



The State University
of New York

**2015/16 Executive Budget Testimony
Chancellor Nancy L. Zimpher
February 10, 2015**

**Joint Legislative Public Hearing
New York State Assembly Committees on Ways & Means and Higher Education
New York State Senate Committees on Finance and Higher Education**

Introduction

Good morning. My name is Nancy Zimpher, and I am the Chancellor of The State University of New York.

I want to thank Chairpersons DeFrancisco, Farrell, LaValle, and Glick; members of the Senate and Assembly; and legislative staff for allowing us this opportunity to speak today. With me are President Harvey Stenger of Binghamton University, President Donald Christian of SUNY New Paltz, and President Anne Kress of Monroe Community College, all of whom I have asked to join me today to share their perspectives on the 2015/16 Executive Budget. I would also like to take this opportunity to acknowledge the other SUNY campus presidents who are with us today as well as the Chairman of our Board of Trustees, H. Carl McCall. I thank them for their time, and their continued devotion to the SUNY system.

As I have done since I first joined the SUNY System, I come before you today to discuss what we have accomplished in the last 12 months, what we are looking forward to in the upcoming year, and in particular what we hope to accomplish with continued support of the Governor and yourselves, our legislative leaders.

Since I first sat before you five years ago, SUNY has come a very long way. You have partnered with us in both good times and bad, and I hope the best times are still ahead of us.

We all remember the years when our State-operated campuses faced annual reductions in direct support from the State and our students applied to college not knowing what their annual tuition rates would be. I am proud that now, thanks to your leadership, we are successfully implementing a rational tuition policy that builds upon a foundation of maintained effort by the State.

We also recall the years where each new budget decreased funding per student for our Community Colleges. The aid per student provided to these institutions has grown in each of the last three years, showing your belief and trust in these essential community-based institutions of postsecondary education.

The 2015/16 Executive Budget provides a strong base for SUNY to continue to build upon this record of success. I will briefly highlight some items of particular importance to SUNY included in the Executive Budget and detail how you can help to ensure the continued ability of the SUNY system to deliver results for our students, employees, communities, and the State of New York.

The Executive Budget

This year's Executive Budget includes:

- Recognition of NY-SUNY 2020 through:
 - The continuance of our maintenance of effort provision, ensuring that our State-operated campuses have a solid base level of funding;
 - Sufficient authority to spend expected revenue from planned tuition rates and enrollment at our State-operated institutions; and
 - \$55 million in additional capital funds to support a fifth round of NY-SUNY 2020 Challenge Grants for projects that spur economic growth and strengthen our academic programs.
- \$200 million in bonded critical maintenance funding for our State-operated institutions, paired with a long-term financial plan commitment to continue this level of investment for each of the following four years;
- Inclusion of capital funding for over 60 projects at our 30 Community Colleges for which the local sponsors have committed to matching 50 percent of the project cost;
- Maintenance of community college base aid per student at the 2014/15 Enacted Budget levels;
- Full funding to complete construction of the School of Pharmacy at Binghamton, providing a state-of-the-art facility to train the next generation of pharmacists; and
- For the first time, \$18 million dollars in net new performance-based funding for State-operated campuses and the introduction of Performance Improvement Plans at our State-operated and Community College campuses.

Yet among these highlights are also some challenges, including the elimination of last year's legislatively added funding for several of our University-wide and categorical programs totaling approximately \$5.3 million and \$7.6 million provided by the Legislature for our salary costs in the 2014/15 Enacted Budget. I request that you restore this essential funding, and bolster the foundation from which you can aid SUNY in providing for the educational and economic future of New York State.

We cannot plan the future of our State University on yesterday's dollars. While, with your continued support, we have been rebuilding New York's investment in higher education, there remains much more we can – and must – do.

Step One: Maintain our Base

There are costs that the State University incurs that are beyond the direct control of our campuses and System.

Such costs include the continued and growing burden on our operating budgets – currently at \$131.4 million – of collectively bargained salary agreements negotiated directly by the State. These costs limit the amount of rational tuition revenue that can be reinvested in student success by our State-operated institutions. While we have seen great results under the rational tuition plan, I know we could have reached greater success and aided more students if these centrally negotiated costs had been covered.

