



# *Testimony*

**to the  
Senate Finance Committee  
and  
Assembly Ways and Means Committee  
on the  
Proposed 2021-22 Executive Budget  
for  
Higher Education  
February 4, 2021**

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*Testimony of  
Andrew Pallotta,  
President  
New York State United Teachers  
to the  
Senate Finance Committee  
Liz Krueger, Chair  
and  
Assembly Ways and Means Committee  
Helene E. Weinstein, Chair  
on the  
Proposed 2021-22 Executive Budget for  
Higher Education  
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Chairperson Krueger, Chairperson Weinstein, honorable members of the Legislature and distinguished staff, I am Andrew Pallotta, President of New York State United Teachers (NYSUT). NYSUT represents more than 600,000 teachers, school-related professionals, academic and professional faculty in higher education, professionals in education, in health care and retirees statewide.

Thank you for the opportunity to testify today on the proposed 2021-22 New York State Executive Budget for Higher Education. My testimony represents the concerns of over 80,000 faculty and professional staff who work in public colleges and universities across the state, as well as the three SUNY teaching hospitals. These include the members of United University Professions at the State University of New York, the Professional Staff Congress of the City University of New York and the faculty and staff at nearly all the SUNY community colleges in this state.

I am joined today by Dr. Frederick Kowal, President of United University Professions (UUP), and Dr. Barbara Bowen, President of the Professional Staff Congress (PSC). You will hear from both Dr. Kowal and Dr. Bowen in a few moments.

When we met last year in Albany, I don't think any of us could have imagined that something would happen to make it unsafe for us to continue our tradition of holding this hearing in the Legislative Office Building. Last year, few people had ever heard of a Zoom call, and a Teams meeting was something we did around a conference room table. Unfortunately, shortly after the last time we were together, COVID-19 struck and changed life as we knew it.

While many things have changed, the significance of this hearing has not. In fact, given the state of our state, this hearing, which connects members of the Legislature with members of the higher education community to share priorities, relate experiences from the past year and discuss ways that we can work together for the betterment of our students, members, two- and four-year colleges and the communities they serve, is more important than ever.

In the past, our conversation had always been related to the fiscal health of our campuses and the need for better funding. While appropriate funding for our institutions remains a critical need, this year, because of COVID-19, the actual health and safety of our students, our members and the entire higher education community has become paramount. While we are grateful for the work the Legislature has done to restore funding to public higher education programs such as the opportunity programs, more is needed to reverse the impact caused by years of underfunding.

Unfortunately, before anyone heard of COVID-19, our public institutions of higher education were already reeling from years of austerity budgets that held SUNY and CUNY instructional core budgets flat, even though operational costs continue to rise. This disappointing practice severely restricts these institutions' ability to grow, anticipate emerging workforce trends and remain competitive — to the detriment of the students they serve. The impact of flat funding and related fiscal neglect are felt by students and our members across the state. Campuses faced difficult decisions concerning the potential elimination of programs and declining student services due to inadequate resources before COVID-19 ravaged our state and national economies and caused a global fiscal crisis.

COVID-19 has affected every New Yorker in some way. While the disease has touched us all, its impact varies from person to person. The pandemic has required us to figure out a new work-life balance, forced us to grapple with staggering losses of life and everything in between. Because of this terrible disease, everything looks different now. Things once unimaginable, have become familiar. Long-standing jobs have disappeared, careers have been made irrelevant. The pandemic has exacerbated the threat of poverty for many and intensified the needs of those already living in poverty. Food insecurity is no longer in the periphery of our minds, as we see friends and neighbors wait for hours in food pantry lines just so they can feed their families. While the emotional costs of this disease are impossible to quantify, the fiscal costs are not. New York State, as a direct result of COVID-19, is facing a \$15 billion deficit.

While the state is focused on scaling back and cutting costs, one thing we must not do is shortchange our public institutions of higher education. The people who have lost their jobs or their careers need to be retrained so that they may re-enter the post-COVID-19 workforce. Historically, when there has been an economic downturn, enrollment at our public colleges and universities increases. Unfortunately, COVID has reversed that trend and we have seen enrollment numbers, particularly at our community colleges, plummet. Whether enrollment is down from COVID driven fear or economic loss, we cannot underfund our public colleges and universities. As we emerge from this dark time, we must be ready to retrain New Yorkers so that they may re-enter the post-COVID-19 economy. For many, our SUNY and CUNY systems will be the way out of economic hardship and the key to any financial recovery.

