

New York State Joint Legislative Higher Education Budget Hearing
Submitted by Kevin Stump, Northeast Director, Young Invincibles
January 24, 2017

Good afternoon. My name is Kevin Stump, and I am the Northeast Director of Young Invincibles also known as "YI." YI is a national non-partisan policy and advocacy organization working to elevate the voices of and expand economic opportunities for today's Millennial generation. YI focuses on the intersection of higher education, health care, and workforce development all in the context of the broader economic security of our generation.

As this committee and the state legislature deliberate Governor Cuomo's FY18 Executive Higher Education Budget Proposal, it is essential that the voices and needs of young adults are heard throughout the process and that the legislature's response to the Governor's budget reflects the needs and priorities of young adult New Yorkers. This is especially urgent considering most jobs today require some type of post-secondary credential.

Our generation faces unprecedented challenges despite being the most diverse and educated generation in American history. Young Invincibles' latest research shows Millennials have earned a net wealth half that of Baby Boomers at the same age and young adult workers today earn \$10,000 less than young adults in 1989, a decline of 20 percent. Additionally, when Baby Boomers were young adults, they owned twice the amount of assets as young adults. We also found that educational attainment is still an individual's best pathway to upward mobility, but that student debt negatively impacts the long-term financial security of young adults.¹

In New York, student loan debt more than doubled during the last decade, growing to \$82 billion from \$39 billion, an increase of 112 percent with an average debt holder owing \$32,200, \$2,000 more than the national average.² This shouldn't be surprising as tuition has skyrocketed and the state's Tuition Assistance Program award levels have remained woefully inadequate and many of the rules governing the program are unfair, excluding many needy students from accessing needed aid.

Unfortunately, the state's commitment to providing an affordable higher education is not as strong as it needs to be. And the Governor's Executive Budget proposal doesn't go far enough.

Tuition-Free Proposal is Last Dollar Aid, Excluding NY's Most Vulnerable Students

While we are excited to see the Governor thinking about how to make college more affordable for more New Yorkers, the proposal sets a dangerous precedent in how we tackle the issue of college affordability by pushing many New York families to the side. The Governor's proposal is a last dollar scholarship for full-time students only, backfilling aid after state TAP and federal Pell grants have already gone towards tuition and therefore leaving the most at-need students without adequate financial aid. College affordability also means helping students pay for the

¹ <http://younginvincibles.org/financial-health/>.

² <http://www.osc.state.ny.us/press/releases/sept16/092016.htm>

Unfunded “Tuition Credit” Mandate Erodes SUNY/CUNY & Shifts Cost to Students

Unfortunately, the “tuition credit” continues to structurally erode resources from the CUNY and SUNY systems. The NY SUNY 2020 legislation mandated that SUNY and CUNY universities grant a tuition credit to their students who qualify for the maximum TAP award where tuition exceeds the maximum TAP award. Although this protected the most at-need students by covering their tuition, it also required the students’ universities to use their operating budgets to cover the gap between tuition and the maximum TAP award. This cost CUNY senior colleges more than \$180 million from 2012 to today. The state needs to increase the maximum TAP award and index it to tuition to eliminate the funding gap that students and universities absorb every year.

The Legislature should:

- Eliminate the tuition credit by fully funding TAP so more students get greater aid and so the universities no longer have to fill the gap in state funding of the TAP program.

Bi-Partisan Maintenance of Effort Funding for SUNY/CUNY is Noticeably Absent

Once again the Governor fails to include a true **Maintenance of Effort (MOE)**, funding commitment further eroding the quality of the state’s public higher education institutions. The MOE bill was a promise made as part of the NYSUNY 2020 legislation passed in 2011 that the state would pay for mandatory cost increases (such as inflation or energy), but the state has failed to do so costing the universities tens of millions of dollars since 2011.

The Legislature should:

- Include Maintenance of Effort funding in the budget so SUNY and CUNY do not need to use precious operating dollars to pay for cost increases the state should absorb.

