

My dear friends,

Across the last two months I've been reporting on our budgetary circumstances in a variety of public meetings and informal gatherings. I write now to share that information with those of you who may not have been present at one or another of those occasions. For starters, let me note that this is a very fluid situation. Tuesday's election will bring a change of leadership to Albany; we should expect that the new governor will address the state's fiscal condition in the earliest days of his term. Whether that response will yield a mid-year budget correction is a matter of speculation. So too is the outcome of the spring negotiations that will produce the state budget. What is clear is that New York's deficit is large and that budget cuts of a significant order are highly likely. The following is a report on our current situation and on the fiscal strategies we've adopted.

### **The Challenge**

As you know, The Graduate Center, like the rest of the CUNY colleges – and, indeed, like most publicly supported universities in the United States -- has experienced diminished tax-levy support over the last few years. From 2008 to 2010 we absorbed permanent budget allocation reductions totaling \$2,477,600: \$1,892,500 in 2008-09 and \$585,100 in 2009-10. The 2010-2011 budget imposed a further reduction of \$2.4 million. The Chancellery's mandate that we sequester an additional 1.25% of our base budget as a reserve against mid-year cuts added an additional \$1.1 million to the total. Collectively, that's a \$6 million base budget reduction. In each of the last two years we've absorbed these losses by identifying administrative efficiencies and, where appropriate, drawing upon reserves we'd set aside. Consequently, those cuts have been largely invisible. We have protected, in every way possible, the vital interests of our students, our faculty, and our staff.

This year's challenge is considerably more difficult. Not only are many of the cost-saving measures we invoked in 2008-09 and 2009-10 no longer available to us, but the prospect of even greater cuts in 2011-12 looms large. We do not have the luxury of increasing our enrollment significantly to generate additional revenue. There is no shortage of qualified candidates seeking admission to our programs; last year we accepted fewer than one-third of applicants. But doctoral programs are not elastic; enrollment must be aligned with anticipated market demand. Admitting many more students when we doubt our capacity to place them in satisfactory situations is unacceptable.

What, then, must we do? Before I describe the measures we've taken, let me offer a brief account of our present situation. As you will note, we enter into this period of fiscal duress in a condition of strength and well-being.

### **The Context**

**Student Support.** In 2001-2002, total doctoral student support, both tax-levy and philanthropic, was \$14.2 million. This year that number is \$44.7 million, a gain of \$30.5 million in eight years. We now offer 1700 five-year recruitment packages; remit tuition for all students who teach at CUNY during their first five years of enrollment; extend low-cost NYSHIP health insurance to doctoral students who teach at CUNY (2100 and counting); and absorb the out-of-state tuition differential for Chancellor's and Science Fellows. This from a base of zero. There's still work to do; these gains have only leveled the playing field and competitive packages remain a moving target. But as growth in both our application and yield rates attests, we are recruiting and sustaining very strong cohorts of doctoral candidates. Eight years ago we admitted 49% of applicants and 42% of those successful candidates enrolled. Last year we admitted 33% of applicants and 54% of those candidates matriculated. Those numbers tell only a portion of the story. By all accounts, the quality of our applicant pool has increased dramatically; we are now

competing with the best universities in the country for new students. To a considerable extent, our success is a function of enhanced financial aid, but the primary magnet for doctoral students remains perceived strength of faculty. And on that score, we've done very well indeed.

**Faculty Recruitment.** In the last decade The Graduate Center has increased its roster of GC-appointed faculty members significantly. A faculty of 110 has grown to 160. More important, these new colleagues are an extraordinarily distinguished lot, more than forty of them hold the title Distinguished Professor. During the same period, CUNY's colleges have engaged in an active and successful recruitment campaign focused at the Assistant Professor level. These younger colleagues have begun to secure their scholarly reputations and are making their way onto the doctoral faculties. We enter into a period of straightened circumstances, then, with the most critical component of our enterprise securely in place.

