



**STATEMENT
OF THE
NEW YORK PUBLIC INTEREST RESEARCH GROUP (NYPIRG)
BEFORE THE
JOINT LEGISLATIVE BUDGET HEARING ON THE
2013-2014 EXECUTIVE BUDGET FOR HIGHER EDUCATION
FEBRUARY 11, 2013 – ALBANY, NEW YORK**

Good afternoon. My name is Kevin Stump. I am the Higher Education Program Coordinator for NYPIRG. With me today is Kathleen Jordan, the Chairperson of NYPIRG's student Board of Directors and a Brooklyn College student. We appreciate this opportunity to share our preliminary perspectives on the proposed executive budget for higher education.

The New York Public Interest Research Group (NYPIRG) is the state's largest non-partisan research and advocacy organization. Our Board of Directors consists of college and university students elected from campuses with NYPIRG chapters across the state. NYPIRG students gain civic-engagement and valuable workplace skills by working on public policy issues, such as environmental protection, consumer rights, voter registration, government reform and higher education affordability.

We are here to put the executive budget for higher education into the larger context of the severe public disinvestment over the last decade. This regrettable trend has driven up costs associated with going to college, causing student loan debt to reach an all time high, drastically changing funding models, threatening access to college for many, and forestalling—if not shattering—the dreams of a college education for many others.

New Yorkers are continuing to pursue higher education because of the economic benefits a college degree can offer. In the 1980s, young college graduates earned about \$4,000 more per year than their counterparts. Since then that figure has climbed to \$12,000 more in earnings per year.ⁱ When projected over the work life of an individual, the economic benefits for the college graduate and the state's economic future are enormous.

Those who hold college degrees are more likely to have a job, even in today's bleak job market. From 2011 to 2012, the number of employed bachelor degree holders increased by 1,068,000, while the number of employed workers with no more than a high school diploma fell as much as 551,000.ⁱⁱ In September 2012, the unemployment rate for college graduates between the ages of 20-to-24 fell to 6.3 percent from 8.3 percent in September 2011 and 9.4 percent in September 2010.ⁱⁱⁱ As compared to the overall unemployment rate and, in particular, as compared to the unemployment rate for non-college graduates, it is clear that having a college education pays off.

New Yorkers are increasingly heading back to school to gain the necessary skills to advance their professional skill set. Undergraduate New York State resident enrollment in degree-credit institutions has gone up from 937,416 students in 2007-2008, when the recession hit, to 1,038,582 students in 2011-2012 (total 101,166 increase in four years).^{iv}

Many of the growing challenges students face today are a direct result of New York's severe disinvestment trend, which triggered higher tuition and increased costs, presenting students with the rock-and-a-hard place choice between high student loan debt or not pursuing a college degree.

Today, there are calls from the highest levels to increase the number of college graduates we have. These include: President Barack Obama's College Completion Goal, challenging the U.S. to graduate an additional 10 million students by 2020; The College Board's challenge to increase the amount of Americans with a college degree by 55%; The National Governors Association and the Lumina Foundation's Complete to Compete Agenda working to see 60% of all Americans with a college degree.

However, this call to have more college graduates falls short in the area of making college more affordable. This national challenge can only be met if it is matched by a call to increase financial aid programs, like the Tuition Assistance Program as well as plans to keep tuition and costs down.

Student Loan Debt

The Consumer Financial Protection Bureau now estimates total student loan debt to be above \$1 trillion in the United States,^v exceeding that of national credit card debt.^{vi} This is not surprising since student loan debt has risen 511% from 1999 to 2011.^{vii} There are now more than 37 million Americans who hold outstanding student loan debt,^{viii} with Americans 60 and older still owing roughly \$36 billion in student loan debt.^{ix} Furthermore, roughly one out of five households owed student loan debt in 2010, 40% of which are headed by someone younger than the age of 35, more than any age group.^x In 2011, sixty-percent of students in New York State graduated with an average student loan debt of \$25,851, several hundred dollars more than the year before.^{xi}

NYPIRG strongly urges the state to come up with real solutions that will offset the rapidly rising student loan debt, such as lowering tuition, increasing and expanding TAP.

Community Colleges

Community colleges are the only available entryway into higher education for tens of thousands of students. Community colleges are a local, affordable first rung on the path to a four-year degree for many students, including those who need to be close to their homes, families and jobs. Moreover, community colleges provide crucial job training and re-training for under-employed and unemployed workers in a rapidly shifting economic environment. Although community colleges are finally getting the widespread recognition they deserve as an excellent education option, the executive budget proposal again shortchanges community college students by violating the state's obligation under New York State Education Law (§6304) to fully fund community colleges at 40% of their costs.

