

New York State's
Underinvestment
in Public Higher Education



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Introduction

Governor Paterson's proposed 2009/10 budget features reductions in state aid to CUNY and SUNY, together with an increase in the cost of tuition. The governor is also proposing a student loan program to help students meet these higher costs. A projected increase in enrollment for 2009/10 is expected to bring increased revenues to CUNY and SUNY, as well as increased demand for services.

This report seeks to put these budget proposals in context. Enrollment at both SUNY and CUNY has risen steeply in recent years, and it is likely to rise even further during the current economic downturn. The numbers of students at SUNY state-operated campuses, at CUNY senior colleges, and at community colleges in both systems today are well above the levels of the early 1990s.

New York State support to public higher education increased over that time as well. In particular, the last three years, 2005 to 2008, were a period when New York State increased funding for SUNY and CUNY. This increase, however, had only begun to redress more than a decade of underinvestment. Even after these three good years, state support from the early 1990s to today did not expand at the same rate as enrollment. As a result, funding per full-time-equivalent student is now lower than it was in the early 1990s, even before including proposed cuts in this year's recession budget.

During an economic downturn, support for higher education is more important than ever. Job opportunities are shrinking. News reports stream in daily about students turning to public higher education in the current economic downturn, making good use of time out of the job market to upgrade skills and expand their educational qualifications. With private colleges and universities costing far more than their public counterparts, families with strained budgets are increasingly turning to the state's public institutions.

Getting a post-secondary degree has long been one of the most important pathways to the middle class. That's a critical issue in New York, where income inequality is dramatic and growing. New York has gradually solidified its shameful place as the state with the greatest degree of income inequality in the country, where as recently as 1980, New York ranked 11th in income inequality.

And, in New York, as in the rest of the United States, racial inequality is a persistent source of social, economic, and political concern. As unemployment increases in the current recession, it is taken for granted that the rates will climb even higher in black and Latino communities. At the same time, communities of color and immigrant communities are being hit particularly hard by foreclosures in the current housing crisis. Making sure people of color and immigrants have good opportunities to expand their skills and education during this downturn should be a high priority for state officials. CUNY and SUNY are particularly important places where low-income people, people of color, and immigrants turn for advanced education. Currently, for example, 20 percent of SUNY students and 69 percent of CUNY students are people of color.

In his State of the State address, Governor Paterson acknowledges the importance of education, including post-secondary education, to rebuilding the state economy in the face of the current downturn. “The only way to restore our long-term economic competitiveness is to build the world’s best system of education,” he argues. “We need the courage to build a New York where everyone has access to health care, an excellent education, and a good job.” That’s the right idea, yet Governor Paterson draws the wrong conclusion. “During this downturn,” he says, “we simply cannot spend more—so we must spend more effectively.”¹

Funding cuts and tuition increases at public institutions of higher education would seem to be exactly the wrong approach at this moment in New York’s history. It is hard to see how institutions of higher education can do more by spending less—enrollment is already up without corresponding funding increases, too few classes are taught by full-time professors, and it’s hard to see where any “fat” could be found to cut at institutions that have been underfunded for many years. The state should be investing in CUNY and SUNY, to make sure that affordable and high-quality educational opportunities are available to all New Yorkers.

As Paul Krugman explained in a recent *New York Times* column titled “Fifty Herbert Hoovers,” public investment—including investment in higher education—is smart economic policy in the face of an economic downturn. “No modern American president would repeat the fiscal mistake of 1932,” he says, “in which the federal government tried to balance its budget in the face of a severe recession.”

“But,” Krugman writes, “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.”²

Some help may come from Washington. Recognizing the economic logic of funding higher education in an economic downturn, the president of the Carnegie Corporation convened a group of leaders to sign an open letter urging that \$40 to \$45 billion of the anticipated federal stimulus package be targeted to higher education. “As Congress and

¹ David A. Paterson, State of the State Address, 2009.

² Paul Krugman, “Fifty Herbert Hoovers,” *New York Times*, December 28, 2008.

the Executive Branch consider an economic stimulus initiative, it is critical that any legislation include a substantial investment in states and their educational systems, particularly public higher education.”³

State funding for higher education is an important way to help families through the current crisis, to spur growth in the local economy, to narrow racial gaps in income and education, and to help build a solid middle class for New York's future. Supporting the public higher education system is the right thing to do, and it makes good economic sense.

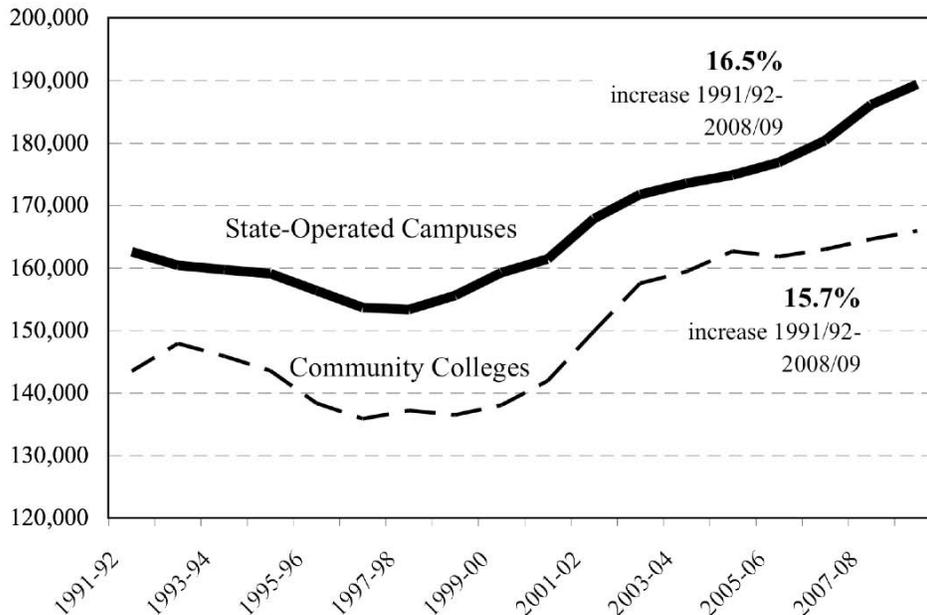
³ <http://www.carnegie.org/pdf/CCNY-HigherEducationAd-NYT.pdf>

1. Enrollment at CUNY and SUNY has increased dramatically

The number of students at public colleges and universities is up significantly in recent years. Today, SUNY enrollment, at both state-operated campuses and community colleges, is 16 percent higher than it was in the early 1990s on a full-time equivalent basis. At CUNY enrollment is 23 percent higher at senior colleges and 29 percent higher at community colleges. **Charts 1 and 2.**

For SUNY, enrollment at both senior and community colleges declined through the mid-1990s and has risen steadily since 1997/98. The pattern is slightly different for CUNY senior and community colleges, with enrollment rising in the early 1990s, generally falling during the Giuliani years (1994-2001), then rising sharply since 2000/01.⁴