This year, NYSUT will continue to aggressively pursue our campaign to secure stable revenue streams to fund the futures of our public higher education students. It is time to close the ever-widening gap between the haves and the have-nots. In the last year of the pandemic we have seen the wealthiest New Yorkers get richer, while so many people throughout our state face layoffs and struggle to provide for their families. Accordingly, we renew our call to hold billionaires and ultra-millionaires accountable and demand they pay their fair share of taxes.

Sadly, educational inequality, already one of the most pressing issue of our time, has been made even worse by COVID-19. Distance learning, necessitated by this awful virus, has brought into sharper focus the need to narrow the gaps between the haves and the have nots. Access to reliable internet and laptops disproportionately impacts black and brown communities. As I am sure you are all well aware, public higher education provides a pathway out of poverty for countless low-income families. The education our colleges and universities provide elevates our poorest New Yorkers to the middle class. When the state shirks its responsibility and fails to invest in our public institutions of higher learning, our students and our communities suffer. Worse still, these effects are most strongly felt in our low-income communities and the impact is borne by those who can least afford to shoulder it. Tuition increases of “only two hundred dollars” are not the solution and cannot continue as the new norm. For many people throughout New York State, two hundred dollars is a significant amount of money and is more likely needed to pay for groceries and other necessities such as housing, heat and electricity.

Access to quality public higher education is a crucial component in the state’s efforts to recruit and retain businesses and industries. As businesses consider where to locate, they are drawn to locations with an available pool of highly trained and educated employees. The State University of New York (SUNY), the City University of New York (CUNY) and our community colleges help to fulfill that requirement by instructing and preparing New Yorkers for current and future job opportunities. A growing number of employment opportunities require advanced degrees, which further underscores the need for greater state investment in public higher education. Properly funding CUNY and SUNY helps to ensure that all New Yorkers have access to an affordable, quality, public education.

## **State Investment**

In recent years, we have seen several proposals put forth by the Legislature and the governor to increase student access to public higher education. In the past, I have called on the Legislature to fix the maintenance of effort language to ensure the state covers all mandatory costs, to eliminate the TAP-Gap, which is a penalty leveled on campuses educating our neediest students and to restore funding to community colleges so they may respond to business trends and needs. Now more than ever, New York must take bold action and develop a plan to stabilize our higher education institutions and ensure they are positioned to be on the front line of New York’s economic recovery.

Unfortunately, the executive budget continues to hold SUNY's and CUNY's instructional core budgets flat. We are very concerned that if New York does not receive sufficient federal funding, SUNY may see cuts of up to \$46 million and CUNY may see cuts of up to \$26.2 million. Year-after-year of flat funding is bad enough, cuts on top of that would be disastrous. While funding for instructional core budgets has remained flat, operational costs continue to rise. Without funding to address these operational costs, we are endangering student access to public higher education and the quality education they deserve. Simply put, we cannot solely rely on the federal government. A significant state investment, and new revenue to fund it, is needed to reverse this trend and to preserve and enhance the quality of education received.

The executive budget proposal extends the maintenance of effort (MOE) provisions until 2025. The current MOE language in the education law was intended to shield the four-year colleges operated by SUNY and CUNY from year-to-year cuts and budget fluctuations. While the intent was laudable, the existing MOE, also known as the basic MOE, created a ceiling for funding rather than a floor. In the absence of a significant state investment in CUNY and SUNY, real growth and system-wide programmatic enhancements to the number of faculty, staff, programs and services students receive has been virtually non-existent. When we refer to an investment, we are asking the state to cover all mandatory costs, which include collective bargaining increases, energy and other inflationary costs as well as the tuition credit waiver. We also ask the state to cover the new costs necessitated by the COVID-19 pandemic including but not limited to, PPE, testing and cleaning protocols. Without state funding to cover rising costs, CUNY and SUNY are forced to absorb them, which often necessitates reductions in academic programs and student supports. We would like to thank the Legislature for continuing to support legislation that requires the state to reimburse all mandatory costs.

Dr. Bowen and Dr. Kowal will speak to you about cuts to academic programs and student support centers drastically reducing their hours/student access due to a lack of funds. The impact of flat funding is being felt by many students across the state and is not anecdotal. It is also being felt by our members.

