



Testimony

**to the
Senate Finance Committee
and
Assembly Ways and Means Committee
on the
Proposed 2018-19 Executive Budget
for
Higher Education
January 23, 2018**

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*Representing more than 600,000 professionals in education and health care
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*Testimony of
Andrew Pallotta
President
New York State United Teachers
to the
Senate Finance Committee
Catharine Young, Chair
and
Assembly Ways and Means Committee
Helene Weinstein, Chair
on the
Proposed 2018-19 Executive Budget
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Chairperson Young, Chairperson Weinstein, honorable members of the Legislature and distinguished staff, I am Andrew Pallotta, President of New York State United Teachers (NYSUT). NYSUT represents more than 600,000 teachers, school-related professionals, academic and professional faculty in higher education, professionals in education, in health care and retirees statewide.

Thank you for the opportunity to testify today on the proposed 2018-19 Executive Budget for Higher Education. My testimony represents the concerns of over 80,000 faculty and professional staff who work in colleges and universities across New York State. These include the members of United University Professions at the State University of New York, the Professional Staff Congress of the City University of New York and the faculty and staff at nearly all the SUNY community colleges in this state.

I am joined today by Dr. Frederick Kowal, President of United University Professions (UUP), and by Dr. Barbara Bowen, President of the Professional Staff Congress (PSC). You will hear from both Dr. Kowal and Dr. Bowen in a few moments.

New York State is once again faced with making difficult decisions regarding spending. Both the projected New York State budget deficit and federal actions and inactions are placing the state in an untenable financial situation. In 2009, the Deficit Reduction Plan implemented

across-the-board spending reductions to help the state recover from that fiscal crisis. While some funding has been restored to higher education, it has not surpassed 2009 funding levels, especially when adjusted for inflation. Due to years of austere budgets, CUNY and SUNY have not had the resources to address the critical demand for additional full-time faculty, course offerings and other student supports and services.

The fiscal situation is further compounded by the pending actions taken at the federal level on higher education, which will prevent many students from realizing their dream of a college education and in some cases, make this dream more costly.

In times of economic uncertainty, investments in public higher education are more critical as these institutions are essential to preparing individuals for the current and future workforce. According to information cited in the 2018 State of the State book, “by 2024 nearly 3.5 million jobs in New York State will require an associate’s degree or higher. This is approximately 420,000 more jobs than in 2014.”

An infusion of employment opportunities requiring advanced degrees further necessitates the need for state investment in public higher education to ensure that all New Yorkers have access to an affordable, quality education as offered by the City University of New York (CUNY) and the State University of New York (SUNY). Now is the time for New York to renew its commitment to, and investment in, our public higher education institutions.

State Investment

The enactment of the Excelsior Scholarship Program last year was the first step in increasing access to public higher education. The program highlighted the importance of New York’s public higher education institutions, which resulted in an increase in applicants. For example, CUNY recently reported an 11 percent increase in applicants for the 2018-19 academic year, which they attributed to the Excelsior Scholarship Program.

This is the year for New York to take the second step and focus on the quality of the education offered at our institutions. We cannot speak about access to public higher education without discussing funding to preserve and enhance the quality of education. Doing so would be a disservice to the tens of thousands of students our members serve. While this budget supports the expansion of the Excelsior Scholarship Program, we are disheartened to see that it is not accompanied with additional funding for the academic programs, supports and advisement needed to help all students graduate on-time. Access to public higher education is important, but we cannot stress enough that it must be paired with the necessary resources to enable them to succeed.

The Executive Budget holds SUNY's and CUNY's instructional core budgets flat from last year's funding level. Unfortunately for our students, this has been the case for many years and needs to be addressed. As enrollment increases at our four-year campuses, so must the state's investment to protect and enhance the quality of education accessed by all students.

