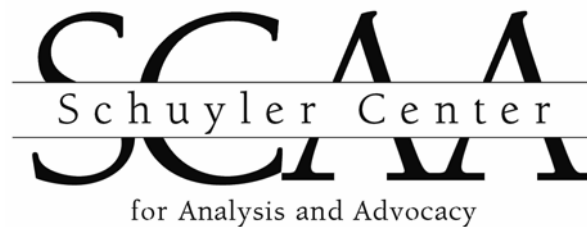


**Testimony before the Joint Higher Education Committees  
on the SFY 2008-09 *Executive Budget*  
Higher Education Hearing  
January 30, 2008**

**Presented by Karen Schimke, President and CEO  
Schuyler Center for Analysis and Advocacy**



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Schuyler Center for Analysis and Advocacy

Good afternoon. I am Karen Schimke, President and CEO of 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.

Clearly, New York should do more to help working adults achieve a college education. Yet legislators are obviously struggling with a \$4.5 billion budget deficit, which makes any new expenditure appear to be an unaffordable luxury. Should we wait until next year? Today I will argue that the need is so urgent and the stakes so high for New York's economic competitiveness that policymakers cannot afford to wait another year. Furthermore, we can lay the foundation for success this year with a few inexpensive steps.

At last week's hearing of the Assembly Higher Education Committee, New York Commissioner of Labor Patricia Smith noted:

“As I visit every region of our State, time and time again I hear business leaders express concerns about worker skill shortages. The need to upgrade worker skills is a serious problem, especially for the small- and mid-size firms that are the foundation of New York's economy.”

We hope that the Higher Education Committees will heed Commissioner Smith's warning. While New York has a fine track record for promoting new business and encouraging entrepreneurship, the past is no guarantee of the future. Companies competing in a global “innovation economy” need skilled employees who can meet the demands of a changing market.

And the situation will only get worse. According to the National Center on Education Statistics, New York is headed for a sharp slowdown in our production of high school graduates relative to other states. Why is this important? Because high school is the traditional feeder for higher education. Fewer high school graduates means mean fewer college graduates.

We should take two lessons here. First, it is important for New York to get its high school graduation and college continuation rates up. We commend Governor Spitzer for his initiatives in strengthening the pre-kindergarten and secondary education systems. Second, we cannot rely on recent high school graduates to meet New York's needs for skilled labor over the next 10-15 years, as the Baby Boomers retire and the demand for college-educated workers soars by an estimated 15%.

While FY 2008-09 may not be the year for costly spending in any area of higher education, there are several steps that the Legislature could take to pave the road for working adults to access and graduate from the state's institutions of higher learning.

The two key measures that we believe are achievable this year are as follows:

- ***Support innovation that enhances college access.*** We propose that the Legislature establish a \$2 million rotating grant fund to encourage innovation in New York's community colleges. Other states have developed innovative programs that enhance student access to higher education, especially for low-income minority students. One area of innovation is the development of bridge programs from adult and vocational education to higher education. These programs may take the form of career ladders in a particular sector, such as health care, hospitality or information management; or strategies to help GED students take the next step into college. Another area of innovation is in developmental and remedial education. This field is in ferment with a number of promising approaches, ranging from performance-based scholarships to learning communities to California's Digital Bridge Academy.
- ***Abolish the "Don't Come Back" rule.*** We propose bringing all undergraduate students up to the current TAP schedule, regardless of the date of they first enrolled. Every few years, New York raises TAP eligibility and benefits, usually in conjunction with tuition hikes. Each time, a new "schedule" is created to codify the newly modified formula. Under a little-known rule, however, a student who first enrolled on an earlier schedule, dropped out and then returned later will forever remain on that schedule. Approximately 15,000 students are currently studying under older and less generous schedules. These students receive lower maximum grants. They also must meet the income eligibility rules from previous years with no allowance for inflation.

The "don't come back" rule serves no public policy goal and perversely discourages former students from returning to school to complete their education. The policy also has the effect of discriminating against female students, who are more like to drop out due to divorce or child-bearing and then return in later years. The Higher Education Services Corporation (HESC) projects the cost of abolishing the "don't come back" rule and bringing all students up to the current schedule at about \$800,000 annually.

