

**2014-15 Executive Budget Testimony  
Chancellor Nancy L. Zimpher  
February 6, 2013**

**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 Chancellor of The State University of New York.

I want to thank Chairpersons John DeFrancisco, Denny Farrell, Ken LaValle, and Deborah Glick; members of the Senate and Assembly; and legislative staff for allowing us this opportunity to speak today. With me is President Deborah Stanley of SUNY Oswego, President Harvey Stenger of Binghamton University, and President Cliff Wood of SUNY Rockland Community College, all of whom I have asked to join me today to share their perspectives on the 2014/15 Executive Budget. I thank them for their time, and their continued devotion to their campuses and the SUNY system.

2014 promises to be another exciting year for the State University system. We hope that together, through our continued partnership we have all worked to build between SUNY, the Governor, and you, our legislative champions, we can develop and pass a budget that provides our students and faculty with the resources and vision they need to do our part in lifting up this great state.

A few weeks ago, I laid out in our annual State of the University Address several ways in which SUNY and its campuses—as a system—will work to improve how we educate New Yorkers and prepare them to become the workforce and engaged citizenry of tomorrow.

Of course, our biggest news that day was the introduction of Open SUNY, a new approach that will greatly expand access to SUNY's high-quality affordable college education via online learning. OPEN SUNY not only lets New Yorkers complete a degree on their own schedule, but it is also one of the only online platforms in the country that will provide the same level of high-quality education and experiential opportunity that is available to students on our campuses. Because of our system's diversity, reach, and scope, Open- DOT- SUNY- DOT-edu could become the nation's largest, most extensive distance-learning environment.

We also renewed our commitment to SUNY Works, a program that encompasses internships, clinical experiences, and cooperative education opportunities offered by our campuses in partnership with the state's employers. Our goal is that every SUNY student has an applied learning experience by graduation, and I have committed to personally engage the CEOs of every Fortune 500 company in New York and other large employers with the goal of 100 percent participation in this initiative.

You already know about our successful Networks of Excellence coming out of SUNY's Research Foundation, bringing together top scholars in energy, healthcare, neuroscience, and manufacturing. This

year, we double down on our belief in the value of a liberal arts education and will introduce a fifth network—the arts and humanities—to bring the success of our programs in this area to scale.

And that's not all—we believe SUNY should continue to reflect the diversity of New York, and therefore we created a Task Force on Diversity to propose new ways to improve the diversity in our SUNY family.

We will continue to partner with Governor Cuomo to link STEM and STEM education graduates to the state's workforce development programs; work hand in glove with our K-12 colleagues to enhance the Early College High School Program and do a better job at preparing our future generations for college; and of course, continue to be good stewards of our role in revitalizing the state's economy through leadership roles in one-of-a-kind programs like the 2020 Challenge Grants and START-UP NY.

A very busy year, indeed.

### **The Executive Budget**

And so as it does every year, the Executive Budget brings with it exciting new opportunities for SUNY, as well as a few challenges that we would like to see addressed this session.

SUNY is excited to embark on proposals in the Governor's Executive Budget including:

- Better emergency training through the creation of the first-of-its-kind new College of Emergency Preparedness, Homeland Security, and Cyber Security;
- Training the next generation of pharmacists with a new school of Pharmacy at Binghamton;
- The Governor's STEM Scholarship program, which promises to position SUNY and New York as a leader in next-gen, high-tech job creation, and will serve as a critical attraction for our prospective students;
- And we are beyond thrilled that the Governor has included and expanded yet another round of the highly successful NYSUNY 2020 Challenge Grant Acts that drive synergies between academic and workforce needs throughout the regions of our state.

With that being said, ***I would like to briefly review a few items of the Executive Budget, as well as those items I respectfully ask the Legislature to consider restoring in the final 2014/15 budget.***

The 2014/15 Executive Budget holds operating funding for SUNY primarily flat. There were reductions to key access programs such as ATTAIN and SUNY's highly successful Educational Opportunity Programs, along with slight reductions in support for "Categorical Aid"—most notably in our Child Care program and complete elimination of the Graduation, Advancement, and Placement (GAP) funding. We respectfully ask that these items be restored. Finally, the Executive Budget did not provide the financial support of \$82.2 million for the collective bargaining contracts—costs that are outside of SUNY's direct control for our State-operated institutions.

## **New York is on the Right Fiscal Path**

SUNY recognizes that you and the Governor have performed a monumental task of rightsizing the fiscal condition of the State, while still championing and investing in public higher education. Over the past three years you have steered the State through the fiscal crisis by transforming multi-billion dollar budget deficits into a surplus. SUNY has been a willing partner in this transformation from the start, following the lead of both the Governor and the Legislature through the successful NYSUNY 2020 program and more recently through the START-UP NY program, which will help drive economic opportunity and jobs, as well as enhanced academic opportunity, for the State for years to come.

