

TESTIMONY OF THE PROFESSIONAL STAFF CONGRESS/CUNY

BEFORE THE JOINT SENATE FINANCE COMMITTEE AND THE ASSEMBLY WAYS AND MEANS COMMITTEE

Delivered by Dr. Barbara Bowen, President

Good afternoon, Chairpersons Kruger and Farrell, honorable members of the Legislature, colleagues, students and friends. Thank you for the opportunity to testify before you today on behalf of the 22,000 faculty and professional staff of the City University of New York. Congratulations, Senator Stavisky, on your appointment to the leadership of the Senate Higher Education Committee, and thank you, Assemblyperson Glick, for your continued energy and commitment as chair of the Assembly Higher Ed Committee.

I have spoken to many of you individually since the budget discussions of last November 18, but I would like to take this opportunity to thank you publicly for not enacting the proposed midyear budget cuts to CUNY at that difficult moment. Thousands of CUNY faculty, staff and students wrote to you and your colleagues, and you listened. Unfortunately, the discussion of midyear cuts is not over, and I want to begin my comments on the 2009-10 budget by focusing on the current fiscal year.

Oppose the Community College Cut for FY 2008-09

The proposal to cut community college base aid by ten percent at this point in the fiscal year is probably the worst public policy idea I have heard in the entire discussion of the State budget. A cut of \$4.2 million to CUNY community colleges, enacted this late in the year, would sabotage academic programs and cause direct and immediate harm to students. There is nowhere in the community college budgets to find \$4.2 million by March 31, or another \$17 million next year. That is true largely because New York State has failed to provide adequate funding for community colleges over decades. As the Fiscal Policy Institute reports in a study released today, State funding per student at CUNY community colleges has declined by 26 percent since 1991/92 (“New York State’s Underinvestment in Public Higher Education,” January 2009). I do not understand why the Executive Office would propose to compound this dismal history by administering a further cut. Governor Paterson in his State of the State address spoke of his plan to “craft a brighter, smarter future for New York”; cutting community college funding` is the sure way to achieve the opposite.

CUNY community colleges are the lifeline for a whole population of New York. One CUNY professor expressed it simply: her students come to CUNY “because they are desperate to escape poverty.” Sixty-two percent of CUNY community college students come from households with an annual income of less than \$30,000. Forty-four percent work more than 20 hours a week. Stop for a moment and think about what it would mean to live—as a family, in New York City—on \$30,000 a year, and then ask yourself if it’s right that New York State should cut the colleges that offer hope and challenge and transformation for these families. Cutting CUNY community colleges not only makes no sense economically, it raises a serious question of Civil Rights, when

CUNY community colleges are the only opportunity for a college education for thousands of people of color. More than 80 percent of CUNY community college students are African American, Latino or Asian (City University of New York, “A Profile of Undergraduates and CUNY Senior and Community Colleges,” Fall 2007). If New York State is serious about equal opportunity, it must not turn its back on the CUNY community colleges.

I realize these are strong words, but strong words are demanded by the threat of such a misdirected cut. Under pressure of the current recession, New Yorkers are turning to CUNY in record numbers; enrollment at CUNY community colleges is soaring. It will only increase as more New Yorkers turn to college to upgrade their skills or make best use of periods of unemployment. If the budget is decimated, as Governor Paterson proposes, faculty and staff will be stretched even thinner, and students will suffer. The faculty, staff and students of the City University turn to you, members of the legislature, to take a stand against this punishing and self-sabotaging proposal.

There *is* an alternative to closing the door to education for the working people of New York. We ask you to call on the governor to use the reserve fund specifically designed to close year-end budget gaps. I don't understand why there is even discussion of midyear budget cuts while the Tax Stabilization Reserve Fund, containing more than a billion dollars, remains untouched. There is a better way to close this year's budget gap than by knee-capping the community colleges—draw on the existing reserve funds right now.

Solve the Budget Crisis by Reforming Personal Income Tax

Revenue is also at the heart of the problem in the state budget for next year. The PSC joins NYSUT, UUP and literally hundreds of organizations across the state in calling on you to solve the budget crisis in the only responsible way—through increasing state revenue. Paul Krugman recently wrote in *The New York Times* that “even as Washington tries to rescue the economy, the nation will be reeling from the actions of 50 Herbert Hoovers—state governors who are slashing spending in a time of recession, often at the expense both of their most vulnerable constituents and of the nation's economic future.” This is the state of Roosevelt, not Hoover. Live up to that legacy by insisting that New York solve the budget crisis by increasing revenue, rather than by imposing massive spending cuts and regressive taxes. This is the moment to invest, not to cut back, and investment should start with public higher education.

