

# TESTIMONY OF THE PROFESSIONAL STAFF CONGRESS/CUNY

## EXECUTIVE BUDGET: THE CITY UNIVERSITY OF NEW YORK, FY 2017

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

**Delivered by Dr. Barbara Bowen, President**

Good afternoon, Chairpersons Young and 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.

Thank you for giving me the opportunity to speak on behalf of the 27,000 members of the PSC, the union representing the faculty and 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. The members of the PSC, who sent you thousands of messages last spring, recognize how hard you worked to support our position. While the enacted FY 2016 budget is far from what we hoped it would be at this time last year, CUNY is stronger because of investments and restorations championed by the Legislature. These include:

- \$100 more per full-time-equivalent student in State Base Aid to community colleges;
- \$4.1 million more for CUNY's opportunity programs, SEEK and College Discovery;
- \$0.25 million for the graduate pipeline program at the Graduate Center;
- \$2.5 million in restorations and enhancements for ASAP;
- \$0.5 million in restorations for The Joseph Murphy Institute for Labor Studies; and
- \$0.4 million more for campus childcare at CUNY.

Above all, we thank you for your near-unanimous support of the Maintenance of Effort (MOE) bill sponsored by Chairpersons Glick and LaValle. The MOE bill would have protected students' tuition dollars and the quality of their education by requiring the State to fund predictable increases to CUNY and SUNY operating costs such as inflationary rises in utilities, rent and salaries. Governor Andrew Cuomo's veto of the MOE bill was a serious setback and the wrong decision for the hundreds of thousands of students and families who count on SUNY and CUNY. But the decision was not a surprise. It was part of a long-term pattern of disinvestment in CUNY, which has grown measurably worse while Governor Cuomo has been in office.

#### **Investment in CUNY**

What I want to highlight today is that pattern of disinvestment—which is the real story about the CUNY budget, and one that is being obscured by the drama of the governor's unprecedented announcement of a half-billion funding cut to CUNY's senior colleges. This is a critical year: I call on you break the pattern of disinvestment and cut through the diversionary narrative about State and City share of costs.

CUNY funding is at the center of much of the budget discussion in Albany this year. As part of a complicated proposal on higher education, the FY 2017 Executive Budget makes an important new investment, a \$240 million line-item designated “to support retroactive salary increases needed to ensure fair and affordable agreements with CUNY’s labor unions.” The inclusion of that funding is a breakthrough, and I want to start by recognizing that and thanking the Governor for its inclusion.

The \$240 million must be preserved as part of the enacted budget. The CUNY faculty and staff have worked without a raise for more than six years—a period that has seen a 23% increase in the cost of living in New York City. What does it say about the values of our state if public employees are expected to work without raises, while the real-dollar value of our salaries goes down? Retroactive raises are essential to settling the long-overdue contract with the PSC and essential to maintaining the quality workforce at CUNY. With alarming frequency, the academic departments at CUNY report that the University cannot attract and keep the faculty and staff our students need because the salaries are simply too low. The \$240 million investment in fair contracts is an important initiative, and it must not be lost as part of budget negotiations. That is money designated for one purpose, and it should not be left on the table.

As we know, the proposal for investment in CUNY employee contracts was linked to a proposal for a massive, unprecedented and unjustified cut in senior college funding. The governor has called this cut a form of “cost-sharing” with New York City, but has also announced that the shift “will not cost New York City a penny.” As we will show, there is no fiscal or policy justification for the sudden “requirement” that New York City take on responsibility for \$485 million in CUNY senior college funding. The real question should not be whether the City should be paying more for senior colleges—it shouldn’t—but rather, why the State is paying less.

The “cost-sharing” proposal, which relies on a revisionist history of the establishment of CUNY, is a diversion from the real issue: New York State under Governor Cuomo has *decreased* investment in CUNY senior colleges, whether measured in terms of per-student spending or in terms of CUNY’s proportion of the State budget. The false issue of cost-sharing with the City obscures the real problem. Despite the billions of dollars Governor Cuomo has dedicated to economic development and the absolute centrality of CUNY to any narrative of development for the neediest New Yorkers, Governor Cuomo has repeatedly disinvested in CUNY.

