

TESTIMONY OF THE PROFESSIONAL STAFF CONGRESS/CUNY

**ON EXECUTIVE BUDGET PROPOSALS FOR
THE CITY UNIVERSITY OF NEW YORK, FY 2014**

**BEFORE A JOINT HEARING OF THE NEW YORK STATE SENATE COMMITTEES
ON FINANCE AND HIGHER EDUCATION AND THE NEW YORK STATE
ASSEMBLY COMMITTEES ON WAYS AND MEANS AND HIGHER EDUCATION**

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Delivered by Dr. Steven London, First Vice President

Good afternoon, Chairpersons De Francisco and Farrell, Chairpersons La Valle and Glick. Thank you for giving me the opportunity to speak today on behalf of the Professional Staff Congress (PSC), the union representing more than 25,000 faculty and staff at The City University of New York (CUNY).

CUNY is the higher education jewel of New York City. It serves a multinational, multicultural, multiracial, and working-class population. Seventy-five percent of CUNY undergraduates are people of color. Forty-one percent are immigrants, and fifty-six percent have family incomes below \$30,000 per year. (See pages 2-3 of *Invest in Opportunity, 2013*.) CUNY's importance cannot be overstated, because it is a big piece of the glue that holds the City together by educating and providing opportunity to its citizens. It is the power behind much of New York's workforce and a source of tremendous economic vitality for the City. 85% of CUNY graduates continue to live and work in New York State.

CUNY has remained a jewel of opportunity for the people of New York because of the talent and dedication of the university's faculty and staff, because of the hard work and potential of our students, and—let's face it—despite years of State disinvestment. It is penny wise and pound foolish for the State to continue to disinvest in CUNY and SUNY. Imagine what CUNY and SUNY could accomplish if the State really made a renewed commitment to public higher education?

In my testimony today I will urge greater State tax-levy support for CUNY to help CUNY rise to its full potential—so the low- and middle-income New Yorkers, immigrants and students of color who attend CUNY can rise to their full potential as well. New York State policy for the last quarter century has largely been to restrict state funding to CUNY and SUNY while pushing the responsibility for funding public higher education onto the backs of the students. The funding paradigm adopted in June 2011, as part of the NY SUNY 2020 policy, has not changed this historic pattern, but only intensified it. The booklet we've provided along with our testimony, *Invest in Opportunity, 2013*, details the State's disinvestment in CUNY over the last 23 years, and the effects of that disinvestment, especially how it has led to tuition hikes and a shortage of full-time faculty. I'll be referring to it throughout my testimony.

The PSC opposes the use of annual tuition hikes to make up for past cuts and underfunding for CUNY. In fact, we believe it would be impossible to maintain CUNY's mission to provide broad

access to higher education using a tuition-only strategy to fund restorations and new investments. A commitment to real, comprehensive tax reform that generates new revenue and provides fairness in the tax code is the way to fund CUNY and other services for low and middle-income New Yorkers. It is important to remember that New York is still the most unequal state in the nation when it comes to income distribution.

The State Must Fund All of CUNY's Mandatory Needs

This year's Executive Budget does not propose new investments to make up for recent cuts and years of underfunding. It is essentially a flat budget, with some funding (\$34 million) to cover fringe benefits, which represent only a portion of CUNY's mandatory needs.

The Executive Budget leaves unfunded \$35 million in mandatory needs requested by CUNY to fund predicted inflationary increases in energy (\$9.6 million), rent (\$3.7 million) and collective bargaining and non-personnel costs (\$21.7 million).

In the absence of a declaration of fiscal emergency, current New York State funding policy mandates only flat funding from year-to-year. Year-to-year flat funding is, in fact, a cut to CUNY's budget, because it does not account for inflationary increases. Including full mandatory cost increases in CUNY's budget, as was done last year, is important so as to account for the impact of inflation. The practical effect of not fully funding mandatory increases is to use new tuition dollars to offset inflationary cost increases instead of using new tuition revenue to fund programmatic needs.