The real crisis in New York State is a revenue crisis, not a deficit crisis. The state would have \$17 billion more in revenue in this year's budget alone—eliminating all need for discussion of budget cuts—if it had simply restored the income lost to the tax cuts enacted between 1994 and 2005. Over the past thirty years, New York has cut the tax rate on the top income bracket in half—from 16.4% to 6.85%. The way out of the budget crisis is to restore that tax rate and reform the state personal income tax structure. I have heard legislators say that will never happen, we can't do that. Yes, you can. Polls show that 80 percent of New Yorkers support a progressive income tax reform. If the legislature has the courage to act, we will support you.

New York floated on the bubble of Wall Street revenue for many years, and the structural problem caused by the tax cuts between 1994 and 2005 was obscured. But when that bubble burst, the structural problem became all too clear. The State had shortchanged itself by allowing

the highest earners not to pay their share. Today the poorest New Yorkers, those earning \$15,000 or less a year, pay 12.6% of their income in state and local taxes, while those earning \$1.6 million or more pay only 6.5%. How can that be fair? Even a temporary surcharge on a portion of income for the highest earners—similar to the surcharge successfully enacted in 2003—would immediately generate \$7 billion a year. I speak for thousands of faculty and staff, and for 200,000 students and their families, when I implore you to stand up for what's right and solve the budget crisis by reforming the tax structure.

Increase State Investment—Not Tuition—in FY 2009-10

I want to acknowledge, however, that within the constraints of a budget that does not include income tax reform, Governor Paterson singled out higher education as the area that gave him most pain to cut. The Executive Budget increases the total budget for CUNY senior colleges by \$50.8 million, or 2.8%, and includes funding for all the University's mandatory cost increases. It also continues the State's commitment to increased capital funds for CUNY, including critically needed funds for maintenance. For those of us who teach in buildings where rain water literally pours through the roof onto computers, books and lab experiments, those funds are an especially welcome addition.

But the Executive Budget's proposed increase in CUNY's total budget masks a *decrease* in the real level of state support. Under the governor's proposal, New York State's contribution to both senior and community colleges would decline, while the total budget would be sustained through a combination of a speed-up for faculty and staff, and increased tuition for students. For the senior colleges, the total budget would increase by \$50.8 million, but the State contribution would decrease by \$64.8 million. The gap in state funding would be filled by raising student tuition and increasing enrollment. Of the \$110.1 million in increased tuition revenue, all but 20% would go to replacing the funds that the State previously contributed to CUNY. The remaining \$22 million would come to CUNY as a budget increase. In other words, CUNY students—statistically among the poorest college students in the nation—are being asked to fill the State budget gap.

While we acknowledge that dedicating 20% of increased tuition to enlarging the CUNY budget represents a break with the state's previous practice of assigning none of the new tuition revenue to CUNY, the PSC strongly opposes both the proposed tuition increase and the plan to use the funds to replace the state's contribution. New York State funding for CUNY has failed dramatically to keep pace with enrollment. While enrollment at CUNY senior colleges has increased by 23 percent since the 1991/2 academic year, state funding in the same period has increased by only seven percent, again according to the Fiscal Policy Institute. As a result, funding on a per-student basis—the truest measure of state support—has plummeted by 14 percent.

Against this backdrop, the proposal to increase tuition and use that money to replace an even greater portion of state funding is the wrong direction for New York. The proposed \$600 increase in senior college tuition—a jump of 15%—is regressive, falling most heavily on those in the state least able to pay. And it is a myth that no student will suffer because of the tuition increase. If that were true, the scholarship fund would have to be \$110 million, not \$10 million.

Although the Executive Budget increases TAP funding for next year by \$38 million to offset the proposed tuition increases at CUNY and SUNY, it effectively *cuts* TAP funding by \$47 million through a series of rule changes. Whole categories of students are not well served by TAP now, especially independent students without children and many working adults. The proposed rule changes would erect additional barriers, raising the number of credits students need to receive the full TAP award and increasing the net cost to students and their families. The poorest students will be further disadvantaged by the proposed reduction of the TAP award to families with more than one dependent in college. (The PSC has long advocated thorough TAP reform, to align the program more closely with current patterns of college attendance; we would welcome the opportunity for further discussion of the program with you.)

