

“Funding the Future
of the CSU”
Symposium
April 2 and 3, 2012
Cal State
Northridge



“Funding the Future of the CSU”

SYMPOSIUM REPORT

In light of a decreasing vision for public higher education and the vacancy of a unified leadership to meaningfully guide public higher education into its future the faculty at Cal State Northridge chose to act as host to discussion that might offer promise to those who need such a system and a state who would most benefit from its efficacy. The dynamic, fast changing times and current economic circumstances motivated CSUN to be proactive in hosting the necessary dialogue for determining a vision of the model of higher education, particularly public higher education that can meet the needs of the state for the next 50 years. We most certainly feel that your voice matters because of your public commitment to improve a souring situation in our nation's educational systems.

PREFACE: At one point California was the admired case study for higher education. Now the talk is about its rapidly deteriorating condition. The current situation seems dire, and therefore it is essential that we find a new model if we have any hope of maintaining the integrity of our mission and be the flagship for higher education.. The focus of this event was funding to help establish a place to start in the discussion we are offering common platform of information. Please take the time to familiarize yourself with this information. (This platform was published at: <http://www.csun.edu/csufuture/events/040212/>)

The structure of the event accommodated three workshops, each with a fundamental question to address. The three fundamental questions were: 1. "How do we align mission and funding?" (Referring to the California Master Plan) 2. "Where does the money come from?" 3. "What is the policy for spending the money?" Each workshop time period was divided into 6 parallel tracks to accommodate smaller group interactions. Each track had a moderator to help facilitate the discussion process and a Participant Observer who reported out on the second day.

Participation was by invitation only. The major core of the attendees were primarily delegations of interested faculty and administrators from California State University campuses we did however extend special invitations to talent and expertise from other State Agencies and other educational institutions. Considering the experienced and talented people that were invited the hope was to spend very little time editorializing and rehashing what we already knew and give most of the time over to finding/offering solutions.

The ongoing endeavor is ambitious as we hope to continue bring together the best minds possible researchers, community leaders, policymakers and educators to look beyond the current stalemate on public higher education funding by envisioning new innovative models that could carry us through the next 50 years.



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Symposium Opening Remarks:

April 2, 2012

CSUN Faculty President Steven Stepanek: Good morning and Welcome. My name is Steven Stepanek and I am your host this morning. I am Chair of the Computer Science Department and also serve as elected faculty president within our governing structure and also, happens to be a Senator on the Statewide Academic Senate which, I know a number of other statewide academic Senators are here today. California is currently -- change of slides.

California is currently celebrating 50 years under what we call a master plan for public higher education in the state but, as the slide starts to state up there, the entire system is at a crossroad. We really can't continue to sustain our current goal of quality education for all qualified California high school graduates given the current funding model. Something's got to give. It is the hope that by the end of this particular symposium, that we're going to be creating a white paper out of discussions that you're going to be having, that's going to describe your recommendations for some type of new model that can allow the issue to focus on its long term goals once again, rather than current year-by-year survival planning that we're currently doing.

Each of you was invited to attend this particular event because of your knowledge, your experience, your opinions and your creative insight. We assume that you're already familiar with the basic issues and we plan to spend only a minimal amount of time in reviewing them. We believe that the less editorializing that we do, the more time we're going to have for creative ideas to be expressed.

The problem though is that while we value the creative spirit that each of you will be bringing, we also need to work together collaboratively in an attempt to develop some plausible models for being able to move forward. So it's open opportunity for you to express your opinions but then also, be receptive to the opinions of others. Now to provide the appropriate opportunities for discussion over the next two days, we're going to have three keynote type speakers, Dr. John Aubrey Douglass from UC Berkeley, Assemblyperson Bob Blumenfield from the 40th District and President F. King Alexander from Cal State Long Beach.

We are also, as you've probably seen in your program, going to have a total of three breakout workshops, and this is where the real brainstorming is going to occur. The first one which is going to happen, which is a little bit later this morning, is öAligning the mission and the funding of the CSUö and to discuss those issues. Then there's going to be one in the afternoon that discusses öWhere does the money come from?ö And then tomorrow there's going to be, öHow do we best spend the money?ö So it's a step by step process in terms of what we're trying to do. Now, this particular event would not have been possible without all the efforts of the actual planning committee and many many others, I will actually add, whose name may not be up here. Michael Hogan is the chair of the committee. Michael. Where are you? You're already standing. Wave your hands. Let's all give him applause.
[Applause]

Stepanek: Would everybody else whose name is up there also, please stand. Don't be shy. Raise your...
[Applause]

öFunding the Future of the CSUö - Stepanek opening remarks continued.

Stepanek: Thank you all for your efforts for that.

It's very important for this event to occur and I want to stress one important thing. This particular event is planned by the faculty. It is not officially sponsored by the Chancellor's office. We're thrilled we're having representation from the Chancellor's office across the whole system here today. But -- and also, it's a situation too, that while we do have some various administrators involved in our particular process, and that are even here today, they're acting as equal partners with the faculty in this particular planning. So it was purely driven by the faculty, in terms of, the structure and how we're putting it together. Now, the most important information you'll get from me this morningí logistics. Some of this you've already figured out -- kind of. There are some maps that are outside and there's a stylized one. We are currently here on the first floor of a two-story building. If you haven't asked yet where the restrooms are -- because that's the next most important thing -- you have to go outside, upstairs: there's both a staircase and an elevator and they're just over there in that particular corner but, they're on the second floor. They're not outdoor restrooms. They are nice indoor restrooms, but you do have to go outside and then go back in. All of our meetings for the breakouts are in the general complex that we're in right now except for one breakout group. There is one breakout group that will be meeting over here in the grand salon which is, across from this plaza and it's another large gathering place that's over here. All the meals and that are going to be held in this particular room. And you may have noticed the parking -- you shouldn't have had any parking problems this morning. And you're going to notice that the campus seats are pretty good too.

This is our spring breakí just started today. So that's why things are a little bit quiet and you're going to find a lot of things that are closed. Now if you look at the back of your badge, you should see, for most of you, three letters. They're going to start in the upper left hand corner and there's going to be on in the middle and there's going to be one in the lower right hand corner. Those letters map to these particular room designations that we have here, and that is identifying that particular breakout room that you'll be going to for which breakout. So, starting with that upper left hand corner, that's going to be for the first breakout. The one in the middle is for the second breakout. The one in the lower right hand corner is for the third breakout. What we are doing is purposely mixing you up so that, you might, over the course of the two days, run into a breakout the - oh, yeah, you were in this earlier one. But by and large, you're going to have the opportunity to listen to the opinions of everyone that's here. There's a rotations in the event. This also -- if you're representing delegation from some particular organization, or campus, we're breaking you up too by and large so that you're getting -- you're being spread out in the different groups because when we do these breakouts -- and you'll notice there's a total of five of them -- for a given breakout period, they're all going to have the same discussion, in terms of, what the question is that they're going to looking at. Obviously, the concept is that will go off in the different directions. So that's kind of what's going on with that. And once again, we are in right now what's referred to as the Northridge Center. North is that way. So, North Valley Room, it's right over there. South Valley Roomí right over there. Anyone care to guess where the West Valley restroom is? [Laugh] í over that way. Then we also end up with -- let me see. Reseda Room is also to the west, just a little bit more, and then as I mentioned before, the Grand Salon, which is in the other building.

Next important thing that some of you may have already figured out. First of all, if you are a CSUN person, please use your normal mechanism for getting online access. Don't follow these instructions. Use your normal account. Do your normal thing. This will actually choose a certain amount of load balancing across our wireless networks. But if you're a visitor, what you're going to find, depending on Mac or PC, you might get a selection of different wireless networks and they're all going to start out saying CSUN, except some of them are going to add some extra letters. You don't want one of them that has the extra letters. You want the one that purely says CSUN. That is for our guests. You log in with the guest account as visitor and then we have what we call the password of the day, which kind of implies that the password will change tomorrow. Assuming it does, we'll let you know tomorrow what the new password is. But here it is. 68iCWAw and that should get you in. If you have any problems, come and see me or one of the other people around here and they'll help you out. And if we discover, by the way, that any of you are playing computer games or Facebook [laugh], I know. As I commented to some others, we learn a lot of bad habits from our students, don't we? So be careful what you say.

Anyway; for our first morning keynote speaker, it is my pleasure at this particular time to introduce Dr. John Aubrey Douglass who -- you can read the slide -- is the Senior Research Fellow for the Public Policy and Higher Education at the Center for Studies in Higher Education at UC Berkeley. And his particular presentation is on öFunding Model Challenges and How We Got Here?ö
[Applause]



John Aubrey Douglass, Ph.D.
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He is the co-editor of *Globalization's Muse: Universities and Higher Education Systems in a Changing World* (Public Policy Press, 2009), and the author of *The Conditions for Admissions* (Stanford Press 2007) and *The California Idea and American Higher Education* (Stanford University Press, 2000 and 2007; published in Chinese in 2008).

SYMPOSIUM "Funding the Future of the CSU"

Opening Keynote Speaker

Dr. John Aubrey Douglas

John Aubrey Douglass: It has been a very long time since I last visited CSU Northridge; I am extremely impressed by the capital construction. I know it has a lot to do with tragedy but also obviously, real changes have occurred here over time. I also want to note that while at Cal, and I've been there for a while, I grew up in Claremont, so I have good southern California roots and I just wanted to note that I'm thrilled to see that Magic Johnson is going to take over the Dodgers. [Laughter] Maybe something good will happen. I lost some of my Dodger fervor when it went into the throes of ownership of various dastardly owners and it's nice to see that Magic Johnson's new role. My only question now is will the O'Malley's come out of the grave and buy the Lakers. [Laughter] I'm not sure about that. (*See slide 1*)

Also I want to just note before I go into my presentation that I do have CSU roots, in various ways. And that my grandfather was at one time the head of what was then the state colleges and was a confidant and advisor to Earl Warren. So this is many moons ago and he helped establish Cal State LA, Long Beach, and Fullerton in 1947. And my brother teaches at San Jose State in the English Department for a very long time, so he helps keep me somewhat informed about the various things going on at CSU. And so, I have a strong set of links with CSU and I care very deeply about the system. So that's my little warm-up.

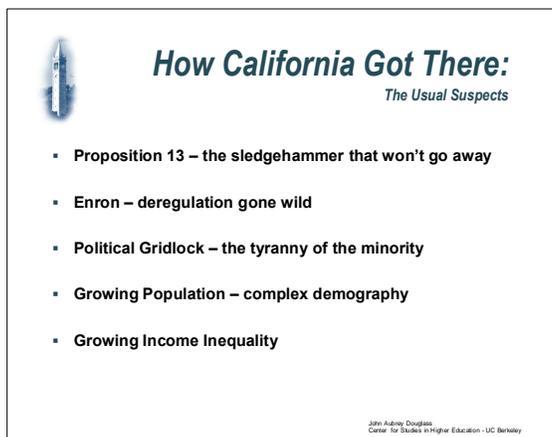
**Re-Imagining California's Higher Education System:
Funding Model Challenges
and How We Got Here**

John Aubrey Douglass
Senior Research Fellow - Public Policy and Higher Education

UNIVERSITY OF CALIFORNIA - BERKELEY
CSHE | Center for Studies in Higher Education

Slide #1

(Refer to slide #2) The title of my talk was given to me: one question was how we got where we are and I'm not going to really talk a lot about that because you know most of the reasons, whether it's Prop 13, whether it's ENRON -- a story which I wish we could see regurgitated because this was such a significant part of our current economic conundrum problems at the state level, where deregulation went wild and the Bush administration let California dangle in the wind, when it could have intervened and made a huge difference in controlling the costs that we then went from surplus to a deficit in the state budget -- obviously political gridlock, what I like to call the tyranny of the minority in that we do have a very small group that has controlled the budget discussions at the state level.



How California Got There:
The Usual Suspects

- Proposition 13 – the sledgehammer that won't go away
- Enron – deregulation gone wild
- Political Gridlock – the tyranny of the minority
- Growing Population – complex demography
- Growing Income Inequality

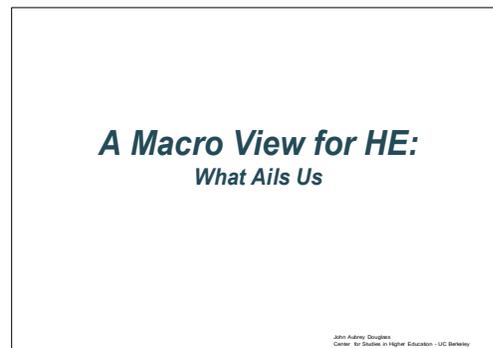
John Aubrey Douglass
Center for Studies in Higher Education - UC Berkeley

Slide #2

about is a macro view, before then trying to talk a little bit about alternative funding and organization models for CSU. (Refer to slide #3) What ails us as a system is not peculiar to CSU, but to entire California's entire higher education system.

Imagine if the State of California maybe 15 years ago had made marginal changes in its tax policies and generated an additional revenue. It would have made an absolutely huge difference in the state's budget and the problems that we face in the great recession.

There are other variables that make California different from most other states. Like Texas and Florida but, we are a state with growing population -- absolutely huge -- and have a very complex demography. And of course California, within this larger realm, has grown inequality. These factors make our current challenges much larger. And we are in a new budget scenario that is quite difficult. You know the realities of it.



