



Testimony

**to the
Assembly Higher Education Committee
Assemblymember Deborah Glick, Chair
on
Maintenance of Effort
for the State University of New York
and
the City University of New York
December 5th, 2018**

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*Testimony of
Andrew Pallotta
President
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Chairperson Glick, honorable members of the Assembly Higher Education Committee 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 current maintenance of effort (MOE) for the State University of New York (SUNY) and the City University of New York (CUNY) and the proposed MOE expansion. My testimony represents the concerns of over 65,000 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 and the Professional Staff Congress of the City University of New York.

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.

Thank you for holding this hearing on an important topic for our public four-year campuses. We thank you Assemblymember Glick for your leadership on this issue and for your ongoing efforts to secure critical funding for CUNY and SUNY. The current MOE language was intended to shield the four-year colleges operated by SUNY and CUNY from year-to-year cuts and fluctuating budgets. While the intent was laudable, the existing MOE, also known as the basic MOE, created a ceiling rather than a floor for funding. Since 2011, state operating aid to SUNY's and CUNY's core instructional budgets has remained stagnant, while operational costs

have risen annually. In the absence of a significant state investment in CUNY and SUNY, real growth and system-wide programmatic enhancements to the number of faculty, staff, programs and services students receive, has been virtually non-existent.

The enactment of the enhanced MOE would be a significant first step in providing our public universities the resources required to ensure that our students have access to first-rate academic programs and services they need and deserve.

The enhanced MOE, as outlined in S.7259-A (LaValle)/A.10620 (Glick), passed by the Legislature and is waiting to be delivered to the governor, would require the state to reimburse the systems for mandatory operating costs, such as utilities, building rentals, collective bargaining costs (including salary increases and fringe benefits) and the TAP Gap. All of these mandatory costs are currently being absorbed by the campuses. As a result, difficult decisions are being made with regard to how to balance their budgets. You will hear more from Dr. Bowen and Dr. Kowal on how campuses and students have been affected.

Faculty

For a number of years, NYSUT has advocated for a faculty initiative to increase the number of full-time faculty and to address adjunct-pay parity issues. Additional faculty equates to more course offerings so that students are able to take the courses needed to graduate on-time. More faculty also translates into smaller class sizes and more time for critical one-on-one academic advisement. Due to a lack of state investment in faculty, both systems have over-relied on adjunct faculty. These adjunct faculty members are over utilized, grossly underpaid and often exploited. Increased state operating aid is desperately needed to address this longstanding issue, especially as it relates to adjunct pay. Many adjunct faculty members work on several campuses trying to piece together a salary to support themselves and their families. We all understand the vital role that faculty plays in educating our students and helping them develop the skills they will need to enter the workforce. Yet many of these faculty members are not compensated appropriately.

As we approach the third and final year of the Excelsior phase-in, we continue to call for an investment in faculty. When the program was first implemented, we were told that funding would first be provided to students to cover the cost of tuition, and that the money necessary for

