
I. Context

The Charge

- Identify the sources and uses of the financial revenues of The City University of New York (CUNY)
- Compare these revenues with a sample of comparable public institutions
 1. What are CUNY's major sources of revenue?
 2. To what degree have CUNY's sources of revenue shifted over time among revenue categories?
 3. What are CUNY's per student expenditures and how do these expenditures compare to peers?
 4. How does spending on academic mission compare to spending on academic support and administrative support?
 5. How are resources allocated by function?

In the remaining pages of this Context section, PwC provides information on the study approach, terms and definitions used throughout the report, data issues and decisions, and the selection of peer comparison institutions. Because of the complexity of the financial data, knowledge of these contextual issues promotes an understanding of the discussion and findings.

Approach

- PwC focused on creating a picture of CUNY's revenues and expenditures to illustrate the sources of CUNY's revenue, how those funds are being used, how the sources and uses of funds have changed in the last 17 years, and what this means for CUNY when compared to its peers in 1997. To develop this picture, this report relies heavily on visual illustration-- histograms and charts -- to show the shifts in revenues sources and uses of funds, as well as the differences that typify CUNY in the peer benchmark comparisons. These visuals, which often round off numbers to facilitate presentation, are backed up by tables provided in the Appendices.
- Because of the unique characteristics of the four senior "hybrid" colleges, which offer baccalaureate programs yet still concentrate heavily on lower level instruction, PwC presented data for these schools separately where possible. Where such separation was not possible, or in some cases not valuable, these schools are looked at in conjunction with the other senior colleges.
- PwC uses the federal Integrated Post-Secondary Education Data System (IPEDS) 1997 data to gather peer information. However, IPEDS 1997 data must be viewed with some caution, as the files had not been fully "scrubbed" for inconsistency, and data for some institutions were still incomplete. Data prior to 1993 were unavailable, restricting longitudinal comparisons.

PwC Approach (continued)

- PwC collected data from the following sources:
 - CUNY University Accounting Office. University (institutions, central administration, research foundation) financial statements and Full-time equivalent (FTE) student numbers from 1980 to 1990. Financial aid data, e.g., Tuition Assistance Program (TAP) and federal Pell grants, were included in these financial statements
 - CUNY Office of Institutional Research. 1980 and 1997 FTE students categorized by instruction level
 - CUNY Research Foundation. Research Foundation Annual Report containing information on CUNY's grants and contracts
 - CUNY Office of Financial Aid. Financial Aid data
 - Integrated Post-Secondary Education Data System. All data used in peer comparisons, including financial data from peers and CUNY

- Each set of data had its own limitations, and in order to create an accurate overview of CUNY's revenues and expenditures, certain assumptions and calculations were made to each set of data. These assumptions will be detailed later in this section.

Terms and Definitions

| | |
|----------------------------------|---|
| Appropriation | Dollars allocated to an institution by the state or city for operational support. This allocation excludes financial aid and grants and contracts awarded to an institution. |
| Actual Dollars | Dollars not adjusted for inflation. |
| Academic Mission | The major functions of a University -- Instruction, Research and Public Service |
| Academic Mission: Direct | Expenditures for regular and adjunct faculty salaries to provide delivery of instruction research, and public services. |
| Academic Mission: Support | Salaries for clerical and support staff, including deans, and administrative and instructional supplies used in support of academic mission |
| Academic Support | Expenditures for categories such as enrollment management, academic computing, library, counseling, and student activities. |
| Administrative Support | Institutional support, operation and maintenance of plant and auxiliaries, including finance, personnel, institutional research, executive administration, business services, auxiliary services, energy and maintenance. |

Terms and Definitions (continued)

