

Governor Cuomo Announces Tuition-Free College in New York

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Last Tuesday, January 3, 2017, Governor Cuomo, with the support of Vermont Senator and one-time presidential candidate Bernie Sanders, introduced a robust plan to offer tuition-free college educations to eligible New Yorkers. Cuomo's proposed program, the Excelsior Scholarship (the "Program"), will apply only to full-time students enrolling at a SUNY or CUNY two- or four-year institution with household incomes of \$125,000 or less. "If you come from any family earning \$125,000 or less, the state will provide free tuition," said Cuomo.

Senator Sanders, who stood next to Governor Cuomo as he unveiled the Program at LaGuardia Community College in Long Island City last week, praised Cuomo's plan as "a revolutionary idea for higher education. It's an idea that's going to reverberate not only throughout the State of New York but throughout this country." "The Excelsior Scholarship is designed to provide a college degree to as many students as possible, and that goal is met by partnering with SUNY and CUNY systems that offer some of the best education in the nation and systems we want to encourage New Yorkers to attend," said Cuomo spokeswoman Dani Lever.

Governor Cuomo plans to phase in the program over a three-year period, beginning in the fall of 2017. Aid will first be provided to New Yorkers with an annual household income of \$100,000; it will then increase to households earning \$110,000 in 2018, capping off at \$125,000 in 2019. While there are approximately 940,000 middle-class families and individuals that may be eligible for the Program, the actual number of students to receive the aid will be about 200,000 once fully phased in, according to Jim Malatras, the director of state operations.

Currently, average annual tuition ranges from \$6,470-\$6,330 at SUNY and CUNY for a bachelor's degree and \$4,350-\$4,800 for an associate's degree. Notably, the Program only includes tuition costs and does not cover room and board, books and supplies, transportation expenses, personal expenses, and other related student fees. Nevertheless, as it currently stands, the Program would leave existing state and federal grant programs in place, and supplement any additional tuition costs. In this regard, New York already has a \$1 billion Tuition Assistance Program (TAP) that provides financial grants to students who attend public or private colleges. For many students, TAP and other financial programs such as federal Pell grants, already cover basic tuition at CUNY and SUNY schools. Cuomo's proposal covers remaining tuition costs not covered by existing grants.

Governor Cuomo has provided very little guidance as to how the State will pay for the Program. Some state officials indicate that already existing federal and state financial aid programs will pay for most of the cost while adding \$163 million in state tax dollars for "Excelsior Scholarships" that will cover what the traditional aid

programs do not. However, even supporters of the Program remain skeptical as to how much the Program will actually cost the State. “The cost estimate of \$163 million begs the question: If it costs so little, why haven’t we done it before?” said Assemblywoman Deborah J. Glick, the chairwoman of the Assembly’s Higher Education Committee.

In any event, as noted by the New York Times, “[i]f Mr. Cuomo’s proposal goes forward, it will place New York at the forefront of such efforts; Tennessee and Oregon have programs to cover the costs of community college.”[1] “New York’s tuition-free college degree program, the Excelsior Scholarship, is the first of its kind in the nation and will help alleviate the crushing burden of student debt while enabling thousands of bright young students to realize their dream of higher education” reads Governor Cuomo’s website.[2] “Here’s my prediction,” said Senator Sanders. “If New York State does it this year, mark my words, state after state will follow.”

Despite Cuomo’s pledge to ensure an affordable education to eligible New Yorkers – critics are taking issue with the fact that the Program does not include New York’s private institutions. In this regard, the anticipated significant increase in enrollment could place a serious strain on public institutions, which already are operating with a limited amount of resources. To date, approximately 400,000 full-time students currently attend public universities, but the appeal of a tuition-free education could increase the student population at SUNY and CUNY campuses by at least 10 percent in 2019.[3]

The plan could also have devastating economic effects to more than 100 private colleges and universities located in New York. Small private colleges in particular, which tend to rely on tuition for the majority of their revenue, already face significant financial stress due to decreased enrollment and the competitive nature of the New York marketplace. More significantly, it is unclear at this time what kind of effect, if any, the Program will have on the number of expected college closures and mergers, which, as Inside Higher Ed reports, are expected to triple and double, respectively, in 2017.[4]

The proposal is still in its early stages and will require legislative approval before it can move forward. While both Democrats and Republicans seem to jointly agree on the importance of a college education and the need to alleviate the issue of rising student debt, it is uncertain as to whether a tuition-free plan is the best solution. In its current form, Governor Cuomo’s Program does not offer assistance to private institutions, but as it moves forward there is still a possibility that the legislature will include an amendment for some form of tuition assistance for every New York college, including the private sector.

Since the Program will likely be negotiated during the state’s 2017-2018 budget, industry members, including both private and public institutions should keep a close eye on the course of this proposed legislation. Moreover, private institutions in New York should continue their efforts to increase enrollment while simultaneously aiming to increase their respective endowments and alumni/donor bases.

If you or your institution has any questions or concerns regarding education-related issues, please contact Hayley B. Dryer at hdryer@cullenanddykman.com or at 516-357-3745.

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[1] https://www.nytimes.com/2017/01/03/nyregion/free-tuition-new-york-colleges-plan.html?_r=0

[2] <https://www.governor.ny.gov/news/governor-cuomo-presents-1st-proposal-2017-state-state-making-college-tuition-free-new-york-s>

[3] https://www.nytimes.com/2017/01/03/nyregion/free-tuition-new-york-colleges-plan.html?_r=0

[4] <https://www.insidehighered.com/news/2015/09/28/moodys-predicts-college-closures-triple-2017>