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Good morning, Chairman DeFrancisco, Chairman Farrell, Senator LaValle, Chairperson Glick, members of the Finance and Ways and Means Committees, staff and guests.

I am Bill Kelly, Interim Chancellor of The City University of New York. Thank you for the opportunity to speak with you today about CUNY and about the 2014-15 State Executive Budget. I will ask the senior officers of the University accompanying me to introduce themselves.

First, and most important, thank you for your longstanding support. Both the Senate and the Assembly have demonstrated a deep and honorable commitment to higher education. Your advocacy on behalf of CUNY's students, faculty, and staff has undergirded our efforts to insure access and excellence.

The state's higher education funding plan has brought unprecedented fiscal stability to our colleges and has enabled us to develop and execute effective strategies. For our students and their families, predictable tuition costs have eliminated the unanticipated spikes that, in the past, swamped budgets and derailed prospects. Fiscal Year 2014-2015 is the fourth year of this five-year model; its impact has been entirely positive, its benefits incalculable. We are deeply grateful to you and to Governor Cuomo for understanding the critical role education plays in the lives of New Yorkers and for implementing a policy that secures its promise.

CUNY's enrollment has increased by about 10 percent since 2008, but has remained fairly level over the last three years. Our enrollment stands at just over 270,000, an all-time high. Further, we serve 248,000 continuing education and certificate students across the five boroughs. It's a vast enterprise: the largest fully integrated university system in the United States.

We manage our enrollment carefully to ensure that students have ready access to the programs and services they need. We have expanded our scheduling grid to encompass more nights and weekends, and at all of our colleges, we offer targeted advisement and counseling to help students devise a path toward successful degree completion.

The diversity of our student body is unique among American – and indeed – global universities. CUNY students trace their ancestry to over 200 countries and speak more than 190 languages. Our undergraduate population is approximately 29 percent white, 28 percent Hispanic, 25 percent black, and 18 percent Asian. Nearly 30 percent of our students were born outside the US mainland; 40 percent report an annual household income of less than \$20,000. The racial, ethnic and socioeconomic diversity of our students is one of the University’s greatest strengths; it enriches and informs all that we do. Sustaining that diversity is a fundamental commitment.

Our students are winning more national awards than ever before. This year, 16 CUNY students won National Science Foundation Graduate Research Fellowships. At no other public university in the Northeast have students and alumni won more NSF awards than at CUNY. Since 2007, our students have won 60 National Science Foundation Graduate Research Fellowships, 2 Rhodes Scholarships, 58 Fulbright Grants, 12 Goldwater Scholarships, 21 New York City Urban Fellowships, 5 Harry Truman Scholarships and 59 Jeanette K. Watson Fellowships. At Macaulay Honors College, the ratio of applicants to acceptance has reached 23 percent, making it one of the most selective colleges in the region. We are grateful for the support that has allowed these talented men and women to achieve their full potential. In addition, we are very encouraged by the Governor’s STEM scholarship proposal to strengthen the pipeline of talented students interested in pursuing STEM-related careers, and the promise of appropriate financial aid to support their efforts.

In the last three years, 40 new academic programs have been approved by the CUNY Board of Trustees. Each of these new degrees has been developed through careful assessment of labor markets, the college’s strengths and the needs of students—with an eye toward creating pathways to long-term professional growth. Today, the university offers approximately 2,100 degree-granting programs: 70 at the doctoral level, 660 at the master’s level, 700 at the baccalaureate level, 260 associate degrees, and nearly 400 graduate and undergraduate certificate courses.

New York State has been our sustaining partner in these accomplishments, our necessary angel. We continue to depend on that visionary engagement to preserve and extend CUNY’s

momentum. With that goal in mind, I would like to share with you our state budget priorities, beginning with CUNY's operational needs.

Let me initiate that overview by speaking about our community colleges: their mission, their achievements, their needs. CUNY's seven community colleges serve 98,409 students, almost three quarters of whom graduated from New York City high schools. Eighty-eight percent of those students enter CUNY with remedial needs in at least one area. Many face significant personal and financial challenges. We help them surmount those obstacles and prepare them to compete successfully for jobs that will insure their transit into middle class lives.

Much depends on our ability to do so. The Georgetown Center on Education and the Workforce tells us that by the year 2025, 63 per cent of all jobs in the United States will require some form of postsecondary education or training. In the knowledge economy, education is the Great Divide: those who have it will have the opportunity to prosper; those who do not will occupy an increasingly marginalized status. I would point to that fundamental reality to underscore our support for the principles of the Common Core as a vehicle for enhancing college readiness. Community colleges are the primary point of access to that ladder of upward mobility, particularly for students from economically disadvantaged backgrounds. We are working closely with the state on the Job Linkage program in order to further strengthen relationships with business and industry and to connect students to career opportunities.