**Housing.** As you know from an earlier message, our long quest for a residence facility has come to happy closure. In August we will welcome the initial cohort of faculty and students to our new apartment building on East 118<sup>th</sup> Street. They will, I think, be very pleased with these apartments. They're affordable, attractive, and well located. Because we were able to raise a \$15 million equity stake, we can look forward to a not distant time in which the building will serve as a significant revenue stream as well as a convenience for students and faculty.

**Fund Raising.** In the last five years, we've raised more than 50 million dollars. During that period, The Graduate Center Foundation increased its unrestricted net assets by 855%; its temporarily restricted net assets by 343%; and its permanently restricted net assets by 53%. At the end of FY 2008, The Foundation's total net assets stood at 46 million, up from 18 million in 2005. Our portfolio has declined in value to some extent from that high water mark, but like most endowments, ours has rebounded. This is a significant achievement for an institution that deals exclusively in doctoral education. We've done a good job identifying New Yorkers who care about the life of the mind and value the world of ideas. Our primary means of cultivating such prospects has been our public programming, an initiative which has served the doubled purpose of elevating our visibility in the city and beyond.

**Vitality.** Our initiatives in science, religion, and globalization, underwritten by the Mellon Foundation, have energized our conversations. So too the new interdisciplinary seminars organized by the Humanities Center. All of these enterprises bring doctoral students, college and GC-appointed faculty into productive exchange. New degree programs are under development. A cornucopia of events sponsored by academic programs, centers and institutes, the James Gallery, the Segal Theatre, the Music Program, the Initiative in Theoretical Science, and the Office of Public Affairs fill our auditoria nightly. The Graduate Center has become a major cultural resource for the city.

In short, the challenge we confront has to do with maintaining momentum not patching holes. Here's how we'll approach that task.

### **The Strategy**

**Vacancies.** Except in very rare circumstances, we will not replace any position which becomes vacant this year. This measure would be hard gospel under any circumstance; in the context of the Early Retirement Initiative, it is particularly challenging. That said, achieving savings through attrition is surely preferable to more draconian action. Make no mistake, operating with fewer hands will test our patience and our creativity. Work flow will need to be re-imagined; job assignments both within and across offices will need to be re-thought; some staff members will need to be re-assigned.

**OTPS.** We will realize savings through reducing our expenditures on the supplies and

President Kelly's Budget Update, Emailed to GC Community on 1 NOV 2010

equipment we acquire. We've already made significant strides in this area; further efforts will be necessary.

**New expenditures.** We will authorize no new expenditures. This policy will extend to everything from requests to fund conferences, lectures, and programs to proposals for new research centers. This stricture will be particularly hard to enact. For the last five years I've found ways to say yes to most faculty and student requests for support. At least in the short term, that approach must change.

**Full and efficient deployment of all resources.** We are reviewing workload reports, organizational charts, and job descriptions to insure that all available resources are fully and productively utilized. I've asked every head of office to review operations with an eye toward reducing expenditures and enhancing efficiency.

**Revenue Enhancement.** While I am unwilling to increase enrollment in an across-the-board fashion, we will seek to encourage under-enrolled programs to rethink their recruitment strategies. We will also seek to increase enrollment in MA and certificate programs both by growing those we currently offer and by developing new programs. We have charged the Development and Sponsored Research Offices to redouble their efforts with an eye toward increasing discretionary revenue.

Will these measures be sufficient to our purposes? That depends on what happens in Albany in January and across the spring. But regardless of their sufficiency, these measures are necessary if we are to maintain our security and momentum. Success in this as in all matters is a collective matter. Together, we will get through these hard times. In that spirit, I welcome your suggestions and advice.

The Graduate Center is a special place. Every day when I walk through our doors, I feel privileged to be here, proud and grateful to be your colleague. We have built this home together, and together we will preserve its strength.

Warm regards,

Bill