

Testimony of Chancellor Félix V. Matos Rodríguez
The City University of New York
Joint Senate and Assembly Legislative Public Hearing on
the Fiscal Year 2025 Executive Budget Proposal
Thursday, February 8, 2024

Good morning, Chairs Krueger, Weinstein, Stavisky and Fahy, and members of the Senate Finance, Assembly Ways and Means, and the Senate and Assembly Higher Education committees, staff and guests. I am Félix Matos Rodríguez, chancellor of The City University of New York and I am extremely proud to be here representing CUNY, its 25 campuses, more than 225,000 degree-seeking students, 150,000 in adult and continuing education programs, and 40,000 faculty and staff.

I want to thank Governor Hochul and you, our representatives in the state Senate and Assembly, for your continued commitment to public higher education, our mission, our programs and, most of all, our students. Your support over the past two years has been critical to the important contributions CUNY has made to New York City's rebound from the pandemic. Now, as our city and state continue to move forward, CUNY is building a strategy to make our university even more impactful as an agent of change and one of the state's most potent economic engines.

Last June, we unveiled an ambitious strategic roadmap called "CUNY Lifting New York" — a detailed plan for bolstering the already profound impact our university makes in the lives of its students, their families and communities, as well as on the city, the region and state. I invite you to review it if you haven't.

CUNY is integral to the lifeblood of New York City. More than 80% of our 50,000 annual graduates stay in the city, diversifying every sector of the city's workforce and contributing to every aspect of its economic and civic life. CUNY alumni in New York account for about \$70 billion in annual earnings – that's close to 5% of the state's GDP. And when you consider their increased future earnings and the tax revenues they produce, each taxpayer dollar invested in CUNY returns a benefit of at least \$15 to New York State. To quote an editorial in the Daily News last spring: "Every dollar in is a dollar that is magnified and keeps New York's economy humming along."

Today, I want to highlight a few areas of recent success that are already advancing our "CUNY Lifting New York" strategy.

One: This year brought important advances in our commitment to student success by preparing our students for careers and creating direct and sustainable pipelines to employers. Over the last year, we launched a \$1.8 million initiative to get more CUNY students into paid internships that are embedded in their degree programs, and we provided internship opportunities to 4,000 students through new and expanded university-wide initiatives. We also added a centralized point of contact to help more than 1,000 private sector employers tap into the tremendous pool of talent on our campuses. And as part of our drive to integrate career connections from day one, our CUNY Inclusive Economy initiative is expected to engage 2,700 students this academic year.

Number two: We are making steady progress in raising external funds to bolster our fast-growing research enterprise and advance many of our other programmatic initiatives. In the last fiscal year, CUNY research teams secured a record external funding of \$638 million and we are on track to surpass that figure this year. Last month, we received the University's largest philanthropic donation ever — a \$75 million gift from the Simons Foundation. The gift earmarks \$50 million to establish CUNY as a hub for computational science and \$25 million to support our participation in the Governor's proposed Empire AI project. This work is interconnected to our efforts to leverage advances in AI in our ongoing student success work. One example is our partnership with the National Institute for Student Success to conduct a diagnostic assessment of the University's student success programming, which will result in customized recommendations to improve student retention and degree completion on each CUNY undergraduate-serving campus. This assessment will help CUNY develop a new generation of programs that reduce obstacles to graduation for many more students systemwide.

Number three is our wide-ranging program of capital projects that advance CUNY's core educational mission. Last week we opened a \$95-million Nursing Education, Research and Practice Center at Lehman College. Funded primarily by the state, it's a building that will enable Lehman in the Bronx to offer high-quality health care education to underserved populations, help address our state's increasingly severe nursing shortage, and create more health care career opportunities for all New Yorkers. CUNY's nursing programs are a key player in the expansion of health equity and representation. CUNY graduates an average of 1,800 nurses annually, representing about half of the nurses entering New York City's workforce each year.

A fourth area that I want to highlight is CUNY's actions to confront hate and be proactive in creating campus communities built on trust, understanding and inclusion. Over the past year, we have taken many steps to combat antisemitism and all forms of

bigotry. Among these, CUNY partnered with Hillel International; launched a portal for community members to report incidents of hate and discrimination and initiated a campaign to promote that students and employees have a right to request religious accommodations for any scheduled academic or employment activities that may conflict with their religious observances. We also formed an advisory council on Jewish life, built a new Diversity, Equity and Inclusion Hub on our website and distributed \$1.3 million in State and City Council funding to colleges for trainings, events and activities that address religious, racial and ethnic bigotry.

