

U N I V E R S I T Y
FACULTY  SENATE

THE STATE UNIVERSITY *of* NEW YORK

**TASK FORCE on RATIONAL FISCAL POLICY:
PATHWAY TO EXCELLENCE**

**FINAL REPORT
JANUARY 2003**

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- *Ram Chugh (Potsdam) - Task Force Chair
- *Maureen Dolan (Old Westbury) - Task Force Recorder
- *Joe Hildreth - University Senate President
 - Bob Axelrod (Faculty Council of Community Colleges, President)
 - Diane Geerken (Cobleskill)
 - Edward Turner (SUNY Albany)

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FOREWARD

After one year of research, analysis, consultation and discussion, the University Faculty Senate's Task Force on Rational Fiscal Policy has completed its work. The Task Force was asked to develop a long term, rational fiscal policy for SUNY. Rather than focus on any one issue, such as tuition, the Report contains eleven interdependent concepts and recommendations. Together these eleven components constitute the Task Force's Policy Recommendations. The Report was unanimously endorsed by the University Faculty Senate at its Winter Plenary Meeting at SUNY Geneseo, January 24, 2003.

The Senate is deeply indebted to Distinguished Service Professor Ram Chugh for agreeing to serve as Chair of the group. He worked very hard to provide the intellectual directions for the research required for this project. We are also appreciative of the technical support provided by David DeMarco, Assistant Vice Chancellor for Resource and Systems Planning.. His technical contributions were invaluable. We are also grateful to the other members (listed on the title page of the Report) for their work on this important project.

This Report should be read and reread by every constituent in the SUNY System. It provides a balanced, comprehensive approach to the rational funding of SUNY. This document provides a clear summary of a funding process that would work. If this plan is implemented the effect would be a University with much greater financial stability. This would make planning much better and would make campuses more efficient and accountable in the administration of the campus budget.

Joseph Hildreth
President, University Faculty Senate
February, 2003

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THE STATE UNIVERSITY of NEW YORK



To: Chancellor Robert King
From: The University Faculty Senate
Re: Rational Fiscal Policy
Date: January 24, 2003

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RATIONALE

WHEREAS the economic and scientific competitiveness of New York State is dependent on an educated citizenry, and

WHEREAS the quality of that education is linked to appropriate state support, and

WHEREAS SUNY is committed to providing broad access to quality state supported higher education, and

WHEREAS there is a clear indication that greater numbers of New York State students will seek a SUNY education, and

WHEREAS the lack of a long range funding policy makes financial planning difficult for students and their parents, SUNY campuses, and the State of New York,

WHEREAS the lack of a long range funding policy threatens continuation of excellence in teaching and research that exists within the SUNY system, and hence long term ability to compete with other universities;

RESOLUTION

THEREFORE BE IT RESOLVED, that the University Faculty Senate endorses the fundamental concepts and recommendations contained in the final report of the Task Force on Rational Fiscal Policy, and.

BE IT FURTHER RESOLVED, that the Chancellor, working with the University Faculty Senate, the SUNY Board of Trustees, governmental bodies, and other appropriate constituencies develop a long term, rational fiscal policy for SUNY which incorporates the fundamental concepts contained in the Rational Fiscal Policy Report.

133-01-1 Executive (without dissent)

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University Senate Task Force on Rational Fiscal Policy: Pathway to Excellence

I. INTRODUCTION

Process

The University Senate Task Force on Rational Fiscal Policy is pleased to present this final report to the University Senate. This report describes issues, data and trends relating to the funding of SUNY, and offers a set of recommendations designed to attain the goal of a rational fiscal policy.

The Task Force was created in May 2002, in response to a resolution passed by the Senate at its Winter 2002 Plenary Meeting in Binghamton. As a collaborative effort between the Senate and System Administration, Senate President Joe Hildreth appointed Ram Chugh (Distinguished Service Professor, Potsdam) as chair, with David DeMarco providing the lead technical assistance from System Administration. The Senate President then appointed several faculty members from the various SUNY sectors to serve on the Task Force and requested other individuals from SUNY System Administration to provide appropriate technical assistance and support.

To facilitate the work of the Task Force, a Steering Committee composed of Ram Chugh, David DeMarco, Maureen Dolan and Joe Hildreth was established. The Steering Committee met frequently and prepared draft reports for discussion and review by the entire Task Force. Maureen Dolan served as recorder for both groups and as liaison to the Senate's Operations Committee. Ram Chugh and Maureen Dolan served as liaisons to the Chancellor's Strategic Planning Committee. The Steering Committee and Task Force met several times during the summer months. A preliminary report was presented by the Task Force Chair Ram Chugh in October, at the University Faculty Senate Fall 2002 Meeting in Purchase.

Resolution

The resolution adopted on January 18, 2002 (*see Attachment I*) stated the following as the charge for this Task Force:

“Therefore be it resolved that the Chancellor, working with the University Faculty Senate, governmental bodies, and other appropriate constituencies, develop a long term, rational fiscal policy to include increased state support and to address such factors as enrollment growth and inflation to ensure the quality of public higher education.”

While the Senate resolution addressed the funding of state-operated campuses within SUNY, it is important to keep in mind that public higher education in New York State also includes SUNY's community colleges and CUNY. Because of the wording of the Senate resolution, the Task Force report focused on SUNY's state-operated campuses. Nevertheless, as a separate exercise, the development of a rational funding policy for *all*

institutions of public higher education within the State should be considered. This would naturally require the involvement of CUNY and SUNY's community colleges. As can be seen from this report, the development of a long-term rational fiscal policy for public higher education is a complex and challenging task. The Task Force understands the importance of stable and predictable investment in public higher education, and considers it to be the best investment a society can make for the future. If public higher education does not receive adequate funding on a long-term basis, then society, in fact, is short-changing itself.

Thus, in order to make a strong case for a rational and stable funding policy, the Task Force needed to develop a firm understanding of the budgetary issues that confront public higher education and the State. This required a considerable amount of data collection and research on the funding of public higher education - not only in New York State but in other states as well.

II. RATIONAL FISCAL POLICY

The first task undertaken by the Task Force was to define the term "rational fiscal policy" as it relates to the funding of public higher education. In its discussions, the Task Force focused on the funding of state-operated campuses and examined the funding of SUNY from *all* state and non-state revenue sources. The Task Force took a macro view in its deliberations. Examination of internal budgeting processes and the allocation of resources within and across SUNY would require a separate study.

The Task Force understood the importance of its assignment as having profound implications for the future of SUNY and the State. Also, this assignment provided the Task Force and, in turn, the University Senate with an opportunity to study this issue in depth, and to offer balanced and constructive suggestions for the funding of SUNY on a rational basis.

Instead of arriving at a single definition, the Task Force determined the key features or attributes of a rational fiscal policy. The following were identified as key components of such a policy:

- Stability in overall funding
- Predictability in annual funding from all sources
- Growth, to provide funds for:
 - ✓ Inflation
 - ✓ Increases in Enrollment
 - ✓ New Programs and Initiatives
 - ✓ New Technology Initiatives
 - ✓ Funding for Mandates
- Effectiveness in allocation of funds
- Efficiency in the use of resources
- Flexibility in management of funds
- Affordability and Accessibility
- Accountability and Openness in budgeting

- Diversity in sources of revenue

III. FUNDING OF SUNY FROM 1991-92 TO 2000-2001

The Task Force studied the overall funding of SUNY, through its various revenue streams, and the degree of stability and predictability in the level of SUNY's annual funding. This required a historical review going back several decades. Unfortunately, since historical data on a consistent and comparable basis was not readily available for the entire period examined, the Task Force decided to focus on the decade from 1991-1992 to 2000-2001. Capital funding was not addressed.

SUNY's total funding is comprised of the following categories:

- A. Appropriated by Legislature- State Tax Support
 - Direct Support (for the core instructional budget)
 - Indirect Support (Fringe Benefits and Debt Service)

- B. Appropriated by Legislature - Campus Generated
 - Tuition Revenue
 - Income Fund Reimbursables (IFRs, including Student Fees)
 - Residence Halls
 - State University Tuition Reimbursable Account (SUTRA)
 - Hospitals
 - Endowment Funds

- C. Non-Appropriated - Campus Generated
 - Auxiliary Services Corporations
 - Campus Related Foundations
 - Sponsored Activities (primarily research and training grants)
 - Local tuition funds retained by the statutory colleges

The **Core Instructional Budget** consists of direct state tax support and tuition revenue and is the fund most directly related to meeting the campuses' instructional mission. Indirect state tax support also supports the core instructional budget.

Overall funding (i.e., all funds expenditures) for SUNY - from all sources, public and private - increased from \$3.36 billion in 1991-1992 to \$5.12 billion in 2000-2001. This represents an increase in funding of 52% in *actual* dollars, but by 13% in *constant* dollars. The next section summarizes the changes in SUNY's funding, by major category, for the period 1991-92 to 2000-01. (*See Attachments II, III and IV*)

Breakdown of Major Categories of SUNY Funding (all data shown in actual dollars):*

➤ **State Tax Support**

• **Direct Support**

Varied from nearly \$900 million in 1991-1992, to a low of \$647 million in 1996-97 and a high of \$937 million in 2000-01. Over time, Direct Support has declined in constant dollars as well as in the percentage of the State General Fund devoted to SUNY.