| | |
|---|--|
| Adult and Continuing Education (ACE) | Instructional programs delivered to non-matriculated students. Note that no ACE figures, either headcount or FTE, are utilized in this report. |
| Constant Dollars | Dollars adjusted for inflation based on the Higher Education Price Index (HEPI). |
| Enrollment | Presented as full-time equivalent (FTE) matriculated students; employed national standards for computing FTE, i.e., 30 student credit hours (SCH) for 1 undergraduate FTE, and 24 SCH for 1 graduate FTE |
| Higher Education Price Index (HEPI) | National inflation index used to reflect changes of costs in higher education industry. |
| Lower Level | First and second year baccalaureate, associate, certificate, remedial and non-degree instruction. |
| Pell Grants | Federal dollars provided to students, via the University, based on the financial needs of individual students for use toward tuition or other educational expenses, such as books or housing. Reported as a federal grant on the revenues side, the portion of it that funds tuition is double-counted in the total tuition revenues. |
| Research Foundation (RF) | Handles all grant and contract revenue and expenditures, except for scholarship and fellowship dollars like TAP and Pell. Although these dollars come in as a grant, they are handled by the University Accounting Office, and are thus not part of the Research Foundation's Annual Report. While grant and contract financial transactions are administered and monitored by the Foundation, and are accounted for in year-end statements in Central Administration's budgets, they can be attributed to the individual schools that were awarded the dollars. |

Terms and Definitions (continued)

Tuition Assistance Program (TAP)

TAP is given to the University by the state on the basis of overall student financial aid needs and allocated to individual students according to individual need. TAP funds can be used only for tuition, and so cannot be used to support other education expenses such as books or costs of living. Because of changes in standard accounting and reporting procedures, TAP is double-counted on the revenues side as both an incoming state grant as well as in the total tuition revenue.

Upper Level

Third and fourth year baccalaureate

Data Issues and Decisions

Total Revenues and Expenditures

■ Data Sources: IPEDS and University Accounting Office

- Scholarships and Fellowships. CUNY's total current funds for 1997 amounted to approximately \$1.9 billion. This number includes roughly \$297 million of scholarship and fellowship funding administered by the University. This creates a number of financial reporting anomalies.
 - First, scholarship and fellowship revenue is better categorized as pass-through money than as part of an expendable current funds. However, to create a sense of all incoming revenue streams and their sources, PwC left this revenue in the total current funds.
 - Second, these funds are counted twice in the revenues -- once as a scholarship and fellowship revenue and again as a part of the tuition revenue, since students use their TAP and Pell money to fund tuition. However, while the \$137 million in TAP must be used for tuition, PwC could not determine to what extent CUNY students were using the remaining \$160 million to fund tuition or other educational expenditures. Therefore, it is difficult to grasp the extent of the double counting. In addition, IPEDS reporting procedures demand that schools include scholarships and fellowships as both tuition and as a grant. To achieve consistency among data sets, and to comply with standard reporting procedure, PwC left the scholarship and fellowship revenues as part the total current funds
 - Third, pass-through scholarship and fellowship dollars must be extracted from total expenditures to get an accurate portrait of the amount of money CUNY is spending per student and on its institutional mission. If left in, CUNY would appear to be spending significantly more money on its students than it actually is. Accordingly, PwC removed scholarships and fellowships funds from the total expenditures for 1980-1997 CUNY data, and 1997 IPEDS data.

Data Issues and Decisions (continued)

Research Foundation (RF)

- Data Sources: Research Foundation Annual Report and University Accounting Office
 - Expenditures per Student. Research Foundation revenues and expenditures are accounted for at Central Administration financial statements, even though the transactions are located at the individual schools. RF expenditures located were allocated to each school based on their proportion of RF activity documented in the 1997 Annual RF Report, and extracted from Central Administration's statement. These expenditures were allocated not to the total expenditures for each school, but were distributed to the correct expenditure categories as defined in the RF financial statement submitted by the University Accounting Office.
 - IPEDS. IPEDS CUNY data do not provide accurate research expenditures because a large portion of the RF expenditures are accounted for at Central Administration, and individual colleges that report data to IPEDS do not submit these expenditures. However, for the peer comparison grants and contracts discussion, RF dollars, as calculated by the procedure illustrated above, were added to each individual CUNY college to get a better sense of how CUNY colleges compare to their peers in grants and contracts revenue.
 - Institutional Development. In addition to the financial activity at the research foundation, approximately \$62 million in revenue is received by separately incorporated, university-related entities each year, but not integrated into CUNY financial statements. The largest portion of this activity is concentrated in the independent fund raising foundations (\$43 million); the remaining \$19 million is found in educational opportunity centers, child care, art centers and alumni associations. PwC gathered summary financial data on these operations to understand their scope, and integrated data on foundations and alumni associations into the institutional development section.
 - Because RF dollars were allocated to each school's expenditures, any discussion of CUNY's expenditures assumes that these dollars exist at their correct institution, rather than at Central Administration.

