

TESTIMONY OF THE PROFESSIONAL STAFF CONGRESS/CUNY

EXECUTIVE BUDGET: THE CITY UNIVERSITY OF NEW YORK, FY 2018

JOINT HEARING OF THE NY STATE SENATE FINANCE COMMITTEE AND THE ASSEMBLY WAYS AND MEANS COMMITTEE

Delivered by Dr. Barbara Bowen, President

Good afternoon, Chairperson Young, Co-Chairperson Savino, Chairperson Farrell, Chairpersons LaValle and Glick, members of the Senate and Assembly. I am proud to be joined by my colleagues from NYSUT and UUP, and by the PSC First Vice President, Professor Mike Fabricant and PSC Secretary Professor Nivedita Majumdar.

Thank you for giving me the opportunity to speak on behalf of the 27,000 members of the PSC, the union that represents the faculty and professional staff at The City University of New York.

The Legislature did exceptional work last year to protect quality and access for CUNY students. Thank you.

You took a principled position in support of funding our collective bargaining agreement, which had been six years overdue; you stood firm against a proposal to reduce the State support to CUNY by nearly a half-billion dollars; you listened to the people of New York State and refused a tuition increase. Those were major victories, and we know that they required political courage. The students, faculty, staff and communities that rely on CUNY are grateful to you.

You also made other investments and restorations for FY2017 that have already improved the lives of thousands of CUNY students:

- \$100 more per full-time-equivalent student in State Base Aid to community colleges;
- \$4.9 million for SEEK and College Discovery, CUNY's opportunity programs;
- \$2.5 million for CUNY's celebrated Accelerated Study in Associate Programs initiative;
- \$1.5 million for the Joseph S. Murphy Institute for Worker Education and Labor Studies; and
- \$900,000 for campus childcare centers.

Unfortunately, the restorations to the opportunity programs, ASAP, the Murphy Institute and childcare have been undone in the Executive Budget for FY 2018. The PSC urges you to restore funding once again this year.

FULL FUNDING OF CUNY – THE OPPORTUNITY IS NOW

Critical as it is to *restore* funding, and important as the major legislative victories are, they do not solve the root problem. The fundamental problem is that despite considerable effort by the Legislature, CUNY remains radically, disastrously underfunded. The University has endured a steady decline in State funding that threatens the quality of education. But solving that problem is within New York's reach. The PSC calls on you to build on the substantial work you did on higher education last year and

embark on a four-year plan to reach full funding of CUNY. Higher education has never been as prominent a national issue as it is this year; this is the year for New York to turn the pattern of underfunding around.

Governor Cuomo was right when he focused on the importance of a college education as a central issue of our times. The idea of free college caught fire during the presidential election as a way to address economic inequality. As the economy changes and relies more on jobs requiring higher degrees, a college education becomes increasingly essential for an opportunity to attain a financially secure life. College alone will not end income inequality—that requires larger structural change—but in a society defined by inequality and downward mobility, college education offers the surest hope of a good life.

Governor Cuomo’s Excelsior Scholarship proposal elevates the idea of free college tuition, reaffirms the value of CUNY and SUNY, and suggests that free public college is a realistic goal. That in itself is a breakthrough. The plan is presented as a promise to the people of New York that the state is committed to increasing economic mobility and sustaining the middle class. But the promise must be real. The Legislature can make it real by seizing the opportunity created by the proposal and making a commitment to restore full funding to CUNY and SUNY.

The PSC fully supports the goal of free tuition at public colleges, and has long argued that New York State can afford to make CUNY free, as it was for more than a century. The Excelsior Scholarship does not reach that goal—and it raises other concerns. Yet it has opened an urgent conversation in which the Legislature can now offer leadership. New York could indeed be the first in the nation to solve the problem of providing access to a great college education to all who seek it. But the way to make the promise of college real for New Yorkers is to move toward full funding of the state’s public universities, both through tuition support and through investment in academic quality. The Legislature can define New York’s role as the state that offers national leadership on higher education at the moment when higher education has ignited the popular imagination. We call on the Legislature to take that step this year.

