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*in New York*

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## **Testimony**

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Independent Higher Education and New York:  
Investing in Students and Investing in the Future of the State's Workforce

Tuesday, February 4, 2020

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

Hamilton Hearing Room B, 2nd Floor  
Legislative Office Building  
Albany, New York

## Introduction

Good afternoon and thank you Chairpersons Krueger and Weinstein for your leadership and your stamina as you enter the second week of budget hearings. I would first like to take this opportunity to acknowledge the chairpersons of the Senate and Assembly Higher Education Committees, Senator Stavisky and Assemblymember Glick: thank you for your continued service and support for New York's higher education institutions and the students we educate.

I am Mary Beth Labate, and I am honored to be here today as president of the Commission on Independent Colleges and Universities (CICU), representing more than 100 private, not-for-profit colleges and universities and their nearly 500,000 students and 3.1 million alumni across New York State.

New York State has the largest Independent Sector of higher education in the nation. Our campuses play an integral part in New York's economy and educate 40 percent of the state's 1.2 million students, including nearly 300,000 New Yorkers. Yet New York ranks 17th in the nation in its per capita need-based support for students at private, not-for-profit colleges. Our independent colleges and universities are also important employers, responsible for more than 415,000 jobs statewide and almost \$90 billion in annual economic impact. We serve as cultural beacons and meeting hubs for our communities. The economic impact of our presence is visible across the state, whether it be students and faculty supporting a local coffee shop in Garden City, researchers spinning innovations into small businesses in Ithaca and Brooklyn, hotels fully booked for graduation weekend in Troy or professors buying homes and putting down roots in places like Poughkeepsie, Syracuse and Rochester.

For centuries, we have embraced the call to educate students of every background, while bringing jobs, talent and energy to communities across the state. Those of you with campuses in or near your district know that better than anyone. But higher education is at a crossroads, buffeted by changing demographics, the need to provide more support services to our students and the imperative to adapt quickly to changing market forces. This legislative body will play an instrumental role in whether New York's higher education landscape can surmount these forces and continue to serve as transformative agents in the lives of thousands of students and in the communities that we call home.

Investment in higher education is an investment in our state's future. And this year, as our state faces a looming multi-billion-dollar deficit, it is more important than ever that we target our resources toward students who need it most. This means investing in proven student aid programs that support the greatest number of students and ensuring that higher education remains accessible and affordable to every New Yorker, regardless of whether they choose to study at a public or private institution.

I'm proud to live in a state that recognizes the value of higher education and invests more than \$7.5 billion a year in its public colleges. Since 2012, state support for public higher education has grown by \$1.8 billion, allowing our public systems to offer tuitions that are lower than all but 10 states. Support for New York students in our private, not-for-profit colleges has dropped during this same period. Public institutions deserve your support, but they are but one part of New York's higher education landscape. Investment in New York's private, not-for-profit colleges provides tremendous taxpayer value: with less than four percent of the state's higher education budget, private colleges enroll 40 percent of New York's college students and confer 60 percent of the bachelor's and graduate degrees awarded in the state. Our partnership with New York State is an example of how public-private partnerships can truly benefit all parties involved, yet support for our students and institutions continues to decline.

In order to support the entire higher education ecosystem, the focus must remain on all New York students and not simply those that elect to attend public institutions. New York must continue to support all students from low- and moderate-income families, including the many students for whom a private, not-for-profit college is the right choice.

While we were very pleased to see that funding for opportunity programs was not cut, we ask you to examine closely the Executive's proposal to expand the "free" tuition model to families making \$150,000 — stretching this benefit into the top 20 percent of household incomes. Particularly in a time of fiscal constraint, extending the Excelsior Scholarship program to families with incomes at twice the median income in New York and three times the median income of African American and Latinx households is a policy that is deserving of serious and robust debate.

There is very little that is new in this Budget to support low- and moderate-income New Yorkers who want to pursue their college dreams. While expansion of Excelsior to families earning up to \$150,000 is estimated to cost "only" \$35 million, that is \$35 million that could be better targeted to high need populations. With only 34 percent of all adults, 23 percent of African American adults and 18 percent of Latinx adults having earned a bachelor's or graduate degree, that money should be invested instead in the Tuition Assistance Program (TAP), a progressive, equity based form of financial aid that provides the greatest benefit to the lowest income New Yorkers.

## **Who We Serve**

I'd like to share with you some details about the students we educate and I encourage you to reference Appendix A of my testimony for more facts about our sector. Many of our students and their families are your constituents.

