

Testimony

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Independent Higher Education in New York State: Creating Economic Mobility for Students
and Economic Vibrancy for New York State
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New York State Assembly Committee on Ways & Means

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Introduction

Good afternoon and thank you Chairpersons Young and Weinstein. Assemblymember Weinstein, congratulations on your appointment to lead the Ways and Means Committee. It is a pleasure to see two women at the helm of these influential and important committees. I would also like to acknowledge the chairpersons of the Senate and Assembly Higher Education Committees, Senator LaValle and Assemblymember Glick; thank you for your continued support for New York's college students and your leadership in these challenging times.

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.

I know better than most how challenging it is to put together a balanced and responsible fiscal plan amidst a host of competing demands. I have been there, and I know that you and your expert staffs are up to the task. As I begin, I ask you to consider that New York's private, not-for-profit colleges and universities are not asking for three, four, or five percent increases in support for our students – we would welcome renewed investment but understand that might not be in the offing in such a challenging year. Today I simply and emphatically ask – for the sake of the 500,000 students we educate and the communities across New York we serve – that you affirmatively renew the state's commitment to students enrolled in private, not-for-profit higher education. **We ask that you reject the proposed elimination of Bundy Aid.** By restoring these funds, you will be keeping true to a 50-year-old covenant with students.

As you may know, Independent Sector campuses are an integral part of New York's economy. Of the half million students we educate annually, approximately 300,000 are New York State residents who, if not for our campuses, would face limited options for pursuing a

higher education. They might bring their talent to colleges in other states, look to our already pressed public systems, or put off college altogether. Our independent colleges and universities are also important employers, responsible for more than 400,000 jobs statewide and \$80 billion in annual economic activity. Those of you with campuses in or near your district know that better than anyone.

Investment in New York's private, not-for-profit colleges and universities and, most importantly, in the students on our campuses is quite literally an investment in New York's future. Our students are our greatest resources and by investing in them, we are investing in the future success and economic viability of New York.

Regrettably, some of the proposals advanced in the Executive Budget diminish New York's investment in its students. **Most concerning is the proposed elimination of Bundy Aid. This funding is used by private, not-for-profit colleges for student aid and is only provided if our schools meet our ultimate and shared goal, graduating their students.** Funding for critical, long-proven opportunity programs was also cut. These programs have proven returns on investment and cutting them will harm students, campuses, and communities across New York today and long into the future. As New York looks to lead the nation in college affordability, cutting or reducing the programs that support student aid and success flies in the face of this laudable goal.

Who We Serve

New York is home to more than 100 private, not-for-profit colleges and universities, more than any other state in the nation. They are located in every corner of the state and many of you are familiar with campuses located within or near your district.

Some of you may be alumni of our institutions or the parents of our students. Most assuredly, we educate and employ your constituents.

For those of you less well acquainted with the long and storied history of New York's Independent Sector of higher education, allow me to share some basic facts about our schools and the students we serve.

New York is home to more than 100 private, not-for-profit colleges and universities, more than any other state in the nation. Our main campuses can be found in every corner of the state, and with branch campuses and other facilities we are in countless communities:

- In Long Island, there are 8;
- In New York City, there are 33;
- In the Hudson Valley, there are 17;
- In the Capital District, there are 14;
- In the North Country, there are 3;
- In the Mohawk Valley, there are 4;
- In the Finger Lakes, there are 8;
- In Central New York, there are 7;
- In the Southern Tier, there are 3; and
- In Western New York, there are 11.

We educate nearly 500,000 students annually; about 300,000 of those students are New Yorkers. In addition to New York, our students come from every state in the nation and from across the world. More students from other states come to New York's private, not-for-profit colleges and universities to pursue a degree than to any other state in the nation. The entire state benefits from the talent our schools attract with their quality and reputation. Our students are recent high school graduates, adult learners returning to complete a degree or starting for the first time, and everyone in between. They study on campus and online as they pursue associate, bachelor's, master's and doctoral degrees.

Our students are the very embodiment of diversity. More Black and Hispanic students earn bachelor's and graduate degrees at private colleges and universities than anywhere else in New York. Two-thirds of New Yorkers attending a private, not-for-profit college or university come from families that earn less than \$125,000 annually.

