

UNITED UNIVERSITY PROFESSIONS



TESTIMONY

**Testimony
2009-2010 State Fiscal Year
Deficit Reduction Plan**

By

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President**

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Chairman Farrell, distinguished members and staff of the Assembly Standing Committee on Ways and Means, thank you for providing the United University Professions (UUP) the opportunity to comment on the Governor's proposal for a Deficit Reduction Plan to reduce State spending for the 2009-10 State fiscal year.

I am Phillip H. Smith, President of UUP, the largest higher education union in the nation. UUP is the second largest local in the 600,000 member New York State United Teachers.

We represent more than 35,000 academic and professional faculty at the State University's State-operated campuses, and at our public teaching hospitals and health science centers.

We do not dispute the severity of the State's current fiscal crisis. Unfortunately, the enormous impact the State's worsening financial situation has already had on the State University is equally undisputable.

Over the past 18 months, State support for SUNY has dropped by an astonishing and recurring \$410 million. The cuts to the State University's operating budget over the past 18 months have been proportionately greater than the State spending reductions for any other State agency and functional area. Let me briefly trace those reductions for you.

In 2008-09, the Governor imposed two mid-year cuts on the State agencies – about \$600 million in total. Of that amount, SUNY's share was \$148 million or about 25 percent. In the enacted State budget for 2009-10, the Governor further reduced SUNY State funding by \$172 million. When all of this is added to SUNY's latest mid-year reduction of \$90 million, SUNY will have lost over 17 percent of its operating budget, as I've said previously, in just 18 months.

The latest \$90 million reduction was, by far, the largest among all the State funded agencies and represents about 18 percent of the combined impact on all State agencies this year.

Throughout the University, the consequences of these reductions are becoming very clear and very disturbing. Full-time faculty continues to be depleted even while enrollment has grown to historic levels. Courses are being cancelled in great numbers, class sizes are increasing to dangerously high levels, graduation is being delayed for many of our students and, as you know, admission is being denied to tens of thousands of qualified high school and community college graduates seeking admission to the University's baccalaureate degree granting programs.

In a sense, we have lost sight of the role SUNY was intended to play in the graduation of a wide-range of productive students who can contribute to the State's overall economy. It is particularly unfortunate that these cuts have occurred during a time of economic recession, when educating or retraining New York's workforce is particularly imperative, and at a time when college affordability has become an issue of State-wide importance.

Even in the face of a State fiscal crisis, there is no reasonable justification to place such an undue burden on one State agency. To put this in context, 19 years ago, in 1990, the State funded \$915 million or 75 percent of the University's operating budget – with the remaining 25 percent financed by the students and their families. After the Governor's latest reduction, the State's share of SUNY's operating budget will be \$907 million. It is incredible that after 19 years of inflation and enrollment growth, that the State will be spending \$8 million less this year to support public higher education at SUNY than it did in 1990. It's equally important to note that, for the first time in history, the students are now financing more than half of SUNY's operating budget.

The situation with respect to the University's three teaching hospitals in Syracuse, Brooklyn and Stony Brook and four health science centers is equally dire. Over the past decade, these institutions have had to absorb, without State funding, more than half a

billion dollars annually in State mandated expenditures and unavoidable price increases in categories such as energy.

Over the past 18 months, the resource base for these institutions has been strained to the breaking point – not only by the absorption of State mandated cost – but by recent Medicaid cuts and reductions in the State subsidy which, I should point out, is also less now than it was 10-15 years ago.

In effect, the Governor fails to recognize that these hospitals are operated publicly simply because they are required to serve not only large populations of underinsured and uninsured patients, but also patients referred by other hospitals with medical conditions that require very costly treatment. The quality of health care provided by these institutions is already at great risk, and further reductions in Medicaid support will undermine their ability to serve the needy.

I urge you to consider the impact already experienced by the University as a result of disproportionate State funding reductions, reverse the \$90 million mid-year reduction to SUNY, and protect our hospitals from further Medicaid cuts.

Thank you for giving me the opportunity to express our very deep concern that the latest round of reductions will have irreversible consequences for our students and for those who require health care from our public hospital system.

Thank you.