qualify for student aid, compromising academic standards, and risking setting tuition at a level that negatively impacts enrollments.

Figure 7
Operating Revenues by Source
1980,1990,1997

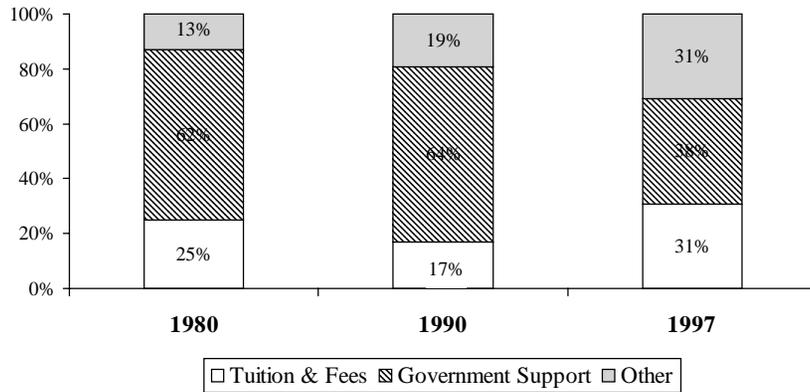


Figure 9
State Appropriation and Proportion
of CUNY Revenues (in millions)
1980-1997

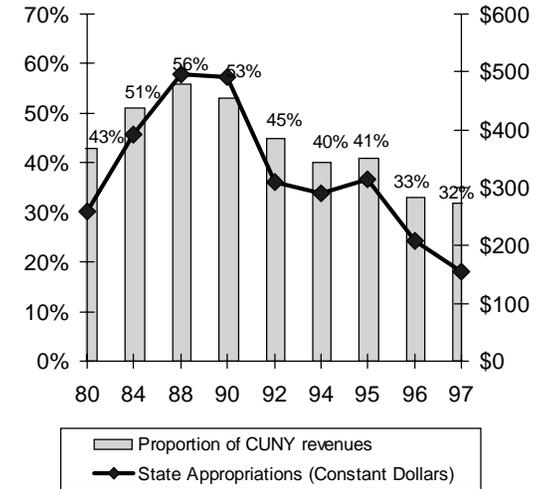


Figure 8
Proportion of Budget Funded through Various Types of State Support
(1980,1990,1997)

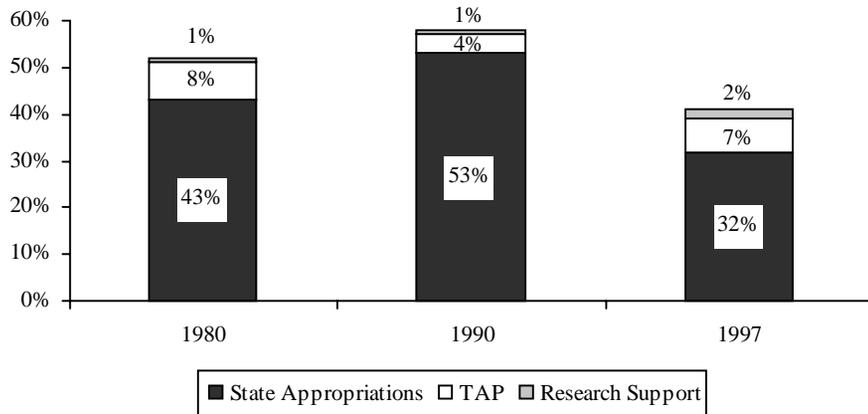


Figure 10
City Appropriation and Percentage
of CUNY Revenues (in millions)
1980-1997

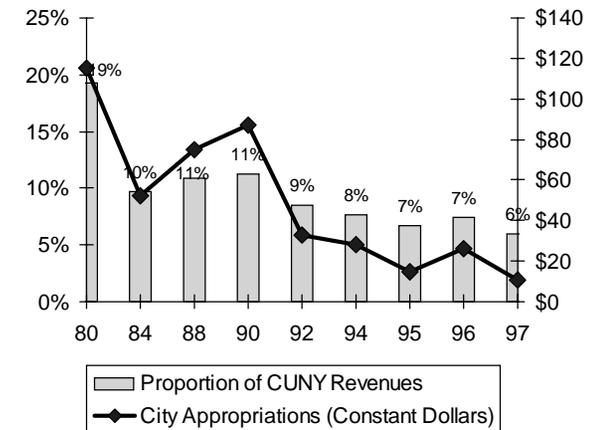


Table 4

Relationship of TAP to Tuition in Actual Dollars (1980, 1997)

