



UNITED UNIVERSITY PROFESSIONS
Testimony on the
2019-2020 Executive Budget

Presented To:
Senator Liz Krueger, Chair
Senate Finance Committee
and
Assemblywoman Helene E. Weinstein, Chair
Assembly Ways and Means Committee

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Prepared by:
United University Professions
PO Box 15143
Albany, NY 12212-5143
800-342-4206
www.uupinfo.org

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Chairperson Krueger, Chairperson Weinstein, distinguished members of the Senate Finance Committee and Assembly Ways and Means Committees, thank you for providing the opportunity for United University Professions (UUP) to testify on the 2019-20 Executive Budget for higher education.

My name is Dr. Frederick E. Kowal and I am the president of United University Professions. UUP is the largest higher education union in the U.S., representing more than 37,000 academic and professional faculty and staff at 29 State University of New York campuses, System Administration, Empire State College, and SUNY's public teaching hospitals and health science centers in Brooklyn, Buffalo, Long Island and Syracuse.

Our members serve hundreds of thousands of students and patients at our colleges and universities, health sciences centers and state-operated public teaching hospitals directly administered by SUNY.

I'd like to take this opportunity to thank you for your support for and approval of programs and initiatives that are vital to our union and to the students and patients we see and serve every day. You heard our concerns and you acted on many of them. For that, we say thank you.

I'd like to express my gratitude to the Senate and Assembly for once again passing a full Maintenance of Effort bill—which, once again, was rejected by the governor. We appreciate your continued support for SUNY's opportunity programs, and we thank you for partially restoring funding cuts in the 2018-19 Executive Budget proposal.

You also approved the governor's \$92 million replacement funding for SUNY's three state-owned hospitals, allocated through the federal Care Restructuring Enhancement Pilot Program. We recognize that this effort was for one year only, and, unfortunately was substituted for the historic state hospital subsidy eliminated in the 2018-19 Executive Budget. I will address this situation—and our suggested remedy—later in the testimony.

We also thank you for your continued support of the governor's Excelsior Scholarship program and your approval in 2018-19 of funding to reimburse campuses for costs associated with this groundbreaking initiative.

Education for all

Access was a theme that ran throughout the governor's Executive Budget presentation on public higher education. Working to provide an affordable, accessible SUNY education to all has been a decades-long initiative for UUP.

UUP also believes in SUNY's mission statement, which says the University shall "provide to the people of New York educational services of the highest quality, with the broadest possible access, fully representative of all segments of the population in a complete range of academic, professional and vocational postsecondary programs including such additional activities in pursuit of these objectives as are necessary or customary."

We understand that fiscal year 2019-20 is shaping up to be a challenging one for the state. However, we strongly believe that you will continue to view public higher education as the priority it is and should be.

Funding for Faculty and Professional Staff

All SUNY students deserve an education of the highest quality. UUP urges the Legislature to increase SUNY's operating budget by \$30 million to hire more full-time, tenure-track faculty and professional staff to meet expected enrollment growth while maintaining the University's commitment to excellence.

SUNY's state-operated campuses have never recovered from a series of slashing state funding cuts that took place during the Great Recession; aid dropped from \$1.36 billion in 2007-08 to \$700 million this year—that's a decrease of nearly 50 percent, or a third of its core operating budget. Several years of flat funding for SUNY has only served to exacerbate the situation and cause our financially beleaguered campuses to become ever more cash-strapped.

A number of campuses have cut—or are strongly considering cutting or eliminating—necessary programs and services to close widening budget gaps. Hiring more full-time, tenure-track faculty—a necessity at every SUNY campus—has become nearly impossible as campus administrators struggle to close widening budget deficits.

At SUNY Fredonia, President Virginia Horvath announced late last year that the college may cut 13 undergraduate programs (including mathematics, French and Earth Science), and 8 graduate programs to help close a nearly \$13 million budget deficit. The college is also considering eliminating or

reducing administrative /support services and nearly a dozen administrative offices.

Stony Brook University, which has worked since 2017 to reduce a \$35 million deficit, has instituted a hiring freeze, merged three foreign language programs into a single department, and suspended admission to undergrad programs in theatre arts, cinema & cultural studies, comparative literature, adapted aquatics and pharmacology.