- New York is home to more private, not-for-profit colleges and universities than any other state in the country. There are more than 100 private, not-for-profit colleges located in every corner of the state, from Long Island to Buffalo.
- Those private colleges educate nearly 500,000 students each year, nearly 300,000 of whom are New Yorkers.
- Our students are diverse: almost 50 percent of all African American and Latinx students who earn a bachelor's and graduate degrees do so at a private, not-for-profit college in New York.
- New York's private colleges confer 50 percent of the bachelor's, 73 percent of the master's and 78 percent of the doctoral degrees awarded in New York each year.
- More American students come to New York for their higher education than any other state in the country. For international students, New York is the second most popular destination state and New York City is the most popular destination city. They are coming here for New York's private, not-for-profit colleges and universities.
- Our students represent every income level: two-thirds of private college students in New York are from families that earn less than \$125,000 annually.
- Most students in New York pay significantly less to attend a private college than the so-called sticker price: 85 percent of our students receive financial aid (totaling \$6 billion) directly from our colleges and universities. When combined with important programs like TAP, Bundy and Pell, the average net price these students pay for tuition, room, and board

at private, not-for-profit colleges and universities in New York is \$26,535. Adjusting for inflation, that amount is virtually unchanged over the past decade.

- Approximately 64,000 of our students qualify for TAP because their families earn less than \$80,000 annually.
  - These 64,000 students represent approximately 35 percent of the resident undergraduate students from New York that we enroll; and
  - Three-quarters of the TAP-qualifying students we enroll are from families that earn less than \$40,000 annually and half are from families that earn less than \$20,000 annually.
- Our students boast the highest graduation rates of any sector and the lowest loan default rates, thanks in large measure to the individualized attention and support that we are committed to providing.

What unites all these students from diverse backgrounds is their desire to earn a degree and their freedom to choose the college or university that best meets their needs and goals. Our students have chosen a private, not-for-profit college or university as their best fit. The investment they are making in themselves and their future, often with generous support from our colleges' own resources, will pay dividends.

### **Public Investment in Private Colleges Does Public Good**

It is only with the public and private sectors working together that New York can educate 1.2 million students each year. And it is only through equitable state support that this delicately balanced landscape can continue to run smoothly and support the needs of students, employers and communities across the state.

Making achievable the college dreams of all students is at the heart of the mission of every private, not-for-profit college and university in New York. That is why in addition to the \$6 billion in financial aid we directly provide our students, we come to you today to ask that state support for low- and moderate-income students be increased.

The aid New York provides to private, not-for-profit colleges and universities and their students is a shining example of how a public-private partnership should work. When the state invests in our campuses and our students, everyone wins. Students win because they have the resources to pursue a degree at the college that best meets their needs. Colleges win because they can leverage state assistance to keep costs down for all students and provide the supports students need to get to graduation. Communities win because they can continue to rely on their private college to create jobs and generate economic activity. And, the state wins, by leveraging the private sector to educate more students, conduct more groundbreaking R&D, and draw in more talent than the public sector could do alone. The state also wins because its investment in private colleges helps ensure that New York continues to have an educated workforce for the economy of tomorrow.

In today's economy, and more importantly in tomorrow's, a college degree is the key to a career in high-demand fields like STEM, nursing, and teaching. A well-educated, creative and flexible workforce is also the key to attracting new businesses to New York, retaining existing businesses and encouraging investment. Our colleagues in New York's public higher education systems cannot do it alone.

Maintaining balance in New York's higher education system is integral to our state's future economic viability and requires investment in both the public and private sectors.

### **A Degree Can Make A Difference**

The decision to invest in a college degree is a pivotal moment in a person's life and it can set a person on a path toward upward social mobility. It is not a decision that any student takes lightly. I use the word "invest" because a college degree takes time, money and effort. Our campuses, like this legislative body, are keenly focused on reducing the cost of a college degree.

Our campuses are on the front line working every day to ensure students make responsible borrowing decisions and are able to reap a large return on their investment in a college degree. At the end of the day, though, the value of a degree is measured on an individual scale: was the investment of time, money and effort worth it for that particular student?

The answer, almost always, is a resounding yes.

We know, for example, that a person with a four-year degree earns on average \$1 million more in their lifetime than a person with just a high school diploma. We also know that 10 years after starting college, federal aid recipients who graduate from New York's private, not-for-profit colleges and universities earn, on average, \$59,051 annually, significantly higher than graduates of any other higher education sector.