The myriad issues assailing our institutions of higher learning are a direct result of austerity budgets to our public university systems, which started in 2011, following the Great Recession. The health and fiscal crisis that has followed in the wake of the COVID-19 pandemic has exacerbated familiar problems and has led to a host of new financial burdens that must be borne by our institutions of public higher education. While we know that this is going to be a very challenging budget cycle, NYSUT asks the Legislature to make operating aid for public higher education a priority in this year's budget negotiations. You will hear more on this issue from Dr. Kowal and Dr. Bowen in a few moments.

## **Affordability and Accessibility**

Over the years we have called for the hiring of much needed additional full-time faculty and staff at CUNY and SUNY. Additional faculty and staff are desperately needed to ensure that all students have timely access to advisement services and course offerings to assist them in completing their education on-time. Students should not have to delay graduation and incur additional debt because they took the wrong course or had to wait a semester or more for a required course to be offered.

With the implementation of the predictable tuition plan in 2011, tuition increases were supposed to be used to support an investment in classroom faculty, instruction initiatives to support on-time completion and the tuition credit. For years, NYSUT has argued that the students have paid more than their fair share through tuition increases, and it is time for the state to cover more of the costs. The executive budget seeks to extend the predictable tuition plan through 2025, authorizing SUNY and CUNY to raise tuition up to two hundred dollars per year. NYSUT has long advocated against tuition increases as a means to support our institutions. Raising tuition and cutting state funding is a recipe for disaster. Sadly, tuition increases are a result of inadequate state funding. We urge the Legislature, in these challenging times, to provide the operational funding necessary to our institutions, eliminating the need to rely on such tuition increases. We ask the Legislature to be mindful that now, more than ever, every dollar matters to our students and many do not have the ability to pay even a dollar more, let alone two hundred dollars. Since COVID-19, most New Yorkers cannot lightly shoulder any new financial burden and an additional two hundred dollars that has been put aside for groceries, medicine or rent, may very well prevent a student from going to college.

The fiscal disaster wrought by COVID-19 made it very clear that the status quo budget funding approach to our colleges and universities was woefully inadequate. For most of last year, our members had to deal with the constant specter of budget cuts. Consequently, we witnessed layoffs at an unprecedented level. The ranks of adjunct professors were decimated. At both CUNY and SUNY, we saw an alarming number of reactionary and unnecessary layoffs and non-renewals hitting this vulnerable and critically important group of educators. We also saw retrenchment being used for targeted layoffs through the elimination of programs and positions. Preemptively cutting adjuncts who have been a part of their colleges for years and taking away their livelihood and health insurance during a pandemic is patently unjust. I am sure that Drs. Bowen and Kowal will elaborate on the hardships their members faced.

## **Community Colleges**

At this time, I would like to discuss community colleges. I thank the Legislature for your continued efforts to support these campuses and your continued efforts to secure state base aid increases for community colleges. As you know, community colleges educate and prepare students for the workforce and provide the necessary foundation for students moving on to four-year campuses or universities. In addition to educating all types of students where they

live and work, community colleges significantly advance social mobility. They often collaborate with regional businesses and employers to develop and provide training to address specific local workforce needs.

Notwithstanding the Legislature’s commitment to community colleges, state funding to these campuses is not commensurate with the provisions of the state education law. State education law provides that the state shall pay 40 percent of the operating costs of these campuses. As I am sure you are aware, the state is not remotely meeting this obligation.

For our community colleges, inadequate state support was only one of the many hurdles placed before them. In 2020, these institutions had to deal with the state withholding 20% of their TAP allocation as well as approximately \$92 million in base aid payments. Add to these already daunting statistics the fact the executive budget proposal seeks to continue the totally inadequate full-time equivalent (FTE) funding model which gives these institutions state funds based on a set amount multiplied by the number of FTE students enrolled.