To help reduce a projected deficit of more than \$5 million in its 2018-19 budget, SUNY New Paltz administrators placed a 90-day hiring freeze on all positions vacated through attrition or retirement to assess if the position is "critical" before refilling it. Some of those positions will not be refilled.

SUNY Downstate Medical Center's College of Health Related Professions is cash-strapped to the point where there isn't enough funding for it to hire enough staff and faculty. This could jeopardize the school's reaccreditation.

Binghamton University administrators are also struggling to close a \$12 million budget gap.

With proper state funding, SUNY's focus should be on expanding programs and hiring more full-time, tenure-track faculty, initiatives that will make the University more accessible to New Yorkers seeking a quality public college education.

Earning a college degree is necessary to open doors and succeed in a competitive global economy. A strong investment in public higher ed by the state is needed for SUNY to continue to provide the quality education our public higher education systems are known for.

The Excelsior Scholarship will continue to grow enrollments at SUNY colleges and universities statewide as the maximum family income threshold for prospective students increases—making more students eligible for the program. UUP supports the governor's scholarship program, which provides access to a high-quality public education at SUNY for thousands of students who lack the financial means or family income to attend public and private schools.

This year, the income threshold moves to \$125,000 per year, up from \$110,000 in 2018-19. More than 20,000 SUNY and CUNY students received

Excelsior scholarships in fall 2017, the program's inaugural year. UUP expects those numbers to increase drastically as the scholarship becomes established.

We also expect that approval of the DREAM Act, which UUP has embraced and advocated for, will contribute to growing enrollments at SUNY campuses as these newly protected students choose the access and affordability of SUNY schools to follow their college dreams.

However, the state has yet to follow through on its promise—made when Excelsior became law—to provide more aid to help campuses deal with Excelsior-related enrollment increases and expenses. There are insufficient numbers of full-time, tenure-track faculty to teach classes across SUNY, and class sizes grow each year as enrollments increase. Undergraduate courses taught by part-time faculty have become the norm throughout the system.

The situation will only become worse as cash-squeezed campuses consolidate and/or cut courses to close burgeoning budget deficits, caused in part by increasing enrollments and additional costs and revenue losses associated with the Excelsior Scholarship.

We applaud the governor's plan to hire 1,000 new full-time, tenure-track faculty at SUNY over the next 10 years, with the goal of addressing faculty diversity. The state is proposing to pay for these new hires, but unfortunately, those funds are not included in the Executive spending plan.

UUP strongly supports the hiring of more full-time, tenure-track faculty at SUNY and recognizes the need for a more diverse faculty. Last year, our union called for the creation of a pipeline program linked to SUNY's successful Educational Opportunity Program to recruit and educate future teachers and encourage EOP students to pursue teaching careers.

Finding and hiring academics to broaden the diversity of SUNY's faculty is even more of a challenge. This glaring shortage of diverse full-time, tenure-track faculty at SUNY and must be rectified.

The addition of \$30 million in the budget to hire full-time, tenure-track faculty would be a good first step toward accomplishing the governor's goal of increasing diversity among SUNY faculty.

UUP also requests that SUNY be required to provide a plan outlining how the \$30 million would be allocated to hire additional full-time, tenure-track faculty

at SUNY. That plan would be shared with the governor, the Legislature and UUP to ensure that that the governor's objectives are met.

Close the "TAP gap"

Add \$25 million to the budget to cover the cost of the Tuition Assistance Program (TAP) for state-operated campuses.

The defining feature of the American Dream is upward mobility—the aspiration that all children have a chance at economic success, no matter their background. Ninety percent of children born in 1940 grew up to earn more than their parents; today only half earn more than their parents did, and the trend is not reversing.

Increasingly, students today cannot afford college, are saddled with debt, work at jobs with few benefits and have no long-term security. The American Dream continues to fade for the vast majority of young Americans.

Financial aid such as New York State's Tuition Assistance Program (TAP) provides accessibility to a public college education, which is still out of reach for too many qualified students.

However, the so-called "TAP gap"—and the general underfunding of SUNY—threatens students' access to education and the completion of their education. Fully funding SUNY ensures that our future workforce, taxpayers, and citizens have a solid foundation for contributing to the productivity, quality of life, and overall health of New York state.

The TAP gap, the portion of SUNY tuition that campuses must waive for TAP awardees, is a loss of about \$62 million annually that SUNY's state-operated campuses somehow manage to absorb. It wasn't always this way. TAP covered 100 percent of SUNY tuition at state-operated campuses from 1974 through 2009-10; the state's percentage has declined since then, expanding the TAP funding gap.

