

## EXECUTIVE SUMMARY

---

### Background

The New York State Commission on Higher Education (“the Commission”) was established by Executive Order No. 14 of Governor Eliot Spitzer, dated May 29, 2007. The Governor asked the Commission to broadly examine long-term policy issues facing higher education in the State. The examination included the City University of New York (“CUNY”), the State University of New York (“SUNY”), and New York’s private colleges and universities.

The Commission reviewed the reports of all previous higher education commissions in the State, sought the insights of state, national and international experts, received testimony from citizens and leaders throughout the State, and generated in-depth working papers on the issues identified in the Governor’s Executive Order. The Commission developed its recommendations through comparative analysis, wherever appropriate, of the policies and practices in seven “peer states,” and considered the perspectives of all ten regions of New York State, all communities, and all populations—especially the most vulnerable.

This is the Commission’s Preliminary Report. The Final Report will be published before June 1, 2008, after due consideration of reaction from the public, and further consultation with interested parties.

Among the Commission’s major recommendations are the following:

- Establish a \$3 billion research fund, the Empire State Innovation Fund, to support meritorious research important to New York’s future.
- Create a low-cost student loan program for residents attending college in New York State.
- Establish the New York State Compact for Public Higher Education to clearly delineate shared responsibility for public higher education resources.
- Rebuild CUNY and SUNY faculty ranks by strategically hiring an additional 2,000 full-time faculty, including 250 eminent scholars, over the next five years.
- Modify SUNY’s governance structure and system administration to provide more focused attention and support for the research campuses.
- Provide meaningful regulatory relief for SUNY and CUNY, by removing restrictions that impede campuses’ ability to adapt quickly and promote quality.
- Develop Educational Partnership Zones in high-need school districts, bringing together higher education and P-12 resources to improve student outcomes and enhance college participation.
- Ensure that high school graduates are well prepared for college through a College Readiness Act.
- Strengthen articulation and transfer throughout SUNY and CUNY with a goal of system-wide articulation of comparable courses and seamless transfer into parallel programs by 2011-12.

- Address the backlog of critical maintenance at SUNY and CUNY with a sustained program of capital reinvestment.

These and all of the recommendations offered in the report focus on building excellence across New York State's higher education system—public and private.

***The context for this report is a new reality.***

New York commands deep respect as a global center of ideas—it is a center of culture, entertainment, tourism, business and finance, government, science, health care and education. The institutions of higher education of the State are the heart of this idea capital, and their vitality will be tested in the coming decades. To prepare, New York's leaders must embrace a new reality of global connectedness and competition, of accelerating idea creation and dissemination. New York has no choice: we must compete with many others on the cutting edge of ideas and innovation, or be left behind. We must meet the challenge of this new reality.

***New Yorkers can be proud. But they should also be worried.***

We can be very proud of our institutions of higher education, which enroll more than a million students on over 250 campuses. They comprise a blend of public and private excellence that has enriched the State. Their direct economic impact exceeds \$100 billion dollars a year. Remarkably, New York has the largest state university system in the nation, SUNY—a fact made all the more impressive because it is one of the youngest such systems, created in 1948. CUNY is the largest urban university system in the nation. And New York's sector of private colleges and universities is the largest in the world. These are rich assets, thanks to visionary leadership of the past.

But we should also be worried. There is troubling evidence that the State has slipped in stature over the last twenty years. For example, as this report documents, the powerful position that New York State once enjoyed in national research standings has faded. Whereas the State captured 10% of the nation's academic research and development spending in 1980, today that number stands at 7.9%, as other states have received a greater proportion of these funds. Using just this one measure, the Commission calculates that more than \$2.2 billion dollars and over 27,000 jobs have been lost in the State. The Commission believes that outstanding research universities are key to the State's future, and that while New York's private research universities are widely recognized as world-class institutions, SUNY and CUNY need significant investment to become competitive with other states' top public research universities.