Pass the New York DREAM Act

The NY DREAM Act, which extends state aid to New York’s undocumented students, is a commonsense idea that New York is long overdue to pass.

The Legislature should:

- Pass the NY DREAM Act extending state financial aid to the undocumented young adults.

We look forward to working with the Governor and the State Legislature throughout this budget process and beyond to ensure that the needs and voices of young adults are taken care of.

Thank you.

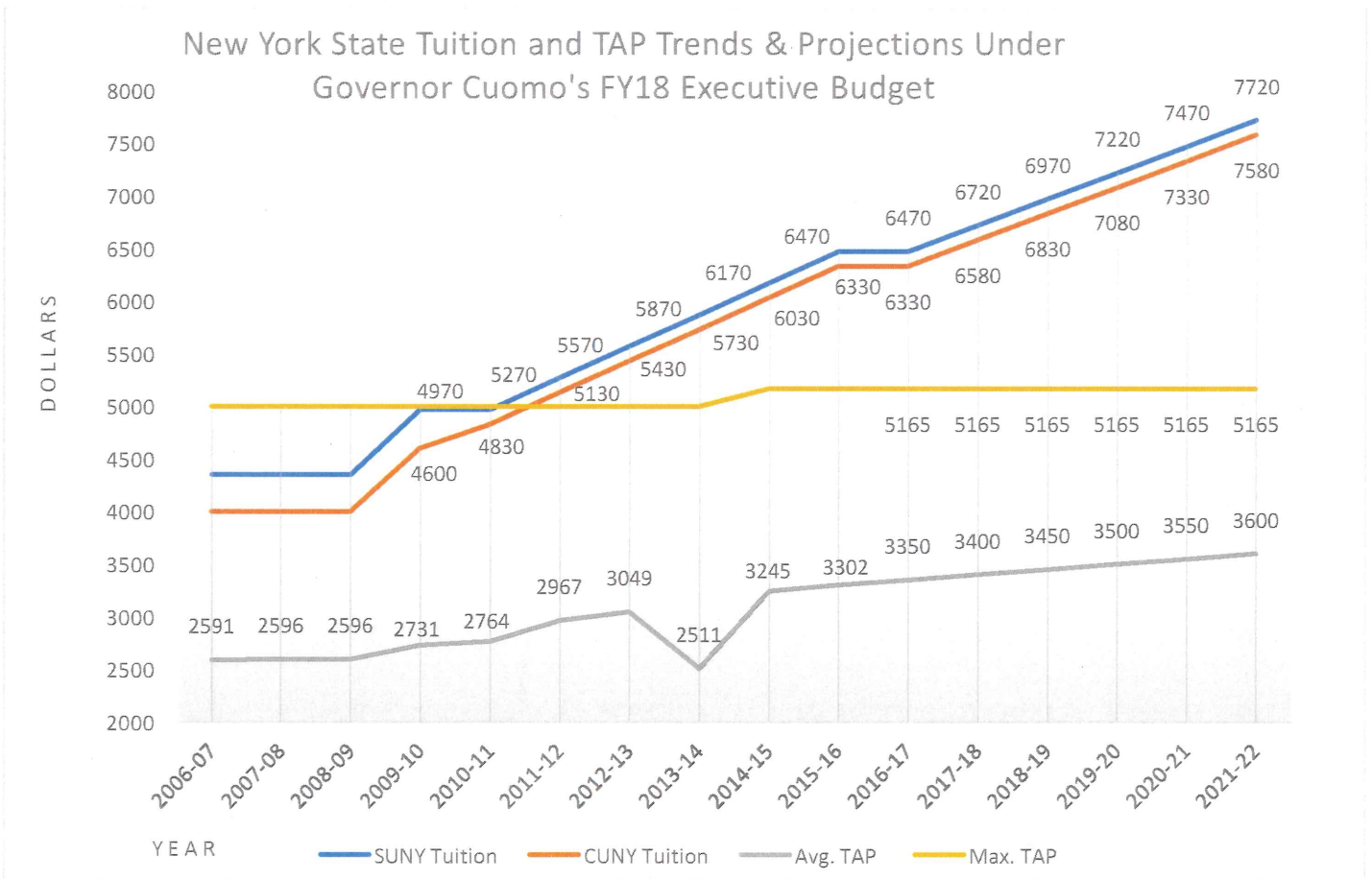
NEW YORK'S CRIPPLING TAP GAP:

