

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. In SUNY, New York has the largest state university system in the nation, 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 21st 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 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 competition 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 21st 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 21st Century will be our century, and the citizens of New York will prosper in the years ahead.