Shared Investment, Not Shared Sacrifice

We reject the notion that a regressive user-tax on the state's poorest students represents "shared sacrifice." The sacrifice is not being shared; it is being imposed on those who have already sacrificed too much. When you are studying full-time to be a nurse and working full-time in a restaurant, as CUNY student Alvaro López is, and your parents are janitors who are scraping together every bit of money they have to keep you in college, you have already made your sacrifice. "So many of our students are here by virtue of a delicate balancing act that they and their families somehow manage to pull off," CUNY computer science professor Scott Dexter told the University trustees. "To ask them to help make up the state's revenue shortfall when the courage cannot be found to ask those who can actually afford to pay would run counter to the trust placed in you." CUNY students, who have seen their tuition rise by 107 percent since 1991/92, are already sacrificing to pursue their dream of an education.

To ask those most able to pay to pay their fair share is not to ask for sacrifice. *Everyone* benefits when the state's population is well educated and prepared to participate in the jobs that will foster economic resurgence. That's why New Yorkers overwhelmingly support the notion of a fair income tax system—even if they themselves would have to pay a little more. Our proposal for income tax reform is not about sacrifice, it's about hope for the future of New York. It's about confidence that the future will be brightest if we invest collectively in New York's public institutions. The PSC is asking the legislature to take the lead on that investment by fully funding CUNY's budget request.

Increase Community College Base Aid

Like the Executive Budget for CUNY senior colleges, the proposed budget for community colleges shows a small increase in total funds, but in fact represents a *decrease* in state funding. Under the governor's proposal the state would continue the ten percent cut in community college base aid next year, for a total reduction in the state's contribution of nearly \$17 million. Much of the shortfall, according to CUNY's analysis, could be made up by a dramatic increase in enrollment. When several of the CUNY community colleges are already bursting at the seams, increasing enrollment is an irresponsible way to offset a steep drop in state funds. Increased enrollment without a major infusion of funds to add more faculty and staff means that more students will be crammed into our classrooms, fewer students will receive individual attention, less time will be devoted to research or professional renewal.

A proposal for increased enrollment without the funding to support that enrollment is just speed-up. Worse, it is a recipe for academic failure. How can a faculty that is already only 38% full-time, as it is at the CUNY community colleges, possibly give full attention to 5,500 more students? Enrollment is skyrocketing at the community colleges; this is a proposal to add virtually a whole new college's worth of students—but without a single dollar more in public support. Total CUNY enrollment in FTEs is already up 5.2% this fall over fall 2007, and 7.3% at the community colleges. The Borough of Manhattan Community College alone has seen an increase of 16.5%. The PSC joins the CUNY administration in celebrating enrollment increases, but it would be cynical to keep adding students without adding support. We call on the legislature both to reject the Executive Budget's proposed \$270 reduction per FTE, and to add another \$100 per FTE to current funding.

And as in previous years, the PSC is concerned that funding for opportunity programs such as SEEK, College Discovery and the Educational Opportunity Centers be maintained and increased. If there was ever a moment for investment in increased opportunity for those least able to afford an education, that moment is now. New York has “gradually solidified its shameful place as the state with the greatest degree of income inequality in the country,” as the Fiscal Policy Report reminds us; it is particularly important in a time of economic downturn and even desperation that the state invest in its targeted college opportunity programs.

A New Deal for New York Starts with CUNY

Although we are here today to discuss the Executive Budget proposal for CUNY, I want to say a word before concluding about the governor's state workforce proposals. The PSC knows that the legislature shares our concern about the governor's suggestion of undoing collectively bargained salary increases for public-sector employees. We were disappointed to see the proposals for elimination of scheduled salary increases, deferral of salary payments, and reduction in health and pension benefits. Together with the executive and legislative branches—and often in partnership with CUNY—the PSC has worked hard to move toward competitive salaries, benefits and working conditions for the faculty and staff at CUNY. To undo that work and destroy years of progress toward enabling CUNY to attract and retain the best scholars of this generation would be a terrible mistake. We call on you to reject such short-sighted proposals.

During the Depression, facing even deeper economic distress than we are now, New York found the courage to establish two new CUNY colleges and build another—all while maintaining *free* tuition. Queens College was established in 1937 on the campus of an existing institution, Brooklyn College was built by the federal Public Works Administration in 1935, and the four beautiful original buildings of what is now Lehman College were built in 1931 by the New York WPA. Confronted with a crisis of staggering unemployment and poverty, New York chose to invest in public higher education, betting on the power of a college education to foster both individual and collective recovery.

That's the bet we are asking you to take now. As a nation, we are on the brink of a historic change. In Washington, the conversation has shifted from cuts to investment. Americans have signaled that they are ready for bold solutions, and New Yorkers want nothing less. People are the real wealth of nations. With its signal history as an institution of democratic education,

CUNY could be the beginning of a new era of public investment for New York. The Executive Budget has missed the chance to call for that investment, but now the chance is offered to you. New York, don't fail in this historic moment. Make educational history again; invest in our state's future, invest in CUNY.