The decline in share of national research and development is but one of many troubling indicators noted by the Commission. From a backlog of critical maintenance to the dramatic rise in the percentage of classes taught by adjunct, part-time faculty, all of our higher education institutions—public and private—are in need of strategic investment.

***We must build a foundation for excellence starting with four cornerstones.***

The Commission has identified four cornerstones essential to building a strong foundation for higher education in New York State in the 21<sup>st</sup> Century: attracting world-class research; connecting faculty, researchers and students to a world of ideas; developing a diverse workforce;

and adapting quickly to change. These critical elements will strengthen our higher education institutions to become the backbone of a robust economy.

***To have a solid foundation for excellence, we must fix the chronic problem.***

The Commission has grave concerns about our public institutions, SUNY and CUNY. While making progress on many fronts, they face a chronic problem: too little revenue, too little investment, and too much regulation.

The problem has taken its toll.

Too little revenue has forced campuses to compromise program academic quality, especially with respect to full-time faculty. Public colleges and universities in peer states have *far more* revenue to support academic programs and services than SUNY or CUNY. The arithmetic of revenue is simple: it is the sum of state support plus tuition, with supplemental revenue from fees, research, and philanthropy. New York's public institutions are constrained by over-regulation on tuition pricing and insufficient state aid. Measured on a revenue-per-student basis, public peers have 17% to 120% more resources than CUNY or SUNY. Too frequently, the only alternative for campuses has been to increase fees. However, since most fees are not covered by the Tuition Assistance Program (TAP), increased fees pose a serious threat to access. Community colleges, which have some tuition pricing flexibility, have been forced to raise tuition when the State and county sponsors fail to fulfill their obligation for revenue contributions. Such increases, especially if unpredictable or excessive, also threaten access, by hurting middle-class students and their families who earn too much for TAP but too little to afford high tuition and fees. Average community college tuition and fees in New York are above the national average, and are the highest among the peer states.

To address the fundamental issue of revenue constraints, the Commission has recommended a "New York State Compact for Public Higher Education." The Compact offers an innovative approach—premised on a cost-sharing relationship among the State, SUNY and CUNY, alumni and friends, and students—that significantly leverages state dollars, while holding SUNY and CUNY accountable for addressing operational issues within their control. If enacted, the Compact will profoundly improve financing of SUNY and CUNY on an ongoing basis.

Too little investment has left the State with the daunting challenge of playing "catch-up." The Commission identified a backlog of over \$5 billion in critical maintenance for facilities at SUNY and CUNY, and has recommended a strategy for the State to manage its way out of this problem over the next decade, with a new capital budgeting methodology that systematically addresses critical maintenance.

Over-regulation has inhibited SUNY and CUNY from seizing emergent opportunities, and has been a recurring theme for New York higher education since its earliest years. Although legislative changes resulted from the recommendations of past commissions, the remedies have been half-steps. Today, SUNY and CUNY are major, mature institutions with legal, accounting, and information systems that provide the controls they need for accountability. While these institutions must be held fully accountable to meet standards and obey laws, layers of micro-management inhibit action and impede adaptation. Accordingly, the Commission recommends

statutory changes that preserve full accountability while providing the systems with enhanced ability to react quickly and seize opportunities that facilitate competing in a global economy. This Commission recommends deregulation in three key areas: more flexibility in the sale and lease of property, easing purchasing and financial restriction in the SUNY Construction Fund, and more flexibility in contracts and procurement.

***We must build on our strengths and seize opportunities.***

We must meet these challenges, and think boldly. Given the centrality of higher education to New York State's history and future prosperity, the potential benefits are enormous.

This report identifies opportunities for building on historical strengths, ranging from research, to workforce development, to technological innovations, to pre-kindergarten through college (P-16) partnerships, collaborations, and global alliances. These opportunities should not be viewed in isolation but, rather, as an array of opportunities that will prepare New York for a future in the innovation economy.

