



NEW YORK CITY COMPTROLLER  
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# Cuts to CUNY:

## An analysis of financial risks posed by cuts to the City University of New York in NYC's FY 2024 Executive Plan

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### Introduction

Since the Free Academy in Manhattan received its state charter 176 years ago this month, the City University of New York (CUNY) has been a beacon of accessible higher education and an engine of economic opportunity and upward mobility for generations of working class and low-income New Yorkers. However, repeated patterns of disinvestment threaten to undermine CUNY's ability to remain one of NYC's greatest vehicles for a thriving and inclusive recovery following the Covid-19 pandemic.

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In FY 2023, successive reductions to CUNY's funding from the City of New York totaled \$155 million, resulting in the loss of 235 faculty and staff positions. The Mayor's Executive Budget released in April reflects \$41 million annually in permanent cuts for Fiscal Years 2024-2026. These cuts will likely reduce the number of faculty positions and course offerings across the system's community colleges, as well as jeopardize the expansion of successful programs such as CUNY Reconnect, Accelerated Study in Associate Programs (ASAP), and Accelerate, Complete, and Engage (ACE), further weakening the institution's ability to attract and uplift students.

Inconsistent state and city funding, unstable tuition revenues, the expiration of federal pandemic aid, and rising costs due to inflation pose serious challenges to CUNY's finances. For CUNY to remain the world class educational, research, and workforce development institution that New Yorkers need and deserve, the City must restore planned cuts and work with the State to establish more reliable funding streams for the university system.

## CUNY's Value

Today, with 225,000 students spanning 25 campuses including senior colleges, community colleges and graduate schools, CUNY represents both the rich diversity and possibility that is New York City. According to CUNY:

- 80% of CUNY undergraduates are students of color
- 50% of undergraduates are from families that earn less than \$30K per year
- 45% of undergraduates are first generation students
- 50% of undergraduates work while going to school
- More than 80% of first year students attended a New York City public high school<sup>1</sup>

CUNY educates a critical segment of the New York City and State workforce. [A 2021 analysis by the Comptroller's Office](#) found that CUNY graduates earned \$57 billion and paid an estimated \$4.2 billion in State income taxes in 2019.

- CUNY graduates make up approximately 10 percent of the total private-sector workforce in the state
- Nearly 80% of CUNY graduates stay in NYC after graduation
- 1,800 nurses graduate annually from CUNY — half of the new nurses in New York City every year
- CUNY grants 5,000 degrees and certificates in education annually — supplying 1/3 of the teachers at the Department of Education (DOE)<sup>2</sup>

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## The City’s Programs to Eliminate the Gap

The April 2023 Executive Budget’s proposed Program to Eliminate the Gap (PEG) will reduce CUNY’s bottom line by \$41.3 million each year between FY 2024 to FY 2026. Reductions in staff positions and fringe benefits account for \$35 million of these \$41.3 million in cuts.

### Changes to City’s CUNY Budget from June to Present

City Funding for CUNY	FY 2023	FY 2024	FY 2025	FY 2026
<b>June 2022 Adopted Plan</b>	<b>\$1,030,944</b>	<b>\$991,538</b>	<b>\$1,007,032</b>	<b>\$1,007,977</b>
<b>PEGs</b>	(18,483)	(41,330)	(41,306)	(41,334)
<b>New Needs</b>	\$0	\$11,676	\$4,876	\$4,876
<b>Other Adjustments<sup>1</sup></b>	(\$136,118)	\$3,980	\$2,079	\$2,079
<b>Total City Changes</b>	<b>(154,601)</b>	<b>(25,674)</b>	<b>(34,351)</b>	<b>(34,379)</b>
<b>April 2023 Executive Plan</b>	<b>\$876,343</b>	<b>\$965,864</b>	<b>\$972,681</b>	<b>\$973,598</b>

Source: Office of Management and Budget

Successive PEGs in FY 2023 resulted in the loss of 235 civilian and pedagogical positions, in addition to 128 pedagogical positions already eliminated through the FY 2022 budget, adding up to a total loss of 363 part time and full-time equivalent staff since June 2021.

In response to PEG requirements, CUNY released a memo in February informing Presidents and Deans that there would be a hiring freeze and a centrally-managed vacancy review process, resulting in fewer counselors, faculty and support staff.<sup>3</sup> The memo also notes that the savings plan each college is required to develop should pay particular attention to “low student collection rates” (i.e. tuition and fees) and adjunct costs. The net impact of increasing student collection rates will likely exacerbate CUNY’s enrollment and tuition declines by driving away students who are on the margins of being able to afford college, putting further strain on the institution’s overall budget. Further, fewer instructors will likely result in fewer class offerings, creating barriers for students who need schedule flexibility to balance school with work or caregiving responsibilities.