A Macro View for HE:
What Ails Us

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Slide #3

What I am going to talk

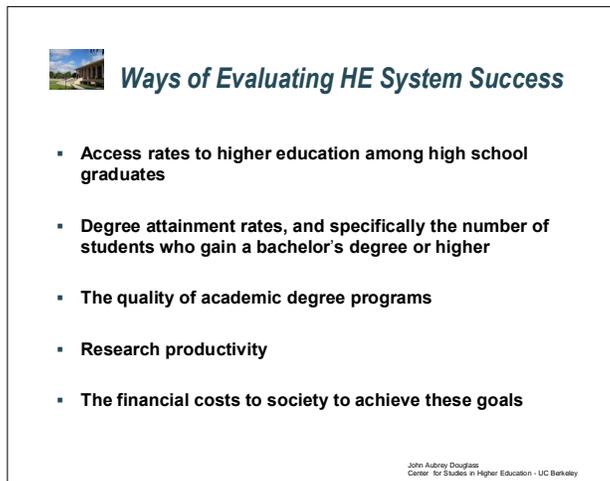
If you were to look at Finland or the Netherlands or China or other parts of the world, here are some factors that we might look at to judge how well the higher education system is doing within that nation or that state [referring to slide]. One factor are access rates to higher education among high school graduates. Another are degree attainment rates, specifically the number of students who gain a Bachelor's degree or higher. And the reason I say Bachelor's is that most economists see it as the best benchmark for gauging economic competitiveness, socioeconomic mobility -- all of those things that we care about.

Then there's the actual quality of the academic degree program -- a little stickier, a little harder to figure out. Research productivity is another factor that's often cited if you're looking at international kinds of comparisons. And again, there are difficulties in judging productivity and quality in that. It's about the money. It's about licenses. It's about the patents. And then, finally, there are the financial costs to society to achieve high rates of productivity in all these different areas.

Now I'm not going to talk about all of these areas, but I'm just going to give a little bit of what I would call the analysis or the net result for California.

At one time, California was number one in almost all of those categories in the U.S. and the world. And it was almost always number one in the U.S. We had the highest rates of students going on who graduated from high school, the highest actually getting into higher education thanks to our robust public higher education system largely. And then going on and getting a degree, relative to other competitors, other states in the nation, we did very well.

That's all dissipated. What we do have is a system of ó even though this is almost a little bit behind the curve because it's changing so rapidly ó of moderate access rates. So if you look at California

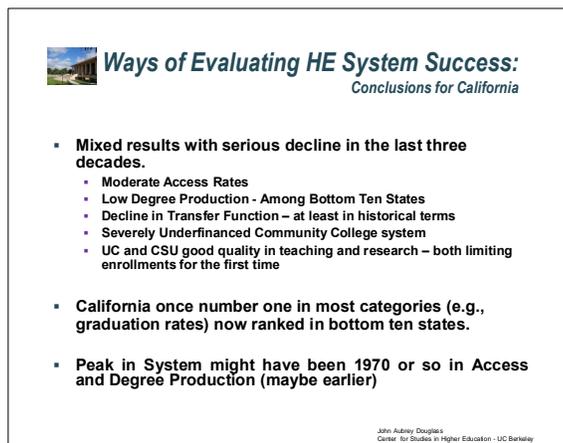


Ways of Evaluating HE System Success

- Access rates to higher education among high school graduates
- Degree attainment rates, and specifically the number of students who gain a bachelor's degree or higher
- The quality of academic degree programs
- Research productivity
- The financial costs to society to achieve these goals

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Slide #4



Ways of Evaluating HE System Success:
Conclusions for California

- Mixed results with serious decline in the last three decades.
 - Moderate Access Rates
 - Low Degree Production - Among Bottom Ten States
 - Decline in Transfer Function – at least in historical terms
 - Severely Underfinanced Community College system
 - UC and CSU good quality in teaching and research – both limiting enrollments for the first time
- California once number one in most categories (e.g., graduation rates) now ranked in bottom ten states.
- Peak in System might have been 1970 or so in Access and Degree Production (maybe earlier)

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Slide #5

compared to other states in the U.S. today, we sit in the middle of the pack in access. And we are at the bottom of the barrel in degree production rates [referring to slide]. So again, looking at the B.A. but also the A.A. degree -- and again, these are simplistic metrics but they do tell the story ó we are among the bottom 10 states.

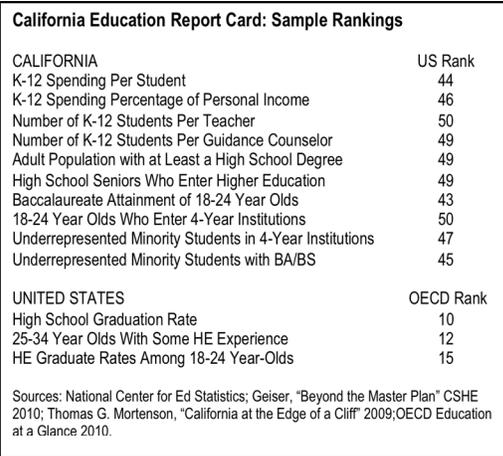
We've also had a decline in the rate of transfer students. It's actually gotten a little better and CSU has played a very big part over the last two decades or so. I am an historian by training, and so I tend to look longer term. If you looked in the 1950s and you looked at Berkeley and UCLA, almost half the students were transfer students at Berkeley and UCLA. I've got data that goes way back on UC and I can look through the 1930s -- we're talking about a system that was developed over time, even though people look at the 1960 master plan as the beginning, as a biblical event that somehow created a marvelous higher education system. California was the first state to develop the community college model. It goes back to 1907. You'll see robust transfer rates beginning in the 20s and into the 30s. So, you know, now for UC at least, the transfer rate is only around 26%. It is not as robust as it once was.

One obvious problem we face today: we have a severely underfinanced hiring system generally. It is more problematic, I would argue, within the community college system. Now I remind you that California is more dependent on community colleges than any other state. Over 70% of the students are in community colleges compared to the international average of about 48%.

In California, in the U.S., this is part of a grand experiment. If you look at other nation states developing competitive higher education systems, none push so many students into two-year programs. It's a model that is not being pursued by anybody else ó at least if you look at developed economies, like the members of the OECD.

So we have more students than any other state in community colleges and it's the most severely underfunded. There are a lot of consequences for this, including high attrition rates and low degree production rates at California's community colleges.

Returning to our factors on what makes a productive higher education system, I think UC and CSU has maintained a good quality efforts in teaching to some degree, but we're seeing some real challenges that are generating tough choices. CSU has chosen, for the first time, to limit enrollments, and hence not following the tenets of the Master Plan ó large part in an attempt to maintain quality.



California Education Report Card: Sample Rankings	
CALIFORNIA	US Rank
K-12 Spending Per Student	44
K-12 Spending Percentage of Personal Income	46
Number of K-12 Students Per Teacher	50
Number of K-12 Students Per Guidance Counselor	49
Adult Population with at Least a High School Degree	49
High School Seniors Who Enter Higher Education	49
Baccalaureate Attainment of 18-24 Year Olds	43
18-24 Year Olds Who Enter 4-Year Institutions	50
Underrepresented Minority Students in 4-Year Institutions	47
Underrepresented Minority Students with BA/BS	45
UNITED STATES	OECD Rank
High School Graduation Rate	10
25-34 Year Olds With Some HE Experience	12
HE Graduate Rates Among 18-24 Year-Olds	15

Sources: National Center for Ed Statistics; Geiser, "Beyond the Master Plan" CSHE 2010; Thomas G. Mortenson, "California at the Edge of a Cliff" 2009; OECD Education at a Glance 2010.

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Slide #6

As I noted, California once was number one in most of these categories and now it's at the bottom of the barrel. I could argue, if you look historically that we really peaked in the mid-70s, early 70s. Kind of disappointing, isn't it?

Here is a sample of rankings [referring to slide #6] that helps exemplify the story that I am telling -- I haven't talked and I won't talk really about the K through 12 system very much, but we know that there are huge problems there linked to many of the problems that we face in higher education. In K through 12 spending, we're ranked number 44 in a state that's growing in population and with significant inequality. One might argue that normally you need to spend more if you had those kinds of demographics. Then you go down and you look at high school seniors who enter higher education: we are now 49th. Now this is a complex story. Some people graduate later or they come into the system later. We need in California and other states better data on matriculation. California made some efforts in this regard, but

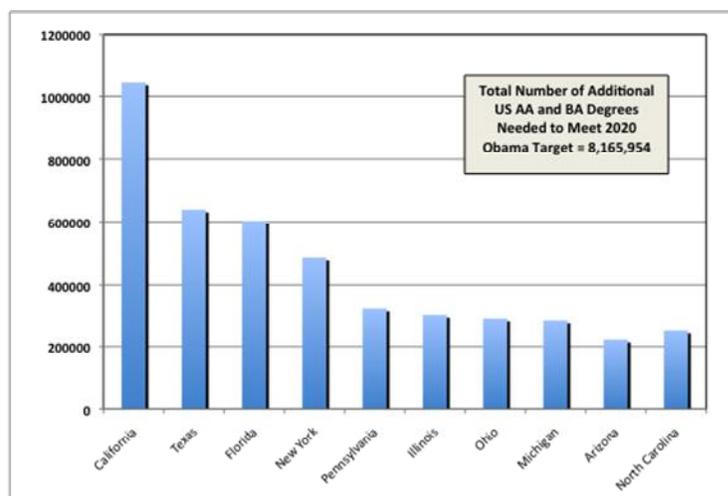
without CPEC ó the governor disbanded CPEC for funding reasons. It is a hard to have good data analysis if you don't have at least an entity that's responsible for it. That's California in the modern era.

Baccalaureate attainment is a really important goal among the traditional age cohort. Again, I know you're dealing

with the average age of a CSU student is 28 or something like that. But still, this is a really important marker: in 18 to 24 years olds gaining a B.A. we are 43rd. And then you see these other kinds of effects, in terms of minority groups. Real disparities in our productivity compared to other states. California is doing really terrible. Well, guess what? The U.S. is doing really terrible if you look at it on an international perspective. The Organization for Economic Cooperation and Development (OECD) based in Paris has approximately 32 member nations -- mostly developed economies that are our direct economic competitors. It's a great source of data on higher education and other areas. This chart also shows rankings for the U.S. Like the California story, at one time the U.S. was number one in all of these major categories like high school graduation rate, people going on to higher education. Now we are in a different spot among the 32 nations. And it is not just where you are, also the trajectory of our competitors are getting better. You are hearing more and more about this now. It's becoming popular fodder.



US/Obama Goal for Ed Attainment: California's Fair Share?



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Slide #7

What I show you here [referring to slide #7] what each state, if it was to produce its fair share of additional degrees related to population, to meet that goal in a 10-year period. And here is what California would have to do: produce over a million additional graduates, B.A. and M.A. degrees by 2020.

This is not going to happen. But it tells you a storyline. California's fair share is particularly large because we rank so low in our overall production of degrees relative to our population. It is also the largest because we are the largest state by far in the union, twice the size, nearly, of Texas or of Florida; but it is also because we're so low in our degree production rates. So this is just a reference point.

[Referring to slide #8] I wrote series of article about how California might pursue a path toward smart

And even the President of the United States has picked it up. This issue was not a focus of national policy making until the Obama administration looked across the Atlantic and saw that many nation-states in Europe have targeted goals to increase educational attainment rates. Many set ridiculous numbers: whether it was Tony Blair or in Sweden or whatever. Why that number and how is it related to socioeconomic ability and economic competitiveness? Well, these are political markers. This is what happens. But they do set up goals and they do generate a certain kind of fervor and investments to increase educational attainment rates. Obama mentioned the US lag in degree production rates in his first speech before the Congress, and he put up a goal that has been translated into how can the U.S., once again, once again, have the highest educational attainment rates.



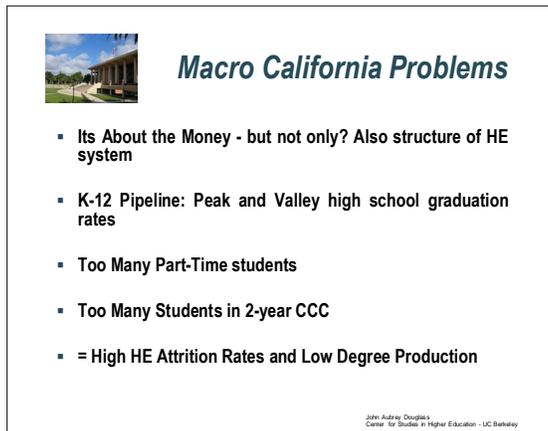
My View of Smart Growth? How to grow, and with what affect on Californians and their economy?

Most critics and observers of California's system remain focused on incremental and largely marginal improvements, transfixed by the state's persistent financial problems and inability to engage in long-range planning for a population that is projected to grow from approximately 37 million to some 60 million by 2050.

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Slide #8

growth in its higher education system. I am decently aware of the political battles over time, the difficulties of getting the California state to other kinds of paradigms. But what I kind of said is I'm not going to worry too much about that. And I'm just going to paint a picture of where it all might grow -- how could the state be more economically competitive understanding that California will grow from about 37 million to 60 million by 2050 according to the Department of Finance. Is that accurate? I don't know, take 20% off. It's still a big number. It's kind of scary, particularly we are currently not attempting to meet enrollment demand.