FULL FUNDING IS ACHIEVABLE

Full funding for CUNY, by our estimate, and as documented in the white paper issued by CUNY Rising, an alliance of student, community and labor groups, would require a \$2 billion increase in annual State investment. Obviously that is a large number, but it is achievable within a multi-year framework. And its impact would be extraordinary. We will outline for you today how New York can take the first steps toward that goal this year.

There is no doubt that full funding of CUNY would have a dramatic impact on student success. CUNY’s celebrated ASAP program (Accelerated Study in Associate Programs) has definitively shown that when more money is invested per student, students do better. In fact, they graduate at three times the rate of similar students not in the program. The secret of ASAP is that it provides *both* free tuition and substantially increased per-student investment. That investment goes to smaller classes, more access to full-time professors, and high-contact advising.

- ASAP's three-year graduation rate from CUNY community colleges is 53 percent, while the graduation rate for other full-time community college students at CUNY is 18 percent, and the rate at urban community colleges nationwide is only 16 percent.
- Although the per-student cost in ASAP is higher than in non-ASAP programs, the per-graduate cost is lower.

CUNY STUDENTS AND ECONOMIC MOBILITY

New York State has the highest rate of income inequality in the nation (Fiscal Policy Institute, June 2016). Economic inequality in this state is also racialized and gendered. CUNY directly addresses racial and economic injustice. It provides path to a life with economic security and the intellectual benefits of a college education for a half-million New Yorkers per year, primarily poor and working-class students from communities of color. CUNY students are exactly the New Yorkers the State must invest in if we are serious about reducing inequality.

- 60 percent of New York City's college-bound students enroll at CUNY.
- 59 percent of CUNY undergraduates are from families with annual incomes less than \$30,000.
- 77 percent percent of CUNY undergraduates are people of color.
- 40 percent of CUNY undergraduates were born outside the U.S.

In a major report issued this month by the Equality of Opportunity Project, CUNY is one of two universities singled out nationally for its role in helping individuals to move out of poverty into economic security. The report, *Mobility Report Cards: The Role of Colleges in Intergenerational Mobility*, tracks every college student in the United States from 1999 to 2013. It compares students' earnings in their early thirties to the incomes of their parents. The report finds that:

- The City University of New York propelled almost six times as many low-income students into the middle class and beyond as all eight Ivy League campuses plus Duke, M.I.T., Stanford and Chicago, combined.
- CUNY colleges make up eight of the 20 institutions with the highest rates of economic mobility. Of the 20 colleges and universities with the highest percentages of students who came from families in the bottom fifth of the income distribution and are, by the end of the study, in the top fifth of the distribution, CUNY schools rank 2, 3, 4, 6, 10, 13, 16 and 20.
- At City College, one of CUNY's four-year schools, 76 percent of students who enrolled in the late 1990s and came from families in the bottom fifth of the income distribution ended the study in the top three-fifths of the distribution.

DISINVESTMENT IN CUNY

Yet the slow drip, drip, drip of disinvestment has put CUNY's ability to continue this extraordinary work at risk. At this moment of acute income inequality and in the state with the highest rate of income inequality in the country, that work has never been more urgent. If New York aspires to be the progressive capital of the nation, or even to economic stability, it must reverse the disinvestment in CUNY before it is too late. Students at CUNY do as well as they do because of the intellectual desire and sheer grit—coupled with the remarkable generosity of the faculty and staff. State funding has failed to keep up with inflation and CUNY's enrollment growth.

- From 2008 to 2015, for example, full-time equivalent (FTE) enrollment increased 10 percent at CUNY senior colleges, but per-student funding from the State fell 17 percent, when adjusted for inflation.
- Over the same period, FTE enrollment increased 23 percent at CUNY community colleges, but per-student funding from the State declined five percent, when adjusted for inflation.

The disinvestment has led to a huge shortage of full-time faculty. CUNY is far short of its goal of 70 percent full-time faculty instruction.