Most notably, the rational tuition and Maintenance of Effort provisions of the NYSUNY 2020 legislation ensured much-needed predictable revenues enabled by fair and responsible increases in tuition and a maintenance-of-effort promise from the State were directly reinvested in the educational experience of our students. By this statute alone, the Legislature and the Governor positively changed the way SUNY was funded for years.

Today I would like to briefly discuss additional ways we could enhance and leverage our successes to date that could position SUNY's 64 campuses, 463,000 students, 79,000 annual graduates, 7,500 degree and certificate programs, 2 million enrollees in workforce and professional development programs, 88,000 employees, 20,000 active retirees, and 3 million alumni that together provide \$19.8 billion in economic impact for New York State for even greater results.

### **I. Investment in Full-Time Faculty**

First, our faculty is the foundation of SUNY's academic excellence. Without world-class faculty our students won't succeed in future careers. Since the inception of NYSUNY 2020 and its rational tuition component, all of our State-operated institutions have been seeking to increase the educational opportunities afforded to our most important consumers, the students.

Under NYSUNY 2020 our campuses have been able to:

- Employ more than 520 additional instructional staff, including 270 net new full-time faculty;
- Increase the percentage of historically underrepresented minority students from 14 percent in Fall 2010 to 18 percent in Fall 2012; and
- Create more than 100 new degree programs at the State-operated campuses, many of which reflect investment in programs that will meet the needs of New York's growing workforce and economic revitalization.

We would like to continue the upward trajectory provided by NYSUNY 2020, but we cannot do this alone. With additional state resources, SUNY would set a goal of 250 additional full-time faculty hires beginning in 2014-15. These new faculty would focus primarily on high-need/high demand programs in

Engineering, Information Technology, Healthcare, Finance, and Accounting, and in support of our five Networks of Excellence. We will work with you and our other stakeholders to develop the best vehicle to get these faculty hired, including the “endowment program” for full-time faculty forwarded by UUP and others. I am excited by this concept, and I look forward to learning more about it in the days ahead.

## **II. Investing in SUNY’s Infrastructure**

Second, while faculty is the backbone of academic excellence, we must ensure our infrastructure meets the 21st-century needs in order to support our students and faculty. Therefore, we must continue our investment in SUNY’s infrastructure.

### ***State-operated campuses***

SUNY is grateful for the \$500 million in capital funds provided in the Executive Budget that are directed toward critical maintenance needs. As you know, a vital part of SUNY’s mission is to provide an affordable quality higher education for our students, and we are committed to the role of steward over our vast inventory of facilities and infrastructure, making sure they are safe, to deliver that mission. Past generous investment has allowed SUNY to reduce the backlog of critical maintenance issues at our campuses and further funding is needed to sustain this progress. In addition, SUNY’s campuses, like all higher education institutions, must reconfigure academic spaces into state-of-the-art facilities that support contemporary instructional modalities.

We cannot do that without continued and predictable state support.

Multi-year funding commitments promote long-term planning and allow the campuses to identify and prioritize projects over time within known funding limits rather than utilizing the reactionary “band-aid” approach that is often the effect of year-at-a-time funding.

However, if a multi-year funding commitment is not possible and recognizing the constraints imposed by the 2000 Debt Reform Act, we recommend the Legislature double the Executive Budget’s proposal with a modest increase of \$500 million. That level of investment will address high-priority campus projects that advance technology innovation, promote sustainability, and leverage private investment.

This additional support would allow the SUNY campuses to progress numerous projects across the system to renovate classrooms, libraries, and other instructional space. These renovations would provide technology upgrades to support modern teaching methods, such as “flipping classrooms,” and adapt libraries from the traditional repositories of collections to high-tech information commons—much like the Smart Classrooms Bond Act proposal for K-12. The additional investment would also allow many campuses to renovate buildings that support the sciences, technology, businesses and the arts, producing energy efficiencies at the same time.

I would now like to ask President Stenger and President Stanley to speak to the impacts of the Executive budget on their specific sectors and campuses.

### ***Community Colleges***

As you are aware—and something for which we are extremely grateful for—great strides have been made in recent years in increasing the share of total community college operating costs provided by State funds. Through the actions of this Legislature and the Governor, the State's share of these costs has increased from a low of 25.5 percent to 26.3 percent, reducing the burden on students and lowering their share from a high of 43.9 percent to 43 percent in the current year.

Given the importance of community colleges to SUNY and the state, especially as a key component of workforce development efforts, I endorse SUNY's 2014/15 request for an increase of \$250 to Base Operating Aid. This would increase the value to \$2,672, a return to approximately 2008/09 levels of support.