	1980	1997
TAP	\$ 49,700,000	\$ 136,612,000
Tuition	\$ 148,524,000	\$ 583,948,000
Proportion of Tuition Funded by TAP	33%	23%

Table 5

Actual TAP and State Appropriations Dollars (1980,1990,1997)

	FY80	FY90	FY97	Percentage Change
TAP	\$ 49,700,000	\$ 50,337,000	\$ 136,612,000	175%
State Appropriations	\$ 258,595,000	\$ 758,743,000	\$ 592,094,000	129%

Decreases in governmental appropriations have also produced pressures to increase the proportion of funding from supplemental sources*, which now represent 15% of CUNY's revenues (see Figure 11). Most prominent among these are grants and contracts, comprising approximately 10%.

Grant and contract support comes from federal support (34%), private contracts (29%), state grants (22%), and city grants (15%) (see Figure 12).

- For CUNY, a significant portion of this funding is for education and training programs, in contrast to research programs (see Figure 13). These grants typically do not compensate the institution for indirect overhead costs as is the case with research grants. As a result grants create net costs rather than net revenues.
- Both the CUNY senior and community colleges generate a higher average proportion of their revenues from grants and contracts than their peer institutions.
- There is considerable variability in external funding across CUNY colleges.

Several of CUNY's older colleges have been successful in raising private gifts, and have developed significant endowments.

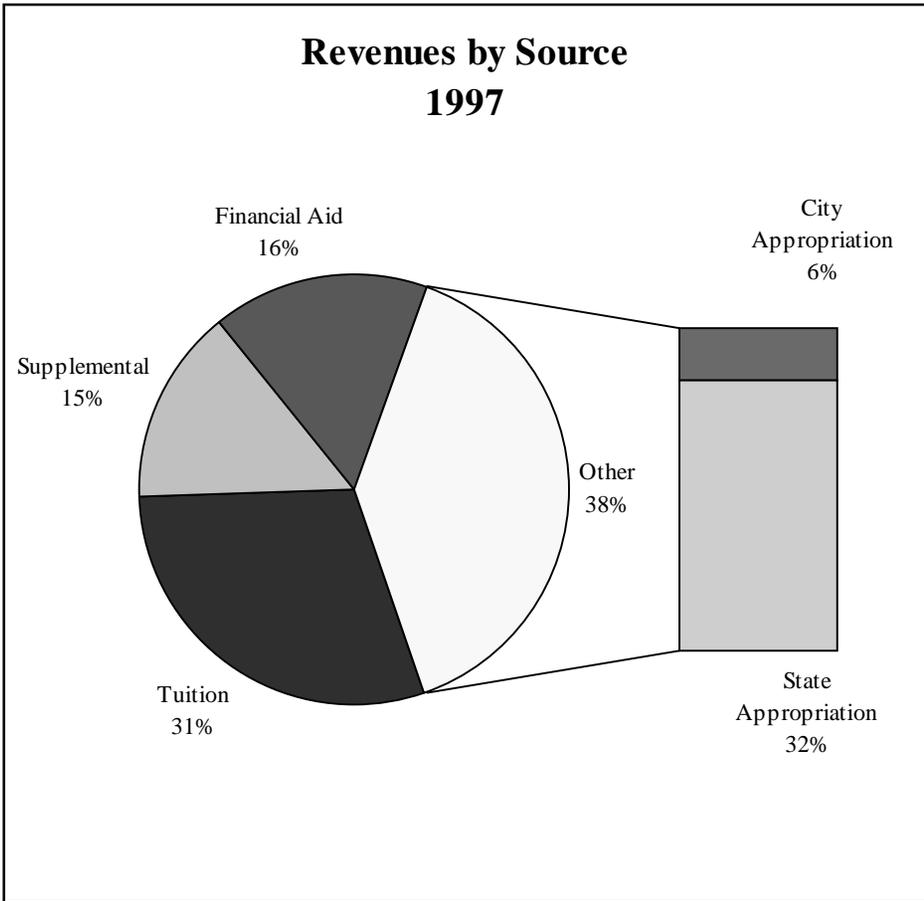
- More generally, however, CUNY's colleges have not established the support staff and systems needed to generate private support.
- Although the increase in private fund raising in higher education over the past 20 years has paralleled declines in governmental support, these funds have been used to provide enhancement funds for academic quality initiatives rather than to offset declines in operating revenue.