More than 40 percent of TAP students attend SUNY schools; over one-third of SUNY students at state-operated campuses receive TAP aid. About a quarter of students at state-operated campuses receive the maximum TAP grant of \$5,165—which covers only 75 percent of SUNY undergraduate tuition.

This TAP gap—which our campuses are required to cover—is equivalent to the annual salaries of over 500 new full-time, tenure-track faculty. These additional hires could increase advising, counseling, tutoring, and course

offerings needed to help ensure that students complete their education, and complete on time.

The idea that full-time students can work their way through college and finish in four years with no debt is an out-of-touch notion from a time when the American Dream was real. Students who work more than 20 hours, the amount required to pay educational expenses for most students at most public and private four-year colleges, are at grave risk of not engaging in critical educational opportunities, not being able to graduate in four years, or dropping out entirely.

Room and board, books, incidental expenses, foregone income, and other related costs of attending college, far exceed SUNY's tuition. Full-time student fees and room and board at SUNY state-operated campuses total to roughly \$19,000, more than two and a half times tuition. Tuition itself is just one quarter of the total costs to students of attending college each year.

Underfunding SUNY is extremely short-sighted. SUNY has always played a pivotal role in educating, training and preparing the state's workforce. Employers are increasingly relying on higher education institutions to train and develop future employees.

Today, compared to 1974 when TAP funding was first available, a much higher proportion of high school graduates entered college, but the share of those who complete college has been declining. In 1974, SUNY received \$4,129 per student in revenue (combined tuition and state appropriations); in today's dollars that would be \$21,031.

This is more than \$7,000 less in revenue, on average per student, than the combined tuition and state appropriations SUNY campuses now receive. Think of all the course offerings, advising, and programming SUNY could provide with those funds. It's not a stretch to assume that graduate rates—as well as timely graduation rates—would increase if campuses received the same per-student funding they got in 1974.

Closing the so-called Tuition Assistance Program gap, or "TAP gap," would go a long way in relieving some of the financial stress on SUNY campuses statewide. If the state assumed the full TAP cost, SUNY institutions would be able to use those crucial dollars to sustain educational quality and provide services that TAP students, indeed, all students, are entitled to.

Therefore, UUP requests the addition of \$25 million in the 2019-20 state budget to help campuses begin to reduce the TAP gap.

Academic Medical Centers

Restore the \$87 million hospital subsidy for SUNY's three state-operated hospitals.

UUP is pleased with the governor's decision to budget \$60 million in Disproportionate Share Program (DSH) entitlements for SUNY's three state-operated public hospitals in Brooklyn, Stony Brook and Syracuse. These funds, a match to federal DSH funding, are extremely important for our hospitals, as they are reimbursements for care that the hospitals have already provided. This necessary funding will go assist our teaching hospitals to fulfill their mission to heal the sick.

SUNY's hospitals are known as hospitals of last resort for a reason: they turn no one away, regardless of whether the patient can afford to pay for care. Patients with especially difficult, rare or hard-to-treat medical conditions are often sent to our hospitals, referred by other hospitals and health care providers.

Our public, nonprofit hospitals do not turn a profit and shouldn't be expected to do so. That is not their purpose. The care, treatment and safety of the hundreds of thousands of patients served by these facilities is a direct state responsibility.

Regarding DSH funding, UUP strongly recommends new legislation for all audited entitlements through DSH to be fully recognized, matched by state funding from state Medicaid funding appropriations.

Despite the DSH funding increase, the hospitals continue to face daunting funding challenges in the Executive Budget. The governor's proposal is without funding for a state subsidy for SUNY's hospitals. The subsidy was eliminated in 2018, replaced by one-time funding through the federal Care Restructuring Enhancement Pilot program.

It will be increasingly difficult for the hospitals to maintain high-quality health care without state subsidy dollars. The hospitals will be hard-pressed to absorb this loss if it becomes part of the final state budget.

Our hospitals truly rely on the subsidy—which was at \$153 million before the Great Recession—to help offset costs associated with caring for a large

number of underinsured and uninsured patients, and fund the medical schools by more than \$200 million annually.

Unlike any other state entity, SUNY's academic medical centers pay for their employee fringe benefits and debt service costs, a total annual expense nearing \$500 million.

