



The State University
of New York

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

**2018/19 Executive Budget Testimony
Chancellor Kristina Johnson
January 23, 2018**

Good morning. I am Dr. Kristina Johnson, the 13th Chancellor of The State University of New York.

I want to thank Chairpersons Young, Weinstein, LaValle, and Glick; members of the Senate and Assembly; and legislative staff for allowing me this opportunity to share our perspective on the Executive Budget.

I also want to acknowledge and thank Chairman Carl McCall, who is here today, and our entire SUNY Board of Trustees for their leadership and support.

I know that you are aware that SUNY is the largest comprehensive system of postsecondary education in the nation, with 64 unique colleges and university campuses. We serve nearly 1.3 million students, 600,000 in credit-bearing courses and 700,000 students through continuing education and community outreach programs. We stretch from New York City and Long Island up to the North Country, and from the Hudson Valley to Buffalo and Jamestown. A SUNY institution is located within 30 miles of 95 percent of every home, school, and business in the State.

But, did you know that SUNY awards one-third of all post-secondary degrees in New York State, and two-thirds of all degrees conferred by public institutions of higher education in the state? Not only that, 74 percent of SUNY graduates are employed in New York State within four years of graduation. SUNY students and faculty are making significant contributions to research and discovery that results in nearly \$1 billion of externally-sponsored activity each year. This means that investing in SUNY has enormous social and economic return on investment to the State of New York. According to a 2011 study by the University at Buffalo and the Rockefeller Institute of Government, SUNY's economic impact is as high as a \$5 return on investment for every single tax dollar invested in SUNY.

When I came to New York, I was pleasantly surprised to learn how much state support SUNY receives, thanks to both the Governor and the Legislature. In fact, according to the recently released State Higher Education Finance Report, New York was among the more generous States in recent years, with year-to-year funding to higher education in New York exceeding the national average.

We are extremely grateful for these investments and what they mean to the System, such as the continued Maintenance of Effort and Predictable Tuition Program at our State-operated campuses, as well as essential indirect support for benefits and capital improvement costs included in the Executive Budget. This support creates a solid foundation from which SUNY has grown and served the State of New York. Building upon this foundation, the Executive Budget includes proposals to increase access to higher education for students through the DREAM Act, provides further protections for students with loan debt, and continues the expansion of the Excelsior Scholarship Program.

Speaking of the Excelsior Scholarship Program, I would be remiss if I did not thank Governor Cuomo and the Legislature for this first of its kind, free tuition program for students attending SUNY and CUNY. Less than a year after its inception, 23,000 students at SUNY and CUNY are recipients of the Excelsior Scholarship. Together, the Excelsior Scholarship Program, the Tuition Assistance Program, and other State-supported scholarships, enable 50 percent of full-time SUNY students to attend college tuition free.

However, to continue this growth and build on your investment, we intend to speak to you today on three areas of concern that pose a potential threat to SUNY's success. Despite the challenging economic environment and fiscal constraints facing New York, it is important that we identify and confront any barriers to SUNY's success. Today, we are categorizing these areas under stabilization, health and safety, and restoration.

STABILIZATION

Community Colleges

The volume-based State funding model used to support the SUNY's 30 community colleges is outdated and leaves our campuses without the resources needed to support and retain our students. Given the critical role community colleges play in their local and regional economies, we need to revisit the funding mechanism. Last year, SUNY convened a working group to explore national best practices for funding community colleges and to redesign the funding formula to provide stable support from the State.

Based on the newly released Executive Budget, the proposed formula that was included in our 2018/19 budget request adopted by the SUNY Board of Trustees would cost an additional \$24 million. We realize that this one-year implementation is an extremely heavy lift in a difficult year, but the importance of the request to look at State funding for SUNY community colleges cannot be overstated. If our community colleges are meant to continue to be the innovative producers of the educated workforce that New York State needs, stability, predictability, and investment should be on the forefront of our efforts.

To that end, we look forward to working with you all to explore this issue in pursuit of the Direct State Tax support and legislative changes needed for our colleges to evolve their operations for new realities.

State-operated Campuses

We also ask you to consider implementing legislative changes that would enable State-operated campuses to increase operational efficiencies, capture new revenue, and lessen the impact of increasing costs. Allowing consortium purchasing of services and limited differential tuition rates would help meet these goals. With your support we can achieve those efficiencies and relieve the strain on our operations.