Chart 1.
SUNY Enrollment, Full-Time Equivalent

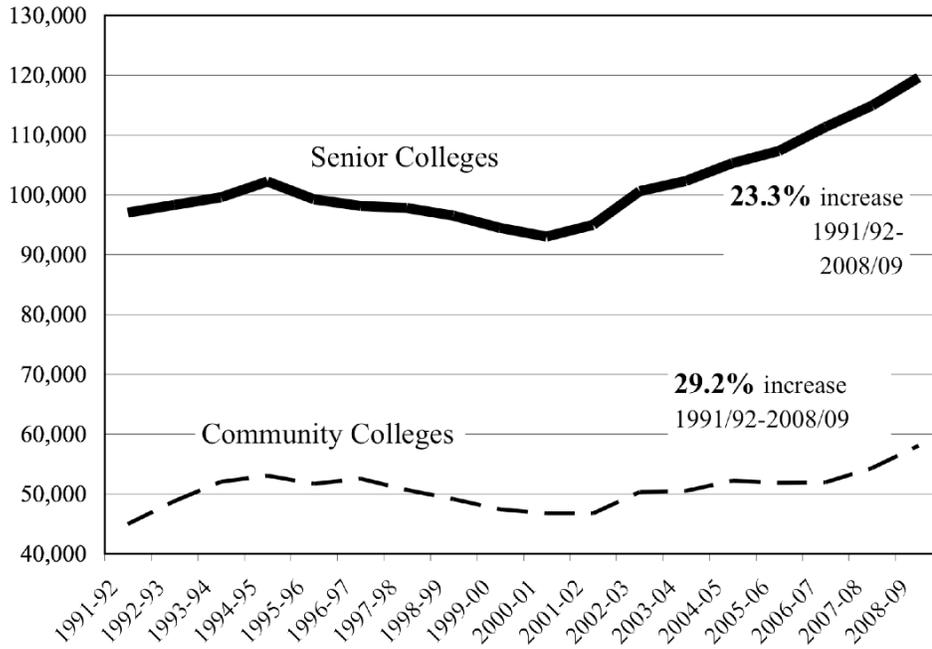


Source: SUNY administrative office data provided to FPI.

Note: SUNY 2008-09 enrollments are estimated based on recent trends.

⁴ The status of Medgar Evers College was changed from community college to senior college between 1995 and 1996. Thus, the base for community and senior colleges shifts accordingly over this period for this and subsequent charts.

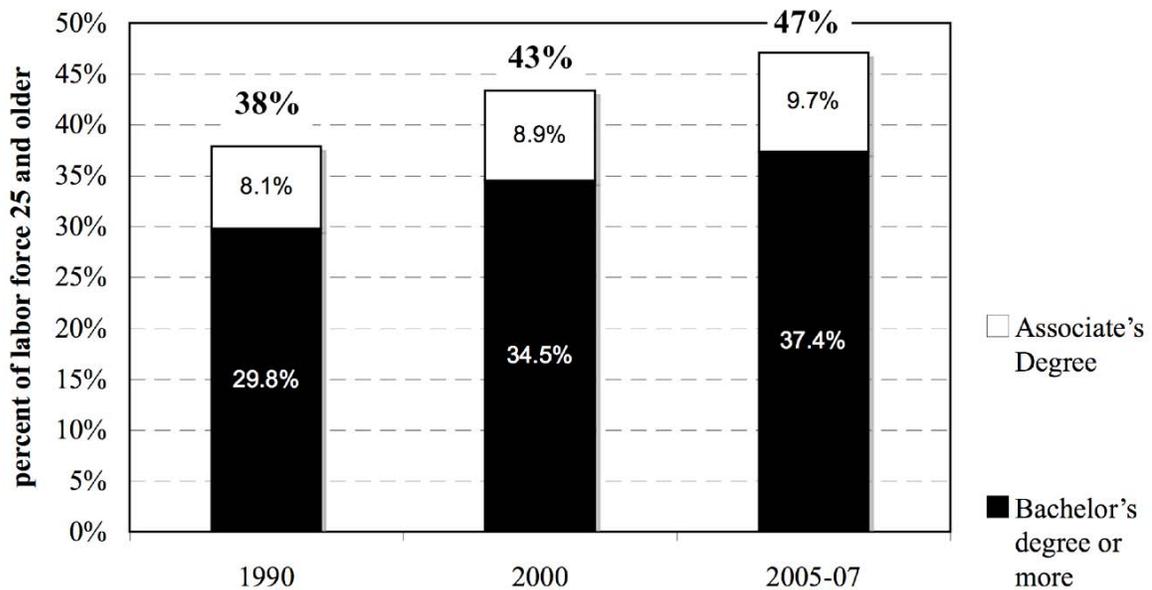
Chart 2.
CUNY Enrollment, Full-Time Equivalent



Source: CUNY administrative office data provided to FPI.

The increase in enrollment in public higher education tracks the overall increase in the portion of New Yorkers with a college education at a time when education is increasingly important to the contemporary economy and society. New York State's workforce is highly productive, and the state economy relies on workers with increasing levels of educational attainment. Since 1990, for instance, an FPI analysis of the American Community Survey and Census data show that the portion of the New York State labor force with a postsecondary degree (either associate's or bachelor's) has risen from 38 percent to 47 percent. **Chart 3.**

Chart 3.
Importance of Higher Education to the New York State Labor Force



Source: FPI analysis of 1990, 2000, and 2005-07 ACS PUMS.
Note: Includes those in the labor force 25 years of age or older.

Moreover, in a recession we can expect further increases in the number of students. In a downturn, people are likely to try to increase their skills and educational attainment, giving them a leg up in the labor market while also making good use of time out of the job market so they can re-enter at a higher level. That's good on all counts and should be encouraged. But it must also be supported with enhanced funding to allow SUNY and CUNY to expand accordingly.

Already there is a steady stream of news about increased applications to SUNY and CUNY. "Applications Surge for Courses at CUNY's 2-Year Colleges" is the headline of one *New York Times* article. "People are trying to shore up their current positions by

getting further qualifications and becoming certified in their field,” the article reports, quoting Jane MacKillop, associate dean of La Guardia Community College.⁵

And, in an article called “Seeking Higher Education at Lower Prices,” the *New York Times* reports that when family budgets get tight, people are more likely to turn to affordably priced public colleges and universities.⁶

⁵ Marc Santora, “Applications Surge for Courses at CUNY’s 2-Year Colleges,” *New York Times*, November 11, 2008.

⁶ Peter Applebome, “Seeking Higher Education at Lower Prices,” *New York Times*, October 26, 2008.

2. State funding has increased, but has not kept pace with enrollment

Over this same time period, the early 1990s to today, New York State's support for SUNY and CUNY has increased, most notably in the last three years. But, from the early 1990s to today, state support has risen at a slower rate than the increase in the number of students.