CHART A

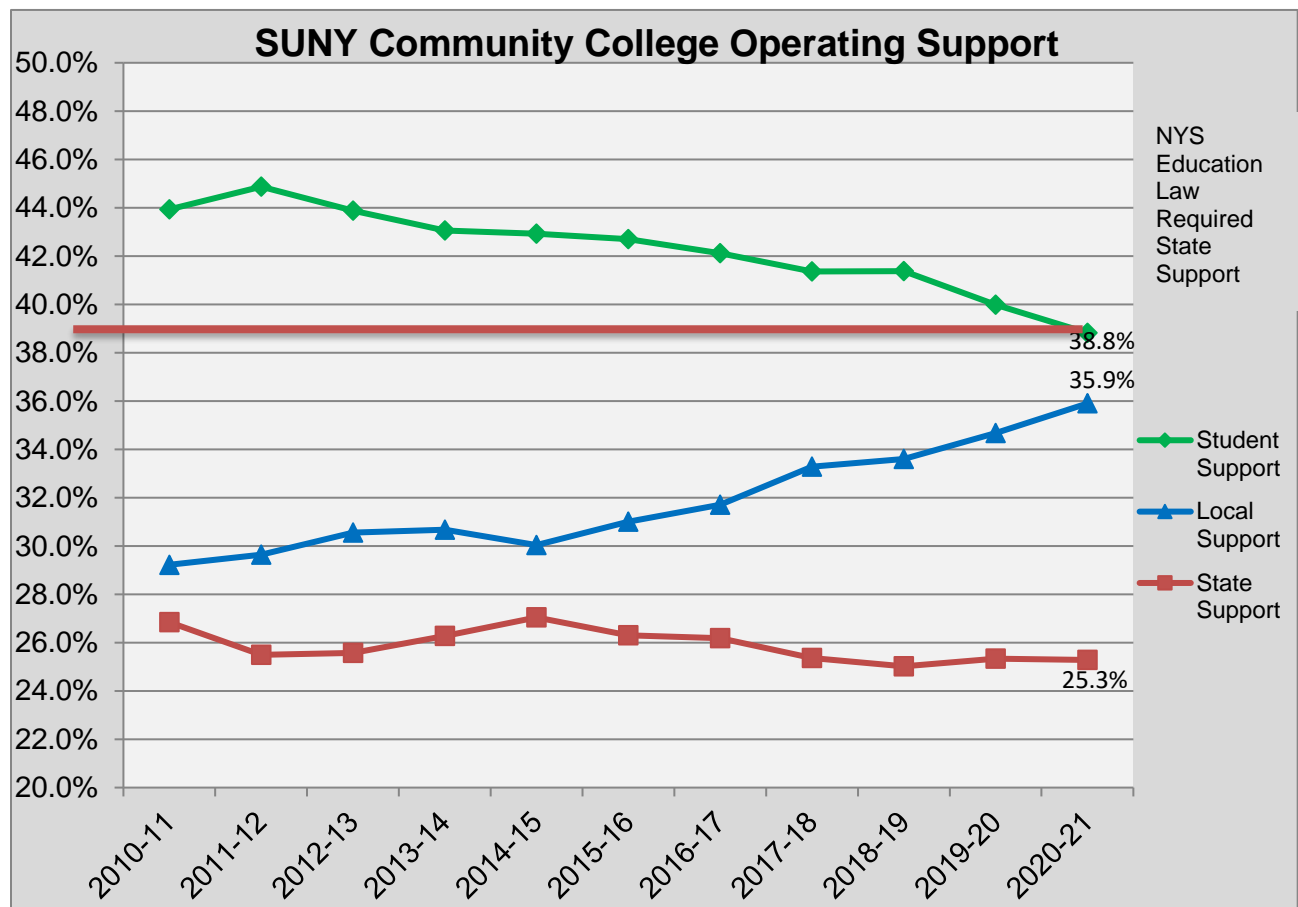
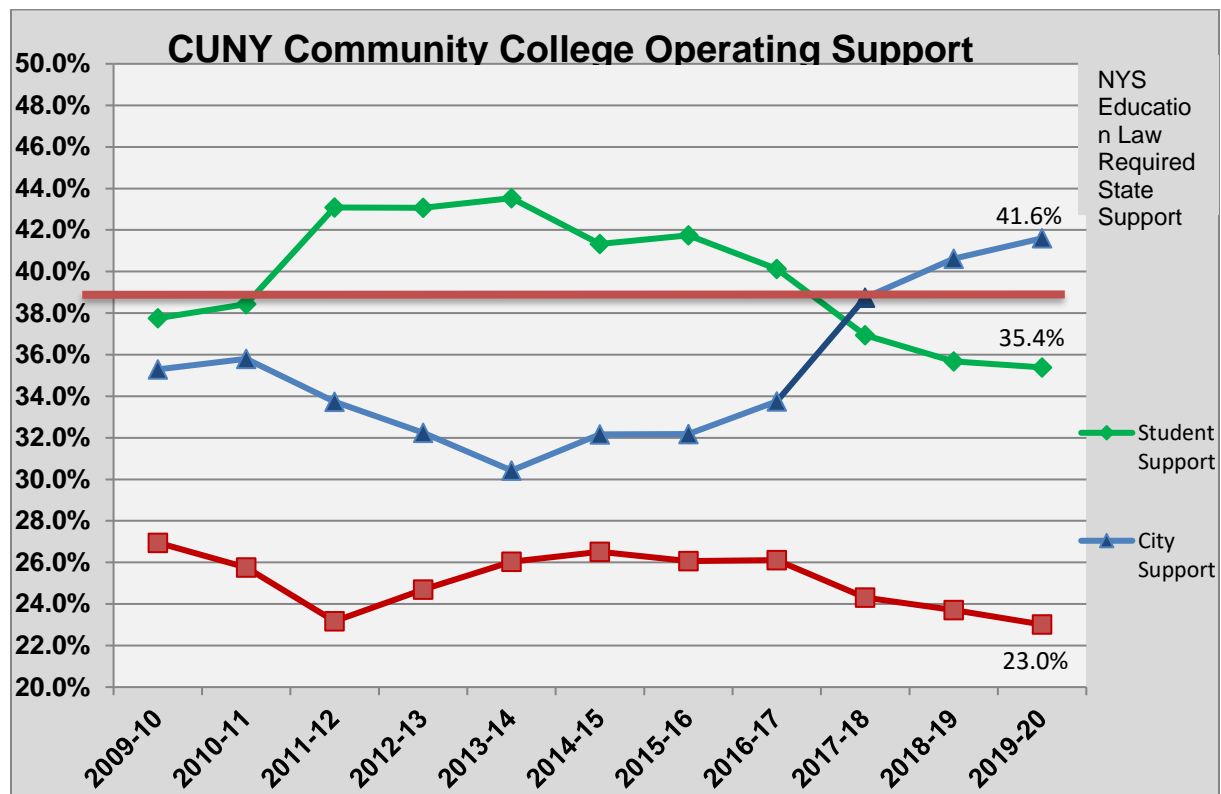