Macro California Problems

- Its About the Money - but not only? Also structure of HE system
- K-12 Pipeline: Peak and Valley high school graduation rates
- Too Many Part-Time students
- Too Many Students in 2-year CCC
- = High HE Attrition Rates and Low Degree Production

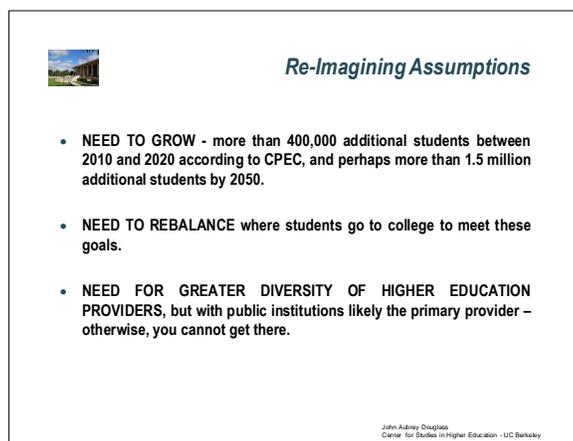
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Slide #9

Here are a few assumptions. [Refer to slide #9] It is about the money, but not only. It's also about the structure of the higher education system in California.

It is about the K to 12 pipeline. It's a peak and valley story. The valleys are getting bigger and bigger and deeper and people can't get out of them and the peaks are becoming more selective. And in terms of high school quality, those that are sending kids off to go off to college, these kinds of things. But the other thing is we have way too many part time students in postsecondary education to function properly, in my view. In the U.S., generally, but also in California, and there are a lot of reasons for this, and it's not that the part time students are not part of a vital system. But there are too many of these students. In the community colleges, around 70% of the students are part time.

We also have way too many students in two-year colleges. The concept in 1960 was that California might have 50% or so of all students in community colleges. you could argue about their vision and all that. But today, as I said before, over 70% of the students are in community colleges. What's the right number? I'm not absolutely sure. But what that does is it almost assures you high attrition rates and low degree production rates. The chances for students that go to even the most well funded and robust community college to then move on to gain a B.A. degree is really low. All the studies show you that. Maybe we could significantly enhance that system to address poor B.A. production rates?



Re-Imagining Assumptions

- NEED TO GROW - more than 400,000 additional students between 2010 and 2020 according to CPEC, and perhaps more than 1.5 million additional students by 2050.
- NEED TO REBALANCE where students go to college to meet these goals.
- NEED FOR GREATER DIVERSITY OF HIGHER EDUCATION PROVIDERS, but with public institutions likely the primary provider - otherwise, you cannot get there.

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Slide #10

[Referring to slide #10] We have to put into the mix how we're going to grow more than 400,000 additional students between 2010 and 2020 or the estimate of CPEC which, again, fell as a part of the budget axing process in Sacramento. It is an open question for all of the segments to CSU, UC, Community Colleges and the nonprofit sector, what will replace CPEC. And I know it is an issue that the LAO has also brought up as well. As I said, I think there is a need to really rebalance where our students go and for greater diversity in institutional providers.

[Referring to slide #11] So in my reimagining mix, I say, well, we don't want to blow up the system: there are a lot of really great

strengths in the system. How can we build on its historical and existing strengths? The answer is greater mission differentiation. And I really focus in my article on creating missions differentiation among the community colleges. But I think there is something to be thought about on the CSU side. It is not, perhaps, preferable, but it is an option to consider.

So I'll just say some things that are a little radical. It's not radical to set goals. [Refer to slide #12] We should have been doing that ages ago, but we do need to set goals and it would be good if a governor would take a



Reimagining

BUILD ON EXISTING STRENGTHS

GREATER MISSIONS DIFFERENTIATION

John Aubrey Douglass
Center for Studies in Higher Education - UC Berkeley

Slide #11



Reimagining

Goals - Set ambitious goals for access and AA and Bachelor's degree production rates mindful of global competitors; Reposition and tout California as the determined leader in mass higher education and quality of its tertiary HE system as part of global competitiveness initiative

Rebalance Where Student Go to College

- Revised CSU and UC freshman admissions pool
- Ten or so Community Colleges grant baccalaureate degree
- Ten or so Community Colleges focus on transfer function
- Community Colleges offer %Gap Year+programs for transition to college

Establish a Polytechnic Segment

Establish a New California Open University

Revised Funding Model – “Progressive Tuition Policies”

A Larger Federal Role in Financial Aid and Capacity Building?

John Aubrey Douglass
Center for Studies in Higher Education - UC Berkeley

Slide #12

leadership role in that. It's hard for a segment to come out and push for major reforms. You need the governor involved. I don't think there's any immediate prospect of that occurring of course.

But if the governor was to be aggressive he would say California's really must move forward and once again have the highest educational attainment rates. One option is to revise the admissions pool and I would say -- I know this is not balancing out with other critics of California's system, higher ed system -- but what I would say is that UC and CSU might increase their pool slightly at the margins to get more students in. This is of course assuming a proper funding scenario.

You know, the 1960 master plan reduced the admission pool to UC and what became CSU. It didn't increase it. It pushed more students to

community colleges because it was a cheaper way of delivering higher education. It was not the result of careful study on, for example, how to promote socioeconomic mobility and economic competitiveness for California. It was a political compromise to grow the system. From about 1920 to 1962, UC's pool was about the top 15% of all high school students. The master plan reduced it to 12.5%. CSU was a lot more complex because it varied all over the place, but it basically went from about 44% down to the 33% number. This is one marginal area to look at. We should also allow for community colleges on a selective basis to offer the B.A. -- maybe 10 or so, maybe less. There are all kinds of difficulties in this. Some of them might be located in very low poor urban areas. The objective would be to try to selectively target urban areas.

I also advocate the concept of a gap year and ó a European term with some models. A student gets out of secondary school and then takes a year off and, you know, sometimes it's associated with touring the world or whatever and learning things or doing an internship. I think we could repackage it and say, you know, there are a lot of kids who are just not ready to go to college directly and let's create a structured option. There could be a remedial aspect; it could help motivate student not yet sure of their collegiate careers, creating a pathway structured toward apply at the freshman year to a four-year college.

I think that California needs a much more robust polytechnic sector and I realize that CSUE plays that role in many ways. But I worry about the size and scale of CSU and its ability to properly develop this type of sector. It just grows and grows. You know, 24 campuses, how do you manage something that large? Well, this isn't a solution, but I think you could legitimately pull out Pomona and San Luis Obispo and then look to grow this new sector. It's going to cost money and of course CSU is not going to like it or the leadership won't, I would imagine. But I think California and the U.S. needs a stronger polytechnic sector.

I think we should establish a new California Open University. Some will remember an earlier attempt at this, which still lives on the web but hasn't really gone anywhere. The lesson about online programs and these kinds of things -- there's a lot of problems with them. But if you're going to create an entity that really is going to robustly provide them, you don't put it as an appendage to CSU and UC and the community colleges, and that's what we have done earlier. It's never going to grow. It's never going to have its own faculty, its own culture.

This is a lesson that we've learned from other parts of the world. You know, CSU and UC can have online programs but we could really have a focused program at the statewide level and at a minimum cost, really, to develop that, but you'd have to get acceptance from the segments.

Now, here's the element that I'm going to talk about a little bit more now in my remaining time: we need a revised funding model.

We've kind of crossed the river. And many of you know that and recognize it. Sometimes it's hard to talk about it publicly because fees and tuition raise tremendous, often emotional responses because it's confusing to people about the relationship of fees to financial aid and the ultimate impact on access and graduation rates. We need to think about it more concretely and draw it out into a long-term plan of smart growth, what I call "progressive tuition policies." The State of California is supposed to have a progressive tax system that then funds public services in its various forms understanding that some of the public services are out of control on costs — like pensions. Okay. But the reality is that the State of California is no longer really providing a progressive tax base that is sufficient to fund California higher education.

We now have to adopt elements of a progressive tax system in which we are charging more for more wealthy students to help subsidize lower income students and to create a model that's robust enough that can also, make sure that we offer the programs for students to get in and succeed. It's all very problematic but I think language is important about how we talk about these things. *Progressive Tuition* is not just about raising fees, but to financial aid and students gaining access to academic programs.

I don't think California or the U.S. is ever going to get the kind of numbers, even remotely, that Obama sets out. It is not going to happen unless Pell Grants and other forms of federal financial aid become a much bigger player in the U.S. — when is that going to happen? Is Obama in the second term going to be a little bit more focused on higher education? Well, you know, so far they put all their energy into community colleges and some of that's really great, for vocational education and things like that. But the kind of scale of something in line with what we saw in mid 1960s for a brief period of time -- which was absolutely vital for California to grow in enrollment capacity, including capital construction — is the kind of scale of effort we need currently. Yes, the for-profits can grow and provide certain kind of programs, but they're very niche still. It's not clear they're really going to grow to meet these larger scale needs; they like the lower hanging fruit that is cheap to offer. There are real questions about productivity, quality, high attrition rates. Online higher ed at the University of Phoenix has attrition rates of about 95%. That's the latest data. So there's a real problem for the for-profits -- there's a role for profits, but if we're going to get there, it's going to be a via public higher education systems.



CSU and the New Reality

John Aubrey Douglass
Center for Studies in Higher Education - UC Berkeley

Slide #13

that's not the way to run a state. But that's the reality. We know that California State University trustees approved a 9% increase in tuition last -- was it October? Let me tell you something. In the UC system, we're all envious -- well not all of us -- some of us know a little bit about what's going on. And that is, again, there are bad things to tuition increases but the reality is if you don't have sufficient funds, you're not going to be able to keep your doors open to students. In the community colleges, the estimate was the lack of funding basically meant 200,000 students did not get access. Then if you add in CSU, and you add in -- you see the limits they put on enrolment. CPEC put

[Refer to slide #13] So it all looks rather bleak, in terms of actually getting the political interest in doing something on the scale needed for large investments.

So now let's talk a little bit about CSU and the new reality. [Refer to slide #14] So, you know these things: the funding gaps. When I meet any foreign visitors, they want to know how California developed this higher education system. I say that the current reality is that we don't even know what our budget is until midway through the year. It's one thing to get cuts and know what they are in advanced of a fiscal year, it's another to have a rolling process of gigantic cuts. Again, I'm preaching to the choir. But



The New Realities

- CSU's funding has been slashed by over \$650 million over the past two years, causing tuition to rise by 23 percent and enrollment to be slashed by 10,000 students.
- California State University trustees approved a 9 percent increase in tuition. With campus fees added in, the total cost for undergraduates will be more than \$7,000 for the full year.
- Financial aid means about 45 percent of the university system's 412,000 students will not pay the increase.

John Aubrey Douglass
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Slide #14

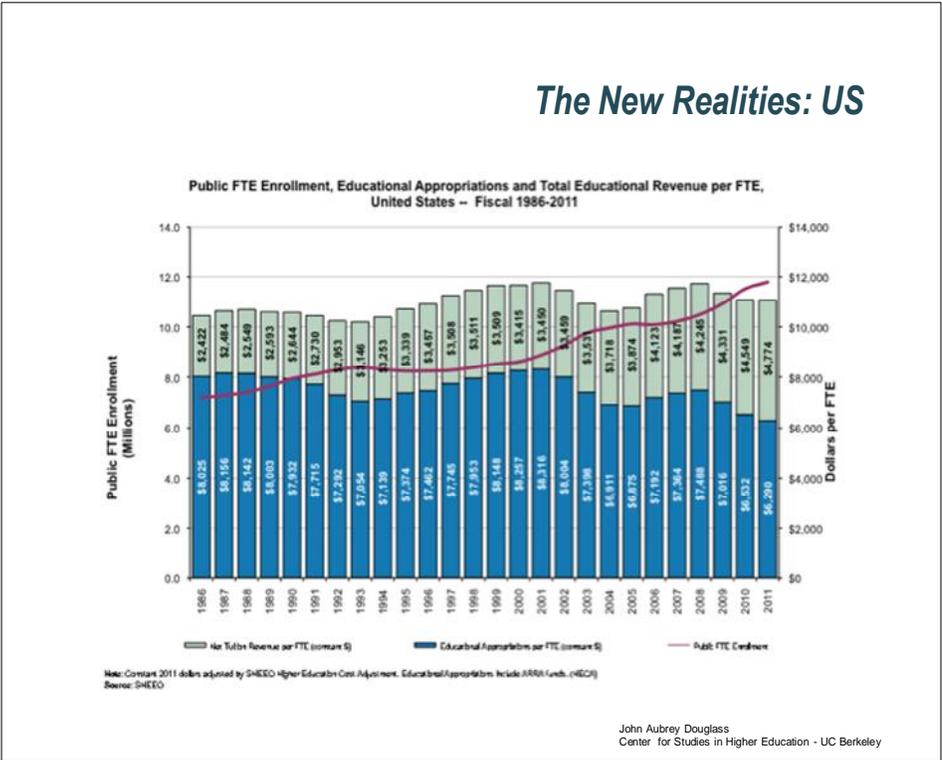
a number of 240,000 students could not get into the system who normally would. So this lack of funding has huge effects on access rates.

