

New York Community Colleges Association of Presidents (NYCCAP)
STATEMENT ON PROPOSED BUDGET CUTS
January 6, 2009

The New York Community Colleges Association of Presidents (NYCCAP) recognizes the enormous problems confronting the State of New York due to the current widespread financial crisis. We also appreciate the challenges facing State leaders who must work to balance the 2009-2010 and future budgets in an environment of declining revenues. The State can continue to count on NYCCAP members to make every effort to provide access to higher education for New York residents and to support workforce development programs to keep New York residents employed. However, NYCCAP urges the State to evaluate the cuts to base aid for community colleges that were proposed in the Executive budget within the context of their intended results – the fiscal solvency and long-term economic recovery of New York State – as well as their unintended consequences, including the hardships they will produce for students and the impact they will have on the strength of the State’s community college system.

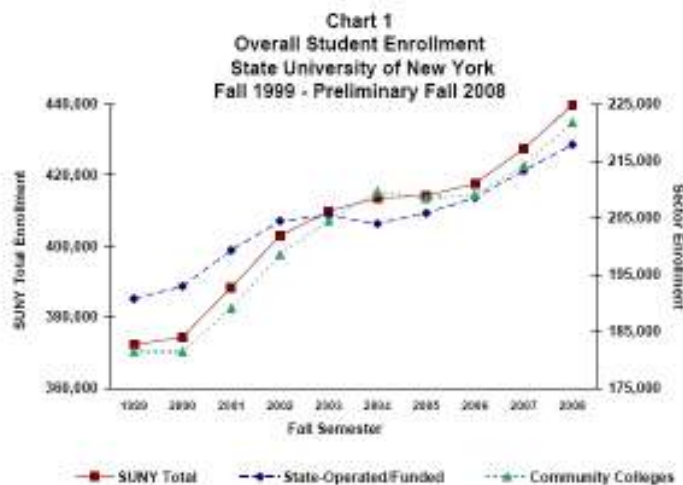
The proposed cuts to base aid present a real threat to more than 221,000 community college students in New York and to the ability of community colleges to fully meet the increasing demands of citizens and the workforce needs of employers throughout the state. These cuts follow years of inadequate funding by both the state and local sponsors—even as enrollments have steadily increased – that have left most community colleges with extremely limited discretionary budgets and very little room for budget adjustments. Although the cuts may support the state’s short-term goal of cutting expenditures and balancing this year’s budget, it will be to the detriment of its goal of building the state’s capacity to revitalize New York’s economy and prevent budget deficits in future years.

Community college leaders are and will continue to be diligent in managing expenditures. However, our already tight financial situations make it an extreme hardship to absorb a mid-year budget reduction. Students are registered and faculty committed for spring 2009 schedules, and it is too late to increase spring 2009 tuition to offset the impact of a mid-year cut. In a survey of community colleges conducted by SUNY to assess the impact of the proposed cuts, the majority of community colleges indicated that immediate hiring freezes, increased reliance on adjunct faculty, deferred maintenance, and freezes on equipment purchases would be necessary. For the community colleges, a mid-year reduction of the magnitude discussed could be disastrous, weakening us greatly as we enter the new academic year that will be extremely challenging in its own right.

The impact of the proposed cuts on community colleges in 2009-2010 will be more severe, as fixed costs such as health insurance rise while revenues decline. Salaries and benefits for classroom teachers and student support employees comprise the largest percentage – 80% or more – of community college costs. In one year alone, from 2007-08 to 2008-09 alone, the costs of all benefits (social security, health insurance, retirement, etc.) increased 7.1% by \$23,877,162. While projections for 2009-10 are not yet available, similar increases are expected. Even without factoring the proposed State funding cuts, many community colleges are struggling to absorb these projected increases into their 2009-2010 budgets.

Consequently, the proposed reductions in State funding will force many community colleges to reduce staff, programs, and services in order to balance their budgets. In the SUNY survey, 53% of respondents indicated that they would be forced to cut programs or delay implementing new ones, 42% indicated that reductions in services to students would be necessary, 84% will rely more heavily on adjunct faculty, and of greatest concern, more than 25% indicated that they would consider limiting admissions and enrollments. These measures raise serious concerns about the future of open access to higher education that community colleges represent and would be implemented during a period in which community colleges throughout New York will be struggling to accommodate a record number of applicants seeking enrollment. Historical data will substantiate the fact that during periods of high unemployment and financial difficulty, community college enrollment increases. Consider the following:

- In 2008, community college enrollments in New York State were projected to increase 3.6% over the preceding year, an increase of 7,637 students for a total of 221,766 students.
- Over the past ten years, community college enrollments have increased 21.8%. The community college sector now accounts for more than half (50.4%) of the enrollment in the SUNY system. The 30 community college campuses account for 47% of the campuses in the SUNY system.
- By comparison, the state-operated campuses and university centers account for 217,858 students, a projected fall 2008 increase of 2.2% and a ten-year increase of 16.9%.
- Community college enrollment increases for the 2009-10 academic year are expected to exceed 2008-09 levels, and likely will be as high as a 5% across-the-sector enrollment increase.



