Cornell University
ILR School

Cornell University ILR School
DigitalCommons@ILR

Working Papers

ILR Collection

3-2-2005

The SUNY Tuition Guarantee Proposal

Ronald G. Ehrenberg
Cornell University, rge2@cornell.edu

Follow this and additional works at: http://digitalcommons.ilr.cornell.edu/workingpapers

This Article is brought to you for free and open access by the ILR Collection at DigitalCommons@ILR. It has been accepted for inclusion in Working Papers by an authorized administrator of DigitalCommons@ILR. For more information, please contact jdd10@cornell.edu.

The SUNY Tuition Guarantee Proposal

Abstract
In this paper, the author traces the causes and effects of the recent cuts in state funding of the SUNY school system and discusses the strengths and weaknesses of Chancellor Robert King's effort to slow tuition increases and increase state funding for SUNY in his "SUNY Tuition Guarantee Proposal".

Keywords
SUNY, tuition, inflation, enrollment, state funding

Comments

Suggested Citation
Ehrenberg, R. G. (2005). *The SUNY Tuition Guarantee Proposal* (CHERI Working Paper #68). Retrieved [insert date], from Cornell University, ILR School site: http://digitalcommons.ilr.cornell.edu/workingpapers/55/

Required Publisher Statement
Published by the Cornell Higher Education Research Institute, Cornell University.

This article is available at DigitalCommons@ILR: http://digitalcommons.ilr.cornell.edu/workingpapers/55

Revised Draft
March 2, 2005/11:30am

"The SUNY Tuition Guarantee Proposal"

by

Ronald G. Ehrenberg*

Chancellor Robert King's recent "SUNY Tuition Guarantee Proposal" needs to be considered in the context of how public higher education has fared nationwide in recent decades. During the last 30 years, the share of state budgets going to public higher education has shrunk by over one-third. Reductions in state income tax rates, increases in state Medicaid costs, increases in the costs of the corrections system as prison populations expanded, and increases in state support for elementary and secondary education have all contributed to the declining share of state budgets going to public higher education. Put simply, public higher education is one of the few items in state budgets that the governors and legislatures view as discretionary (Medicaid is an entitlement program, absent changes in sentencing laws prison populations will not shrink and funding for elementary and secondary education has a priority in most states that funding for higher education does not have). Given the increased earnings that college graduates can expect, many states have concluded that they can shift more of the cost of public higher education onto students.

New York State is fortunate to have a large prosperous private higher education sector. SUNY is a relative newcomer; it was created only after World War II. Our nation's greatest public higher education institutions, such as the University of California,

the University of Michigan, the University of Wisconsin and the University of Virginia, are much older and are located in states in which public higher education is by far the most important higher education sector. In these states a much larger percentage of state residents and elected state officials are graduates of the state's public higher education system and these universities have always had a broader base of public support than SUNY has been able to muster. There also has been less competition for public resources from private higher education in these states.

During recent decades, public higher education has also been hit harder in New York State than in many other states, because of our state's budget problems. Starting in the late 1980s, a series of budget cuts decimated SUNY funding. During the ten year period that ended in fiscal year 2005, New York was ranked 36th in the nation in its percentage increase in state tax appropriations for higher education. As a result, this year it ranked 39th in the nation in state appropriations to higher education per $1,000 of personal income in the state and 28th in per capita state appropriations to public higher education. Bluntly put, New York State is not currently among the nation's leaders in state support for public higher education.

The impacts of this declining support are many and include a decline in the average salary levels of SUNY faculty relative to the salaries of comparable faculty at private universities and many other public institutions; this makes it difficult for SUNY to attract and retain top faculty. What should be of equal concern to parents of undergraduates at SUNY campuses, however, is the substantial decline that has taken place in the share of undergraduate credit hours generated by full-time tenured and tenure-track faculty. In the fall of 1992, 81% of the undergraduate credit hours at the

SUNY University Centers (Albany, Binghamton, Buffalo and Stony Brook) were generated by these permanent faculty members; this declined to 58.4% by the fall of 2001. In the space of less than a decade, the fraction of undergraduate students at SUNY campuses being taught by contingent faculty, such as graduate students, other part-time adjuncts and lecturers not on tenure-tracks increased by almost 25 percentage points. The decline that took place at the SUNY University Colleges was more modest but still sizable; the percentage fell from about 84.3 to 69.9 during the period.

While one might wish that the substitution of cheaper adjuncts and non tenure-track faculty for higher paid tenured and tenure-track faculty has no impact on the quality of the education that undergraduates receive, empirical evidence sadly indicates otherwise. For example, using national data, a colleague and I have found that, holding other factors constant, when the shares of part-time and full-time non tenure-track faculty increases at an institution, its undergraduate students' first-year drop-out rate tends to increase and their graduation rate tends to decrease. SUNY system administrators are aware of the importance of trying to maintain the size of the full-time faculty and in recent years they have pressed the campuses to cut back on the use of adjuncts and use the saved funds to hire more full-time faculty. However, with limited budgets and the large share of the teaching that has been done by adjuncts, the result has been fewer classes offered, larger class sizes, and a growing number of students finding it increasingly difficult to enroll in all the classes they need in order to graduate within a four-year period.

How can New York State improve the quality of what is now offered undergraduates at its SUNY campuses, while at the same time assuring that access to

higher education is maintained, and preferably improved, for students from lower-income families in the state? The answer will require changes in both SUNY and state policies. Chancellor King's tuition proposal is an effort to address the quality but not the access issue.

