



ESTIMATED EFFECT OF SEQUESTRATION ON HIGHER EDUCATION IN THE STATE OF NEW YORK

Passed as part of the Budget Control Act of 2011, sequestration will result in automatic, across-the-board cuts to federal spending, effective in January 2013. These cuts will be coupled with statutory caps on discretionary spending set through FY2021. In 2013, sequestration would result in \$109.4 billion in across-the-board cuts:

- 8.4 percent for non-defense discretionary programs (\$54.7 billion reduction)
- 9.5 percent for defense programs, other than personnel (\$54.7 billion reduction)
- 8 percent for mandatory programs other than Medicare
- 2 percent for Medicare provider payments

For FY2014 and beyond, the cuts will be determined by Congress and the President through the annual appropriations process.

This overview estimates the possible effect of funding cuts on programs of importance to students and researchers at colleges and universities in New York State. Depending on decisions that agencies make, these estimates may be understated. Further, these estimated reductions were calculated based on FY2011 funding levels, the last year for which complete figures are available. Totals for FY2011 may be lower than for FY2012, and thus the full magnitude of the cuts could be greater.

CRITICAL AREAS OF CONCERN

Half of New York State’s ten largest employers cluster in the areas of higher education and health care, a significant shift from earlier decades.¹ Colleges and universities, as well as medical centers and hospitals attract significant federal dollars to the state.

Research and Development (R&D) — In fiscal year 2010, higher education R&D expenditures totaled \$61.23 billion for the United States and its territories.² New York State ranks second among the states for higher education R&D expenditures (\$4.95 billion); 95 percent of this total (\$4.72 billion) was generated by 20 colleges and universities.

NSF Fiscal Year 2010 Top 20 Higher Education Institutions with R&D Expenditures in New York State

Institution	R&D Expenditures
Columbia University	\$807,235,000
Cornell University	\$749,721,000
University of Rochester	\$414,655,000
Mount Sinai School of Medicine	\$370,666,000
New York University	\$365,944,000
University at Albany, SUNY	\$359,364,000
University at Buffalo, SUNY	\$349,670,000
Yeshiva University	\$314,240,000
Rockefeller University	\$265,750,000
Stony Brook University, SUNY	\$204,728,000
Syracuse University	\$107,024,000
Rensselaer Polytechnic Institute	\$83,952,000
Binghamton University, SUNY	\$72,057,000
The City College, CUNY	\$46,699,000
Upstate Medical University, SUNY	\$43,824,000
Hunter College, CUNY	\$38,900,000
Rochester Institute of Technology	\$38,663,000
Health Science Center at Brooklyn, SUNY	\$32,512,000
New York Medical College	\$28,400,000
College of Environmental Science and Forestry, SUNY	\$26,916,000
Top 20 Total	\$4,720,920,000

Prepared by: Commission on Independent Colleges and Universities (www.cicu.org)
Source: National Science Foundation/National Center for Science and Engineering Statistics, Higher Education Research and Development Survey, FY 2010. C-118 4.23.12

¹ New York State Department of Labor, 1964-2004, Quarterly Census of Employment and Wages; New York State Department of Economic Development, 2009 data from a variety of on-line sources

² National Science Foundation, Higher Education Research and Development Survey, FY2010

Federal investment in R&D falls under discretionary spending. Defense research would be subject to the 9.5 percent reduction. Non-defense research—including the National Institutes of Health (NIH), the National Science Foundation (NSF), the Department of Energy, and the Department of Education—are slated for an estimated 8.4 percent cut. How these cuts will be made is not yet known. Some research agencies may decide not to issue new awards (an approach called “no new starts”). Others may issue cuts truly across the board, to every grant and program under the agency’s jurisdiction. These reductions could negatively affect New York State.

- **Potential loss for National Institutes of Health funding:** Approximately \$131.77 million on a FY2011 total of \$1.57 billion (3,723 awards).
- **Potential loss for National Science Foundation funding:** Approximately \$36.46 million on a FY2011 total of \$434.02 million (1,525 awards).

Student Aid — Student aid programs are also at risk under sequestration. While Pell Grants are protected from the across-the-board cuts, discretionary spending caps could affect Pell Grants in later years. Other student aid programs, including campus-based aid programs such as Federal Work-Study (FWS) and the Supplemental Educational Opportunity Grant (FSEOG), could be affected immediately by across-the-board cuts estimated at 8.4 percent. Additionally, students who use federal student loans next year would be affected by increased origination fees for federal student loans. Fees for subsidized and unsubsidized Stafford loan would increase from 1 to 1.1 percent and for PLUS loans from 4 to 4.4 percent.

- **Potential loss for Federal Work Study (which helps fund campus employment for approximately 51,000 students):** Approximately \$7.27 million on a FY2011 total of \$86.47 million. Estimates show that some 6,500 students in New York State could lose FWS assistance.³
- **Potential loss for Supplemental Educational Opportunity Grants (which helps support approximately 79,000 students):** Approximately \$4.46 million on a FY2011 total of \$53.06 million. An estimated 7,000 students in New York State could lose SEOG funds.⁴
- **Total increased borrowing costs to students and families:** \$12.01 million on FY2011 borrowing of \$4.75 billion in Direct Loans and \$1.82 billion in PLUS loans.

³ *Under Threat: Sequestration’s Impact on Nondefense Jobs and Services*, Senate Appropriations Committee, July 25, 2012, p. 145.

⁴ Ibid.