



UNITED UNIVERSITY PROFESSIONS
Testimony on the
2020-21 Executive Budget

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

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Chairperson Krueger, Chairperson Weinstein, distinguished members of the Senate Finance Committee and Assembly Ways and Means Committee, thank you for providing the opportunity for United University Professions (UUP) to testify on the 2020-21 Executive Budget for higher education.

My name is Dr. Frederick E. Kowal, and I am the president of UUP. I have the honor of representing more than 37,000 academic and professional faculty and staff. Our members live and work across the state of New York, serving hundreds of thousands of students and patients at our colleges and universities, academic medical centers, and state-operated public teaching hospitals directly administered by SUNY.

As we seek to make SUNY more inclusive and accessible, I thank you for your vote to restore funding for SUNY's successful opportunity programs cut in the 2019-20 Executive Budget. Your strong commitment to the Educational Opportunity Program and the Educational Opportunity Centers played a part in the Governor's decision to maintain prior-year funding for the opportunity programs in his budget proposal.

However, other programs that are crucial to creating upward mobility and furthering the success of the next generation are not addressed. For many months now, thousands of voices across our state have urged you to close the TAP Gap—the difference between full SUNY tuition and the reduced tuition amount SUNY campuses receive for TAP-eligible students.¹

In November and December, I crisscrossed the state to testify at a series of hearings on the cost of public higher education in New York, held by the Senate Standing Committee on Higher Education. I also testified at a Nov. 13 hearing on the environmental footprint of

¹ For students receiving the maximum TAP award campuses must waive the difference between \$5,000 and full SUNY tuition. At the 2019-20 tuition rate of \$7,070 the TAP Gap is \$2,070 for each of these students. Campuses must also waive a pro-rated amount for students who receive smaller TAP awards. The TAP Gap grows each year as tuition rises.

colleges and universities in New York, sponsored by the Higher Education Committee and the Assembly Standing Committee on Environmental Conservation. I was joined by dozens of our members, academics and professionals, doctors and researchers. They spoke of the hard reality at our state's public institutions of higher education. That reality is there is nothing left to cut. We have done more with less for so long, and we can't do any more with any less.

At these hearings, we were joined by students and campus administrators, and together we stressed the importance and necessity of a true financial commitment by the state to SUNY and the University's four academic medical centers.

If the state fails to make such a commitment, SUNY's accessibility and affordability will be negatively impacted, and the system will be unable to sustain the high-quality education and patient care it is known for worldwide.

2020-21 Executive Budget problematic for SUNY

Unfortunately, the Governor's proposed budget fails to make that pledge to SUNY. Funding for SUNY in the spending plan is essentially flat, which will only make things worse for our cash-tight campuses. A 3 percent increase for public higher education is earmarked for the cost of state fringe benefits, an increase in bonded capital costs, and a planned expansion of the Excelsior Scholarship program.

The budget proposals of both the Chancellor and the Executive Chamber are creating a two-tiered state University—one where larger campuses that bring in private dollars are able to keep their heads above water, and where our smaller, but no less vital, technical and comprehensive campuses are left to wither on the vine.

This has never been more evident than in the newly proposed 2-to-1 capital construction matching program, a SUNY budget request proposal. Under this proposal, SUNY campuses must contribute \$1 for every \$2 in state capital funding—or one-third of the cost of capital projects. The Executive Budget sets aside \$200 million for new projects that can only be accessed if campuses match those funds.

This proposal will divide SUNY campuses into groups of haves and have-nots—campuses that can afford to access the matching funds, and campuses that can't. Campuses that can contribute will get new buildings; those that can't, won't.

This creates a vicious cycle. Campuses with private dollars will utilize the match and build impressive new buildings, hopefully attracting new students. Those that can't raise those funds will continue to deteriorate and see their enrollments decline. In a system that is becoming increasingly tuition-dependent, these campuses will fall further and further behind.

We are reaching a point where this can't continue. We are not a "quasi-public" higher education system. We are the State University of New York—A PUBLIC higher education system. The time has come to remind—and continue to remind—the Chancellor and the Governor that these are their campuses, these are their hospitals, and this is the PEOPLE's SUNY. We are a system, not a collection of franchisees.

What SUNY needs is a capital funding appropriation that allows all SUNY campuses to build new structures and make necessary repairs. Our campuses cannot meet the challenges of today and tomorrow with aging buildings and infrastructure.

The Governor's decision to extend the current rational tuition plan and existing Maintenance of Effort language through 2024-25 does allow a \$200 tuition increase each year. However, campuses are expected to stretch that income to "support faculty, instruction, initiatives to improve student success and completion, and tuition credits for TAP-eligible students," according to the 2020-21 New York State Budget Briefing Book. A difficult task, indeed.

