



THE STATE UNIVERSITY OF NEW YORK

Joint Legislative Hearing

of the

**Senate Finance Committee
and
Assembly Ways & Means Committee**

The 2008-09 Executive Budget Proposal

Testimony of

**Dr. John B. Clark
Interim Chancellor**

**January 30, 2008
Albany, NY**

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Good morning, Chairman Johnson, Chairman Farrell, Chairman LaValle, Chairperson Glick...members of the Senate and Assembly...and legislative staff. It is a privilege to come before you today on behalf of The State University of New York to comment on the 2008-2009 Executive Budget recommendations for the State University.

Seated with me today are Dr. Risa Palm, Vice Chancellor and Provost of the University; Dr. Kimberly Cline, Vice Chancellor and Chief Financial Officer; and Mr. Phil Wood, Vice Chancellor for Capital Facilities and General Manager of the State University Construction Fund. Also with me today are other members of the University's senior management team.

Let me give you some background about SUNY today:

- Enrollment is at a record high of 427,398 students, including 85,023 under-represented or minority students.
- In the last year, SUNY awarded 80,572 degrees and certificates; 81 percent of these graduates, on average, remaining in the state.
- Over the last six years, our fundraising revenues have grown by more than \$1.84 billion.
- In 2007, SUNY campuses secured almost \$1 billion in direct and competitive federal funding. Royalties from patents, such as cancer drugs and heart medicines, also have increased and are expected to exceed \$11.6 million in 2008.
- And I am especially pleased to note that in the 2008 edition of "America's Best Colleges" from *US News & World Report*, 22 of SUNY's state-operated campuses earned top rankings in categories including the leading 50 public national universities, campus diversity, least student debt and top academic programs. *Kiplinger's* recently ranked our Geneseo and Binghamton campuses 6th and 8th, respectively, among the top 10 best values for public campuses in the nation.

I am here before you today as Interim Chancellor of the State University. I have also served as the Interim President at four SUNY institutions: Plattsburgh State College, The College at Brockport, SUNY Optometry and Alfred State College. This experience

has provided me with first-hand knowledge of the impact of Executive and Legislative actions at the campus level.

My own family has greatly benefited from New York public higher education starting with my mother, the daughter of Irish immigrants, who graduated from Hunter College, class of 1936, and I, as a returning Vietnam-era veteran, who attained my masters degree in public administration from the John Jay College of Criminal Justice of The City University of New York at virtually no cost thanks to the GI Bill and the very low graduate tuition at the time. So I certainly know and hold dear the bedrock principles of academic quality, access and affordability of the New York public higher education systems.

I would like to recognize Governor Spitzer for his establishment of the New York State Commission on Higher Education, the vision of SUNY he offered in his State of the State remarks, and his commitment to New York higher education. And also Senator LaValle, Assembly Person Glick and Assembly Person Peoples for your tremendous and long-standing support of SUNY and for your great work on the New York Commission on Higher Education.

The Commission's preliminary report calls for the State to make a strong and strategic investment in public higher education. The reason is simple: education is the key to the future of New York.

The report recommends steps designed to improve SUNY and CUNY, and thus, the economy of our State, through increased investment in faculty, research, operations and facilities. Implementing these recommendations would go far in helping us reach our goal of making SUNY the best system of public higher education in the country. The great state of New York—and its people—deserve no less. We hope the report will play a significant role in this year's budget negotiations and those in the years to come.

The future of public higher education in this State can be linked to the New York State Commission on Higher Education recommendation for the implementation of the *New York Compact*. Originally proposed several years ago as the *CUNY Compact*, this was inspirational idea of my colleague and friend Chancellor Matt Goldstein of The City University of New York. The SUNY Board of Trustees has recognized its long-term benefits and made it the focus of the University's 2008-09 Budget Request. We refer to it as the *SUNY Compact*.

As currently envisioned, the *Compact* is a partnership between and among our campuses, our students and their parents, alumni and benefactors, and the State to provide the funding necessary to significantly improve our systems of public higher education. The campuses would contribute by means of operating efficiencies and increased fundraising. The state would provide one-hundred percent of the University's mandatory costs including contractual agreements, fringe benefits, enrollment growth and inflation. A predictable tuition policy with consideration of modest annual increases would provide another source of funds exclusively for improving academic quality. We

would ensure the availability of full financial aid so that needy students would not be disadvantaged by any tuition increase, if adopted.