• **Indirect Support** (Fringe Benefits and Debt Service)

Increased steadily from \$448 million in 1991-92 to \$760 million in 2000-01 in actual dollars (also increased in constant dollars).

➤ **Tuition Revenue**

- Increased to a high of \$805 million in 1999-00 from a low of \$474 million in 1991-92, primarily due to an increase in tuition rates (see Attachment VII).

➤ **Other Appropriated Funds: campus-generated**

• **General IFR**

Increased steadily from \$145 million in 1991-92 to \$268 million in 2000-01. The IFR fund includes student fees, which have become an increasingly important source of campus revenue.

• **SUTRA**

Increased sharply from \$2.5 million in 1992-93 to \$61.8 million in 2000-01. This fund includes summer session, contract course, study abroad and over-enrollment tuition revenue.

• **Residence Halls Revenue**

Increased steadily from \$140 million in 1991-92 to \$211 million in 2000-01.

• **Hospitals, Long Island Veterans' Home**

Increased significantly from \$585 million in 1991-92 to \$943 million in 2000-01.

➤ **Other Non-Appropriated Funds: campus-generated**

• **Sponsored Activities (research and training grants)**

Nearly doubled from \$377 million in 1991-92 to \$623 million in 2000-01. The latest figures indicate that this funding increased to almost \$700 million in 2002-03.

* The term *current* or *nominal* dollars mean the same thing and refer to *actual* dollars *without* any adjustment for price changes over time. The term *constant* dollars, on the other hand, refers to dollar allocations *adjusted* for price changes based on a well-accepted price index, such as Consumer Price Index (CPI) or Higher Education Price Index (HEPI).

- **Auxiliary Services**
Increased steadily from \$128 million in 1991-92 to \$190 million in 2001-02. This includes primarily revenue from bookstores and food services.
- **Campus-Related Foundations**
More than doubled from \$53 million in 1991-92 to \$123 million in 2001-02.

Trends in State Tax Support

Trends in SUNY's **Core Instructional Budget** for the period 1991-92 to 2000-01, measured in **constant dollars** *(see Attachment III):

- Total funding of SUNY's Core Instructional Budget (also referred to as annual operating budget) decreased from \$1.37 billion to \$1.28 billion.
- Direct State Tax Support for SUNY's Core Instructional Budget decreased from \$896.3 million to \$697.1 million - representing a 22.2% decrease over the decade.
- Tuition Revenues increased from \$473.9 million to \$586.7 million - representing a 23.8% increase over the decade.
- Indirect State Tax Support increased from \$448.3 million to \$564.8 million – representing a 26% increase over the decade.

Examined on the basis of **Budgeted State Tax Support per student**, for the same ten-year period, and measured again in **constant dollars** *(see Attachment V):

- Total State Tax Support declined from \$8836 to \$7766 per AAFTE student - representing an overall 12% decrease.
- Direct Support declined from \$5666 to \$4357 per AAFTE student - representing a 23% decrease over the decade.
- Indirect Support increased from \$3170 to \$3410 per AAFTE student – representing a 7.6% increase over the decade.

Examined on the basis of **Tax Dollar Support as a Percent of State General Fund**, for the period from 1990-91 to 2000-01, measured in **actual dollars** * (see Attachment VI):

- Total State Tax Support for SUNY declined from 4.94% to 4.37% of the General Fund - representing an 11.5% decrease over the decade.
- Direct State Tax Support declined from 3.17% to 2.45% of the General Fund - representing a 22.7% decrease over the decade.
- Indirect Support grew from 1.77% to 1.92% of the General Fund - representing an 8.5% increase over the decade.

* The term *current* or *nominal* dollars mean the same thing and refer to *actual* dollars *without* any adjustment for price changes over time. The term *constant* dollars, on the other hand, refers to dollar allocations *adjusted* for price changes based on a well-accepted price index, such as Consumer Price Index (CPI) or Higher Education Price Index (HEPI).

Overall Trends and Observations in the Funding of SUNY

1. Direct State Tax Support measured in constant dollars has declined over the years, that is, it has not kept with pace with inflation. The year-to-year variation in Direct State Tax Support has created instability and unpredictability.
2. Indirect State Tax Support for fringe benefits and debt service increased in actual and constant dollars.
3. Tuition revenues have come to assume an increasingly large share of SUNY's core instructional budget due to increasing enrollment and tuition increases in the early to mid 1990s. Over a period of nearly four decades, SUNY's tuition is seen to plateau for extended periods, and to rise (sometimes steeply) in response to State fiscal stress. *(See Attachment VII)*
4. Campuses are relying increasingly on student fees to generate additional revenue. *(See Attachment VIII)* These fees are not reimbursable under TAP. For many students and their families, these rising student fees are particularly burdensome.
5. Campuses are also intensifying their efforts to generate additional external funds through research and other sponsored activities, through private giving, IFRs and Auxiliary Services.

Trends in New York State vs. other States

The trends listed above are found in almost every other state in the country. State funding increasingly constitutes a smaller and smaller percentage of the operating budgets for almost all public higher education institutions in the nation. *(see Attachments IX and X)*.

Long-term trends show relatively less of an increase in state tax appropriations for public and private higher education in New York than other states. For FY 1996 to FY 2001, state tax appropriations to higher education in New York increased by 21.9% compared to the national average of 36.6%. During this same time period, increases in neighboring states were Pennsylvania (22.4%), Vermont (23.4%), Connecticut (34.6%), and Massachusetts (48.5%). *(See Attachment XI)*

When examined on a per student basis for one year, 1997-98 (the most recent year for which data was available), State tax appropriations for higher education in New York State are very close to the national average in both actual dollars and when adjusted for the cost of living. *(see Attachment XII)*

IV. NATIONAL TRENDS IN THE FUNDING OF PUBLIC HIGHER EDUCATION

In their comprehensive analysis of the funding of public higher education during the 1990s, Breneman and Finney¹ observed the following broad national trends.

TREND ONE:

For the first time since the mass expansion of higher education, dollars paid by students and their families (through tuition) surpassed state appropriations to colleges and universities, which was previously the largest revenue source.

TREND TWO:

Higher education's share of state budgets declined nationally as well as in case study states.

TREND THREE:

For the first time in 40 years, there was an absolute annual decline in state dollars for higher education.

TREND FOUR:

The student share of the cost of higher education increased in all the case study states, and tuition as a share of personal disposable income increased in most states.

TREND FIVE:

During the first half of the 1990s, tuition increased at every type of higher education institution at a rate faster than the Consumer Price Index.

TREND SIX:

Many states that increased tuition the fastest during the 1990s have frozen or dramatically slowed the growth of tuition.

TREND SEVEN:

State student aid programs grew, but increases did not keep pace with the need caused by rising tuition.

TREND EIGHT:

Students at public institutions in many states are paying for an increasing portion of student aid through tuition increases.

TREND NINE:

Tuition discounting in private colleges and universities increased.

TREND TEN:

¹ David W. Breneman and Joni E. Finney, "The Changing Landscape: Higher Education Finance in the 1990s" in *Public and Private Financing of Higher Education: Shaping Public Policy for the Future*, edited by Patrick M. Callan and Joni E. Finney with Kathy Reeves Bracco and William R. Doyle, *American Council on Education*, Oryx Press, 1997, Chapter Eight (New York)

More students borrowed greater amounts of money to pay for higher education.

TREND ELEVEN:

Support for state mechanisms to promote student choice [to attend private colleges and universities] has eroded in some states due to changes in the structure of higher education finance.

V. INSTABILITY IN FUNDING: CAUSES, EFFECTS, SOLUTIONS

Causes for Instability

The following are the main reasons for the instability in funding of SUNY and all public higher education.

- Economic fluctuations impact the state's revenues.
- Other state priorities and agencies compete for resources
- Unlike other state agencies, higher education has access to other sources of funding.
- SUNY is a very diverse and heterogeneous system, for which a unified voice and approach are not easily developed.
- Strong private higher education institutions exist in New York State.

Attachment XIII illustrates the emergence of the priority placed on Medicaid funding *vis a vis* higher education. Attachment XIV shows New York State's General Fund allocation among different program categories (in percentage terms) over a five-year period, from 1990 to 1995. Both charts demonstrate the declining percentage of funds dedicated to higher education.

Consequences of Instability

Uncertainty in the level of state funding [for the operating budget] makes it difficult to:

- maintain academic quality and services to students
- engage in long-term and even short-term academic planning
- undertake new academic initiatives
- remain competitive with other higher education institutions
- determine a consistent enrollment policy
- make investments leading to long-term efficiencies
- provide adequate support services to under-represented and under-served student populations

Stabilization Fund for Public Higher Education

Building a quality educational system requires years of hard work, planning, and vision. In contrast, it may take merely a year to weaken an academic program. It can then take many years, and more resources, to re-build it to its previous strength and reputation. Continued

uncertainty as to the level of annual funding makes it that much more difficult for public institutions to undertake long term planning.