- In 2005-2006, 50 percent of undergraduate instruction was provided by full-time faculty. By 2015-2016, only 48 percent of University-wide undergraduate instruction was provided by full-time faculty. That same year, at CUNY's College of Staten Island, only 35 percent of undergraduate instruction was provided by full-time faculty.
- The lack of full-time faculty is a major reason for the difficulty many students experience in being able to take the courses they need when they need them. In a recent survey, 22 percent of CUNY students reported not being able to register for a course needed to graduate; 47 percent of students said they could not register for a course required for their major.
- Full-time CUNY professors teach substantially more courses per term than their counterparts at other comparable colleges. The inordinate faculty teaching load robs students of the individual time they need with professors.

The disinvestment has led to over-reliance on part-time, adjunct faculty, who are paid at a fraction of the rate of full-time faculty and who do not have the working conditions to support their best teaching efforts.

- The number of adjunct faculty at CUNY increased 73 percent from 2000 to 2015.
- CUNY's adjunct faculty workforce numbers over 12,000.
- 53 percent of all undergraduate CUNY courses are taught by adjuncts.

The disinvestment has left CUNY students to learn in overcrowded and outdated facilities and many of CUNY's buildings literally crumbling.

- CUNY students struggle every day with inadequate classroom space, outdated equipment, crumbling ceilings, broken heating and cooling systems, and more. These conditions undermine education.

Finally, the disinvestment has caused tuition hikes that many CUNY students cannot afford. With inadequate funding from the State, CUNY has increased tuition at rates well in excess of the rise in incomes.

- From 2005 to 2015, for example, NYC's median household income increased 21 percent, when adjusted for inflation. CUNY tuition, when adjusted for inflation, increased by 30 percent and 41 percent at the senior and community colleges, respectively, over the same period.

THE NEED FOR INCREASED STATE REVENUE

Full funding of CUNY, even an initial investment this year, will cost money. The experience of ASAP makes that clear, and makes it clear that the added investment pays off. Achieving the first year of a multi-year commitment to reach full funding is not unthinkable for FY2018—if the artificial 2-percent budget cap that has been required by the Executive Budget is removed. The PSC commends the Governor for his strong support of renewal of the “millionaires’ tax,” but we join progressive voices across the state in calling for an expansion of that revenue program and an end to the 2-percent spending cap. Progressive policy must include progressive *fiscal* policy. New York's personal income tax is highly regressive and in urgent need of reform. This year's budget should include a plan for tax fairness and increased State revenue.

RECOMMENDATIONS FOR THE FY 2018 BUDGET

The Executive Budget shows a nominal increase of \$107 million in operating support over the last fiscal year. We appreciate the appropriation of \$36.2 million to cover increased fringe benefits costs in the University's operating budget and \$456.6 million in capital funding, including double the funds for critical maintenance approved last year.

Otherwise, however, the state's public investment in CUNY's *operating* budget remains essentially flat with no other increase to the senior colleges, graduate school and University programs except for added revenue from a proposed tuition increase. There is an addition of \$7.1 million due to higher enrollments at the community colleges, but there is no increase to Community College Base Aid. Base Aid remains at \$2,697 per FTE student.

All other new funding comes from raising tuition by \$250 per student by implementing a new SUNY 2020 legislation. The Executive Budget estimates this will provide an additional \$36.2 million after \$10.1 million in TAP credit waivers is subtracted. The PSC has long held that the cost of CUNY's operating budget should not be borne by student, especially in the absence of a commitment to making the University whole for mandatory costs. Increasing tuition and fees is neither effective nor sound as a way of financing the institution. State investment has consistently fallen when tuition has been increased. There is no substitute for the necessary State support. CUNY is a public good, as Governor Cuomo reminded New Yorkers. It should be funded by public support.

The budget also required \$35 million to be transferred from the CUNY college foundations to the University to be used for additional financial aid and scholarships. The budget legislation would make this a permanent feature by requiring the foundations to transfer 10percent annually for this purpose. These funds, like all financial aid scholarships including TAP and Pell, help students to pay for college by replacing tuition they must pay. But these funds *do not* increase the operating budget and will not make up for the continuing decline in State funding for instruction.

The PSC proposes a four-year plan of investment to restore resources lost to State disinvestment. We understand that the long-term loss of State and City funding cannot be made up in a single year. But rather than relying on raising tuition, we call on the Legislature to invest public resources to provide students with an enriched education—one that supports their path to graduation, that gets as close as possible to “free tuition,” and one that expands the colleges’ capacity to accommodate enrollment growth.