Those CUNY campuses with the greatest success in generating outside funding have discovered that these revenues can provide a campus with much greater operational degrees of freedom in establishing new programs, responding to their communities, and enhancing the quality of education and the campus environment.

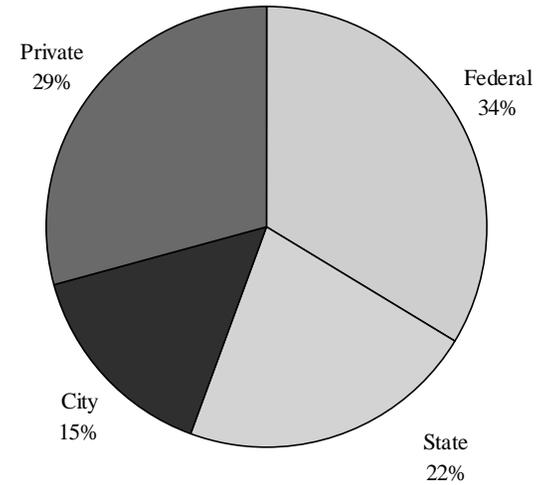
Success in generating "other" revenues through contracts and grants and private fund raising is extremely variable across the CUNY colleges. To realize their fullest potential in generating these additional revenues, University-wide policies, incentives, and infrastructure will be required.

* Other sources include grants and contracts, development dollars and auxiliary revenues, but do not include financial aid.

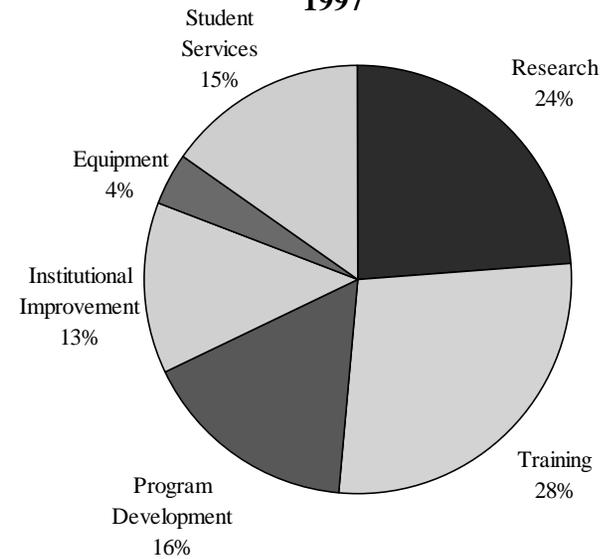
Figure 11



**Figure 12
Grant & Contract*
Revenue by Source
1997**



**Figure 13
Grant & Contract*
Revenue by Use
1997**



*These charts do not include either TAP or Pell Grants

Although CUNY's actual operating budget increased 159% between 1980 and 1997, in constant dollars the increase is only 13%, including a 20% decrease since 1990. With the greatest impact on the senior colleges, this funding scenario has implications for the ability of the senior colleges to serve their baccalaureate and graduate mission (see Figure 14, Table 6).

Since 1980, the operating revenues in constant dollars for the senior colleges has grown only 19%; in contrast, the budgets for the hybrids and the community colleges have increased 88% and 118% respectively (see Figure 15).

In 1997, one result of this funding history is the low operating expenditures per FTE (\$9,754* on average) at the senior colleges compared to the designated set of peers (\$10,685) and to the national average (\$13,696); the corresponding figures for the community colleges are: CUNY—\$7,381; peer colleges—\$6,779; and national average—\$6,682 (see Figures 16 & 17).