Data Issues and Decisions (continued)

Full-time Equivalents

- Data Sources: University Accounting Office, IPEDS and Institutional Research
 - Peer Comparisons. All peer comparisons, except for expenditures per FTE, use the FTEs provided in the IPEDS data. These IPEDS-reported FTEs are used only for peer comparisons and not used in the remainder of the report. In expenditures per FTE, where peer averages and national averages were given, the CUNY numbers were calculated from data given to PwC by the University Accounting Office for greater accuracy, the peer average was calculated from IPEDS data, and the national average was taken, and adjusted, from a report on 1995 post-secondary expenditures from the National Center for Education Statistics.
 - FTEs Categorized by Instruction Level. The University Accounting Office provided FTEs for 1980-1997 at each school, but did not divide them by instructional level. To calculate what percentage of CUNY students were upper level or lower level in 1980 and 1997, PwC used FTE data given to us by CUNY's institutional research office.
 - Remainder of the Report. The remainder of the report used FTEs given to PwC by the University Accounting Office. Since we were using FTE figures in conjunction with financial data, we felt it would be more accurate to use FTEs given to us by the same office providing the financial data.
 - There are very slight differences among the three data sets. All three are available in Appendices A, B, D and E.

CUNY High Schools

- Data Sources: University Accounting Office
 - Total Revenues and Expenditures. Several CUNY colleges operate public schools on their campuses. These operations, as well as a number of additional functions, are included within CUNY's finances and have not been excluded from this analysis, because of information systems limitations.

Data Issues and Decisions (continued)

CUNY Expenditures

- Data Sources: IPEDS and the University Accounting Office
 - Proportionate Expenditures. In the majority of the report, the proportions of spending on academic mission, academic support, and administrative support include central administration expenditures, which have been separated into the categories corresponding to academic mission, academic support and administration. Note that the graphic on page 83 illustrates the expenditures at the college-level, and accordingly categorized central administration spending differently. As a result, the distribution among academic mission, support, and administration is different on this graphic than in the remainder of the report.

Financial Aid

- Data Sources: Research Foundation and the University Accounting Office
 - Financial Aid. Although 1997 TAP grants are provided in the financial statements from the University Accounting Office, the Financial Aid section of this report uses financial aid numbers that have been derived from Fall 1996 statistics from the CUNY student data book in order to compile general background information on the role of financial aid at CUNY. As a result, actual TAP numbers throughout the report differ from those presented in the Financial Aid section.

Peer Comparisons

PwC, in collaboration with RAND and Task Force staff, selected eleven senior college and ten community college peers. Both senior and community peers were selected using essentially the same set of criteria:

- Public rather than private institutions
- Similar level of instruction (Carnegie class)
- Urban location
- Large enrollment
- High percentage of minority students
- Part of a larger system
- Availability of data

PwC placed a higher weight on urban location and percentage of minority students. This was done in order to select peers whose instruction levels and student population most closely mirrored CUNY. Thus one can assume that a significant portion of instruction at the senior college peers are devoted to the lower level, making them comparable to the four-year hybrid institutions at CUNY.

For the senior college comparison, we also added the three SUNY schools that provided the closest comparison with CUNY colleges, even though these three schools are not located in major urban areas and, in two cases, have relatively low minority populations.

Finally, to compare the costs of the central administration function, PwC selected five system peers based on location, number of campuses and complexity of operations. Selection was limited by a lack of data availability. The lists of peer institutions and information on selection criteria are presented in Tables 1,2 and 3 on the following pages.

