

Higher Education

The Assembly believes the State has a vital responsibility to ensure our states competitiveness by making a quality postsecondary education available and accessible for all of New York's citizens. Limiting tuition and fee rate increases, providing adequate State resources, and maintaining the first-rate quality of our colleges and universities must be the guiding principles to continue to strive for in New York State. But according to a recent survey issued by the Center for the Study of Educational Policy, the Pataki/King legacy has left. New York ranks 39th out of 50 states in State support for higher education per \$1,000 of personal income and 36th in percent change in State support over the past ten years. During this jobless economic recovery, postsecondary education is needed to retrain our workforce, and stimulate our economy. Passing costs onto New York families, limiting access to education to all but a select few, and unproductive cuts rob New Yorkers of the tools we need for an economic resurgence.

The State Fiscal Year (SFY) 2005-06 marks a critical time for the postsecondary community throughout the State of New York. The harsh reality we face is a struggling state economy, increasing tuition and fee costs for students pursuing a higher education, and decreasing support from the Federal government through a cut in Pell Grants awarded to the middle class. In a moment when strong leadership is required, this administration has established a policy of seeking "paid-leave" and "educational sabbatical" for the Chancellor of the State University above the priorities of "college opportunity" or "educational affordability."

On top of these challenges, the Governor has offered a higher education proposal that further threatens the State's colleges and universities. Over his tenure Governor Pataki has targeted higher education with over \$3 billion in cuts, with nearly one third of a billion (\$295.252 million) in proposed cuts this year alone. Without the continuing efforts of the Assembly, the Executive's cuts would decrease the ability of a New York citizen's ability to access postsecondary education, and slow down of one of the State's major economic engines.

The Executive budget threatens to make it more difficult for the average New York citizen to pursue a degree in Higher Education. Alongside this trend of reduced state support, the Executive proposes another tuition hike of \$500 on the State University of New York (SUNY) tuition and \$250 on the City University of New York (CUNY) tuition soon after the previous hike of \$950 for SUNY and \$800 for CUNY in SFY 2003-04. This latest tuition hike further highlights the fact that revenues derived from student tuition are now larger than the State appropriations for the budgets of the two public university systems in the State (see Figure 9). Before Governor Pataki's tenure in 1994-95 tuition from students attending SUNY and CUNY four-year colleges accounted for 37 percent of operational expenditures. With the Executive's proposed tuition increase, tuition will jump to roughly half of all total operational expenditures.