Economic mobility, or the ability of an individual or family to improve their economic status, is one measure of success that our institutions care deeply about. It is an indication that a college degree did, in fact, put an individual on the path toward lifelong success and served as a stepping stone to help them, and their family, achieve a better life.

According to a study published by Harvard University's Opportunity Insights team and led by economist Raj Chetty, ten of our Independent Sector institutions are ranked among the top 100 colleges and universities in the country for upward mobility of college graduates. One of our campuses, Vaughn College of Aeronautics and Technology, ranks first in the nation. These institutions excel at enabling students to do better than their parents, boosting them from the bottom 20 percent of household income in which they were raised to the top 20 percent of income distribution.

The promise that working hard and earning a good education can propel a person beyond what their parents and grandparents have achieved is at the very heart of the American dream. We owe it to all New Yorkers to keep that dream alive by ensuring they can access the college or university that best meets their needs and goals.

Investing in proven student aid programs, most importantly TAP, will keep that dream alive for families with the lowest incomes and is the recipe for real economic development and success and for enduring social justice.

## Our Request to You, the New York State Legislature

New York's students rely on state investment in higher education to give them a pathway toward a better tomorrow. New York's communities rely on state investment in higher education to preserve and expand the job base. All New Yorkers rely on state investment in higher education to ensure that our state maintains its global competitiveness for generations to come.

College affordability remains a major obstacle for many New Yorkers, that's why CICU proposes a four-pronged approach to making higher education more accessible. To support the well-being of our state's diverse higher education ecosystem and invest in programs to prepare today's students for the workforce of tomorrow, we're calling on you to do the following:

- Increase funding for proven student aid programs, including TAP;
- Increase funding for opportunity programs;
- Increase funding for Bundy Aid; and
- Restore funding for HECap.

### *Tuition Assistance Program (TAP)*

TAP is New York's signature student aid program. For nearly 50 years it has helped students from New York's lowest income families afford to go to college and earn a degree. However, in recent years, the program has been helping fewer and fewer students in part because the income eligibility has not been adjusted in 20 years and in part because the size of the award has not been adjusted to address student need. **Today, New York spends \$92 million (9.4 percent) less on TAP than it did in 2014-15; 49,000 fewer students (13 percent) received TAP in 2018-19 than in 2014-15. Unless action is taken to expand TAP, this alarming decline is projected to continue (see Appendix B).**

The income limit for TAP has remained at \$80,000 since 2000, leading many deserving families to be shut out of TAP eligibility. Additionally, TAP award amounts have not kept up with the pace of inflation or with student need. The maximum award was stagnant at \$5,000 for more than a decade until it was increased by three percent (\$165) in 2014-15 to \$5,165, an increase that was led by this legislative body. Since then, the maximum award amount has not changed. The minimum award amount has also remained stagnant at \$500.

We urge you to expand TAP in lieu of expanding Excelsior Scholarships. Whereas the proposed expansion of Excelsior would help families with incomes twice the median income of all New Yorkers and three times the median income of African American and Latinx families, TAP will target resources where they are most needed. **We are asking that the state begin a three-year phase-in to increase the maximum TAP award to \$6,000, the minimum TAP award to \$1,000, and the maximum income eligibility to \$110,000.** We have a good start to this phase-in through a bill sponsored by Senator Skoufis and Assemblymember Barrett that would increase the TAP income threshold to \$95,000 and the minimum award to \$750.

TAP is the equity-based, progressive solution to college affordability that provides the most support to families with the lowest incomes and the widest attainment gaps. Before expanding Excelsior, a program that by all accounts provides limited value to the state's neediest students, resources should be directed toward families that need the resources the most to close the yawning gap in degree attainment. That can be done by modernizing TAP to reach more struggling New York families and

by giving those who already qualify a greater benefit. These changes will not just help students at private colleges, they will also go a long way toward closing the “TAP gap” at our public universities, generating more operating revenue for SUNY and CUNY.

#### *Opportunity Programs*

We are grateful that the Governor maintained funding for opportunity programs, including the Arthur O. Eve Higher Education opportunity program (HEOP), the Collegiate Science and Technology Entry Program (CSTEP) and its high school counterpart STEP, and the Liberty Partnerships Program (LPP), in the Executive Budget. Each of these programs has a proven track record of improving access to higher education and degree completion for New York’s neediest students. **I urge you to increase funding for opportunity programs so that our campuses can meet demand for these transformative programs.** Specifically, we want to use an increase in opportunity programs’ funding to strengthen the existing programs by increasing the amount that we have available to serve each participant. While HEOP is an extraordinarily valuable program, the cost of running it effectively is significant and growing, and additional support from the state will assure that our campuses can continue to provide the extensive services and benefits that HEOP offers to students.

