



## **UNITED UNIVERSITY PROFESSIONS**

### *Testimony on the 2017-18 Executive Budget*

*Presented To:*

Senator Catharine Young, Chair  
Senate Finance Committee

and

Assemblyman Herman D. Farrell Jr., Chair  
Assembly Ways and Means Committee

January 24, 2017

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## **Testimony on the 2017-18 Executive Budget**

Chairwoman Young, Chairman Farrell, distinguished members of the Senate Finance Committee and Assembly Ways and Means Committees, thank you for providing United University Professions (UUP) with the opportunity to testify on the 2017-18 Executive Budget for higher education.

I am UUP President Dr. Frederick E. Kowal. UUP is the nation's largest higher education union. We represent more than 42,000 academic and professional faculty and staff serving hundreds of thousands of students and patients at the academic institutions, the health sciences centers and public teaching hospitals directly administered by the State University of New York (SUNY).

Let me begin by expressing my deep appreciation for your leadership and staunch public support of initiatives important to UUP, and the actions that you took that benefitted SUNY and public higher education in the 2016-17 enacted budget. We remain grateful for your decision to restore Executive Budget cuts to SUNY's opportunity programs, and for turning away the governor's proposal for performance-based funding.

You also deserve our gratitude for restoring \$19 million to the state's subsidy for SUNY's three teaching hospitals, and overturning language in proposed Article VII legislation which would have severely limited federal and state matching Disproportionate Share Program Medicaid funding for these publicly operated safety net institutions. The combined loss of funding would have presented insurmountable problems to maintaining an adequate level of quality health care for citizens in the communities served by these institutions.

Finally, I'd like to thank Sen. Ken LaValle and Assemblymember Deborah Glick for joining last year with UUP, PSC-CUNY, NYSUT and higher education advocates in a call for the enactment of a full Maintenance of Effort bill.

### **State Funding**

In his 2017-18 Executive Budget, the governor recognizes the crucial part public higher education plays to ensure that our colleges and universities are accessible to all academically qualified students who wish to attend them. His Excelsior Scholarship Proposal showcases public education in its historical role as the primary avenue of higher education for those without the financial means or family income necessary to attend private colleges, which are far more expensive than

SUNY schools. We wish to commend the governor for that, and hope that this signals the beginning of a reversal to what has become an untenable trend for the SUNY campuses and hospitals staffed by our members throughout the communities of New York.

We can all agree that budgets are all about setting priorities. There is never enough money to meet all of our society's needs. But, as a society, we in New York depend on the institutions of SUNY and CUNY to help our citizens prosper and to drive the state's 21<sup>st</sup> century economy. Unfortunately, over the past several decades, we have experienced a dramatic and deeply troubling shift in our state's funding priority for SUNY's state-operated institutions:

- From slightly growing support for the campuses to significant reductions in annual state funding.
- From ensuring access to all students who can benefit from public higher education to having more and more qualified applicants turned away—simply for lack of funding to employ the instructors to teach them.
- From an emphasis on educating our students to the highest levels possible to a concern that they are not being prepared today to participate in New York's economy tomorrow, or be the active, knowledgeable citizens our democracy desperately needs.

SUNY state-operated campuses absorbed a series of dramatic, drastic cuts in state support during the Great Recession; aid dropped from \$1.32 billion in 2007-08 to less than \$680 million this year—a decrease of more than 50 percent. In fact, since 2007-08, SUNY institutions were hit with reductions harder and more often than any other state agency or functional area. State support for SUNY state-operated campuses was reduced eight times—through budget reductions and a host of midyear cuts.

To put that in perspective, state support reductions to SUNY represent more than twice the combined total of the amount of state aid available in 2007-08 for all of SUNY's 13 comprehensive colleges and technology campuses—or alternatively, more than the combined state funding available that year for the University Centers at Stony Brook, Buffalo, Binghamton and Albany. The severity of those cuts on SUNY is indisputable. Full-time faculty was depleted throughout the University; with the result that academic departments once noted for their prominence now need to be rebuilt.

Higher education is a labor-intensive service that requires faculty/student ratios that permit significant personal interactions between students and instructors.

At the turn of the century, SUNY had 10,300 full-time faculty to instruct 185,000 students. Today it has less than 8,700 full-time faculty to teach 220,000 students.

The fact that average class size has increased greatly in recent years; that more and more undergraduate courses depend on our hard-working, part-time academic faculty for instruction; and that students still cannot be assured of getting the courses they need to graduate on time illustrates and emphasizes the problems associated with the rapid decline of full-time faculty in the SUNY system.