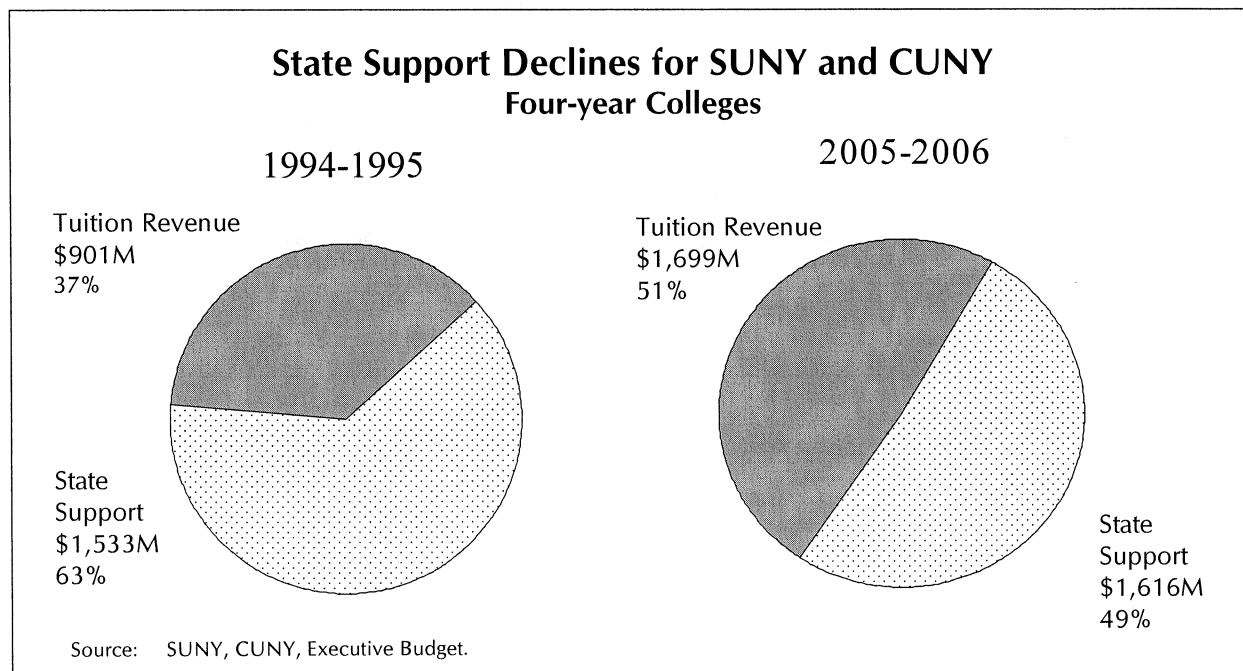


Figure 9

Therefore, with a \$500 tuition hike for SUNY, a \$250 tuition hike for CUNY and a reduction in the State Tuition Assistance Program, and the Governor once again has proposed to burden the citizens of New York with additional unaffordable costs of higher education.

This pattern of decreased State support and increased student charges also hurts students at the community college level. In 2004-05 the Governor proposed cutting State Community College Base Aid by \$115 per full-time equivalent (FTE). In the enacted State budget the Assembly restored this cut and provided an increase of \$50 per FTE from \$2,300 per FTE to 2,350 per FTE. The Governor then callously vetoed the Legislature's \$115 restoration, resulting in a net \$65 per FTE cut to local Community Colleges. As a result, State funding has dropped well below the legally mandated 33 percent, the Pataki legacy has left it at its lowest point in over 30 years. This translates to higher tuition for the students and higher local property taxes for the taxpayers. As the Governor keeps turning his back on his commitment to Community Colleges the cost that the student must shoulder will continue to increase. The Assembly believes this is wrong and will continue to fight for a fairer funding plan (see Figure 10).