In this first year, we request the Legislature make an additional investment toward full funding for CUNY of an additional **\$298 million**.

1. Add \$81.1 million to cover mandatory cost increases and enact strong maintenance of effort legislation.

As noted above, the Executive includes additional funds for fringe benefits increases. It does not, however, include funding to cover inflation or other mandatory costs including \$5.6 million needed for building rentals and \$76.2 million needed to cover contractual increases.¹

CUNY and SUNY need a true maintenance-of-effort (MOE) law or budgetary structure that covers all predictable inflationary operating costs. The Legislature voted almost unanimously for the MOE bill, but the bill was then vetoed. When the Executive Budget does not fund annual basic cost increases for utilities, rent, supplies and equipment, collective bargaining, and other normal operating expenses, CUNY must forgo other needed investments in quality. Language in the budget limiting the use of new tuition revenue does not change this fact.

¹ This is \$8.2 million for step increases and \$68 million for collective bargaining.

2. Add \$80 million to hire an additional 1,000 full-time faculty.

Students deserve an enriched education provided by full-time faculty with time to mentor, provide individual attention, opportunities for experiential learning, and other supports. Long-term disinvestment has undermined CUNY's operating budget, creating a system that relies on overworked full-time faculty and seriously underpaid part-time adjunct faculty hired to teach on a per-course basis.

Although the University has added full-time faculty over the last several years, numbers have not kept up with growing enrollments. Today 48 percent of courses are taught by full-time faculty and 52 percent are taught by adjuncts.

In its 2012 Master Plan, CUNY set a goal to improve the ratio to 70 percent of course offerings taught by full-time faculty and 30 percent taught by adjunct faculty. The PSC proposes that CUNY have resources to establish this 70:30 ratio. Doing so would require 4,000 new full-time faculty. We propose adding the first 1,000 new full-time faculty this year. The last time CUNY had student enrollment approaching its current level, the University employed 11,500 full-time faculty. Today, the number is closer to 7,700. We must begin to fill that gap.

Increasing the number of professors would also provide an opportunity to increase student advising, to move many current part-time faculty with advanced degrees to full-time positions, and to increase the racial, ethnic and gender diversity of the CUNY professoriate. All are critical goals, especially in the current moment.

3. Add \$40 million to begin increase in adjunct wages to \$7,000 per course, in line with national standards.

CUNY currently pays \$3,500 per course on average, an amount that means an annual income of less than \$30,000 for the thousands of adjunct faculty who earn their incomes through adjunct teaching. These faculty often teach the University's basic courses and its students most in need of support; they must be paid a living wage. New York sends the wrong message about its commitment to the middle class when it allows college instructors to be paid a poverty wage. While salaries are normally a collective bargaining issue, adjunct salaries are also a budget issue. It is the hollowing out of CUNY's budget that has created the need for this vastly underpaid workforce. The solution must be a budgetary solution.

4. Raise Community College Base Aid by \$250 per FTE student, increasing CUNY's Base Aid allocation by \$10.4 million.

CUNY's community colleges offer more than 250 associate degree programs for students seeking education and skills needed for specific jobs. They provide developmental and remedial courses to students with poor high school preparation, learning disabilities or English-language deficits; and they provide a low-cost entry to college for students who intend to transfer to a four-year school.

Community college funding was greatly reduced after the Great Recession. It took a concerted, multi-year effort by the Legislature—for which we are grateful—to finally return Base Aid for community colleges to its 2008-level. The \$100 per FTE increase in Base Aid enacted for this year finally did it. But costs have gone up and the effects of years of disinvestment have piled up. Base Aid is far lower than it should be after the last seven years of inflation.

CUNY's community colleges are worthy of the support the Legislature has shown them. But they are still underfunded.

5. Add \$35 million to match the request of NYC for faculty initiative to improve student graduation rates and career preparation.

CUNY's budget request includes a proposal for New York City to provide an additional \$35 million for CUNY senior colleges to “expand and develop initiatives for faculty to provide dedicated and intensive time with students in furtherance of increasing CUNY's persistence rates and moving students to degree completion and transition to careers more quickly.” The PSC supports this request of the City and urges the Legislature to match this investment in CUNY's Faculty Partnership for Student Success Initiative.