SUNY would need 3,500 additional full-time faculty positions to meet the demands of previously occurring enrollment growth and to reestablish the benefits of faculty/student ratios that existed just 15 years ago. The time has come for us—UUP, SUNY and the state—to commit to increase the proportion of full-time faculty to 70 percent. Full-time faculty has more time to devote to student advisement and out-of-class interaction, which is essential to improving completion rates—especially for low-income students, students of color and first-generation students. Let's ditch the duct tape-approach to these long-standing concerns and apply real, permanent fixes.

UUP prides itself on its history of advocating to keep SUNY affordable and accessible. As "the union that makes SUNY work," our main job, however, is to provide a quality education that every SUNY student deserves. If we are to do our jobs properly, there must be a renewed state investment in the University's state-operated campuses, especially for our comprehensive and technology colleges. I am greatly concerned about the serious issues that have arisen because of years of inadequate funding coupled with 20 years of unfunded enrollment growth. Of additional concern is the potential for greatly increased enrollment resulting from the enactment of the governor's Excelsior Scholarship free tuition initiative.

Historically, SUNY's comprehensive and technology colleges have provided solid, employment-related baccalaureate degree programs for more than half of SUNY's undergraduate students. Unfortunately, they were the hardest hit during the recession. If we do not act to remedy this situation, these campuses may experience an even greater number of reduced courses and the potential for additional delays in on-time graduation—which, as you know, is counter to an essential element of the governor's program for determining student eligibility for the Excelsior Scholarship.

It is UUP's position that a significant investment in SUNY is crucial to the survival of many of our campuses and to the future viability of the entire system.

Accordingly, we request that \$50 million be added to the enacted SUNY budget for 2017-18 as part of a multiyear investment to restore at least half of the state funding lost during the recession—with first priority given to SUNY’s comprehensive and technology campuses.

As mentioned previously, the governor’s Excelsior Scholarship program will require SUNY to add faculty to meet the educational needs of the expected influx of new students. Although more than 5,600 SUNY teaching faculty work part-time, they alone cannot be expected to meet current needs, much less the needs of this anticipated, additional enrollment growth.

Therefore, we ask that you invest an additional \$30 million in SUNY’s operating budget for the first year of a five-year program to increase the number of full-time faculty by 1,500.

With the Legislature’s support, I strongly believe we can effect lasting positive change with the enactment of these essential initiatives.

### **Hospitals and Health Sciences Centers**

New York’s public hospitals in SUNY are staring down the barrel of America’s biggest health care crisis: the repeal of the Affordable Care Act (ACA). We believe that any replacement offered will not provide insurance coverage that most people will need or can afford.

Tens of thousands of New Yorkers took advantage of the reforms put in place with “Obamacare.” Now, it is a near certainty that many of them will be left without health insurance rather quickly. This includes some of our children, who took advantage of a provision that allows them to stay on their parents’ insurance to age 26. There will also be a loss of contraception benefits, protections for those with lifelong illnesses from being cut off by insurers, and countless others.

For UUP, this will mean that the state-operated public hospitals—Brooklyn’s Downstate Medical Center, the Stony Brook University Medical Center, and Syracuse’s Upstate Medical University Hospital—could soon see a dramatic upsurge of uninsured patients without the ability to pay for health care. Up to 2.7 million New Yorkers could lose health care coverage if the ACA is repealed without the concurrent availability of alternate coverage, according to state figures.

Further drastic impacts will occur if Medicaid is turned into block grants and Medicare is privatized. Everything from reimbursement rates for hospitals treating

Medicaid patients to federal dollars flowing to New York State in the Graduate Medical Education (GME) funding program could be cut severely. The governor's office estimates that the total impact of these changes could smack New York with a hit of over \$3.5 billion.

It is crucial for all of us to remember that these are state owned-and-operated hospitals, staffed by state employees and governed by state government rules and regulations. Unlike private hospitals, the three public hospitals which are part of SUNY are hospitals of last resort. These hospitals treat everyone, regardless of their ability to pay for care. It is well known throughout the state that our teaching hospitals accept and care for patients with especially hard-to-treat medical conditions—referred by other hospitals or health care providers. These are public institutions, which is why the state must adequately support them.

Hundreds of thousands of uninsured and underinsured New Yorkers across the state would not have access to good health care without these state-owned hospitals. These hospitals are also economic engines in their communities, providing essential health care services—especially to low-income and underserved communities—and providing these host areas with thousands of jobs and a crucial economic base.

SUNY's state-operated hospitals are also teaching hospitals, housing the University's medical schools. The medical schools provide an important pipeline of doctors and professional health specialists to New York City and throughout the state. However, many aren't aware that the hospitals subsidize the medical schools by more than \$200 million annually, using hospital revenue. This is yet another reason why the state's subsidy of the teaching hospitals has been—and continues to be—so very important. As the Northwell report highlights, the role of Downstate in patient care, medical education and research is crucial to Brooklyn and indeed all of New York.