But UC officials are envious because basically CSU took the opportunity to get the fee increase in the right time politically and our system is not doing that at the moment, because there's been a bit of a fight between the President's office and the leadership of the Regents. So CSU found certain path that at least get yourself set to know

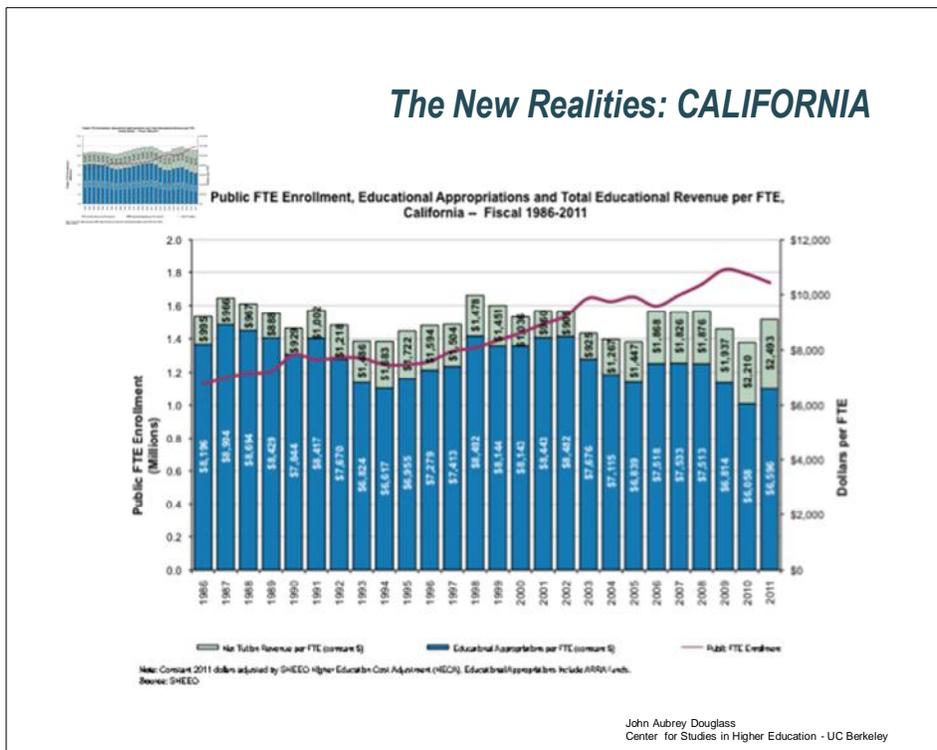
more about what your future funding will be. In UC, we will don't know what our fees are going to be next fiscal year.

The story in the U.S. generally is declining funding for higher education [referring to slide #15]. The blue line is state funding for higher education and tuition is the green and the relationship nationally of rising tuition and fees.

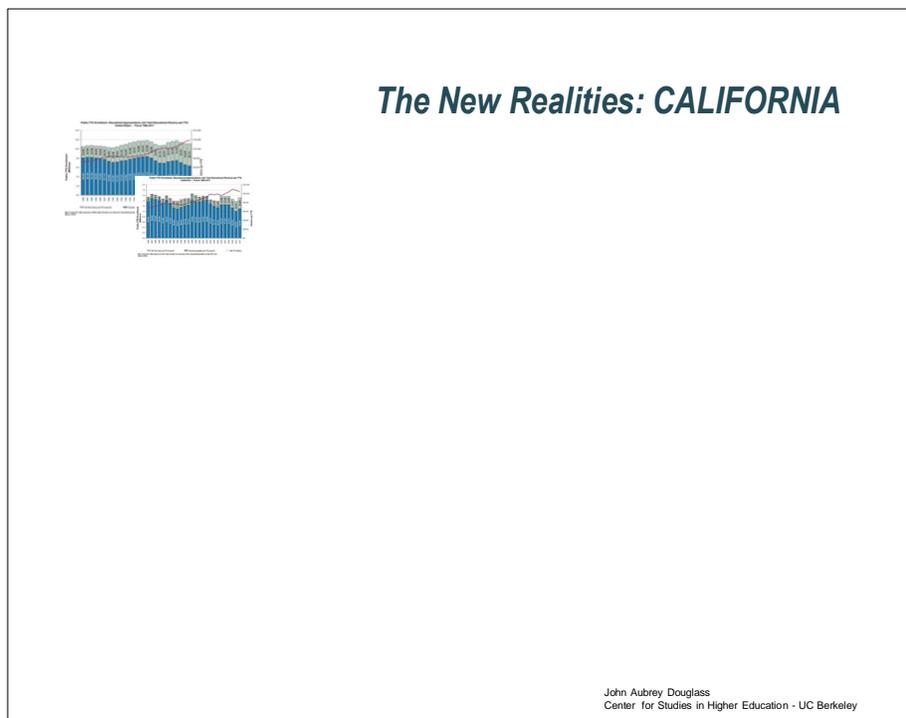
The story in California is much worse -- it's worse because we're seeing a larger decline in relative to actual enrolment increase. [Refer to slide #16] But you see this kind of dip from 2000, 2010, 2011 and I think most of that does relate to actual limits on what system's ability to take students in. So the net effect is -- I've said this several times but I say with a grain of salt because you don't know until the data comes in and it's a very complex -- I think it's a real good shot that California's educational attainment rates will have gone down over the last few years.



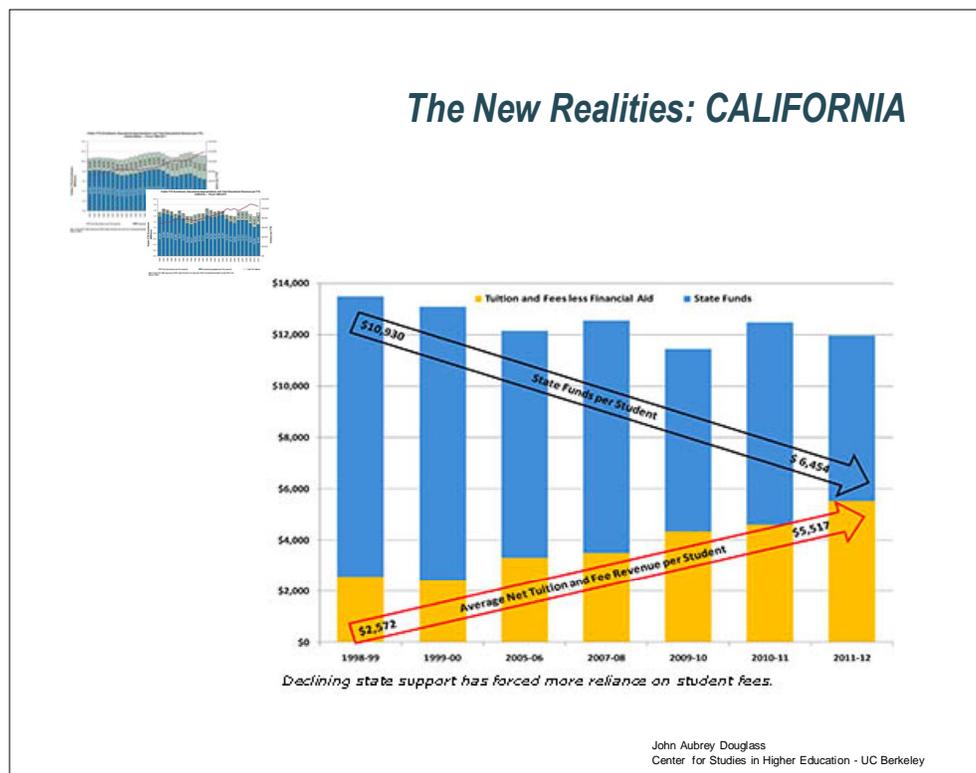
Slide #15



Slide #16



Slide #17



Slide #18

[Refer to slide #17] California State University tuition keeps going up but in relationship to overall money, it doesn't make up for the money you're losing. It's just one kind of stopgap measure with many problems. [Refer to slide 18]



CSU Funding Models: Political/Managerial Considerations

• **Past Public Subsidies Are NOT Coming Back** – even if Gov Brown's proposition passes it will not make up for funding loss; the cost of any new compact built on past norms?

• **The Reality Foisted by a Minority** – While there are many reasons for the financial predicament California finds itself, the fact is that a minority of Republicans created the Neo-Liberal paradigm that will deny California's anything like the HE system of old.

• **Privatizations Benefits and Threat – a Rubicon**

- It is not all bad in that CSU may gain greater autonomy and a stronger ability to promote quality and internally chart its future – one possible goal and result: higher degree production rates.
- But the BIG negative for California is that the will and ability to grow in enrollment and programs dissipates while demand grows – Brazilian Effect and For-Profits.

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Slide #19

The other element -- showing a little bit of my political colors here, but it's that this is a reality foisted on us partly, by a minority and this problem with the structure in -- even though they have been some changes in the legislature. It makes it even less likely that some progress will be made in the immediate future. And then I want to know this -- things about privatization which we could say, you know, the modern era and for CSU, privatization is largely increased tuition funds, right.

So we've crossed the Rubicon. CSU has crossed the Rubicon, something I wouldn't have imagined 10 years ago and that is, you have so much more autonomy right now to fashion your future that you just did not have politically before.

I never would have imagined the Chancellor's office being able to say that ten years ago without the governor of the State of California coming down on the CSU system and legislators so hard. Now I'm only pointing a political reality not a preferable reality. You know, I wish the governor cared. I wish there were resources coming from the state eventually.

There are new levels of autonomy for CSU: how to chart its future. The big lever is tuition ó the real meaning of privatization for public universities. But privatization in this form creates a new

So this is my final set of slides. Here are the political managerial considerations that maybe you will reference or think about in your conversations. Public funding like we had in the past is not coming back.

Even if Governor Brown's proposition passes, that's a steady state solution. We have folks from the LAO but, you know, this new dynamic is more difficult to reach a higher education compact with the governor as in the past. In know there are negotiations going on with the governor about this. One question is what kind of deals is CSU and UC making with the governor in light of the overall decline in actual funding and the bleak picture for the future. My understanding is the best case scenario is a percentage increase over a four year period, three, to CSU and UC -- but as I said, it looks mostly like treading water when you put in inflation and some enrolment growth.



CSU Funding Models: Variables to Consider

- **Fees Can Be Too High, and Too Low** – CCC and CSU must face the new reality; we need better research on this issue; Progressive Tuition Policies requires around 1/3+ of tuition going back to financial aid.
- **Previous Funding Models for Public Higher Education** – the Carnegie Commission on HE outlined the concept of 1/3 x 3 Model; is it achievable, or a model long gone? What mix for CSU in 2020?
- **CSU/UC/CCC Model: Enrollment at any cost?** – CSU must examine the Quality versus Quantity paradigm – including how to reduce costs.
- **CSU as Part of a Symbiotic System of HE** – the need for advocacy for the coherency of the system as a whole.

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Slide #20

dynamic in which these systems, whether it's CSU or UC, don't have a motivation to grow. The historical link of state funding for each FTE that was an absolutely huge driver for CSU and UC to grow in enrollment and programs. That is dissipating. [Refer to slide #20]

And so this really forbades a difficult future for California! But I feel very strongly about California trying need to reach higher educational degree rates, but I think the time has come for CSU about another way to go forward.

And so, the big questions relate to funding and fees and developing a *Progressive Tuition Model* -- and I just want to again note, fees can be too high and they can be too low, which is not a normal thing that people say. Arguably, CSU's tuition is way too low. At the same time, the community colleges are our most underfunded segment, with the lowest fees in the nation. They can't provide the courses about 200,000 students not having access.

A model developed by the Carnegie Commission for Higher Education that Clark Kerr led looked at the issue of who should pay for public higher education. What's the right mix of funds for a public university? They came up with a one-third, one-third, one-third model: one-third from financial aid from outside sources like the federal government; one-third from students and families paying tuition; and one-third from institutionally derived funds. It's an informative paradigm -- a reference point. Is it an achievable model for CSU, for example? Is it long gone? So that's just something to think about: the proper relationship for a public university to serve public purposes.

CSU's needs to look at the issue of quality versus quantity -- a problem that's becoming more magnified because you usually just accepted that it was quantity over quality. In other words, if you cannot any longer take the students, take them, take them, take, while knowing that resources are going down. We've come to a breaking point and we need to take a strong look at that.

At the same time, it is really important that CSU thinks about its statewide role. And one thing you need to think about is what does CSU want to advocate outside of its own environment? Does it care about systemic coordination? Should it care about the community colleges and directions it might go along perhaps the model I put forward here, or something else? You need to be in an advocacy role and not just think about your own future and that's hard to do. But that would be very productive.



CSU Funding Models: Political/Managerial Considerations

- **Differential Fees Among Campuses** – Debate in UC about this; detrimental effect on the concept of the system/one university model; but perhaps more relevant to CSU with a wider spectrum of different campuses in scale and activities.
- **Differential Fees Among Programs** – Significant problems at the UG level; an new reality in Graduate programs; Extension and On-line model potentials but probably marginal in big picture of needed revenue.
- **International and Out-of-State Students** – Helps fund operational costs, but MUST be pursued as a means to expand enrollment capacity and access to Californians.
- **Regional Partnerships** – The Hub Model.