Moreover, while we appreciate consideration of innovative college funding mechanisms, we have serious questions about the Next Generation College Linkage Program. The proposed funding model suggests that the state move in a direction of performance-based funding for community colleges. This suggests a narrow view of community colleges as solely job trainers for local businesses. Again, for many students, community colleges are an affordable, flexible local option for moving to a four-year degree program and beyond. This focus on local industry job training could potentially leave many community colleges ill equipped to fulfill their role in their respective communities throughout the state, potentially leaving a higher education out of reach for many qualified students. Moreover, we have concerns about giving private industry a great deal of influence over a variety of community college degree programs, which can threaten faculty and student voices and ultimately change the pedagogical process of higher education at our community colleges.

NYPIRG urges the state to rethink the Next Generation College Linkage Program, and focus on fulfilling its obligation under New York State Education Law (§6304) and fully funding community colleges at 40% of their costs.

SUNY & CUNY Funding

This Year's Executive Budget proposes that state support for CUNY and SUNY senior colleges remain at baseline funding from SFY 2011-2012 as part of the NY SUNY 2020 maintenance of effort provision. State support for SUNY and CUNY community colleges will also remain at baseline levels from the SFY 2011-2012 budget (including an \$8 million reduction due to changes in FTE).

While we are pleased that the governor's budget proposes funding SUNY and CUNY without a new round of cuts, we are concerned that status quo funding will impede recovery from the many years of budget cuts. A bare maintenance of funding does not make up for the more than \$1.7 billion of funding cuts higher education has experienced since 2008.^{xii} Furthermore, we are concerned that SUNY's Resource Allocation Model, which creates cuts for most of the comprehensive colleges, will be detrimental to the recovery of institutions that have already faced years of unsustainable budget cuts.

We strongly urge the New York State Legislature to reject SUNY's Resource Allocation Model and not only provide baseline funding for all public higher education institutions, but also increase funding to help these colleges and universities recover from the many years of public disinvestment and tuition hikes.

NY SUNY 2020 & NY CUNY 2020 Grant Challenge Program

With another round of Grant Challenge funding for SUNY and now proposed for CUNY in the executive budget, we remain concerned that the existing conflicts of interest provision included in the initial law is still not strong enough; academic freedom on campus may be threatened by campus business partners and donors seeking to mute faculty and student voices with which they disagree.

We strongly urge that the Legislature strengthen the conflicts of interest provision included in NY SUNY 2020 to better protect academic integrity.

Tuition

In the past three decades, the cost of attaining a college degree across the country has increased more than 1,000 percent.^{xiii} During the academic years of 2008-2009 to 2012-2013 (five year period), tuition at SUNY went up as much as \$1,220 and at CUNY tuition jumped \$1,400. As part of the NY SUNY 2020 legislation, which raises tuition at SUNY and CUNY \$300 each year for five consecutive years (a total of \$1,500), tuition at SUNY is expected to reach as much as \$6,470 and at CUNY tuition will have hit \$6,330 at the sunset of the law.^{xiv}

Tuition at both SUNY and CUNY have surpassed that of the maximum Tuition Assistance Program (TAP) award forcing institutions to make up the difference in cost by providing tuition credits. We applaud the state for ensuring that students who had their full tuition covered by TAP will continue to have their full tuition paid when tuition exceeds the maximum TAP award. However, we remain concerned that the trend of budget cuts to higher education and rising tuition coupled with inadequate state level financial aid threatens access to affordable higher education and contributes to the growing issues of student loan debt.

We strongly urge that the New York State Legislature take the necessary steps to not only freeze tuition at public universities, but also create a plan to incrementally reduce tuition to help increase student access to higher education and offset rising student loan debt levels.

Tuition Assistance Program (TAP)

The Tuition Assistance Program (TAP) was created in 1974 “to maximize access to higher education for all qualified students.”^{xv} However, there is an ever-growing population of qualified students that need financial assistance but are being squeezed out by cuts to TAP, rule changes that have been implemented over time, long-standing problems like the bias against independent students, and the program’s inability to allow adjustments for substantial change in financial circumstances.