### **State Disinvestment in CUNY has Deepened under Governor Cuomo**

A budget is a political document, a statement of priorities. And for the past five years, during Governor Cuomo’s term of office, the budgets have represented a political decision to shortchange the students we teach at CUNY. The Legislature has made significant efforts to mitigate the effect of State disinvestment, but the sad truth is that even the enacted budgets show

a pattern of decreasing investment. Such disinvestment is inexcusable in a state with a healthy budget surplus and a self-representation as a center of progressive policy. The undergraduates who attend CUNY are 75% Latino, Black and Asian. More than half are from families with incomes below \$30,000 a year. They are 40% new immigrants. And the diversionary conversation that has been introduced this year about the State and City shares of CUNY funding has no basis in history or fact. The fact that matters is that New York State, despite having billions of dollars in surplus, has made the political decision to underfund the college education of its working-class, middle-class and poor students. I urge you to avoid being diverted by false histories of CUNY's establishment and to concentrate instead on the fact that this rich state in this rich country has made the political decision to fund only an inadequate college education for its neediest students. That these students are often brilliant, challenging, courageous and our hope for a better future does not seem to matter.

Governor Cuomo's budgets have led to a 3% decline in State funding for CUNY's four-year colleges (See Graph: CUNY Senior College State Aid per FTE Student, 2010-11 to 2015-16). His press statements and budget books proclaim big aggregate investments and cite increases in nominal dollars, but once rising enrollment and inflation are considered, we see that funds have actually been cut. The truth is that after five years of tuition increases, five years of SUNY 2020, Governor Cuomo's signature public higher education policy, the State's investment in each CUNY senior college student is, in real dollars, less than it was before the governor took office.

Since the 2008 recession, per-FTE State funding for CUNY's senior colleges has decreased by a full 17%, when totals are adjusted for inflation. The State's economy and budget have rebounded dramatically since then, but CUNY has been largely ignored. In fact, an analysis by NYC Comptroller Scott Stringer revealed that if State contributions to CUNY had grown at the same rate as the State's operating budget over the last seven years, the system would have received an additional \$637 million. That's why the PSC's budget proposal calls on you to make a down-payment on rebuilding investment in CUNY this year. We ask for less than one year's share of that \$637 million, for \$100 million, to be added to senior college funding.

The philosopher Cornel West asked in response to another budgetary decision: "Just what kind of culture do you really want?" I would ask New York State: "Just what kind of a university do you really want?" If you want anything more than a university that is constrained to offer students less than the education they deserve, then it is time for a change in budgetary policy.

### **An Unjustified Attempt to Shift Costs and the Conversation**

The FY 2017 Executive Budget, if passed as originally proposed, would lead to an unconscionable \$485 million cut in State funds for CUNY and a corresponding onus on the people of New York City. A fundamental change in CUNY's structural support would be enacted under the Executive Budget, and New York City would be required to assume 30% of the cost of operating CUNY.

New York has two excellent university systems. CUNY's four-year colleges are funded on exactly the same basis as SUNY's four-year colleges, by the state. (It has been that way since the mid 1970s.) The City provides \$32 million per year to CUNY senior college to fund small, two-year associate degree programs. It is disingenuous for the Executive Budget to point to this funding, for which there is no equivalent at SUNY colleges, and imply that the City isn't paying an equivalent share.

Virtually all other states recognize that localities cannot support their own baccalaureate and masters colleges. Why doesn't the state require New York City and cities like Buffalo and Albany to pay for four-year schools? Here are three reasons: because the whole state benefits from the education provided by Buffalo State, University at Albany and CUNY; because such a contribution is not financially feasible; and because students come from all over to attend Buffalo State, University at Albany, and CUNY. The number of CUNY students from cities, towns and counties outside of New York City is currently 38,000.

Governor Cuomo has said publicly that the final budget "will not cost New York City a penny," and I urge you not to be confounded by this smokescreen of a proposal. The debate in Albany should not be about whether the City should pay more, and it cannot possibly be about how CUNY can find a half-billion dollars in "cost-cutting" and "efficiencies." The debate in Albany should be about whether the governor and the Legislature will prioritize quality education for a half-million mostly black and brown, mostly low-income students.

CUNY is many New Yorkers' best opportunity to overcome the deep racialized gaps in opportunity and income that divide our city. Its matriculated students are three-quarters people of color; they are more than half from families earning less than \$30,000 a year; they are 40 percent immigrants; and 42 percent of them are working while attending school. They can and will change New York for the better, by growing our economy, enriching our culture, strengthening our democracy, making new discoveries, and imagining new possibilities. But they need your help to achieve their full potential. Break the pattern; invest in them.