The executive budget recommends a flat rate in community college base aid. That recommendation—\$2,422 per FTE—is significantly below the Fiscal Year 2009 level of \$2,675. Both CUNY and SUNY are seeking an increase of \$250, to \$2,672. That increase will enable the state's colleges to meet more effectively the varied needs of their students and to advance the critical mission I have described.

A second community college issue involves degree completion. Given the critical role that community colleges play in American higher education—both in awarding associates' degrees and in serving as pathways to baccalaureate institutions—national degree completion rates are disturbing.

I present some numbers, familiar, I am sure, to many of you:

- Current data tells us that three-year graduation rates for first-time freshmen entering two-year public institutions is 22 percent nationally and 16 percent in urban institutions.
- Four-year rates are 27 percent and 20 percent, respectively.
- Six-year graduation rates are 56 percent nationally and 49.2 percent at urban institutions.

Those numbers require qualification. First, they do not account for movement from two-year to four-year institutions, where students may indeed complete degrees; second, they do not distinguish degree-seeking students from those with more limited academic aspirations; and third, they fail to register the academic fragility of many community college students, vulnerabilities which severely inhibit degree completion. That said, community college retention and graduation rates at SUNY and CUNY and across the United States must improve. There is simply too much at stake.

What is CUNY doing to improve degree completion rates and enhance opportunities for social mobility? The short answer is that—in collaboration with partners from government and philanthropic communities—a great deal indeed.

Here the scale of the university works to our great advantage. CUNY is able to call upon our nearly 8,000 full time faculty members, our 24 colleges, and our nearly 500,000 students to design, test, and analyze the results of field studies that identify promising interventions. Not all of these pilots are successful; that, of course, is the point of the experimental method, but others have generated extremely promising results. Let me tell you about two of those programs, initiatives for which we seek additional funding.

First, Accelerated Study in Associate Programs. As you may know, in recent weeks ASAP has garnered a great deal of national attention. I note, in particular, highly laudatory articles in *The Chronicle of Higher Education*, in *The Atlantic*, and on the editorial page of *The New York Times*.

ASAP began in Fall 2007 with a cohort of 1,132 students, all of whom had completed their remedial work. The goal was to significantly improve—even double—graduation rates. Students were required to attend full time and to participate in bimonthly advising sessions, weekly non-credit group seminars, dedicated tutoring, and career and employment counselling. They received tuition, books, and a monthly MetroCard.

Results were quite spectacular. By September, 2010, ASAP had surpassed its target and helped 55 percent of its students earn an associate degree within three years. A control group had a graduation rate of 24.7 percent.

In Fall 2009, ASAP broadened its eligibility criteria to see if the program would be similarly effective for less academically prepared students. New ASAP cohorts were selected to include primarily low-income students who required remedial work. Again, the results were striking. This cohort had a two year graduation rate of 27.5 percent, versus 7.2 percent for control groups. After two and a half years, a third of these ASAP students had graduated, compared with less than a fifth of the others. An MDRC study called ASAP “one of the most aggressive efforts in the country to improve the success rates of low income students.”

The takeaway, ladies and gentlemen, is that students in ASAP graduate at more than three times the national average for students in urban community colleges. We are now focused on extending the program to more of our community college students. This fall we expect to enroll 4,000 students, and have much larger ambitions for the program. But to extend its impact we need additional state support. I am hard pressed to think of an investment more likely to yield high returns.

Second, I'd like to call your attention to CUNY Start. We had to accelerate community college students' progress through required remedial courses. Too many were exhausting their TAP support before they could graduate. Absent such assistance, the prospect of degree completion diminished markedly. CUNY Start students temporarily delay the start of their degree program and enroll in an intensive, semester-long remediation program—at the cost of \$75. TAP support is not depleted.

To say that the results have been encouraging is an understatement of the first order. After just one semester, 75 percent of CUNY Start students achieved proficiency in reading, compared to 33 percent of the control group. Sixty-two percent achieved proficiency in writing, compared to 26 percent of the control group. Of students needing remediation in math, 53 percent of CUNY Start students achieved proficiency, compared to 10 percent of the control group.

Student completion rates for the program stand at 90 percent. Most important, preliminary analysis indicates that once CUNY Start students enter a degree program, they take and earn more credits with a higher GPA and have stronger retention rates than similar non-CUNY start students. This year's fall and spring enrollment will total 3,500. As with ASAP we hope to grow that cohort significantly and seek your support to do so.

We also seek operational support for a number of other needs critical to our students and to the state of New York.