Advocates also worry that City funding cuts could stop the expansion of successful CUNY programs such as CUNY Reconnect, which has supported over 16,000 adult students who have re-enrolled over the past academic year; ASAP, CUNY’s nationally recognized program which provides financial assistance, tutoring, and support services to help students complete their associate’s degrees, mostly at CUNY community colleges; and ACE, which is modeled after ASAP

<sup>1</sup> Other Adjustments includes a \$140.7 million re-estimate of tuition and fee revenue.

and provides academic, financial and career development support to students in bachelor's degree programs. ASAP is a program that highlights why increased investment rather than cuts is what CUNY needs—according to CUNY, ASAP which still only serves 42% of fulltime associate degree students, doubles graduation rates, creates savings of \$6,500 per student and has generated \$4 billion in public sector net benefits since its creation in 2007.<sup>4</sup>

## CUNY's Overall Budget and Financial Risks

The overall budget for CUNY is \$4.3 billion in Fiscal Year 2023, which includes \$3.1 billion for Senior (i.e. 4 year) Colleges and \$1.2 billion for Community (i.e. 2 year) Colleges. The majority of CUNY's budget (like that of schools in the State University of New York system) is provided by the State of New York. The City contributes just over \$600 million dollars, making up 14 percent of the overall CUNY budget, the vast majority of which (over 90 percent) is dedicated to CUNY Community Colleges.

At this time, CUNY faces significant financial risks with respect to fully funding its operations, providing its full array of degree-granting programs and pedagogical and research offerings, supporting its students, and providing career placement and workforce development. CUNY received \$186 million in federal pandemic aid over the course of the pandemic, one-time aid that is set to end this year. The final \$78 million is expected to be depleted by the conclusion of Fiscal Year 2023 in June.

Declining enrollment represents a significant risk to CUNY's long term financial stability, as changes in State and City funding have left the university increasingly reliant on tuition revenues. In Fiscal Year 2022, tuition revenue was lower than budgeted by \$150 million, a trend that is likely to continue as students continue to be impacted by the City's affordability crisis and budget reductions reduce class offerings and educational support programs. This crisis is particularly acute at community colleges, where current year enrollment is 66% of pre-pandemic levels.<sup>5</sup>

Although the projected City contribution for FY 2024 of \$965.9 million is higher than the current year's budget, the City's projections do not yet take into account future reductions in tuition and fee revenue should declines in enrollment persist. The April 2023 Financial Plan still budgets \$415 million annually in tuition and fees for FY 2024 and out. Even if enrollment and tuition at Community Colleges stabilizes rather than continues to decline, CUNY will face devastating reductions in its budget in FY 2024 and beyond, which amount to almost \$141 million this year alone.

Albany was one bright spot this year: the Governor and state legislators provided additional funds for CUNY's operating and capital budget and required the institution to develop a long-term plan to deal with the effects of enrollment changes on the university's academic and financial viability.<sup>6</sup>

Meanwhile, inflation and other external costs such as energy and leases have also increased costs over time, putting further constraints on CUNY's operating budget and long-term financial stability.

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## Conclusion

This Executive Budget jeopardizes CUNY’s ability to provide the academic and support services necessary to catapult low-income New Yorkers into the middle class. Rather than impose additional PEGs, the Mayor and City Council should follow the example of the Governor and State Legislatures and invest further in crucial support programs. If CUNY is to continue to bring the endless possibilities that come with a college education to a growing number of students for another 176 years, the City must recognize the powerful value of a strong CUNY and realign long term budget priorities with that goal.

## Endnotes

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<sup>1</sup> “CUNY Student Data Book,” City University of New York, Accessed May 5, 2023.

<https://insights.cuny.edu/t/CUNYGuest/views/StudentDataBook/Enrollment>

<sup>2</sup> Barrington, Talia, “CUNY Funding a Key Issue in State and City Budget Negotiations,” Gotham Gazette, April 14, 2023. <https://www.gothamgazette.com/state/11949-cuny-budget-new-york-city-state-funding>

<sup>3</sup> Batista, Hector, “Memorandum RE: Fiscal Year 2024 Savings Target, Hiring Freeze, and Vacancy Review Board Reintroduction,” February 3, 2023.

<sup>4</sup> CUNY testimony at New York City Council Oversight Hearing on CUNY’s Accelerated Study in Associate Programs Initiative, April 20, 2023.

<sup>5</sup> Comptroller’s office analysis of CUNY data

<sup>6</sup> S. 4006 –C A. 3006—C of 2023 Part AA. <https://nyassembly.gov/leg/?term=2023&bn=A03006>