- Only CCNY among CUNY's senior institutions exceeds the per student peer and national figures.
- Four of CUNY's community colleges exceed the national and peer averages for expenditures per FTE.
- Expenditures per FTE for the CUNY hybrid institutions, with three-quarters of their instruction at the lower level, hover around the national average for community colleges, though Medgar Evers exceeds the four-year peer average.

The proportion of enrollment at the upper division and graduate levels at CUNY's senior colleges is slightly below that offered by their national peers; this difference can account for some differences in funding levels, but not the degree of difference that exists.

On balance the major challenge posed by CUNY's current budgetary scenario—declining governmental support, high relative tuition, and comparatively low operating expenditures—is reestablishing the competitive position of CUNY's senior colleges.

*This average excludes CCNY whose expenditures are much higher due in part to the existence of high-cost, low-enrollment programs such as the Sophie-Davis medical program.

Figure 14
CUNY Operating Expenditures
1980-1997

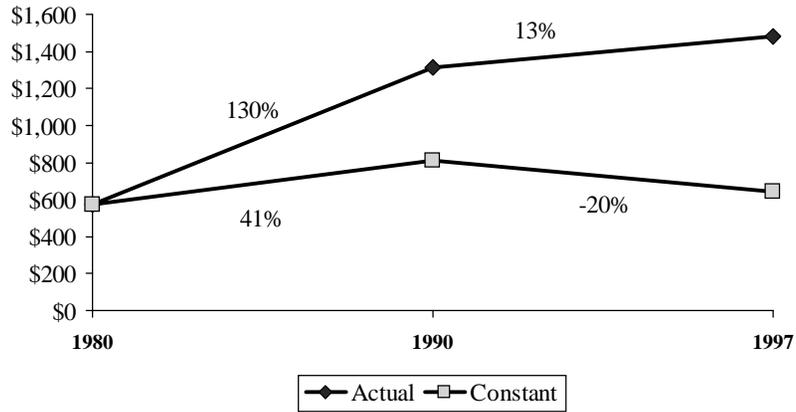


Table 6

Expenditures (000s)		
	Actual	Constant
1980	\$ 572,199	\$ 572,199
1990	\$ 1,313,555	\$ 809,158
1997	\$ 1,484,287	\$ 644,800

Figure 15
Percentage Change in Revenues
(1980-1997)