#### *Direct Institutional “Bundy” Aid*

We are very grateful that the Governor includes Bundy Aid in this year’s Executive Budget and continues to recognize the role this program plays in supporting public-private partnerships. This 44-year-old program is the only source of operating aid New York gives our 100+ private, not-for-profit colleges and it is used primarily for student aid and other supports that help students get over the finish line to graduation. The program is outcome-based and student-focused with colleges receiving funds based on the number of degrees they confer. For many years, Bundy Aid has received \$35.13 million in funding, less than 20 percent of the amount outlined by statute. **We are asking that you increase Bundy Aid funding to \$36.23 million in the 2020-21 State Budget,** a three percent increase, commensurate with the increase in support for nonpublic K-12 institutions that is recommended in the Executive Budget. Increasing this funding will help private colleges directly reduce the cost of college for students.

#### *Higher Education Capital (HECap) Matching Grants Program*

The Higher Education Capital (HECap) Matching Grants Program is a critical source of capital funding for our campuses. From Long Island to Western New York, HECap-supported projects are being built in a sustainable fashion. Regrettably, support for HECap was eliminated entirely in the Executive Budget. **We ask that you restore funding for HECap to \$30 million per year.** This program is an example of the type of public-private partnership that benefits the entire state. The HECap program is a competitive matching grant program. Campuses that are awarded HECap grants must contribute \$3 for every \$1 of state funds they receive. These projects also must pay prevailing wage and employ minority- and women-owned businesses. Since the program’s inception, the state has awarded \$290 million in grants that private colleges have matched with more than \$870 million – this means the state has leveraged more than \$1 billion in total infrastructure spending.

Over the next five years, the Budget calls for SUNY and CUNY to spend \$9 billion on infrastructure improvements. Within this context, providing a total of \$30 million in capital support for a sector that educates 40 percent of all college students in the state and awards 60 percent of the state’s bachelor’s and graduate degrees is a small and prudent investment.

### *Enhanced Tuition Awards (ETA)*

The Enhanced Tuition Award (ETA) program, which was created three years ago, has proven difficult for colleges to administer and for students to take advantage of. This has resulted in significantly less money being used for the ETA program than was originally funded in the state budget. While we appreciate the Governor's proposal to expand the ETA program by increasing the income eligibility for students who attend private, not-for-profit colleges and universities, we also recognize that the program still does not provide students who attend private institutions comparable assistance to the Excelsior Scholarship. While the maximum Excelsior Scholarship for those who meet the program's requirements is equivalent to tuition charged at New York's public institutions, the maximum state aid for recipients of the ETA is only \$3,000. Recent data for 2018-19 released by New York State Higher Education Services Corporation (HESC) show that 2,506 students received funding under the ETA, at a total cost of \$4.4 million, in comparison to the nearly 64,000 students at private, not-for-profit colleges that benefit from TAP.

**We urge you to continue investing in our ETA students while increasing your support for TAP which serves the greatest number of students who are the most in need.**

### *Science, Technology, Engineering and Math (STEM) Incentive Scholarship*

In the 2018-19 State Budget, the Legislature passed and the Governor signed legislation giving students at New York's private colleges access to the STEM Incentive Scholarship that has been available to SUNY and CUNY students for several years. The scholarship is available to New York high school students in the top 10 percent of their class who pursue a STEM degree and agree to remain in New York and work in a STEM field after graduating. Private colleges award more STEM degrees than any other higher education sector in New York and our students are some of the most promising. Regrettably, the Executive Budget does not fund the STEM Incentive Scholarship for New York students who pursue a STEM degree at one of our private colleges. As a result, we are losing talented STEM students to other states. You passed a law allowing students to benefit from this program. **Now, we ask that you include \$1 million to support STEM Incentive Scholarships for students who choose to attend private, not-for-profit colleges in New York.**

### *Invest in Research and Development that Powers New York's Economy*

Right now, on college campuses across the state, researchers are asking questions and solving problems that will lead to tomorrow's great innovations. This R&D leads to the creation of spin-off companies and draws existing companies to locate in New York, powering our economy today and setting us up to be globally competitive for years to come. New York's colleges spend \$6.4 billion on R&D each year putting us second only to California; three-quarters of that spending is done by private, not-for-profit colleges and universities. There are several key ways the 2020-2021 State Budget can invest in this critical research:

- **Restore funding for the 15 Centers for Advanced Technology (CATs) and the 13 Centers of Excellence (COEs) by funding each center at \$1 million;** the Executive Budget cuts funding for COEs, with a portion of the savings reinvested into the CAT program. CATs and COEs provide important research, development and troubleshooting services for small- and medium-sized companies in New York. According to a 2017 Empire State Development annual report, CATs and COEs combined have created or retained 6,083 jobs and generated \$1.1 billion in economic impact.