Yet at the same time, the state has begun to limit and delay funding for the hospitals under the federal Medicaid-funded Disproportionate Share Program (DSH)—the current federal funding supplement matched by the state to help “safety net” institutions that serve large numbers of uninsured or underinsured patients. The state has also begun to place restrictions on the amount of Medicaid appropriations it will use as a state match to federal DSH funding. We believe those actions are limited to the state's own hospitals—the SUNY state-operated teaching hospitals.

For many years, we have expressed our concern for the continued, significant state underfunding of the University's three public teaching hospitals and four health sciences centers.

Twenty years ago, the state paid the cost of hospital fringe benefits and debt service on capital bonds—as it did then and does now for all other state agencies and institutions. Fifteen years ago, the state provided the three hospitals with a total subsidy of a \$153 million annually to help offset the cost of providing vital health care to an indigent population. The state subsequently shifted the cost of fringe benefits and debt service to the hospitals, a total annual expense of over \$400 million. These expenditures have clearly challenged the hospitals' efforts to maintain health care of the highest quality.

With respect to the 2017-18 Executive Budget, the subsidy is once again cut back to \$69 million—removing the \$19 million restoration you provided in the current year's enacted budget. Taken together, these actions pose serious risks to hospital solvency and to their capacity to contend with new statewide health emergencies, such as the repeal of the ACA.

For all of the foregoing reasons, we respectfully request that in the 2017-18 enacted budget:

- The state hospital subsidy be restored not only to its current level, but to its original allocation of \$153 million;
- Legislation be enacted to require the state to fully match federal disproportionate share allocations from the state's Medicaid appropriations for the teaching hospitals, and ensure the hospitals receive full federal and state matching entitlements without delay;
- A phased five-year funding program is implemented to reinstate state assumption of debt service costs and hospital employee fringe benefits. This would begin in 2017-18 with the assumption of employer Social Security payments at a cost of about \$64 million; and
- A new \$600 million capital program is authorized (\$200 million for each hospital) with the state assuming all debt service for this program and for all previously issued hospital-related bonds.
- Access to affordable health care is a right, one that New York state's public hospitals in SUNY must be equipped and able to provide now and in the future.

## **Educational Opportunity Programs and Centers**

Thank you for your continued commitment to SUNY's highly successful opportunity programs, the Educational Opportunity Centers (EOC) and the Educational Opportunity Program (EOP). These programs are clear examples of how funding for SUNY can transform the lives of New York state residents by providing gateways to a college education and resulting employment for those who might otherwise be denied access.

We have noted this in the past, but it bears repeating: EOP is an outstanding example of how state funding can and should be used for SUNY. As a result of specialized advisement, counseling, tutorial services, and summer programs, EOP students graduate at higher rates than the general population of SUNY students.

EOP students often come from the state's most economically disadvantaged areas, and are mostly underprepared for college work when they enter the program. Many graduates have achieved success and gone on to become economically productive New Yorkers. This, despite the fact that students at a typical EOP program—such as Stony Brook University—have average family incomes below \$20,000 and SAT scores that are, on average, 300 points below the mean SAT score for first-year students.

The current EOP graduation rate exceeds 65 percent, which tops the national average for public institutions. A third of our state-operated campuses have EOP graduation rates ranging from 70 to 88 percent. Last year, SUNY received more than 30,000 applications for 2,500 available EOP seats.

The EOCs provide necessary college preparatory education and vocational training to economically disadvantaged state residents—many of them adult learners and those for whom English is a second language—who seek to attend college and attain good-paying jobs, but aren't prepared for either. The EOCs support SUNY's mission to provide the "broadest possible access, fully representative of all segments of the population." There is a growing need to provide these important pathways, and the EOCs have proved stellar in this regard.

Therefore, we urge you to fully restore the \$5 million added to EOP's allocation in 2016 but removed from the governor's 2017-18 Executive Budget proposal, and to increase EOP funding to support more students in need and capable of successfully completing a college degree.

We also urge you to fully restore \$5.3 million for SUNY's Educational Opportunity Centers and \$2 million for Attain Labs that were added to the 2016 budget but absent in the governor's Executive Budget proposal. Restoration of these



funds, plus expansion of overall funding for these programs, is key to providing preparatory education and vocational training to economically disadvantaged state residents who are underprepared for college-level study and vocationally unprepared for employment.

### **Teacher Education**

SUNY's teacher education programs have seen a steep enrollment decline over the last few years, in many ways caused by faulty, flawed teacher certification tests. Large numbers of students who eyed teaching as a profession were discouraged or driven away by these misguided attempts to impose poorly designed changes. Enrollments in SUNY's teacher education programs have fallen by about 40 percent over the past five years, according to state figures. Serious teacher shortages are already apparent in special education, technology education, early childhood education, and in STEM fields. Substitute teachers are in high demand as well.