Tuition Skyrockets, TAP Awards Fall Behind Tuition, and Students Fill the Gap

Governor Cuomo's FY18 Executive Budget Proposal proposes five more years of annual \$250 tuition hikes and does not increase TAP awards. **The legislature should reject the proposed tuition hikes, increase the maximum TAP award to \$6,500, and index it to tuition so when tuition increases so do TAP awards for all students.**

Under the last round of tuition hikes included in NY SUNY 2020, tuition increased by \$1,500 over a five-year period creating a \$1,165 and \$1,305 gap between the maximum TAP award of \$5,165 and tuition at CUNY and SUNY senior colleges, respectively.

During the academic year of 2015-2016, the average TAP award for CUNY students at senior colleges was \$1,947.68, accounting for only 30 percent of tuition costs, currently at \$6,330.¹ Unfortunately, because of the erosion of state support to public higher education causing tuition to skyrocket, quickly outpacing TAP awards, the average award is worth significantly less than it was only a decade ago. In 2006-07 the average TAP award for a TAP recipient was \$2,591, which accounted for 65 percent of tuition at CUNY senior colleges at the time. The maximum TAP award then was \$1,000 more than tuition at CUNY senior colleges.² However, if TAP kept pace with rising tuition and the average award was still 65 percent of tuition at CUNY senior colleges today, the average student award for a student attending a CUNY senior college would be \$4,114.50, which is significantly more than the current average TAP award. This leaves students and families to pick up the tab of more than \$2,000 on average. Meanwhile, during that same time, student debt in New York has increased 112 percent, with an average debt holder owing \$32,200 in 2015.³



SOURCE: Tuition data New York United Teachers, Jacob Crawford. TAP data from Higher Education Services annual reports and Appendix E. 2016-17 onward includes projected \$250 tuition increase proposed in Governor Cuomo's FY18 budget proposal, assumes a \$50 increase in the average award and assumes no changes to the maximum award as outlined in the FY18 Executive Budget proposal.

¹ YI analysis of data received from CUNY Dean of Enrollment, James Murphy on October 18, 2016.

² YI analysis of data from: New York State Higher Education Services Corporation, "2010-2011 Annual Report," Page 30, <https://www.hesc.ny.gov/hesc-news.html#AnnualReports>.

³ New York State Comptroller, "Student Loan Debt in New York State," September 2016, Page 1. Accessed January 23, http://www.osc.state.ny.us/reports/highered/student_loan_debt.pdf.

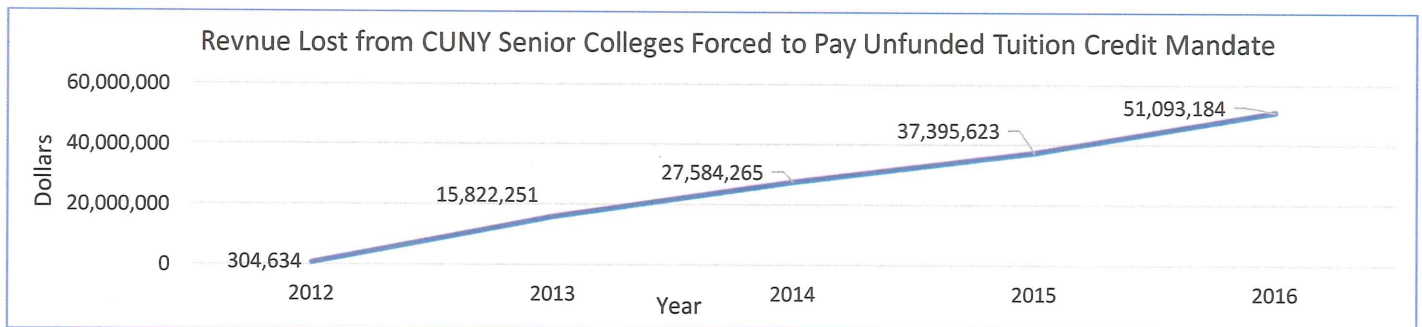
NEW YORK'S CRIPPLING TAP GAP:

