

**Testimony before the Assembly Higher Education Committee
Hearing on the Commission for Higher Education
January 24, 2008**

**Presented by Tom Hilliard, Senior Policy Associate
Schuyler Center for Analysis and Advocacy**



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Good afternoon. I'm Tom Hilliard, Senior Policy Associate at the Schuyler Center for Analysis and Advocacy, an independent and non-partisan organization that advocates on behalf of low-income and disenfranchised New Yorkers. Last year, in partnership with the Center for an Urban Future, we released a study entitled *Working To Learn, Learning To Work: Unlocking the Potential of Working Adult Students*. This study found that working adults could play a vital role in meeting New York's workforce needs, but that the rate at which adults attend college has actually dropped by one-fifth over the past decade.

At present, New York is not doing enough to help adults open the gates to college education. In view of this week's Executive Budget, it's clear that we are in an extremely tight fiscal environment. Yet New York should not wait until next year to begin helping adult students. Why? Two reasons. First, for a vast number of New York citizens, higher education has become their only dependable route to the middle class. A high school education is no longer enough. Only a college education provides the necessary earnings boost. Second, New York's economy will increasingly depend on educating and training each citizen to the limit of their abilities. If our state is to compete in a global economy with nations that intensively educate their workforces, we must take action.

SCAA wholeheartedly endorses the broad thrust of the Commission on Higher Education's preliminary report. We agree with the Commission that New York needs to deregulate and invest in our system of public higher education. Our state's economic vitality is at stake, and Western New York in particular depends on a more effective SUNY system to revitalize its flagging regional economy. The time for status quo governance is over. Our state government should not enact CUNY and SUNY budgets that look just like last year's budget with a cost-of-living increase; or settle for small tweaks to burdensome regulations for fear that some unnecessary spending might happen; or shy away from a bold change in policy because some important interest group stands in the way. Not every Commission proposal is obviously correct. But the report taken as a whole should drive state higher education policy to a new level.

The Commission's preliminary report captures the urgency of our historical moment, yet it also represents a missed opportunity. New York lags far behind other states in leveraging its public higher education system to train the skilled workforce that private employers need. The Commission had the opportunity to articulate a vision for developing a trained and educated workforce, but it did not.

The Commission has proposed several changes in the higher education system that will improve the ability of colleges to train the New York workforce. They include:

1. Restoration of funding for non-credit courses at community colleges
2. Start-up funding for new courses
3. Streamlined approval process for new courses
4. Funding for community colleges at the 40% level
5. Penalty for local sponsors who fail to meet their 26.7% funding threshold

But as a general matter, the Commission did not seem to fully appreciate the imperative of building the New York workforce. Our demographic prospects are more grim than most New Yorkers appreciate.

- **Fewer high school graduates.** Over the past decade, the high school graduation rate in New York climbed briskly, matching the national rate. The National Center on Education Statistics projects, however, that the national growth rate will flatten out, and New York's production of high school graduates will actually fall by about 10%.
- **Educated Baby Boomers retiring.** At roughly the same time, the retirement of the Baby Boomer generation will lead to at least a 6% drop in the supply of workers with a college degree.
- **Demand for educated workers rising.** Employer demand for college-educated workers in New York is projected to rise by about 12-15%, triple the growth rate for high-school-only jobs.

New York faces a serious shortage of skilled labor in the next 10-15 years. But we have an untapped resource: 1.8 million adult New Yorkers with a high school diploma, a population the size of the next ten years of graduating high school students. If the Commission could help policymakers develop a strategy for tapping the enthusiasm and hunger for learning among working adult New Yorkers, the return on investment would be tremendous. Employers would gain the benefit of many more workers with needed skills, local economies would have a more stable labor market with lower unemployment rates, and both state and local governments would see the transformation of low-income residents receiving income supports into middle-income taxpayers.

Today, I will describe four specific areas in which the Commission should have made a recommendation and did not. Fortunately, the Commission has not yet prepared its final report, so these and other omissions can be corrected.

1. Financial aid for part-time students (p. 35)

A higher education system that wants working adult students should provide financial aid that enables them to attend college part-time while working and caring for children. In New York, the Tuition Assistance Program (TAP) withheld financial aid from part-time students for many years, thereby discouraging working adults from enrolling and increasing the likelihood that adult students would drop out. Indeed, *Working To Learn* found that the rate at which students enroll part-time in New York has fallen by one-quarter over the past decade.

New York enacted a part-time TAP program in 2006. But the program requires students to study for a year full-time before gaining eligibility, thereby sharply limiting its value. The Commission report aptly notes that the requirement “is particularly problematic, as many part-time students will never be eligible.” The Commission pulls away from recommending a more accessible part-time TAP structure, however, because the cost would be “well over \$100 million.” Instead, the state should wait until 2011, “when three years of data will be available to determine the use of TAP by part-time students.”

This hesitation is puzzling. The Commission clearly understands that the current Part-Time TAP system is broken. It will still be broken in 2009 and 2010. While the Legislature may not immediately have sufficient funding to reform Part-Time TAP, that should not prevent the Commission from proposing a workable fix.

We have at least three objections to the Commission’s non-recommendation about part-time TAP. First, the Commission greatly overestimates the cost of reform. Based on projections from the Higher Education Services Corporation (HESC), the Commission concluded that expanding Part-Time TAP eligibility to the freshman year would cost \$126 million annually. It is true that, as Yogi Berra once said, “the hardest thing to predict is the future.” But HESC is now working on a revised cost estimate, and they expect that estimate to be substantially lower. HESC has analyzed Part-Time TAP receipt in the fall 2007 semester (the first semester of Part-Time TAP implementation), and revised its cost estimates significantly downward.