### **Quality at CUNY Depends on Resolving the PSC-CUNY Collective Bargaining Agreement**

Governor Cuomo's Executive Budget includes a \$240 million budget line to fund "fair and affordable agreements with CUNY labor unions." CUNY faculty and staff have not had a raise in six years, and our students' education is suffering because of it. This budget line, as complicated and politicized as it may be, is an acknowledgement from the governor that the PSC-CUNY contract needs to be resolved, that CUNY salaries need to be addressed.

Last year, dozens of Assembly members signed a letter from Assemblymember Glick calling for \$240 million to fund a raise of 4% for PSC members, to keep us level with all other State-worker unions for 2010. We are grateful to you, Chairperson Glick, and to your many colleagues for pressing this issue, and we are mindful of the broader context in which all legislators advocate

for CUNY students. Please fight to protect this budget line; it is a must-have for CUNY students and for the future of the City of New York.

But know that even this amount falls short of what is needed. The one-time cost of retroactive pay increases as more time passes. \$240 million was the cost for a retroactive 4% raise in spring 2015. The cost is greater now. And \$240 million was the cost for CUNY's faculty and professional staff. There are 10,000 additional unionized workers not represented by the PSC, who have also gone without a raise for more than six years. The governor's budget says the budget line is for CUNY labor unions. The full cost to give CUNY workers from the Professor at the front of the classroom, to the Administrative Assistant in the Bursars Office, to the tradesman (or woman) maintaining the physical plant, to the Custodial Assistant supporting us all, the same raise given to all other unionized State workers, would likely be closer to \$350 million.

CUNY's half-million students deserve an adequately funded university that can afford to offer salaries that will allow it to attract and keep the high-quality faculty and staff its students need. CUNY faculty and staff salaries have fallen well behind inflation. They are just not competitive with comparable regional institutions. On this, the union and management agree. New research shows investing in faculty salaries leads to better employment outcomes for undergraduate students. And the impact is greater for disadvantaged students than for more affluent students.<sup>1</sup>

There are three different professorial titles for full-time faculty. The middle title is Associate Professor. The average Associate Professor at CUNY earns about \$91.5K per year, less than such professors earn at University of Connecticut (\$99.7k), Stony Brook University (\$101.8K), University of Delaware (\$102.8K), Montclair State University in New Jersey (\$98.7K), and many other comparable institutions with which CUNY competes for faculty. And the majority of CUNY's courses are taught by a contingent workforce of some 10,000 part-time adjuncts who earn about \$3,000 per course. A significant number of teaching adjuncts derive most of their income from their work at CUNY, earning near-poverty wages, working with almost no job security. While PSC members have worked without a raise, the cost of living in NYC has gone up about 23%, according to an index from the Economist.<sup>2</sup>

You may have read that CUNY management has declared an impasse and asked for a mediator. If there is an impasse in contract negotiations, it has been created by management. The PSC is ready and willing to negotiate. And we will continue to address the real hold-up in this contract negotiation: inadequate State funding that puts CUNY students' education at risk.

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<sup>1</sup> See "The Effect of Institutional Expenditures on Employment Outcomes and Earnings," Griffith and Rask, at [http://www4.ncsu.edu/~rghammon/workshop/S15\\_Griffith.pdf](http://www4.ncsu.edu/~rghammon/workshop/S15_Griffith.pdf); see also "The Case for Better Faculty Pay," *Inside Higher Ed*, November 2, 2015, Colleen Flaherty.

<sup>2</sup> <http://www.economist.com/blogs/graphicdetail/2015/03/daily-chart>

**A Permanent Maintenance-of-Effort Provision is Needed**

CUNY and SUNY need a true maintenance-of-effort law or budgetary structure that covers all predictable inflationary operating costs. The Legislature voted almost unanimously for that law last year. Legislators on both sides of the aisle, in both houses, from upstate and downstate, recognized that a maintenance-of-effort provision is good policy and sound financing. We call on you to make an MOE provision part of the enacted budget for next year. Any policy plan for CUNY and SUNY that replaces the expiring SUNY 2020 should be a non-starter without a real maintenance of effort.