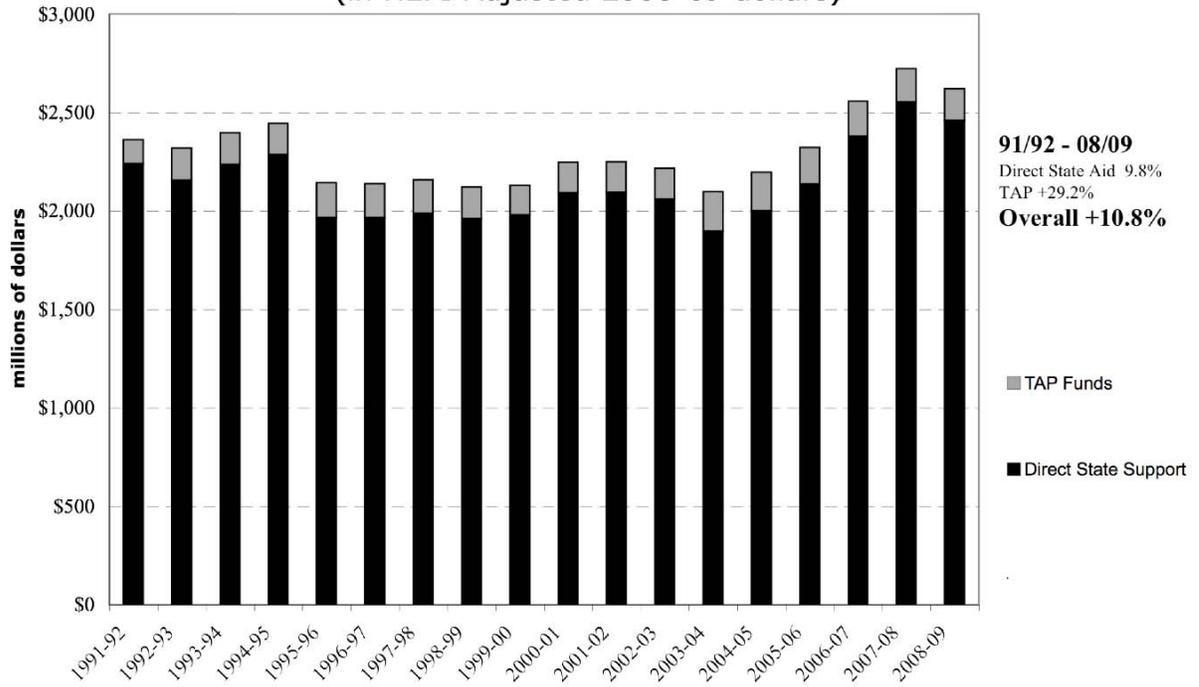
To gauge total state government support, the chart below combines direct state aid to colleges and universities with state support for the Tuition Assistance Program (TAP), the publicly funded aid to in-state college students. TAP helps students cover the cost of tuition, but because it replaces tuition it does not increase the funds available to public institutions.

In inflation-adjusted dollars, New York State funding for the SUNY state-operated campuses is 11 percent higher than it was in 1991/92, while enrollment is 16 percent higher.⁷ For CUNY senior colleges, state funding is seven percent higher than in 1991/92, while enrollment is up by 23 percent. **Charts 4 and 5.**⁸

⁷Throughout this report, unless otherwise noted, inflation is adjusted using the Higher Education Price Index. The Higher Education Price Index (HEPI) is a measure of the inflation rate applicable to higher education in the U.S. It accounts for the increase in costs for a defined basket of goods and services typically purchased by institutions of higher education. The index is calculated on a fiscal year basis ending each June 30 by the Commonfund Institute, a branch of Commonfund. The HEPI index for 2008/09 was projected from the average of the previous five years.

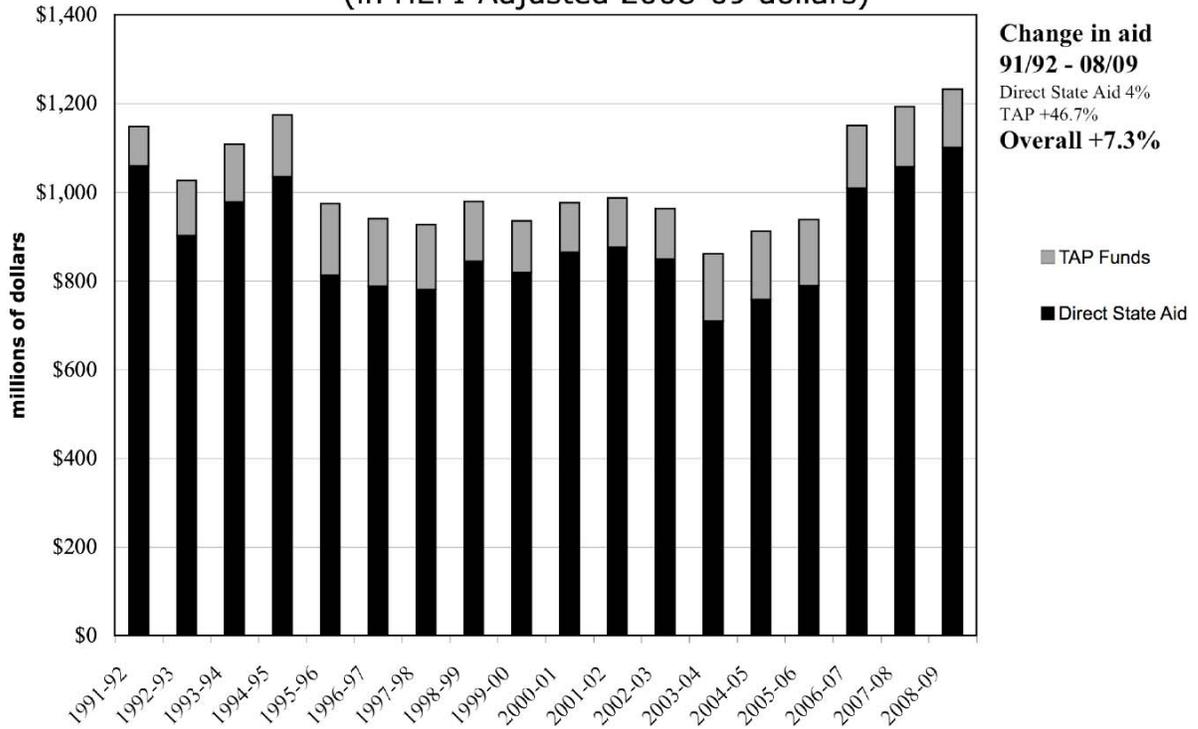
⁸SUNY State-Operated Campuses and CUNY Senior Colleges are similar in that they both include the institutions in the system offering programs above the level of associate's degree. Any comparison between funding for SUNY and CUNY should note that the two systems have a significantly different institutional mix. For example, SUNY state-operated campuses include four large university research centers, 13 masters or "university" colleges, eight technology colleges and 29 community colleges as well as two medical schools, the specialized College of Optometry and the SUNY Environmental Science and Forestry Center (Syracuse). CUNY has one university center, a law school, and a medical school, the Sophie Davis School of Medicine. CUNY has seven masters colleges, three baccalaureate colleges and one specialized college, the John Jay College of Criminal Justice, which together make up CUNY's 11 "senior colleges." SUNY's two hospital centers (i.e., SUNY Upstate and Downstate Medical Centers) and the four land-grant colleges at Cornell University are not included in this analysis. All CUNY institutions are included in this analysis.

