
IV. Revenue Sources: Overview

CUNY relies most heavily on two sources for funds: government appropriations* and tuition. Due to steadily declining appropriations, tuition now represents almost a third of CUNY's revenue, which in turn has increased the university's financial incentive to increase enrollments and raise additional funds.

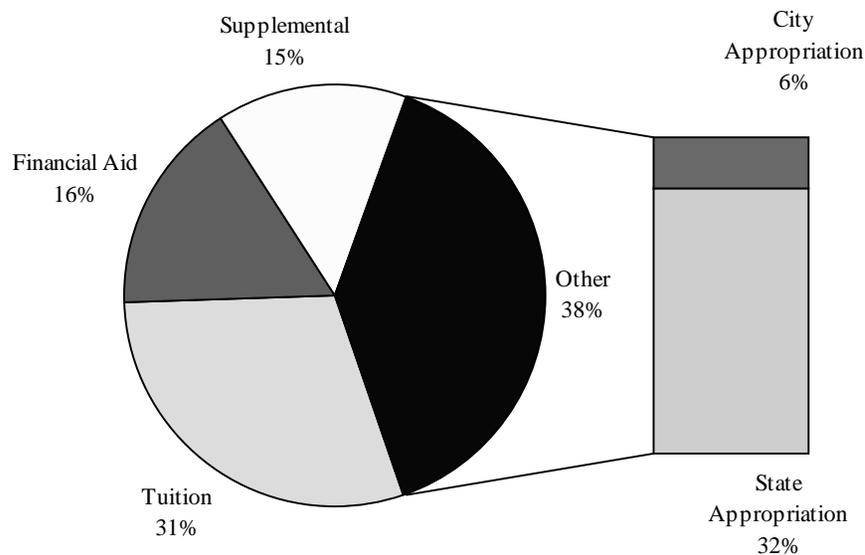
Key Findings

- While government appropriations grew in actual dollars from 1980 to 1990, they have sharply declined in constant dollars over the past seven years. Given the current government funding environment, this trend is most likely to continue for the foreseeable future, leaving CUNY to fill the gap through other revenue sources.
- Tuition has played the most important part in filling this gap, increasing the university's financial dependence on enrollment to fund its operating budget. While the university's resource allocation does not directly link enrollment to tuition revenue, the colleges that have not been able to increase enrollment have been the hardest hit by the decline in government funds.
- CUNY has also raised significant supplemental revenue from education and training grants and contracts, providing an important additional stream of funding for the university's operations. However, the university still has significant opportunities to increase new funding in this area, especially in research grants that reimburse the colleges for administrative overhead.

*Appropriation is defined as institutional support and does not include money for financial aid. Total government support would include appropriations, financial aid, and grants and contracts.

Currently, CUNY's major sources of revenue are tuition and state appropriation, each of which comprise just over 30% of total revenue of \$1.9 billion (see Figure 24).

Figure 24
Revenues* by Source
1997



Source: CUNY

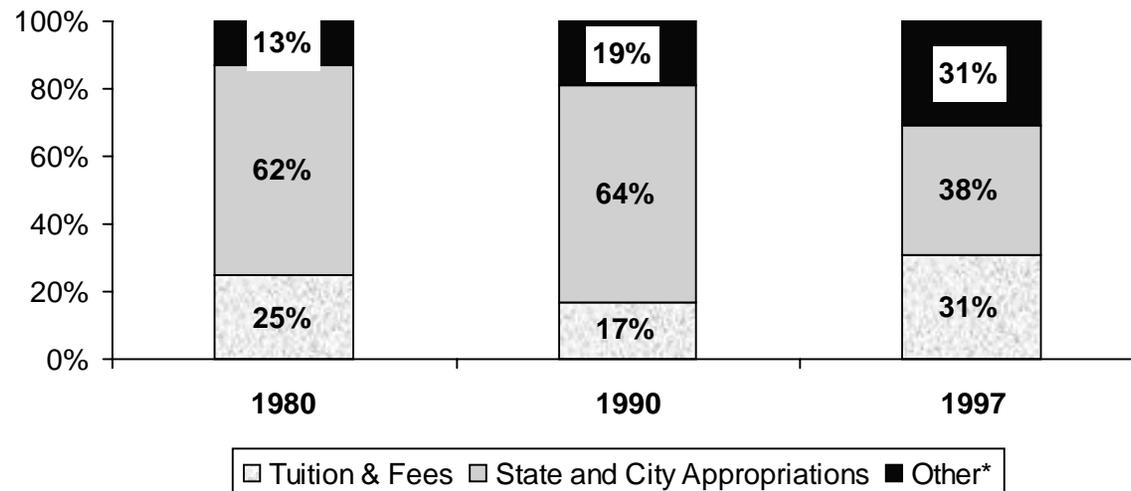
- Tuition revenues total \$584 million, or 31%, and include student contributions as well as state and federal financial aid.
- State appropriation totals \$592 million and city appropriations contribute \$119 million; together they comprise 38% of CUNY's total revenue.
- Financial aid (16% of revenues) includes \$160 million in federal Pell grants that are awarded to the university and passed on to students to fund tuition or cost of living expenses. It also includes \$137 million in state Tuition Assistance Program (TAP) grants, which are used exclusively to fund student tuition.
- Supplemental funds (\$264 million) consist primarily of grants and contracts, which constitute 10% of CUNY's revenues, as well as auxiliary and endowment income, which constitute another 5% of total revenues.