The lack of a subsidy for the hospitals will jeopardize their ability to provide state-of-the-art healthcare to hundreds of thousands of New Yorkers each year, many of them uninsured or without enough insurance to cover the full cost of their care.

Our hospitals have a dual role as teaching hospitals, providing accessible, affordable medical education to student doctors and medical professionals. SUNY Downstate's medical school serves as a vital pipeline of doctors and medical staff to New York City. Many SUNY medical school graduates practice and live in New York.

UUP strongly requests that \$87 million be restored to the state budget for a hospital subsidy for SUNY's three public teaching hospitals.

SUNY Opportunity Programs

Restore \$5.3 million eliminated from the governor's Executive Budget proposal for the Educational Opportunity Program and \$7 million for the Educational Opportunity Centers and ATTAIn Labs.

Thank you for your continued support of SUNY's successful opportunity programs, the Educational Opportunity Program (EOP), and the Educational Opportunity Centers (EOC).

These are proven, life-changing programs that provide clear paths to a college education—and often, good-paying jobs—for those who might otherwise be denied access to college.

Through the EOP, students—many of whom are from some of the state's most economically distressed areas—receive specialized advisement, counseling, tutorial services, and summer programs. These students, who are mostly underprepared for college work when they enter the program, thrive in the EOP.

The EOP graduation rate exceeds 65 percent, exceeding the national average for public higher ed colleges and universities. Thirty-three percent of SUNY's

state-operated campuses have EOP graduation rates ranging from 70 to 88 percent. Not surprisingly, the EOP is a program in high demand; SUNY annually receives more than 30,000 applications for just 2,500 available EOP seats.

The EOCs are a path to success for economically disadvantaged students who seek college preparatory education and vocational training. The centers help put these students on the right track.

We urge you to fully restore the \$5.3 million in the state's 2018-19 budget but cut from the governor's Executive Budget proposal for the EOP. We also request the restoration of a \$7 million cut to the EOCs and the ATTAIN labs in the Executive Budget.

Increase oversight over college campus foundations and affiliated nonprofit corporations

We congratulate the governor for proposing that the state Comptroller be given the ability to audit and approve SUNY construction and construction-related contracts over \$250,000, as well as reviewing SUNY Research Foundation contracts that exceed \$1 million. We strongly support these moves, which will provide access and accountability.

However, the Comptroller's oversight does not extend to the awarding of contracts by SUNY-affiliated nonprofits such as the Fort Schuyler Management Corp.—which was at the center of the scandal involving bid-rigging on state contracts worth more than \$850 as part of the "Buffalo Billion" initiative.

It also fails to give the Comptroller purview over SUNY campus foundations and auxiliary entities, which are conduits for hundreds of millions of dollars—a significant portion of those funds coming from public funding and student fees. Many of these organizations contribute little to the academic missions of their campuses, despite being established to fill that purpose.

Further, these foundations can create subsidiary corporations—like Fort Schuyler—make investments and partner with corporations, with little accountability.

The very nature of these entities demands oversight. A 2018 state Comptroller's report found that more than half of all SUNY campus foundations haven't been audited by SUNY over the last 10 years; some haven't been audited in over a decade. Cash-tight campuses should have

access to the public funds in their foundation's coffers, which could be used to expand programs, hire full-time, tenure-track faculty, and provide vital student services.

We strongly believe that campus and SUNY administrators, as well as the state Comptroller, should have the ability to oversee these foundations and hold them accountable.

To accomplish this, UUP urges the Legislature to approve legislation that would:

- Require campus foundations to submit annual budgets to SUNY for approval. Foundations and affiliated corporations would also provide yearly budgets for comment and approval by campuses, SUNY System Administration and the Legislature. These public documents—which would include budget statements, vendor information, employee salaries and other pertinent data—would be subject to the state's Freedom of Information Law.
- Restore the state Comptroller's authority to audit SUNY foundations and create a new System Administration compliance unit to ensure that foundation expenditures and transactions are in line with SUNY's mission statement.

Conclusion

On behalf of the entire UUP membership, I'd like to thank you for the opportunity to address you today.

UUP recognizes that this is a financially difficult year for the state, and many tough decisions have been and will have to be made.

Year in and year out, you have proven yourselves as the strongest advocates for our SUNY, our students and our patients.

We greatly appreciate any help that you can provide to our hospitals and academic institutions.

Thank you.