In addition, our Community Colleges are paying continually increasing salary and fringe benefit costs. Facing flat base aid funding, struggling local sponsors, and normalizing enrollments, these institutions will have to look elsewhere for support. For example, all but three of our institutions will see a reduction in direct State tax support if the Executive Budget is enacted as is. That is why we are advocating for a rational funding plan for Community Colleges, starting with an increase in base aid funding of \$250 per student in the 2015/16 Enacted Budget to enable them to continue to support the State's workforce.

As I mentioned, the Executive Budget provides new bonded capital funding for our State-operated institutions and a long-term plan for continued investment in our buildings and infrastructure, which represent more than 40 percent of all State-owned assets. However, because nearly half of the buildings on SUNY campuses were built 40 to 50 years ago, the level of funding recommended in the Executive Budget is not sufficient to address SUNY's critical maintenance needs.

Therefore, I am asking you, as our legislative champions, to boldly triple this planned \$200 million to \$600 million each year over the next five years. This level of investment will ensure that we can continue to keep our students, faculty, and staff warm, safe and dry. To demonstrate the need for this increased and sustained funding, I have included an illustrated example of how critical maintenance funding helped avoid a major structural issue at SUNY Brockport (*see Attachment A*).

To complement this capital plan, I am asking today that the Legislature and Governor explore creating a program to assist those Community Colleges within our System that have been unable to secure funding for essential capital projects because their sponsors do not have the financial capacity to provide the local match. To ensure that our Community Colleges remain ready to prepare New York's workforce of the future, we must ensure that no campus is left behind due to a local sponsor's inability to pay.

As an additional investment in our student's safety, I would ask the legislature to consider supporting our requested adjustments to the pension benefits offered to SUNY police officers. Under the current arrangement we simply cannot compete with the benefits offered by similar entities, and our students and campus communities would be better served by fewer turnovers at our University police departments. Since 2008, 64 officers have left their SUNY posts for other departments, which has resulted in recruitment and training costs of \$5.4 million.

Finally, I would be remiss if I did not mention the continued struggle of our three teaching hospitals. The Executive Budget included a reduction in the direct support provided to these institutions of \$18.5 million, returning it to 2013/14 levels. While we recognize that there are opportunities for hospitals to access additional funding elsewhere in the budget, the current status of the health care industry - coupled with the unique challenges faced by all three hospitals - necessitates a transition plan. Our hospitals have not received bonded capital support since 2008/09. This has left two out of the three

institutions facing mounting critical maintenance concerns, while also looking for ways to strategically invest in their operations.

While attention has been understandably been focused on a single institution, and we appreciate the aid that the Legislature and the Governor have provided in that arena, this cycle is doomed to repeat itself if our teaching hospitals do not have funding to address basic needs while their missions continue to evolve. Healthcare in New York is changing, and SUNY looks forward to working with our partners in these communities, the Legislature, the Executive, and the Department of Health to come to sustainable approach to the operating and capital needs of these hospitals.

Step Two: New Investment in SUNY

As important as our base costs and needs are, today I would like to focus on the critical need for increased and new investment in the State University System. While New York has made great strides in rebuilding its support, I cannot stress enough the need for greater investment.

In my State of the University Address, I made the case – so eloquently stated by *New York Times* columnist David Leonhardt – that “education, educating more people, and educating them better, is simply the best bet any society can make.” Building off that premise, SUNY made a commitment. We made a promise to our State that by 2020, SUNY would produce 150,000 graduates each year. Currently, we graduate 93,000 students a year. Our goal is to increase that number by 60,000 graduates. That means 150,000 New Yorkers every year who would be better equipped to have a career that pays well, in a field they want to work in. One-hundred-fifty thousand New Yorkers with a better quality of life.

And to get to that 150,000, I am advocating for a number of initiatives that we know will be a game-changer for education in New York State. But without your investment, few if any of those initiatives can come to fruition and be brought to scale across the state.