The goal of stability in annual funding can be attained through several methods. One is to have an explicit policy where the state provides stable annual funding for public higher education. Another method is to create a New York State Public Higher Education Stabilization Fund to provide stability in the level of funding when the state is confronted with severe budgetary problems. The major purpose of this fund is to *cushion* extreme fluctuations in state appropriations for public higher education.

The fund may not be able to remove all of the instabilities in funding, but it will greatly help to minimize them. The state could borrow money from this fund to make up any shortfall or deficit in funding public higher education that would generate insurmountable instability. During better economic times, money could be returned to the fund.

Guidelines will need to be developed for the use of the proposed dedicated New York State Public Higher Education Stabilization Fund. Through the use of this stabilization fund, publicly funded institutions of higher education will experience increased stability and, therefore, be able to devote their energies to doing what they do best - educating students.

Annual Indexing of Tuition

The annual indexing of SUNY tuition to a recognized metric (e.g., the Higher Education Price Index) would provide predictability in tuition rates, and facilitate financial planning for students and their families. Additionally, indexing would be more equitable to students and their families than periodic large increases in tuition. Such an indexing strategy would also facilitate long-term planning by SUNY and its campuses. Had SUNY tuition been indexed during the preceding decade to the HEPI, then undergraduate tuition for 2002/03 would be \$3728, as compared to \$3400 (*see Attachment XV*).

During periods when SUNY tuition has lagged behind the HEPI index, SUNY has lost the opportunity of increased tuition revenues linked to indexed tuition rates. The opportunity cost of this pricing “deficit” has had a cumulative negative impact on SUNY’s operating budget. At the present time, SUNY tuition for doctoral and non-doctoral campuses is below the average for public universities in the Northeast and Mid-Atlantic states. (*see Attachments XVI and XVII*)

VI. RECOMMENDATIONS FOR A RATIONAL FISCAL POLICY

Key Issues

- To increase funding for SUNY, including state support, so as to keep up with inflation and enrollment increases, and to provide for the adoption of new programs and initiatives, and the enhancement of academic excellence

- To minimize (to the extent possible) instability and unpredictability in state funding of SUNY, through the creation of a NYS public higher education stabilization fund
- To allow SUNY tuition to increase annually using a well-accepted price index, which will provide predictability for students and their families, and facilitate long-range planning on SUNY campuses
- To increase TAP awards proportionally, improving SUNY's affordability and accessibility for needy students
- To further diversify sources of funding
- To ensure effective and efficient utilization of resources, and to maintain proper accounting and budgeting of the available funds

SUNY has shown tremendous resilience and flexibility over the years in its ability to cope with annual changes in the level of funding, while trying to meet its mission of providing the best education and meeting other state needs.

SUNY is recognized as a unique system because of its diversity, distinctiveness and the geographic dispersion of its campuses. Through these unique attributes, to a greater extent than other public universities, SUNY contributes greatly to regional and state economic development.

SUNY is vital to the economic future of New York State. A stable and predictable funding policy would enable SUNY to truly become the best public university system in the world. State support should be consistent with SUNY's goals of advancement. The recommendations that follow should be viewed within this context.

Recommendations

1. State Tax Support

Recognizing the existence of economic cycles and occasional periods of fiscal stress, while also recognizing that SUNY is an engine for economic development, New York State should increase its funding of SUNY over time. The percentage of the State General Fund Budget (State tax support) allocated to SUNY should not decline; in fact, this percentage should increase over time.

2. New York State Public Higher Education Stabilization Fund

To provide long-term stability and predictability in the funding of SUNY and CUNY, New York State should create a Public Higher Education Stabilization Fund. Such a fund could provide additional funds to SUNY and CUNY during times of State fiscal hardship. The fund should be replenished during times of State fiscal stability and growth. Long-term stability in funding is essential for meaningful strategic planning by academic institutions.

3. Enrollment Policy

SUNY's enrollment policy should reflect the fact that enrollment growth and consistent academic quality are not feasible without appropriate resources. To maintain and enhance

quality, enrollment goals should be consistent with available funding. In particular, enrollment increases must be accompanied by appropriate funding increases.

4. Tuition Policy

Tuition should be indexed annually to a well-accepted price index (e.g., HEPI, the Higher Education Price Index). This will provide predictability to campus revenues and to financial planning for students and their families. State tax support must not decline in response to tuition increases.

5. Student Fees

Student fees (e.g., technology, health, athletic) should be set in an open and consistent manner, with itemized reporting and accountability. Differences in campus student fees must reflect actual campus and program costs tied to benefits derived by students. It is expected that increases in tuition will moderate increases in student fees.

6. Financial Aid and Opportunity Programs

To ensure affordability and access for all students, state support should be sustained for programs intended to assist broad access to the university for students in need of educational opportunity and of limited means. The TAP award should cover broad-based student fees, in addition to tuition. The maximum TAP award should be adjusted annually to reflect increases in tuition and student fees.

7. Unfunded Mandates

Implementing unfunded mandates (e.g., negotiated salary increases, new program requirements) imposes an unfair financial burden on the campuses. Adequate funding should be provided to offset the costs associated with such mandates.

8. External Funding

SUNY should intensify its efforts to diversify its sources of funding from external sources (e.g., fund-raising, sponsored research, campus-based initiatives). However, to maintain incentives for campuses to increase external funding, such increases should not result in any decline in State support.

9. Openness in Budgeting

To enhance public confidence and trust, New York State, SUNY, and the campuses should provide consistent and open budgeting and reporting of the sources and uses of State and external funds.

10. Effective and Efficient Use of Funds

It is prudent that SUNY and the individual campuses continually look for ways to economize in campus operations. Best practices should be shared among campuses and throughout the system.

11. Cooperation/ partnership with CUNY and independent institutions

Given the long history of private higher education in New York State, SUNY should develop close working relationships and partnerships with the independent sector and with CUNY, for the benefit of the State and its citizens. Areas of cooperation should be explored that would promote higher education for all New York State residents, economic development and job growth.

LIST OF ATTACHMENTS

- I. University Senate Resolution on Rational Fiscal Policy for SUNY, January 2002
- II. All Funds Expenditure History (1991-92 to 2000-01), Actual Dollars
- III. All Funds Expenditure History (1991-92 to 2000-01), Constant Dollars
- IV. All Funds Expenditure History (1991-92 to 2000-01), Percent of Total (Actual Dollars)
- V. Budgeted State Tax Support per AAFTE Student (1990-91 to 2000-01)
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- VII. SUNY Trend in Undergraduate Resident Tuition (1963-64 to 2002-03)
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- IX. Change in Share of Revenues for Public Higher Education
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- XII. 1997-98 State Appropriations to Higher Education - State Rankings
- XIII. Relative Shares of State Spending – FY1987 to FY 1995
- XIV. New York State – General Fund by Program Category (In Percent)
- XV. SUNY Undergraduate Tuition vs. HEPI - Trend 1992-93 to 2002-03
- XVI. Public Doctoral Campuses (Northeast, Mid-Atlantic) - 2002-03 Tuition and Fees
- XVII. Public Non-Doctoral Campuses (Northeast, Mid-Atlantic) - 2002-03 Tuition and Fees

TO: Chancellor King
FROM: University Faculty Senate
RE: Resolution on Rational Fiscal Policy
DATE: January 18, 2002

RATIONALE

WHEREAS the economic and scientific competitiveness of New York State is dependent on an educated citizenry, and

WHEREAS the quality of that education is linked to appropriate state support, and

WHEREAS SUNY is committed to providing broad access to quality state supported higher education, and

WHEREAS there is a clear indication that greater numbers of New York State students will seek a SUNY education, and

WHEREAS the lack of a long range funding policy makes financial planning difficult for students and their parents, SUNY campuses, and the State of New York,

WHEREAS the lack of a long range funding policy threatens continuation of excellence in teaching and research that exists within the SUNY system, and hence long term ability to compete with other universities;

RESOLUTION

THEREFORE BE IT RESOLVED that the Chancellor, working with the University Faculty Senate, governmental bodies, and other appropriate constituencies, develop a long term, rational fiscal policy to include increased state support and to address such factors as enrollment growth and inflation to ensure the quality of public higher education in New York State.

