



UNITED UNIVERSITY PROFESSIONS
*Testimony on the
Maintenance of Effort Provision*

Presented To:
Assemblymember Deborah J. Glick, Chair
Assembly Standing Committee on Higher Education

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Chairperson Glick, and distinguished members of the Assembly Standing Committee on Higher Education, thank you for allowing United University Professions to testify on the maintenance of effort provision for the State University of New York—as well as the necessity to expand the measure to include SUNY’s health science centers, and to cover mandatory costs for SUNY.

My name is Dr. Frederick E. Kowal, president of UUP, the nation’s largest higher education union. We represent more than 35,000 academic and professional faculty and staff serving hundreds of thousands of students and patients at the academic institutions, health sciences centers and public teaching hospitals directly administered by SUNY.

I’d like to start by thanking you for your leadership and strong public support of initiatives that are important to our union, including restoring necessary funding for SUNY’s Educational Opportunity Program and Educational Opportunity Centers. UUP is grateful for your efforts, which resulted in a single-year plan for the state to expend up to \$92 million for SUNY’s three state-owned hospitals, allocated from the federal Care Restructuring Enhancement Pilot Program.

And you deserve our gratitude for your efforts, year after year, to approve a full and complete MOE for SUNY that includes SUNY’s health science centers and mandatory University costs, such as collectively bargained salary increases and fringe benefits. UUP fully supports an enhanced MOE provision that also encompasses non-personnel services expenditures (utility costs and building rentals, etc.) inflationary increases and tuition credit increases enacted by SUNY.

We urge the governor to sign the bill before him for an enhanced MOE. This is his opportunity to provide the strongest possible foundation for our public university system.

We are aware that this is a financially challenging year for the state. Still, we are confident that you will continue to view public higher education as the priority it is and should be.

The MOE: An overview

The current MOE provisions protect SUNY's academic institutions from a year-over-year reduction in state funding, unless the governor declares a fiscal emergency. Historically, public higher education is one of the first places where cuts are made when state governments are forced to reduce spending. They are also among the last to have funding restored—if it is ever restored.

We are grateful for the existing maintenance of effort provisions, which provide minimal but crucial protections for SUNY's colleges and universities. However, the MOE now in place does not provide enough protection for cash-strapped campuses, and offers no financial safeguards for SUNY's three state-operated teaching hospitals, which are excluded.

A full and complete maintenance of effort for SUNY would provide much needed operational support for financially beleaguered SUNY campuses, several of which are facing the grim possibility of curtailing or cutting programs and shuttering departments to close deficits in their budgets. In many cases, campuses are still reeling from a series of scathing state funding cuts that took place during the Great Recession. Since 2007-08, state aid to SUNY has plummeted from \$1.36 billion to \$700 million this year—a decrease of nearly 50 percent, or about a third of its core operating budget.

Cash-strapped campuses

SUNY Fredonia President Virginia Horvath said last month that the college is looking at the possibility of cutting 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.

Faced with a \$35 million deficit, Stony Brook University 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. The university has also suspended admissions to graduate degree programs in cultural studies and comparative literature.

Other campuses, such as SUNY Buffalo State, SUNY New Paltz, SUNY Plattsburgh, are facing budget shortfalls ranging from \$1.8 million (New Paltz) to \$7 million (Buffalo State).

At Binghamton University, administrators are struggling to find ways to come up with \$10 million to pay for salary increases and retroactive pay collectively bargained by UUP in our new six-year contract with the State of New York. We make no excuses for our new contract, which is fair, equitable, and overdue. It is consistent with recent contracts negotiated by CSEA and PEF.

If an enhanced MOE was in place, the costs being incurred by campuses for money owed to UUP bargaining unit members—totaling approximately \$311 million—would have been funded by the state. This would have reduced the financial burden now being borne by campuses throughout SUNY.

That being said, UUP and the state negotiated in good faith. UUP acted in the best interests of its members in getting the best possible contract.

The raises that UUP members are receiving this month are the first raises for our members since 2015. These follow a contract which contained several significant givebacks, including foregoing raises in the first three years of that pact and incurring 9 deficit reduction days, which yielded significant savings for SUNY, in addition to higher employee costs for health benefits premiums, deductibles, coinsurance, and co-pays.