- **Increase funding for the NYSTAR Matching Grants program to \$8 million (from \$6 million) to help leverage federal research dollars.** In the supercharged competition for federal research dollars and the jobs and innovation that come with these grants, other states are moving quickly to partner with their higher education institutions to secure these funds. New York risks falling behind if it does not demonstrate a more expansive partnership with its research universities to capture this grant funding. The NYSTAR Matching Grants program is the vehicle for doing this.

## Conclusion

New York has the most vibrant higher education ecosystem in the nation. That didn't happen by accident. It is the result of strategic, sustained investment and robust public-private partnerships. With your leadership, New York can continue to benefit from its unparalleled network of public and private colleges whose students, faculty and campus centers sustain our economy and bring economic opportunities and stability to communities across the state.

I call on you today to re-establish the commitment to higher education that has for generations been a hallmark of New York's spending priorities and has helped make New York great. I urge you to direct student aid to New York families that need it most — and to do so by expanding TAP, a proven program that serves more students, is easier to navigate and targets more aid to lower income families than do new programs that have been launched. Now is the time to reverse the disturbing reductions in TAP spending. I ask you to increase support for opportunity programs, Bundy Aid and STEM scholarships and to restore HECap. These actions will allow students to choose the college or university, public or private, that best meets their needs and goals and will incentivize colleges and universities to make the investments that help make New York's economy vibrant. It is only through this partnership between Independent Sector higher education and the state that we can ensure all New Yorkers realize their college dreams and that the state maximizes its economic potential.

I look forward to working with you and your legislative colleagues to ensure that low- and moderate-income students are not overlooked and that our campuses can remain vibrant members of their communities. Thank you for your time and I welcome your questions.

## Appendix A

### *Facts about New York State's Independent Colleges and Universities*

#### Developing Talent

- Private, not-for-profit colleges and universities enroll 40 percent of the 1.2 million students enrolled in postsecondary education in New York State.
- New York State's Independent Sector is the largest in the country.
- 60 percent of private, not-for-profit colleges and universities in New York State enroll fewer than 2,000 students.
- Considering the Independent Sector's undergraduate population:
  - 21 percent are age 25 or older
  - 57 percent are female
  - 18 percent attend classes part-time

#### Degree Production

- In 2017-18, the Independent Sector awarded 50 percent of bachelor's, 73 percent of master's, and 78 percent of doctoral and professional degrees earned in New York State.
- In New York State, 39 percent of students aged 25 and above who earn a bachelor's degree, do so in the Independent Sector.
- The Independent Sector led degree completion with a 72.2 percent six-year graduation rate in 2018 (up from 59.7 percent in 2000).
- The Independent Sector awards 55 percent of the nursing degrees awarded in New York State, which includes:
  - 67 percent of bachelor's degrees in nursing
  - 66 percent of graduate degrees in nursing
- 72 Independent Sector campuses award 60 percent of the state's bachelor's and graduate degrees in education.
- The Independent Sector outpaces other sectors in the production of degrees in STEM fields (science, technology, engineering, and mathematics). This includes:
  - 56 percent of the bachelor's degrees and 71 percent of graduate degrees earned in STEM fields in New York State.
  - Among the STEM degrees awarded:
    - 56 percent of bachelor's and 73 percent of graduate degrees awarded in biological and biomedical sciences
    - 45 percent of bachelor's and 66 percent of graduate degrees awarded in physical sciences and science technologies
    - 52 percent of bachelor's and 68 percent of graduate degrees awarded in computer and information sciences

- 66 percent of bachelor's and 73 percent of graduate degrees awarded in engineering and engineering technologies
- 46 percent of bachelor's and 77 percent of graduate degrees awarded in mathematics and statistics

### **Driving Economic Impact**

- In 2017, total statewide economic impact of New York's Independent Sector of higher education was \$88.8 billion, which represents a 12 percent increase over 2015.
- Total employment in 2017 was 415,600, which includes 186,700 institution jobs, 14,100 construction jobs, and 214,800 indirect/induced jobs.
- Total payroll, which includes institutional, construction, and indirect/induced employment, was \$30.7 billion in 2017.