**Senior College
Peers**

Table 1

| | Location | Carnegie Class | Student FTEs | Minority | Tuition & Fees |
|--|-----------------|-----------------------|---------------------|-----------------|---------------------------|
| CUNY: Baruch College | Manhattan | Masters I | 10,902 | 86% | 3,320 |
| CUNY: Brooklyn College | Brooklyn | Masters I | 10,520 | 49% | 3,387 |
| CUNY: College of Staten Island | Staten Island | Masters I | 8,608 | 27% | 3,316 |
| CUNY: City College of New York | Manhattan | Masters I | 8,658 | 88% | 3,305 |
| CUNY: Hunter College | Manhattan | Masters I | 12,687 | 56% | 3,312 |
| CUNY: John Jay College of Criminal Justice | Manhattan | Other-Spec. | 8,642 | 73% | 3,200 |
| CUNY: Lehman College | Bronx | Masters I | 6,077 | 80% | 3,200 |
| CUNY: Medgar Evers College | Brooklyn | Baccalaureate II | 3,900 | 98% | 3,282 |
| CUNY: New York City Technical College | Brooklyn | Associate of Arts | 8,621 | 86% | 3,300 |
| CUNY: Queens College | Flushing | Masters I | 11,239 | 40% | 3,400 |
| CUNY: York College | Jamaica | Baccalaureate II | 4,517 | 93% | 3,303 |
| California State University @ Los Angeles | Los Angeles | Masters I | 13,680 | 77% | 1,743 |
| Florida International University | Miami | Doctorate II | 18,967 | 73% | 1,905 |
| Georgia State University | Atlanta | Doctoral I | 16,307 | 36% | 2,370 |
| Chicago State University | Chicago | Masters I | 6,189 | 90% | 2,788 |
| Northeastern Illinois University | Chicago | Masters | 6,207 | 41% | 2,630 |
| San Francisco State University | San Francisco | Masters I | 21,181 | 53% | 1,936 |
| Jersey City State College | Jersey City | Masters I | 5,449 | 48% | 3,528 |
| SUNY College at Purchase | Purchase | Baccalaureate II | 3,052 | 22% | 4,040 |
| SUNY College at Buffalo | Buffalo | Masters I | 10,212 | 16% | 3,720 |
| SUNY College at Old Westbury | Old Westbury | Baccalaureate II | 3,756 | 52% | 3,600 |
| The University of Texas at El Paso | El Paso | Masters I | 12,439 | 80% | 1,741 |

Source: IPEDS FY97 Data

Community College Peers

Table 2

| | Location | Carnegie Class | Student FTEs | Minority | Tuition & Fees |
|--|------------------|-------------------|--------------|----------|----------------|
| CUNY: Borough Of Manhattan Community College | Manhattan | Associate of Arts | 12,465 | 91% | \$ 2,590 |
| CUNY: Bronx Community College | Bronx | Associate of Arts | 6,455 | 96% | \$ 2,500 |
| CUNY: Hostos Community College | Bronx | Associate of Arts | 4,165 | 97% | \$ 2,552 |
| CUNY: Kingsborough Community College | Brooklyn | Associate of Arts | 9,751 | 51% | \$ 2,600 |
| CUNY: La Guardia Community College | Long Island City | Associate of Arts | 8,867 | 82% | \$ 2,612 |
| CUNY: Queensborough Community College | Manhattan | Associate of Arts | 7,268 | 65% | \$ 2,500 |
| City Colleges Of Chicago-Malcolm X College | Chicago | Associate of Arts | 5,545 | 92% | \$ 1,600 |
| Community College Of Denver | Denver | Associate of Arts | 3,551 | 52% | N/A |
| Community College Of Philadelphia | Philadelphia | Associate of Arts | 9,204 | 61% | \$ 1,800 |
| Delgado Community College | New Orleans | Associate of Arts | 8,745 | 46% | N/A |
| Essex County College | Newark | Associate of Arts | 6,160 | 75% | \$ 1,960 |
| Los Angeles City College | Los Angeles | Associate of Arts | 8,075 | 78% | \$ 327 |
| Miami-Dade Community College | Miami | Associate of Arts | 26,654 | 85% | \$ 1,344 |
| San Antonio College | San Antonio | Associate of Arts | 11,245 | 57% | \$ 750 |
| Seattle Community College-Central Campus | Seattle | Associate of Arts | 4,330 | 37% | \$ 1,451 |
| Wayne County Community College | Detroit | Associate of Arts | 5,104 | 72% | \$ 1,600 |

System Peers

Table 3

| | Location | Number of Campuses |
|-----------------------------|---------------|--------------------|
| California State University | California | 20 |
| University of Massachusetts | Massachusetts | 5 |
| CUNY | New York City | 18 |
| SUNY | New York | 62 |
| Texas A & M University | Texas | 10 |
| University of Wisconsin | Wisconsin | 14 |

Source: IPEDS FY97 Data