



The State University
of New York

**2017/18 Executive Budget Testimony
Chancellor Nancy L. Zimpher
January 24, 2017**

**Joint Legislative Public Hearing
New York State Assembly Committees on Ways & Means and Higher Education
New York State Senate Committees on Finance and Higher Education**

Introduction

Good morning. My name is Nancy Zimpher, and I am the Chancellor of The State University of New York.

I want to thank Chairpersons Young, Farrell, LaValle, and Glick; members of the Senate and Assembly; and legislative staff for allowing us this opportunity to share our perspective on the Executive Budget. With me today is Marc Cohen, President of our statewide Student Assembly and SUNY Trustee.

I would also like to take this opportunity to acknowledge the SUNY campus presidents and stakeholders some of whom are with us today, to thank them for their continued devotion to the SUNY system. And I want to thank Chairman H. Carl McCall and our entire Board or Trustees for their leadership and support.

We are thrilled to see that public higher education is at the forefront of the Governor's Executive Budget proposal. But before we talk about the specifics, I want to provide some context to make the value proposition of SUNY crystal clear – to tell you about the performance and accountability we are committed to on behalf of our students. To demonstrate what we could do for our students and the state with even more support.

As you know, a high school degree isn't enough to succeed in today's workforce – we've moved the finish line. Less than half of all adults in New York hold a postsecondary degree of some kind, but 70 percent of jobs here require one. That's an astonishing gap, one public higher education is best equipped to

address. We approach this through a simple formula: Access plus Completion equals Success. Well, it sounds simple, but it takes a lot of work to deliver on.

Access and affordability are not just important to the 600,000 students we serve each year – they are critical to our state’s future.

Beyond access, the future of our State’s competitiveness depends on us being laser-focused on driving **completion** for every student, and getting them ready for a career. Our commitment to student completion and long-term **success** is what guarantees a return on educational investment for them as individuals and for the State.

Yesterday, I delivered my final State of the University Address as chancellor. It gave me the chance to reflect on what it has meant to be the chancellor of the largest comprehensive system of postsecondary education in the country; including

- 30 community colleges,
- 29 State-operated institutions,
- Five statutory campuses,
- Three teaching hospitals, and
- Many University-wide programs and activities.

All of these together – supported by our Construction Fund and Research Foundation – comprise 41 percent of the State’s physical assets, employ nearly a quarter of the state government workforce, and is the destination of choice for nearly 40 percent of the State’s Tuition Assistance Program (TAP) recipients. I am proud of the work we have done to update our practices in important areas such as Seamless Transfer, a uniform approach to sexual assault prevention and response, and of course ,our policies on diversity, equity, and inclusion.

Now, however, on to the business at hand – the Executive Budget.

The Executive Budget and SUNY

Again, we are thrilled to see that public higher education is at the forefront of the Governor’s budget proposal. We’re excited about the potential of the Excelsior Scholarship Program. I know there are a lot of questions on this, and we will

answer what we can, but I'd like us to pause for a moment and think about what it means to have a big, bold idea like "tuition-free" in the conversation.

Just putting the term "tuition-free" out there—that act alone—will move the dial on access. For young people who have written college off because they assume they can't afford it, they'll hear about this and think, "Maybe college isn't out of reach for me."

We're happy that the governor's proposal emphasizes completion, because research shows that students enrolled full-time are more likely to graduate. And, perhaps most importantly, the less time students spend *in* college, the less money they have to spend *on* college.

In addition, we are pleased to see that the Executive Budget includes a tuition plan once again. This is a concept we believe strongly in because it is imperative for our students and their families to be able to plan for the *full cost* of their SUNY education.

In capital, the multi-year plan – \$550.0 million per year over five years – included in the governor's proposal will provide much-needed funding for our critical infrastructure. We appreciate the legislature's help in advocating on behalf of our campuses' capital needs.

I urge you to continue to support us in this area. Of course, capital projects are expensive and SUNY's needs are significant. Your leadership could make an even greater difference in this area; you could take our allocation beyond existing facilities, and champion a major renovation or new project for each campus. Additional funding would be truly transformative, enabling us to maintain safe campus environments while opening the door to new projects that keep SUNY competitive.

We were pleased to see the continuation of the \$18.0 million SUNY Performance Investment Fund. Since 2015, this funding has been the engine behind our efforts to increase completion across the system. As you may recall, we pooled \$100.0 million from state funding streams and invited campuses to apply for funding to support programs proven to help students succeed. They embraced the challenge, submitting \$500.0 million worth of ideas to move the completion dial.