CHART B



As Charts A and B illustrate, both SUNY and CUNY community college students are paying the lion’s share of operating costs of these campuses. Over the ten-year period from 2008-09 to 2018-19, SUNY community college students went from paying 40.8 percent of the operating costs to approximately 41.4 percent. While the state’s contribution for the same period decreased from 30.8 percent to 25 percent. We see a similar trend for CUNY community colleges during the same time period, where the student share increased from 32.3 percent to 40.6 percent, while the state share decreased from 28.9 percent to 23.7 percent.

This year’s executive budget proposal provides flat funding per FTE for community colleges, which will likely force these campuses to raise tuition and/or eliminate programs and student services. While state base aid funding is flat, our community colleges will receive less state funding due to an across the board decline in enrollments.

Since the formula is based on FTE students, it fails to insulate campuses from enrollment fluctuations from semester to semester. This practice makes community college funding unpredictable and not a stable source of revenue. The Legislature recognized this problem and enacted language in the 2019-20 budget to mitigate these financial fluctuations by providing a 98% floor for base aid funding that guaranteed schools would receive at least that percentage of remuneration regardless of dips in enrollment. This proposal brought the



state much closer to fulfilling its statutory obligation to provide 40% of operating costs to community colleges and greatly mitigated the harm caused by diminished state aid due to enrollment fluctuations. Unfortunately, as you know, the 98% floor was not included in the 2020-21 enacted state budget. As a consequence of this funding methodology, the executive budget proposal cuts base aid to our community colleges by more than \$40 million

According to SUNY, New York's community colleges have seen a 23% drop in student enrollment in the last decade. This drop can be attributed to several factors but the two most likely are a relatively strong (pre-COVID-19) economy and a general decline in population for many areas of the state. Faced with declining or at best uncertain enrollments and decreased state funding, community colleges are being forced to raise tuition to continue to serve their students. Sadly, without additional state funding — even with tuition increases — cuts to programs, student services and faculty positions will be the new reality at many of our colleges. Additionally, these cuts will make it difficult for community colleges to maintain quality programs that attract students.

The COVID-19 crisis has cast doubt on the validity of another historical truth which held that in bad economic times enrollment in public higher educational institutions, particularly community colleges, increased. The pandemic has injected a degree of uncertainty that makes it nearly impossible to predict enrollment, and budget accordingly. The current health crisis has exacerbated a situation that was already untenable for most of our community colleges, has forced cuts and layoffs and will make it very difficult for them to absorb and effectively manage any significant increase in the student body.