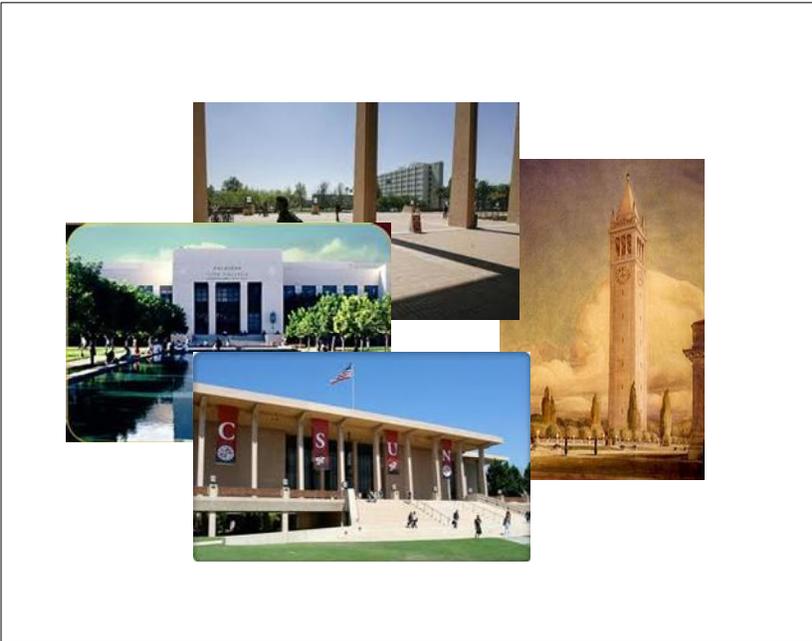
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This is my last slide so -- differential fees among campuses. [Refer to slide #21] Now I'm getting really radical. Okay. And I'm reflecting some of what I'm hearing in the UC system. Here's an open question. Should there be differential fees among the campuses? I know that there's a power structure here so the San Diego State is probably already talking about it.

I would say you should also be thinking about greater differential fees among programs. I don't really advocate this at the undergraduate level. I think the graduate level would make sense. I think at the undergraduate level it's really problematic because you can create motivations and student behaviors that are not positive: they may make decisions about their future related to cost so it's problematic. But it's something that needs to be thought about.

Also, what is the role of international and out of state students? And I know there are some campuses that are very aggressive in this area. An interesting factoid. I've been looking at international students. There are more international students now in community colleges than there are in the CSU, taken as a whole. Santa Monica's got 7,000 international students.

Finally, I do advocate in another series of papers that US and CSU think about regional constructs and having more interrelationships with other institutions, of different types that, for example, could market and be part of a coherent system to attract out of state students. One purpose is to generating income that can help provide access to domestic students. To give you an example: in the U.K., about 25% or so of all income for higher education comes from international students, subsidizing costs for domestic students. There are a lot of problems in this model, believe you me. But just to give you an example of other models.

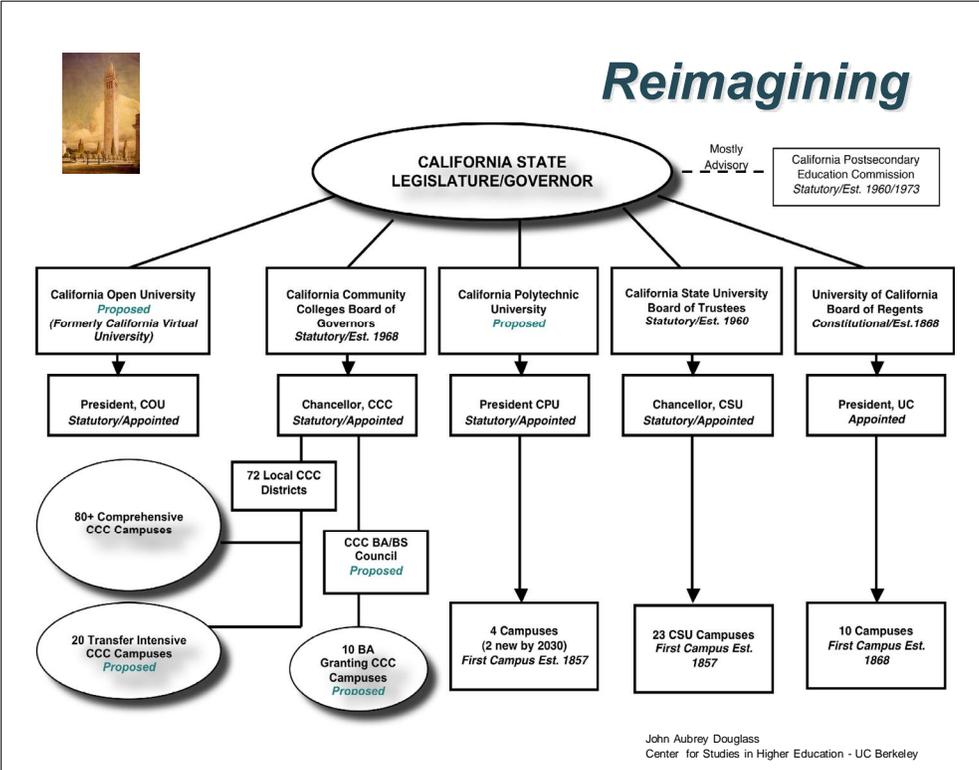


[Refer to slide #22]

And so with that, I conclude. Thank you.

[Applause]

Slide #22



Slide #23 ó extra



Bob Blumenfield

California State Assemblyman - 40th District

Chair Assembly Budget committee

Member of the Appropriations committee

Other Committee work includes: Governmental Organization, Transportation, and Water, Parks and Wildlife committees and the Select Committee on Revitalization of the Los Angeles River and Pacoima Wash.

Bob is a graduate of Duke University

“Funding the Future of the CSU”

DINNER KEYNOTE SPEAKER

California Assemblyman Bob Blumenfield

(Transcript not available at this time.)

Participant Observer Report Out Segment

The general intent of the symposium was to provide a forum to explore ideas in support of the future of the California State University system. In the discussion/discovery process that we hope would find itself during the three work sessions we needed someone who would make notes and report out.



CSUN Faculty President, Steven Stepanek: We will now begin the report out section of our symposium. As you know in each of the three work group segments there was a Participant Observer who was to report findings from the discussions. Each of the three work sessions had a question to discuss: the first session addressed the question of **How do we align funding with mission?**, the second session focused on financing resources, **Where does the money come from?** and the third session considered the methodology of **How do we best spend that money?** We have asked each observer to limit his or her comments to 15 minutes. This may be a challenge!

John Tarjan is the Group G Leader, a group we kind of disbanded this morning to better accommodate group sizing and discussions and so he became his own interesting floater. As you can see he has generated PowerPoint slides. So we are going to let him go first, John.



John Tarjan

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John Tarjan: Okay, thank you everybody. (Referring to slide #1) Steven has referred to my group as the G Group so that's why it's listed as G-plus on the slide.

(Referring to slide #2) First, I have noted and will elaborate on some perception slash feelings that I have observed from our group: I didn't know what else to call them. I have grouped those points I gathered into feelings, ideas, and questions that people came up with. I'm going to finish this report out with my own take on the conference. I have the microphone so guess I can do it this way, right?

Okay. So with these disclaimers (referring to slide #3) I will try to be as complete as I can. Our group took notes on flip charts and I took copious notes on my computer. I didn't attempt to put ALL the ideas, feelings and questions in the notes; I tried to be selective and summarize them. Perhaps like all the other groups we didn't stay on topic - like professors and administrators and outsiders we talked about what we wanted to talk about not necessarily what we were assigned to do. (audience laugh) And in the third breakout I violated my charge. I did include a couple of my own ideas.

One theme that kept coming across is that there were very different levels of understanding about the issues we discussed and people even thought different things were happening in terms of what happens at the state level, what happens in the chancellor's office, etc. (Refer to slide #4)

And another interesting theme is people seem to be unclear as to what's CSU policy: what's in Title 5 or what's just a practice. I sensed a lot of frustration on this issue. People feel that we are doing a good job with higher ed and that's not recognized by public officials, or elected officials or the public in general.

This thought came up again and again. We don't seem to be doing a good enough job of communicating what we do and that's tied into funding because if they understood us and what we do, they would give us more funding, right?

(Refer to slide #5) There were a lot of comments on autonomy, this topic this afternoon as well. People question why certain decisions are being made. Why do they allocate enrollments this way? Why did they do this, not the other? We could have experts to tell us why decisions are made but the thing that struck me as an Organizational Behavior Professor is that all these people did not understand how the system works. The people in charge keep saying they're very open and say we don't understand how this place works.

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Presentation Structure

- É Perceptions/Feelings
- É Ideas
- É Questions
- É My Take

Slide #2

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Disclaimers

- É Completeness Over Selectivity
- É We didn't stay on topic.
- É Third break-out session ideas not included.

Slide #3

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Feelings/Perceptions

- É We have different levels of understanding of
 - É Funding mechanisms
 - É State government
 - É Planning, function of the CSU
 - É Policy
 - É Law
 - É Practice
- É Frustration- we doing a good job but seems unrecognized and unsupported by public, officials.

Slide #4

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Feelings/Perceptions

- É We need to do a better job of telling our story
 - É Legislature
 - É Corporations
 - É Public
- É Need more autonomy- give us incentives to do good.
- É We don't understand why we don't have more autonomy, why many decisions are made that don't seem to make sense for our campus.

Slide #5

(Refer to slide #6) This is one of the things that I picked up a lot, people seem convinced we need to do the things differently but there's a lot of floundering about what that is. We don't know how we're going to get there and maybe a little stronger leadership of better communication could help us get there. People wonder, *"where the hell is the leadership? Who is going to point us on the right direction? How do we know what the right direction is? What are the mechanisms for figuring out a way forward?"* There was also a lot of comparing of ourselves to the UC and privates. We don't do as good a job. We don't keep track of our alumni. We don't involve them enough. And we don't partner enough with outside groups, the Federal government or any other agencies, that sort of thing.

(Refer to slide #7) Also, there is a feeling that there are differences, or at least perception of difference, across campus in terms of involvement in budget making, and the transparency on those campuses. We just don't understand how things are prioritized at a system level. How all that happens its a black box. One thing that was interesting which we talked about this at length is that the politicians can get away with cutting us as opposed to other state agencies because there's no consequence. They keep doing it and we keep teaching the students and with no ramifications. They've got some other state agencies. You've got these advocacy groups howling

saying *"we're going to take away your campaign funds or your votes or whatever."*

Okay, so there were a lot of ideas generated. (Referring to slide #8) These are pretty self explanatory. I'll explain a couple of them but this one was interesting; Couldn't we have some type of incentives like we give for car cooling? Could you have an incentive for businesses so that there is some type of subsidy when they employ college graduates, a way of helping them maybe indirectly, incentives for them to hire more of our graduates? This came up as I floated across groups. Perhaps the campuses could be more specialized and unique. Let us see what else .

Oh! This was interesting. (Refer to slide #9) Talk about the nature of the degree. In community colleges we have at least two tracks: one is your academic track and there is a vocational track. Or there is the university track. There was also a question about, *"is there some value to some col-*

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Feelings/Perceptions

- É We may be facing an existential threat.
- É We are resigned/convinced that we need to change but don't know the best way to get there- what can we do and how do we do it? Where is the leadership?
- É We are not very advanced compared to other universities in
 - É Alumni relations
 - É Partnerships

Slide #6

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Feelings/Perceptions

- É Campuses vary in terms of budget transparency and involvement.
- É We are unsure of any systemwide strategy for prioritization, etc.
- É It is easier for politicians to cut higher education than other areas of the budget because there are few negative ramifications for them.

Slide #7

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Ideas

- É Limit enrollment to ensure quality
- É Government incentives to employee college attendees/graduates
- É Allow more specialization/uniqueness across campuses.
- É Decouple measures of success (student outcomes) from unit completion.

Slide #8

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Ideas

- É More partnering with employers who benefit from the product+we produce well.
- É Perhaps a third track+between a vocational and BA is appropriate for some students.
- É Perhaps we should incorporate outcomes with standards. Students who do not progress should not be retained.

Slide #9

lege. I can remember who brought it up. When you list your education, you can state graduated from college, you didn't go to college or you had some college. Apparently people with some college work react differently in terms of political behavior and maybe purchasing behavior and all this. There is a some effect on people of having some college. Is the only measure of success whether they have a degree or not or is there some value there, just going to college or completing a couple of years?

Okay, here is another one, that we should be more judgmental we should be tying a measure of our effectiveness with come with some type of standards if the students don't meet standards, maybe we say it's time for you to leave because you are obviously aren't progressing and let's make room for the others.

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Ideas

- É The middle income/working students are hurting the most.
- É Conditional admits until we have a firm budget
- É Full freight+for course repeats, over 132 units
- É Consolidate programs within geographic areas
- É Regional governance structures for CSU/CCC campuses

Slide #10

Oh, here's one. (Refer to slide #10) Since there are no immediate outcomes to the state as a result of cutting our funding, maybe we should send out a bunch of letters to parents saying, "Well we don't know where our funding is going to be a year from now but you're welcome on our campus, if we have a spot." And that would be one way to have the parents get more involved in the politics thing. I don't know if my kid can go to UC or CSU or not. Oh and some ideas for putting incentives for students to pass courses the first time not two and to not take extra units.

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Ideas

- É Reduce low-enrolled graduate programs.
- É Use distance learning, EUD to provide access.
- É Differential fees across campuses (SLO example)
- É Recruit more international/out-of-state students.
- É Let campuses set their own tuition.

Slide #11

(Refer to slide #11) This next idea was mentioned in at least in 3 groups, the G group and another 2, about consolidating programs within geographic areas. Another idea- I think Florida and Hawaii and are there any others that have community colleges and state universities and colleges and universities all in the same system? There was talk about combining regionally so you have LA basin CSU and community colleges district. Well it would be a higher education whatever+with the CSUs and community colleges combined.

And let's see, oh yeah, there was talk about maybe letting the campuses decide their own fees and charges and student loans. We will talk a little bit about that.

One of the groups about how they started charging more their students for things and that maybe we should differentiate our campuses

Next there were some questions. What is the definition of student success? There was talk this morning about what should we be reimbursing for: Is it number of units, or is it student success and how should we define that. There was a lot of discussion over the 2 days. Should everyone go to college? We give

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Questions

- É How should we define educational success?
- É Is some college+something? Do we fail-if someone does not get a degree?
- É Should the goal be for everyone to go to college?
- É If we are a gateway for access, should we expect everyone to graduate?
- É What is the appropriate middle ground between high selectivity (Ivy League) and open access (CCCs)? Who should decide?