The Legislature approved five years of \$300 annual tuition hikes with the understanding that revenue from the hikes would be used to support additional full-time faculty, reductions in class size and increased course offerings with the goal of improving academic performance and graduation rates. If the unmet mandatory needs are not restored in the enacted State budget, much of the \$46.8 million in net revenue from a \$300 tuition hike will go to fill the mandatory need funding gap in the senior college budget, and CUNY students will be deprived of desperately needed investments in academic advisement, student access improvements and new full-time faculty. At the very least, this budget should keep faith with the "Compact's" promise that new tuition dollars would not be used to fill in for State disinvestment.

- ▶ ***The Legislature should pass a final State budget that funds an additional \$35 million in unmet mandatory needs requested by CUNY and make the definition in the law of year-to-year flat funding include mandatory cost increases.***

Tuition Hikes are a Failing Strategy for Funding CUNY

While we would like to see the current State funding policy live up to its promise, the NY-SUNY 2020 policy itself needs to change. This policy was enacted at a near 25-year low point for senior and community college funding when adjusted for inflation and the number of full-time equivalent students. At this point, flat State year-to-year funding, even with full mandatory cost increases, keeps CUNY poor. CUNY needs public funds to make up for years of State disinvestment.

The PSC opposes tuition hikes as the primary method for raising needed revenue for new programmatic investments for two reasons. 1) Many of our students cannot now afford the \$300/year increases. 2) The magnitude of the tuition increase that would be needed for CUNY to

provide a real quality education is so great that CUNY's mission would be compromised by pricing out the City's low and middle-income students.

Student tuition, fees, and other revenue now supply 48% of CUNY senior college revenue, up from 38% in 2000-01 and 21% in 1990-91. In 1990-91 State funding supplied 74% of CUNY senior college revenue; now the state supplies only 51%. (See page 7 of *Invest in Opportunity, 2013*.) Turning CUNY into a privately financed institution through tuition dollars will close the door of opportunity to many New Yorkers.

Shifting the funding burden to students and families is not only an economic injustice, it's a failing strategy. This year, CUNY's senior colleges received \$1,511 less in inflation and FTE student adjusted revenue from the State than they received in 2008-09. Compared to 1990-91, CUNY senior colleges receive \$5,310 less in inflation and FTE student adjusted revenue from the State. These funding deficits are so great that a reliance on tuition to restore CUNY to its full potential would place a CUNY education out of reach for many New York City residents, especially those who fall between the very large cracks in our current financial aid system (more on that later in our testimony).

- ***The Legislature should turn away from annual tuition hikes, rising tuition dependence and inadequate public support that are the products of NY-SUNY 2020 and recommit to increasing public support for CUNY.***

Community Colleges Need More Funding

Nowhere is CUNY's mission to provide opportunity to the "whole people" of New York more on display than at the seven CUNY community colleges, where 81% of students are people of color and 64% are from families earning less than \$30,000 per year. All the demographics and statics about race, class, immigration, and familial status -- which mark CUNY as New York's doorway to opportunity -- are all the more true when we look just at the community colleges. (See pages 2-3 of *Invest in Opportunity, 2013*.)

CUNY community college students tend to have lower incomes and are more likely to be people of color than students at CUNY senior colleges. They tend to be older, and are more likely to work and to be raising children while enrolled at CUNY. They also tend to be less academically prepared. For these and other reasons, they often take longer to complete their studies. Community college students need smaller classes, more one-on-one time with faculty mentors, more advisement, academic tutoring and holistic student services.

Yet CUNY cannot provide these needed services to most community colleges students because community colleges are still vastly underfunded by the State, despite the Legislature's successful effort last year to provide an additional \$150 per FTE student increase in Base Aid. We are grateful for that restoration, but it is not enough.

State Base Aid per FTE student for community colleges has declined by 35% since 1990-91 and by 21% since 2008-09, when adjusted for inflation using the Higher Education Price Index (HEPI). The current Base Aid rate is \$2,272 per FTE student. In 2012-13, CUNY community colleges would have had an additional \$48 million for full-time faculty and student services if State Base Aid had not been reduced from its 2008-09 level of \$2,675 per FTE student and had been increased to keep up with HEPI. (Adjusted for inflation using HEPI, the 2008-09 Base Aid

level of \$2,675 would amount to \$2,865 in today's dollars. That's \$593 more than the current level of \$2,272.)