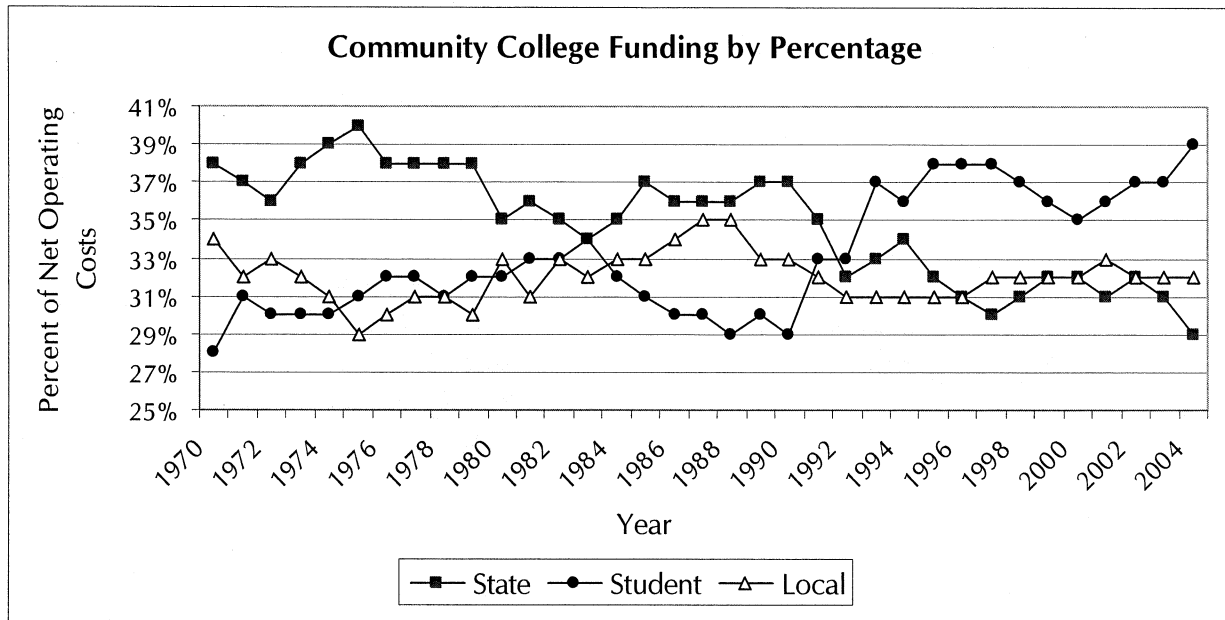


Figure 10

2005-06 Cuts and 2004-05 Vetoes

The Governor proposed over \$295.252 million in cuts to Higher Education programs in the proposed budget for SFY 2005-06. For the four-year colleges of the State's two public university systems the Executive budget recommends funding campus operations at \$3.3 billion. Of the newly appropriated funds for 2005-06, SUNY received \$2.2 billion for its general operations, a net increase of \$12.51 million from SFY 2004-05. However, in State supported General Fund operating dollars, SUNY received \$926 million, a reduction of \$84.89 from SFY 2004-05 levels. This cut is offset by a SUNY University revenue appropriation of \$1.099 billion, a \$97.5 million increase from 2004-05 levels. Of this increased amount, the Executive proposal estimates that \$84.3 million is attributable to a \$500 tuition increase for SUNY. The Governor assumes an additional increase in University revenues of \$12.5 million resulting from interest earnings and accounting changes. General Fund support for CUNY's operating budget totals \$1.29 billion, resulting in a net increase of \$77.27 million above SFY 2004-05 levels. The Executive proposal includes a tuition appropriation for CUNY Senior Colleges of \$600 million, an increase of \$28.65 million above SFY 2004-05 levels. The Governor provides General Fund operating support to CUNY Senior Colleges of \$690.4 million reflecting an increase of \$48.62 million from SFY 2004-05 levels.

The Governor's proposal also provides \$369.4 million for SUNY Community Colleges and \$148.8 million for CUNY Community Colleges. This maintains State support for Community College Base Aid at \$2,235 per full-time equivalent (FTE). In SFY 2004-05, the Governor vetoed the Legislatures' \$115 per FTE restoration of State support for

Community College. It is unfortunate that the Executive Proposal repeats this Governor's past failure of inadequately funding SUNY and CUNY Community Colleges.

The Executive Proposal would reduce funding for higher education opportunity programs by roughly 50 percent. This includes the following reductions from SFY 2004-05 levels: the Educational Opportunity Program was cut by \$7.48 million from \$15.58 million to \$8.1 million, the Higher Education Opportunity Program was cut by \$10.45 million from \$20.9 million to \$10.45 million, the SEEK program by \$6.4 million from \$13.8 million to \$7.4 million and College Discovery by \$363,000 from \$726,000 to \$363,000. The Executive proposal for STEP/CSTEP and the Liberty Partnership Program maintains funding at the SFY 2004-05 levels of \$9.5 million and \$10.9 million respectively.

In the 2004-05 enacted State budget, the Assembly fought to fully restore the Governor's cuts to Higher Education and included new capital projects and programs. However after the passage of the final budget the Governor unfortunately choose to veto many of these vital programs.

The Governor vetoed funding for \$1.073 billion in capital projects at SUNY, CUNY and Independent Colleges and Universities provided by the Legislature. This includes the following capital projects funding: \$263 million in new capital projects for the City University of New York, of which \$107.4 million were at the Community College level; \$460.4 million in capital projects for the State University of New York, of which \$312.17 million were for State Operated Campuses, \$55.2 million for Community Colleges, \$69 million for Health Science Centers, and a much needed \$24 million for Educational Opportunity Centers. The Governor also vetoed \$350 million in State support for a new Higher Education Capital Matching Grant Program. This Program would have supported important capital projects at SUNY, CUNY, and Independent Colleges and Universities across the State. Governor Pataki's capital vetoes will not only take away new buildings and much needed repairs from all Colleges and Universities across the state, it will also reduce construction jobs and fail to provide a continued economic stimulus across the State.

The 2005-06 Executive proposal includes a request for new capital projects appropriations of \$234.4 million for SUNY, \$89 million for CUNY and \$250 million for the creation of a new Higher Education Capital Matching Grants Program for SUNY, CUNY and independent colleges and universities of New York.