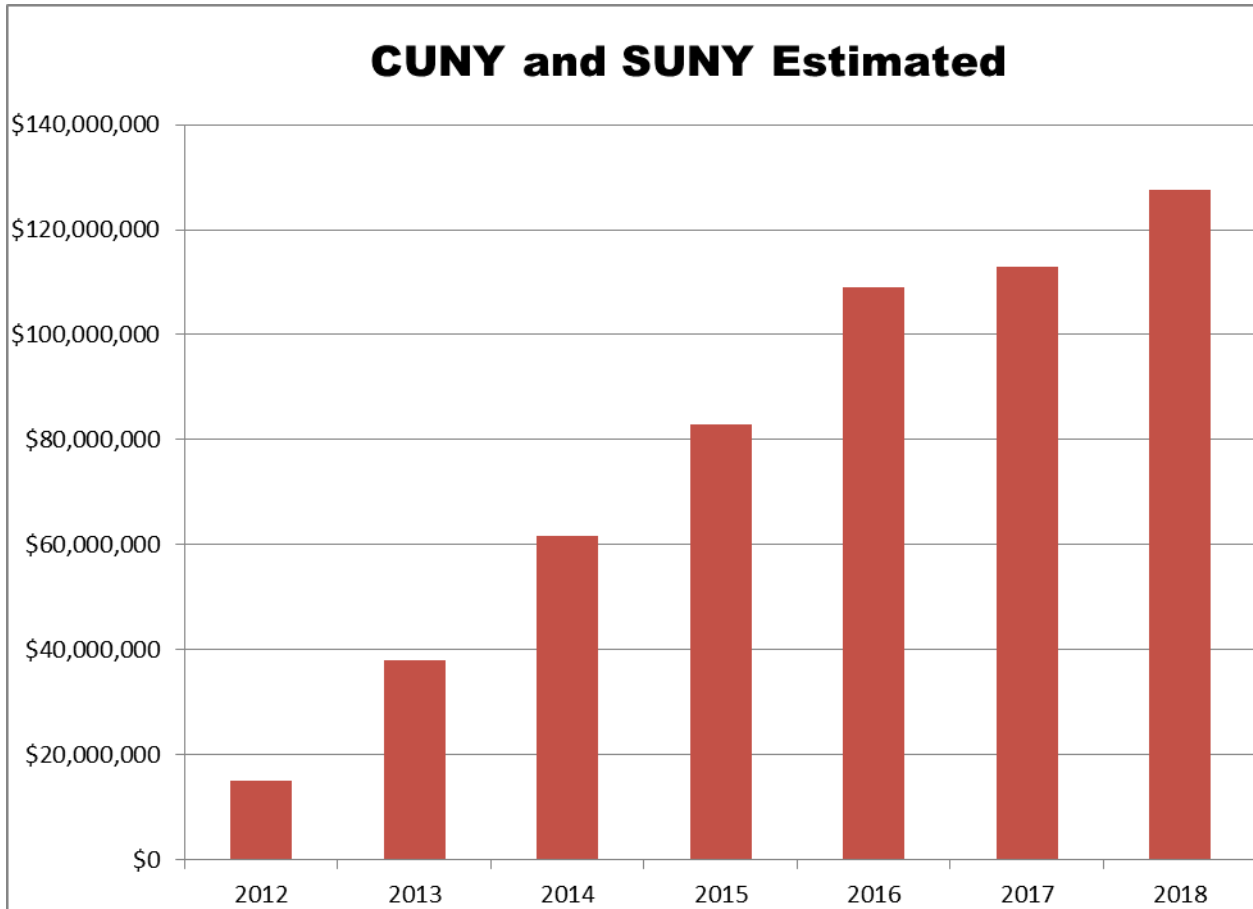
the expansion of programs and services would follow. Unfortunately, to date, the funding we advocated for to support the hiring of more faculty and staff has not been provided. Additional faculty and staff are needed to ensure that all students have timely access to advisement services and course offerings to assist them in completing their education on-time. A student should not have to delay graduation and incur additional debt because they took the wrong course or had to wait a semester or more for a required course.

With the implementation of the predictable tuition plan in 2011, tuition increases were supposed to be used to support an investment in classroom faculty, instruction initiatives to support on-time completion and the tuition credit, which I will address shortly. For years, NYSUT has argued that the students have paid more than their fair share through tuition increases, and it is time for the state to cover more of the costs. Implementing and funding an enhanced MOE could free up limited funding to support the hiring of additional faculty and staff.

Tuition Assistance Program (TAP) Gap

We were pleased to see that the enhanced MOE legislation now includes language to provide the systems with money to cover the costs of the tuition credit also known as the TAP Gap. All TAP students receive a tuition credit based on their income; with higher-income students receiving the lowest credit and lower-income students, who receive a maximum TAP award, getting the highest credit to fully cover the cost of their tuition.