The Executive Budget provides no increase for Base Aid; it leaves it flat at \$2,272 per FTE student. That is simply not enough. As with the senior colleges, the State's continued underfunding of community colleges has led to big tuition hikes and greater tuition dependence at the community colleges. CUNY's community college tuition and fees in Fall 2012-13 (\$4,246)¹ was 36% higher than the national average for two-year public institutions (\$3,130). And student tuition and fees now supply 43% of CUNY community college revenue, up from 38% in 2000-01 and 22% in 1990-91. Since 1990-91, tuition and fees have almost doubled as a proportion of total revenues available to community colleges, rising from 22% to 43%, while State support as a percentage of total funding has fallen from 36% to 24.6% over the same time period. (See page 8 of *Invest in Opportunity, 2013*.) This trend has occurred despite the fact that the education law calls for the State to provide up to 40% of community college revenue.

Students at community colleges wait in long lines to use the handful of computer terminals in the library with Internet access. They sometimes wait a semester or more for the courses they need to graduate, as the colleges lack funds to offer them. And there are lab courses in which 30 students cram into a lab with 20 stations—meaning a third of the class “completes” an experiment without having access to scientific equipment. As faculty and staff, we do what we can to offset these results of austerity funding, but we know this is no way to run a university.

- ***The PSC calls on the Legislature to increase community college Base Aid to 2008-09 levels.*** As indicated above, this would require adding \$593 per FTE student after adjusting for inflation. While we support CUNY's request for \$260 per FTE student, it is a small down payment compared to the funding needs of CUNY community colleges. Ultimately, the State should provide a 40% share of operating costs to live up to its statutory funding obligations.

PSC Opposes the Next Generation Job Linkage Program

The Executive Budget emphasizes job-training and workforce development at community colleges to the exclusion of their other important academic missions. Job training is critical, but it is only part of what community colleges do. The community colleges mission is primarily an educational one, granting Associate of Arts (AA) and Associate of Sciences (AS) degrees, preparing students to transfer to BA and BS-granting institutions, providing remedial help for students graduating from the City's schools and returning adult students who need to brush up, and educating students who are looking for career advancement, but not necessarily a degree. Two-thirds of all degrees and certificates awarded at the CUNY's community colleges are either AA or AS degrees.

CUNY community colleges also offer certificate programs and terminal job-training degrees like the Associate of Applied Sciences (AAS), which are geared toward specific occupations. These constitute the remaining one-third of degrees awarded at community colleges. But the vast majority of our community college students at CUNY are enrolled in an AA or AS degree

¹ Includes annual tuition (\$3,900), Technology Fee (\$200), Consolidated Services Fee (\$30), and Student Activity Fee (uses \$116 per year, the lowest of the CUNY activity fees)

program and/or are planning to transfer to a senior college. We must not lose sight of the complexity of the community colleges' mission.

The PSC supports the certificate and AAS programs. However, we oppose the funding proposal advanced by the Governor that would link their funding to so-called "performance" measures and relationships with private businesses.

The Legislature should reject the Governor's Next Generation Job Linkage Program, which we believe sets a dangerous precedent that could undermine State base aid funding. The Article VII legislation that establishes this program would shift toward performance-based funding for community colleges' workforce development programs with a \$5 million (\$2 million for CUNY/\$3 million for SUNY) "bonus" tied to employment rates, completion statistics and other metrics.

As a practical matter, such measurements often neither reflect programmatic effectiveness (and the life conditions of our students) nor the realities of the job market. Students entering a program who need substantial remedial help will need more resources to make it to successful completion, yet many will not succeed. Better-prepared incoming students result in higher completion rates. Poorer-prepared entering students often yield lower completion rates. It will take more resources, however, to get those poorer-prepared students through. Rewarding "success" in this instance may deprive valuable programs of needed resources and result in not using scarce resources efficiently.

Base Aid funding is important to maintain for workforce development programs. Shifting to performance-based funding would ignore the many challenges faced by community college students and discounts the years of State disinvestment that already have undermined CUNY's community college students.