### **Empowering Students**

- The Tuition Assistance Program (TAP) helps more than 319,000 students pay their tuition at a New York State college or university. In 2018-19, students at independent colleges and universities received \$180 million in TAP funds.
  - Nearly three-quarters (72 percent) of Independent Sector TAP recipients have incomes below \$40,000; half (50 percent) earn less than \$20,000.
- Independent Sector institutions provide \$6 billion in college-funded financial aid, which is more than twice the amount distributed in 2006-07 (\$2.6 billion).

### **Educating Students of Color**

- Nearly 50 percent of African-American and Latinx students who attend college in New York State receive their bachelor's and graduate degrees from private, not-for-profit colleges and universities.
- The Arthur O. Eve Higher Education Opportunity Program (HEOP) brings the promise of a college education to a traditionally underserved population: 66 percent of HEOP students are African-American or Latinx.

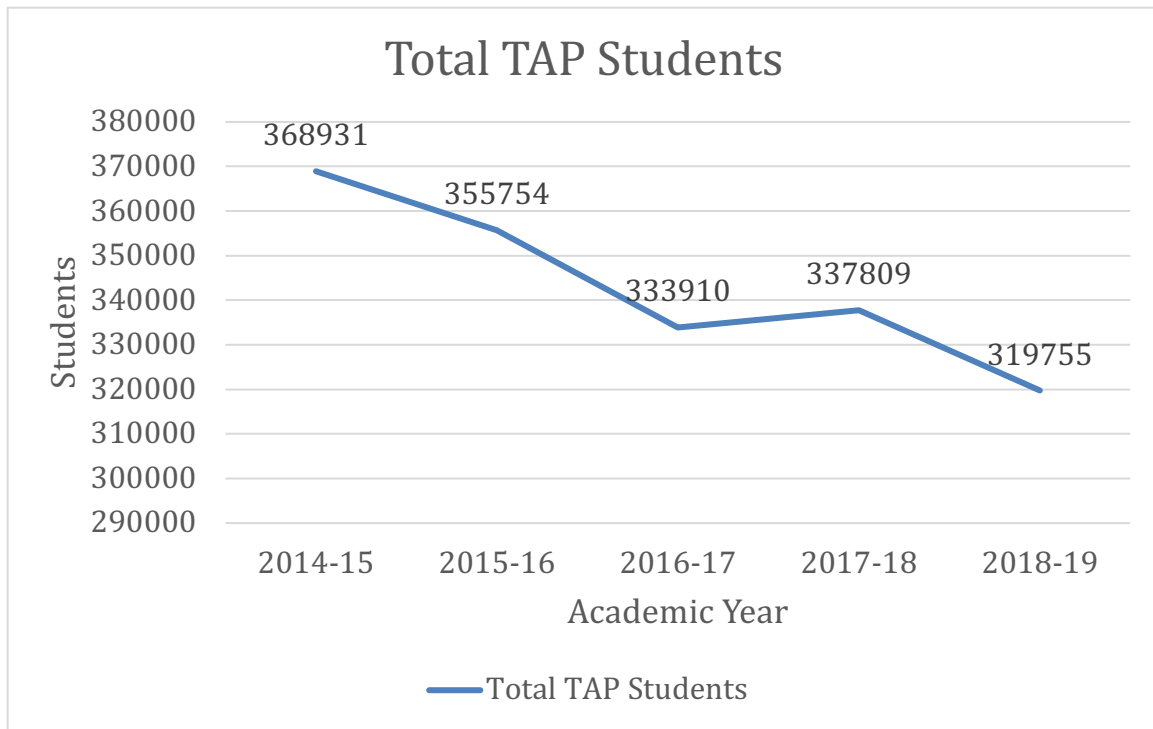
### **Committed to Discovery**

- New York State ranks second among the states, with total public and private higher education R&D expenditures of \$6.4 billion.
- Independent colleges and universities account for 77 percent of R&D spending among higher education institutions in New York State.
- In 2017, the Independent Sector produced 66 start-up companies, filed 613 new patent applications, and received 494 U.S. patents.