UUP has worked tirelessly to point out and rectify those problem areas, and several of our members serve on a SED Board of Regents state task force that has reviewed the state's teacher certification exams. Yet once again, we view a stark lack of diversity in the teaching ranks in New York and the nation. The teacher shortage the state faced last year still exists and is growing worse. Something must be done, and soon.

UUP believes that a targeted pilot recruitment and retention effort could help increase and diversify the population of teachers in our urban, rural, and suburban areas. What's needed is a SUNY program that would complement the existing Teacher Opportunity Corps and take the state further toward creating the school-to-career pipeline we need to include the state's diverse ethnic groups and economically disadvantaged among our future teachers.

This pilot opportunity program—which would provide funding for up to 300 students from disadvantaged communities—would take on the ever-worsening crisis of recruiting and retaining teachers in our under-resourced, high-needs districts, and help attract underrepresented and economically disadvantaged individuals to teaching careers. Such a program would be modeled after SUNY's highly successful EOP; students would be provided with financial assistance, academic, career and personal counseling, personal tutoring and mentoring, and other support services.

UUP has demonstrated a strong, unwavering commitment to high-quality teacher education programs. We believe this pilot program will go far in creating needed diversity in New York's teaching ranks.

## **Provide Accountability and Transparency for SUNY Foundations**

Once again, I'd like to thank Sen. LaValle and Assemblymember Glick for their continued support of accountability and transparency at the SUNY Research Foundation and SUNY's campus foundations. We are grateful and appreciative of it.

Recent events involving the SUNY Research Foundation and so-called "private" nonprofit groups created and managed by the foundation and the former head of the SUNY Polytechnic Institute demonstrate that a clear need exists for greater accountability and transparency of the foundations and their auxiliary organizations.

UUP has been a staunch advocate for transparency at the foundations for years. We have filed countless Freedom of Information requests, only to be rebuffed by the foundations, which have spent millions on lobbyists to remain shrouded in a cloak of darkness. They contend that transparency would make it difficult to attract donors and collect contributions. Recent scandals show that transparency and state oversight of these organizations are far more important than preserving the ability to fundraise with relative ease.

The governor's proposal for a SUNY inspector general recognizes the importance of this oversight. While the move is laudable, what we propose goes further and we believe gets at the root of the problem—simply that the foundations are not part of the state government.

Hundreds of millions of dollars flow through the SUNY Research Foundation, SUNY campus foundations and their auxiliary corporations. There are at least 30 SUNY campus foundations, but when their auxiliary corporations are incorporated, there are at least 80 foundations. A significant portion of those millions come from student fees and alumni donations. Last year, the SUNY campus foundations had nearly a billion dollars in revenue and billions in assets. The SUNY Research Foundation alone had over a billion in revenue and hundreds of millions in assets last year.

By virtue of their nonprofit status, these foundations have free rein to create subsidiary corporations, undertake various investments and corporate partnerships, and ultimately grow into multimillion dollar entities. Most troubling is that these entities contribute very little to the university's academic mission.

UUP proposes that legislation be enacted to compel the foundations to submit annual budgets to SUNY for approval. These spending plans would be made public; any subsequent changes be approved by SUNY and subject to public scrutiny. Ultimate responsibility for the foundations' actions would end with the

SUNY chancellor. Finally, the State Comptroller's Office must again be allowed to audit the foundations, a responsibility it once held.

Our union also calls for an end to allowing the foundations to create private corporations and other similar entities. Only the Legislature should have the power to create such corporations, allowing for public scrutiny and limiting their number should be strictly controlled.

These foundations and their extensive network of affiliate and related organizations exist for the benefit of our public universities and teaching hospitals, and to support and further the missions of the state campuses. As state aid to our public colleges, universities, and hospitals has decreased, the revenue and assets of the foundations and their affiliates have increased.

Given that these entities exist for the wellbeing of the state campuses, we believe that the campus leadership, the SUNY system, and other state agencies should share in their oversight and accountability.

### **Protect Retirees**

A secure retirement plays a significant role in helping to recruit and retain a highly qualified work force in SUNY. The hard work and dedication of workers often result in efficiencies and innovations that impact their agencies long after they retire. They should not be overlooked.

We urge the Legislature to turn away Executive Budget proposals to tier state contributions to retiree health insurance premiums based on years of service; cap the state's reimbursement of Medicare Part B premiums; and eliminate state reimbursement of increased Medicare Part B costs for higher-income retirees under IRMAA. We ask you to raise the maximum earning allowance for state retirees from \$30,000 to \$35,000, which would allow them to live high-quality, productive lives in retirement.

In conclusion, on behalf of the entire UUP membership, I appreciate the opportunity to address you today. Hopefully, as the state continues to recover from the effects of the recession, together we can move public higher education and SUNY's public hospitals more to the forefront of New York's priorities for funding. I look forward to meeting with you in person to discuss these issues and proposals.