130-1-1 (without dissent)

State University of New York
State Operated Campuses
All Funds Expenditure History
Based on University Financial Statements
(millions of dollars)

	Actual Dollars									
	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Grand Total	\$3,362.7	\$3,537.5	\$3,798.1	\$3,991.7	\$3,960.2	\$4,066.5	\$4,279.2	\$4,433.0	\$4,792.9	\$5,123.1
Core Instructional Budget Total	1,370.2	1,349.0	1,412.9	1,465.6	1,435.2	1,441.9	1,503.2	1,541.1	1,604.7	1,726.3
Direct State Tax Support	896.3	802.9	855.2	865.8	688.9	646.6	734.6	773.7	799.8	937.4
Tuition & Pooled Income	473.9	546.1	557.7	599.8	746.3	795.3	768.6	767.4	804.9	788.9
Indirect State Support Total	448.3	510.9	539.6	622.1	617.6	652.1	662.2	657.1	684.5	759.5
Debt Service	181.8	205.3	198.5	265.7	270.4	278.6	290.1	297.1	312.1	339.0
Fringe Benefits	266.5	305.6	341.1	356.4	347.2	373.5	372.1	360.0	372.4	420.5
Other Appropriated Funds										
General IFR ¹	145.4	175.7	159.9	170.3	160.3	162.6	187.9	231.0	247.0	268.3
SUTRA ²	-	2.5	31.9	39.9	33.6	38.8	45.0	42.7	64.1	61.8
Residence Halls	140.1	140.8	149.7	147.9	124.4	155.0	168.0	163.9	186.7	210.9
Hospitals, LIV and HIFR ³	585.1	631.8	725.6	703.5	741.5	744.7	796.7	822.2	944.6	942.7
Stabilization	-	-	-	-	-	-	14.6	12.6	16.8	11.7
Local Assistance ⁴	8.5	5.7	7.9	10.9	9.2	7.5	7.3	8.8	8.6	9.7
Endowment Funds	5.2	6.0	7.7	7.8	11.4	8.4	10.4	11.0	11.2	13.2
Banking Services	-	-	-	-	-	-	-	-	0.9	5.4
Non-Appropriated Activities										
Auxiliary Service Corps.	128.1	143.5	143.3	161.3	165.6	169.3	178.7	188.2	188.0	189.8
Campus Related Foundations	52.8	58.3	64.6	71.3	72.4	86.1	87.4	95.5	109.9	121.8
Parking Garages	2.6	2.2	1.9	2.2	1.4	2.8	3.2	3.2	-	-
Local Tuition Funds ⁵ and Other	99.7	112.6	125.3	128.3	133.3	131.7	140.3	149.5	181.0	179.2
Sponsored Activity ⁶	376.7	398.5	427.8	460.6	454.3	465.6	474.3	506.2	544.9	622.8

Notes:

¹ IFR = Income Fund Reimbursable, or self-supporting activities

² SUTRA = State University Tuition Reimbursable Account = tuition for summer session, overseas academic programs, contract courses, and additional enrollment beyond that planned in the core instructional budget.

³ HIFR = Hospital Income Fund Reimbursable

⁴ Includes Legislative Member Items and Cornell Cooperative Extension local assistance funding

⁵ Tuition retained by the statutory colleges and not counted as part of the Core Operating Budget

⁶ Includes activity through the Research Foundation and activity at the statutory colleges

State University of New York
State Operated Campuses
All Funds Expenditure History
Based on University Financial Statements
(millions of dollars)

	Constant Dollars									
	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Grand Total	\$3,362.7	\$3,438.9	\$3,570.1	\$3,645.0	\$3,513.7	\$3,499.1	\$3,556.3	\$3,598.3	\$3,736.5	\$3,810.0
Core Instructional Budget Total	1,370.2	1,311.4	1,328.1	1,338.3	1,273.4	1,240.7	1,249.3	1,250.9	1,251.0	1,283.8
Direct State Tax Support	896.3	780.5	803.9	790.6	611.2	556.4	610.5	628.0	623.5	697.1
Tuition & Pooled Income	473.9	530.9	524.2	547.7	662.2	684.3	638.8	622.9	627.5	586.7
Indirect State Support Total	448.3	496.7	507.2	568.0	548.0	561.1	550.3	533.4	533.6	564.8
Debt Service	181.8	199.6	186.6	242.6	239.9	239.7	241.1	241.2	243.3	252.1
Fringe Benefits	266.5	297.1	320.6	325.4	308.1	321.4	309.2	292.2	290.3	312.7
Other Appropriated Funds										
General IFR ¹	145.4	170.8	150.3	155.5	142.2	139.9	156.2	187.5	192.6	199.5
SUTRA ²	-	2.4	30.0	36.4	29.8	33.4	37.4	34.7	50.0	46.0
Residence Halls	140.1	136.9	140.7	135.1	110.4	133.4	139.6	133.0	145.5	156.8
Hospitals, LIV and HIFR ³	585.1	614.2	682.1	642.4	657.9	640.8	662.1	667.4	736.4	701.1
Stabilization	-	-	-	-	-	-	12.1	10.2	13.1	8.7
Local Assistance ⁴	8.5	5.5	7.4	10.0	8.2	6.5	6.1	7.1	6.7	7.2
Endowment Funds	5.2	5.8	7.2	7.1	10.1	7.2	8.6	8.9	8.7	9.8
Banking Services	-	-	-	-	-	-	-	-	0.7	4.0
Non-Appropriated Activities										
Auxiliary Service Corps.	128.1	139.5	134.7	147.3	146.9	145.7	148.5	152.8	146.6	141.2
Campus Related Foundations	52.8	56.7	60.7	65.1	64.2	74.1	72.6	77.5	85.7	90.6
Parking Garages	2.6	2.1	1.8	2.0	1.2	2.4	2.7	2.6	-	-
Local Tuition Funds ⁵ and Other	99.7	109.5	117.8	117.2	118.3	113.3	116.6	121.4	141.1	133.3
Sponsored Activity ⁶	376.7	387.4	402.1	420.6	403.1	400.6	394.2	410.9	424.8	463.2

Notes:

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³ HIFR = Hospital Income Fund Reimbursable

⁴ Includes Legislative Member Items and Cornell Cooperative Extension local assistance funding

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State University of New York
State Operated Campuses
All Funds Expenditure History
Based on University Financial Statements
(millions of dollars)

	Percent of Total (Actual Dollars)									
	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Core Instructional Budget Total</i>	40.7%	38.1%	37.2%	36.7%	36.2%	35.5%	35.1%	34.8%	33.5%	33.7%
Direct State Tax Support	26.7%	22.7%	22.5%	21.7%	17.4%	15.9%	17.2%	17.5%	16.7%	18.3%
Tuition & Pooled Income	14.1%	15.4%	14.7%	15.0%	18.8%	19.6%	18.0%	17.3%	16.8%	15.4%
<i>Indirect State Support Total</i>	13.3%	14.4%	14.2%	15.6%	15.6%	16.0%	15.5%	14.8%	14.3%	14.8%
Debt Service	5.4%	5.8%	5.2%	6.7%	6.8%	6.9%	6.8%	6.7%	6.5%	6.6%
Fringe Benefits	7.9%	8.6%	9.0%	8.9%	8.8%	9.2%	8.7%	8.1%	7.8%	8.2%
<i>Other Appropriated Funds</i>										
General IFR ¹	4.3%	5.0%	4.2%	4.3%	4.0%	4.0%	4.4%	5.2%	5.2%	5.2%
SUTRA ²	-	0.1%	0.8%	1.0%	0.8%	1.0%	1.1%	1.0%	1.3%	1.2%
Residence Halls	4.2%	4.0%	3.9%	3.7%	3.1%	3.8%	3.9%	3.7%	3.9%	4.1%
Hospitals, LIV and HIFR ³	17.4%	17.9%	19.1%	17.6%	18.7%	18.3%	18.6%	18.5%	19.7%	18.4%
Stabilization	-	-	-	-	-	-	0.3%	0.3%	0.4%	0.2%
Local Assistance ⁴	0.3%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Endowment Funds	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%
Banking Services	-	-	-	-	-	-	-	-	0.0%	0.1%
<i>Non-Appropriated Activities</i>										
Auxiliary Service Corps.	3.8%	4.1%	3.8%	4.0%	4.2%	4.2%	4.2%	4.2%	3.9%	3.7%
Campus Related Foundations	1.6%	1.6%	1.7%	1.8%	1.8%	2.1%	2.0%	2.2%	2.3%	2.4%
Parking Garages	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	-	-
Local Tuition Funds ⁵ and Other	3.0%	3.2%	3.3%	3.2%	3.4%	3.2%	3.3%	3.4%	3.8%	3.5%
Sponsored Activity ⁶	11.2%	11.3%	11.3%	11.5%	11.5%	11.4%	11.1%	11.4%	11.4%	12.2%

Notes:

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³ HIFR = Hospital Income Fund Reimbursable

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⁶ Includes activity through the Research Foundation and activity at the statutory colleges

**State University of New York
State Operated Campuses
*Budgeted State Tax Support per AAFTE Student***

	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Planned AAFTE	161,570	160,742	160,047	159,057	158,750	157,344	156,031	155,021	155,154	157,410	160,496
<i>Actual Dollars</i>											
Direct Support	\$5,666	\$6,041	\$5,130	\$5,523	\$5,787	\$4,659	\$4,452	\$4,836	\$5,262	\$5,376	\$6,067
Indirect Support	3,170	2,923	3,194	3,473	3,927	3,923	4,201	4,213	4,171	4,458	4,749
Total	8,836	8,963	8,324	8,996	9,714	8,582	8,653	9,049	9,433	9,834	10,816
<i>Adjusted for Inflation (Constant Dollars)</i>											
Direct Support	\$5,666	\$5,832	\$4,815	\$5,012	\$5,102	\$3,991	\$3,698	\$3,880	\$4,124	\$4,047	\$4,357
Indirect Support	3,170	2,822	2,998	3,152	3,462	3,360	3,490	3,380	3,269	3,355	3,410
Total	8,836	8,654	7,813	8,164	8,564	7,352	7,188	7,261	7,393	7,402	7,766

Direct State Tax Support is State tax dollars appropriated directly to the core instructional budget.

Indirect State Tax Support includes fringe benefits, debt service and hard dollar capital.