Chart 4.
State Aid to SUNY State-Operated Colleges
 (in HEPI-Adjusted 2008-09 dollars)



Source: Direct State support data provided to FPI by SUNY administrative offices.
 TAP data provided to FPI by HESC.
 Note: TAP is estimated for 2008-09.

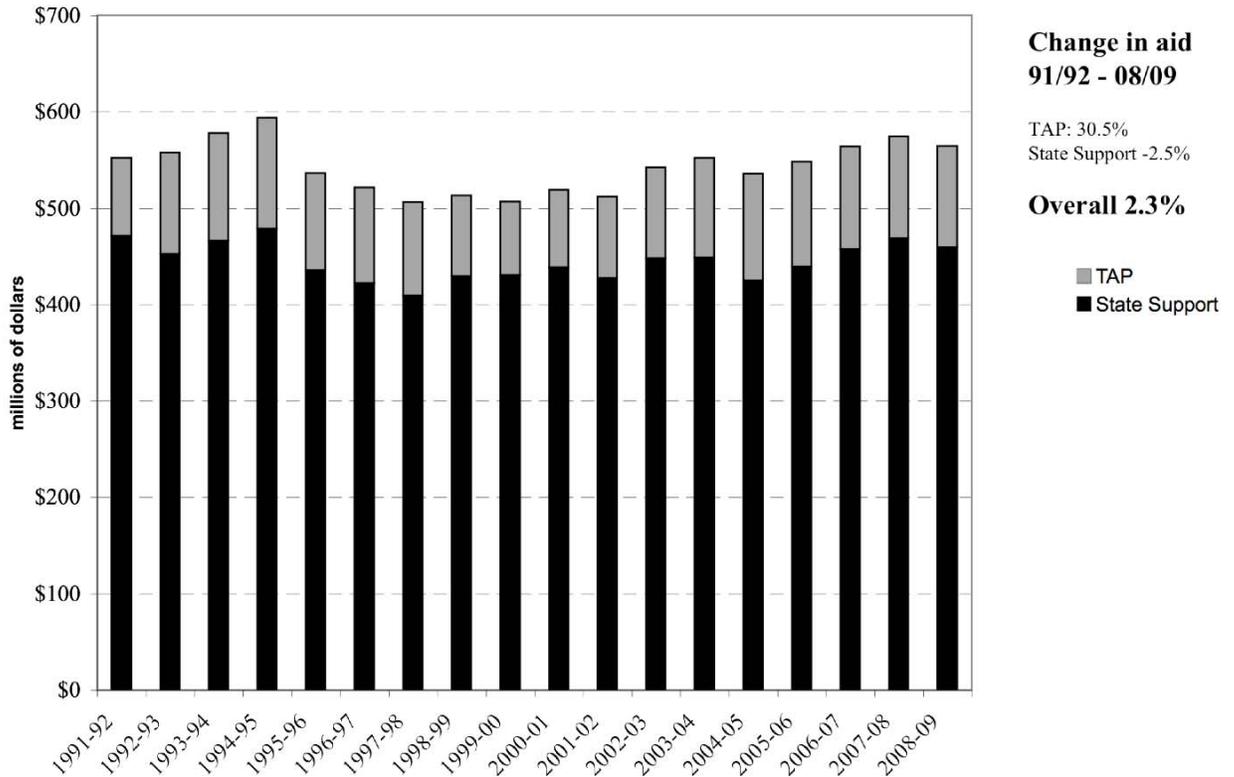
Chart 5.
State Aid to CUNY Senior Colleges
 (in HEPI-Adjusted 2008-09 dollars)



Source: Direct State aid data provided to FPI by CUNY administrative offices.
 TAP data provided to FPI by HESC.
 Note: TAP is estimated for 2008-09.

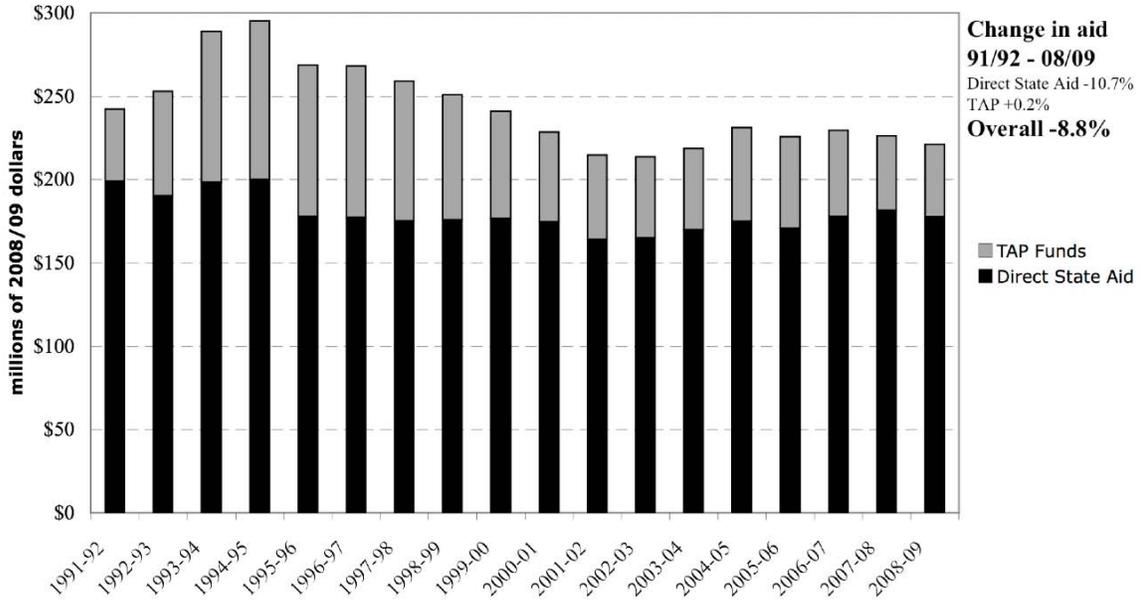
Even more dramatically, state funding for SUNY community colleges is basically the same as it was in 1991/92, up by just 2 percent, even though enrollment is up by 16 percent. And the most drastic mismatch is at CUNY community colleges, where enrollment has increased the most, by 29 percent, yet state funding is down by nine percent. While direct aid to the community college systems follows a standard formula, TAP assistance varies according to student income and other factors. **Charts 6 and 7.**

Chart 6.
State Aid to SUNY Community Colleges
 (in HEPI-adjusted 2008-09 dollars)



Source: Direct State support data provided to FPI by SUNY administrative offices.
 TAP data provided to FPI by HESC.
 Note: TAP is estimated for 2008-09.

Chart 7.
State Aid to CUNY Community Colleges
 (in HEPI-Adjusted 2008-09 dollars)



Source: Direct State aid data provided to FPI by CUNY administrative offices.
 TAP data provided to FPI by HESC.
 Note: TAP is estimated for 2008-09.