To set the stage, I would like to share with you one sobering example of why we need to work together to do better for our students:

For every 100 ninth graders in New York, on average only 73 will graduate from high school. Of those 73, 51 will go directly to college, but only 37 will return for their sophomore year. And then of those 37, only 23 will complete their degree on time or close to on-time. Twenty-three out of 100.

And 23 is only the average. In our upstate urban centers, the statistics show a darker picture: only 16 of every 100 ninth graders will complete college close to on-time. Of those students who fall off, some of them will have college experience—but most of them will not finish. They will drop out for a variety of reasons: lack of preparedness, lack of guidance, lack of support.

In New York, the unemployment rate is two times higher for those without a college degree and we simply cannot allow anyone to be left behind.

We need your support to enable the State University to deliver on its mission: ensuring that every New Yorker has access to the highest quality education, access to the widest possible range of postsecondary programs, empowering our graduates to build better lives, stronger communities, and a vibrant State economy.

Performance Improvement Plans / Investment Fund

The Executive Budget includes a new appropriation of \$18 million in support of our State-operated campuses, to be allocated by our Board of Trustees following submission and approval of Performance Improvement Plans. I applaud this initial approach to performance-based funding in New York State and am happy to report that SUNY is ready to meet this challenge. In fact, the SUNY Board of Trustees adopted a resolution at the last Board meeting in support of a Performance Improvement Plan.

Over the last two years we have been busy engaging with students, campus leaders, faculty, and other stakeholders in the creation of our own performance metrics. We call this SUNY Excels, and it will ensure that we invest State dollars in taking programs that we know work to scale across the entire System.

However, the \$18 million in the Executive Budget is not sufficient to drive real change at all of our campuses. Therefore, I am asking you today to raise this support to \$50 million for 2015/16, a \$32 million increase, and put into place a five-year plan to maintain this performance funding. This would allow us to expand the opportunity provided by this approach to our Community Colleges, and through a multi-year investment this Legislature would support evidence based programs such as:

- “Finish in Four” completion guarantee programs,
- Expansion of online programs through Open SUNY,
- Quantway / Statway remedial pathways which have shown more than twice the student success rate in half the time,
- Improved coordination and advisement in high school and college,
- Increased opportunities for applied learning,
- Expansion of the Educational Opportunity Program where we have 30,000 applicants annually for only 2,500 available seats, and
- Many more strategies that we know work on selected campuses, but rapidly need to operate on all campuses.

However, I would caution that any future performance-based funding be made through new investment, rather than re-distributing our base funding. Performance-based investment for SUNY means that through SUNY Excels, we can be held accountable for improving completion rates among our students.

Our presidents will speak to specific evidence-based programs they would like to implement through this funding, but I am excited about the opportunities these performance improvement plans present, and I look forward to partnering with you to make it a part of the fabric of New York’s higher education funding system.

Master Researchers Program

Another opportunity for scaling success is the Executive Budget's reference to the Master Researchers Program, which is included in the Performance Improvement Plans for our State-operated campuses. I am proud to say that this developed from our own "Master Innovators" budget request, and I am excited for the opportunities that real investment in this program offers.

A funded Master Researchers Program would enable SUNY to successfully recruit and retain high-profile professors who generate the greatest research, development, and commercialization opportunities. This is essential for SUNY, as we know firsthand how impactful investing in our research faculty can be.

For example, of the entire SUNY faculty base, there are approximately 100 research-intensive professors who together drive more than \$500 million in sponsored research for SUNY each year. Our success, both internally and for the State in terms of research, relies on this very small number of "rainmakers."

With proper funding, SUNY can build on the approaches of the past such as the Empire State Development's Division of Science, Technology, and Innovation (NYSTAR), to recruit and retain high-impact faculty to enrich our academic programs and catalyze our economic development efforts across the State.

To do this we again ask the Legislature to think in the long-term, and support an incremental plan to invest in this area. Starting with \$10 million in the current year and growing to \$50 million by year five, it is estimated that SUNY can enhance our upstate economic development by doubling our sponsored research expenditures to \$2 billion over the next decade and bring tens of thousands of jobs to the State.