The same legislation would make Base Aid for credit-bearing certificate programs and other job-training degrees contingent on the requirement that such programs: 1) are a partnership between the community college and one or more employers to train and employ students in a specific occupation, or 2) prepare students for an occupation that meets regional workforce needs and has an advisory committee made up of regional employers who provide advisement on curriculum, recruitment, placement and evaluation.

Again, as a practical matter, implementing such a framework in New York City with its broad and dynamic labor market would be difficult at best. But, more to the point, tying institutional curricular decisions to the vicissitudes of individual employers' decisions is terribly short-sighted. Building up institutional capacity that is dependent on the fortunes of an employer or group of employers is problematic. What happens if the employer engages in bad labor practices (e.g., routinely firing employees before their probation period ends or firing employees for unionization drives)? If a parent company on the other side of the world decides to shift production overseas or change its strategic priorities to "enhance shareholder value," will the local employer be obligated to provide jobs? Of course not. The community college has no control over the private employer and with funding tied to private employment, the college will become the training department of the private employer.

These funding requirements give private industry too much influence and control over degree programming, not to mention an indirect subsidy as employers are relieved of job-training costs. Such an arrangement will not allow workforce development faculty to make decisions in the best interest of the students if they conflict with the interests of private employers. Of course, community colleges and local employers should coordinate and communicate so workforce needs are met. But, funding shouldn't depend on hiring practices of private industry or undue influence of industry boards over curricular decisions.

- ▶ ***Instead of marginal, gimmicky increases to workforce development funding and worrisome partnerships with private industry, the State should increase community college Base Aid.*** With that investment, CUNY can improve its workforce development programs and improve education for the rest of its community college students.

CUNY Needs State Investment to Fix Its Full-Time Faculty Shortage

The University needs to be able to address its full-time faculty crisis. CUNY has a profound shortage of full-time faculty because of years of public disinvestment and increased enrollment. The State's per-student investment in CUNY students has dramatically fallen. Revenue from State aid per full-time equivalent (FTE) student fell 39.2% between 1990-91 and 2012-13 at CUNY's senior colleges, when adjusted for inflation. At the community colleges, State aid per full-time equivalent (FTE) student fell 43% between 1990-91 and 2012-13. (See page 5 of *Invest in Opportunity, 2013*). As a result, the university has stayed far below its stated goal of having 70% of classes taught by full-time faculty.

Some progress toward restoring the ranks of faculty has been made as CUNY has added full-time faculty in recent years, but not enough, and that progress has been undermined by enrollment increases. In fact, the University average percentage of instructional FTEs in courses delivered by full-time faculty actually fell from 48.8% in 2007 to 46.2% in 2011.

With 267,000 students enrolled this fall, CUNY's full-time faculty strength is only 7,150, while it was over 11,000 in 1975. Since full-time faculty teach less than half the classes at CUNY (See page 11 of *Invest in Opportunity, 2013*), the rest of CUNY's classes are taught by approximately 10,500 adjunct contingent faculty who lack job security, and receive lower pay and benefits. Most adjunct faculty are excellent and dedicated teachers, but they do not have working conditions that allow them to provide the time and attention that CUNY students need in order to succeed. Many underprepared students encounter adjunct faculty in their remedial and introductory courses. Adjunct faculty are not provided with the working conditions to provide a consistently high quality educational experience. They are treated as low-paid, disposable workers who must run from job-to-job and are not provided the necessary job security to create a stable learning environment. This two-tiered labor system means that students miss out on the mentorship and attention that only a predominantly full-time faculty can provide.

- ▶ ***For this budget, CUNY requested \$26.5 million in State funding to hire new full-time faculty.*** The Legislature should provide State money to fund this increase in the ranks of CUNY full-time faculty.

The Tuition Assistance Program (TAP) Needs Reform

Financial aid improvements are also critical for CUNY students. Supporters of the current tuition hike policy point to TAP as a backstop that protects student access. They claim that TAP and the

new tuition discounting policy enacted under NY SUNY 2020 absorb the cost of tuition hikes for low-income students. But tens of thousands of poor students are ineligible for TAP. Most part-time students (83,828 undergraduates in Fall 2011) and undocumented immigrant students who qualify for in-state tuition fall through the cracks of the TAP program.