TAP has remained stagnant and unresponsive to rising costs for more than a decade. It provides roughly 350,000 students with a maximum award of \$5,000 and an average award of around \$2,500.^{xvi} Over the last four years alone, TAP was cut by more than \$74 million. These cuts were coupled with unfair rule changes that have reduced or eliminated TAP aid for graduate students, independent students without dependents, dependents of retired workers, and students who are struggling with their federal student loans or grades.

NYPIRG urges the state to first restore the 2008 TAP guidelines so that these students are not priced out of getting a college degree. Second, TAP should be revised to allow students who have experienced a substantial change in financial circumstances—such as death or incapacity of a parent—to have their awards adjusted. Finally, the maximum TAP award should be commensurate with tuition costs at public universities to better reflect the increase in the cost of gaining a college degree.

Comprehensive NY DREAM Act

While Congressional gridlock has made comprehensive immigration reform out-of-reach, states have taken the initiative to create their own solutions in the interim. Texas, New Mexico, and California have already passed legislation that grants undocumented students access to public resources to attend college, such as TAP.^{xvii} These laws are similar to the proposed comprehensive NY DREAM Act introduced by Assemblyman Moya and Senator Peralta. TAP is purely a state program, a cornerstone of New York’s commitment to access to higher

education for qualified students with financial need. It is separate, distinct and wholly unconnected to current federal DREAM legislation and federal efforts at comprehensive immigration reform.

NYPIRG views this bill as a matter of social justice and educational equity. We strongly urge the Legislature to pass the comprehensive NY DREAM Act (S.2378 / A.2597), with the main objective being to extend TAP to undocumented youth, without delay.

Textbook Prices

As costs associated with going to college have soared in recent years, students are being priced out of buying essential college course materials. A recent survey found that seven in ten college students did not buy at least one textbook because the cost was too high.^{xviii} The books-and-supplies estimate for the average student at a four-year public college is about \$1,168 per year.^{xix} The Government Accountability Office estimates that the cost of textbooks is comparable to 26% of in-state tuition at public universities and 72% at community colleges.^{xx}

NYPIRG urges the state to pass A.1178, introduced by Assemblyman Kellner, to authorize the Board of Regents to create a task force to review the issue of textbook costs. We see this as a first step to coming up with real-time solutions to help offset this unforeseen cost students absorb every semester.

In Closing

Rapidly rising tuition, over-priced textbooks, state disinvestment, outdated and inadequate financial aid, and growing student loan debt all conspire to put college out of reach for many New Yorkers. The national call to graduate more students from college with less student loan debt must be matched with an effort to lower costs and increase real financial aid programs, such as TAP.

As a staff member with NYPIRG who deals with hundreds of students throughout the state, I hear stories everyday of students having to suspend their education, drop out altogether, take on massive loans and/or overextend themselves with jobs in an attempt to stay on the right track.

We would like to thank you for providing this opportunity for us to share our thoughts on the SFY2013-2014 higher education executive budget proposal in New York. We will continue to engage you in this discussion over higher education funding and policy in the coming weeks. We look forward to working with you to ensure that a college education is accessible and affordable for all New Yorkers.

Testimony of Kathleen Jordan, Brooklyn College, NYPIRG Chairperson

When I applied to college at the age of 18, I had no clue how I was going to pay my tuition. My dad has never attended college and my mom enrolled the year before I started. Somehow, my parents and I never had the discussion on how I was going to pay for my education. I went to the financial aid office on my first day of school where I was immediately handed a form to apply for a student loan. That was the first legal contract I had ever signed, and I had signed it without an ounce of research. I didn't know what else to do because I didn't want to be dropped from my classes. I became more knowledgeable the longer I attended college – but student loans are the primary way I am paying my tuition and expenses. Unforeseen costs like textbooks, metro cards food and other life expenses add a huge amount to what I have had to borrow.

Unfortunately, my story is not unique. When I attended Borough of Manhattan Community College, there were plenty of families with more than one person enrolled. The financial aid office is always full of students who don't have a plan for how to pay their bills. As you in the Legislature all know, it is difficult to control how financially prepared people are for college. However, you do have the power to make sure that when students start looking for ways to pay for school that the scholarships and opportunity programs exist for them. It makes a huge difference to the total bill at the time of graduation.

ⁱ Brookings Institute, "Regardless of the Cost, College Still Matters," October 2012 <http://www.brookings.edu/blogs/jobs/posts/2012/10/05-jobs-greenstone-looney>, (20 December 2012).