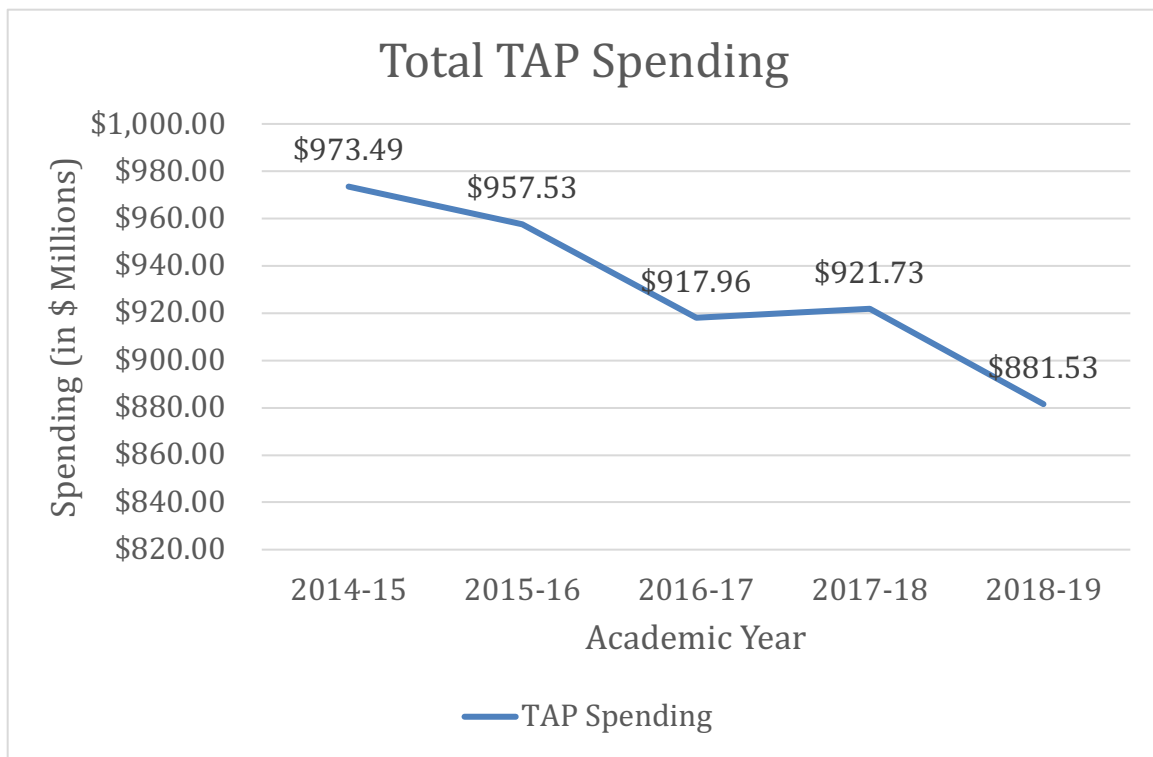
## Notable Distinctions

- The Independent Sector is well represented in *U.S. News and World Report* college rankings: 6 institutions are listed in the top 50 Liberal Arts Colleges; 5 are listed in the top 50 Best National Universities, and 5 are listed in the top 50 undergraduate Engineering Schools.
- 5 of the 13 Nobel Prize winners in 2018 had an affiliation with one of New York State's private, not-for-profit colleges or universities at some point in their career.