Many of the projects included within 2005-06 Executive proposal were actually vetoed in SFY 2004-05. Unfortunately, the Executive proposal fails to fully restore the \$1.073 billion in higher education capital projects funding that was vetoed in SFY 2004-05. Thus, the Governor fails to provide support for critical capital needs such s funding for the 11 Educational Opportunity Centers (EOCs) located across the State. These centers serve as a pipeline for receiving educational and career services to roughly 20,000 students

statewide. Many of these facilities have significant capital upgrade needs that fail to be addressed under the Executive's budget proposal.

The Governor vetoed restorations to Community College Base Aid, removing \$18.457 million from SUNY Community Colleges and \$7.3 million from CUNY Community Colleges. Cuts to the State's Community College system have significant affects on the economy, for they are often the most readily available tool used for retraining workforce initiatives across the State.

The Executive vetoed the 5 percent restorations the Assembly enacted for all higher education opportunity programs. Thus the Educational Opportunity Program was cut by \$820,000, the Higher Education Opportunity Program was cut by \$1.1 million, the SEEK program by \$730,000, College Discovery by \$38,000, and STEP/CSTEP by \$500,000. In addition, the Governor vetoed restorations to Bundy Aid for \$2.212 million, Liberty Partnerships for \$575,000 and the Teacher Opportunity Corps for \$38,000. Additional funding at \$2 million for the Aid to Part-time Study program and \$700,000 for SUNY Community College Rental Aid was also vetoed by the Governor.

Tuition

The 2005-06 Executive Proposal cuts State appropriations for SUNY by \$84.9 million, and proposes a tuition increase of \$500 for SUNY and \$250 for CUNY. This would increase tuition at SUNY by 11 percent from \$4,350 per year to \$4,850; and would increase tuition at CUNY by six percent from \$4,000 to \$4,250. This is expected to provide \$84.3 million additional tuition revenues for SUNY and \$28.652 million for CUNY. This tuition increase will increase the cost of the TAP program, as currently written in law, by approximately \$29.42 million.

Currently New York State has the twentieth highest tuition and fee rates in the country. This latest tuition hike could push our rank up to 16th. Unfortunately, the rising cost of both pursuing a college degree has been a common trend throughout the Pataki era.

The Chronicle of Higher Education 2005-06 Almanac of Higher Education indicates that the average tuition and fee rate of public two-year institutions nationwide is \$1,479 but our average here in New York State is 85 percent higher at \$2,729 (see Figure 11).

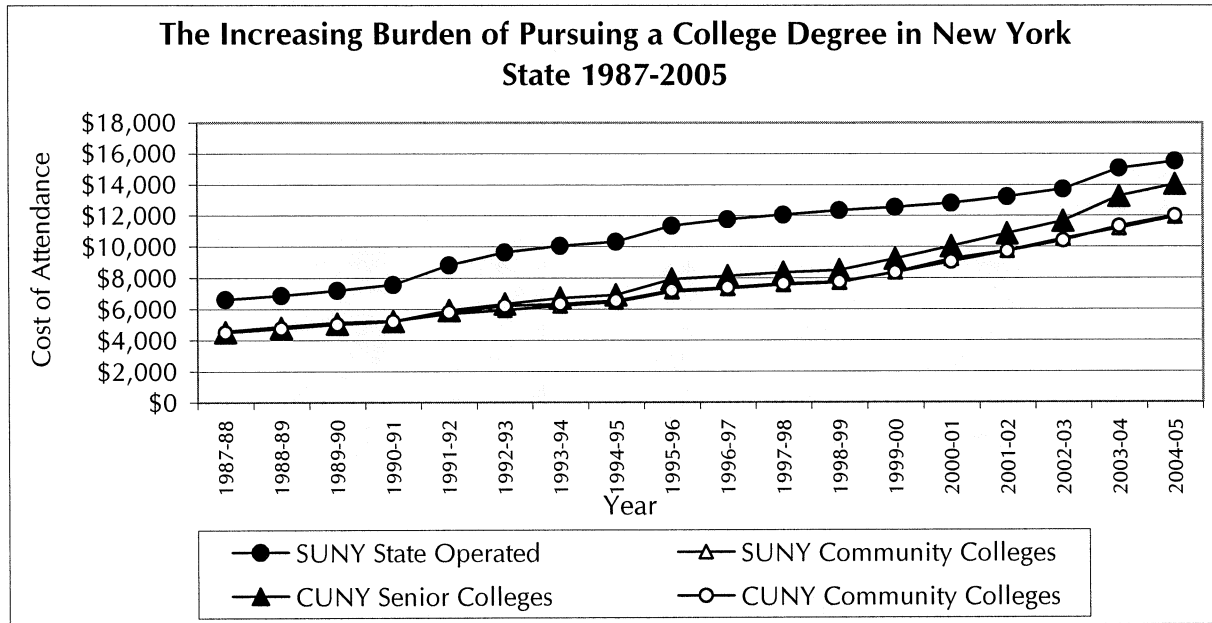


Figure 11

Tuition Assistance Program (TAP)