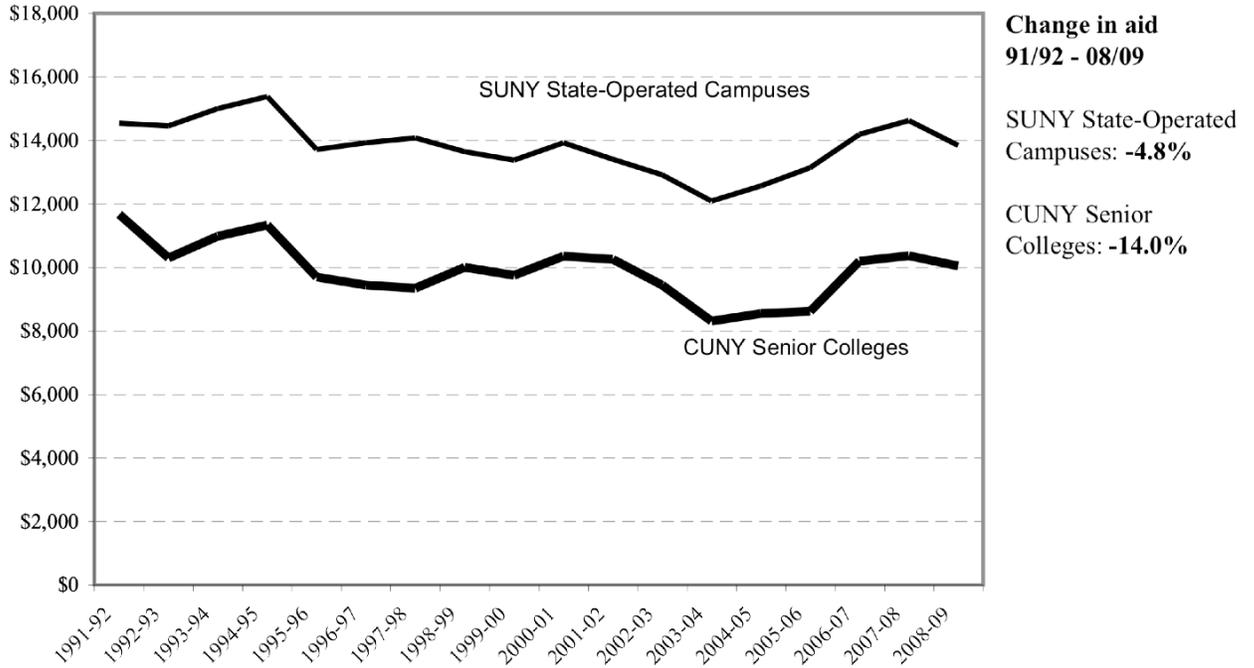
3. State funding per FTE student is down even before today's proposed cuts

The total of state funding for New York's public higher education institutions is in itself only part of the story. The most appropriate way to look at support is funding per student. Because students may be enrolled on either a part-time or full-time basis, the best comparison is in funding per full-time-equivalent student.

On this crucial measure, funding for public higher education in New York is down since 1991/92 on every front. State aid to both SUNY state-operated campuses and CUNY senior colleges took an important upswing in 2005, '06, and '07, but these increases only began to make up for the state's reduced commitment to the colleges through the 1990s. At SUNY state-operated campuses, aid is down by five percent, while aid to CUNY senior colleges is down by 14 percent. In addition, these numbers understate the impact of the decline in per-student funding because they include mandatory cost increases in staff fringe benefits. When fringe benefits are subtracted, the drop in funding for SUNY state-operated campuses is a dramatic 29 percent, and for CUNY senior colleges it is 23 percent. Funds allocated for fringe benefits also vary depending on the percentage of full-time faculty—more full-time faculty means more college and university employees with benefits.

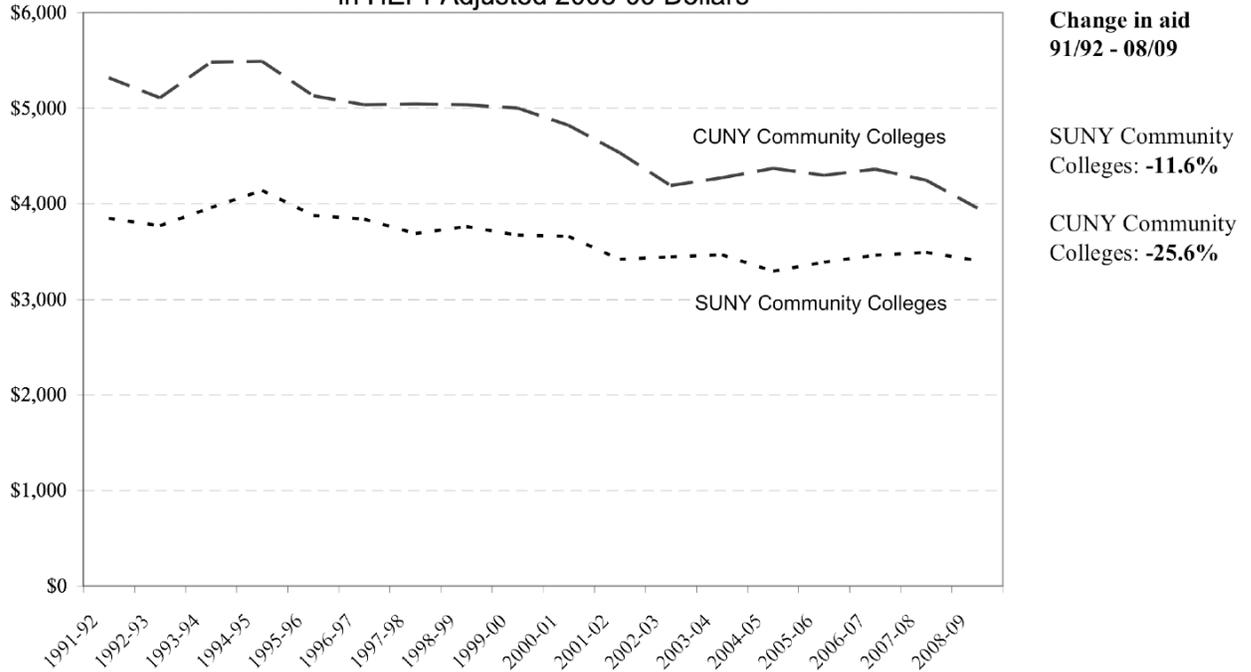
At community colleges, state aid per FTE to SUNY is down 12 percent. State aid per FTE to CUNY starts at a higher point, but shows a drastic drop of 26 percent. (At community colleges, fringe benefits are not supported by a state line item, and we do not make a similar calculation.) **Charts 8 and 9.**

Chart 8.
State Aid to CUNY Senior Colleges and SUNY State-Operated Campuses, per Student (Full-Time Equivalent)
 in HEPI-adjusted 2008-09 dollars



Source: SUNY direct State support and enrollment data provided to FPI by SUNY administrative offices. CUNY direct State aid and enrollment data provided to FPI by CUNY administrative offices. TAP data provided to FPI by HESC.
 Notes: TAP is estimated for 2008-09. SUNY 2008-09 enrollment is estimated based on recent trends.