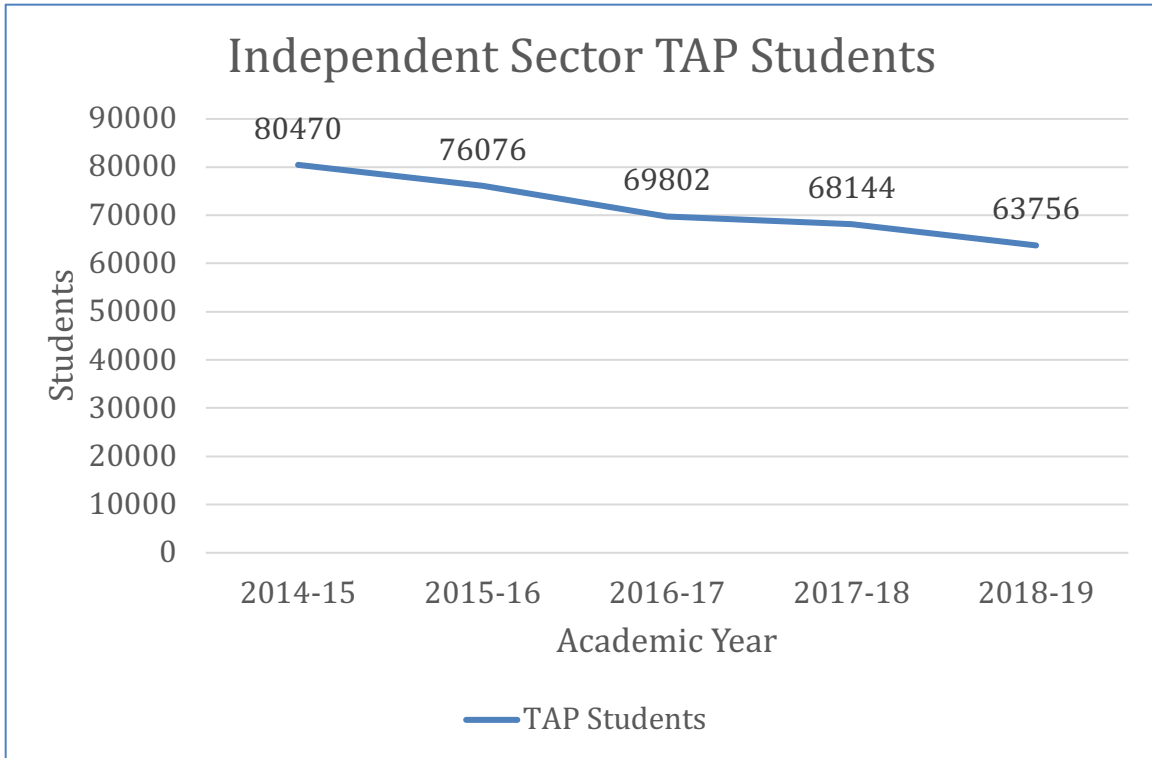
## Appendix B



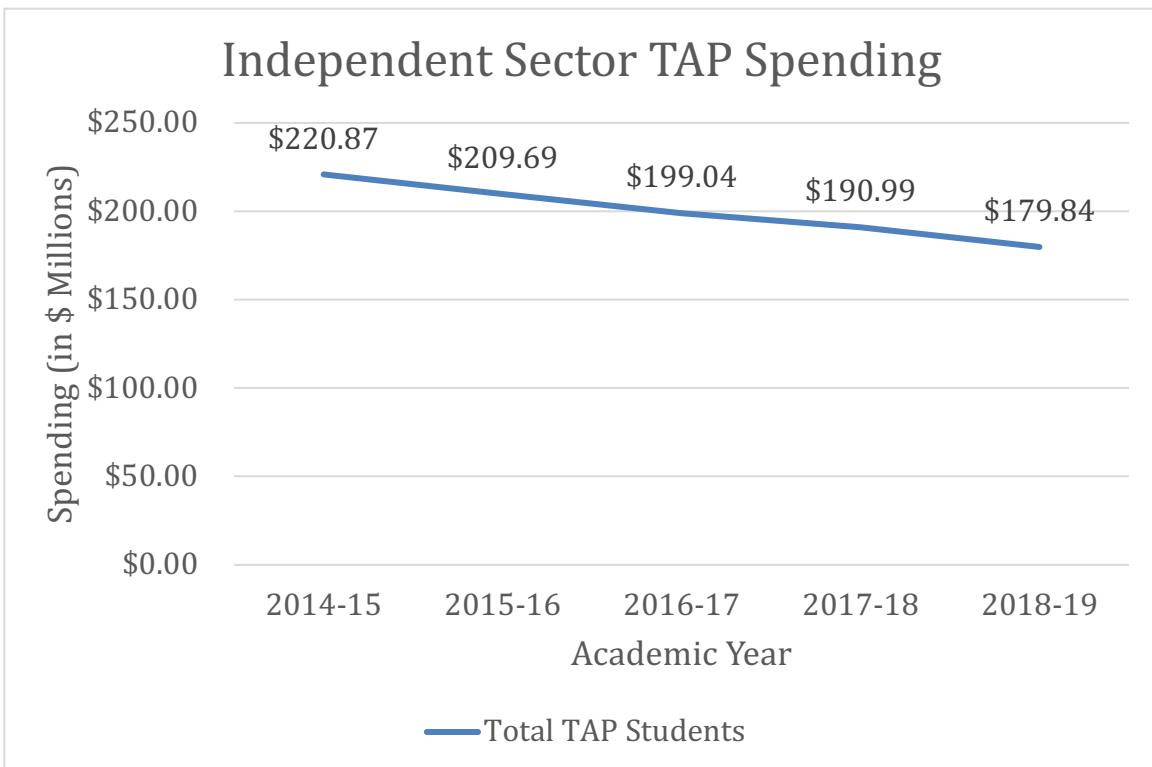
**13.3 percent Decrease over the five-year period**



**9.4 percent Decrease over the five-year period**



**20.8 percent Decrease over the five-year period**



**18.6 percent Decrease over the five-year period**