Approximately 72,000 of our students qualify for New York's Tuition Assistance Program (TAP) because their families earn less than \$80,000 annually. In fact, nearly three in every four of these students are from families that make less than \$40,000 per year. In the 2016-17 school year, New York supported these students with \$198 million in TAP awards.

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. This investment they are making in themselves, often with generous support from our colleges' own resources, will pay dividends.

We confer nearly 80,000 undergraduate and 60,000 graduate degrees every year.

Our students are more likely to complete their degrees, and do so on time.

Public Investment in Private Colleges Does Public Good

A college degree is the embodiment of the audacious belief that today's hard work and sacrifice will pay off tomorrow. New York's private, not-for-profit colleges and universities are in the business of helping our students prepare for a better tomorrow. For as long as any of us have been New Yorkers, and long before that, the state has believed in, and supported, this mission. One of the most meaningful testaments to New York's support for the mission of its private colleges has been Bundy Aid.

Making the college dreams of all students achievable is at the heart of the mission of every one of our schools. That is why Independent Sector colleges and universities contribute \$5.4 billion from their own resources every year for student aid, an amount that has more than doubled over the past decade. In a shining example of public-private partnership, New York has long supported private, not-for-profit colleges by funding student aid programs that provide needy and talented students with support that complements the aid our schools provide.

With just five percent of the state's higher education funding, Independent Sector campuses enroll 39 percent of all college students in New York and confer 60 percent of the bachelor's and graduate degrees awarded in the state. That's an impressive return on investment for the state's taxpayers.

Some proposals advanced in the Executive Budget would degrade that investment in New York's private college students and jeopardize the state's unparalleled higher education ecosystem. We urge you to recognize the value private, not-for-profit colleges and universities bring to their students and to the state overall and maintain New York's investment.

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.

Frankly, 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 Independent sectors.

The Difference a Degree Makes

As I mentioned earlier, the decision to invest in a college degree is a pivotal moment in a person's life and it can set them on a path towards upward social mobility. It is not a decision that any student takes lightly.

I use the word "invest" purposely — 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 and I would like to clear up some of the misconceptions about those costs.

Thanks to the generous financial aid colleges and universities provide from their own accounts, and in partnership with state and federal scholarship, grant, and loan programs, most students do not pay the so-called "sticker price" for their degree. In fact, most students in New York pay significantly less: the average net price students pay for tuition, room, and board at private, not-for-profit colleges and universities in New York is \$26,336. Adjusting for inflation, that amount is virtually unchanged over the past decade.

In this year's State of the State address, Governor Cuomo described several provisions to encourage responsible student borrowing and protect student borrowers from predatory practices. The goals he outlined are all laudable and we look forward to working with his team to see these objectives met. Our campuses are keenly focused on keeping the cost of college within reach for all students. The proposal in the Executive Budget to eliminate Bundy Aid and reduce funding for opportunity programs like HEOP, STEP, C-STEP, and the Liberty Partnerships Program take student aid resources away from campuses and runs counter to our collective goals to keep the cost of college as low as possible while still providing the resources students need to complete the task at hand — earning a degree.

Students who borrow to fund their degrees are making an investment in themselves and deserve every protection. They also deserve to know that with smart choices their investment will pay off. Our campuses are committed to ensuring each and every student sees a return on the investment of time and money they put towards their degrees.

There are a lot of misconceptions and hyperbole about student debt, but I'd like to share with you a few facts about student borrowing at New York's private, not-for-profit colleges and universities. First of all, three in ten students attending college do not borrow at all for their higher education. The students who do borrow owe, on average, \$30,824 when they graduate

with a four-year degree. That amount is lower than it was last year. The average SUNY graduate owes \$27,425 in student loans upon graduation. For context, the average car loan in the United State is \$30,032 and, unlike a new car, the value of a college degree appreciates, and its holder reaps benefits over a lifetime.

Graduates of private, not-for-profit colleges and universities are also far less likely than their counterparts in the public or for-profit sectors to default on student loans; only four percent of borrowers who graduate from our institutions default on their loans.

Forty percent of all student borrowing is for graduate study. These students borrow more because they earn more degrees, and when they graduate with professional degrees in fields like medicine, law, and business they are likely to be well positioned to repay that investment in their careers.

Despite the rhetoric about unmanageable student debt, only five percent of students owe more than \$100,000 in student loans, most of which is attributable to high value graduate and professional studies.