* To maintain consistency with the reporting requirements of IPEDS, all revenues include both TAP and Pell grants. However, it should be noted that this accounting in effect double counts TAP funds by treating them both as financial aid, as well as part of total tuition. This is also true to a certain degree with Federal Pell grants, which may constitute part of tuition revenue, but may also be used to fund cost of living expenses, depending on how the student chooses to apply the grant.

Since 1980, the proportion of CUNY's budget funded by government appropriations has decreased 24%, from 62% to 38% (see Figure 25).

- The decrease in proportionate funding from appropriations has been partially filled by a 6% increase in tuition revenues, due to an increased enrollment in the community and hybrid colleges.
- Supplemental funds have grown by 18%. This has been driven by increases in financial aid, as well as growth in grant and contracts funding, which now constitutes 10% of the university's operating budget.
- It should be noted that appropriations increased during the 1980s, constituting a high of 64% of total revenues in 1990, before falling to 38% in 1997.

Figure 25
Operating Revenues by Source
1980, 1990, 1997



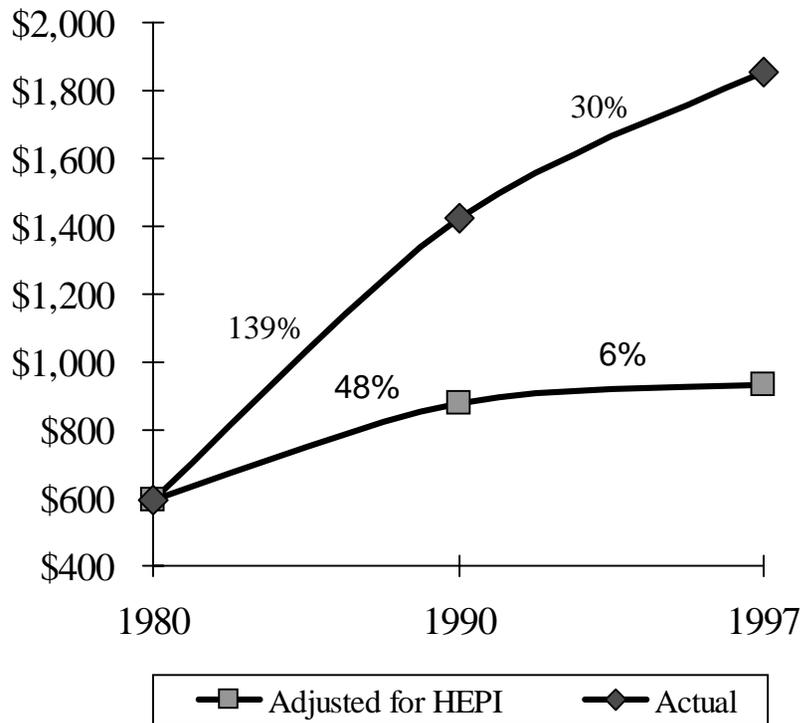
Source: CUNY

*Other includes TAP, Pell, Grants and Contracts, Auxiliary and Endowment Income Revenues

**Appropriation refers only to dollars given to CUNY for institutional support. It does not include TAP dollars or grants and contracts.

CUNY FY97 revenues total \$1.9 billion; the university's constant dollar growth rate has been 57% since 1980, or 3% a year.

Figure 26
Change in Total Revenues
1980, 1990, 1997



Source: CUNY

- CUNY's actual revenues have grown an average of 12% per year -- from \$596 million to \$1.9 billion since 1980.
- Adjusted for the Higher Education Price Index (HEPI), this represents an average of 3%.
- Table 7 below shows CUNY's actual revenues as well as revenues adjusted for HEPI.

Table 7

Revenues (000's)		
	Actual	Constant
1980	\$595,831	\$595,831
1990	\$1,425,419	\$880,031
1997	\$1,855,530	\$934,942
1980-1997 % Change	211%	57%

Source: CUNY