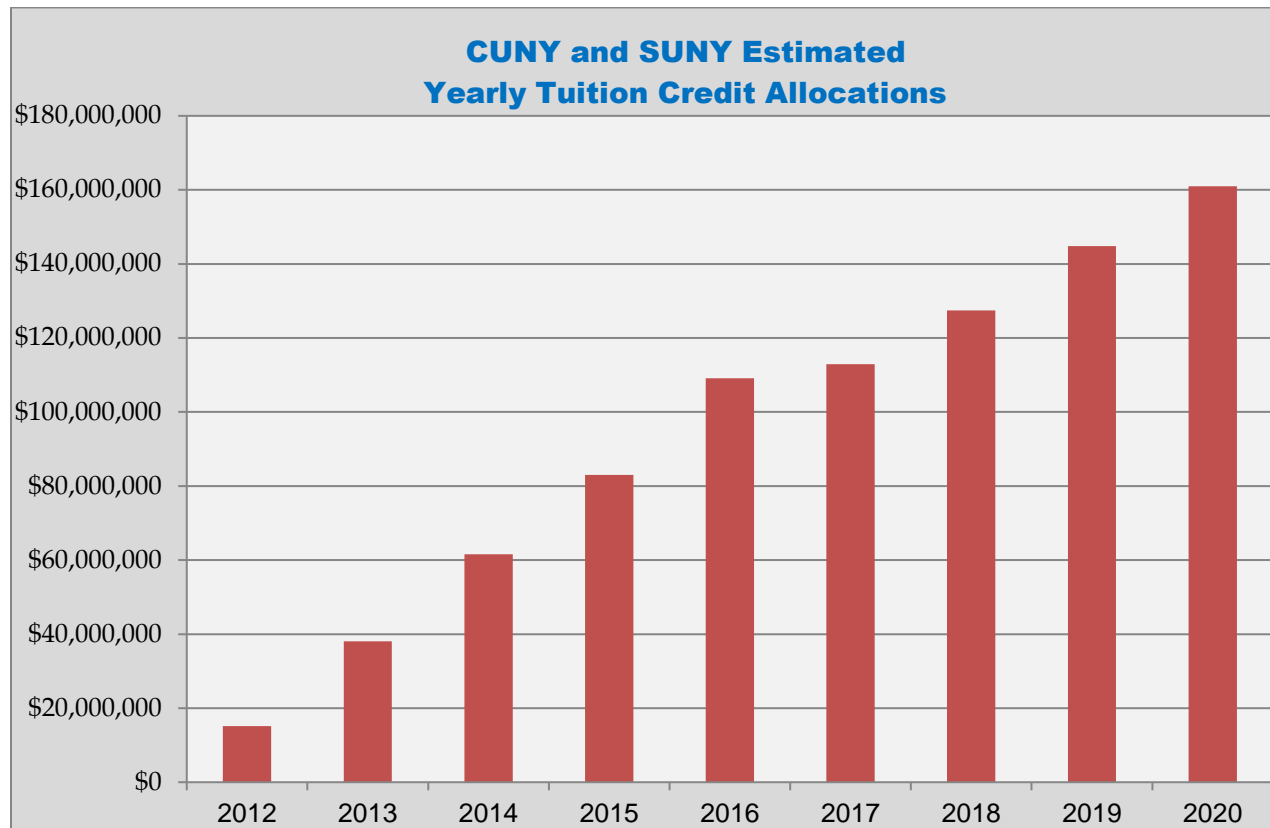
NYSUT urges the Legislature to increase base aid by \$250 per FTE student. This would raise the per student level of spending to \$3,097 — this amount would greatly mitigate the impact of a loss of state aid due to enrolment fluctuations. We would also ask the Legislature to restore the 98% base aid floor as enacted in the 2019-2020 budget.

We thank the Legislature for their historical support in restoring FTE funding to community colleges, and we believe now is the time to provide base-line funding to financially stabilize our campuses.

### **Tuition Assistance Program (TAP) Gap**

Both SUNY and CUNY four-year campuses have been grappling with the growing tuition credit, which is an unfunded mandate that started in 2011, with the enactment of the tuition plan. All TAP students receive a tuition credit based on their income; with higher-income students receiving the lowest credit and lower-income students, who receive a maximum TAP award, getting the highest credit to fully cover the cost of their tuition.

CHART C



As noted in Chart C, you can see the rapidly rising cost of the TAP tuition credit, which now stands at nearly \$160 million for both SUNY and CUNY and will grow to at least \$170 million in 2021-22.

