



September 9, 2019

College of Staten Island

Budget Message

Fall 2019

Dear Members of the Campus Community,

I write this message to highlight some of the recent successes at the College and to advise you about the financial challenges facing us in the upcoming year. My cautionary remarks about our financial plan should be taken in context of budget remarks made over the last 18 months discussing the need to reduce reliance on non-tax levy (NTL) resources, right size our personnel budget, increase collections, increase enrollment, make strategic investments to improve baccalaureate enrollment and support a *“lustrum of infrastructure.”* I urge that you re-read my remarks about the budget made to the College Council last year, the remarks that I made at our budget retreat, and the Budget 101 memo that I sent out last week.

First the good news, and despite our challenges it is important for everyone to keep in mind that we do have a lot of very positive things happening right now.

The new Chancellor is making many changes to empower the campuses and is focusing on central office efficiencies. Both the Chancellor and our Board of Trustees have mandated that CSI, along with all CUNY campuses, function within our allocated resources (excluding NTL funds), increase diversity of our workforce, increase online and hybrid course offerings, and increase the amount of business we do with minority and women owned businesses (MWBE).

On campus we have a number of new initiatives designed to attract well-qualified baccalaureate students to help stem our enrollment declines. Earlier this summer I announced that NCAA has granted

us provisional status as Division II, meaning that we can provide scholarship incentives to recruit and retain baccalaureate students, including out-of-state and international and those living in Dolphin Cove. The good news is that the scholarships will be funded through philanthropy and athletic rentals and will not impact our tax levy budget. This is a great example of using our NTL resources to address a campus concern, specifically enrollment.

This summer I also announced one of the largest philanthropic gifts ever made to a not-for-profit on Staten Island to name the Lucille and Jay Chazanoff School of Business. The proceeds will be used to help us become fully accredited by the Association to Advance Collegiate Schools of Business (AACSB). The AACSB is the pre-eminent accrediting body for business schools in the United States. There are 845 business institutions in 56 countries and territories that have earned AACSB Accreditation. Students who want a degree from an AACSB institution can now choose to come to CSI.

Assets of our philanthropic foundation have quadrupled since 2012 to provide support for our students, faculty, and special initiatives. In addition to our friends, we have lobbied with our elected officials for special support. Recently, they have allocated \$4M for a study on the extension of Christopher Lane onto campus with the goal of providing another entrance and relieving congestion on Victory Blvd. They have provided \$1.25M in funding for a Genomic Lab for which we will seek CUNY approval to operate as a Center. This funding follows the impressive list of other funding we have secured in support of academic programs, such as funding for the MakerSpace, the Media Culture screening room and television studio, the Nursing simulator lab, the Tech Incubator, and eye tracking equipment for Psychology.

Academic Divisions have leveraged Student Tech Fee funding to purchase technology that will enhance the teaching and learning environment for their respective areas. These technologies totaling approximately \$700,000 include a variety of software and hardware, high-end equipment and peripherals needed for student course related activities, and electronic subscriptions for the library. Additional funding was also allocated for hardware upgrades in most student labs and public access areas, which included new solid-state hard drives and full lab replacements. Finally, we are also excited about our new Virtual Reality Lab, which will be making its debut during the fall semester. For more information about STF allocations, visit <https://www.csi.cuny.edu/online-resources/office-information-technology-services/student-technology-fee>.

Last year, after considerable lobbying, CUNY recognized that our capital/critical maintenance dollars were too low and the historic funding formula did not fit our campus. This year they doubled it again for a fourfold increase in two years. This will allow critical projects like repair of our sidewalks to move forward. Increased funding will also support an upgrade to the existing fire alarm system, repairs to the

leaking roofs on the towers of our academic buildings, construction of a new electrical substation, skylight repairs for 6S, and the first-floor construction in building 2M.

We have a lot to be excited about. *Forbes* magazine named the College a Best Value College for 2019, *MONEY* magazine placed the College of Staten Island on its Best Colleges in America, Ranked by Value, list for 2019; *U.S. News & World Report* named CSI to its Best Colleges list for universities in the North, recognized the College's undergraduate Engineering program, and placed CSI Master's programs in Nursing and Social Work in its 2020 Best Graduate Schools Rankings. These rankings confirm that we are succeeding in delivering value for money. Importantly, ***ASecureLife* has just released its newest report, "100 Most Secure College Campuses in America," ranking us as the 23rd most secure campus in the US for the 2019–2020 school year.**

Our faculty continue to be recognized for their outstanding research. [Professor Matt Brim](#) was selected as a Distinguished CUNY Fellow at the Advanced Research Collaborative (ARC) for the fall of 2019, joining the list of prior CSI recipients, including Michael Paris, Ashley Dawson, Ava Chin, Patricia Brooks, Christina Tortora, and Ismael Garcia. The Engineering & Environmental Science Department was just awarded two [NSF Grants](#) totaling nearly \$750,000. Professor Antoniadis reminded me that over the last 11 months the CSI Optimal Communications Group alone has received \$600,000 in NSF Grants.

Our students also continue to excel. For instance, [Nicole Agu](#), one of our Verrazano Honors students, was recently named the recipient of the 2019 Donald H. Driemeier Scholarship from Sigma Beta Delta (SBD), the International Honor Society for Business, Management, and Administration. [Doshi Rahman](#), a Student Government Senator and Orientation Leader, recently returned from her CUNY Service Corps stint in Puerto Rico, where she volunteered creating artwork to support those impacted by Hurricane Maria.