Chart 9.
State Aid to Community Colleges per Student (Full-Time Equivalent)
in HEPI-Adjusted 2008-09 Dollars

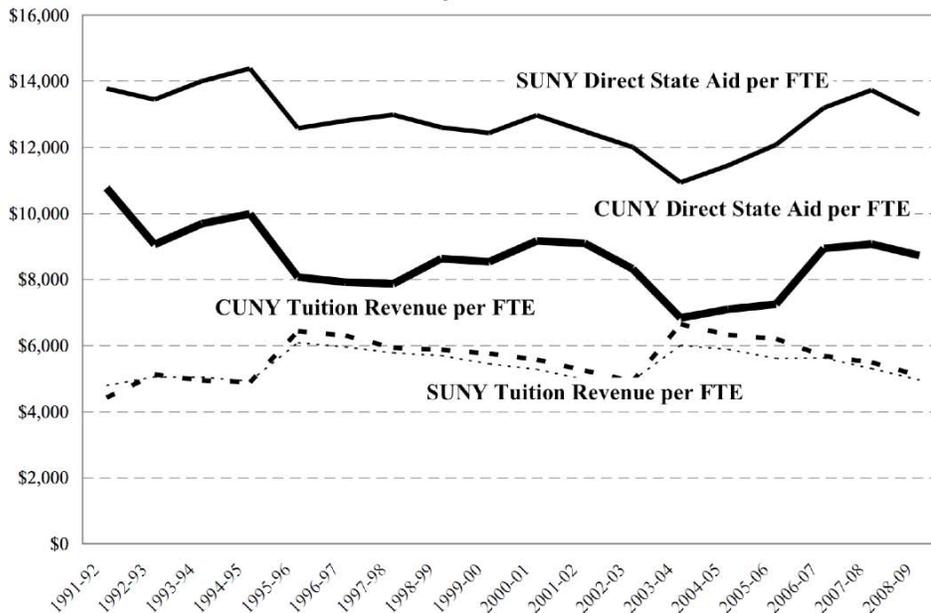


Source: SUNY direct State support and enrollment data provided to FPI by SUNY administrative offices. CUNY direct State aid and enrollment data provided to FPI by CUNY administrative offices. TAP data provided to FPI by HESC.
 Notes: TAP is estimated for 2008-09. SUNY 2008-09 enrollments are estimated based on recent trends.

4. Faced with a funding gap, institutions rely more heavily on tuition, putting an increased strain on families

As a result of underinvestment by state government, SUNY and CUNY have both come to rely more heavily on revenue from tuition today than they did in the early 1990s. As Chart 10 shows, revenue from direct state aid and revenue from tuition and fees paid by students consistently move in opposite directions: when state aid trends up, tuition and fees trend down, and vice versa. In 1991/92 tuition and fees at SUNY amounted to 35 percent of the level of percent of state aid, while by 2008/09 they had risen to 38 percent. At CUNY, tuition and other revenue over the same period rose from 41 percent of the level of state aid to 58 percent. **Chart 10.**

Chart 10.
As State Direct Aid Goes Down, Revenue from Tuition and Fees at Senior Colleges and State-Operated Campuses Is Pushed Up
 in HEPI-Adjusted 2008-09 dollars



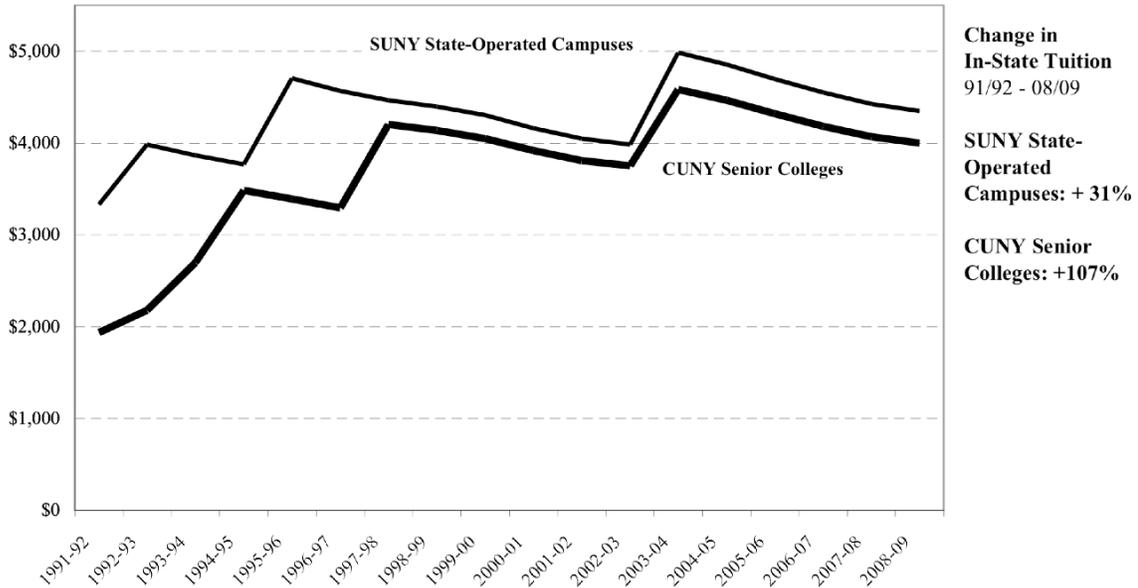
Source: SUNY direct State support, enrollment, and tuition revenue data provided to FPI by SUNY administrative offices. CUNY direct State aid, tuition revenue, and enrollment data provided to FPI by CUNY administrative offices. TAP data provided to FPI by HESC.
 Notes: TAP is estimated for 2008-09. SUNY 2008-09 enrollment is estimated based on recent trends.

Tuition for in-state students at both SUNY and CUNY has thus increased substantially, even after adjusting for inflation. At SUNY, in-state tuition went up by 31 percent (\$1,022) between 1991/92 and 2008/09, in constant 2008 dollars. At CUNY, even after adjusting for inflation, tuition more than doubled, rising by 107 percent (\$2,065) over the same period. In this instance—the only one in this report—the chart below is adjusted for inflation using the consumer price index (CPI-U) rather than the higher education price

index (HEPI), since what is at issue is the cost of tuition to families. In addition to tuition, increased fees and other required costs put an additional burden on students beyond the tuition hike. **Chart 11.**

Tuition revenues, it is worth noting, come from both in-state and out-of-state students, so that tuition revenue per FTE is higher in Chart 10 than in-state tuition in Chart 11. At SUNY state-operated campuses, 12 percent of students come from other states or other countries and pay \$10,610 per year in tuition. At CUNY senior colleges, 11 percent of students come from other states or countries and pay \$360 per credit (or, for a student taking 5 classes per semester, \$10,800 per year). A larger number of part-time students, who pay on a per-credit basis, may also account for some difference.

Chart 11.
In-State Tuition at SUNY State-Operated Campuses and CUNY Senior Colleges
 in CPI-U-Adjusted 2008 Dollars



Source: SUNY tuition data provided to FPI by SUNY administrative offices. CUNY tuition data provided to FPI by CUNY administrative offices.

5. SUNY State-Operated Campuses and CUNY Senior Colleges: Reduced state funding has a direct impact on academic quality

Does reduced state funding affect the academic quality of SUNY and CUNY schools? One important measure is the ratio of full-time professors to the overall number of professors.