As noted in the chart below, you can see the rapidly rising cost of the TAP tuition credit, which now stands at nearly \$130 million for both SUNY and CUNY.



While the language in the enhanced MOE would not fully cover the cost of the credit, it would cover the portion generated as a result of tuition increases. This reimbursement is critical and mitigates the growing financial burden with every tuition increase. It is our understanding that a \$200 tuition increase would cost the systems approximately \$10-15 million.

Campuses with high numbers of TAP students are penalized by the need to cover the TAP Gap without any state reimbursement. Existing law ensures that TAP students receiving a maximum award are made whole and provided access to CUNY and SUNY. However, unfortunately that access is compromised by the tuition credit. As noted above, the TAP Gap increases with every tuition increase, which is intended to cover the tuition credit along with other costs. Since the tuition credit has quickly grown over the years, institutions are left with less or very little money to invest in new faculty and other student initiatives to support on-time completion.

SUNY Health Science Centers

I would now like to discuss the SUNY Health Science Centers operated at Downstate, Stony Brook and Upstate. The enhanced MOE would ensure that state operating funds for the SUNY Health Science Centers would be included and required to be appropriated at the same level as in the prior state fiscal year. Over the years, the state subsidy to the hospitals has been reduced, from \$90 million in SFY 2012-13 to \$87.9 million in SFY 2017-18. As part of the SFY 2018-19 New York State Executive Budget, the subsidy was eliminated. Working closely with the Legislature, we were able to secure federal funding in place of the state subsidy. Unfortunately, the future fate of the state subsidy is questionable as that funding was for one-year only.

The state subsidy is a vital source of funding to the hospitals and was provided in 2001, in lieu of debt service and fringe benefits, which the state had paid many years ago. The three hospitals operated by SUNY are the state's hospitals and, as such, the state should provide support to ensure their financial stability and viability, including funding to grow and expand the services needed to keep up with the various advances in health care.

The loss of the state subsidy is further compounded by the drastic reduction in the state match for the Disproportionate Share Hospital (DSH) program. In order to keep within the global Medicaid cap, the state has reduced the state match. As the local sponsor for the three SUNY hospitals, the state has the financial obligation to provide the state match for these hospitals so that they can access federal DSH money for services provided to Medicaid and uninsured patients. Yet, SUNY hospitals have instead been forced to pay the state match. These facilities must identify funds they can use to cover DSH costs. These funds are often drawn from accounts that could be used to improve patient services, provide capital improvements or hire additional staff to address staff shortages. Therefore, by not providing the state share of the DSH, the state has compromised the financial viability and the capacity of these facilities to serve their patients and communities.

In the current fiscal year (SFY 2018-19) alone, these hospitals are short \$83 million in state DSH matching funds, forcing these facilities to use their own funds in order to access \$167 million federal DSH payment due to them for patient services rendered. The enactment of an enhanced MOE would provide the SUNY hospitals, which, again, are the state's hospitals, with much needed financial stability and support to which they are entitled.

You will hear more from Dr. Kowal regarding the impact of the enhanced MOE on the SUNY hospitals.

Conclusion

In closing, we urge the governor to sign the enhanced MOE into law so that CUNY and SUNY can receive this much needed funding to cover operational costs, allowing them to use their limited resources for student programs and services. Every budget cycle, the Legislature expends tremendous energy and resources to restore cuts to programs, such as the opportunity programs that aid the neediest students. While these restorations are important, the table target assigned to higher education during the course of state budget negotiations is almost always taken up by these restorations. This leaves little, if any funding for investment in the instructional core budgets of SUNY and CUNY.

As we head into another session and budget year, we once again call for a significant investment in SUNY and CUNY core instructional budgets to reverse the years of stagnant funding that have negatively impacted students. Such an investment would provide funding to not only preserve critical programs and services, but to also make the goal of on-time completion a reality for all students.

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.