Our members deserve the benefits and increases negotiated in our recent agreement with the state; however, covering those negotiated increases is difficult for some campuses. We will continue to work with SUNY, the state Legislature and the governor's office to ensure that our students are not harmed or impacted by contract-related increases.

Close the "TAP Gap"

The gap in funding the Tuition Assistance Program, or "TAP Gap," is another drain on campus budgets, and bridging that gap with state dollars would go a long way in relieving some of the financial stress for campuses statewide.

More than 40 percent of students that are eligible for TAP aid are enrolled at SUNY. The University is required to waive tuition—\$65 million in 2017-18—above levels funded by the state through TAP. That creates the gap, which is the difference between SUNY tuition and the maximum TAP award.

If the state assumed the full future TAP cost—between \$10 million and \$12 million this year—SUNY institutions would be able to use those crucial dollars to sustain educational quality and provide services that TAP students—and all students—deserve.

Excelsior Scholarship help

Further exacerbating campus budget shortfalls is funding necessary to accommodate increasing enrollments due to the Excelsior Scholarship.

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.

When Excelsior was passed into law, the state promised to provide additional funding to serve the expected increase in enrollment at SUNY campuses. That aid has not materialized, though the pool of eligible Excelsior students grows each year.

There are insufficient numbers of full-time, tenure-track faculty to teach classes across SUNY, and class sizes grow each year as enrollments increase. The situation will only become worse as cash-squeezed campuses consolidate and/or cut courses to close burgeoning budget deficits. A maintenance of effort would provide additional state funding to reimburse SUNY's state-operated campuses for additional costs or revenue losses associated with the Excelsior Scholarship.

SUNY hospitals

SUNY's state-operated hospitals are excluded from the current MOE, leaving them vulnerable to state funding cuts that impact the ability of these hospitals to provide the highest quality health care to hundreds of thousands of New Yorkers—many of who are with little or no insurance coverage and cannot afford to pay for those life-saving services.

Last year, the hospitals were hit with restitutions on the amount of federal Disproportionate Share Hospital funding due to reductions in the amount of state matching funds from its Medicaid appropriations. The hospitals saw the elimination of the state's \$80 million hospital subsidy, and they stand to lose significant indigent care pool state funding being proposed. The \$92 million in one-time Care Restructuring Enhancement Pilots program funding, it is assumed, will not be duplicated this year. This makes other state funding sources that much more necessary.

I cannot overstate the importance of SUNY's state-operated public hospitals. These teaching hospitals, located in Brooklyn, Syracuse and Stony Brook are known as hospitals of last resort. Many patients with difficult, rare or hard-to-treat medical conditions are sent to SUNY's public hospitals;

other hospitals and health care providers often refer these patients to SUNY hospitals.

SUNY's state-operated hospitals are also teaching hospitals, which provide an invaluable pipeline of doctors and medical professionals to New York City and the state. New York students account for 85 percent of first-year medical students at SUNY medical schools, and many graduates stay and practice in New York.

The care, treatment and safety of the hundreds of thousands of patients served by these facilities is a direct state responsibility. Our public hospitals are not operated by the City of New York, nor the counties or private health care conglomerates. These are state hospitals in SUNY, governed by state rules and staffed by state employees for the benefit of the citizens of New York.

Approve an enhanced MOE

Each year, UUP advocates for a full and complete maintenance of effort because we firmly believe such a mechanism would benefit SUNY students, the University and the members we represent. With many campuses still feeling the impact from the drastic Great Recession-era state aid cuts to SUNY, a true MOE is necessary to help cash-strapped campuses reverse budget shortfalls.

Closing the "TAP Gap," providing funding to offset costs associated with the Excelsior Scholarship, and covering mandatory expenditures with an enhanced MOE will allow campuses to revive and grow programs, offer more classes and shrink class size. The MOE would allow for the hiring of more full-time, tenure-track faculty and reduce a systemwide overdependence on adjuncts.

A true maintenance of effort would include our state teaching hospitals, which treat everyone who walks through their doors, regardless of whether they can pay for care. Our teaching hospitals produce hundreds of doctors each year, many of who reside and work in New York State.

On behalf of our 35,000 members, thank you for this opportunity to address you today. We are hopeful that despite the state's many fiscal challenges and the many hard choices the Legislature will make, this will be the year that a full and complete maintenance of effort is put in place for SUNY.

Thank you.