State University of New York
 State Operated Campuses
Budgeted Tax Dollar Support as a Percent of State General Fund

1990-91
1991-92
1992-93
1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00
2000-01

As Percent of General Fund

Direct State Tax Support

3.17%
 3.25%
 2.66%
 2.75%
 2.75%
 2.24%
 2.11%
 2.18%
 2.24%
 2.28%
 2.45%

Indirect State Tax Support

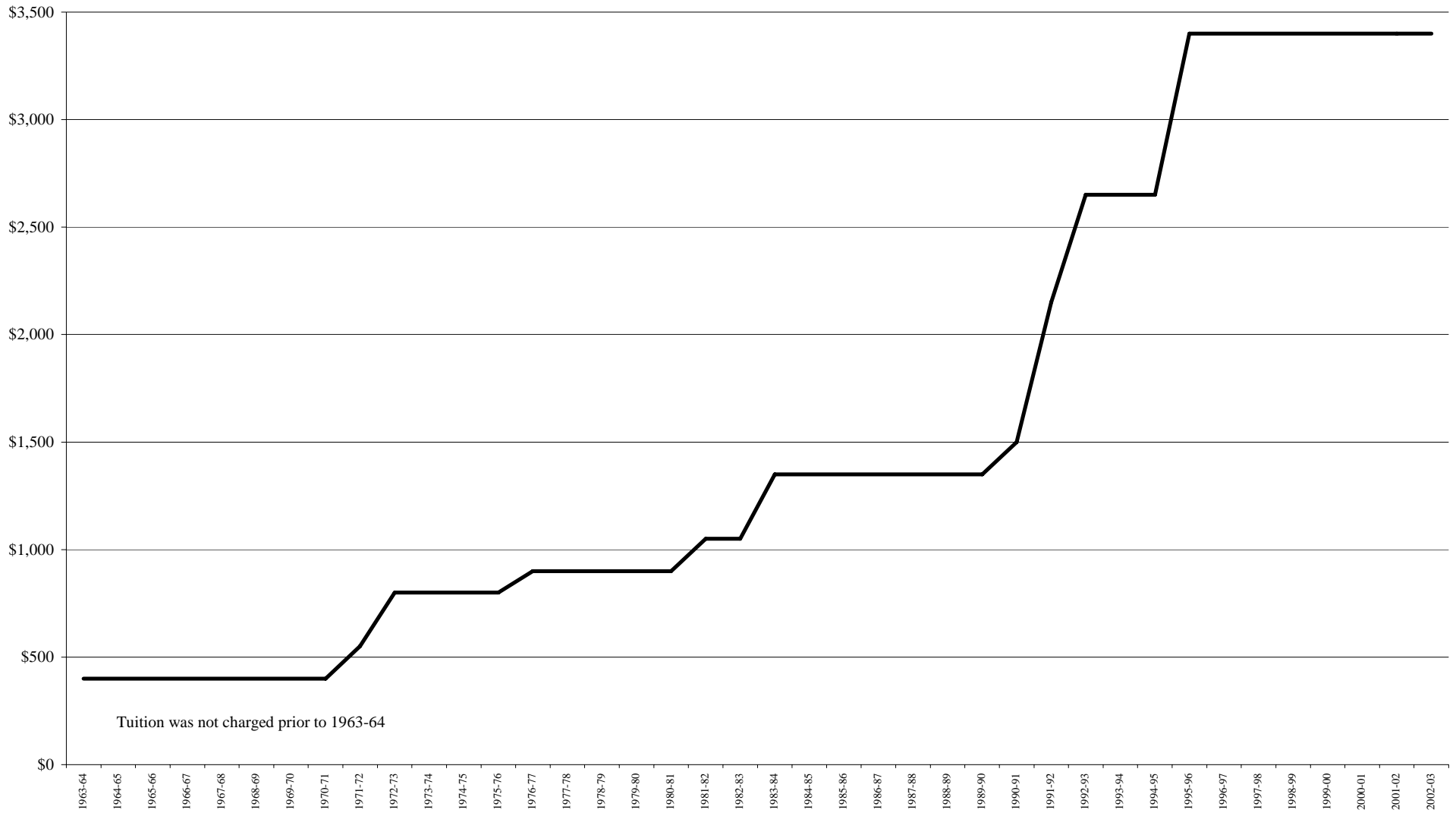
1.77%
 1.57%
 1.66%
 1.73%

	1.87%
	1.89%
	1.99%
	1.90%
	1.77%
	1.89%
	1.92%
Total	
	4.94%
	4.83%
	4.32%
	4.49%
	4.62%
	4.13%
	4.10%
	4.08%
	4.01%
	4.16%
	4.37%

Direct State Tax Support is State tax dollars appropriated directly to the core instructional budget.

Indirect State Tax Support includes fringe benefits, debt service and hard dollar capital.