Since 1995-96, the Governor has proposed cutting the Tuition Assistance Program on eight different occasions. For the fourth consecutive year, the 2005-06 Executive Proposal would reduce the Tuition Assistance Program (TAP) awards for New York State students. The 2005-06 Executive budget proposes a 50 percent reduction in all first time students award levels, only to be paid back upon completion of the degree program. Thus the proposed 2005-06 Executive Budget contains \$738.54 million for the TAP Program. This represents a \$168.1 million reduction from the 2004-05 Academic Year, which would translate into an overall reduction of \$171.46 million in estimated TAP expenditures in the 2005-06 Academic Year.

Proponents of cutting the TAP program have wrongly argued that excessive program growth is an indication of abuses. The historic expansion of the program enacted in 2000-01 has only enhanced the affordability of a college degree and merely tracked the expectations which lead to this expanded investment in the State's workforce (as shown in Figure 12). Growth above these enhancements only occurred after tuition was increased, and have since leveled out. This year, estimated TAP costs have grown by only 0.28 percent even though record level enrollment rates have been reached at many schools. Such trends further show that the Governor has no need to cut the Tuition Assistance Program and is only serving to balance his budget at the expense of New York's potential students.

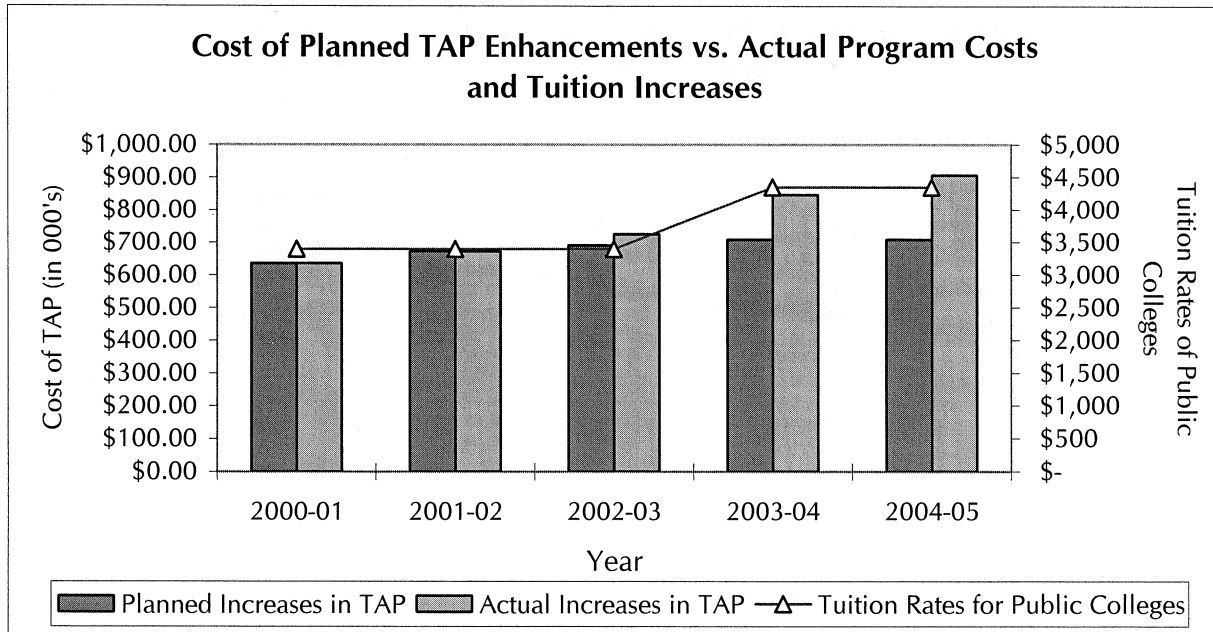


Figure 12

The bipartisan enhancements made to the TAP program in 2000-01 increased the cost of the program and expanded aid to cover middle class families struggling to meet the Governor's tuition hikes. However, the failed legacy of this administration has been shifting more and more of the cost of obtaining an education upon those who cannot afford this growing burden. In looking at tuition rates a generation ago, in 1987 students making the State minimum wage of \$3.35 an hour would have to work 38 hours a week for 52 weeks in order to cover the cost of tuition. However in 2005, considering a minimum wage of \$6.00 students would have to work 58 hours a week for 52 weeks in order to cover the costs of going to college. These figures do not give the average New York's citizens a fair opportunity in obtaining higher education.

The cut proposed in the Executive budget would adversely affect those most in need of TAP forcing them to do more to fund their own education. As students contend with ever increasing costs of pursuing a college degree, reducing State financial assistance would be yet another challenge students would be forced to confront (see Table 3).

Table 3

Impact of the Executive's Proposed 50 Percent TAP Reduction and \$500 Tuition Increase on a Family of Four with One Student Attending SUNY as a Freshman in the 2005-06 Academic Year					
Adjusted Gross Income	Current SUNY Tuition	Current SUNY Tap Award	Current Student Cost	Proposed Student Cost	Increased Costs On Students
\$20,000	\$4,350	\$4,350	–	\$2,425	\$2,425
\$30,000	\$4,350	\$3,830	\$520	\$2,685	\$2,165
\$40,000	\$4,350	\$2,722	\$1,628	\$3,239	\$1,611
\$50,000	\$4,350	\$1,522	\$2,828	\$3,839	\$1,011
\$60,000	\$4,350	\$500	\$3,850	\$4,439	\$589