Despite this good news, this year will be one of the most financially challenging years since I have been at CSI.

An ongoing challenge is the nature of our campus and the need to care for all 204 acres and all of the responsibilities that come with it. As I have noted many times, we essentially operate as a small town. We have boilers, electrical substations, and elevators to maintain, and must fund our own garbage, mail service, and snow removal. Even though our critical maintenance budget now reflects our unique challenges, our operating budget does not. Many times, care for the campus makes significant demands on our operating budget. Expenditures such as overtime, regular labor, materials and supplies cannot be paid for out of our critical maintenance budget and must be covered by our regular tax levy budget.

This imposition on our tax levy budget is challenging when one considers that we have had at least five years of declining budgets of 1% - 2% per year. That 1-2% translates to a loss of \$16M, depending on whether you factor in the mandated set-aside for contractual increases. In any single year a 2% cut would be manageable with a little “belt tightening,” but now our belts are really tight. These cuts have been due to many factors with a “perfect storm” of state cuts (actually increases less than cost of living), lower tuition increases than expected (one year with none and then a \$200 increase versus the calculated need for \$250), labor set-asides, declining enrollment, poor collection rates, as well as an historic structural deficit in our budget. Furthermore, deferred maintenance is now catching up as is our overreliance on soft money (NTL) and year-end surpluses (CUTRA).

We have historically balanced the budget and protected Academic Affairs by sacrificing facilities and maintenance staffing, leaving nearly 70 critical positions unfilled, while hiring over 80 full-time faculty since January 2014 and more than 50 substitute lecturers. Though these hires have not resulted in net increases, they demonstrate the past commitment we have made to protecting academic affairs. However, we are one of the few CUNY campuses where our cost of instruction continues to rise while enrollment decreases. We left the facilities and maintenance positions unfilled with the belief that tuition increases could be eventually used to support these and other positions. Absent this funding, we have used CUTRA, NTL, and deferred payments to balance the budget. Essentially, we have used these resources as a credit card to cover expenditures that exceeded our revenue and we have reached our credit limit.

Though many of the budget issues are beyond our control, some are within our own agency. Collections, admissions, enrollment, and control of our personnel costs come to mind. For example, we need to expand our recruitment efforts, employ best practices for collections, reorganize for efficiencies, and make strategic investments designed to promote growth.

While looking to address these items, I must also ensure that the campus operates in a lawful manner compliant with federal, state, city, and CUNY bylaws and directives. Compliance and the safety of the campus are at the highest level of my decision making; along with the priorities set forth by CUNY of increasing the diversity of our workforce, particularly among administrators (ECP), increasing online offerings, and increasing the number of contracts we give to minority and women owned businesses (MWBE).

We must start using soft money (NTL) for strategic investment especially in areas generating the revenue for the good of the campus. Soft money, especially from the Auxiliary Services Corporation,

should be used to invest in a new bookstore, improve dining facilities, provide for maintenance and improvements to student housing, repair the Center for the Arts, provide a rich athletic environment to attract and retain the best students, improve our child care facilities, and provide for the maintenance of rental areas. Reserve money (CUTRA) and soft money, if available, can also be used for campus one-time strategic investments but should not be used to balance the budget – especially not to cover recurring costs.

To achieve this budgetary balance, we must right-size our workforce consistent with CUNY data and charts. In last spring's budget message, I advised that this fall will look much like last year's budget, and that is true, with the exception being we have another year of significantly depleting our NTL resources. I noted then and repeat now that our resources are primarily dedicated to personnel costs so, until enrollment improves, we must look at our staffing numbers. This will mean a tough year with almost no hiring except for campus safety, facilities and critical areas in Academic Affairs. It is important to note that while our hiring has decreased from levels several years ago, we continued to hire when other CUNY campuses did not, and provided more travel funding and lower teaching loads than have been negotiated by the PSC contract.

Beyond controlling our payroll costs, it is imperative that we improve our enrollment and collections. We have taken steps to address our weakness in collections, but more needs to be done. The employees of the College enjoy a stability and collegiality that is increasingly rare in higher education, and almost unheard of in other industries. The present circumstances present an opportunity for each of us to help the College of Staten Island flourish, whether it be faculty working together on improving the curriculum, staff suggesting efficiencies to supervisors, or as simple as taking ownership of a student issue and helping find a solution.

In closing, my message is very simple: we have a lot to be proud of but we must control our personnel costs, adjust our budget to live within our tax levy allocation, and use our non-tax levy resources primarily for strategic investment. Make no mistake, this will be a tough year financially. That said, it will be better than what much of higher education is facing in other states. The good news is that if we can right-size our budget this year, our future will continue to be bright.

The moves we have made over the last several years have set in place a foundation for us to truly become a destination campus. Of the 938 students enrolled at St. George last spring, 37% were from locations other than Staten Island. The move to Division II will increase out-of-state and international enrollment and further support Dolphin Cove. The naming of the School of Business will bring resources to the school and support accreditation. The quadrupling of our capital budget and the

support we have been able to generate from our local elected officials will help us to build and restore our campus while also supporting our academic programs.

I am personally committed to the long-term success of our campus. I believe in our mission as the only institution of public higher education on the Island, providing one of the most affordable, high-quality educational experiences in the nation, and I believe in the people here on campus who support this mission everyday through their work. In the next several weeks I will be sending out another message reporting on steps we have taken and will take to address our immediate and long-range budget concerns. In the meantime, please know that I greatly value the work done each day by every member of our CSI family, especially during these difficult financial times.

William J. Fritz
President