One of the most exciting opportunities is strengthened research. New York is well positioned with impressive cyber infrastructure and library connectivity, and there are promising developments in biomedicine, nanoscience, optics, advanced engineering and numerous other fields. Building on these strengths by attracting world-class research in areas with promise for economic development will ensure the State's prosperity for decades to come. The Commission has developed a comprehensive set of recommendations to reinstate New York's preeminence in research, including a \$3 billion Empire State Innovation Fund to support public and private research on the basis of academic merit, and a major commitment to targeted recruitment of 250 eminent scholars, together with 1,750 more full-time faculty, to SUNY and CUNY campuses, over the next five years. At SUNY, efforts to strengthen research would be led by separate committees of the Board of Trustees and senior vice chancellors that will focus exclusively on the institutions that conduct research.

An additional major opportunity is greater integration of higher education institutions into the State's workforce development efforts to prepare New Yorkers for the jobs of tomorrow. When a sector of the economy surges, members of the workforce must be trained, or re-trained, to perform the jobs created as a result. Albany offers a case in point, as a global center for nanoscience. The surge underway in nanoscience involves good jobs at every level, including scholarly positions for eminent researchers, who bring the knowledge and credibility that draws other resources, and then, as the field expands, for technicians in electron microscopy and metals fabrication. The Commission believes strongly that the recommendations offered in this report will encourage research and development, and spur economic growth and job creation throughout New York.

Educational opportunities in minority and low-income communities are another important focus. The Commission's report includes a recommendation to create Education Partnership Zones (EPZ). The Commission reviewed dozens of promising programs involving partnerships between colleges and school districts that seek to ensure that students, particularly those in low-income and minority communities, are prepared for college. By marshaling resources within a

geographic zone, and building upon the strengths of both public and private colleges and universities in that zone, the EPZ seeks to effectuate the promise: “Study hard and you can go to college.”

Another major priority is environmental. There are tremendous opportunities to build on our environmental strengths, in every region of the State, especially in environmental technology and alternative energy. These fields are fast-growing with increasing global significance. The Commission reviewed exciting work already underway, including SUNY’s and CUNY’s plans for the “greening” of their campuses. Together, these campuses represent over 122 million square feet of space—a huge footprint that can showcase leading-edge environmental technology and set an example for New York and the nation. The Commission recommends that any new construction or rehabilitation meet the “Silver LEED” building standard, a well known guideline for excellence in environmental design.

These are but a few examples of the many opportunities discussed in this report—opportunities that the Commission believes New York must seize with sharp focus and shared commitment, building upon our collective strength.

***We need to remove barriers and ensure that the next generation of students is prepared for college.***

Dramatic demographic shifts are underway that will have an adverse impact on our state unless we take action now. It is unacceptable that, in some cities in New York, fewer than 50% of students graduate from high school. Equally unacceptable are the very low graduation rates among under-represented minority groups, especially among African-Americans and Hispanics. This is a significant barrier to higher education, and the Commission applauds school districts and the Board of Regents for aggressively pursuing the goal of raising high school graduation rates.

A second major barrier is students who graduate from high school lacking the skills they need to succeed in college. Community colleges throughout the State have borne the brunt of this unfortunate reality. As open access institutions, these campuses shoulder much of the burden of providing remedial education to under-prepared students—preparation that should occur during high school. Community colleges generally tackle remediation and do so quite well. However, the opportunity costs are sizable: students who should be taking college credit courses are, instead, taking high school make-up courses, devoting precious financial aid and time to do so.

The Commission believes that the remediation process must be significantly restructured, and recommends a new “College Readiness Act” which funds remediation separately from the college experience.

Credit transfer is another issue fundamental to educational access and upward mobility. The Commission heard widespread testimony about difficulties experienced by students who study in one college, yet are unable to transfer credits when they move on to another college. The Commission recommends that a system of transferring credits be fully established within three years.