The *Compact* would give SUNY and CUNY the ability to expand faculty ranks, increase access, improve leading-edge research, impact economic development, and institute a targeted and predictable tuition policy to hire full-time faculty and keep public higher education affordable.

And, if the *Compact* were in place for this upcoming fiscal year, SUNY would have an additional \$116.7 million to invest at our state-operated campuses. The centerpiece of this investment would be the hiring of 1,000 additional full-time faculty over three years to enhance quality, expand access and attain parity with comparable public universities.

To achieve excellence and to keep our education accessible and affordable, we must plan on a multi-year basis, and not be subject to the year-to-year budget process and state and national economic conditions. The *Compact* gives New York the opportunity to make a strategic investment now in the future of higher education in our great state.

We will be speaking with you further about the *Compact* and would appreciate your support in this critically important matter.

Regarding this year's proposed Executive Budget: in certain respects, especially the capital budget, it will help SUNY to move forward in a positive direction over the long-term, but it also contains some short-term challenges for our campuses this year, and I have come here today to ask for the Legislature's assistance in addressing these challenges.

But first I do want to recognize the significant positives in the Executive Budget. The first is the proposed establishment of a \$4 billion endowment through the securitization of the New York Lottery. In the years to come, the proposed endowment would generate more than \$220 million per year in revenue to be invested in public higher education. An endowment would ensure long-term financial stability for SUNY and CUNY, as it would support and advance our mission of providing access, affordability and academic excellence. It would be another important step toward raising SUNY to the level of the best public university systems in the country, such as Texas, Michigan, California and Virginia, which all have endowments listed among the top 20 largest in the country for 2007.¹ For example, the University of Texas system endowment exceeds \$15 billion.

The most important aspect of this proposal, whatever one's particular view of it, is the tacit recognition that public higher education in New York State needs a significant increase in funds if it is to become the kind of system our citizens, and their sons and daughters truly deserve – the best system in the country.

Additionally, SUNY facilities must be kept safe and in good repair. The Executive Budget recommends a new five-year capital plan for SUNY that provides a foundation

¹ 2007 NACUBO Endowment Study Results.

for insuring progress in coming years. The recommended appropriation of \$550 million for critical maintenance at state-operated facilities, with a commitment of an additional \$550 million per year for the next four years, will allow SUNY campuses to begin to address the significant deferred maintenance problem. An additional \$1.6 billion in funding for strategic initiatives will allow SUNY to selectively expand and renovate facilities to support the enhanced research and instructional needs of the university. New capital appropriations for SUNY Hospitals, Community Colleges, Residence Halls and Greening projects will further improve SUNY's facilities. Taken together, SUNY capital funding of \$4.4 billion in new authorizations is a welcome beginning. We appreciate the capital funding recommendations and look forward to working with the Legislature on advancing this very important component of SUNY's budget.

We are also pleased with the Article VII language in the Executive proposal, which follows the preliminary recommendations of the Commission on Higher Education, giving SUNY greater flexibility in procurement, construction and administrative operations, adding greatly to our ability to operate efficiently at no additional cost to the state. We welcome this administrative opportunity to generate cost-savings that can be invested in advancing SUNY's interests.

The proposal provides \$1 million to expand the University's high-need nursing program at both state-operated and community colleges. This will add greatly to our current high-needs nursing program which has resulted in the hiring of 39 new faculty and training more than 700 new nursing students.

However, the Executive Budget does present some significant challenges.

It only covers a portion of the University's mandatory, base-level costs, including contractual agreements, general inflationary costs and energy costs. I would point out that such costs need to be fully covered if the idea of the *Compact* were to be implemented.

It reduces state operating support to SUNY by \$34.2 million, or 2.5 percent. If not restored by the Legislature, this loss of funds will have negative impacts on all our campuses including the possible increase in class size and additional use of part-time and adjunct faculty.

Also, the budget proposal does not provide \$29 million to cover the cost of instruction for more than 4,100 students currently enrolled at the University and another 3,300 students planned for the next academic year. The failure to provide these funds will also directly affect the quality of instruction, the ability to provide full-time faculty and access for qualified students.

