

**Testimony before NY State Division of Budget Leadership  
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- It would surprise no one if I speak today about the University at Buffalo Regional Institute, a major research and public policy unit devoted to framing issues, informing decisions and guiding change around issues of significance for the Buffalo Niagara Region and throughout New York State.
- I wouldn't be doing my job as Director if I didn't express our gratitude for past support from the state – grants of about \$150,000 to \$350,000 per year since our founding in 1997, which we've used to leverage far more than that to support our work. In that spirit, we will continue to pursue stable funding from the state as a vote of confidence in what the Regional Institute does: provide sound, current and practically useful information and insights on everything from regional economic development and demographic change to health care, transportation and criminal justice, among other topics of state and regional significance.
- But, perhaps surprisingly, **those three sentences are all I will say about the Regional Institute for I am not here today to advocate for its particular support, much as we'd be delighted to get it.**
- Rather, I will speak today on what I see as **the number one priority for state investment**, the area I believe matters most in securing a vital and robust future for Buffalo-Niagara and indeed for all of upstate and New York State.
- That is the **development, growth, strength and success of the state's 21<sup>st</sup> century knowledge economy institutions**. I urge **state investment in this priority – real investment with purposefulness and big dollars attached**.
- You likely know how important this would be. Virtually every state and numerous public and private think tanks have documented the **stunning returns on investment in post-secondary education**. Such benefits include everything from higher earnings for our workers – and thus more tax revenues into state coffers -- to lower dependency on state assistance programs, with significant economic, social and political benefits beyond these.

- You may also know that in a knowledge economy, **the payoff to educational attainment is greater than ever.** A May 2007 study by the Association of American Colleges and Universities (The Path to Prosperity, authored by Dan Hurley) summarizes the magnitude of this phenomenon: *“the earnings gap between college-educated men compared to male high school graduates increased from 19 percent in 1985 to 63 percent in 2005. [over the same twenty-year period], the income differential between college educated women and female high school graduates widened to 70 percent. Furthermore, the most recent data from the Bureau of Labor Statistics finds that high school graduates are 60 percent more likely to find themselves unemployed compared to those with college degrees.”*
- Today, upwards of 6 in 10 jobs in this and other states require post-secondary training. **If we keep educating the same number or percentage of students beyond high school in the same ways as at present, we are destined to face the largest workforce gap the state and nation have ever seen.** Already hospitals, engineering firms and research institutions have jobs that go unfilled for lack of labor – this at a time when the state is a net exporter of persons with an associate’s or bachelor’s degree.
- To thrive economically, to compete effectively, to motivate its citizenry, **New York State must, in my view, go the way today that the State of North Carolina did decades ago.** It may distress some that I cite this rival, but its story seems worth telling especially in the first year of the first term for a new governor of the State of New York.
- Over forty-five years or about two generations ago, in 1961, the voters of North Carolina elected Terry Sanford as their Governor. Sanford believed deeply in the value of education not only for its personal benefits, but for what it meant to a state that at that time was considered a very poor, even backward, economic and social cousin to other states, certainly in comparison to New York. Perhaps most important, **Governor Sanford saw education as the long-term strategic key to North Carolina’s future.**
- Sanford put the state’s resources to work. He nearly doubled the amount of state funding that went to **public schools.** He began consolidating the **University of North Carolina** into what we know today is one of the nation’s most powerful and prestigious university systems. He oversaw creation and funding of the **North Carolina Community College System.** He used his influence at the federal levels – he was close to President John F. Kennedy – to successfully secure funding and other benefits for the then-nascent **Research Triangle Park,** a public-private-higher education partnership launched in 1959 to lure high-tech and modern economy jobs to a state better known for – and dependent upon -- its tobacco farms and textile factories.