The State of New York must urgently respond to the challenges of the 21<sup>st</sup> Century. There is no question that today we are one of the great global centers of ideas, but we risk losing this prominence. Our prosperity depends on preserving and enhancing that status, and the vitality of our institutions of higher education will be critical to the task. While New York's higher education assets far outweigh its liabilities, there is cause for deep concern about the consequences of a protracted period of underinvestment, coupled with continued over-regulation. The Commission urges implementation of a long-term plan to rectify the problem, as recommended in this report. More generally, the Commission believes that the recommendations offered in this report will serve to strengthen higher education overall, and will make it possible for the State to seize future opportunities, ensuring that the 21<sup>st</sup> Century will be our century, and the citizens of New York will prosper in the years ahead.

## **Appendix A: Summary of Findings and Recommendations**

---

### ***Expanding Research Capacity***

#### **A \$3 Billion Empire State Innovation Fund**

An Empire State Innovation Fund should be established to provide grants for research in the physical sciences, bioscience, engineering and medicine at public and private research universities located in the State. This \$3 billion fund, disbursed in equal annual amounts over a ten-year period, would support research that holds significant promise for economic development, cementing New York's long-term commitment to science.

#### **Recruit 2,000 Full-time Faculty to SUNY/CUNY, including 250 Eminent Scholars**

To rebuild the faculty ranks and enhance research capacity, a minimum of 2,000 additional full-time faculty members should be hired by SUNY and CUNY during the next five years, including 250 eminent research faculty.

#### **Recruit 4,000 Doctoral Students to SUNY/CUNY**

A minimum of 4,000 SUNY and CUNY doctoral students should be recruited over the next five years, and offered salaries that are competitive with levels at similar institutions.

#### **Strengthen NYSTAR**

NYSTAR's capacity to guide investment and interaction between businesses and academia, initiate experimental programs in emerging technologies and facilitate the commercialization of results of public and private university research should be strengthened.

#### **Scientific Collaboration through Global Science Excellence Clusters**

To encourage collaboration among New York State's leading scientists, the New York Academy of Sciences should develop "Global Science Excellence Clusters" to be located in upstate New York, patterned after the cluster created by the Academy in New York City.

### ***Connecting Faculty, Researchers and Students to a World of Ideas***

#### **Technological Infrastructure**

Researchers' access to the high performance computing capacity of NYSGRID should be expanded, and the bandwidth of NYSERNet, which provides next-generation Internet connectivity, should be increased throughout the State.

#### **Incentives for Academic Libraries to Pool Electronic Information**

Access to electronic information should be expanded throughout the State by facilitating college and university libraries moving from individual licenses to state-wide shared licenses.

#### **International Education**

New York's strength as a leader in international education should be increased through efforts by the State's international trade offices and SUNY and CUNY to attract more international students and expand international research links. The State should establish an advisory council on international education. In addition, SUNY and CUNY should expand study abroad opportunities and international internship programs.

## ***Developing a Diverse Workforce***

### **Workforce Training Alignment**

Responsibility for statewide workforce planning should be assigned to a single entity to guide investment in the training and education capacity of New York State's colleges and universities, particularly community colleges. This coordinated workforce planning effort should identify regional training needs and capacities of training providers, ensure alignment of higher education policies, and collect data that facilitates planning and assessment of program quality.

### **Support the Role of Higher Education in Workforce Development**

Funding should be provided to community colleges for vocational non-credit training courses, enhanced for targeted high-cost training areas, and the State should also commit resources to the development of new credit-bearing programs.

### **Community Service**

A statewide clearinghouse for community service programs should be established to connect students to service opportunities throughout the state. *CareerZone*, the job-clearing website of the Department of Labor, could be expanded to include community service postings.

## ***Adapting Quickly to Change***

### **Expedite Program Review**

The Board of Regents should review the process for program review to develop mechanisms for expedited review. SUNY and CUNY should coordinate with the Board of Regents to ensure that their internal processes for program review are conducted simultaneously and collaboratively with those of the Regents, to be completed by June 2008.