We would like to thank the Legislature for once again unanimously passing legislation (S.1596A LaValle /A.934A Glick) to enact an enhanced maintenance of effort, covering all mandatory costs for which the state would have to provide funding. Unfortunately, this bill was vetoed. When we refer to an investment, we are asking the state to cover all mandatory costs, which include collective bargaining increases, energy and other inflationary costs as well as the tuition credit waiver. Without state funding to cover these rising costs, CUNY and SUNY are forced to absorb them, which often necessitates reductions in academic programs and student supports.

Mandatory costs for both institutions are estimated to be approximately \$300 million. We understand the financial challenges that lie before us and ask the Legislature to make a down payment on this investment by reimbursing campuses for tuition credits (*e.g.* TAP GAP), which is estimated at \$113 million (SUNY = \$65M /CUNY = \$58M). This funding will help free up funds at campuses to be reinvested in the classroom.

Faculty

NYSUT is pleased to see that a budget appropriation, previously allocated for performance based funding, has been modified to allow these funds to be used to support new classroom faculty. We believe this language represents an acknowledgement that more faculty is needed.

For years, NYSUT has advocated for funding to increase the number of full-time faculty. Additional faculty will allow SUNY and CUNY to provide more course offerings, reduce class size and offer more student advisement and mentoring services – all of which improve the quality of education and on-time student completion.

Over the years, students have paid tuition increases to help support the hiring of additional faculty and staff. Students have paid more than their fair share and it is time for the state to pick up its share of the costs. We look forward to working with the Legislature to make funding for new classroom faculty a reality in this year's budget.

You will hear more from Dr. Kowal and Dr. Bowen on the issue of faculty.

Community Colleges

At this time, I would like to discuss community colleges. I thank the Legislature for your continued efforts to support these campuses and your continued efforts to secure state base aid increases for community colleges. As you know, community colleges educate and prepare students for the workforce as well as provide the foundation for those students who move on to four-year campuses or universities. Community colleges also work collaboratively with regional businesses and employers to develop and provide training to address local workforce needs.

Notwithstanding the Legislature's commitment to community colleges, state funding to these campuses is not commensurate with the provisions of the state education law. State education law stipulates that the state shall pay 40 percent of the operating costs of these campuses, however, the state is not meeting its obligation.

As the attached charts illustrate, both SUNY and CUNY community college students are paying the lion's share of operating costs of these campuses. Over the ten-year period from 2007-08 to 2017-18, SUNY community college students went from paying 39.4 percent of the operating costs to approximately 41.4 percent. While the state's contribution for the same period decreased from 31.3 percent to 25.4 percent. We see a similar trend for CUNY's community colleges during the same time period, where the student share increased from 32.6 percent to 37.2 percent, while the state share decreased from 30.3 percent to 24.9 percent.

The Executive Budget proposes flat funding per full-time equivalent (FTE) student for community colleges, which will likely force these campuses to raise tuition. While state base aid funding is flat, some of our community colleges will receive less state funding due to enrollment fluctuations.

In order for our campuses to maintain and enhance academic programming and supports, their state funding needs to be increased.

NYSUT urges the Legislature to increase base aid by \$253 per FTE student. This would raise the level per student spending to \$3,000. In addition to an FTE increase, we would like to work with the Legislature to provide "hold-harmless" funding to campuses impacted by enrollment fluctuations. In the absence of funding, community colleges are unable to retain programming and services that not only support students, but also help attract future students. This funding is necessary to stabilize services offered at community colleges.

Increased funding will enable these gateway institutions to continue to provide first-rate academic programs and services that students need and deserve.

SUNY Hospitals

I would now like to talk about the SUNY hospitals. I want to thank the Legislature for again restoring some of the funding that was cut in last year's Executive Budget. Unfortunately, the

2018-19 Executive Budget proposes the elimination of the state subsidy and replaces it with a state capital appropriation. The elimination of the subsidy is deeply troubling.