As you know, two years ago, the SUNY Empire Innovation Program was created to recruit top quality research faculty. This program supports increased innovation and more competitive professional and graduate education programs to boost economic development in New York State. To date SUNY has hired 57 research faculty who have

had an economic impact of approximately \$60 million. Our request for an additional \$12 million to hire 43 more researchers was not funded. Continued investment in this program will develop SUNY into a national research leader. It is estimated that these new faculty will generate \$70 million in research and boost the return on investment of this program to over \$223 million.

Also, for SUNY's three hospitals, Downstate Medical Center, Stony Brook University and Upstate Medical University, the University received a \$7.8 million increase in the state subsidy. However, \$39.9 million is necessary to fully cover the salary and fringe benefit costs resulting from the state's collective bargaining agreements. The University seeks the difference of \$32.1 million it did not receive to cover these costs.

The Executive Budget also challenges our Community Colleges. The University requested \$20.6 million for enrollment, rental aid and mandatory fringe benefit costs, in addition to an increase of \$72.4 million in new academic quality and campus safety initiatives. While we appreciate the Executive Budget fully funding the enrollment increase of 5,000 students, as well as the rental aid expenditures for facilities, it did not fund a state mandatory fringe benefit cost of \$5.4 million. The Executive Budget cut Community College base-aid funding by \$50 per student, or \$6.2 million - the amount of the "Legislative add" for the current fiscal year. Furthermore, it also eliminates aid for Small College Assistance - a \$1 million "Legislative add" that provided \$200,000 in operating funding for the five smallest community colleges with enrollments of less than 2,000 students each - Clinton, Columbia-Green, Fulton-Montgomery, North Country and Sullivan community colleges. The restoration of all these funds, along with the \$20.7 million, \$200 per student, base-aid increase requested by the University, is crucially important to maintaining our "full-access" mission and avoiding the necessity of tuition increases at many of our 30 Community Colleges.

Other "Legislative adds" affected in the Executive Budget proposal include: \$6.095 million for the ATTAIn program, \$840,000 for the Educational Opportunity Program, and \$500,000 for the Small Business Development Centers. Restoring these funds to these highly successful and much needed programs would help further ensure access and opportunity for all New Yorkers.

Our budget request also sought a \$2.2 million increase to improve access and educational equity for the under-represented student population throughout the System. This funding would be allocated to the newly-created office of Diversity and Educational Equity to create new and dynamic programs to develop a diverse population of educators and to increase diversity among our graduates.

Furthermore, the safety and welfare of our students, faculty and employees in the campus community is just as important as our academic programs. SUNY has been proactive in implementing the NY-Alert notification system, security training and equipment, and crisis training for campus leaders. To enhance our efforts, the University requests \$20.4 million for campus safety programs.

In summary, across New York, there is consensus that it is in all our interests – short and long term - to make the State University the best public higher education system in the country. To achieve that goal, the state must fund these basic costs:

- Restore the operating reduction at state-operated colleges; and fully fund our mandatory costs for enrollment, the Empire Innovation Program and our SUNY hospital salaries and fringe benefit costs;
- Restore the reductions in Community College base-aid and Small College Assistance, fund their state-mandated fringe benefit costs, and increase base-aid to bring the state to its one-third share;
- Restore the eliminated “legislative adds” for ATTAIN, the Educational Opportunity Program and the Small Business Development Centers;
- Fund the Office of Diversity and Educational Equity; and
- Provide additional funding for campus safety programs.

This funding combined with the five-year Capital Facilities Plan, the statutory reform outlined in the Article VII language, and a targeted and predictable funding stream from the Endowment will provide SUNY with the tools it needs to achieve greatness.

In conclusion, SUNY is marking its 60th anniversary this year and as you know we are conducting a search for a permanent chancellor. And while we are 60 years young, very young, as compared with the country’s major public university systems, we are uniquely positioned to create our own distinctive future as the best public higher education system in the nation.

The key principles of New York public higher education are academic quality, accessibility and affordability. These principles are our history and the legacy which we want to pass down, with your help, to the next generation of New Yorkers.

I want to thank the members of the committee for your support of The State University of New York.

And as you may know, we are very proud of the fact that the New York Football Giants conduct their summer training sessions at our University at Albany athletic facilities and we hope to greet them this coming summer as the Super Bowl champions. So go Giants!

Thank you very much, Mr. Chairman.