Slide #12

lip service to that. Is that something we ought to challenge or discuss?

Oh yeah, what's the middle ground? We are certainly not going to be like community colleges and accept a hundred percent of students who are ambulatory or whatever, all those that can register. And not like the Ivy League. Where should we be in in terms of selectivity? The master plan is one thing but should we reexamine that.

(Referring to slide #13) How do we communicate with people, especially concerning quality? When we talk about enrollment management, we may want to reduce enrollments or limit enrollments so we can provide a quality education- what does that mean? How do we get people to understand that we feel frustrated when we don't speak a common language and people don't understand what we mean when we talk about quality, what that means?

(Referring to slide #14) I heard a lot of questions about how can we improve our collaboration and communication across campuses. Not just a system level. There was a lot of thought about regional collaborations. There was a lot of discussion yesterday about moving moneys from one place to another, whether funds are fungible or not. I talked to Dr. Quillian about that about--we need some flexibility but we can't move money from a parking fund to an adjunct. People wonder are there really restrictions on doing this? We should be able to spend money where it makes the most sense. Should struggling campuses be allowed to fail? Now, what fail means I don't know but maybe if they are consolidated I think Compton College is now part of El Camino College. Maybe Bakersfield should be part of Fresno. No, I don't think so, I don't think we're failing. But anyway there was that question about consolidating campus administrations. Oh yeah. And what are we doing to our reputation as a quality institution, are we doing permanent to it? Will the CSU remain high in terms of reputation and public perception when we take the measures we have to take? It's a question without a clear an answer.

(Referring to slide #15) Another question. Should we move to kind of a UC or private school model where we have mega class sections and take advantage of cross subsidies? I'm not familiar with that language but should you have some enormous classes that you can generate resources with to teach the major courses, that type of thing, Should this should be a model for the CSU? I remember several years ago having an intense debate in the Academic Senate years ago as to whether we should allow any campus grow beyond 25, 000 students because we felt you couldn't receive a CSU student-centered, teaching-focused experience on a campus with over 25,000. We don't even have the discussions any-

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Questions

- ÉWhat is the appropriate mix of funding (tuition, general fund and other)?
- ÉHow can we effectively communicate issues surrounding quality to the public, students?
- ÉWhat is our most important goal- upward economic mobility for our students or other goals such as citizenship, life-long learning?
- ÉHow can we become more informed/involved in policy making?

Slide #13

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Questions

- ÉHow can we improve intercampus communication and collaboration?
- ÉIs it possible to have more freedom in how we spend the funds that come to the campus from various sources to meet the most pressing needs (parking fees to support instruction)?
- ÉShould struggling campuses be allowed to fail?+
- ÉDo we harm the CSU brand+with enrollment freezes, unit limits and other uncertainties?

Slide #14

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Questions

- ÉLarge freshman classes subsidize+major courses. You can have larger classes with TAs. Should this be a model?
- ÉAre our campuses too large- what happened to the 25,000 student cap?
- ÉShould we be more selective so that the attrition is lower and the throughput is higher?
- ÉShould we focus on the inputs or on value added?

Slide #15

more. It's not even brought up but the discussion was pretty heated in the Senate. We, most of faculty, felt we shouldn't allow campuses to grow beyond that. Another question. Should we limit our enrollment to the best and stop worrying about all those students in the bottom tier that don't graduate anyway? Should we make our numbers look better? We can do that by taking the better students. We have to allocate enrollments. Perhaps we should allocate based on promise and potential to succeed There was a question about funding things not core to education. Football versus teachers. Why are we doing such a bad job of communicating about what we do? That was a question that came up again and again. People don't really understand us. Why don't they understand us? Another question. Why can't we ever discontinue things?

Okay, so here's my 2 cents and then I'll sit down. One of the things that has been most gratifying to me as I've been involved with shared governance across the system is it's almost like religious experienced for me to see the dedication of the people here. Despite what it says in the paper, people don't become CSU presidents to become rich. They certainly don't stay here because they're becoming rich. They're committed to the mission. This value also permeates the faculty, The staff folks are so committed to student success. Anyway it's really touching to me and it's emotional for me when I think about it. But I kept thinking of all these frustrations. We don't feel like we're informed about things and a lot of information we have seems to be incorrect and conflicting--people don't feel like they have any input. I mean you go to any campus and they're saying what the heck do those people in Long Beach do? Why do they do it?--they're picking on us, right. Every campus and campus president feels they're special and every campus thinks they're special and why do these mean people at the chancellor's office and the legislature, why do they pick on us and we just feel unappreciated. So here's the rest of my 2 cents. Crises can pull families together or tear them apart. We are in crises so to me the question is, and I know we're looking for ideas how to save money or how to get more money or whatever, but from my perspective, the fundamental question our system needs to face is how can we bring our leadership together- and leadership means everybody in the room and across the system- to work together to face these daunting tasks. I don't feel like there's a lot of unity. There's a unity as far as commitment but there's not a unity of a vision and there certainly isn't a feeling that we're going forward. At least that's what I'm picking up Okay, thank you.

[Applause]

Stepanek: Any brief questions or clarification? Okay. Let's move on to our next person, Steven Boilard.

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Questions

- É There is inherent value in a degree. But, what does achieving a baccalaureate mean?
- É Do we focus too much on co-curricular activities?
- É Why do we do such a bad job of communicating our value?
- É Why is it so difficult to discontinue a program?

Slide #16

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John's 2¢ (OB Slant?)

- É We are generally very committed to the CSU mission.+We have an almost religious fervor and dedication to student success.
- É We are frustrated.
 - É Lack of information/incorrect information.
 - É Lack of input into decision-making.
 - É Lack of appreciation for what we accomplish.
- É Crises can bring families together or tear them apart.
- É Bottom Line Question: What can board/executive/faculty leadership do to bring us TOGETHER to face the daunting future for the CSU?

Slide #16

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Slide #17



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Education

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[Applause]

Steven Boilard: Thank you. Well I'm going to be much less successful trying to cover everything that went on in the three conversations. But while we covered a lot of fertile ground, you get to a point where there is some consistency, start to see repeating themes. So I really I wanted to focus on, maybe just a handful of real, I think, powerful ideas or themes that I was hearing.

On the first panel, yesterday on *Aligning Mission and Funding*, a question came up that John Douglass framed at the outset: in matching resources to mission, ~~are~~ are we talking about being stuck in a particular budget, trying to go and cut the mission to fit the budget?+ I think most people that I was listening to would prefer to be able to find the funding to fit the mission. That's an understandable goal, but as John pointed out, you can hope to win the lottery but you shouldn't base your planning on that expectation. If you look at state budget projections, you know there is probably not going to be a large reinfusion of funding. So, then the question becomes, how can we best adhere to the civic core of what this university is about? How can we be faithful to the core of this university, and that requires some definitions. It requires some prioritization. It requires some choices. The critical question is: who gets to do that? And this defining of the mission and prioritizing is that something that can be developed by consensus? Is that something where the leadership has to stake it out?

And what we heard yesterday is there have been a lot of outside groups that are defining for us on a national basis what higher education is supposed to be about. From PPIC we hear that the key mission should be baccalaureate degree production. We hear that from Lumina Foundation as well. We've heard it more recently from California Competes, Bob Shireman's group. The president of the United States is pushing the same message. We need to increase degree production. And so if you go down that path, what does that mean for CSU? What does that mean for remedial students coming in the front door? Is remediation something that should be done by community colleges or someone else? What does that mean for masters level programs at CSU? In other words, if we're going to go down this path of baccalaureate degree production - if we're going to say, "Yes, we want to be able to support that" - then that necessarily means other things are going to be less of a priority. I really haven't got the answer for you. I'm just repeating the conversation of the thinking. I think it's a real important question and if we're looking at finite resources (and at the end of the day resources are always finite)--How do we prioritize what we do? How does the university prioritize what it does? And something doesn't get to be saved just because it results in value. Let's just stipulate that everything that this university has been doing has some benefit. When we have to choose where to focus our limited resources, the question becomes: What has the most benefit, what are the priorities.

The other part of this idea of mission concerns mission differentiation by campus. Do we need every campus to have the same mission? Does every campus have to be a replicate of the other 22, or is there justification for establishing some destination campuses? Should some campuses be focused in some particular areas? How many should offer doctoral programs? Maybe these should be limited to some finite number of campuses for example? So that's my read on this whole discussion of mission versus funding.

Second question then yesterday afternoon is where does money come from? And there were two real big things here that I thought were worth the price of admission. My shorthand for the first one is, you save it and it will go. And that expresses the worry that if you find a way to save money for your campus, the state is going to score that as General Fund savings and your savings becomes part of the budget solution. I think there's some basis for that logic. So how can the university find ways to reduce costs or to come up with other sources of funding that won't simply become a reason to reduce state support for the university? And again, I don't have a real good answer for you on that other than this: I think part of the problem is that we haven't established a clear understanding of what the university is supposed to do. There's a lack of consensus about the university in Sacramento. There are no defined boundaries on what the university does. And that means there's no stopping it from shrinking or expanding. Under this Governor we've moved away from the idea of setting their enrollment targets. Until recently, the state would set a particular level of enrollment for the university and in fact every year most years the state provided additional funding for enrollment growth. The budget included funding specifically to serve some additional students because there is increasing demand. We've moved now to a different approach. This is the Governor's budget proposal right now: there is no expressed enrollment target or expectation for enrollment at the university. That's just one example. Another is that there is no specific policy on tuition. There is little guidance about where should you go with your tuition. All this makes for a very malleable notion of the university. And that makes it easier for the state to cut back on funding: because there is no defined core. Based on this, the conversation moves to how to define a core understanding of what the university needs to do. There needs to be some expectation generally on how many students are served or how many degrees are conferred or what kind of research is done. I'm not sure how you define it but right now, it's just very open ended. Again: there are no meaningful, defined mission parameters that would create in effect a funding floor associated with that mission. So that's one big topic we discussed: You save it, it will go.

The other theme we talked a lot about concerns the way that funding from Sacramento generally is not earmarked for particular purposes. Some people said that, if there were some defined expectations on that money it would be less likely to go away. Other incentives we talked about are, how should you structure tuition charges? You have this current tuition framework where 0 to 6 units is one amount, 7 to infinity is another amount. What does that do in terms of influencing student behavior? Maybe differential funding by degree should be considered. (This was a pretty controversial conversation.) What if you charged more for programs that were more costly for the university to provide? What does that do in terms of incentives? It's generally promoted as a fair way to get students who receive a more costly service to pay a higher price. But could it discourage students from enrolling in degree programs where the state needs more graduates such as the STEM fields? So then we considered the idea of differential funding in accordance with state priorities. Of course, this incentive funding thing can be a slippery slope.

Another piece of this is playing with return to aid on the tuition payments and maybe move away from the expectation that one third of tuition funding goes to cover state university

grants. And this connects to a theme that is around the edges of all the conversations: and that is to what extent are these solution that we're looking at dependent on the broader higher education system? What's happening in community colleges, in UC and even independent and private colleges? The various segments have effects upon one another and there is a need I think to come up with a better integration. We got to this from the thinking about financial aid. And there is interaction between the state university grant and the Cal Grants as well as federal financial aid. There's an interaction with what is being charge at UC and other schools. So, you expect to move to a point where there needs to be a broader thinking not just about CSU but the larger higher education enterprise.

This gets me to the third panel, which nominally was: *"How do we best spend the money?"* It's largely an allocation issue. Whenever an amount of money is made available through tuition and state General Fund support and maybe Lottery funds and others, we need to ask, *"How is it to be divided among the campuses?+ How is it divided among programs? To what extent are community needs taken into consideration? To what extent is the faculty's voice able to define some of these needs versus a broader outside state voice? We used to have CPEC, which made some of these kinds of judgments and they of course aren't around any longer. But you have this broad allocation question internal to CSU and I think it's pretty opaque to a lot of folks. What is the basis of these allocation decisions? Is it just the way we've always done it? Or is it thinking intentionally about how can the money be put to highest best use? Which gets us back to the beginning question: You can't really define highest best use unless you've established clear vision and goals for the system.*

To offer my editorial comment , coming from my position in Sacramento: I think that's the starting point of many of the problems that higher education is facing. There is no clear consensus or expectations about what the enterprise is supposed to be about. I don't mean just for CSU. I mean for all of higher education. We've really moved from an original vision that came under the master plan of a public system of higher education serving a public need, to a system that delivers private goods. I think that's not just in higher education; it is a broader conversation, a broader kind of cultural shift. If you look at what's happening on tuition, if you look at what's happening on leveraging of the private sector, if you look at a move more towards awarding financial aid based on merit (as the Governor is proposing), you see much more of a focus on private benefits rather than a public ones. And for what it's worth, I would encourage all of you to engage in the broader conversations about higher education to reconceive of a real clear public purpose and public mission for the university: because higher education shouldn't just be about serving the economy or increasing individuals' salaries. At the end of the day that's kind of thinking results in a downward spiral for the university. Anyway, I see l've moved from trying to report generally about the conversations at the tables to just my own personal biases, so I'll be happy to answer questions or turn it to the next speaker.

[25:18]

Stepanek: Thank you very much

[Applause]

(At the end of the Report Out session there was a Q and A question period. One was addressed to Steven Boilard:)

Stepanek: Other comments? Yes?