While our hospitals are in need of capital for critical maintenance and improvements, the state subsidy is a vital lifeline to keeping these teaching hospitals open. SUNY hospitals are academic medical centers that provide much needed patient care, train and prepare the next generation of health care workers, engage in research to improve lives, create technologies to revolutionize health care and provide invaluable community services.

The Executive Budget fails to recognize and uphold the state's responsibility for these teaching hospitals and the unique services they provide. Unlike any other state governmental entity, the hospitals are required to pay their own salaries, fringe benefits and debt service on capital projects. These hospitals are New York's true safety net providers, serving low-income communities, the uninsured and the underinsured. These communities rely on these hospitals for health care.

As New York braces for draconian changes and cuts to federal health care reimbursement, SUNY's hospitals must be supported and positioned to continue to provide care to all, regardless of a patient's ability to pay, as well as train the next generation of healthcare workers. To that end, we urge the Legislature to restore the subsidy.

We thank Senator Hannon and Assemblymember Gottfried for introducing legislation in 2017 (S.2546/A.3126) to ensure that SUNY continues to receive state matching funds for the Disproportionate Share Hospital Program (DSH). To date, the SUNY hospitals have not received their full state match from the state, which is the local sponsor. The impact of the absence of state reimbursement to cover the full share of DSH funding owed is further compounded by the loss of the state subsidy – both of which endanger the fiscal stability of these institutions. We urge the state to promptly pay the remainder of DSH reimbursement owed.

It is time for New York to start recognizing that SUNY's hospitals are the state's hospitals, providing a public service for all. You will hear more from Dr. Kowal on these issues.

Inspector General Proposals

The Executive Budget also includes a proposal to expand the State Inspector General's authority over SUNY and CUNY not-for-profits to investigate allegations of corruption, fraud, criminal activity, conflicts of interest or abuse. Additionally, the State Inspector General would also oversee their compliance with financial controls. For years, NYSUT has raised concerns with the operations of these foundations and has urged for the passage of legislation to subject foundations affiliated with SUNY and CUNY to Freedom of Information Law (FOIL) requirements. We have also pushed for legislation (S.2214A LaValle/A.5929A Glick) to require these entities to publicly disclose, on an annual basis, information regarding their finances and how they are disbursed. We again thank Senator LaValle and Assemblymember Glick for continuing to seek accountability and transparency of these entities. We believe now, more than ever, is the time to pass legislation subjecting these foundations to FOIL provisions and to require them to release public annual reports containing detailed financial information. NYSUT urges the Legislature to include these bills as part of the Enacted Budget.

These foundations oversee large sums of money that are intended to support the missions of the systems and, as such, their finances should be transparent. Allowing for public access to information regarding the use of these funds will serve as both a deterrent and a way to identify fraud, abuse or conflicts of interest.

You will hear more from Dr. Kowal on the need for accountability and transparency of these foundations and their affiliates.

Student Financial Aid and Opportunity Programs

NYSUT urges the Legislature to continue to invest in student opportunity programs that provide greater student access and remediation services for students in need. We urge you to restore the funding cut to student opportunity programs in the 2018-19 Executive Budget.