To supplement the innovative work of these researchers and to capitalize on the ingenuity of the people of New York, I would also ask that the legislature consider additional support for the SUNY-associated Small Business Development Centers. New York's SBDC's are among the lowest funded in the nation, and additional State tax dollars can amplify the already outstanding results of this program. For examples of this great work, I refer you to the Economic Development report that we submitted in line with the requirements of the 2014/15 Enacted Budget.

Rational Tuition Extension

Before concluding, I would like to remind you that we are in the fourth year of implementation of the rational tuition plan. I believe it is never too early to start looking ahead to when the plan sunsets in 2016.

In 2011, NYSUNY 2020 was introduced and passed after a tumultuous budget season. I would like to once again personally thank you for your support in this area. Through this statute alone, the Legislature and Governor positively changed the way SUNY was funded and saved students and their families from the rollercoaster of tuition changes that had been the norm for far too long. It also reduced budgetary uncertainty allowing for planned strategic investment by our campuses.

As you know, this plan provided for much-needed predictable revenues enabled by fair and responsible increases in tuition and a maintenance-of-effort promise from the State. The presidents in attendance here today will share examples of how these revenues were directly reinvested in the educational experience of our students at State-operated campuses.

With this money, we have employed 520 more instructional staff, including 270 net new full-time faculty and created over 100 new degree programs in high-need areas. In order to keep the momentum going, we are asking you to live up to the promise of NYSUNY 2020 and extend the provisions of this legislation through its indicated goal: 2020.

Since December, I have been travelling across the State to speak to students about their thoughts on the continuation of rational tuition increases. At these "SUNY Speak Outs," students talk about the need for better high school and academic advising. They ask for investment in online courses, as well as expanded course availability to enhance on-time completion. All these students – the future workers and leaders within New York and the world – wanted was a guarantee that their own willingness to invest in their education would be met with an investment by their State.

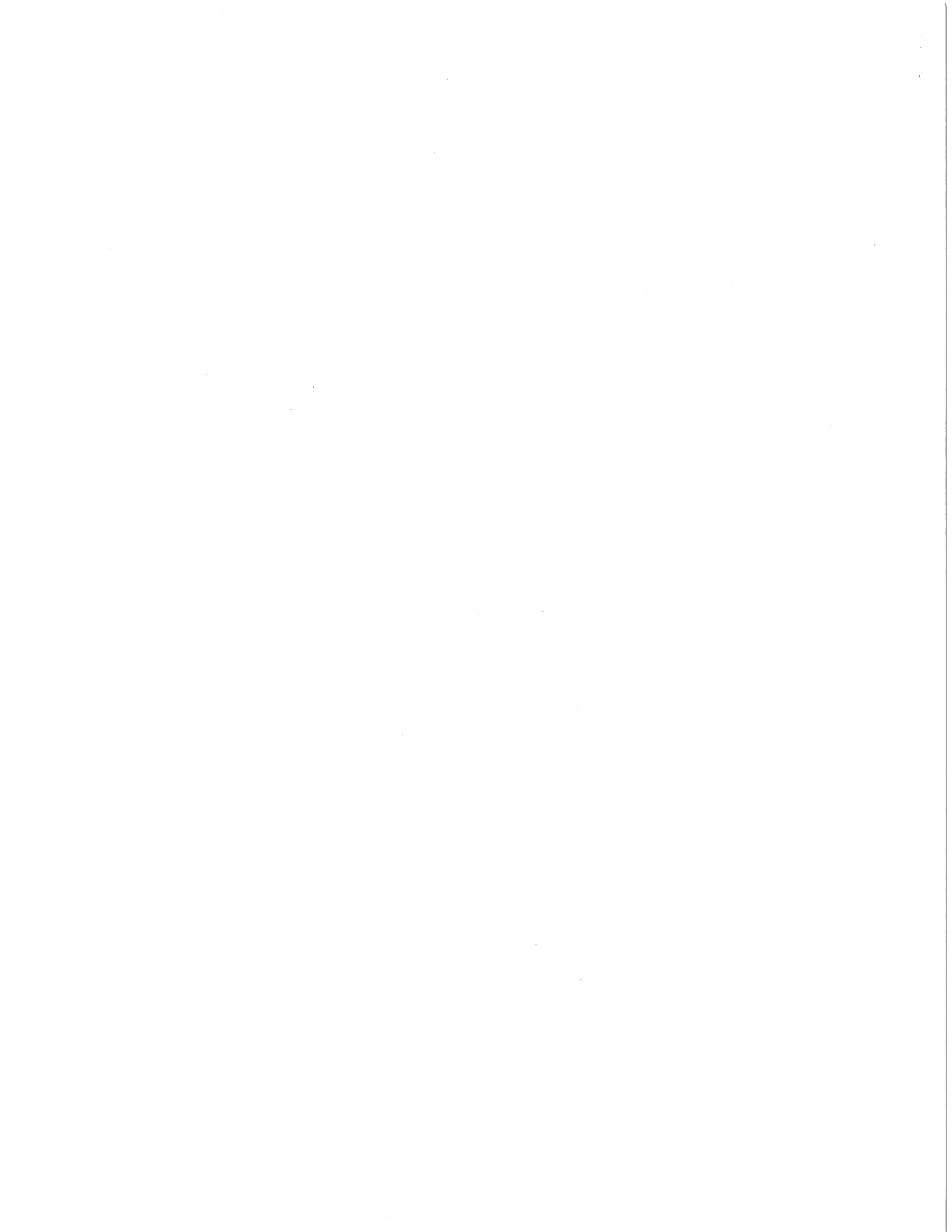
In short, they appear willing to do their part if the State creates new investment in SUNY. This sounds like a fair deal.