This task proves even more difficult when you consider that the acceleration of \$67.7 million in direct state support was not included in the Executive Budget. This support was requested by SUNY to assist campuses with absorbing the impact of the second half of retroactive salary increases paid in the 2019-20 academic year. The Executive Budget also fails to restore the desperately needed state subsidy for the three SUNY teaching hospitals. In addition,

implemented and proposed Medicaid funding cuts and the proposed discontinuation of a number of public health programs (including the Empire Clinical Research Program, the Graduate Medical Education Ambulatory Care Training and the Graduate Medical Education Diversity in Medicine Programs) starting in FY 2020-21 will have an adverse impact on all four SUNY academic medical centers and medical education in New York. Failure to provide the necessary support for the SUNY teaching hospitals will impact communities across the state.

I say this every year, but it bears repeating: our campuses are still financially staggered by the state's ongoing disinvestment in SUNY, which began with deep state funding cuts to SUNY during the Great Recession and continues with a series of flat budgets for the University. Direct state aid has dropped by about \$660 million from 2007-08 to 2019-20, a decrease of nearly 50 percent, or a third of SUNY's core operating budget. No state agency has taken the financial hits that SUNY has.

Campuses struggle to close funding gaps

In December, more than 300 students, UUP members and fellow unionists rallied at the University of Albany to bring attention to a \$11.4 million budget deficit—about 3 percent of the school's operating budget. The Albany Times Union reported that UAlbany is putting off some faculty searches, using unexpected revenue from high summer enrollment, and energy savings funds to save at least \$5.6 million.

SUNY Buffalo State is still working to close a \$7 million budget shortfall; the campus launched a three-year "rebalancing effort" in 2017-18. In a May 2019 message, Buffalo State President Katherine Conway-Turner said once that plan ends, the campus will begin a new campus-wide "Strategic Resource Planning Process" to deal with an anticipated added \$2.4 million gap for 2020–2021.

According to a November 2019 article in the New Paltz Oracle (SUNY New Paltz's student newspaper), campus administration projected a \$2.9 million deficit for 2019-20. The campus is also anticipating an additional \$2 million budget deficit for 2020-21, the paper reported.

In a May 2019 budget update, SUNY Fredonia President Virginia Horvath blamed state population shifts, flat state budgets for SUNY and unfunded state mandates (\$10.1 million since 2012) for an \$8.6 million deficit in the school's 2019-20 budget. The campus used scholarship reserves and one-time funding to cut that to a \$2 million shortfall.

Other campuses have taken drastic measures to stem budget gaps.

Stony Brook University, which faced a \$35 million deficit in 2017, 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.

Binghamton University also ordered a hiring freeze in 2018 to help reduce a \$12 million budget gap. The university's libraries were forced to cut their budgets by \$450,000 to save funds.

This is a short list of some of the major funding issues facing our campuses. With so many campuses struggling, it is difficult to see this Executive Budget as a forward-looking plan that ensures a strong future for public higher education in New York State.

NY25—A vision for SUNY

In the absence of any real vision for the future of our University being presented by SUNY's administration, UUP has developed a bold, wide-ranging plan that sets SUNY as a leader in combating climate change and the state's transition to a sustainable future, while promoting the health of all New Yorkers and establishing reliable, long-term resources for public higher education in New York.

NY25, UUP's new proposal for SUNY and New York, addresses those goals and much more as it sets a solid course for SUNY into the 2020s.

This proposal includes attainable and aspirational goals, both geared to make SUNY a national leader and for it to bring transformational

change in New York. We can no longer sit by and hope for a better future. We need to be working toward substantive goals.

Through NY25, UUP sets goals to:

- Achieve a carbon-neutral SUNY by 2025; establish energy microgrids and battery storage at SUNY campuses to create and store clean energy; make SUNY's College of Environmental Science and Forestry the lead institution nationally for dealing with our climate crisis; and expand programs focused on sustainability across SUNY.
- Form a Medical Educational Opportunity Program (MEOP) at SUNY's four academic medical centers; reduce the total cost of SUNY medical school tuition to \$25,000 by 2025; and create partnerships between SUNY's three teaching hospitals and 25 ambulatory care facilities statewide by 2025.
- Make SUNY the "People's University" by reducing the student share of SUNY costs from 64 percent to 25 percent by 2025; double the funding, staffing and students enrolled in the highly successful Educational Opportunity Program (EOP); and provide access to one free, SUNY-faculty led course for all residents over age 16 every two years.

Proposals such as reaching carbon neutrality, allowing New Yorkers to take one free, credit-bearing course every two years, and creating a Medical EOP prepare us for the issues of tomorrow. Our climate crisis cannot be ignored. Studies show that by 2032, there could be a physician shortage of nearly 122,000 doctors nationwide. We must act now to protect the future for our state, nation and world.