ⁱⁱ New York Times: Econmix, "College-Educated Workers Gaining Jobs, High School Grads Losing Them," Catherine Rampell, January 2012, <http://economix.blogs.nytimes.com/2012/01/09/college-educated-workers-gaining-jobs-high-school-grads-losing-them/> (20 December 2012).

ⁱⁱⁱ National Association of Colleges and Employers, "Unemployment Rate for New College Graduates Continues to Drop," October 10, 2012, <http://naacweb.org/s10102012/job-market-new-graduates/> (19 December 2012).

^{iv} New York State Education Department, ORIS: Research & Information Systems, "Degree-Credit Colleges and Universities: NYS Total Profiles," <http://eservices.nysed.gov/orisre/mainservelet> (20 December 2012).

^v CFPB, "Annual Report of the CFPB Student Loan Ombudsman," October 2012, Page 2, http://files.consumerfinance.gov/f/201210_cfpb_Student-Loan-Ombudsman-Annual-Report.pdf (January 9, 2013).

^{vi} CFPB, "Annual Report of the CFPB Student Loan Ombudsman," October 2012, Page 4, http://files.consumerfinance.gov/f/201210_cfpb_Student-Loan-Ombudsman-Annual-Report.pdf (January 9, 2013).

^{vii} The Atlantic: Business, "Chart of the Day: Student Loans Have Grown 511% Since 1999," August 2011, <http://www.theatlantic.com/business/archive/2011/08/chart-of-the-day-student-loans-have-grown-511-since-1999/243821/> (16 August 2012).

^{viii} Center for American Progress, "The Student Debt Crisis," Anne Johnson, October 2012, Page 10, <http://www.americanprogress.org/wp-content/uploads/2012/10/WhiteStudentDebt-3.pdf> (January 9, 2013).

^{ix} Federal Reserve Bank of New York, "Grading Student Loans," Meta Brown, March 2012, <http://libertystreeteconomics.newyorkfed.org/2012/03/grading-student-loans.html> (January 9, 2013).

^x Pew Research Center: Social & Demographic Trends, "A Record One-in-Five Households Now Owe Student Loan Debt: Burden Greatest on Young, Poor," September 2012, <http://www.pewsocialtrends.org/2012/09/26/a-record-one-in-five-households-now-owe-student-loan-debt/> (10 January 2013).

^{xi} The Project On Student Debt, "Student Debt and the Class of 2010," Page 2, November 2011, <http://projectonstudentdebt.org/files/pub/classof2010.pdf> (17 April 2012).

^{xii} New York State United Teachers, "Testimony on Financing Public Higher Education," October 2011, http://www.nysut.org/legislation_17177.htm (16 August 2012).

^{xiii} Bloomberg.com, "Cost of College Degree in U.S. Soars 12 Fold: Chart of the Day," Michelle Jamrisko & Ilan Kolet, August 15 2012, <http://www.bloomberg.com/news/2012-08-15/cost-of-college-degree-in-u-s-soars-12-fold-chart-of-the-day.html> (8 January 2013).

^{xiv} New York State United Teachers, "NYS Public Tuition Rates 1971-Current," Jacob Crawford, (10 January 2013).

^{xv} New York State Higher Education Services Corporation, "New York's Tuition Assistance Program-A History," www.hesc.com/content.nsf/CA/Appendix_E_New_Yorks_Tuition_Assistance_Program_A_History. (4 February 2013).

^{xvi} New York State Higher Education Services Corporation, "New York's Tuition Assistance Program-A History," www.hesc.com/content.nsf/CA/Appendix_E_New_Yorks_Tuition_Assistance_Program_A_History. (4 February 2013).

^{xvii} Center for American Progress, "Keeping the DREAM Alive: States Continue the Fight to Give Undocumented Students Access to Higher Education," Philip E. Wolgin & Maya Edelstein, June 2011, http://www.americanprogress.org/issues/2011/06/keeping_dream_alive.html (8 May 2012).

^{xviii} Student PIRGs, "Making Textbooks Affordable," Spring 2013 <http://www.studentpirgs.org/sites/student/files/resources/S13%20Textbooks%20Project%20Packet.pdf> (22 January 2013).

^{xix} The College Board: Big Future, "Quick Guide: College Costs," <https://bigfuture.collegeboard.org/pay-for-college/college-costs/quick-guide-college-costs> (22 January 2013).

^{xx} U.S. Government Accountability Office, "Enhanced Offerings Appear to Drive Recent Price Increases," July 2005, <http://www.gao.gov/products/GAO-05-806> (28 January 2013).