## ***Making Excellence Available to All***

### **Education Partnership Zones**

New York State should create "Education Partnership Zones" in which institutions of higher education and schools collaborate on a full range of educational development including early learning and pre-kindergarten, elementary and adolescent literacy, math and science studies, restructuring of schools, and building teacher capacity. Students' access to higher education would be supported through the "Million Dollar Promise," under which EPZ students are guaranteed the opportunity to attend, tuition-free, with unmet needs paid for by the state, a community college or a four-year CUNY or SUNY college if they meet certain standards and graduate from high school. Participating independent colleges and universities would support graduates from EPZ schools with special financial assistance, as needed. In addition, an award of \$1,000 would be available from state funds to support exceptionally qualified EPZ students who choose to attend institutions of higher education in the State.

### **College Readiness**

High school students whose basic academic skills are insufficient must be offered a new opportunity to become college-ready while still enrolled in high school, at no cost to them. After high school assessments, those students in need of remediation should be offered appropriate supplementary coursework developed by teams of high school and college faculty. Students who opt not to take remediation courses while in high school could enroll in total immersion programs

during the summer prior to college enrollment. The costs of supplementary course instruction would be funded through a College Readiness Act.

### **Opportunity Programs for Educationally and Economically Disadvantaged**

Given their importance and long-standing track record of success, increased financial support should be provided for the opportunity programs for economically and academically disadvantaged citizens, including: College Discovery (CD) and Search for Education, Elevation and Knowledge (SEEK) at CUNY; Educational Opportunity Programs (EOP) at SUNY; and the independent sector's Higher Education Opportunity Program (HEOP).

### **SUNY and CUNY Articulation and Transfer**

Presidents of the colleges must be held accountable for establishing mechanisms under which faculty, within each discipline and across sectors, strengthen course-to-course and program-to-program articulation with a goal of full system-wide articulation of comparable courses and seamless transfer of AA and AS students into parallel programs by 2011-12. As an initial milestone, the Commission recommends campuses focus on the major transfer pathways, such that by the start of the 2010-11 academic year, articulation agreements are in place that specify how every comparable lower-division course can be transferred for credit, as prerequisite for more advanced courses in parallel programs and counted toward baccalaureate degree requirements at receiving institutions within the system. This includes agreement about required courses at the lower division, acceptable minimum standards for all lower-division courses, and levels of student performance, for each baccalaureate degree program.

Entry-level advisement for community college students should be strengthened overall, especially with respect to transfer options and requirements, and comprehensive information on credit transfer should be available to students on-line. An annual audit should be undertaken for three years to determine compliance with transfer policies.

### **TAP and Fees**

The Tuition Assistance Program award schedule should be modified to provide enhanced benefits for wards of the State, excluding incarcerated persons; independent students; graduate students; and students whose family adjusted gross income falls within the \$40,000 to \$60,000 range. In addition, SUNY and CUNY should develop multi-year plans to significantly reduce fees not covered by TAP or other Federal and State aid programs, and work with the State to offset campus financial losses from fee reductions with additional resources.

### **Low-Cost Student Loans**

The State should establish a low-interest subsidized loan program, to be financed through the issuance of tax-exempt bonds. All resident undergraduate and graduate students enrolled full-time in a degree program at a college or university in New York State would be eligible to apply for a low-interest loan to supplement other aid.

## ***Organizing for Excellence***

### **SUNY Structure and Mission Differentiation**

There should be significantly greater recognition of, support for and enforcement of campus strengths and specializations, at all levels of SUNY. In addition, to increase the focus on the development of SUNY's research capacity, the SUNY Board of Trustees should appoint a new

committee of the Board to focus on the needs of the four university centers and the College of Environmental Science and Forestry, much like the Health Sciences and Hospitals Committee that currently oversees health sciences and hospitals, including SUNY Upstate, Downstate and the College of Optometry. The SUNY Board should also establish two new positions of senior vice chancellor to work with the Board committees to further support the advancement of these institutions.

### **Regulatory Reform**

Statutory change should be sought to lessen regulation in three areas. SUNY's Board of Trustees should have authority to lease SUNY property for purposes that support SUNY's mission without prior legislative approval, the SUNY Construction Fund should be granted necessary operational flexibility, and the procurement process for SUNY and CUNY should be streamlined.