Other needy students are also left unprotected from increasing tuition under the current TAP program (e.g., financially independent students with no dependents, students who have exceeded the two or four-year cap on TAP funding, graduate students, and students who cannot get sufficient courses related to their course of study.) These students make up a significant portion of CUNY's student body. They often pay the full "sticker price" of the tuition increases.

Only 78,430 "dependent" undergraduate students (those eligible for awards under the maximum schedule) received TAP in 2011 out of a total full-time undergraduate enrollment of 155,275. (Students are eligible for TAP only if they are full-time.)

PSC is a strong supporter of the NYS Dream Act (A2597/S2378). Undocumented immigrant students who graduate from New York State high schools and GED programs should have access to TAP. Many of the State's undocumented college students attend CUNY. We know them to be highly motivated, talented students with tremendous potential. PSC has great confidence in the contributions that other undocumented students will make to New York State if they have the opportunity to attend college.

Recent changes to State education law enacted as part of the NY-SUNY 2020 law will help some low-income students by requiring that CUNY discount its tuition by the amount which it exceeds the maximum TAP award (currently \$5,000). Requiring CUNY to absorb the difference between the maximum TAP award and tuition for low-income students helps protect access for some (again, not all) students, but it does so at a price. CUNY loses out on revenue that the University would have received if the maximum TAP award had covered the whole cost of tuition. The FY 2014 budget requires that CUNY forgo \$14 million in tuition revenue for this purpose, so the net revenue from the tuition hike will be \$46.8 million and not \$61 million the Governor's budget reads. CUNY's student body relies more heavily on TAP than SUNY's, so CUNY is disproportionately affected by the tuition discounting policy. The State should use TAP to protect access for low-income students instead of disproportionately underfunding CUNY with tuition discounting.

- ▶ **PSC supports the NY Dream Act and other reforms to TAP that would increase access for students who fall through the gaps in the current program.** We also support reform of the current tuition discounting policy to protect student access without reducing CUNY's resources.

Reform New York's Tax System to Fund CUNY

Even with the tax reform of December 2011, the most vulnerable New Yorkers, including CUNY students, are still being asked to shoulder the burden of the State's economic troubles. The wealthiest New Yorkers pay less in income taxes than they did in 2010 and our students are paying more and more every year. It is a transfer of wealth from low and middle-income CUNY students and their families to the rich. We need comprehensive progressive tax reform.

The December 2011 tax reform did not go far enough—either in restoring fairness to our tax code or in generating income. A truly progressive tax structure would do both.

- ▶ **The PSC supports the corporate tax reform agenda put forward this year by New Yorkers for Fiscal Fairness, Fiscal Policy Institute and the Strong Economy for All Coalition.** Among other things, it proposes an end to loopholes that have undermined the State's Corporate Alternative Minimum Tax. We also support increasing corporate tax rates and returning New York State to a more progressive income tax structure that requires the New Yorkers who benefit more from our economic system to pay more in taxes. As noted earlier, New York remains the most unequal state in the nation in income distribution.

Support CUNY's Capital Budget Request

Students learn more and faculty and staff are more productive when they have modern equipment, decent facilities and a safe, healthy learning and working environment. The new Fiterman Hall at BMCC, CUNY Law Facility in Long Island City and recent projects at Hostos Community College, City College and elsewhere have led to real improvements in learning and working conditions at CUNY. But there is so much more to do. CUNY needs greater capital investment to address its backlog of critical maintenance needs, enhance its physical plant and make room for its near record enrollments.

- ▶ **The PSC supports CUNY's five and ten-year capital budget requests.** We join the University in urging you to fight for funding CUNY's 2013-14 critical maintenance and construction needs, including \$252 million for construction at the community colleges and \$1.3 billion for investment in senior college construction projects.

At the end of the day, we all have to live together in our society. The choices you make each year in this budget process have cumulative effects that will either enhance our quality of life or detract from it. There are many important services to fund in this budget, and I realize that higher education is just one of them. After nearly a quarter century of disinvesting in public higher education, we have seen how marginal decisions each year – justified by the circumstances of the moment – have undermined a great university and the hope and opportunity of many New Yorkers. There is no more important investment to make this year than in the future of New York, and that can begin with a resolve to invest again in New York's public higher education institutions.

Thank you.