Lastly, we are fixing long-term flaws in our transfer system. Many of our students earn associate degrees at one of our seven community colleges and then transfer to one of our 11 senior colleges. But for years many associate degree students have lost credits toward their major when they transfer. It's a vestige of the era before 1961 when the city's colleges operated independently. By the end of next year, students will be able to transfer without losing credits earned in a major. We estimate that the improved process will save students who transfer, on average, four excess credits and \$1,220 in tuition by the time they graduate. And that's money they can use for food, housing, child care and other living expenses.

This is just a sampling of our recent successes and efforts, but just as important is how they reflect our aspirations and plans for the coming years. Those plans are always, and now more than ever, dependent on the sustained support of our elected leaders here in Albany. So let me turn to the Governor's executive budget.

Executive Budget

Let me begin by saying that we are encouraged by the additional operating and capital funding in the executive budget. The executive budget builds on additional funding for CUNY that Governor Hochul, you, and your colleagues appropriated over the last two years, and it represents a positive start to this year's budget process.

For CUNY's operating budget, there is an increase of \$36 million in operating support for our senior colleges, which will help cover fixed cost increases and enable us to continue to build on the key initiatives that remain central to CUNY's mission.

The executive budget also includes an increase of \$69.5 million for fringe benefits, a mandatory need that the University must fund.

And, the executive budget maintains the community college funding floor at 100% of the previous year's funding, which is crucial to avoiding a significant reduction in funding for our community colleges resulting from a shift back to an enrollment-based formula.

For CUNY's capital budget, the executive budget provides critical infrastructure investments to modernize our 25 campuses for current and future generations. The plan allocates \$441 million for our four-year schools and our community colleges. The support will enable us to maintain our campuses in a state of good repair and make strategic investments in new facilities that best support our ongoing efforts to provide state-of-the-art, environmentally sustainable, and accessible facilities that support innovation and learning.

We are grateful for the additional support and look forward to engaging in constructive dialogue with you and your colleagues as the budget process progresses so that CUNY will get the resources it needs to fulfill our 175-year mission.

As some of you are well aware, the University's expenses have exceeded its available resources since 2020, creating a structural deficit caused by many factors including enrollment declines that accelerated with the pandemic and increased costs in mandatory needs that the University had to absorb. We enacted a strategy to address the deficit that has included two rounds of across-the-board savings targets, a hiring freeze, and the creation of a Vacancy Review Board to ensure hires across the University are aligned with available resources.

These actions, coupled with federal pandemic stimulus funds and, thanks to you and Governor Hochul, additional state operating aid, have reduced the deficit by almost half – from a high of \$234 million in fiscal year 2022 to a projected \$128 million for the end of this fiscal year.

While we've made great strides, there is more work to do.

We have devised additional expense reduction strategies, at both the college-level and University-wide. This includes a more targeted approach for colleges that have shown signs of more fiscal distress, as well as additional shared services in areas such as IT and collections and optimizing class scheduling.

On the revenue side, we are vigorously continuing strategies to boost enrollment and retention, and we appreciate non-recurring funding for transformative initiatives that will help us pursue these initiatives.

The State's financial plan that was released along with the executive budget states that CUNY is at various stages of negotiating contracts with its labor unions. We are pleased that we reached a tentative agreement covering over 10,000 employees represented by CUNY's Classified Staff Unions including District Council 37 and Teamsters Local 237 that has been provided to the membership for ratification. We are in negotiations with the Professional Staff Congress and are committed to bargaining in good faith to reach a fair settlement. These new labor contracts with our talented and dedicated faculty and non-teaching staff are necessary but are not without increased costs to the University.

Although we have seen a roughly two percent increase in enrollment, we are still far below pre-pandemic levels – we are down about 40,000 students from Fall 2019. This has a major impact on our bottom line. For example, CUNY lost \$140 million in tuition revenue between fiscal years 2020 and 2022 when enrollment dropped by 14%. Like the State, City, and other public entities like the MTA, we were aided by federal stimulus funds that helped cover lost revenue, pandemic-related expenses, and provided emergency student grants. These one-time funds will be exhausted by the end of this fiscal year.

With funding for the new labor contracts, in spite of these very pressing financial challenges, I remain optimistic. Optimistic that the support we will ultimately receive from the State, coupled with the actions we are taking to reduce expenses and implement new University-wide initiatives to streamline operations, will allow us to close the structural deficit and put CUNY on route to sound financial footing in fiscal year 25 and beyond.

With your continued support, and that of the Governor, we will continue to make progress in our ambitious vision to transform CUNY into the nation's foremost student-centered urban university system. I thank you all for sustained strong support and for your partnership.

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