UUP recognizes that many of these proposals are aspirational and will require a significant investment from the state. UUP has several recommendations on how to fully fund SUNY and support the programs created by NY25. Details on revenue raising options can be found later in this testimony.

We believe that NY25 is a strong start to solving many of the problems our campuses are dealing with and may deal with in the future.

More state support

The time is now for the state to fully fund SUNY. With proper state funding, SUNY can focus 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 higher education. These initiatives will help SUNY campuses attract—and more importantly—retain students.

SUNY is an important economic engine that positively impacts New York State in many ways. SUNY employs nearly 180,000 people directly and indirectly, accounting for 1.5 percent of the state's total workforce, according to a November 2018 Rockefeller Institute of Government report.

For every \$1 in state funding for SUNY, \$8.17 is generated for the state. SUNY's annual economic impact in the state is \$28.6 billion—a 27 percent growth in overall state economic impact since 2008. Rural areas that host SUNY campuses, such as Potsdam, Canton, Cobleskill and Morrisville, depend on SUNY as a top job and revenue generator in their communities.

Simply put, an investment in SUNY is an investment in New York State. The Rockefeller Institute study points out that 1.78 million SUNY graduates are part of New York's workforce.

As we do every year, UUP will be advocating strongly for initiatives that we believe are necessary to ensure the quality, accessibility and affordability of a SUNY education, and the care of hundreds of thousands of patients who rely on our SUNY hospitals for vital health services.

Close the TAP gap

Access to higher education continues to be a major obstacle for thousands of New Yorkers, some of whom simply can't afford the cost of a college education. Others don't receive—or don't qualify for enough—student aid and are forced to take out tens of thousands of dollars in student loans as they work toward their college degrees.

In its May 2019 report on student debt, the U.S. Federal Reserve reported that 54 million Americans have taken on debt, including student loans, for education. U.S. student loan debt is over \$1.6 trillion as of January 2020. In 2018, two in 10 students with loans were behind on their payments, the Reserve report said.

Students must also factor in room and board, books, incidental expenses, lost income, and other related costs of attending college—which far exceed SUNY’s tuition. Full-time student fees and room and board at SUNY state-operated campuses total approximately \$19,000 per year, more than two and a half times tuition. Tuition itself accounts for about a quarter of the total cost to attend college each year.

Financial aid such as TAP provides accessibility to a SUNY education, which is still out of reach for too many qualified students. But the TAP Gap, along with the overall underfunding of SUNY, threatens access and students’ ability to earn a degree.

The TAP Gap, the portion of SUNY tuition that campuses must waive for TAP awardees, is a loss of more than \$70 million annually that SUNY’s state-operated campuses must absorb. The deficit grows each year.

It wasn’t always this way. TAP covered 100 percent of SUNY tuition at state-operated campuses from 1974 through 2009-10. But with every tuition hike since 2011, campuses have had to absorb the ever-growing difference between \$5,000 and full SUNY tuition for students receiving the maximum TAP award, in addition to a pro-rated amount for students receiving smaller TAP awards.

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. This year, campuses received only 71 percent of SUNY undergraduate tuition for each student who received the maximum TAP award. Without TAP Gap relief, this will decline to 69 percent next year.

If the Governor's proposal to extend predictable tuition increases through AY 2025 is adopted, absent TAP Gap relief, the size of the TAP gap will continue to increase from the current \$2,070 to \$3,070 in AY 2025; only 62 percent of SUNY tuition for each maximum TAP-eligible student enrolled.

UUP was disappointed that neither the Executive Budget nor the Chancellor in her State of the System address mentioned the TAP Gap. Ignoring this problem does not make it go away, and the negative impact of this lost revenue only grows each year.

The TAP Gap, which as mentioned above is estimated to be over \$70 million for this fiscal year, and equal to the annual salaries for 800 to 1,000 new full-time faculty. With these hires, campuses could augment advising, counseling, tutoring, and course offerings that will help students earn their degrees.

Underfunding SUNY is extremely short-sighted. Employers have increasingly relied on higher education institutions to train and develop an ever-changing workforce. Now more than ever, fully funding SUNY is necessary to ensure that New York's future workforce receives a solid, quality education.

Therefore, UUP requests the addition of \$70 million in the 2020-21 state budget to help campuses begin to reduce the TAP gap.