### **SUNY System Administration**

The Governor should call upon the Chair of the SUNY Board of Trustees and the Chancellor to commission an outside review of the structure and role of SUNY's system administration to determine how that administration can best support and enhance the various SUNY sectors.

## ***Resources Required for Excellence***

### **NYS Compact for Public Higher Education**

Funding for SUNY and CUNY should be reformulated under the New York State Compact for Public Higher Education, involving government, institutions, alumni and friends, and students in a long-term partnership to ensure predictable future funding for both systems in support of academic excellence. The State should provide support for 100% of mandatory costs (for example, labor contracts, fringe benefits and energy) and 20% of the costs of financing the state-approved master plan investment program.

The universities would fund the balance of investment plans through a combination of private philanthropy as a permanent source of revenue; reshaping base budgets to achieve greater efficiencies and redeploying existing resources to meet new master plan priorities; enrollment growth and a series of modest tuition increases, averaging 2.5% to 4%, with additional tuition revenue used for funding investments. Modest increases in tuition charges will not result in additional expense for the thousands of students who receive full Tuition Assistance Program awards.

### **Differential Tuition**

SUNY and CUNY should be permitted to charge differential tuition rates by program and by campus, with implementation to occur in stages over three years. Initially, differential tuition rates could be set for nonresident students by program and by campus, and for resident and nonresident graduate students by program and by campus with differential tuition eventually authorized for all students by program and by campus.

### **Community College Finances**

The State should provide funding for the required state and county funding obligation of 66.7% of each community college's budget up front, and bill the county for its mandated share. Local sponsors should be held accountable for their operational and capital budget obligations, and a county's persistent failure to reimburse the State at the 26.7% level or to match the State's capital

appropriation should result in a proportional loss of seats on the community college's board of trustees. These seats would then be filled through gubernatorial appointment. In addition, the current funding model for SUNY community colleges should be revised to reward excellence and success by retaining per-FTE funding at a slightly lowered amount, and providing community colleges with additional funding for desired services and outcomes.

Community colleges should be authorized to spend remaining state capital appropriations when the sponsoring county or counties has failed for two successive years to match the State's appropriation of capital for infrastructure projects.

### **Capital Reinvestment**

The critical infrastructure maintenance backlog should be eliminated over the next 10 years to bring facilities into "good" repair. Ongoing needs should be calculated using a life cycle model based on the current replacement value (CRV).

### **Greening of CUNY and SUNY**

CUNY and SUNY should act in four specific areas: attaining measurable energy efficiencies at campuses, specifying green design requirements, increasing use of renewable energy, and funding of research and development programs that focus on alternative, renewable and sustainable energy.

### **Layered Capital Financing**

CUNY's and SUNY's capital plans should be altered to allow for multiple funding streams. Facilities renewal and adaptation, deferred maintenance and new basic educational facilities would continue to be completely funded through state-supported debt. There should also be cost-reduction improvements implementing "greening" or energy conservation/sustainability projects, where the improvements reduce energy consumption and related expenditures. Some revenue-generating projects, such as residence halls, dining facilities, hospitals and student retail commons, can be fully self-supporting, and special educational and student support facilities such as recreational centers, student unions, specialized technology-intensive instructional infrastructure may align with campus fundraising efforts. For new research facilities, the appropriate ratio of state to non-state support could be determined by examining national standards for annual research expenditures. Finally, capital funding for new economic development capital projects could come from dedicated state economic development resources in coordination with state economic and workforce development strategies.

### **Capital Matching Program**

State funding should be provided to match donations made to CUNY and SUNY for capital projects to assist campuses in raising funds, and the match program that currently exists for New York's private colleges should be completed. CUNY and SUNY should be afforded flexibility in allocating and setting differential matching rates to reflect varying campus mission, ability to raise private funds, as well as a range of project types.