I present these facts to bring data into a conversation that for too long has relied on anecdotes and worst-case scenarios. Our campuses are on the front lines 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, 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, in most cases, 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 that same person has a much lower unemployment rate, just 2.3 percent, compared to 4.3 percent for people who did not attend college.

Economic mobility – 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 towards success and serve as a stepping stone to help them, and their family, achieve a better life.

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 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.

Private institutions that serve the public good in this way, by improving the economic realities of individuals, families, and entire communities, are a worthy investment of public dollars. By setting our students up for successful futures, we also set New York up for a successful future: encouraging people to move to or stay in the state, open businesses, and make economic investments. That is the recipe for real economic development, maintaining and increasing New York's global competitiveness and it starts with you and the decisions you make about this budget.

Our Request to You, the New York State Legislature

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

The state's steady hand is especially important now, when our students are facing changes coming from Washington, D.C., including the elimination of the Perkins Loan program which provides more than \$115 million in low cost funding that will no longer be available to 56,000 students attending college in New York State. Other forms of federal grant support are also threatened, including the Supplemental Educational Opportunity Grant (SEOG) program, which directs \$53 million to nearly 82,000 students in New York.

Here are the areas where your action is needed to preserve New York's carefully balanced higher education ecosystem.

Direct Institutional "Bundy" Aid

We urge you to restore Bundy Aid. In the 1960s, New York made record investments in higher education and created the SUNY and CUNY systems. Prior to that time, New York relied almost exclusively on its private colleges to educate its citizenry. In the wake of the creation of the public higher education system, New York's lawmakers recognized that without targeted support for private, not-for-profit colleges, our schools would not be able to compete with a highly subsidized public system, and so Bundy Aid was born as a means to ensure a vibrant public and private higher education landscape. Without us, the fledging public institutions could not possibly have absorbed all the students our schools educated and supported all the communities they anchored. Fast forward 50 years, and the rationale that gave birth to Bundy is more relevant than ever, particularly with the state grappling with factors that make it impractical to fund large scale expansions of the public systems including a projected \$4.4 billion budget deficit and changes in the federal tax code that penalize high tax states.

Beginning in 1968 and continuing to today, the Bundy Aid program created a compact between the state and Independent Sector higher education. Since then, eligible institutions have earned their aid based on the number of degrees they confer, ensuring the state gets its money worth on this investment. Bundy Aid funds critical student aid. This year's Executive Budget eliminates it entirely, a \$35.1 million blow to colleges and universities that cannot afford to take another hit. The elimination of this aid comes in the midst of particularly acute enrollment challenges that many of our schools now confront as a result of recent changes in

student aid programs here in New York. **We urge you to restore critical Bundy Aid for New York's students.**

Higher Education Capital (HECap) Matching Grants Program

We greatly appreciate that the Executive Budget included \$30 million in funding for a new competitive round of HECap matching grants, particularly since no new funding was provided for the program in the current year budget. It is an important program for our campuses as they look to build the academic facilities so critical to a high quality educational experience. However, I must take exception to the Executive Budget's suggestion that HECAP is a "better" alternative than Bundy and that restoration of HECAP warrants the elimination of Bundy. The two programs are in no way alternatives for each other, they are apples and oranges. Restoring HECap funding for next year does not justify eliminating Bundy Aid. As I shared, Bundy Aid is earned by campuses on the basis of degrees conferred and is used to fund student aid. Nearly all of our campuses receive the aid and they receive it at regular, predictable intervals throughout the school year. The HECap program provides grants for capital projects to a small group of colleges and universities, with timelines that are difficult to predict. Both programs are important, but it is critical that they not be conflated or presented as alternatives to each other.

Tuition Assistance Program (TAP)

The Legislature and the Executive have long been committed to funding for TAP and I was pleased to see funding maintained in the Executive Budget. This program is the crown jewel of New York's student aid programs and has helped more than five million New Yorkers achieve their college dreams since its inception in the 1970s.

Opportunity Programs

Funding for opportunity programs, including the Arthur O. Eve Higher Education Opportunity Program (HEOP), the Collegiate Science and Technology Entry Program (C-STEP) and its high school counterpart STEP, and The Liberty Partnerships Program (LPP), was cut by 17 percent (a total of \$13.6 million) 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. We urge you to restore, and hopefully increase, funding so that our campuses can meet demand for these life changing programs.