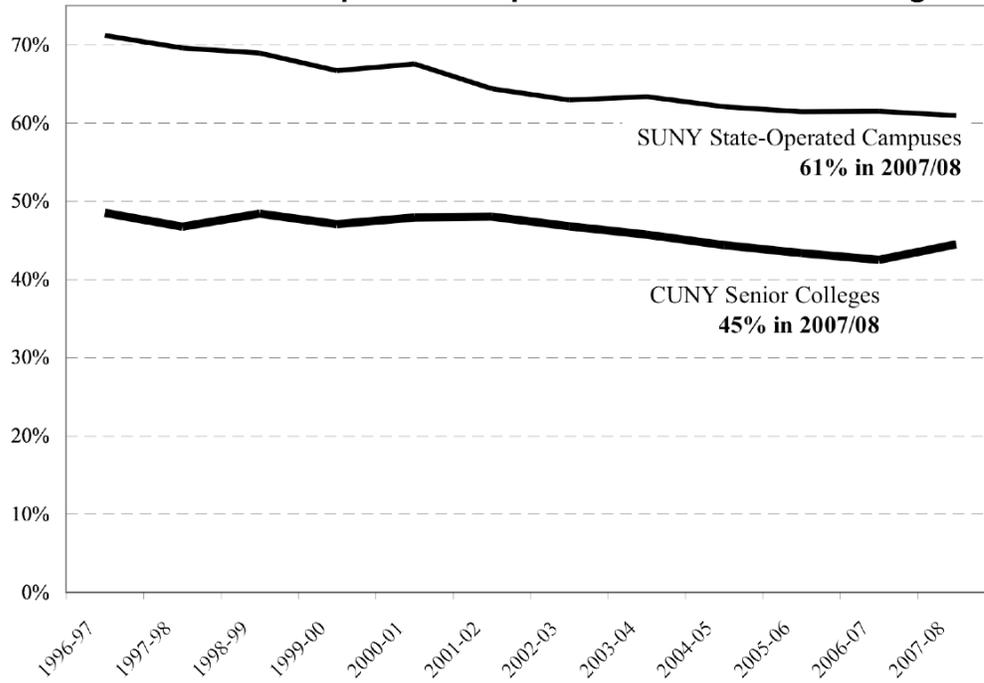
Part-time faculty often bring specialized knowledge and unique experience to the teaching force. There are sound academic reasons for including a reasonable proportion of part-time faculty in public colleges and universities. Nonetheless, the presence of a stable corps of full-time faculty is essential to academic quality: full-time faculty are expected and compensated to be full members of the academic community—consulting with students outside of class, engaging actively in research, participating in shaping the college curriculum. Part-time faculty generally receive little or no support for these activities, and often are forced to rush from one college to another to piece together an income, allowing them less time to contribute to the academic community.

Despite the dedication part-time faculty bring to their work, the structural constraints of serving in a part-time position mean that students are shortchanged when a large portion of the faculty are part-time. Faced with shrinking budgets due to the decline in public funding, New York's public higher educational systems have sought to cut corners by relying on an increasing number of part-time faculty and paying them on a per-course basis at a fraction of the comparable pay for full-time professors.

Since 1996, the first year for which consistent data are available, SUNY state-operated campuses and CUNY senior colleges have seen a slipping percentage of full-time faculty positions. This comes despite the fact that the absolute number of full-time faculty has increased due to tuition revenue generated through increased enrollment and higher tuition. The issue is particularly acute at CUNY, which entered the mid-1990s with fewer than 50 percent of the faculty in full-time positions.

For both institutions, the increased use of adjunct faculty is a reasonable indicator of the general underfunding of the operating budgets. Over-reliance on part-time faculty is one of the two strategies SUNY and CUNY have employed to maintain course offerings despite inadequate state funding; the other strategy is raising revenue through increasing tuition and enrollment. **Chart 12.**

Chart 12.
Full-Time Faculty as a Percentage of All Faculty
at SUNY State-Operated Campuses and CUNY Senior Colleges



Source: SUNY faculty data provided to FPI by SUNY administrative offices. CUNY faculty data provided to FPI by CUNY administrative offices.

Note: Data prior to 1996-97 is not comparable to previous years due to a national change in reporting standards.

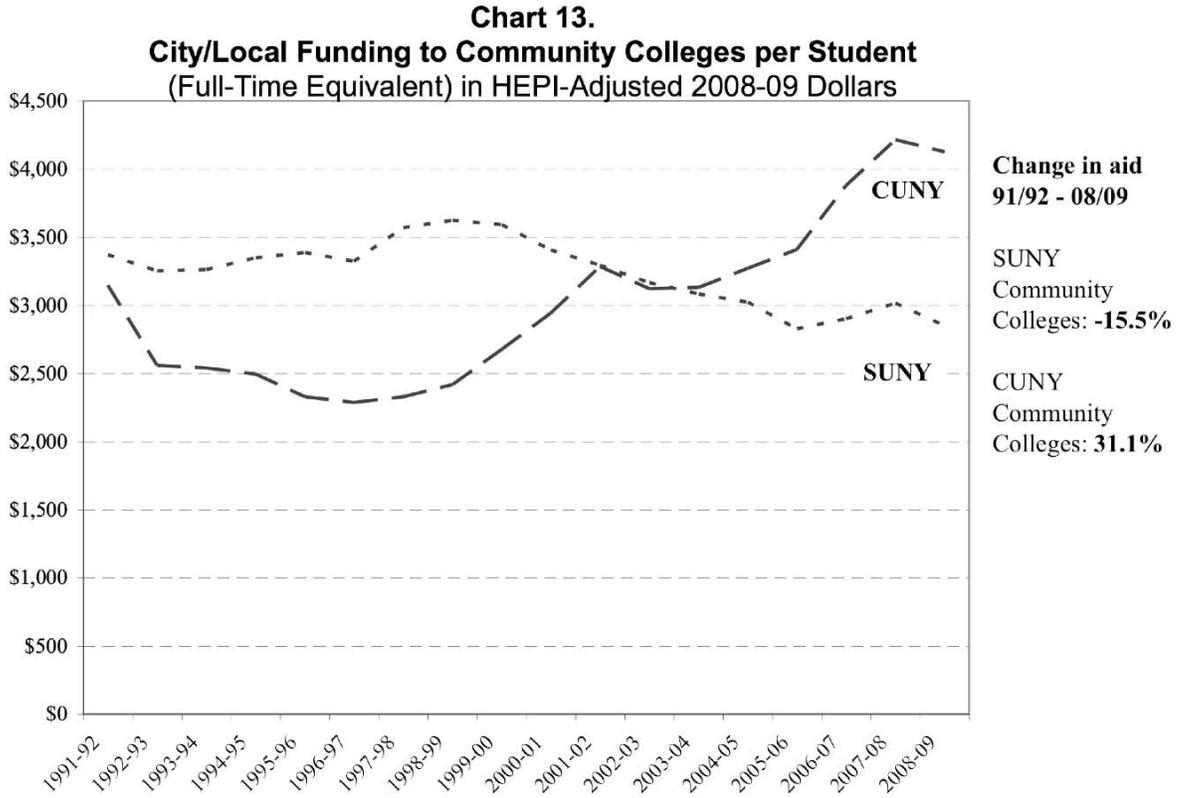
5. Community colleges: Local support is a key part of the funding picture

County governments have primary responsibility for funding community colleges, with significant support from New York State.