As this year's budget request indicates, our top funding priority remains the hiring of new faculty. Over the last decade, we have achieved a 23 percent net increase in full-time faculty. However, these gains have been countered by an unprecedented growth in enrollment during the same period, slowing our ability to increase the percentage of classes taught by full-time faculty. This year we are working to hire 325 new faculty members. And through our FY2015 budget request, we hope to hire 425 more. Nothing is as important to CUNY's success as building a world-class faculty. This fall, we have already hired 250 new, full-time faculty across our colleges, many of them scholars of international renown. Each of them brings a wealth of scholarly and pedagogic experience to our classrooms.

We are concerned as well about unfunded mandatory expenses, particularly in two areas. First, as you know, almost all of CUNY's instructional staff are on a salary schedule that provides for annual step increments. This benefit is built into the state and city approved collective bargaining agreement with the Professional Staff Congress. Historically, the annual costs associated with salary step increments at the senior colleges have been covered by the state. In

the FY 2014-2015 Executive Budget, however, there is no appropriation for these mandatory costs, as has been the case for the prior two fiscal years. Each year the gap widens, and each year our capacity to close it without reducing the services we offer our students diminishes.

Second, CUNY's Decade of Science initiative continues to bear fruit. This year, we will open the new Advanced Science Research Center (ASRC), a facility poised to become one of the region's major centers for advancing scientific knowledge. We have recruited top level researchers to spearhead ASRC's work. Its areas of focus are five of the most dynamic areas of current scientific inquiry: nanoscience, photonics, structural biology, neuroscience, and environmental science. The Center's importance to the university and to the region, both through the employment opportunities it provides and the venture capital its discoveries will attract, make this project a crucial investment. The state provided the funding to build ASRC; we now need corresponding funds to staff and maintain it.

Let me note, in broad strokes, a few other areas of operational need before I turn to our capital concerns.

In 2009, CUNY partnered with Single Stop USA, a national program which offers one-stop assistance to students for benefits screening, tax preparation, legal services and health care assistance. The goal is to increase student retention by connecting low-income students with government benefits and services that they and their families are entitled to, but not receiving. Between 2009 and 2012, CUNY's community college students accessed benefits, including tax refunds, legal services, and food stamps valued at \$66 million. Single Stop should be expanded to CUNY's senior college population, where so many students are of low income and would greatly benefit by Single Stop's interventions.

College Now currently serves over 20,000 students annually in over 450 high schools. Operating in collaboration with 17 CUNY campuses, College Now provides college credit courses, preparatory classes and workshops, experiential based summer programs and access to campus facilities. The program has generated strong retention and graduation results, particularly for

Hispanic students, for black students, and for students with lower high school English Language Arts test scores.

The executive budget reduces child care funding at the community colleges by \$544,000. Fifteen percent of CUNY undergraduates support children. Quality child care is essential to the retention and the long-term success of these students. Longitudinal studies have demonstrated that not only their career prospects but those of their children are considerably enhanced by the completion of associates' degrees. Flexible, licensed, on-campus care will meaningfully advance that much to be desired end.

Currently, more than 4,000 student veterans and reservists are enrolled at CUNY. Since 2008, veteran enrollment has grown by more than 53 percent across CUNY and 233 percent in CUNY's community colleges. As you understand, veterans experience considerable challenges in their transition from military to college and civilian life; those circumstances place them at high risk for attrition. In order to support this important segment of our population, CUNY wishes to appoint a specially-trained student affairs professional on each campus whose sole responsibility is to coordinate services for veterans.

The CUNY Linking Employment, Academics, and Disability Services (CUNY LEADS) program is a unique partnership with the New York State Education Department, established to facilitate successful academic and career outcomes for these students. CUNY LEADS provides students with disabilities academic support, career-readiness training and job placement services. Participants have an 86 percent retention rate; those who are job-ready have a 71 percent employment rate after graduation, compared to the 56 percent national employment rate for people with disabilities. This program has demonstrated extraordinary efficacy, and it merits your support.

The Black Male Initiative (BMI) was instituted by the University, based upon an innovative model at Medgar Evers College, to address education, retention, graduation and underrepresentation of African American men. A CUNY Task Force Report issued eight years ago identified the need for such a program. During the ensuing period, BMI has amassed an

impressive record of mentoring, outreach, placement and related activities, aimed at maximizing academic success for African American males. During this same period, only the City of New York, through the New York City Council, has provided funding. We are hopeful that the state will initiate an Urban Male Initiative modeled after the BMI, to match the city's allocation.

### **Capital Program**

Turning to our capital program, we are grateful for your continued attention to our facility needs, which remain urgent. We are thankful for the more than \$3 billion that the state has provided CUNY over the last five years in support of our academic mission. This funding has allowed us to open new facilities as well as maintain our 24 campuses. Despite this strong support, much more needs to be done.