State University of New York Trend in Undergraduate Resident Tuition

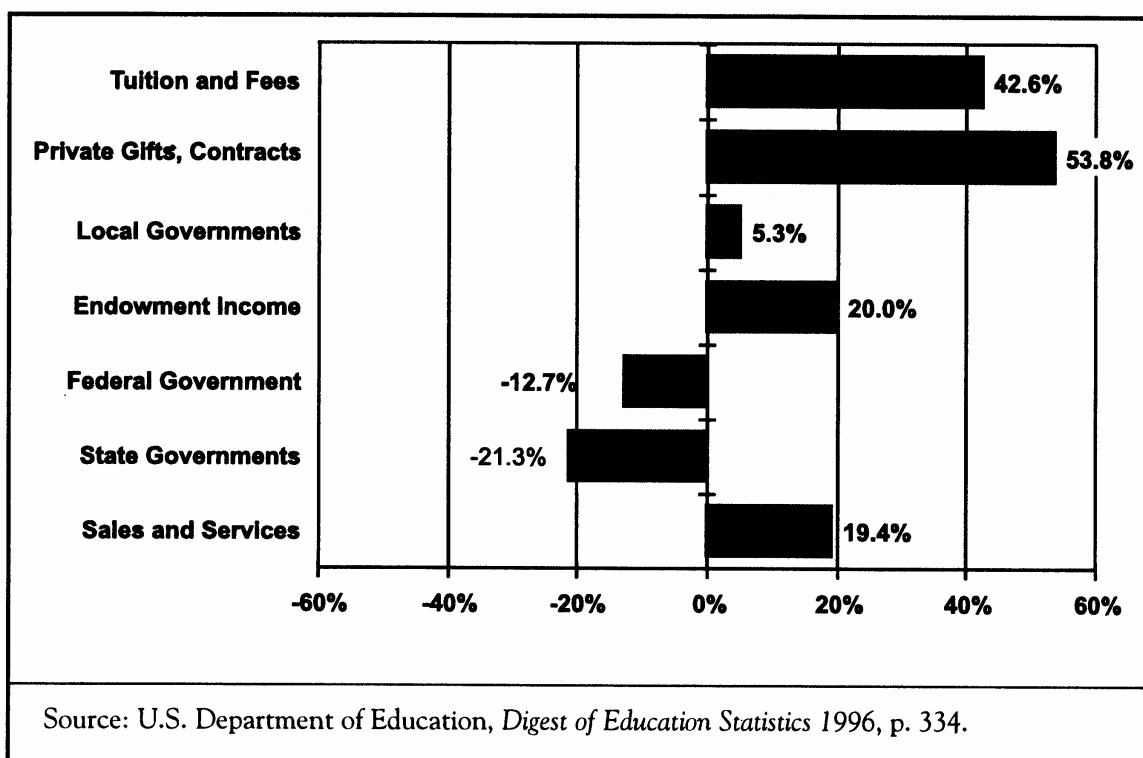


**State University of New York
State Operated Campuses
Broad Based Fees**

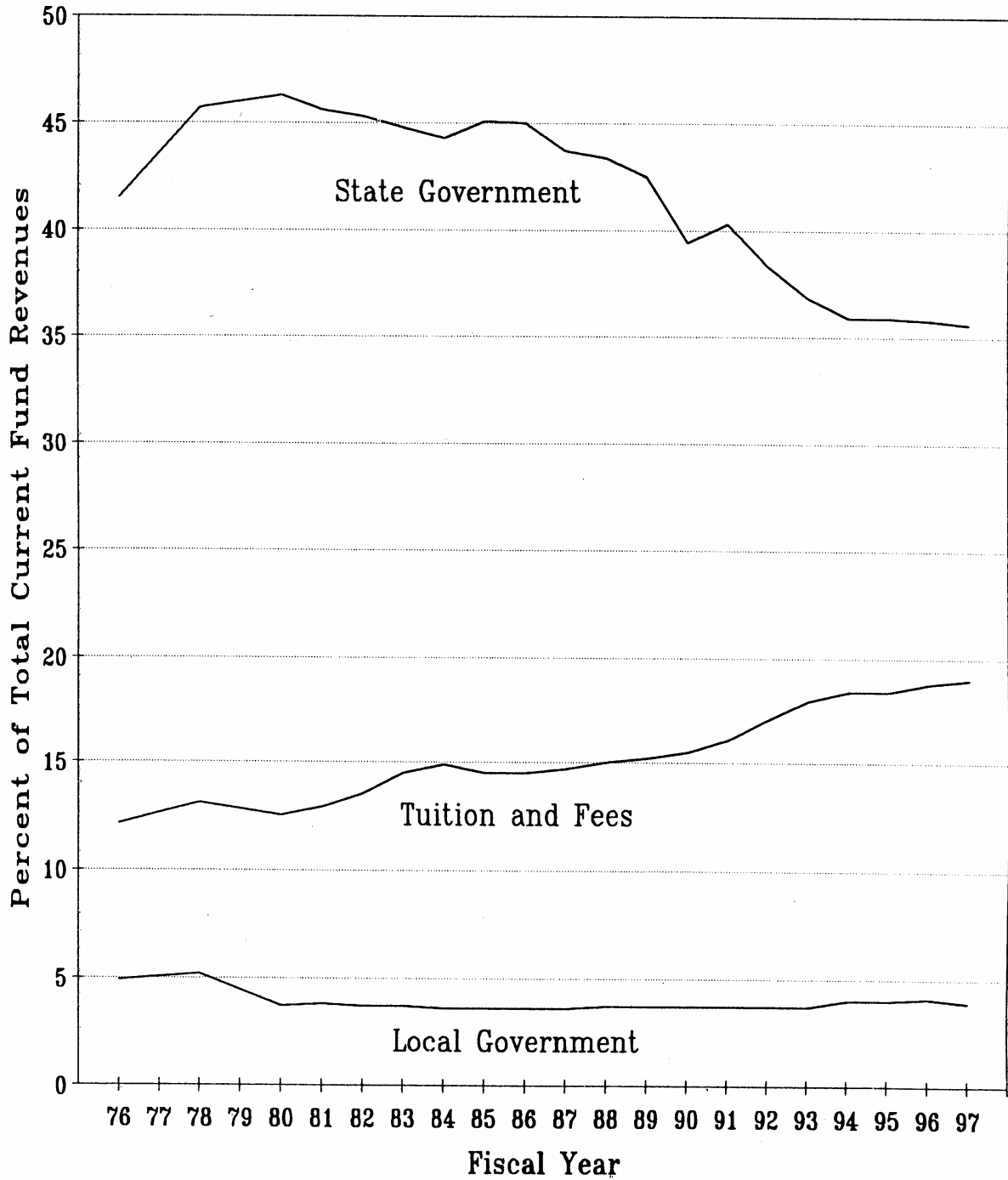
	<u>1997-98</u>	<u>2002-03</u>
Doctoral Institutions - Research Centers	\$627	\$1,133
Doctoral Institutions - Other	129	229
Comprehensive Colleges	351	638
Technology Colleges	420	704
University Average	377	668

Excludes Student Activity Fee

CHANGE IN SHARE OF REVENUES FOR PUBLIC HIGHER EDUCATION,
1980-81 TO 1993-94



Revenue Sources of Public Higher Education Institutions FY1976 to FY1997



1-Year, 2-Year, 5-Year and 10-Year Percent Changes (Along with 5-Year Annual Average Change)
in Tax Allocations to Higher Education, by State

State	% Changes from Earlier Fiscal Years								5-Year Annual Average % Change
	1-Year Change (FY00 to FY01)		2-Year Change (FY99 to FY01)		5-Year Change (FY96 to FY01)		10-Year Change (FY91 to FY01)		
	%	Rank	%	Rank	%	Rank	%	Rank	
Alabama	5.3%	27	11.7%	29	21.1%	41	42.1%	35	3.9%
Alaska	8.0%	11	11.8%	25	9.9%	49	1.4%	50	1.9%
Arizona	3.1%	39	6.7%	47	28.0%	30	49.2%	26	5.1%
Arkansas	2.1%	43	11.0%	33	34.5%	17	87.9%	3	6.1%
California*	17.0%	1	24.4%	3	73.7%	1	64.0%	12	11.7%
Colorado	3.4%	37	9.0%	38	28.2%	28	46.1%	31	5.1%
Connecticut	2.0%	44	13.9%	15	34.6%	16	35.9%	41	6.1%
Delaware	5.8%	24	13.2%	17	29.9%	24	58.3%	17	5.4%
Florida*	7.2%	15	13.1%	20	54.5%	3	82.8%	4	9.1%
Georgia	3.0%	41	7.8%	43	30.9%	23	66.5%	8	5.5%
Hawaii	-0.9%	49	5.2%	49	-5.4%	50	16.5%	48	-1.1%
Idaho	6.8%	22	11.9%	24	28.2%	27	62.1%	13	5.1%
Illinois*	4.9%	31	11.8%	27	36.0%	15	55.5%	21	6.3%
Indiana	4.6%	33	11.8%	26	31.3%	22	46.3%	30	5.6%
Iowa	3.3%	38	8.4%	41	26.3%	33	46.8%	29	4.8%
Kansas	4.7%	32	12.5%	22	29.7%	25	50.7%	23	5.3%
Kentucky	8.2%	10	12.7%	21	47.9%	6	64.4%	10	8.1%
Louisiana	-0.3%	48	2.4%	50	48.2%	5	50.3%	24	8.2%
Maine	7.5%	14	14.9%	10	27.8%	31	33.0%	44	5.0%
Maryland	12.5%	2	24.6%	2	43.5%	7	45.0%	33	7.5%
Massachusetts	10.1%	4	17.4%	7	48.5%	4	64.2%	11	8.2%
Michigan*	7.0%	17	18.5%	6	33.1%	20	64.4%	9	5.9%
Minnesota	4.9%	30	8.9%	39	26.4%	32	33.9%	43	4.8%
Mississippi	0.5%	47	17.4%	8	40.6%	12	121.3%	1	7.1%
Missouri	5.1%	29	11.7%	28	42.3%	8	70.6%	6	7.3%
Montana	2.3%	42	9.1%	36	15.5%	46	21.5%	46	2.9%
Nebraska	10.7%	3	19.5%	5	36.4%	13	59.8%	15	6.4%
Nevada	3.5%	35	9.0%	37	41.3%	11	93.9%	2	7.2%
New Hampshire	3.0%	40	8.3%	42	18.6%	44	35.3%	42	3.5%
New Jersey	8.4%	8	14.9%	11	23.6%	35	56.0%	20	4.3%
New Mexico	4.4%	34	9.9%	35	21.8%	39	69.4%	7	4.0%
New York*	7.6%	13	11.2%	31	21.9%	38	8.5%	49	4.0%
North Carolina*	5.6%	25	11.6%	30	36.4%	13	61.6%	14	6.4%
North Dakota	0.6%	46	6.7%	48	21.5%	40	37.9%	39	4.0%
Ohio*	7.0%	18	14.1%	14	31.4%	21	49.8%	25	5.6%
Oklahoma	5.3%	28	7.5%	44	41.9%	9	56.1%	19	7.2%
Oregon	1.3%	45	19.9%	4	41.4%	10	58.8%	16	7.2%
Pennsylvania*	6.8%	20	13.1%	19	22.4%	37	43.7%	34	4.1%
Rhode Island	7.1%	16	13.8%	16	33.9%	18	40.7%	36	6.0%
South Carolina	8.3%	9	13.2%	18	29.4%	26	37.9%	40	5.3%
South Dakota	3.4%	36	7.1%	45	14.6%	48	48.8%	27	2.8%
Tennessee	5.5%	26	8.5%	40	14.9%	47	46.0%	32	2.8%
Texas*	-1.0%	50	14.2%	13	24.6%	34	56.2%	18	4.5%
Utah	6.4%	23	11.1%	32	28.0%	29	78.1%	5	5.1%
Vermont	6.9%	19	14.5%	12	23.4%	36	19.3%	47	4.3%
Virginia	10.0%	5	25.4%	1	66.1%	2	52.5%	22	10.7%
Washington	7.8%	12	16.4%	9	33.6%	19	46.9%	28	6.0%
West Virginia	6.8%	21	6.9%	46	18.4%	45	40.5%	37	3.4%
Wisconsin	8.9%	7	12.5%	23	20.4%	42	38.7%	38	3.8%
Wyoming	9.9%	6	9.9%	34	18.7%	43	23.0%	45	3.5%
Totals	7.0%		14.4%		36.6%		52.0%		6.4%

*One of nine "megastates" that collectively account for over 50% of total state tax appropriations to higher education nationwide.