Five years ago, legislators voted for \$1,500 in tuition hikes for CUNY and SUNY under the SUNY 2020 law, with the understanding that an MOE provision would be put in place. That was the Governor's promise: new tuition revenue would go to enhancing programs, increasing the number of full-time faculty, and other improvements. But that is not what happened.

The increased tuition revenue did not go to things like additional full-time faculty, counseling and advisement, academic tutoring and student services. Governor Cuomo's budgets did not fund annual basic cost increases for utilities, rent, supplies and equipment, collective bargaining, and other normal operating expenses. And our cash-strapped campuses were forced to use the added tuition revenue to cover these costs. Students paid more for less, and the State's disinvestment in CUNY continued. The cost of unfunded maintenance-of-effort costs (CUNY calls them "mandatory costs") for CUNY was \$51 million in FY 2016. The cost to CUNY in FY 2017 will be \$44 million, if the Legislature does not fund CUNY's mandatory costs. The proposed \$300 tuition hike would net CUNY \$39 million in new revenue, after accounting for the TAP tuition credits required by law for maximum TAP recipients. All of that \$39 million would have to go to cover unfunded maintenance-of-effort costs, under the Executive Budget.

**Tuition Increases are Not the Way to Fund CUNY**

The Executive Budget proposes another \$1,500 in tuition increases over the next five years. Tuition hikes are not the way to fund CUNY. The University is so underfunded that it could never truly make up the difference with higher tuition, not if it hopes to maintain its mission of access. And many thousands of low-income CUNY students do not qualify for financial aid. Remember that TAP was created with the full-time, 20-year-old student in mind; it was not created to reflect the complicated needs of a student body facing chronic, grinding poverty. Despite what you may have been told about the ability of TAP and Pell to cover all needy students, the truth is that tens of thousands of students are left out, and left behind every time tuition goes up: they are part-time students, financially independent students without children of their own, undocumented immigrants or graduate students—working, poor people who are not the kinds of students that New York's Tuition Assistance Program was designed to reach.

Constant tuition increases represent a failed strategy for restoring sound funding to CUNY. We call on the legislature to reject the tuition increase proposal and decide instead to restore public funding.

### **Increase Base Aid to CUNY Community Colleges**

The most dramatic evidence of New York State's political decision to shortchange CUNY appears in the senior college budget, but the State's contribution to community colleges is also below where it should be. Despite a concerted, multi-year effort by the Legislature—for which we are most grateful—Base Aid for community colleges is still \$78 less per FTE student than in 2008, at the start of the recession. That figure does not take into account inflation to colleges' expenses over the last seven years.

CUNY's community colleges offer over 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 baccalaureate program. Amazing work goes on at CUNY's community colleges, where you can easily find 15 different native languages spoken in one class or students who have saved for years to be able to afford the time off from work to pursue an Associate's degree.

No state that prides itself on being a gateway to economic opportunity can afford to underfund its community colleges. CUNY's community colleges are worthy of the support the Legislature has shown them. But they are still underfunded. We urge you to raise Base Aid by \$250 per FTE student this year.

Compelling evidence exists to show how successful CUNY community college students can be when there is sufficient investment in their education. Look at the incredible success of ASAP—Accelerated Study in Associate Programs. ASAP shows what CUNY students can do when per-student investment is increased. Give existing CUNY students smaller classes, more one-on-one faculty attention and better support services—and those students do astoundingly better than their peers in under-resourced CUNY. Their three-year graduation rate of 56%, tracked in a major recent study, offers all the argument we need for more investment in CUNY students. Policymakers can no longer claim that we do not know whether increased investment works. It's as simple as this: if New York State wants disadvantaged students, overwhelmingly people of color, to succeed, it will restore investment invest in CUNY. If New York wants these students and their families to fail, it will continue the current course of under-investment.

### **Redirect “Performance Improvement Funding” to CUNY’s Basic Operating Budget**

The Executive Budget continues the \$12 million performance-based funding budget line established in FY 2016 and tied to creation of Campus Performance Improvement Plans. While performance-based funding may sound like a good idea, it actually creates incentives for universities to limit enrollment to a student body that will generate the statistics needed to

guarantee funding, as the performance measures typically privilege graduation rates above all. Perhaps more telling, it is not supported by research. The authoritative study found that performance-based funding has “little to no impact on associate or baccalaureate degree completions.”<sup>3</sup>

CUNY’s mission is to serve “the children of the whole people.” There is no place at CUNY for an ill-conceived incentive that would create pressure to limit access. We are proud to meet the political and intellectual challenges of teaching students who come from under-resourced NYC schools and students who face significant barriers to success. Chasing graduation statistics could lead CUNY to turn away from exactly the students we are designed to serve.