[**audience member**]: I wanted to ask, sorry I don't know your name (*indicating to Steven Boilard*) but [break in audio] the CSU needed and higher education in general that all of us need to do a better job to defining what public higher education is about in the 21st century? But I was really intrigued by that, I think probably all of us in this room would agree with you and I'm wondering from your perspective because you were talking from your perspective at the end if you could say what you think that might include at least.

Boilard: I think that there is a broader kind of secular change in thinking in the state and perhaps in this nation about the notion of education as more of a private rather than a public good. And I understand why the universities and the colleges come to budget hearings in Sacramento pitching the idea that every dollar you invest in us is going to come back several fold because individuals are going to get jobs and they're going to be paying taxes. Earlier I mentioned how PPIC and other external voices are really premiering the purpose of higher education upon filling jobs. And I understand why CSU shares in making that argument in Sacramento because when you're fighting over scarce resources you want to point out that it's an investment that pays returns. But I worry our notion of investment has just become so narrow, particularly for a public university system. When the Master Plan was established, and actually before the Master Plan was established, the notion of the university was to serve a broader public interest in terms of the society, in terms of democracy. So my feeling is that we've really narrowed that notion, out of expediency as a way to try and get a larger share of that pie, I think it's going to really come back and haunt us as these arguments shape policies in Sacramento and higher education has to sit on this very narrow pedestal of economic gain and private benefits.

Stepanek: Okay, anything else? Well, this breaks out fine we can take a short break and I think lunch is also probably ready and then President Alexander will be joining us towards the end of lunch for his key note address and I just see in the program interim president Harry Hel- lenbrand will be doing a little bit of a wrap up but then I do a little closing and back to you--



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Faculty President, Steven Stepanek: Thank you very much. And right here Judy Heiman.

[Applause]

Judy Heiman: Hi everybody, Judy Heiman. There are a lot of commonalities that I heard from John's and Steve's comment so I'll try to just mention those so you know that we're all talking about the same things and then focus on any areas where we explore different angles on some of the same things. In the first workshop, we had a couple of management faculty in the group so from there--pardon?

Audience: That's a good thing.

Judy: Yes, that's a good thing (to have management faculty) and their take on it was that CSU is such a large and complex system that it really cannot be managed at the central level. That the model that makes sense here is one of campus level decision making to meet common goals, the state common goals that Steve mentioned, based on common information.

We need much better information across the system so that we're all working off of the same information. And then also a couple of things: while acknowledging that with your current funding constraints there are going to be some limits on access--we can't spend what we don't have--there was still a real sense that we do have the capacity to produce more with existing resources.

We talked about some other states that have increased their productivity in various ways by, for example, changing the incentives for campuses and for students, and by getting better data to project demand for class sections, and by smoothing some of those pathways by realigning funding with outcomes and then giving the campuses more autonomy to pursue those outcomes in the ways that makes sense there. Setting those expectations centrally and then letting campuses innovate. And that means that there would be more differentiation among campuses and among programs. And it also means accepting that some campuses would fail -are we ready to accept that at the state level?

We also acknowledged some drawbacks to specialization of campuses in a system. John Douglas mentioned yesterday that campus specialization and differentiation might make more sense with the CSU system than the UC System because there are so many more campuses. Another perspective on that maybe it make less sense in the CSU system because the UCs were conceived as statewide in reach and the CSUs were really conceived as serving a regional market. To the extent that we want to be able to provide regional access across the state, how much differentiation do we want to tolerate within that in terms of what folks have access to in the different regions? Those were the main themes in our first session, and then one other notable contribution that I wanted to mention from Wayne here, was the notion of reframing education as an investment

portfolio looking at students as debentures--as human capital bonds--and doing return on investment calculations like we do for other important investments, and funding based on outcomes over time, not based on the generation of credits in a particular year. I see Wayne nodding, so I'm not twisting it to badly I think. This might involve front-loading fees on programs as part of real life incentives, and adjusting for risk. Wayne has some writings in that regard if anybody is interested.

In the second session, one of the things we realize as we came to the end of the conversation is that we are--the State, the campuses, the system--are backing into a lot of decisions just in response to funding reductions and stress on the system, and it would be better to make some of these decisions intentionally up front.

We need to be more strategic about growth, for example. I think John mentioned questions about, what is the optimal size of a campus? There's not much discussion of that anymore. What is the cost-structure? We don't have enough information to understand the cost structure and make informed decisions. What about aligning with regional economies? That could allow for more coordination, and some elimination of duplication where it makes sense. There's a chancellor's office role in that, especially in the absence of CPEC, looking at working together more regionally. Maybe the instructional model needs some tweaking. Again we're backing into some decisions about that by knocking down walls and making larger lecture spaces but without necessarily the infrastructure that's needed to support those changes, in terms of graduate systems and other supports for faculty. And, we're also backing into--we are de facto backing into campus differentiation with some destination campuses like Steve mentioned. That has some very real cost implications for the other campuses--CSUN is an example.

CSUN is getting a larger concentration of less-prepared students who are not getting into some of the destination campuses, even in their own regions. These students bring more cost with them, they have lower completion rates, they require more remediation and that's happening by default without a conscious decision, or even acknowledgment in many cases, about the effects of allowing some of the campuses to become more selective.

And then a last note on our second session was that we have the upcoming retirement of boomer faculty that is another good subject for some proactive planning. The replacements for folks who are going to be retiring over the next few years really should be in the pipeline now, but given the switch to many more lecturers and part time faculty, that pipeline is not there. And that's going to take some planning.

In the third section, we were very focused on coming up with our five top recommendations for the future. But we also had a number of runners up that I want to mention. And then and then I'll do the count off on the top five. The runners up include:

Just a general good management transparency issue: better campus and college level accounting and reporting to improve transparency. Steve mentioned this also; there's a lot of opacity about how decisions are made, how applications work, both at the campus level and at the system level. We have the technology and some sort of information system that would allow folks to drill down and aggregate up and really understand what's going on, and be very helpful.

A payroll tax for higher education as a funding stream, very direct nexus with human capital issues. This is something that perhaps unions could get behind because it would directly fund training to feed into employers' needs and to build human capital. It might be a little bit difficult in this climate. But there is a model such as with unemployment insurance--a portion of that is set aside for training, and this could be an extension of that. That was developed in a time when unemployment tax was in the black, it is now deeply in the red but I think the concept merits consideration.

Differential tuition: this got a fair amount of discussion and that's been mentioned before both in

terms of by major, by program, by campus. But then also perhaps higher fees for repeat courses and for excess units to get the incentives right.

And then also there was an idea for state pension plans investing in students start-ups. That ultimately would feed into the campuses because they would support some credit bearing activities of students who were involved in start up.

All right now, now for the countdown.

The big idea was more system and campus autonomy in exchange for more accountability for outcomes. And those would be based on some sort of input-adjusted measures that would get at value added for campuses. So it would look at performance of campuses relative to the students that they are enrolling, with measures that you could use to adjust for them.

And the second part of that is that you could apply these sorts of measures to regional networks of CSUs and community colleges, and private colleges. And, I think it was John who mentioned regional governance, I don't think we were talking about going quite as far as changing the governance structure, but in terms of allocations schemes, having some sort of regional reward that ties together the fates of K12 as well as community colleges and senior institutions within a region because they all depend on each other and the outcomes really are outcomes of that whole system. That would really help to align expectations across those different systems.

Third is to have higher differentiated unit fees for high-cost programs that would be retained by the programs for the purposes of funding them. And that would be in effect just for the upper division of those programs. Where students by the time they get there already have a much better sense if they're going to complete, so it's much lower risk for students. These programs might be a better setting for some higher fees.

Number 4, I want to mentioned the suggestion of higher fees for course repeats and excess units.

And then number 5, some sort of deferred repayment scheme that would be income contingent and would have a return for the state. You may know that some UC students came up with the plan for a tuition-free UC education the students would pay back over 20 years based on a proportion to their income. Something along those lines that would provide a more stable long term funding stream, a very direct nexus to the human capital that the education is helping to build. I think I covered it all right.

[Applause]

Stepanek: Very interesting, very extensive lists. Let's see who is next: Dean Joyce

[Applause]



Joyce Feucht-Haviar

*Dean of The Tseng College
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MA, University of Chicago
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physics, psychology and higher education.

California State University Northridge *Funding the Future of the CSU (April 2 & 3, 2012)*

1. How Do We Align Mission and Funding?

The CSU's educational mission has remained unchanged as has its defining qualities of quality, access, and affordability.

The mission has not changed nor does it need to change.

The world has changed and that requires that the CSU change to fulfill its mission in a new and changing context. Among the most relevant changes:

Changes in the levels and types of degrees needed to assume professional roles in traditional and emerging field and industries.

The number of careers individuals have and will have, across the span of their working life in the decades ahead . what that means for the role of the baccalaureate degree . will provide a foundation for a long, meaningful, and changing career and an engaged civic life. It will also mean a changing relationship between such individuals and the university as they return to the university multiple times across their career span.

The diversity of communities in California and the interdependent and interconnected nature of the global economy (including the exchange of ideas and the evolution of scholarship within and across disciplines) and the implications of both, for the kind of education needed at the undergraduate and graduate level for graduates to make positive contributions and play leadership roles in professional and civic life in that context.

The growing importance of applied research both for the preparation of students in applied fields and for driving the economy forward as business and industry turn increasingly to universities to provide the R&D needed to support innovation and, in turn, competitive advantage. Applied research is also an increasingly important resource for community development where solid data and balanced perspective are becoming essential tools for identify and solving complex problems.

The changing context requires that we look and reach outward to better understand where graduates are going and the realities of working, community, and creative life in a global and digital era. We also need to understand where the midcareer adults returning to the university over time are coming from. We need to connect teaching, learning, and scholarship more comprehensively to the world beyond the university.

CSU campuses are and always have been distinctive institutions. Going forward, that distinction needs to be cultivated to address a wide range of educational needs and to take advantage of the capabilities of each unique institution. Each campus fulfills the CSU mission with a specific set of resources and strengths in a specific regional context. Each must find its own way forward . benefiting from and collaborating with other CSU campuses and other regional institutions as appropriate. The future of each campus must be crafted by the individuals it comprises today . the choices that individuals make today and going forward will define the future for each campus in question regardless of what has gone before (they will define the future for their campus whether it is by action or inaction by the choices they make or by their failure to choose . that is the reality).

In that light, aligning funding to mission is a %micro+and not a %macro+enterprise in the CSU. It requires each campus creating a culture of innovation, collaboration, purposeful evolution . at the campus, college/school, and department/unit levels. Thoughtful planning, innovation, engagement, openness, and co-creation at all levels of a campus is essential to fulfilling the CSU mission in real terms for the students in front of us on any given day and the communities and regional economies that rely on the CSU and its graduates.

A few other observations about moments of crisis and organizational stress:

We are defined not by what happens to us, (as individuals or institutions) but how we respond.

Hope is not a strategy.

When it is time to circle the wagons, it is important to remember to take aim outward and not inward.

What we need most and what we must insist upon is flexibility, agility, and innovative range. When stressed, organizations have the urge to move to greater centralization and greater control; but that will only lead to organizational paralysis at a time when it is important to look for an alternative, be truly creative, look forward rather than backward, and climb out of the box rather than curling up in a corner and closing the lid. Particularly important in light of the agile, aggressive, and innovative completion the CSU faces from a rapidly growing number of other providers (most of which are not positioned to serve California well and most of which do not have the long term commitment to California that the CSU has).

2. Where Does the Money Come From – Where Will the Money Come From?

Each campus, college/school, and department has a different potential for expanding, combining, and building on the array of funding sources below as well as others. Each campus, college/school, and department should consider all options and build a viable mission-focused path into the future that increases excellence and distinction and fosters a culture of innovation and evolution in response to changes outside of the university. Among the sources are:

Government

The State (A decreasing resource . might disappear, unlikely to grow . concerted efforts in collaboration with Federal sources may stabilize it at some lower level. It would be particularly useful if the pace and scope of decline, were more predictable. The CSU will need to assume a

much smaller level of state support going forward and should plan and innovate accordingly to sustain growth, access, and excellence).

Federal (An increasing amount of funding comes from Federal sources . Pell Grants, grants, and tax deductions for college costs, etc.)

Direct User Pay

Tuition and campus fees paid by in-state students and out-of-state students in state-funded programs.

Tuition and fees paid by students in self-support programs.

Direct pay for institutional products, services, and facilities.

Revenue collected for use and services by campus enterprise units.

Grants and Contracts

Payments from public and private (corporate) foundation for research and special project grants.

Payments from organizations and agencies for contracted educational, research, or consulting services.

Shared or Leveraged Resources

Partnerships and collaborations

Shared facilities or services

3. Recommendations for Action

At the System and Campus Levels

Regular access to standardized and comprehensive analytic data about cost, trends, and other key data points needed to give campuses, colleges/schools, and departments the information needed to make data-driven plans and choices. Clear, simple, and designed to support reflective decision-making.

Actively and consistently promote (via policy development and leadership choices) and reward a culture of mission-focused innovation and future-focused thinking.

Ensure campus and system innovation and change is rooted in stakeholder engagement, meaningful and early consultation, and simple communication throughout the process.

At the System Level

Focus on becoming policy minimalists . eliminate out of date policies and create new ones only when essential to do so. When creating or revising policies, focus on increasing the agility and flexibility of the CSU and each campus. This is a highly practical and essential issue in an increasingly competitive environment in which the ability of the CSU to respond and change rapidly and often, is essential if it is to respond to the states changing needs as no other private or for-profit institution can.