It is our understanding that a \$200 tuition increase would cost each system an additional \$10-15 million. Campuses with high numbers of TAP students are penalized by the need to cover the TAP-Gap without any state reimbursement. Existing law ensures that TAP students receiving a maximum award are made whole and provided access to CUNY and SUNY. Unfortunately, however, that access is compromised by the tuition credit. As noted above, the TAP-Gap increases with every tuition increase, which is intended to cover the tuition credit along with other costs. Since the tuition credit has quickly grown over the years, institutions are left with less or very little money to invest in new faculty and other student initiatives to support on-time graduation.

When we have discussed the TAP-Gap in the past, we focused on four-year campuses. Unfortunately, this has increasingly becoming an issue for our community colleges. Last year tuition at five of SUNY's Community Colleges (Clinton, FIT, Nassau, Orange and Suffolk) exceeded the TAP limit of \$5,165. This year the number of schools whose tuition exceeds the maximum Tap award has risen to nine (to now include Jamestown, North Country, Sullivan

and Tompkins-Cortland). We raise this issue because we know this is going to impact additional campuses in 2021-2022. Since the law regarding the tuition credit only applies to four-year colleges, it is unclear who will be responsible for covering this difference at the community college level. If we use recent history as our guide, either the students or our colleges will be forced to bear the brunt of this latest fiscal challenge.

We thank Senator Stavisky and Assemblymember Glick for recognizing the importance of this issue and the financial and programmatic impact it has on campuses by introducing legislation (S.5293/A.720) to require the state to reimburse campuses for the tuition credit issued as a result of a tuition increase. While this legislation would not cover the full cost of the tuition credit, it would go a long way towards mitigating the current situation. NYSUT urges the governor and the Legislature to provide SUNY and CUNY four-year and community college campuses with state reimbursement to cover the full cost of the TAP credit.

## **SUNY Hospitals**

I would now like to talk about the SUNY hospitals. I want to thank the Legislature for its support and advocacy for the SUNY hospitals over the years. Unfortunately, the 2021-2022 executive budget proposal continues to inadequately fund these vital healthcare institutions. As I am sure you recall, these teaching hospitals, which serve all New Yorkers, used to receive financial support that was improperly referred to as a “subsidy.” As part of the 2018-19 New York State Executive Budget, the subsidy was eliminated. With your help we were able to get the money restored for what turned out to be the last time, as every budget proposal since has failed to include these vital funds. This money, which is more properly characterized as “mission funding,” helped to ensure the financial well-being of these hospitals and guaranteed access to health care for the communities that depend on them. We ask the Legislature to restore funding to the 2017-18 level of \$87.9 million.

The mission funding was a vital source of funding to the hospitals and was first provided in 2001, in lieu of debt service and fringe benefits, which the state had covered many years ago. The three hospitals have been front and center in the battle against COVID-19. SUNY Downstate was so critically important, it was designated as a COVID-only hospital. These hospitals operated by SUNY are the state’s hospitals and, as such, the state should provide support to ensure their financial stability and viability. This includes funding to grow and expand the services needed to keep up with the various advances in health care and the challenges posed by COVID-19. Properly funding these vital teaching institutions will provide security and help ensure that New York is ready for the next health crisis.

In prior years, in order to keep within the global Medicaid cap, the state has reduced the state match. As the local sponsor for the three SUNY hospitals, the state has the financial obligation to provide the state match for these hospitals so that they can access federal DSH money for services provided to Medicaid and uninsured patients. As the state looks to reduce Medicaid spending, SUNY hospitals have instead been forced to pay the state match. These facilities must identify funds they can use to cover DSH costs. These funds are often drawn from accounts that could be used to improve patient services, provide capital improvements or hire additional staff to address shortages. Therefore, by not providing the hospitals their

share of the DSH, the state has compromised the financial viability and the capacity of these facilities to serve their patients and communities. We urge the governor and the Legislature to fully fund the state match for the three SUNY operated hospitals. In the absence of a state match, SUNY hospitals have and would once again be forced to cover the state match from their own operating funds.

The loss of critical mission funding is also compounded by the elimination of the Enhanced Safety Net Hospital Payments program. The Enhanced Safety Net program provided the SUNY hospitals with additional funding in recognition of their role in providing vital health care to the uninsured and under-insured. In addition to the forgoing, the executive budget proposal seeks to discontinue the state funded portion of the Public Indigent Care Pool (ICP) and reduce the hospital capital rate add-on by five percent. ICP funds are critically important to hospitals like SUNY Upstate and SUNY Downstate that serve a high percentage of uninsured and Medicaid patients. Expecting these hospitals to be able to continue to perform at the high levels they have been, despite chronic underfunding, is unrealistic. Denying adequate funding, continuing to find new ways to cut funding and failing to recognize the sacrifices of our members who work at these institutions is unfair.