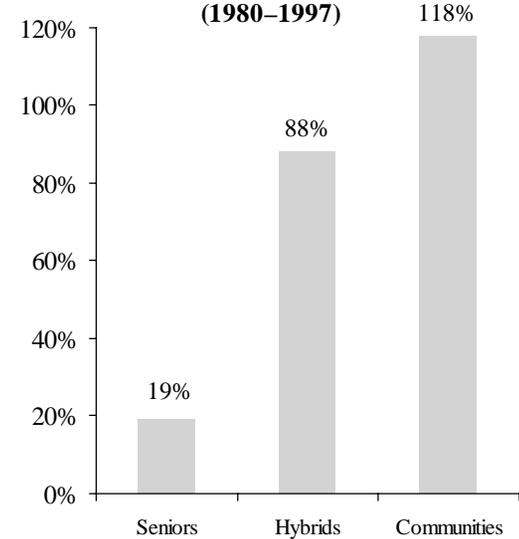


Figure 16
Average Expenditures per Student at 4-year colleges
1997

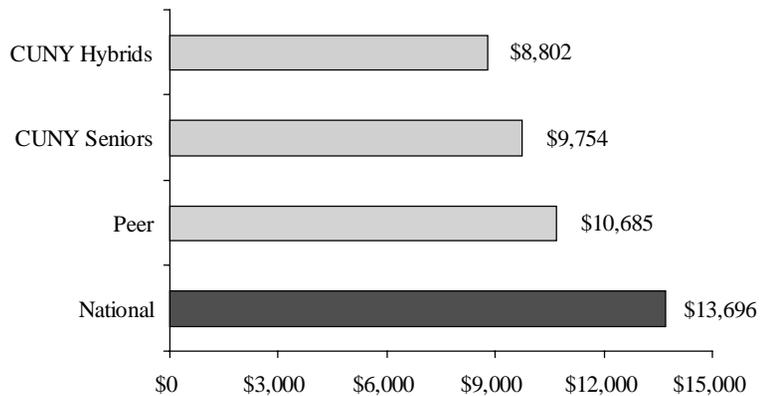
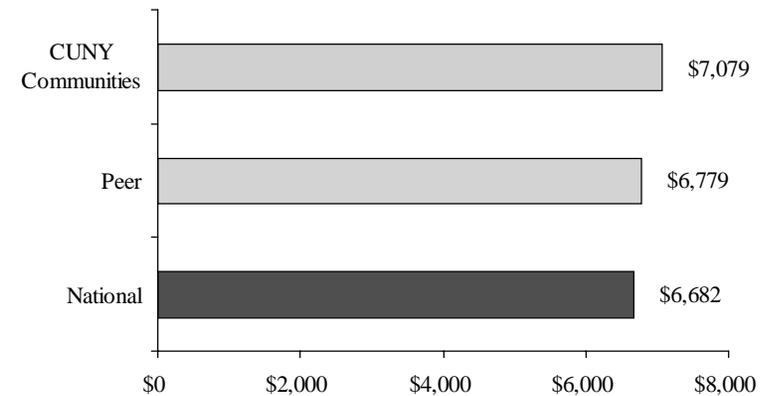


Figure 17
Average Expenditures per Student at 2-year colleges
1997



Since 1980, expenditures for CUNY's academic mission—instruction, research, and public service—have declined from 62% to 53%, with corresponding increases in spending on academic support services rising from 8% to 14%, and administrative support from 30% to 33% (see Figure 18).

The shift toward support services has been slightly less pronounced at the senior colleges, in which the overall budget declines have required that the colleges retain more of their funding in instruction.

Both the senior and community colleges appear to be spending 14% of their funding on academic support services. In contrast, community colleges on average are expending a slightly higher proportion of their budgets on administrative support than the senior colleges (see Figures 19 & 20).

However, the range in the percent of expenditures for administrative support among the senior and hybrid colleges is quite variable.

Although colleges and universities nationally have seen expenditures for academic support and administrative services increase over the past two decades, this diversion of funds should undergo continuous examination. Institutions that have initiated programs to reallocate resources internally have emphasized reversal of this trend. A much better understanding is needed of the reason for the differences among CUNY's colleges in these support expenditures, opportunities need to be identified for improving administrative processes to reduce expenditures, and the Board of Trustees, central administration, and the colleges should work collectively to assure that academic support and administrative services expenditures are consistent with campus strategic direction and priorities.

Figure 18
Change in Academic Support and Administration as a Percentage of Total Expenditures*