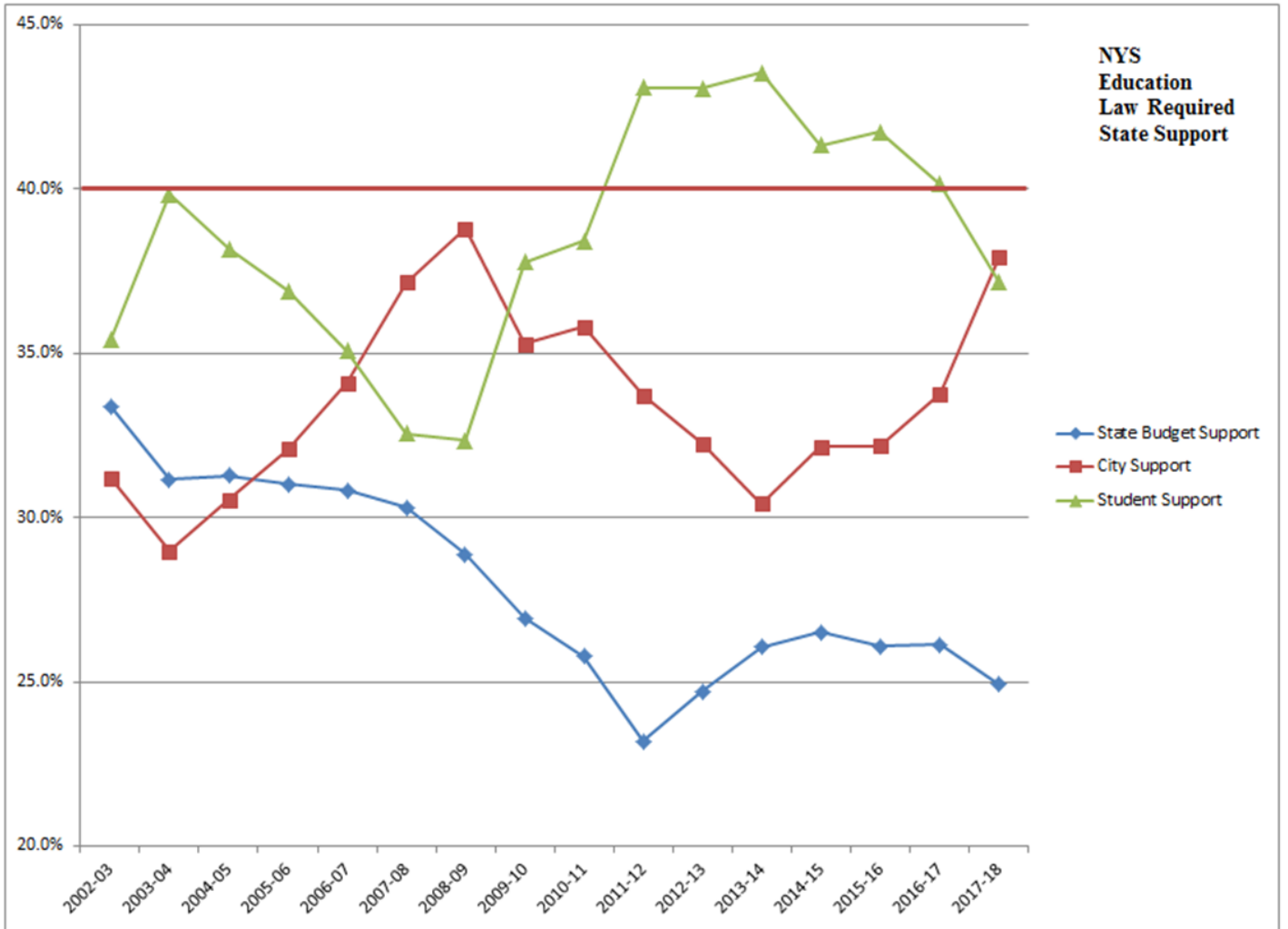
We also support updating the 40-year old Tuition Assistance Program (TAP). This program has afforded so many students the ability to obtain a higher education in this state, but it needs to be updated. Too many students are now excluded from, or underserved by TAP. A great way to help reform this program is to enact the NY Dream Act, which is part of the Executive Budget. We urge you to enact this important proposal in this year's budget.

Conclusion

New York State took a bold step with the enactment of the Excelsior Scholarship Program, which will increase student access to public higher education institutions. We must now move to the next phase and provide the funding to preserve and enhance the quality of the education provided to our students.

In conclusion, we ask the state to increase its state investment in SUNY and CUNY. Again, thank you for the opportunity to testify today. I will now turn it over to Dr. Kowal who will be followed by Dr. Bowen.

CUNY Community College Operating Support



SUNY Community College Operating Support