Source: Annual Grapevine Surveys

1997-98 State Appropriations to Higher Education

Nominal Dollars Rank	State	Nominal		Dollars per Student	
		\$ per Student	Index	SSI Adj	Index
1	Distr. Columbia	\$13,098	247	\$11,389	215
2	Alaska	9,112	172	6,095	115
3	Connecticut	8,380	158	6,892	130
4	Massachusetts	7,235	136	6,518	123
5	North Carolina	6,851	129	7,303	138
6	Hawaii	6,725	127	4,465	84
7	Wyoming	6,713	127	6,076	115
8	Georgia	6,622	125	6,642	125
9	Nevada	6,346	120	6,694	126
10	Maine	6,332	119	6,295	119
11	New Jersey	6,331	119	5,851	110
12	Missouri	6,109	115	6,177	116
13	Minnesota	6,002	113	5,896	111
14	Michigan	5,906	111	6,045	114
15	Wisconsin	5,898	111	6,195	117
16	New Mexico	5,771	109	4,870	92
17	Illinois	5,703	108	5,814	110
18	Rhode Island	5,689	107	5,186	98
19	Iowa	5,652	107	5,307	100
20	Idaho	5,632	106	5,527	104
21	Delaware	5,518	104	4,741	89
22	Oklahoma	5,494	104	6,078	115
23	Pennsylvania	5,382	101	5,025	95
24	California	5,357	101	5,206	98
25	New York	5,338	101	4,961	94
26	Kansas	5,294	100	5,273	99
27	Arizona	5,147	97	5,142	97
28	Texas	5,095	96	5,686	107
29	Indiana	5,034	95	4,808	91
30	Washington	5,027	95	5,104	96
31	Maryland	4,992	94	4,957	93
32	Utah	4,973	94	4,929	93
33	Nebraska	4,962	94	4,879	92
34	Florida	4,937	93	5,898	111
35	Arkansas	4,897	92	5,369	101
36	Ohio	4,712	89	4,619	87
37	Oregon	4,685	88	4,718	89
38	North Dakota	4,597	87	4,615	87
39	Tennessee	4,570	86	4,903	92
40	Virginia	4,497	85	4,501	85
41	South Dakota	4,479	84	4,760	90
42	Kentucky	4,478	84	4,369	82
43	Mississippi	4,362	82	4,788	90
44	South Carolina	4,303	81	4,652	88
45	Louisiana	3,963	75	4,089	77
46	Colorado	3,904	74	3,700	70
47	Alabama	3,813	72	3,923	74
48	Montana	3,512	66	3,508	66
49	West Virginia	3,321	63	3,215	61
50	New Hampshire	3,241	61	3,251	61
51	Vermont	3,166	60	2,406	45
	United States Average	5,304	100	5,304	100

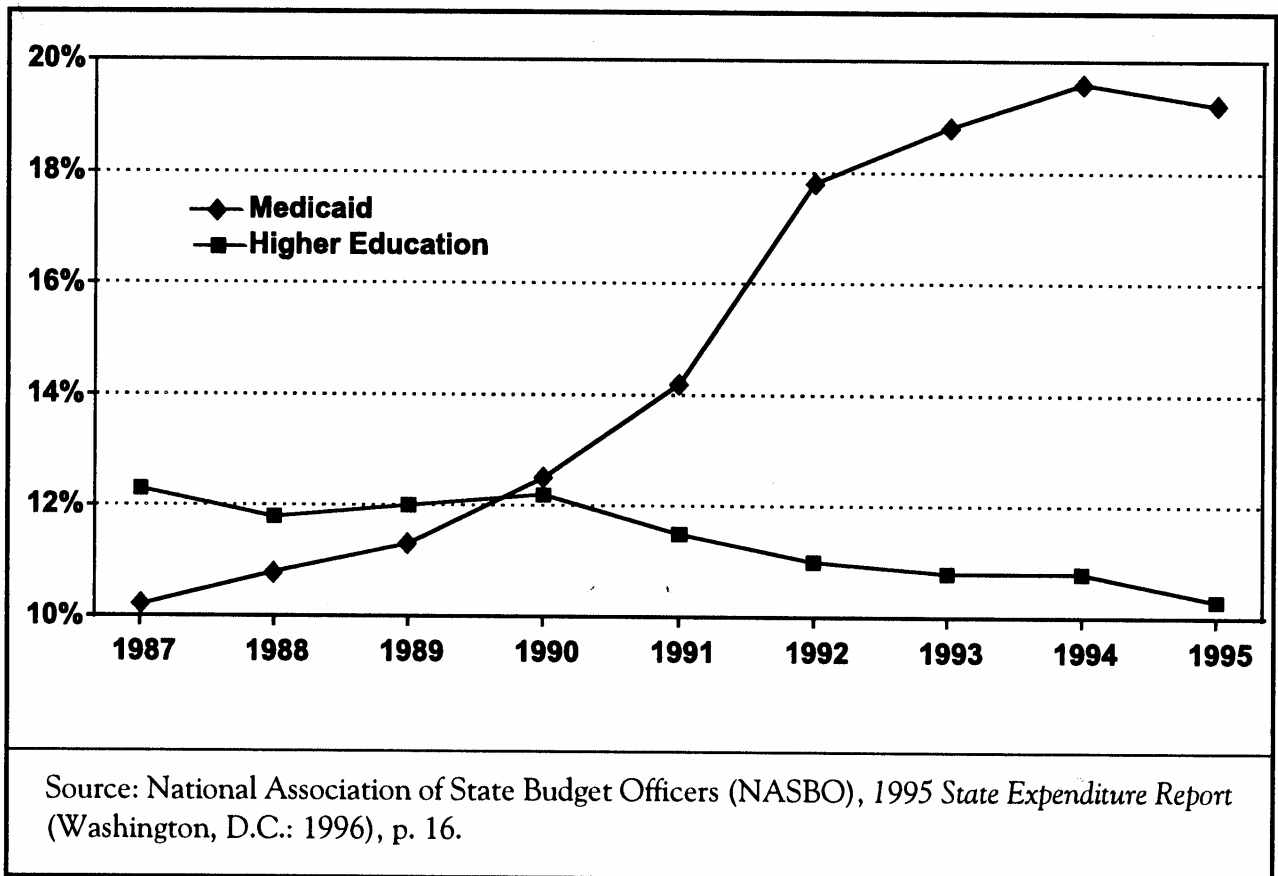
Source:

State Profiles: Financing Public Higher Education 1998 Rankings
Research Associates of Washington

Notes:

SSI = System Support Index; adjusts for local cost of living
 Nominal dollars are the unadjusted state appropriations

RELATIVE SHARES OF STATE SPENDING



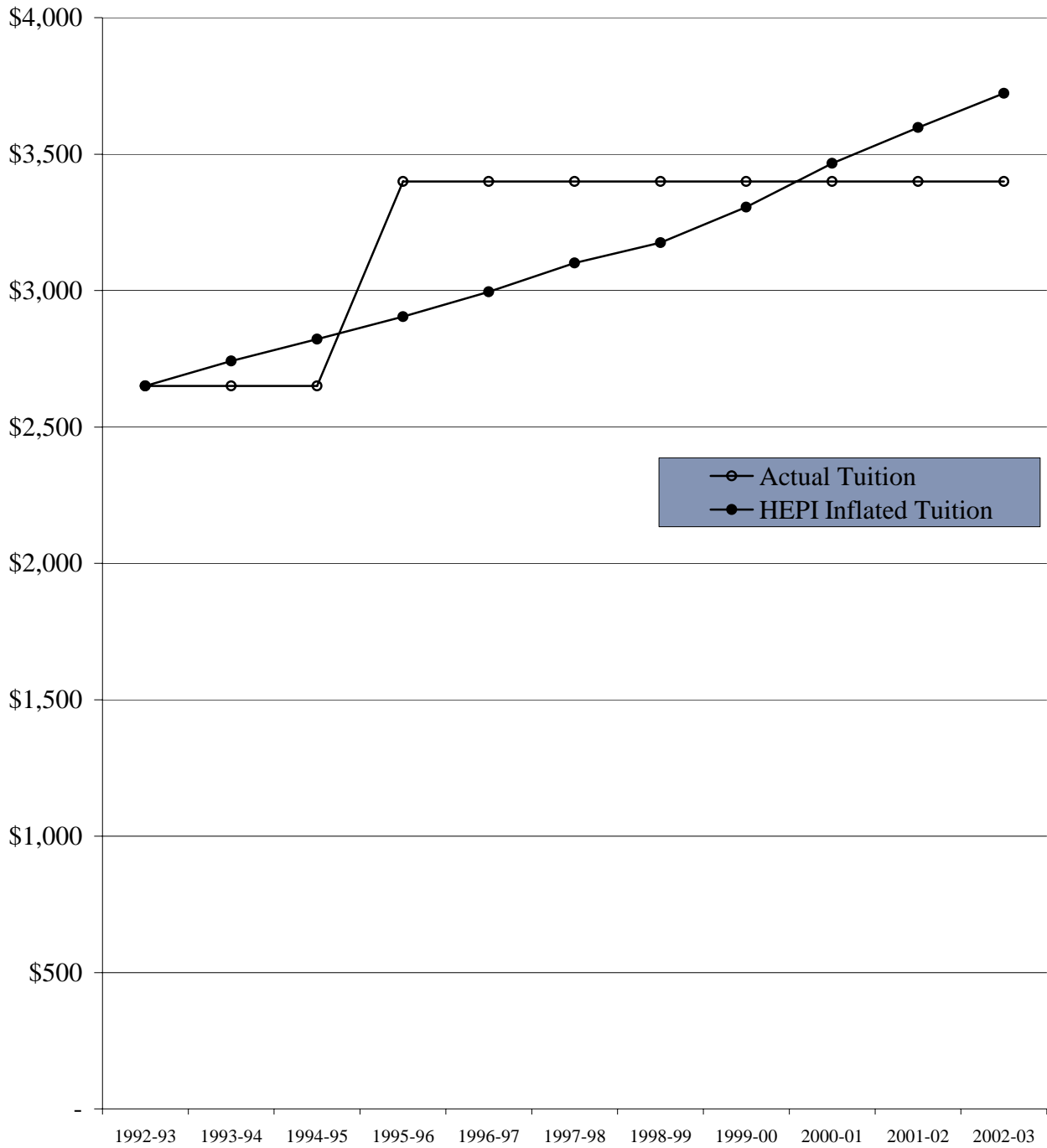
GENERAL FUND BY PROGRAM CATEGORY (IN PERCENT)