### **Fix the Tuition Assistance Program (TAP)**

#### *TAP Tuition Credits*

The SUNY 2020 law requires CUNY and SUNY to provide, for students who qualify, a partial tuition credit covering the difference between the full cost of tuition and the maximum TAP award (currently \$5,165). The resulting TAP tuition credits protect many (though not all) low-income students from the effects of tuition hikes, but they do so at significant cost to CUNY. In FY 2016, CUNY will issue \$49 million in TAP tuition credits. If the maximum TAP award had been synched with CUNY tuition, CUNY would have that \$49 million on hand to devote to academics and student support services.

The University’s budget request includes a proposal for \$10 million to offset some of the additional cost of providing credits associated with the proposed \$300 tuition hike for next year. While the PSC opposes the tuition increase, we believe that the FY2017 budget should include a \$10 million investment to offset part of the cost of the existing TAP tuition credits.

### **Pass the NYS DREAM Act**

PSC is a strong supporter of the NYS DREAM Act. 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. For a modest investment, New York State could enable these courageous students, brought to the United States as infants or children, to have a real shot at a college education. Everyone in New York suffers when the next generation of immigrants is locked out of higher education and misses the chance to live their dreams.

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<sup>3</sup> See *Evaluating the Impacts of “New” Performance Funding in Higher Education* by Tandberg and Hillman, Wisconsin Center for the Advancement of Postsecondary Education, January 2015. <https://news.education.wisc.edu/docs/WebDispenser/news-connections-pdf/performance-funding-eeepa-study.pdf?sfvrsn=4>

**Restore FY 2016 Legislative Investments in CUNY**

The Legislature's FY 2016 investments in ASAP (\$2.5 million), the Murphy Institute (\$1.5 million), campus childcare (\$0.4 million) and Graduate Pipeline Program (\$0.25 million) were eliminated in the Executive Budget. We urge you to fully fund these critical programs.