6. Add \$41 million to cover the gap created by the TAP credit waiver.

Even before raising tuition as the Executive budget proposes, CUNY senior colleges must absorb \$51 million in cuts to their operating budgets through the TAP credit waive. The TAP credit waiver was an effort in the original 2011 SUNY 2020 law raising tuition, so that the poorest students who received the maximum TAP award would not pay more. The credit waiver was made permanent in last year's budget at \$5,000, which is actually \$165 less than the maximum TAP award. If the Executive Budget proposal to raise tuition again by implementing another five years of annual tuition increases goes through, the TAP credit waiver will increasingly cut into the new tuition revenues collected.

The University's budget request includes a proposal for New York City to provide \$10 million to offset the cost of the TAP tuition waiver credits and close the TAP GAP. The PSC supports this call for more support from the City and urges the State Legislature to provide \$41 million in funding to close the remainder of the gap.

7. Add \$10.5 million to restore SEEK, College Discovery, childcare services, the Murphy Institute and other legislative investments to last year's levels.

8. Pass the NYS DREAM Act

PSC is a strong supporter of the NYS DREAM Act and we applaud the Governor for including it in his Executive Budget. The dreamers are our students. As college faculty and staff, we see daily their courage, their passion for education, their determination to open doors for the next generation that were closed to them. At a time when the President has promised to implement policies that directly threaten immigrants, New York can take a bold stand.

For a modest investment, New York State could enable thousands of courageous students, brought to the United States as infants or children, to have a real shot at a college education.

EXCELSIOR SCHOLARSHIPS—PROMISE NEEDS TO BE REAL

Governor Cuomo was right that the promise of access to a college education is the promise middle-class, working-class and poor New Yorkers need. But the PSC has several concerns about the proposal in its current form.

- The Executive Budget provides only \$51 million in FY2018 in new funding to provide the scholarships. The Executive has cited \$163 million as the cost of the program after it is phased in over three years. But even \$163 million falls far short of the true cost. The funding provided for the scholarship program in the budget is not adequate to support quality at CUNY.
- Already strained by decades of underfunding, CUNY must not be expected to bear the cost of the Excelsior Scholarships, even if it is truly \$163 million. CUNY already bears the cost of the gap between the maximum TAP (Tuition Assistance Program) award and the full cost of tuition at four-year colleges. By law, the University must provide a tuition waiver equal to that amount. At CUNY, the “TAP gap” was \$51 million last year. The proposed tuition hikes would dramatically increase the TAP gap. And the Excelsior Scholarships would be applied after the TAP tuition waiver.
- The program excludes CUNY’s 84,000 part-time students, who are often the students most in need of free tuition. Some are low-income students who do not qualify for state financial aid. Many others are working adults who are looking for a new place in a changing economy. These students need relief too, through the Excelsior Scholarship or other means.
- The program appears not to cover undocumented students, of whom there are about 5,000 at CUNY. With undocumented students under intense threat in a Trump presidency, it is essential that any tuition relief program include them, as they are currently ineligible for both federal and state financial aid. Excluding them from the Excelsior Scholarships would be a missed opportunity to right a wrong and support these brave young people who have no path to citizenship.

- The Excelsior Scholarship program also places severe restrictions on eligibility, restrictions that would eliminate thousands of students. To be eligible, students must maintain 15 credits, a heavy credit load that is impossible for many working students.
- Because the Excelsior Scholarship is a deferred support plan, if students do not meet the required credit load and academic average, CUNY will not receive reimbursement for their costs, and will be forced to bill students—including some who may have dropped out—for the balance.
- The increased attractiveness of CUNY and SUNY to families with incomes in the \$100,000 to \$125,000 range could create a shortage of places at CUNY for students from low-income families. The design of the program must include preserving access to CUNY and SUNY for low-income students and students from communities of color.

We thank the Legislature for your exceptional work in support of New York's students and communities last year, and we call on you to make the FY2018 budget the year in which you claim the national stage as leaders on higher education by taking the first steps toward full funding of CUNY.