Our Unfunded Tuition Credit Mandate Threatens Quality at SUNY & CUNY

Governor Cuomo's FY18 Executive Budget Proposal continues to force New York's public universities to pay for the unfunded tuition credit mandate, which has cost CUNY more than \$180 million since 2012. **The legislature should reject the proposed tuition hikes—which would increase the unfunded tuition credit mandate SUNY and CUNY need to pay—increase the maximum TAP award to \$6,500 and index it to tuition so when tuition increases so does state TAP funding to fully fund the program, eliminating the unfunded tuition credit mandate and increasing aid for all students.**

In 2011, as New Yorkers and the country were climbing out of a struggling economy, Governor Cuomo and the State legislature passed NY SUNY 2020. This landmark piece of legislation authorized five years of annual \$300 tuition hikes and established a structural change to TAP that made it so the most financially at-need undergraduate students—those who are eligible for the maximum TAP award—would still be able attend SUNY or CUNY tuition-free. Unfortunately, in 2012, for the first time in TAP's 43-year history, tuition surpassed the maximum TAP award. Students who do not qualify for the maximum award are left filling the gap that state aid used to fill.

However, also a part of NY SUNY 2020, individual SUNY or CUNY universities are responsible for picking up the difference between the maximum TAP award for those students who qualify and whatever tuition is at their respective universities. Unfortunately, this is an unfunded state mandate that the individual university is responsible for paying, which diverts resources away from other needs of the universities. The below table shows the year-to-year spending at CUNY's senior colleges totaling more than \$180 million. The Governor's proposed tuition increases would only continue to increase this gap in state funding that public universities are responsible for paying. Additionally, community college tuition is currently below the maximum TAP award but annual tuition increases—as proposed by Governor Cuomo's FY18 Executive Budget proposal—will eventually bring tuition beyond the maximum TAP award, creating a significant unfunded tuition credit mandate that already underfunded community colleges would have to pay for.



SOURCE: YI analysis of data retrieved from CUNY University Dean of Enrollment, James Murphy, on October 18th, 2016.

With funding levels to SUNY and CUNY well below pre-recession levels, the unfunded tuition credit mandate is a structural policy that ultimately threatens the quality of the state's public university system and suffocates their ability to increase graduation rates and train skilled workers. Below are examples of lost opportunities that CUNY could have spent \$180¹ million on since 2012.

EXAMPLES OF WHAT \$180 MILLION COULD HAVE BEEN SPENT ON

PROGRAM	MISSED OPPORTUNITIES
CUNY ASAP	3,100+ additional student spots (\$57,300 per graduate)
CUNY SEEK	75,000+ additional student spots (\$2,370 cost per participant)
Academic Advisors	2,500+ Advisors (estimated \$60,000 per advisor)
Full-time Faculty	1,800+ Additional Full-time Faculty (estimated \$81,000 per full-time faculty)

¹ YI's analysis of data retrieved from CUNY University Dean of Enrollment, James Murphy, retrieved on October 18th, 2016. \$180,846,601 is the sum of dollars lost for 2012 to 2016 including spring 2017 semester of \$24,323,322, which we doubled to include the fall 2017 semester.