Now I will turn it over to Presidents Stenger, Christian, and Kress to share their perspectives on the Executive Budget and the need for increased investment in the SUNY System.

Conclusion

I thank you for your time, and I hope that our response to the Executive Budget, our vision for the eventual Enacted Budget, and the comments made here today by our esteemed presidents help you in your coming conversations.

It is a privilege to come before you on behalf of The State University of New York, and I look forward to working with you all during the upcoming legislative session.



State University of New York (SUNY)
2015/16 Executive Budget: Article VII Legislation and New Initiatives

Legislation	Impact	Support/Oppose/No Position
Education Labor/Family Assistance (ELFA) Article VII		
Part B - Streamline new education program approval to meet State workforce needs	New curriculum or program of study offered by a community college or a four-year college that does not require Board of Regents approval of a master plan amendment and that is approved by the State University Board of Trustees will be deemed registered with the State Education Department.	Support.
Part C - Get on Your Feet Loan Forgiveness Program	New York State would pay the first two years of monthly student loan obligations under the PAYE program. To be eligible students must be New York State residents who attended college in New York, continue to live in New York State following graduation, participate in the Federal "Pay As You Earn" (PAYE) income-based loan repayment program, and earn less than \$50,000 in annual income.	Support.
Part D - New York State Dream Act	TAP eligibility for students without lawful immigration status. The bill also makes conforming changes to the laws governing resident tuition policy.	Support. The SUNY Board of Trustees passed a resolution in support of a DREAM Act for New York State in January 2012.
Part F - Standardize College Financial Aid Award Letters	Requires standard financial aid award letter by December 31, 2015 for colleges and vocational institutions to use in responding to financial aid applicants for the 2016-2017 academic year and thereafter.	Support. SUNY already uses a standard financial aid award letter through our "Smart Track" initiative and hopes that it can serve as an example for statewide implementation.
Part H: Uniform Prevention and Response Policies and Procedures Relating to Sexual Violence in all Colleges and Universities	Requires all colleges and universities in the State of New York to implement uniform prevention and response policies and procedures relating to sexual violence including sexual assault, domestic violence, dating violence, and stalking.	Support. SUNY was proud to partner with the Governor to lead efforts to create policies informed by an inclusive process and nationally recognized best practices.
Part Q - Make Experiential Learning a Graduation Requirement at SUNY and CUNY	Requires the Boards of Trustees of the State University of New York to each pass a resolution making experiential learning or applied learning activities a mandatory requirement for graduation.	Support. Chancellor Zimpher called for applied learning opportunities for every student in 2013. With years of expertise in delivering these experiences to our students, our Board of Trustees looks forward to partnering with faculty, students, and staff to make the Governor's proposal a reality.
Transportation Economic Development/Environmental Conservation (TED) Article VII		
Part B - Make the Infrastructure Investment Act permanent, expand the definition of authorized state entity, and increase threshold amounts for projects utilizing design-build contracts	Includes SUNY in the definition of authorized State entity using design build contract.	Support.