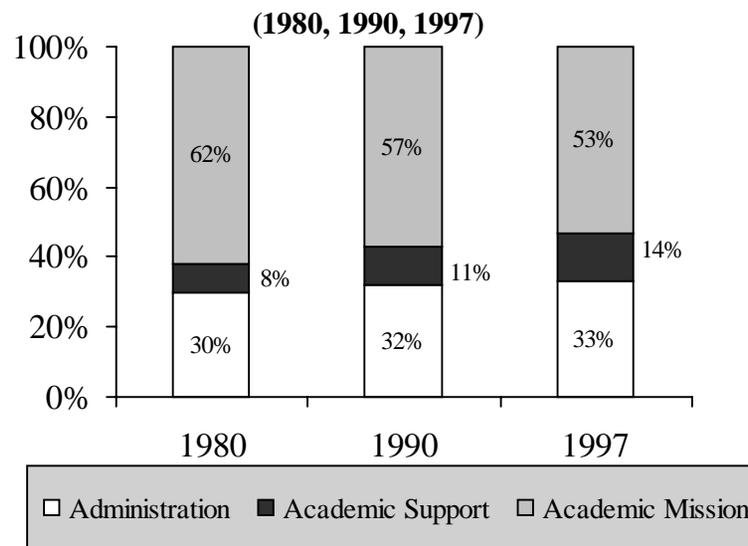


Figure 19
Senior Colleges
 Proportion Allocated to Academic Mission

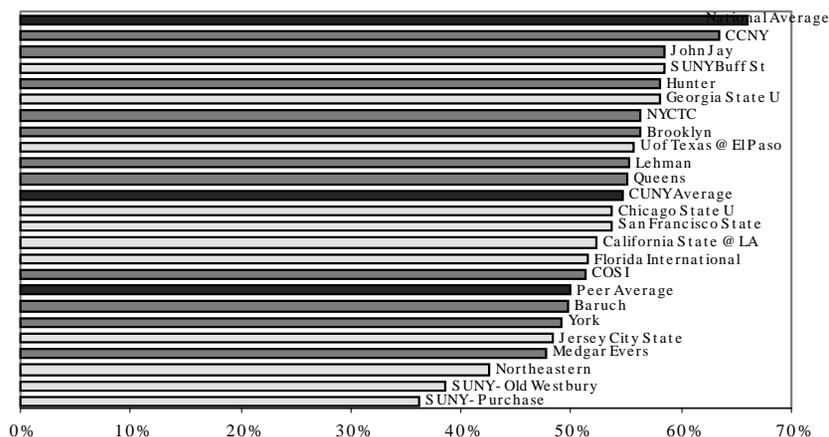
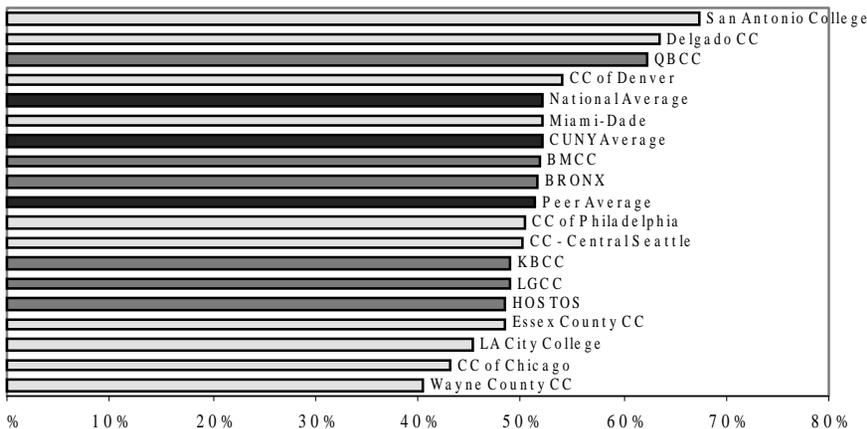


Figure 20
Community Colleges
 Proportion Allocated to Academic Mission



*Includes Central Administration and Research Foundation expenditures. On page 74, there is a break down of expenditures at the colleges, which categorizes central administration spending separately, so that the percentage distribution between academic support, academic administration, and academic mission changes to accommodate a central administration category. This is further explained in the text on page 74.

This overview of the City University of New York's sources and uses of funds leads to several high level observations.

- Although there have been some significant overall CUNY trends, it is equally important to recognize that there is great variability between institutional types and among institutions within each type. Changes in policy or the implementation of new funding measures or priorities must address not only the overall CUNY situation, but also the unique circumstances of each campus.
- The significant drop in enrollments at the senior colleges needs to be better understood and addressed. These drops are tied to a number of highly interactive developments, including tuition increases, declining state appropriations, perceptions of program quality, support services, and competing educational opportunities.
- Irrespective of the source of funds, revenues for CUNY have not kept pace with need or with the competition. This has been especially true for CUNY's senior colleges. Both state and city appropriations in constant dollars have declined.
- CUNY's capacity to generate external funding is extremely underdeveloped. However, such funds should be tied to both the university's and individual college's strategic priorities.
- Even as CUNY must focus on generating new resources, consistent with findings in the resource allocation study, CUNY must also work to create new administrative efficiencies and cost savings.
- There has been a decided shift in expenditures from the academic mission to academic and administrative support services. Although some aspect of this shift can be accounted for in the needs of the changing student clientele, and perhaps on some campuses to support such functions as library and computing services, CUNY needs to examine the current balance.
- Finally, the request for data demonstrated that CUNY is surprisingly limited in both its access to and use of integrated management information.