Because of this demand – this enthusiasm for innovation among our campuses – we have created a system-wide foundation to actively seek private-sector investment. Yesterday, I announced the formation of the SUNY Impact Foundation, which will allow SUNY – for the first time ever – to attract outside investment in SUNY-wide programs proven to expand access, promote completion, and prepare students for success. The point is to work with investors who want to have an impact at scale, not only funding successful programs at a single campus, but taking what works across the entire system. Importantly, the new foundation will drive investment directly back to campuses.

Where we Need Help

As with every year, we know you can help us build on the promising start provided by the Executive Budget. One key area for improvement is in support for our 30 SUNY community colleges.

Each year we talk about the need for increased Base Aid for these institutions, and we are always thankful for the legislature's support. What we've come to realize is that the existing per student funding model does not work for our institutions, our students, or for the State. Based on current college enrollment levels, 27 of our 30 community colleges would receive less money than last year. We cannot afford to continue on this path, as it will leave our colleges without the essential resources needed to retain and support students; enabling them to complete their educational plans

That is why our budget request included a new approach to community college funding that – like the tuition plan for state-operated campuses – would provide predictability to our community colleges, as well as the opportunity for investment.

Our recommended approach would require an additional \$30.0 million for academic year 2017/18: (1) \$15.0 million for “hold harmless” funding to keep funding equal from year to year, and (2) a \$15.0 million investment in the invaluable services these institutions provide. Our community colleges are pathways to prosperity, preparing students to transfer to four-year institutions

and launching them into well-paying careers. I ask you to revisit this request when you address the needs of this sector.

Like the hold harmless proposal for community colleges, we are requesting a “maintenance of effort” provision be added to the proposed tuition plan for the State-operated campuses. We are grateful that the Executive Budget did not cut funding for these 29 campuses, and provided for the cost of employee benefits. All we ask is that this approach be continued, and the MOE be reinstated to provide much-needed stability for our institutions.

We must also address the issues being faced by our three teaching hospitals at Downstate, Upstate, and Stony Brook. Throughout my tenure at SUNY, I think it’s fair to say that funding for our hospitals has been a struggle for all of us. At the risk of sounding like a broken record, predictability of funding is needed to shore up these institutions once and for all.

One area that we all need to focus on in this area is Disproportionate Share Hospital Payments, also known as DSH. The DSH program is a long standing federal-state partnership that addresses the financial stress on hospitals that serve a disproportionate share of indigent (Medicaid and uninsured) patients by repaying these institutions for their losses on a two-year lagged basis, usually in a fall and spring payment. Our SUNY hospitals traditionally receive a fall payment of around \$180.0 million.

However, SUNY’s most recent fall payment was approximately 60 percent less than in prior years. While we understand that there are pressures on the State to meet the financial needs of all of New York’s public hospitals, all we ask is to be a partner in these discussions so that we can ensure that our hospitals are fully reimbursed for the lifesaving care they provide to vulnerable populations.

We also ask for your help in addressing the costs of collectively bargained salary contracts. As we have discussed in the past, after new agreements are finalized, too often it is students who bear the burden of unanticipated costs. We want the investment of our students and the state to fund programs and activities that drive completion and success.

Finally, as with every year, we ask that you restore the legislatively added funding for programs reduced or eliminated in the Executive Budget, such as the Educational Opportunity Program, celebrating its 50th anniversary this year. Currently, 10,000 students are benefiting from this incredible program proven to help at-risk students complete college at rates higher than their peers across the nation. Each year, EOP has more than 15,000 qualified applicants for only 2,900 seats. Over time, more than 60,000 students have graduated thanks to a history of legislative support for this life-changing program. We must keep the momentum going.

In addition, we request your continued support for our Educational Opportunity Centers; Graduation, Achievement, and Placement (GAP) program; vital additions to child care; and support for the Small Business Development Centers. Together these programs represent an \$18.2 million reduction from last year's Enacted Budget. The Legislature has been a true champion for our students through these programs, and we hope that will continue. We cannot afford to go backwards.

That is why we hope you will consider the new investment we included in our budget request: expanded funding for EOP and EOC, an additional \$1.0 million for our child care centers, and an additional \$15.5 million for the Empire Innovation Program, which helps our campuses to attract additional world-class faculty.

Before I take your questions, I'd like to invite **Marc Cohen** to provide some additional remarks from the student perspective, which will be a preview of the SUNY Student Assembly's testimony later this afternoon.

Conclusion

Thank you for your time. It is always a privilege to come before you on behalf of The State University of New York, and I look forward to working with you all during the upcoming legislative session.

My colleagues and I are happy to take your questions.