In addition, we see two key priorities for the state: support for community colleges and modernization of financial aid.

## **1. Supporting Community Colleges**

Community colleges play the most vital role in educating working adults and creating the skilled workforce New York employers need. We urge the Legislature to invest in the state's SUNY and CUNY community college network.

***Eliminate reduction to community college base aid.*** The Executive Budget proposes reducing base operating aid by \$50 per student for the 36 SUNY/CUNY community colleges. This 1.8% reduction is smaller than the 2.5% reduction in aid proposed for 4-year SUNY/CUNY

institutions. But the community colleges already operate on an extremely tight budget. Community colleges that have reached their tuition cap will have to reduce their operating budgets, which will involve cutting muscle and bone, not fat. Other community colleges will pass the aid reduction on to students in the form of tuition hikes. Since community colleges in New York already charge tuition and fees at a level 50% above the national average, any further tuition hikes will jeopardize access to low- and moderate-income students.

***Incentivize local sponsors to increase their share of community college support.*** The Commission on Higher Education recommended in its Preliminary Report that the state call on counties to provide their full 26.7% share of support, and penalize counties that fail to meet their share by depriving them of seats on the college's board of trustees. The fatal flaw in this proposal is that it is conditioned on the state meeting the 40% revenue share that it agreed to many years ago. Since the state is proposing to cut its base operating aid grant this year without a clear prospect for raising it in the future, the stage is set to preserve the underfunded status quo indefinitely.

The Higher Education Committees could break the status quo, however, by going in a non-punitive direction. Falling short of the funding threshold should not result in a trustee representation penalty, but in automatic conversion to a regional model. Thus the funding model would shift to the same model as Jamestown or Corning community colleges, in which local sponsors fund the institution through a system of chargebacks. We urge the Legislature to roll up its sleeves and help stabilize funding for our state's community colleges.

***Restore funding for non-credit courses and establish funding for new credit-bearing programs.*** The Commission recommends that the state re-establish the funding for vocational non-credit courses that was terminated in 1991, and begin funding "new credit-bearing programs that will allow colleges to adapt quickly to changing needs." We concur in these recommendations, and urge that they be implemented as soon as possible.

## **2. Modernizing Financial Aid to Assist Adult Students**

In *Working To Learn*, we found that the Tuition Assistance Program (TAP), while justly praised for improving college accessibility for recent high school graduates, discriminates against working adult students. We recommend the following steps to begin righting the balance.

***Waive undergraduate college tuition for all foster youth entering SUNY or CUNY.*** Young adults graduating from the foster care system are currently denied any real access to state financial aid. New York should remove this financial barrier, which perpetuates a generational cycle of impoverishment and despair, and encourage these youths to seek opportunities in higher education. 17 states have already taken the step of waiving college tuition for foster youth. New York should join them. The Higher Education Services Corporation estimates that shifting foster youth to the dependent schedule would cost \$5-6 million in 2008-09, and the cost of a tuition waiver would be only slightly higher.

***Improve the independent schedule.*** New York has established a separate "schedule" or framework of eligibility and benefits, for students who have no children or spouse. The maximum benefit is \$3,025 per year, compared to \$5,000 for all other students, and the income threshold for any benefit at all has been capped at \$10,000 annually (net taxable income),

compared to \$80,000 for all other students. Perhaps as a result, usage of TAP by these students has fallen by almost half over the past decade. The Commission recommends that TAP benefits be enhanced for students on the independent schedule, and we concur. We suggest that the Legislature improve the independent schedule in stages until it matches the dependent schedule, and then abolish it altogether. As a first stage, the Legislature could raise the benefit to \$4,000 and the income threshold to \$14,000. HESC estimates the cost at about \$23 million annually after full phase-in, but the first-year cost should be much lower.

We fully understand that the state budget is in deficit this year, and that costly new initiatives will have to await better times. But through targeted investments in community colleges, workforce development, and financial aid, the Legislature can sow seeds that will reap great benefits for the state economy in years to come. Thank you.