

Message from the President

July 9, 2018

FY19 Budget Reduction

To Faculty and Staff,

Despite earlier indications that CUNY, and therefore Baruch, would have a flat budget in the new fiscal year, one that required no further reductions, we have now learned that unfortunately this is not the case. Indeed, for reasons that I explain below, we have determined that it will be necessary for the College to reduce its overall spending by just over \$5 million in FY19.

There are multiple reasons for this unexpected and most unwelcome development, and I want you to understand clearly what they are.

- First, even though tuition is going up by a very modest \$200 per student per year, CUNY recently informed us that it intends to repurpose a substantial portion of these tuition funds. Specifically, for Baruch, \$2,682,000 (out of the \$4.2 million in new tuition revenue) will be placed into a collective-bargaining reserve to cover the College's share of the anticipated cost of a new PSC contract, while an additional \$1,278,000 will be used to cover CUNY-managed expenses associated with FICA and pension costs.
- Second, CUNY is recapturing \$620,000 in savings from Baruch (as well as similar amounts from the other CUNY colleges), which they anticipate will be produced through the CUNY Administrative Excellence Initiative that is intended to affect cost savings on each campus. Then, through a somewhat opaque university-wide budget process, CUNY will return \$340,000 of that savings, but it may be used only for campus maintenance contracts and the contractual cost of reducing the faculty workload from 21 credit hours to 18 hours. CUNY will also hold back an additional \$240,000 of the savings for unspecified purposes.
- Third, CUNY has indicated that it will be unable to provide additional funds this year to help the colleges meet their mandatory needs related to contractually required step and

other salary increases. Thus, Baruch must cut an additional \$800,000 in order to fund these mandatory costs.

You may be aware that, unlike many of the other CUNY colleges, Baruch was successful over the past three years in avoiding some of the impact of previous CUNY budget reductions through careful conservation and spend down of our one-time resources, known as CUTRA, which was used to make up for the reduced allocation from CUNY.

We are fortunate to have a highly capable and financially savvy team of professionals in the Office of the Vice President for Administration and Finance, and they have done an outstanding job over the past few years in mitigating the impact on the College of CUNY's continuing budget woes. We knew, however, that our CUTRA reserves would be largely exhausted in FY19, but we anticipated that it would be possible to deal with any new deficits by using resources generated by the tuition increase. Unfortunately, however, for the reasons enumerated above, this has not proven possible.

Therefore, to respond to this financial exigency, the College will take the following immediate actions:

1. We will immediately implement across-the-board budget reductions, which will be allocated fairly and proportionately based on the size of each unit's base budget.
2. We will reinstitute a vacancy-control procedure, which we have used in the past, regarding currently vacant positions and all positions that become vacant during the current fiscal year. All new hires will require written justification and approval by the Office of the President. Approvals will be granted sparingly.
3. All planned faculty searches will require a new review and approval before they can proceed. We are aware that many of these searches must be initiated soon if they are to be accomplished during the upcoming academic year, so I am asking the provost and the deans to expedite this process.
4. Each division and school must submit a financial plan by Friday, July 20, which will be reviewed for feasibility by the Budget Office. Each plan must then be approved by the vice president for administration and finance and subsequently by the president. *No new OTPS spending will be permitted until a division or school's financial plan has been approved.*

I realize that these austerity measures are severe and unwelcome, especially when it appeared that we would finally have a year with no additional budget cuts. I assure you that this situation is equally unacceptable to me, because it will impede the College's continued forward progress and the implementation of the goals identified in our new [2018-23 Strategic Plan](#). As you now understand, however, the causes of the budget problems are not

of our making. It remains my hope that it will be possible to return close to a fully funded budget in FY20 and that restrictions on filling vacant positions can be removed at that time.

As many will recall, Baruch has faced severe financial exigencies in the past (e.g., AY 2010-11), and we found a way to get through the situation *together*. In subsequent years, we were able to reverse those budget cuts, and we came back even stronger. I am fully confident that we will do the same again this year.

Sincerely,

Mitchel B. Wallerstein, PhD
President

BaruchCOLLEGE