Second, the Commission appears to have confused its role with that of a legislature. A legislature operates on a fixed budget. It must weigh the cost of all proposed programs and discard those that are unaffordable, no matter how worthy. A commission does not operate on a budget. The relevant tests for a commission are cost-effectiveness and alignment with the state’s policy goals. The question to be asked about Part-Time TAP is not whether the state can afford to reform it but whether that reform would be a cost-effective use of the state’s resources and a successful strategy for meeting the state’s higher education goals. Putting off consideration until 2011 avoids the question rather than answering it.

Third, the Commission recommends increasing funding to the Aid for Part-Time Students Program (APTS) until a decision is made regarding Part-Time TAP. This is a surprising recommendation, since it runs directly counter to the recommendation of the 1999 Commission on New York State Student Financial Aid. This commission, generally referred to as the Volcker Commission for its Chairman, former Federal Reserve chair Paul Volcker, is the only group to have focused directly on New York’s financial aid system. The Volcker Commission criticized APTS for its “inconsistent awards and rules and even a reluctance by some institutions to assume the administrative burden” and recommended that APTS be merged into TAP to finance a viable part-time benefit. We believe that the Volcker Commission was correct: APTS is a poorly-designed and essentially unaccountable program. If the Commission on Higher Education differs, it would be helpful to know why.

Recommendation: The Commission should propose expansion of Part-Time TAP to the freshman year.

2. Remedial education (pp. 28-30)

Remedial education is a vexing issue in every state – at once widespread, expensive and seemingly redundant. The Commission addresses remedial education in harsh terms:

“Notwithstanding the success of these remediation efforts, re-educating students is inefficient. With limited resources available to support college-level instruction in higher education, it is essential that students be prepared for college by the time they graduate from high school.”

Having summarily dismissed all remediation in New York’s colleges as “inefficient,” the Commission proposes a set of measures, collectively branded the “New York State College Readiness Act,” to help high school students better prepare for college instruction.

SCAA finds the College Readiness Act quite constructive and worthy of policymakers’ close attention. But the Commission has sidestepped the real issue. Remediation is not about to disappear from our institutions of higher learning. Fully 50% of all adult New York residents score at the basic or below-basic level in prose literacy, according to the 2006 State Assessment of Adult Literacy, seven points higher than the national average. And if the Commission’s proposals were to be implemented tomorrow and lead to 100% high school literacy next year, that would still be inadequate. Two-thirds of our workforce in the year 2020 is already out of high school.

The only way to ensure that New York has students ready to learn at the credit-bearing level is to overhaul our system of remedial education. Other states have identified strategies for making remediation work better. Some of these strategies have been rigorously tested and found to work. Let’s bring them to New York.

Recommendation: The Commission should survey innovations in remediation in other states and propose promising reforms for New York State’s remedial instruction system.

3. ABE-to-College Transition Programs (p. 28)

Through the “Education Partnership Zones” and “New York State College Readiness Act,” the Commission has outlined a plan to help students make the jump from high school to college. Fifty years ago, strengthening the bridge from high school to college would have been sufficient: high school used to be the only feeder to college. But not anymore. In today’s economy, new students can make the jump at any age. Almost three-quarters of all college students nationwide have at least one characteristic of a non-traditional student, according to the National Center for Education Statistics.

Building a bridge from adult basic education (ABE) programs to college is another effective way to bring promising students into the college classroom. Today thousands of out-of-school New Yorkers are taking classes in reading, English for Speakers of Other Languages, math or vocational ed. Some of these students are studying to obtain their GEDs. New York should assist them in getting to college. Yet the Commission's only reference to adults and out-of-school youth is to note that "there is an extensive network of service providers in the State" and to inform us that "the Commission believes that these programs deserve ongoing support." The strange omission of any affirmative plan to help adults and out-of-school youth must be rectified. New York should follow the lead of states like North Carolina, Maine, Kentucky and Washington, which have created ambitious ABE-to-College transition programs. Many of these programs use the "career ladder" approach, which has been found especially effective, and would work well in New York State.

Recommendation: The Commission should assess the effectiveness of ABE-to-College transition programs in other states and propose a model for New York.

4. Compact for Excellence in Higher Education (p. 44-54)

The Commission proposes an elaborate funding plan for the public higher education system: the New York State Compact for Public Higher Education. The funding plan lacks an important concept, however: accountability. In exchange for a flood of new taxpayer funding, what will the colleges commit to doing?

In a high-functioning system of public higher education, the state should set public policy goals and require institutions of higher education to set benchmarks for meeting those goals. In New York's public higher education system, on the other hand, there is no state-level goal-setting process and therefore no real accountability. This in part stems from technical shortcomings, such as short-staffing in agency research units and the lack of a student unit record system. But even these technical issues bespeak a dangerous lack of focus. The Higher Education Services Corporation (HESC), for example, which administers a \$900 million financial aid program and guarantees \$4.7 billion in student loans, has only three full-time research analysts. States like Florida and Virginia are years ahead of New York in deploying student unit record systems to develop long-range strategies for their public higher education sectors.

The precondition for any real accountability or evidence-based planning is for the top leadership of the state to begin demanding it. The Commission's final report would be a good starting point.

Recommendation: The Commission should establish a Compact for Excellence in Higher Education to map out how the state will seek and obtain accountability for its funding of the public higher education system.

As the Commission on Higher Education turns toward preparation of its final report, we believe that meeting the needs of working adult students is the major item of unfinished business. The Commission should focus on these workers and the workforce needs of the state's private employers as quickly and seriously as possible.