Restore hospitals' subsidy

UUP welcomes the decision to include \$150 million in capital funds for SUNY's three public teaching hospitals in the Executive Budget. The spending plan also keeps in place \$230 million in state Medicaid funds for a required match to federal Disproportionate Share Hospital (DSH) funding for the hospitals. Although this \$230 million does not fully match all the federal DSH funds available to the SUNY hospitals, these funds are extremely important for our hospitals; they reimburse the facilities for care already provided.

With the state facing a \$4 billion Medicaid shortfall, the Governor has convened the Medicaid Redesign Team II to identify \$2.5 billion in additional Medicaid savings. It is unclear how this may impact the

state's Medicaid fund commitment to SUNY. However, what is clear is how critical it is to maintain the state DSH match for the SUNY hospitals. Our hospitals will be devastated if these funds are reduced or eliminated.

Our hospitals do not turn a profit and shouldn't be expected to. SUNY's three public teaching hospitals collectively serve over 1.5 million patient visits per year and the care, treatment and safety of these patients is a direct state responsibility.

SUNY's hospitals are known as hospitals of first and 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.

We were dismayed to find out that the Executive Budget does not restore the state subsidy for the state's public teaching hospitals. The subsidy was eliminated in 2018, replaced by one-time funding through the federal Care Restructuring Enhancement Pilot program.

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. In fact, SUNY agreed to this arrangement only after the state promised to provide a subsidy to the hospitals to help them cover these expenses.

The absence of the state subsidy has placed all three SUNY hospitals in a precarious position. It will be difficult for our hospitals to maintain high-quality health care without state subsidy dollars, which are used to help offset costs associated with caring for a large number of underinsured and uninsured patients while also educating the next generation of NYS doctors and other medical professionals.

Our hospitals double as learning environments, 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. More New York City doctors have trained at Downstate than at any other medical

school; in some specialties, more than half of Brooklyn's physicians were trained at Downstate.

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

Institute oversight over college campus foundations and affiliated nonprofit corporations

UUP has been outspoken concerning the need for oversight over SUNY's campus foundations.

Currently, the State Comptroller does not have charge over SUNY campus foundations and auxiliary entities, which direct hundreds of millions of dollars—much of it from public funding and student fees. Many of these organizations contribute little to the academic missions of their campuses, despite being established for that express purpose.

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. Our cash-strapped campuses could use their foundation's public funds to expand programs, hire full-time, tenure-track faculty, and provide vital student services.

To accomplish this, UUP urges the Legislature to:

- Require campus foundations to submit annual budgets to SUNY for approval. Foundations and affiliated corporations would also provide 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.

Establish new sources of revenue for public higher education in New York State

We recognize the difficult financial situation the state is facing, partially due to funding New York's Medicaid program. But not investing in SUNY and continuing to hollow out the greatest educational opportunity for upward mobility of our next generation is the wrong choice.

UUP supports the creation of new sources of revenue to fund SUNY and CUNY and to reverse a decade of disinvestment. As I stated earlier, we are seeking the reinstatement of the \$87 million subsidy to help safely operate the three SUNY teaching hospitals in Brooklyn, Syracuse and Long Island, and \$70 million to close the TAP Gap.

Numerous studies conducted by independent budget groups, including the Fiscal Policy Institute and others, have highlighted the possible areas to capture revenue while not impacting a growing economy. In fact, most experts agree that investing in our public University and academic medical centers is investing in the future of New York's economy. Capital investment creates jobs today, higher education research helps lead to the innovations that will drive our industries tomorrow, and providing our campuses with the resources needed to provide high quality education empowers our students to become productive contributors to the New York State economy.

Many legislators have introduced legislation calling for new tax policies or the removal of tax loopholes and exemptions. UUP is in the process of reviewing all potential revenue enhancers. Here are just a few that UUP believe are good for New York and could be sustainable, long-term sources of revenue for SUNY and CUNY:

- Enhanced Millionaires Tax = \$2 billion in new state revenue annually according to the Fiscal Policy Institute and the Center on Budget and Policy Priorities.

- Removal of the Carried Interest Loophole = \$3.5 billion in new state revenue. Sen. Hoylman and Assemblymember Aubry have supported this.
- Pied-a-terre tax = \$560 million in new state revenue annually. Sen. Hoylman and Assemblymember Glick have proposed this legislation.
- Stock Transfer tax = up to \$14 billion in new state revenue annually. Sen. Sanders and Assemblymember Steck are sponsoring the elimination of this rebate to stock brokers.
- Allowing mobile sports betting = \$90 million in new state revenue annually. Sen. Addabbo and Assemblymember Pretlow have introduced this proposal.

There is a path forward for New York State to make smart investments and to ensure a more fair and just society through education and opportunity. The Governor often says the budget is where you stake out your priorities. The members of UUP and the hundreds of thousands of students and patients we teach and care for are asking to be a priority for the State of New York.

Conclusion

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