**Break the Pattern of Disinvestment**

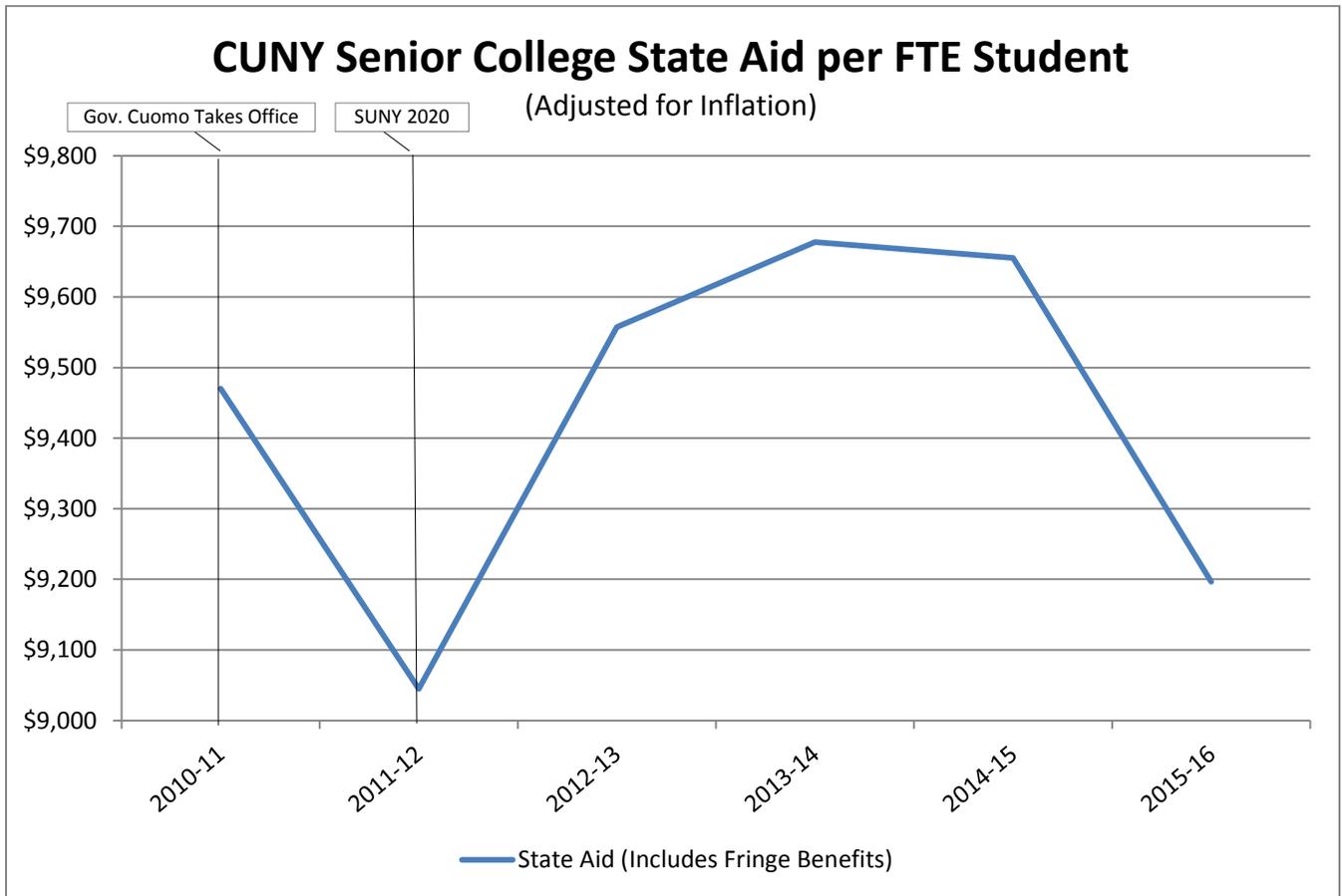
CUNY needs more funding from the State, not less. CUNY's half-million students deserve a strong, well-funded university that can afford to offer salaries that will allow it to attract and keep the high-quality faculty and staff its students need. They are counting on you to break the pattern of disinvestment in CUNY. And we are counting on you to tell a new narrative about CUNY: start by rejecting the diversionary claim about New York City's share of funding, and work with us to begin a renewal of State investment in CUNY. Anything short of that represents a political decision to make sure our students fail—and we know you join us in willing them to succeed. Thank you.

**PSC/CUNY FY 2017 STATE BUDGET REQUEST SUMMARY**

**In addition to ensuring that CUNY does not suffer a loss of \$485 million in senior college funding, the PSC calls for:**

<b>Maintenance of the Executive Budget's one-time investment in CUNY collective bargaining:</b>	<b>\$240 Million</b>
<b>Ongoing investments needed for CUNY in FY 2017:</b>	<b><u>\$185 Million</u></b>
<b>Reverse the State's disinvestment in CUNY Senior Colleges:</b>	<b>\$100 Million</b>
<b>Fund CUNY's un-met maintenance of effort costs:</b>	<b>\$43.8 Million</b>
<b>Add \$250 per FTE to Community College Base Aid:</b>	<b>\$26.3 Million</b>
<b>Fund partial cost of tuition waiver credits:</b>	<b>\$10.0 Million</b>
<b>Restore FY 2016 legislative investments in CUNY:</b>	<b>\$4.6 Million</b>

**CUNY Senior College State Aid per FTE Student, 2010-11 to 2015-16**



State aid to CUNY senior colleges has fallen 3% since 2010-11, per FTE student. In his first budget, the governor reduced State Aid to CUNY Senior Colleges by \$18.4 m. With inflation and enrollment, that led to a \$475 per-FTE cut from 2010-11 to 2011-12. The governor’s failure to fund inflation and enrollment growth in the 2015-16 budget, led to a \$458 per-FTE cut.

After five years of SUNY 2020\*, Governor Cuomo’s signature public higher education policy, per-FTE State aid to CUNY senior colleges is less that it was before the Governor took office.

\*Enacted in 2011, SUNY 2020 allowed SUNY and CUNY to raise tuition by \$300 per year for five years with the understanding that the increases would go to enhance education, not to offset shortfalls in State funding. But the Governor’s budgets have forced CUNY to use tuition revenue to fill gap in State funding rather than to make desperately needed improvements for students.