New York State

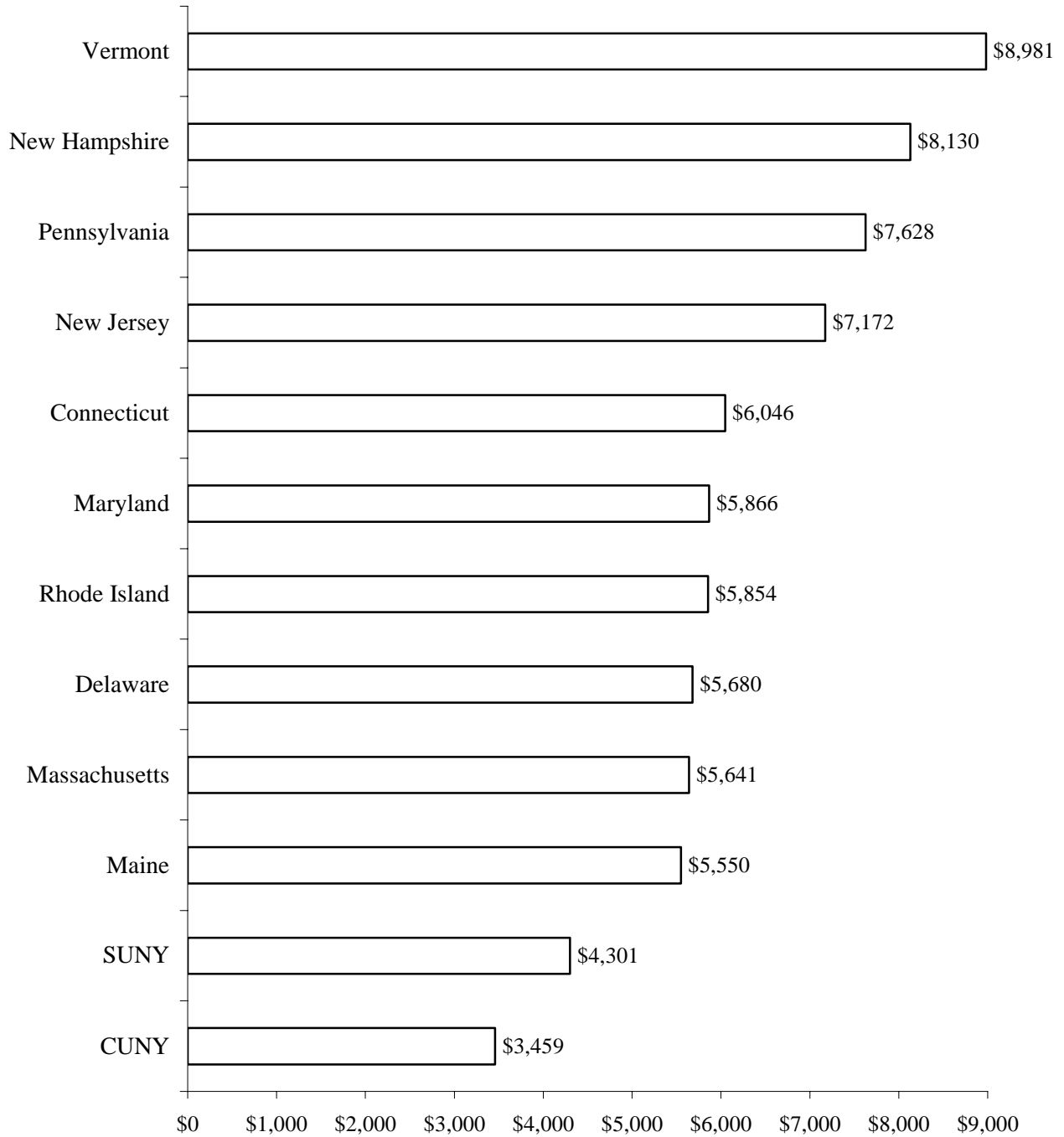
	1990	1995	Change 1990-95
K-12 Education	23.3	19.3	(17)
Higher Education	9.3	7.3	(22)
Cash Assistance	8.7	6.3	(28)
Medicaid	18.0	29.4	63
Corrections	4.9	3.8	(24)
Transportation	7.9	6.6	(16)
Other	27.9	27.3	(2)

Note: Because these data are from national sources, 1995 is the most recent year available.
Source: National Association of State Budget Officers (NASBO), *State Budget Report, 1992* (Washington, D.C.: 1993), p. 60; NASBO, *State Budget Report, 1995* (Washington, D.C.: 1995), p. 77.

SUNY Undergraduate Resident Tuition vs. HEPI Trend 1992-93 to 2002-03

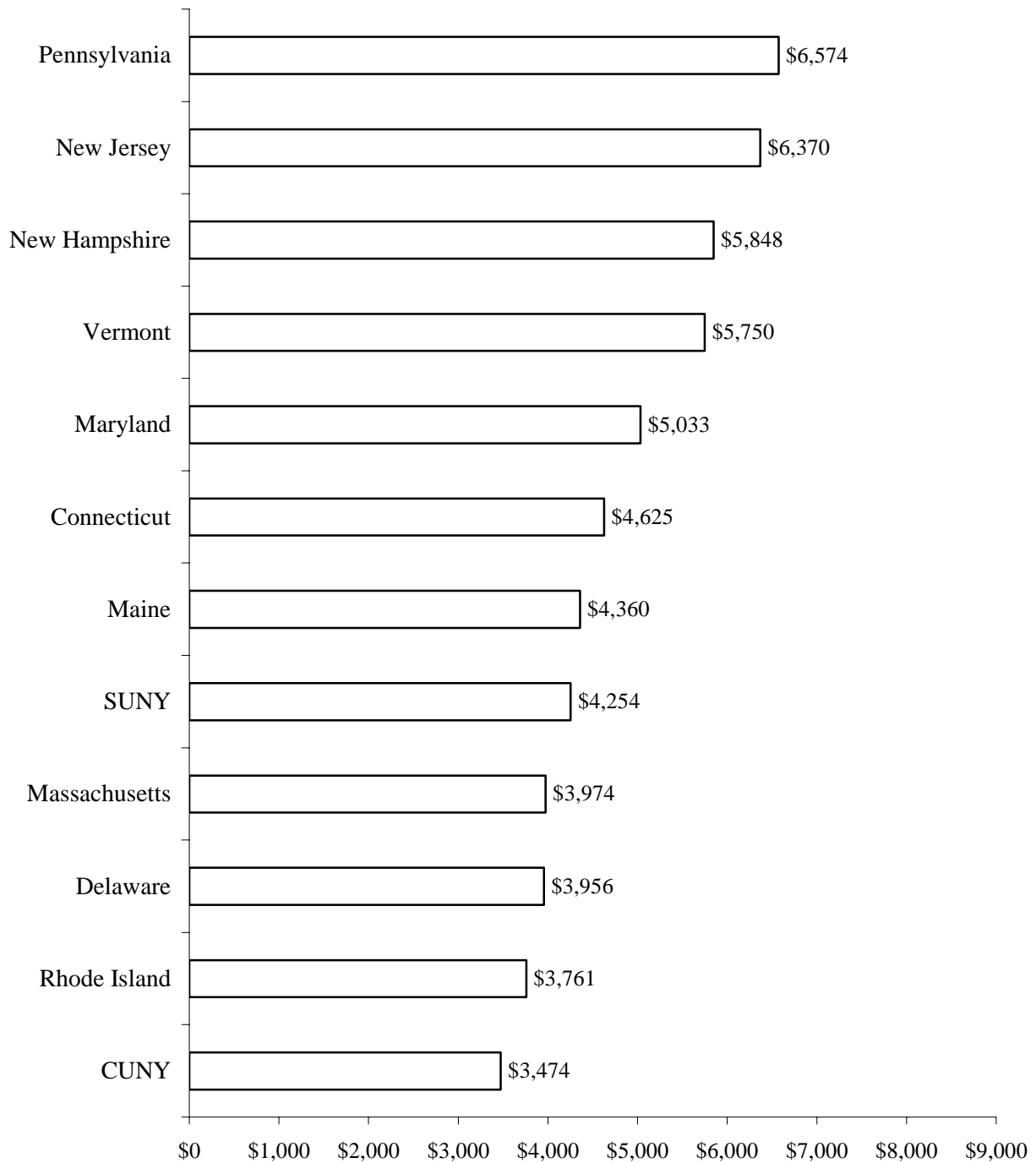


Public Doctoral Campuses 2002-03 Tuition and Fees



Includes average of the total 2002-03 tuition and fees at public doctoral campuses in each state.

Public Non-Doctoral Campuses 2002-03 Tuition and Fees



Includes average of the total 2002-03 tuition and fees at public non-doctoral campuses in each state.