HEALTH and SAFETY

Hospitals

SUNY's Academic Health Centers, including hospitals at Upstate Medical University, Downstate Medical Center, and Stony Brook University treat approximately 1.3 million patients annually and educate approximately 12,500 students for health, medical, and biomedical careers, all while operating under a continually changing healthcare landscape. We are currently working with the Division of the Budget to mitigate the operational impact of the proposed redirection of Direct State Tax support to State Supported Bonded Capital, as well as changes anticipated at federal level. We look forward working with both the Legislature and the Executive to identify additional options to address funding shortfalls for our hospitals.

In the meantime, in recognition of these challenges, I would ask that these institutions be given the opportunity to operate with the flexibility that businesses require to be successful. The first step on this path is to address the application of the Two Percent Operating rule metric to their operations. These three safety net hospitals treat the State's most vulnerable populations and produce research that contributes to the economic engine of the state. Our operations in this area should be treated similarly to other health and hospital related activities elsewhere in the State budget.

Capital

SUNY's State-operated campuses account for 40 percent of all state-owned buildings. We have an aging infrastructure; 35 percent of SUNY's academic facilities at State-operated campuses are more than 50 years old. The Executive Budget's investment of \$350 million is appreciated, and we look forward to working with you to find additional avenues to address this growing concern.

State-operated campuses face a growing backlog of critical maintenance projects that are needed to ensure the health and safety of our students, faculty, and staff. They also provide opportunities for retrofits that reduce energy costs and other operating expenses that will enable us to achieve long-term savings and sustainability. Additional investment in SUNY's aged facilities is simply essential to maintain a state of good repair.

Mental Health Tele-Counseling

Mental health and wellbeing is an increasingly critical issue in higher education. Nationally, one in three college students suffers from mental health issues. Last year, thanks to the advocacy of our SUNY Student Assembly and your support, \$300,000 was allocated to provide access to expert mental health care to SUNY students. The SUNY Student Tele-counseling Network pilot program provides counseling services through tele-health to students has been launched on four campuses. Restoring this funding will ensure the continuation of these necessary services.

RESTORATION

Opportunity Programs

The proposed funding level for the Educational Opportunity Program (EOP) would mean 765 fewer students would be admitted to SUNY's program in fall 2018, and direct aid awarded to students in the program would decrease by \$500 per student.

In addition, without level year-to-year funding, the Educational Opportunity Centers (EOC) and ATTAIN Labs will be unable to open 28 new educational programs at eight EOC locations, and may cause staff reductions and lab closures for ATTAIN technology learning labs in economically challenged communities.

Small Business Development Centers

For the 24 Small Business Development Centers (SBDCs) across the State, the proposed funding level will result in the loss of 20-30 business advisors who support 2,500-3,250 local businesses annually – and that is just from the reduction to base support.

Lack of funding for the requested additional investment will mean the direct loss of a matching \$550,000 in federal funding for New York's SBDC program. I ask that you work with us to ensure that these essential funds are not lost.

Other University-wide Programs and Community College Programs

We also ask for your help and support in finding ways to restore, through legislation, funding for programs reduced or eliminated in the Executive Budget, such as vital additions to Child Care at Community Colleges, which have a disproportionate number of single parents in attendance; the Graduation, Achievement, and Placement (GAP) program; and others such as the rapidly expanding Cornell Veterinary College. The Legislature has been a true champion for our students through these programs, and we hope that will continue into the new year.

Legislative Changes

The SUNY Board of Trustees and I, are, of course, happy to see New York's version of the DREAM Act and are supportive of its inclusion in the final Enacted Budget. We are also supportive of the student loan provisions, and believe they will expand upon our initiatives to inform students and families on loan debt. We applaud the Governor for addressing this issue.

In terms of proposals for expansion of the Inspector General's purveyance, or the establishment of a new Chief Procurement Officer, we look forward to continued discussions on the need for such actions. The SUNY Board of Trustees has taken steps to address our procurement actions, as well as our foundations and affiliates, and we believe there are ways we can meet the intent of these provisions without adding additional administrative layers.

Lastly, I would like to express our hope that several of our proposed legislative changes will be included in the Enacted Budget. These include items such as land lease legislation for a Ronald

McDonald House to be built at Stony Brook University and a new escrow account to facilitate an affiliation between Eastern Long Island Hospital and Stony Brook University Hospital. We stand ready to provide additional information on any of these items.

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

My colleagues and I are happy to take your questions.