While we are thankful for the inclusion of \$150 million in the executive budget for capital funding to SUNY Upstate, SUNY Downstate and SUNY Stony Brook to be used for alterations and improvements, these hospitals – and our front-line heroes that work in them – deserve more.

You will hear more from Dr. Kowal regarding the impact of the executive budget on the SUNY hospitals.

## **Student Financial Aid and Opportunity Programs**

NYSUT was pleased to see the executive budget maintain funding for student opportunity programs that provide greater student access and remediation services for students in need. We also support updating the 40-year old Tuition Assistance Program. This program has afforded so many students in this state the ability to obtain a higher education; however, it needs to be updated. Too many students are now excluded from or underserved by TAP.

## **Revenue**

The executive budget proposal sends a stark and clear message to Washington that New York needs its fair share in additional stimulus funding. We agree. However, as we've stated in the past, we must pursue a two-pronged approach to address the state's fiscal crisis, one that includes additional federal funding for public services as well as new state taxes on the ultrawealthy.

New York has a history of raising taxes during economic crises and a coordinated answer to address the needs of our state. We must lay the groundwork for revenue that we would receive this fiscal year, next fiscal year and for the future. There are a number of revenue-

generating proposals before the Legislature; below I will outline the four commonsense proposals for which NYSUT, along with a coalition of other labor unions, is advocating.

The billionaire's wealth tax is a tax on billionaires that would create a yearly assessment on the speculative wealth of billionaires, looking at wealth in speculation, which includes unrealized capital gains. The wealth tax on billionaires is projected to generate \$5.5 billion or more per year.

The ultra-millionaire's tax, as proposed in the 2019 Assembly Budget Proposal and in S.917 (May), would create a higher income tax bracket for incomes above \$5 million, \$10 million and the top bracket of 10.32% for those with an income of over \$100 million per year. It is estimated that these new income tax brackets, which would affect 4% of our residents, would generate upwards of \$2.2 billion. Furthermore, it should be noted that from 2009, when the millionaire's tax was first enacted, to 2016, the number of millionaires in New York grew by 72% and their wealth increased by 54%. By comparison, the wealth of non-millionaires had risen by only 33% during that same time.

The pied-à-terre tax would add roughly \$650 million per year to state coffers. This tax would be an assessment on luxury, non-primary residences in New York City with an assessed value of over \$5 million. It is estimated that a mere 2% of the city's housing stock would qualify for the pied-à-terre tax.

And finally, we support the repeal of the Trump tax cuts on the corporate tax rate and on the real estate industry, in our state to 2017 levels, by restoring taxes on the profit a corporation makes each year. This can be achieved through the passage and enactment of S.2833 (Hoylman).

We are happy to see new, more sympathetic, leadership in Washington, both in the White House and in the Senate, and welcome the opportunity for fair funding from the federal government. This funding would translate into much needed resources for K-12 education, higher education and health care. As a state, we cannot afford to view cuts of any kind to public schools and colleges, public health care and other public services funded by state and local governments, as a default option — especially when the billionaire class has seen its wealth grow as millions of New York families have struggled during this pandemic.

## **Conclusion**

New York State has taken steps to increase student access to public higher education. Now is the time to focus on preserving and enhancing the quality of the education offered by CUNY and SUNY.

We understand that the table target typically allotted to the higher education table is limited and does not allow for new investments after funding is restored to programs such as the student opportunity programs. However, we again call upon the Legislature to make higher education funding a priority this year and provide funding outside of the table targets to

make a strong investment in the core instructional budgets of CUNY and SUNY. A significant investment is needed to reverse the impact from years of flat-funding and to ensure that we are providing our students the first-rate education they deserve.

The COVID-19 health crisis has impacted all of our lives in ways we would have never thought possible. Things that were unimaginable six months ago have become the new normal. This disease has forced many New Yorkers to re-evaluate their lives and career options, and accordingly, to make very difficult choices. Today we are asking that you stand with us to ensure that the choice to pursue a higher education will not be taken away from those who can least afford to lose it. We also ask that you reject any budget cuts that will adversely affect our institutions and make it impossible to provide the safe, high quality education our students deserve and have come to expect.

Again, thank you for the opportunity to testify today. I will now turn it over to Dr. Kowal who will be followed by Dr. Bowen.

GA/AB/ARR  
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2/2/21