

UNITED UNIVERSITY PROFESSIONS



TESTIMONY

**Testimony on
Financing Public Higher Education in New York State**

Presented to

**Assemblymember Deborah J. Glick, Chair
Assembly Higher Education Committee**

By

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President**

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Chairperson Glick, distinguished members of the Assembly Higher Education Committee, thank you for providing United University Professions (UUP) an opportunity to comment on the academic mission and operations of the State University of New York.

I am Phillip H. Smith, President of UUP. Our 35,000 academic and professional faculty members serve hundreds of thousands of students and patients at the State University's state-operated campuses, teaching hospitals and health sciences centers – in every region of the State.

All of us at UUP recognize the effort you made to protect our members, the students and the University itself from many of the destructive components of the NYSUNY2020 legislation. Because of your intervention, there is no differential tuition for resident undergraduates, no authority for SUNY to unilaterally sell or lease State property, and no authority for the University to enter into public/private partnerships in the absence of legislative oversight.

Why was your success in averting the passage of these proposals so very important? The answer lies in the gradual but continuous shift in the University's priorities over the past several years. Viewed from our perspective, economic development is now competing with educational training as SUNY's highest priority.

It is becoming disturbingly evident that the University has lost sight of why it was created – to graduate productive students who can contribute to the State's overall economy and culture.

The so-called New York SUNY 2020 plan, as proposed by the University, is unfortunately a perfect example of how far SUNY's emphasis has shifted – away from education – away from providing the training and knowledge required by our students – today and for the future.

Press releases and public events, from within and outside the University, have championed an expansion in the University's role in both regional and statewide economic development.

The University heralds the formation of partnerships with private sector companies. We hear phrases such as joint ventures and economic engines. We hear very little about a reaffirmation of the University's original and, until lately, historical emphasis on teaching and learning.

While we have yet to see final plans from the four university centers participating in the NYSUNY2020 program, it is apparent that all these plans can promise us is the construction of buildings – at a total price tag of over \$700 million. Of that \$700 million, only \$80 million will come from the State. This puts in question whether the oft-repeated promise of additional full-time faculty is realistic.

We certainly believe that it is important to improve the State's overall economic competitiveness. And, we agree that the State University contributes to achieving that goal.

However, we do not believe that the building construction contemplated in the NYSUNY 2020 proposals produces long lasting economic development in the truest sense.

In our view, the force that ultimately determines the extent to which New York is economically prosperous rests on the buying power of the average New York family. That buying power is largely dependent on the level of training and education of our workforce.

Over time, it has become increasingly evident that the bulk of business expansion and job creation in New York has centered on small business and service industries. These companies depend on the availability of employees with bachelor degree level educations.

That is how the University can best contribute – by producing a well-educated and trained workforce for our employers at all skill levels – and not by diverting its academic resources to pay for building construction.

We have some information from the preliminary NYSUNY 2020 proposals on how the University intends to finance these facilities.

Stony Brook plans to partially finance the construction of a \$160 million facility with \$85 million in cash from its hospital reserves, and \$20 million from the operating revenues of its medical school.

Yet, several months ago, the hospital's president announced that, because of budget shortfalls, he would need to eliminate hundreds of positions and significantly curtail medical services.

The obvious question is why these resources could not be more productively used to maintain patient care, and to improve medical education and training.

Binghamton's plan proposes to use campus operating reserves to help finance the construction of its facility. These reserves were derived, in part, from student fees.

The question here is whether a more rational approach would be to dedicate these reserves to improving access and academic quality.

The University at Buffalo (UB) plan centers mostly on relocating its medical school to a new medical complex, financed partially by bonds backed by UB revenues for the payment of debt service.

Some of these revenues would be made available by increasing the fees charged to medical students. Additional gaps in financing may require the diversion of operating

funds used to support UB's current academic programs. Does this make sense – for our faculty, for our students, or for the University itself?

There can only be one conclusion. SUNY has accepted responsibility for funding construction that would traditionally have been financed by the State. In doing so, SUNY may have taken the first step to relieve the State of its responsibility for the University's multi-year capital program.

Apparently, the State believes that it's worth spending \$700 million – mostly from SUNY-raised revenues – to construct these buildings for economic development. That being the case, the State, not the students, should pay the full costs. After all, the State spends hundreds of millions of dollars for private sector projects such as Global Foundries.

Tuition should not be used, either directly or indirectly, to fill gaps caused by the diversion of other SUNY revenues for the benefit of the private sector. Students should be the only beneficiaries of tuition increases.

Finally, SUNY intends to implement a much needed financial aid program to partially offset the impact of the recently enacted tuition increases on lower income students. However, the State, not the University, should provide that aid through its State-funded Tuition Assistance Program (TAP).

In effect, the University has taken on greater responsibility for financial aid – while the State's long-standing obligation to fund aid for SUNY and CUNY students under TAP will likely be capped for the foreseeable future.

In summary, the University has taken on new funding obligations that require the diversion of resources needed to support its academic mission. All this produces is a financial plan benefit to the State at the expense of SUNY students.

If this trend continues, access, affordability, and educational quality are bound to suffer.

Chairperson Glick, over the years, you and your committee have been the strongest advocates we have had – for the University and for its students.

As always, we will greatly appreciate any further help you can provide for our hospitals and state-operated campuses.

Thank you.