\$70,000	\$4,350	\$500	\$3,850	\$4,600	\$750
\$80,000	\$4,350	\$500	\$3,850	\$4,600	\$750
\$90,000	\$4,350	\$500	\$3,850	\$4,600	\$750
\$100,000	\$4,350	\$0	\$4,350	\$4,850	\$500

Economic Development

Higher education is one of New York's fastest growing sectors and a powerful foundation of economic activity within the State. During tough economic times the role higher education plays is more important than ever. This jobless recovery leaves citizens with fewer options in the labor market, thus higher education is looked to as the sole gateway for people to find, retool, and retrain their skills. The Bureau of Labor Statistics reports that jobs requiring a "fairly high skill level" may account for three out of every five new jobs created between 1994 and 2005. This is especially true in New York State as our economy moves further away from its traditional base and is more dependent on a knowledge driven economy.

Studies show that individuals that receive a higher education do better for themselves and in turn help the State economy. A study done by Postsecondary Education Opportunity shows that individuals who earn a college degree annually earn on average almost \$23,828 more than those that obtain only a high school diploma. This amounts to over a \$1 million discrepancy in lifetime earnings. Not only does higher education improve the earnings of individual recipients, but a more educated, better paid citizenry improves the quality of life in the State. The Joint Economic Committee of the United States Congress reported that data suggests a reduced reliance on welfare and public assistance programs, and better health resulting on lower health care costs among citizens who obtain higher levels of education. In order for our society to be able to enjoy these favorable outcomes from our postsecondary education system, we must first invest the funds needed into our public universities.

The Governor rarely fails to tout the high technology industries and markets of which our high tech colleges and universities have been so critical in attracting to our state. But in SFY 2004-05, Governor Pataki vetoed \$1.073 billion in higher education capital

funding added by the Legislature of which some part of was directly for economic development purposes. These projects would have directly stimulated our economy through added construction jobs, newly leveraged private and Federal investments, additional jobs for university faculty and administration, and countless industry spin-off companies which have proven so successful throughout the State.

The failed policies of the Executive not only work to threaten access to a Higher Education for the average New York citizen, but also limit our economic growth as a State. The Chronicle of Higher Education reports over \$26.5 billion in Higher Education expenditures in the State. Considering the economic effect of investing in higher education returns to the New York State economy, the Assembly estimates that higher education creates over \$60 billion in economic activity that are becoming increasingly important to many regions of the State. In light of this kind of economic power, the Assembly must take a more serious look at Governor Pataki's cuts to Higher Education.