Education Reform Bill		
Sub-Part B - New York state masters-in-education teacher incentive scholarship program	Authorizes HESC to make up to 500 awards to recipients annually to cover costs of tuition not more than 2 academic years of full-time graduate study leading to certification as an elementary or secondary school classroom teacher. The institution shall defer the amount of tuition equal to the award. No award shall be final until the recipient's successful completion of a term has been certified by the institution.	Support. SUNY educates over 5,000 teachers a year in its 17 teacher preparation programs. We support efforts to strengthen the pipeline of highly-qualified educators who will prepare our future students.
Sub-Part F – Charter School	Raises the total number of charter issued statewide from 400 to 500. Additional charters issued on or after February 1, 2015 and counted toward the numerical limits ... shall be issued by the board of regents upon application directly to the board of regents or on the recommendation of the board of trustees of the state university of New York pursuant to a competitive process.	No position.
Other Initiatives		
Performance Improvement Plan	10% of State operating funding for the State's two public higher education systems (SUNY and CUNY) will be held back until colleges and universities develop a Performance Improvement Plan (PIP) that will include goals to improve access, completion rates, academic and post-graduation success, research potential, and community engagement. The plan must be approved by the systems' Boards of Trustees and submitted to the Executive by December 1, 2015, after which campuses will receive the 10% withheld from their base State funding. The plans will serve as the basis for Performance-Based Funding (PBF) in future years.	Support. SUNY requests that funding be increased to \$50 million each year for five years and made available to both State-operated campuses and Community Colleges.
New Critical Maintenance Funding and Long Term Plan	Would provide for \$200 million in new bonded capital support for the State-operated and Statutory campuses, as well as provide for a five-year plan for future investment.	Support. SUNY requests the proposed funding to be tripled to \$600 million in each of the five years.
Support for Community College Capital Projects with Local Sponsor Match	Supports nearly 60 projects that currently have, or have had, local sponsor support.	Support. This enables our Community Colleges to utilize local sponsor contributions to ensure that facilities are up-to-date, safe, and ready to meet the ever-changing pedagogy of postsecondary education.
College of Emergency Preparedness, Homeland Security and Cybersecurity	Funded in last year's budget, the college will be located at University at Albany, with a satellite campus in Oriskany.	Support.
Community Schools Grants Awards for Community Colleges	\$2.5 million included in the Budget to for five community colleges to participate in a community schools initiative (SUNY, \$1.5 Million for 3 community schools). This program will bring healthcare to campus, assist students with transportation, provide	Support.

	additional resources for child/elder care, and augment existing academic and career development supports.	
Expanded Master Teacher Program	Would provide additional funding of \$5 million to support an expansion of the Master Teacher Program with a focus on bilingual/ESL and dual-certified special education.	Support. SUNY is committed to continuing to support ongoing professional development for outstanding teachers in high-demand fields.
Reductions to University-wide and Categorical Programs	Approximately \$5.3 million in support for programs such as Educational Opportunity Program (EOP), Advanced Technology Training and Information Networking (ATTAIN), Child Care, and the Graduation Achievement Program (GAP) added by the Legislature in the 2014/15 Enacted budget would be eliminated	Oppose.
Elimination of Salary Support	Would eliminate approximately \$7.6 million in funding provided by the Legislature in the 2014/15 Enacted Budget in recognition of State-operated campus salary costs.	Oppose.
Reduction of Direct State Support for Teaching Hospitals	Would eliminate approximately \$18.5 million from the \$87.8 million provided in the 2014/15 Enacted Budget.	Oppose.