Enhanced Tuition Award

Last year the Legislature created the Enhanced Tuition Awards program to help students at private, not-for-profit colleges and universities meet college costs. I was pleased to see funding for the program increased by 20 percent in the Executive Budget to account for the raised income eligibility. However, unless the program is modified slightly to make it possible for more students to participate, I fear that it will be underutilized. There are several improvements you could make to the program that would allow more students to take advantage of Enhanced Tuition Awards:

- Permit campuses to recognize existing campus-provided financial aid as a part of their required match. Our schools already provide \$5.4 billion in financial aid annually and this should be recognized and taken into account.

- Adjust the application and award cycle so that it matches the typical college application and financial aid award packaging cycle that has been in place for decades. In this first year of the program, students have been left to wonder for an entire semester whether they would receive an Enhanced Tuition Award to help with their college expenses.
- Provide for a separate match requirement for minority-serving institutions. We have 18 undergraduate campuses that serve 25 percent or more Asian, Black or Hispanic students, these institutions operate on low-tuition, low-aid models that make the existing match requirements infeasible.
- Remove government-imposed tuition caps. Setting tuition is the fiduciary responsibility of each institution's trustees, and the fact is that after accounting for inflation, the net price of attending colleges has risen by just one percent annually since 2008-09. The state supports roughly one percent of our campuses' overall revenue base, an important contribution, but one that is not large enough to warrant the state imposing its own pricing model on institutions. These artificial controls reduce access to higher education for the neediest students, stifle market innovation, and simply are not practical for many schools that must have the flexibility to respond quickly to market changes.

Scholarship Programs

Last year the Legislature voted to expand two state scholarship programs to allow students at private, not-for-profit colleges and universities to benefit from them. Regrettably, both of those bills were ultimately vetoed. The veto message cited the need to address these proposals within the context of the budget. We urge you, therefore, to include expansion of the Science, Technology, Engineering and Mathematics (STEM) Incentive Program and the Masters-in-Education Teacher Incentive Scholarship Program in this year's budget so that more students can benefit from incentives to study for careers in these high-demand fields.

Workforce Development

We applaud the State of the State's proposals focused on workforce development. Preparing individuals to contribute to business and industry today, and to help create the workplace of tomorrow, is at the heart of our missions. New York's private, not-for-profit colleges and universities have long served as talent pipelines for the state, ensuring that New Yorkers are ready to creatively solve the problems that move industries. We are eager to continue to help the state lead in this important effort.

Support New York's Research Pipeline

Finally, I urge you to make a statement that New York believes in science. At a time when funding for basic scientific research is being questioned and cut at the federal level, it is more important than ever that New York stands firmly in support of research and development. New York's entire higher education ecosystem could be an extraordinarily powerful force in making New York America's leader in the research that ultimately drives economic development and boosts quality of life. Right now, New York ranks No. 2 in the nation for R&D spending by higher education institutions, behind California. 76 percent of R&D

spending in higher education in our state happens at private, not-for-profit colleges and universities. The state should create a 10-year, \$3 billion NY Innovates Fund to invest in the ideas, talent, and state-of-the-art facilities that are critical to growing a thriving high-tech economy. That funding can be made available over time as the state's financial picture improves, but for now it would send a strong signal to employers and investors that New York is committed to the research that fuels the economy.

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. After a year of unprecedented challenges to private, not-for-profit colleges in the state, the full impacts of which are still playing out, we find ourselves once again at a crossroads. Only with your leadership will the State of New York continue to benefit from a century's old partnership that has leveraged public investment in private colleges and universities to better the lives of all New Yorkers. Only by your decision to stand up for student and campus aid will New York's communities be able to continue to benefit from the economic and cultural impact of our campuses.

I call on you today to maintain 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 restore and support funding to the critical programs that allow students to choose the college or university, public or private, that best meets their needs and goals. It is only through this partnership between Independent Sector higher education and the state that we can ensure all New Yorkers achieve their college dreams and the entire state is launched into a better tomorrow.

I look forward to working with you and your legislative colleagues to ensure that these campuses can remain vibrant members of their communities and that their students continue to have access to private higher education and the lifelong benefits that come with it. Thank you for your time and I welcome your questions.