While New York State aid to SUNY community colleges decreased by 12 percent per FTE student between 1991/92 and 2008/09, local governments compounded the problem by simultaneously decreasing funding by 16 percent.

For CUNY community colleges, local support dropped during the 1990s but has improved substantially in the 2000s. Overall, CUNY's drastic decline in state funding (26 percent) has been offset in recent years by the increase in New York City's contribution—which is now 31 percent above the level it was at in 1991/92. **Chart 13.**

The academic year 1991/92 may also be a somewhat misleading starting point. Local aid to CUNY dropped steeply between 1990/91 (\$231 million in HEPI-adjusted dollars) and 1991/92 (\$141.5 million). Thus, the total city aid to CUNY community colleges increased by 69 percent from 1991/92 to 2008/09, but over the period 1989/90 to 2008/09, there was in fact a drop in constant dollar funding of 2.4 percent. This reflects the drop in total city aid to CUNY; calculated on a per-student basis, the drop in aid would be even greater because this was during a period when enrollment was simultaneously expanding.

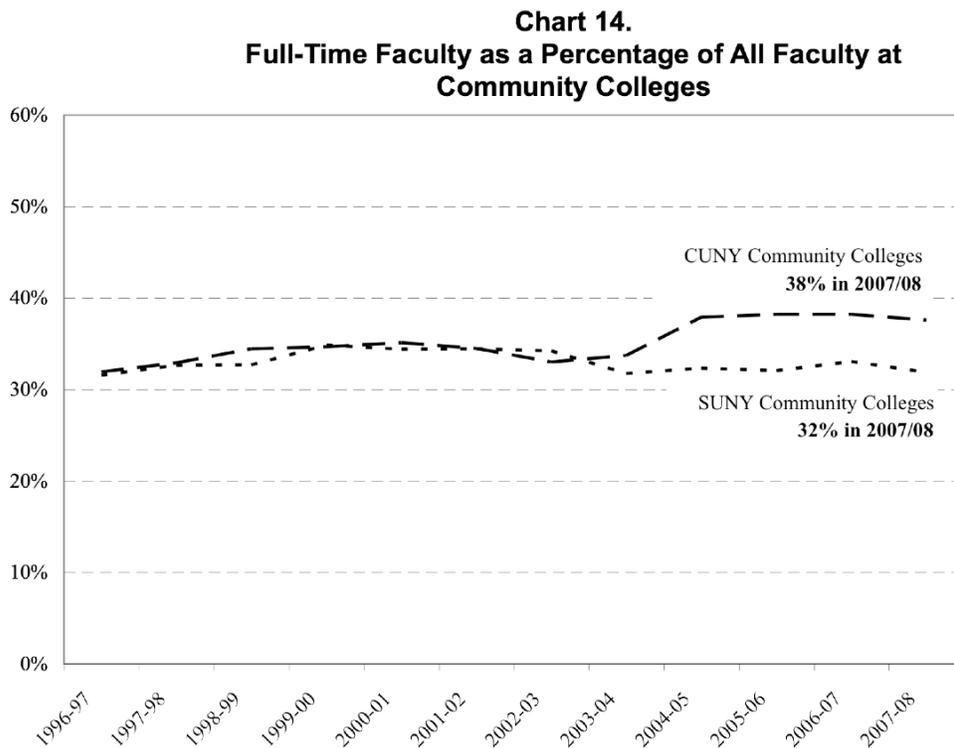


SUNY local funding data provided to FPI by SUNY administrative offices. CUNY city funding data provided to FPI by CUNY administrative offices.
 Note: SUNY 2008-09 enrollments are estimated based on recent trends.

6. Community Colleges: State and local funding combined affect academic quality

SUNY community colleges have been faced in recent years with decreases in both state and local funding. This reduction in support shows up clearly in the erosion of the percentage of faculty who are full-time.

By contrast, for CUNY, the decrease in state funding was offset by an increase in support from New York City government and a tuition hike, allowing for an improvement over this period in the percentage of faculty who are full-time. CUNY hired 300 new community college faculty members subsequent to 2003/04 tuition increases, making significant headway in improving the proportion of full-time faculty. Even after these improvements, however, at both CUNY and SUNY community colleges fewer than half of faculty members are full-time. **Chart 14.**



Source: SUNY faculty data provided to FPI by SUNY administrative offices. CUNY faculty data provided to FPI by CUNY administrative offices.

Note: Data prior to 1996-97 is not comparable to previous years due to a national change in reporting standards.

Conclusion

The backdrop to today's budget discussions is more than a decade of underinvestment by New York State in SUNY and CUNY.

Enrollment has expanded significantly since the 1990s. That's a trend that should be welcomed—educational attainment is increasingly important in the workplace and throughout society, and the New York economy relies on a high level of productivity fueled by a well-educated workforce.

Funding for public higher education has expanded to some degree. But the increased support of the past few years has not made up for the chronic underfunding of the previous period. As a result, judged on the most critical measure—aid per student—state funding is down significantly.

As a result of public underfunding and a growing reliance on tuition and enrollment for revenues, investment in new full-time faculty is incremental at best. And as tuition and fees and enrollment increase without adequate public funds, both academic quality and access for all students are endangered.

The current economic downturn is a particularly critical moment to invest in higher education. Investment in education provides a local economic stimulus, it gives students a path toward a better job once they graduate, and it increases the productivity of the New York State workforce. Signs are that enrollment is already rising and will continue to do so.

Coming out of this recession, New York should also be looking to increase opportunities for people of color and to expand the middle class. Public higher education is an important part of any strategy to help reduce economic polarization and to address longstanding racial inequality in the state.

Especially in the current economic environment, New York has a strong interest in counteracting the years of underinvestment in SUNY and CUNY by increasing state and local investment.

A Note on Sources

CUNY and SUNY financial, enrollment, and faculty data were provided to the Fiscal Policy Institute by the administrative offices at CUNY and SUNY.

Data about the Tuition Assistance Program (TAP) were provided by the Higher Education Service Corporation (HESC).

The educational level of the New York State workforce was calculated by the Fiscal Policy Institute using data from the Census in 1990 and 2000, and from a combined file of the three most recent years of data from the American Community Survey 2005/06/07.

Inflation adjustments are made using the Higher Education Price Index (HEPI). The single exception is the inflation adjustment of in-state tuition for SUNY State-Operated Campuses and CUNY Senior Colleges in Chart 11. Inflation-adjustment in this case was based on the Consumer Price Index (CPI-U), since what is under consideration for tuition increases is the cost of tuition to families, not (in this instance) the amount that tuition contributes to the cost of operating CUNY and SUNY institutions. HEPI for 2008/09 is estimated by Arizona State University Planning & Budget, and the CPI-U for December 2008 was estimated by Fiscal Policy Institute.



The Fiscal Policy Institute is a nonpartisan research and education organization that focuses on tax, budget, and economic issues that affect the quality of life and the economic well being of New York State residents.

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