Since the relationship between localities and the State began, both sides have benefited greatly from the capital program between the two. For just half the cost of a project, the State can ensure that the community college facilities are up-to-date, safe, and ready to meet the ever-changing pedagogy of postsecondary education.

However, this year, the State did not provide a match for those community college projects that had received a local sponsor match. This year's Executive Budget continues this new approach, and left 13 colleges without the matching support they need to continue these important projects. With this action, these colleges would now go two years without capital investment, despite having the pledge of their local sponsor to provide them their fair share of the costs.

SUNY is seeking an additional \$57.3 million in State support for 13 community college projects at nine colleges where local sponsor support has been obtained but the State support was not included in this year's Executive Budget. Community colleges work diligently with their local sponsors to obtain the 50 percent project share required by current statute. For the second year several high priority projects at three colleges have not received the other 50 percent State funding and the projects cannot move forward. Those that have received the sponsor funding are simply asking that the State provide their part. It is important to note that capital investment in these institutions comes at only half the cost and leverages local funding to stimulate the economy across upstate New York.

I would now like to ask President Wood to speak to the impact of the Executive Budget on the community college sector and his campus.

### ***Hospitals***

In addition, our hospitals have not received any capital funding for the past five years. Without a known source of funding, the hospitals cannot get the required Certificate of Need (CON) approval from the Department of Health, and without that certificate they cannot effectuate meaningful reinvestment. All of these factors hamper their efforts to become effective clinical classrooms for our medical students or

to compete as health care providers in their regions. Lack of a consistent ability to plan out capital investments in an efficient manner hampers excellence and could put hospitals' accreditation at risk.

Therefore, it is vital that the \$600 million requested on behalf of our three teaching hospitals is secured—or that we put in place a plan to provide long-term capital investments to our hospitals. We also would like to engage the Legislature and the Executive in a discussion of structure, regarding an alternate capital financing mechanism that would ensure continuous access to the capital markets and remove hospital debt from the state debt cap calculation, as we you helped us do last year with our Residence Halls.

### **III. SUNY Hospital Reform**

It is no secret to anyone that health care, hospitals, and, more specifically, SUNY hospitals are in a state of transition. While the majority of our attention is currently focused on the issues at Downstate and Long Island College Hospital, I would put forth that this situation is merely the most recent of operating/financial issues that have plagued these institutions for years.

The long-term causes are varied: some that we at SUNY can and have controlled and those far outside our ability to effect. For many years, I—or someone in my position—would sit in this chair and ask you all for further funding for these hospitals, believing the idea that these issues could be corrected through increased cash flow alone.

Today, however, while I will ask for a increase of funding, an additional \$20.7 million, I will request that this funding be provided with additional legislative support that will help us move forward with the improvement of these hospitals and ensure that they become exactly the type of institution that each of our medical schools and unique geographic location requires.

This will require rethinking structure, including governance, financial, and operations.

This process has already begun in the Legislature with the recent bill put forth by Senator LaValle that would help situate the financial structure of Brooklyn, Syracuse, and Stony Brook for future success, with myriad reforms and proposals provided in the Executive Budget—and, of course, the Federal Medicaid Waiver sought to assist system transformation. I look forward to further conversations on this topic over the months to come, and I suggest to you that I and everyone at System Administration stands ready to aid you in forming a working solution to New York State's overall health care concerns.

#### ***Downstate and LICH***

Before we take your questions, I would be remiss to not speak directly about an issue that stands to endanger the vision and the good work that has been spoken about today.

The Long Island College Hospital and Downstate Hospital have been the focal point of conversation at SUNY for many months now. At town halls, in our communities, on our campuses, and in meetings of our business officers, presidents, and Board of Trustees, this topic has dominated, if not consumed, the conversation.

In fact, so omnipresent is this issue for SUNY, our expert on this topic is currently unable to join us for this testimony as she is in Brooklyn as we speak, reviewing a new round of proposals for the operations of Long Island College Hospital that we hope will meet the needs of the community, SUNY, and the hospital itself.

It is imperative that we reach a solution immediately, because the SUNY system simply cannot afford the hundreds of millions of dollars in losses we have already incurred as a result of the situation at LICH, nor can we sustain the millions of dollars a month the facility continues to lose. More importantly, the longer the situation continues, the longer the community does not have access to a long-term health care solution.

Obviously, this is an issue that requires focused attention by all of us in this room and beyond, and I hope that we can work together to resolve it as soon as possible to limit the impact on our students.

### **Conclusion**

I thank you for your time, and I hope that our outlining the Executive Budget impact, 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 cycle.

I have asked Dr. Beth Bringsjord, our Interim Provost; Bob Haelen, our interim CFO and General Manager of the SUNY Construction Fund; and Dr. Jim Malatras, our Chief of Staff and Vice Chancellor of Policy to assist me in taking your questions.