In the last decade, because of rising enrollment, an additional 62,000 students are using our facilities. Our campuses are open seven days a week, with classes scheduled throughout the day. Not surprisingly, our classrooms and common areas are experiencing significant wear and tear. The average CUNY building is more than 50 years old, and some are more than 100 years old. Our aging building stock and a history of deferred maintenance are the most significant issues affecting our capital program. We have 27 million square feet of space, and we need more. Two years ago we updated our critical maintenance study. We identified a \$3.2 billion dollar backlog of critical maintenance needs, which will grow to nearly \$6 billion if not addressed over the next 10 years.

The executive budget recommends \$258 million in new critical maintenance funding for the senior colleges. This new funding will allow CUNY to continue work on hundreds of ongoing projects that will address electrical, heating, cooling, roof and other maintenance issues. The executive budget also recommends nearly \$16 million in state matching funds for CUNY community colleges for projects that have received funding from the City of New York, all of which will address important critical maintenance issues.

The executive budget also recommends a second allocation of \$55 million for the CUNY 2020 Challenge Grant Program. We are currently in the process of completing the competitive review to allocate the first round of CUNY 2020 funding for projects that will provide job creation, academic research, student internship opportunities and partnerships to help leverage support. We look forward to implementing round two and are excited about its potential benefits.

While there are no funds allocated in the executive budget, I would also like to mention CUNY's participation in Start-Up New York. As you know, Start-Up New York is another economic development program that intends to transform CUNY into a magnet for new business and investment by creating tax-free communities on CUNY campuses and neighboring areas. CUNY has selected one college in each borough to participate in the program: Bronx Community College, City College, Medgar Evers College, York College and the College of Staten Island. CUNY and the selected colleges are working with Empire State Development to finalize the campus plans for designation.

I want to take a moment as well to update you on the current status of major projects you have funded in prior budgets.

- As noted, CUNY's Advanced Science Research Center, as well as the new City College Center for Discovery & Innovation will be completed this summer. The complex will be the jewel in the crown of scientific research at CUNY. The two buildings offer 400,000 total feet of space where faculty will work across disciplines to engage some of global science's most vital challenges.
- Construction continues on Brooklyn College's new performing arts center, scheduled for completion next year.
- The new academic building at New York City College of Technology broke ground last month and will be in construction for the next three years. City Tech is CUNY's only technical college and it has some of the oldest facilities in the system. The new facility will add 350,000 square feet of classrooms, labs, a nursing simulation center, a dental hygiene clinic, a 1,000-seat auditorium, and physical education facilities.

- The first phase of infrastructure renovations has begun at Baruch College's Field Building at 17 Lexington Avenue, a 16-story building that has received minimal upgrades since it opened in the 1920s.
- Construction continues on Medgar Evers College's library, a project that will reorganize and expand the library to increase student study space and provide modern library facilities.
- And at Bronx Community College, the second phase of construction of major utility upgrades for the campus is underway. This is the second of five phases that will completely replace the campus central plant and all heating, cooling, and electrical distribution infrastructure on campus.

We are also initiating construction on several important projects, thanks to your support.

- At LaGuardia Community College, the façade of the Center 3 Building is being replaced. Center 3 is a huge, 100-year old facility whose terra cotta façade is failing and must be completely replaced to ensure the safety of the community and the integrity of the building. This is the highest priority of all of our community college projects.
- A major upgrade of Lehman College's central plant is underway.
- And system-wide, hundreds of infrastructure projects are underway, funded by over \$1 billion in critical maintenance appropriations that CUNY was generously provided over the last five fiscal years.

All of these projects were years, even decades, in the making, and we are completing them at a critical time: when New York City needs jobs. There is no doubt that New York City profits from our capital program. For every \$10 million spent in construction, 60 jobs are created at the job site and 30 jobs are created offsite in materials fabrication. A multi-billion dollar construction program is therefore generating an estimated 14,000 jobs.

However, after this year, it will be a few years before our next significant project completion and after that there is nothing on the horizon. This is not for lack of projects. CUNY has several that are shovel-ready, each of which will alleviate serious space deficits at our colleges. We are asking for additional funding for key programmatic projects, including:

- the new Academic Village and Conference Center at York College;
- the College of Staten Island's High Performance Computational Center;
- Lehman College's Nursing Education, Research and Practice Center; and
- the new Roosevelt Hall at Brooklyn College.

Projects like these are critical to our academic growth, helping to improve classroom instruction and research capacity, and create jobs in a still struggling economy. With your support, we hope to continue this important work.

I want to thank you attention and your patience. We salute your profound commitment to the university and its students. I am happy to address any questions you may have.