SUNY tuition has typically been frozen for a number of years and then followed by a large discrete increase. For example, tuition was set at $3400 in 1995-96 and stayed at that level until 2003-2004 when it jumped to $4,350 (at least partially to make up for substantial cuts in state appropriations to SUNY that year). Students and their parents faced with a 28% tuition increase in 2003-2004 understandably were upset. However, it should be noted that the increase of $950 was <u>less</u> in dollar terms than the tuition increases that occurred at top private institutions in the state that year. Moreover, many students from lower-income families attending SUNY saw no increase at all in their college costs because the tuition increase led them to receive more funding from the Federal Pell Grant and State Tuition Assistance Program (TAP) that year.

If SUNY tuition had instead increased at an annual rate of 3.1 % a year during the 8-year period, the same SUNY tuition level would have been reached in 2003-2004, with much less sticker shock. Such annual tuition increases are important because even if state appropriations increase by the same percentage as mandated and collectively bargained cost increases and increases in utility costs each year, state appropriations now cover much less than half of SUNY campuses' budgets. Other forms of revenue, including tuition, external research funding and annual giving, need to increase each year to enable SUNY institutions to maintain the level and quality of their operations.

While parents of students at private institutions have come to expect annual increases in tuition, Chancellor King's approach offers an intermediate strategy. He proposes an initial one-time $600 increase (reduced to $500 in the executive budget) in SUNY undergraduate tuition to help fund mandated and collectively bargained cost increases and to make up for this year's executive budgets' proposed reduction in state appropriations to SUNY. As is currently done at the University at Illinois, he recommends freezing tuition for new freshman at the new level for four years so that they and their parents will be able to predict their college costs more accurately. Tuition for each new entering class after 2005-2006 would increase by the percentage increase in a higher education cost index that took place in the previous year (An alternative would be to index tuition for new students to the rate of income growth in the state) and again the tuition of each entering class would be held constant during its four years in college.

Tuition increases would be limited to this percentage, however, only if the state legislature and governor increase appropriations to SUNY by the same percentage as SUNY's increases in mandated and collectively bargained cost increases and utility cost increases; if the governor and the legislature fail to do this in a given year, SUNY would be permitted to raise its tuition by a larger percentage to compensate it for the deficiency in state funding. In effect, Chancellor King has proposed to the state that if it values quality public higher education it should either provide increased funding for SUNY or allow SUNY to raise tuition by enough to make up for the state's failure to provide the increased funding.

Sadly, this last requirement is the first Achilles heel in King's proposal. Public higher education funding levels are one of the few major discretionary elements in the

state budget; the governor and the legislature are unlikely to commit themselves to deliver the prescribed annual funding increases for SUNY. Indeed, if the court ordered mandate to increase funding for New York City public elementary and secondary schools by over $5 billion dollars is ever implemented, it is doubtful that the state will have sufficient resources to maintain SUNY's current level of state appropriations, let alone to increase it, unless state tax revenues are increased.

Given the concerns of parents/taxpayers throughout the state about the level of SUNY tuition, the governor and the legislature are also unlikely to be willing to cede SUNY the right to raise tuition by larger percentages if state support does not increase by the required level. For taxpayers would blame state government for allowing to SUNY raise its tuition by so much and potentially penalize the governor and the legislature at election time. So until public concern about the decline in the quality of what is being provided to undergraduate students at SUNY institutions becomes more widespread, I fear that the resource base of the SUNY system will continue to decline.

However, suppose that my prediction is incorrect, that Chancellor King's proposal is approved by the governor and the legislature and that SUNY tuition and state appropriations do increase in future years as specified in the proposal. While this would help to stabilize funding at SUNY campuses and allow SUNY to begin to build back the size of its full-time faculty, the proposal's second Achilles heel is that it does nothing to guarantee access to higher education. What is missing is any discussion of increasing institutional and state resources for financial aid, to assure that SUNY will continue to be accessible to students from lower-income families in the face of higher SUNY tuition levels. While New York's Tuition Assistance Program is relatively generous, rather than

proposing an increase in the maximum TAP grant, the executive budget proposes a penalty scheme in which half of TAP payments would be held back until a student graduated from college. This provides an incentive for students to graduate on time, but it does little to help our state's most financially strapped and disadvantaged students afford to attend college. Neither does the executive budget's proposals to cut funding for the Educational Opportunity Program (EOP); the state program that provides academic support services and financial aid to state residents who show promise for mastering college-level work, but who may otherwise not be admitted.

I have glossed over a third element of Chancellor King's tuition proposal, giving SUNY the ability to charge higher tuition (within limits) at the University Centers, where it is more costly to educate students, and more freedom to raise tuition for nonresident students and students in graduate programs. These proposals are all important for the well-being of SUNY; the vast majority of public systems charge higher tuitions for students attending doctoral-level universities and the tuition level at the university centers, as well as the SUNY nonresident tuition level, are currently well-below those at comparable institutions in neighboring states.

SUNY needs a sensible tuition policy for the decades ahead, but increased tuition rates alone will be of little value if future governors and legislatures fail to give greater priority to public higher education. SUNY needs greater state appropriations, not continued cuts, and SUNY and the state need to provide the resources to guarantee access to students from our most economically disadvantaged families. A strong public higher education system is essential to New York State's economic well-being and voters in the state need to communicate this view to the governor and the state legislature.

* Ehrenberg is the Irving M. Ives Professor of Industrial and Labor Relations at Cornell University and Director of the Cornell Higher Education Research Institute (www.ilr.cornell.edu/cheri). He and his wife are both proud graduates of Harpur College (Binghamton University). Four Cornell colleges receive financial support from NYS through the SUNY budget, but the setting of tuition at these colleges would not be affected by Chancellor King's proposal