Cost containment efforts have occurred on campuses already and will certainly continue, but cost-cutting alone will be insufficient to offset the proposed budget cuts. Increased revenue from other sources will be required in order to meet the growing demand for community college academic and workforce training programs. As you know, community college revenues come primarily from three sources: student tuition, the State of New York, and local sponsors

(typically county government). Like the State, local governments are also experiencing financial difficulties; therefore, community colleges must also anticipate cuts and/or flat funding support from local sponsors in future years. Therefore, without increases in funding support from state and local governments, enrollment increases at community colleges amount to defacto funding cuts. Even with the implementation of new cost-cutting measures, the scale of the funding cuts proposed combined with projected increases in enrollment will leave a tuition increase as the only viable means for community colleges to balance their budgets. Indeed, in the community college survey conducted by SUNY, 100% of respondents indicated that a tuition increase would be implemented to help offset the proposed funding cuts.

Community Colleges remain a critical gateway to higher education and new opportunity for thousands of New Yorkers – especially low-income individuals for whom access to higher education would otherwise be out of reach. Community colleges support social and economic mobility for New York residents by providing access to affordable, high-quality higher education for all, and by preparing individuals of all backgrounds for well-paid, high-growth, high-demand jobs in our communities. In 2006-07, associate's degree and certificate graduates of public community colleges in New York (SUNY and SUNY) totaled 43,276, predominantly New York State residents. In addition, the vast majority – 80% or more – of all public community college alumni remain in their communities following graduation to live, work and contribute to the economic health and well-being of the State.

Anticipated increases in tuition will create an additional hardship for community college students who are already facing financial distress in these difficult economic times and will create yet one more barrier to a better life for thousands of low-income individuals for whom community colleges represent the only viable pathway to higher education. Increases in tuition most hurt those who do not qualify for PELL and TAP, i.e., part-time students and adult returning students. Given the current state of the economy, more part-time students, laid-off workers, under-employed adults and socio-economically disadvantaged families will surely be looking to community colleges as a source for transfer and technical degrees, as well as job training or retraining.

State leaders have indicated that the goal is not only survival this year, but to re-align priorities to support future growth and re-building. The wisest way to spend limited public resources is to invest them in ways that provide the public with a strong return on investment. Investing public dollars in a portion of the costs of a community college education for our citizens pays back many-fold; and for every \$33 the State spends in community college support, it receives \$67 in matching funds from local sponsors and students themselves. More importantly, the State and the public receive a full \$100+ return on their investment in the form of educated New Yorkers who will work, pay taxes and contribute in many other ways to our State and communities. The projected levels of mid-year and future cuts render it extremely difficult for these public benefits to be realized as community colleges are forced to cut back on meeting increased workforce training needs and adequately supporting the emerging workforce needs of employers.

State leaders have demonstrated a clear understanding of the great differences in size and scope of the state's community colleges, and the recent provision of supplemental aid to small colleges is both wise and greatly appreciated. However, tiered cuts to base aid as proposed in the

Governor's budget would have a deleterious impact on the ability of community colleges to serve their students and communities both now and in the future. Tiered cuts depart from the mission of State funding via the current FTE formula that follows and directs support to the students, rather than institutions, per se.

Given the potential costs of the proposed cuts and the vital role that community colleges play in supporting workforce development in New York, NYCCAP respectfully requests that base aid remain at the current level for all community colleges. If cuts are unavoidable in the short-term, we request that the total amount of the proposed cut be reduced in order to avoid undue hardship to small community colleges and disproportionate tuition increases at the large colleges, and to minimize the impact to all community colleges and to the hundreds of thousands of citizens who enroll in community colleges throughout the state. In addition, we support small college supplemental funding to support the state's small community colleges where diseconomies of scale make it especially difficult to absorb significant budget reductions.

Furthermore, NYCCAP continues to advocate for TAP improvements for part-time students in order to help reduce the barriers that prevent many low- and middle-income students from accessing higher education. NYCCAP also commends and supports the proposed New York Higher Education Loan Program (NYHELP), which is intended to provide access to low-cost loans not currently available to New Yorkers in the private loan market.

Although the state may be unable to immediately invest the funds necessary to fully utilize community colleges as engines for transformation, NYCCAP members hope that any budget reductions imposed are short-term and that the state will fully integrate community colleges into its long-term economic recovery plans. As State officials consider final budget cuts for New York's public community colleges, we respectfully ask consideration of the following:

- ◆ Nearly 50% of all students who enrolled in higher education in New York in the fall of 2008 enrolled in one of New York's public community colleges.
- ◆ New York's public community colleges have not historically received full funding from the State of New York as prescribed in legislation, including during this current fiscal year.
- ◆ SUNY community colleges' wages and benefits are included in the colleges' operating budgets, unlike State-operated colleges whose wages and benefits are funded separately by the State.
- ◆ Community colleges contribute significantly to the economic development of their respective communities, and in many areas they are among their respective county's largest employers.

Thank you for continuing to work to ensure that access to higher education for all New Yorkers continues as a means to strengthen the State's financial future, and thank you for considering the special circumstances of one of New York's economic engines, its community colleges, as you make determinations about funding now and in the near future.