- In these and other ways, Sanford and his colleagues in state government invested heavily into and **transformed what had been a sub-adequate education system and a middling economy into one of today's most widely regarded and prosperous ones.**
- Perhaps not surprising, especially at a time before concepts like a knowledge economy were widely conceived or appreciated, the tax increases needed to fund this state-level commitment to higher education made Sanford an unpopular -- and ultimately one-term -- governor. In the end, he came out fine -- Sanford went on to be president of Duke University for 16 years from 1969 to 1985 where he continued to champion higher education investments.
- **Still, on the basis of this single, four-year term, Governor Sanford was named by Harvard University as one of the Ten Best Governors of the Twentieth Century.**
- North Carolinians got lucky that the commitments and directions that Sanford had begun were not abandoned by subsequent governors, among them another pro-education governor James B. (Jim) Hunt, who served from 1977-1985 and again from 1993-2001. Evidently, big investment in higher education was no longer considered reason to depose a governor but, rather, to re-elect one many times over. **North Carolinians have been reaping the benefits for many years now from the foresight and stunning success of the state's pro-higher education agenda.**
- Data released earlier this year by the National Center for Higher Education Management Systems (<http://www.higheredinfo.org/>, State Higher Education Priority) reveal that North Carolina continues to place a high priority on higher education. **North Carolina spends 10.4 percent of its state tax revenues on higher education compared to New York State's level of 4.8 percent** (NYS data include spending from lottery profits; North Carolina has no lottery).
- In other words, New York State spends proportionally less than half what North Carolina does on higher education. Perhaps no one should be surprised when New York loses out to North Carolina in the fierce competition for college graduates.
- **Why talk about North Carolina to New York State budget leaders?** The answer is probably obvious.
- New York State can lament that it didn't follow North Carolina's investment path decades ago and can wring its hands that it currently lags behind in investment as a share of total revenues. But lamentations and hand-wringing are far less effective than would be solid, sustained and strategically wise investment in our knowledge economy institutions. **It isn't too late and it bears reinforcement: no investment would have**

**greater long-term impact on our state's prosperity and quality of life than investment in higher education.**

- In your listening tour you will no doubt hear of many worthy institutions and programs in higher education. If it were up to me, I'd attach accountability measures to each one and then fund them all. In the next year and the year after that and the year after that, I'd continue to fund the institutions and programs that demonstrate clear value and remain core to state education goals. I believe we wouldn't be sorry to do this.
- At the risk of parochialism, but to cite a worthy opportunity for state investment in higher education, **I point to the University at Buffalo's request for capital and operational support for its UB 2020 strategic growth plan.** I have been at the University at Buffalo for 15 years and UB 2020 is by far the most comprehensive, thoughtful, timely and smart long-range plan we have ever offered. It deserves support at the highest levels.
- The plan, already being implemented, is perhaps the nation's most ambitious blueprint for university growth. **By 2020, UB will have 10,000 more students, 2,000 new professional faculty and staff, and new and rehabilitated physical assets, including development of a vanguard Downtown Gateway Campus in the City of Buffalo.** The program will not only yield significant direct economic impacts on the region –calculated in a comprehensive study at 2.6 billion dollars per year at full build-out in 2020 – it will also alter the physical development, image, prestige and opportunity set in a region that has suffered prolonged economic decline for decades. **UB 2020 and the attendant investments in the Buffalo region is core to the transformation of Buffalo Niagara to a more vital, prosperous and diversified post-industrial future.**
- **UB's 2008 state legislative request** reflects the ambition and importance of the plan. Specifically, the University requests:
  - **\$38.4 million in operational support** for faculty, staff and students, including increased recruitment, start-up and stipend support to attract the top candidates to UB
  - **\$68 million in capital support**, including \$25 million for the regionally significant investment in the Downtown Buffalo Gateway Campus and \$43 for the current North and South campuses. The Downtown Campus, which will locate the university's top programs in public policy and civic engagement into Buffalo's downtown, has garnered widespread support and enthusiasm from public, private, nonprofit, foundation and civic leaders and citizens in Buffalo Niagara.

- If history is a guide, a private employer offering such an expansion and investment plan to the region and state would receive considerable financial support, incentives, and other means to facilitate the finest project and ultimate return on investment.
- In that light and also because of the centrality of public higher education in the nation's and state's future, I urge a similar response from the state for this hallmark public project. **Investment in higher education in 2008 will not only provide direct support for the growth and transformation of UB into a world class university but it will also bring manyfold returns in prestige, honor and reknown to the state and its university system.** New York State can't afford \*not\* to do this.
- **I therefore urge your most serious support for higher education in general and the University at Buffalo's UB 2020 plan in particular.** With aggressive and sustained investment, by 2020 the University at Buffalo and the broader SUNY system will be the institution and system of excellence that others point to with envy and regard.
- Thank you for your time.