Seek predictability in the decline of state funding . stability and predictability is important. Seek increased flexibility for the CSU overall at the state and legislative levels.

For Campuses

When using flexibility and agility to move the campus (college/school and department/unit) maintain a high level of transparency, accountability, and open communications . foster trust and share ideas and models.

Think and plan comprehensively looking at all possible funding sources to help the campus define its future with a focus on the core instructional mission realized in the a changing context.

Final note:

We are educating individuals whom we expect to have sophisticated habits of mind. We expect them to be conceptual, open, able to define and solve problems, able to see alternatives and to lead purposeful innovation, resilient and able to respond to the challenges of life with wisdom and courage. In that light, it seems more important than ever for each campus, each school/college, each department/unit, and each individual that the CSU comprises to model those capabilities as we respond to the challenges before us.

Attached are my notes from the CSUN Funding the CSU Conference on April 2 and 3.

Below are a sampling of the articles that passed my desk in one way or another in the last couple of weeks. They are a small reflection of the rapidly changing context in which the both the CSU and its graduates must work.

Generation Flux

<http://www.fastcompany.com/magazine/162/generation-flux-future-of-business>

The Four-Year Career

<http://www.fastcompany.com/magazine/162/average-time-spent-at-job-4-years>

The Changing Notion of Jobs in a Changing Economy

<http://www.wfs.org/content/futurist/march-april-2012-vol-46-no-2/hard-work-jobless-future>

The Dynamics of Higher Education Today . The Reason to for the CSU to Become Increasingly Agile and Responsive.

http://chronicle.com/article/A-Boom-Time-for-Education/131229/?sid=at&utm_source=at&utm_medium=en

Best,
Joyce



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Applause]

Dean Michael Spagna: One question for us to ask ourselves is do we want to be pragmatic by saying to the legislature: *We can save you a billion dollars. We can produce X number of baccalaureates if you can give us the space and the autonomy to do the following things.* So I think that's very interesting as a framing reference and very pragmatic. How do we take something that really gets attraction as opposed to wringing our hands and kind of thinking about why isn't this working (our current efforts to influence Sacramento), I think as we started out why aren't people listening to us? Why aren't people valuing us? I think connected to this is also the notion that we titled these 2 days *Shaping the future of public higher education*, but it probably would be more likely and more beneficial to say, *Shaping the future of public education* and that links into the larger notion of how do we really work with P20 or beyond in terms of what we're thinking about education to have us divided and separated and not on the same page as working across all 3 groups.

Another contextual component before I get into the 5 action items we came up with. There was quite a bit of discussion over the two days about are we really leveraging our communication within our internal groups as well as external constituents? Are we really getting out there in the communities to have them tell the CSU story as opposed to us telling it ourselves? And the comment there was until we get the two groups then you can pick any two groups but in this case it was the CFA and the CSU until you can get our groups together on the same page given the roles or responsibilities. We're going to have difficulty giving aspirational goals and mission to those out there in the community. So, one of the contextual items and something for us to think about from an action standpoint is how do we get our various stake holders in the CSU and in public education around the table to identify, *Where are some key elements that we want to make with the Legislature.*

So using that as a frame, here are the 5 action items--I think you'll hear these as themes we've heard from the other speakers this morning. So number 1, we need an evidence-based system that states goals and at the system level. We discussed the example of the LAPD and Chief Bratton as a leader who came in and used evidence to drive decisions. Bratton utilized evidence in real time that could really change the culture of the LAPD. We need a similar thing within the CSU. How do we have real time evidence-based discussions where our policies are not always intentional and, by default, decisions are reactionary? So that was first and foremost and how do we do that the way that's gets it into local hands to make decisions.

Second action item: we need autonomy. We heard this theme emerge through the previous speakers. We need autonomy to achieve goals and to make sure that associated objectives at local levels are realistic. So this notion of evidence-based information and then con-

necting that to goals at the local level while still maintaining fidelity to the larger mission of the CSU is a second action item. A third action item involves aligning and elaborating goals with the mission, there was a point made in our third group about the fact that a mission cannot be something that is malleable day to day. It is something that we have to set with a 5 or 10-year window because, if we continue to back into our mission— let us say that we are not about access because we are not financed for access. Are we willing to give that up? Are we willing to change our mission year to year, week to week based on external pressures?

Action item number 4: creating a safe environment. We need to provide a space for asking awkward questions. I have to tell you one of the invigorating parts of participating over the last day and a half was that there are questions that were being put on the table that are taboo, that you don't hear on campuses. And I know that all of us join the academy for the ability to have these kinds of conversions. So how do we create a safe environment where we can ask these taboo questions and put them out there and then connect that to evidence? Connect it to the notion of action going forward. And then finally, and I thought this was a very interesting, action item 5 is the notion that internal policies should be intentional, so internal policies within the CSU are intentional and the example we were using were the cross subsidies and cross subsidies for large and small campuses. We should pay attention to the intentionality of decision-making— especially in terms of growth? So those are our five action items and as the last speaker I turn it back to you, Steve.

[Applause]

Stepanek: Well, this finishes this section. We will take a break for lunch and then we will hear from CSU Long Beach President King Alexander for his key note address followed by Cal State Northridge Interim President Harry Hellenbrand will be doing a little bit of a wrap up. Enjoy.



F. King Alexander
President Cal State Long Beach

Respected national expert in domestic and international higher education finance and public policy
Past Director of the Higher Education Program at University of Illinois at Urbana-Champaign
Faculty Affiliate at Cornell University's Higher Education Research Institute.
Ph.D. University of Wisconsin-Madison in Higher Education Finance and Public Policy
Masters from Oxford University (England)
B.A. from St. Lawrence University in political science.

“Funding the Future of the CSU”

CONCLUDING KEYNOTE SPEAKER

J. King Alexander: Thank you all for the wonderful invitation. I understand you've had quite an eventful day or two and it's nice to see Steve Boilard here. Congratulations on that Western Kentucky Tournament bid.

Steve: Thank you. [audience laughter]

J. King Alexander: (Speaking to Steve Boilard) You found your way into the tournament at the end of the year. (speaking to the audience) Steve went to Western Kentucky. He's a Hill Topper!

About this topic of funding higher education, I think the more that we talk about these funding issues the more leverage we're getting both in Washington and among those in Sacramento who are beginning to understand the differences and distinctions that exist in higher education. Most of my conversation this afternoon may seem rather pessimistic, but will try to end with some optimism. I do believe we've gained a lot of ground in White House policy: the Analyst staff is very much engaged in this discussion. We met this morning. They understand what needs to be done by institutions and also by states as to what they are doing or not.

Let me kick it off by stating what has made the Obama administration so concerned about higher education. Hopefully this will clear up a lot of mystery and realities about this topic of higher ed funding. By-the-way, many of our legislators are often lost with this topic. They all say they support it, but when they ultimately vote it's another thing: 40 states cut education which is what they did in the last round. They gave a 20 percent increase to Medicaid. Many states increased prison budgets, which is much of a common practice that we've seen, far more common than it should be. We need a greater consistency in what we're doing with spending priorities.

A couple things have happened just in the last decade. In the world I grew up in we took great credit for having the best higher education system. We waxed on and on about this fact since the 1965 GI Bill. We were the first nation to actually proclaim universality of our education, back when the Truman commission wanted the GI bill passed. The commission came back and said everybody should have some right to higher education. So, what Bill Clinton is saying 50 years later at Princeton was the same thing. Harry Truman was saying in 1947-48. You will note that they didn't call Harry Truman a snob at that time! I just want to point that out. [Audience chuckle]

I'm very fortunate because each year I get the chance to meet with presidents in England and from all over the world, primarily OECD [*Convention on the Organization for Economic Co-operation and Development*] countries who have taken on higher education in a much later point in their history. Look what's happened in the last decade with the OECD countries. The early 90's they started really investing in higher education, expanding higher education. England doubled the number of its universities; they turned their polytechnics into universities. They went

from 50 to 112 universities almost immediately. A lot of nations became very aggressive in what they saw the role of higher education in economic development, the role they saw of it in human capital. And this happened at a time when we were treading water or we were starting to live with the same system that we adopted in 1972; a system that was starting to show scars. It was starting to show why we can't progress much faster in many ways.

So, what we discovered in 2003 was we were second in name, yes second in the world with our 25 to 34 year olds with bachelorette or upper degrees, not level tertiary degrees. We were second in the world for our 20-25 year old young people with bachelorette degrees as compared to our OECD peers, economically advanced peers while we still lead the world in our 55 to 64 year olds that had received bachelorette degrees and upper level college degrees. But since 2003 to 2009 our 55 to 64 year old population still remains first in the world in the degrees that they've graduated with, but our 25 to 34 year olds have dropped to 11th and it's plummeting each and every year. In fact, the difference between our population's older generation and younger generation today is that it's the first time our younger generation has actually passed our older generation. But it is at such a small fraction of a percent .2 to 3 percent that our younger generation now is better educated than our older generation.

Our OECD counterparts are now at 13 and ½ %.. They've grown and they're gaining about 6 percentage points a year while we are lucky to gain about 1 % each and every year. This certainly prompted what you've heard out of Washington and it's prompted the National Governor's Association to say the number one issue in American higher education is college completion. And we've got to create more access and everybody has to have some form of post secondary education access. It's certainly the main theme of the Obama administration that says we're going to try to get on top of the world again by 2020, be first again among our young people, not just the older generation. When, in fact, up until last year this one period that we saw we were only one of two countries that had a better educated older generation than younger generation; at least we've finally surpassed that, but it was only by such a hair, such a fraction.

So, I'm going to provide just some ideas about what I think has happened, during this period because we're living with it today in many shapes and forms. We're living with it today in the GI bill; who's winning and losing in the GI bill? Who's winning and losing in the state student aid programs? Who's winning and losing in tuition tax credits? This is all something that grew out of what was adopted many, many years ago.

So, the last break that we've had as a nation about higher education occurred around 1965 to 1972; this was the great society. What we decided to do for K-12 education is very different than what we decided to do for higher education. In 1965 the federal government with the authorization of the Elementary and Secondary Education Act said we must figure out a way to help the schools who are educating the vast numbers of low income kids who are needy students, needing more assistance, to help those schools educate those students. So, ESEA [*Elementary and Secondary Education Act*] authorized it. Right now we are again hearing the same debates because they're in the process of re-authorizing the ESEA right now in Washington: we are hearing some of the same arguments that occurred in 1965.

In 1972 we culminated some of the higher education debate. What the federal government decided to do in higher education was very different than what the federal government decided to do in K-12 education. In fact, there was another force that was at work in 1972 and the late 60's. It was the expansion of the American Community College System. So, what was happening in the debate of higher education was this. The "private" model of higher education which had educated about 50 percent of the American population up until about 1955, pitched an entire campaign that they're going to go under if the federal government doesn't reach in and provide assistance to private higher education. Public higher education did not believe that. In fact, we were against direct student aid from 1965 to 1971. Our Washington based organizations thought that a voucher system that doesn't have a lot of controls is far worse than an institutional aid system like they adopted in ESEA to support the poorer public schools. So, indirectly we adopted a model based system that was primarily tuition based.

Now something else happened. The federal government wasn't completely set on believing that the voucher system was the best way to help low income students go to college. So, they adopted the cost of education allowances, which is the other half of the Pell Grant that was authorized, which would have given many Cal State, community colleges, other public institutions additional direct institutional assistance. Twenty five hundred dollars was to follow each Pell Grant student so that we could educate them in remediation and everything else that we do:

counseling, advising all of the things that we know cost so much more. But, after the authorization of that, the cost of education allowances was never funded and they haven't been funded to this day. So, we have two different systems running in American education. We have a market based voucher system in higher education. We have an institutional late base system at the federal level.

Well, the first thing the states tried to do at the K-12 level was naturally what they had done to us. They tried to back their money out of the poor school and supplant that with the federal ESEA money so that the poor students weren't getting more assistance: the poor students were just becoming federally reliant on federal systems. The states tried to back their money out. Well, there were about six law cases that surfaced and the federal government said, "You can't back your money out because we have implanted in this 1965 act a Maintenance of Effort provisions that says you cannot remove your money if you want get money from us. Well, that case finally ended in the United States Supreme Court in 1978 where the federal government forced the states to put their money back into the poor schools. They were running away as fast as they can and using federal money to get out of the education business.

We have a higher education model that doesn't quite work that way. It's a tuition reliance based model. Another reason the feds went this way with higher education was that they always believed that the states would maintain their commitment to higher education. They had no idea what was going to happen in the coming decades about states involved higher education. In fact, the federal government even said we will jump in to help states fund higher education. We will augment what states are doing for higher education. The problem for CSUs, the problem for community colleges, the problem for UCs and public universities all over America was that we relied on the state: we didn't rely on the tuition based formulas. There are actually a couple of states that never funded higher education. You can go to the northeast, they're up there in New Hampshire and Vermont and they're still trying to play catch up with this idea.

But, the rest of us are very reliant or have been very reliant on the state support, on the state commitment, the state investments. So, in 1978 not only did the Supreme Court case happen but Jimmy Carter authorized the Middle Income Students Assistance Act. Do you remember this? Middle Income Students Assistance Act was adopted about the time Jimmy Carter made it a campaign issue. He needed middle class votes. Does this sound familiar? Georgia Hope Scholarship, Florida Bright Scholars Scholarship, President Obama Tuition Tax Credits, running on the election, and it's on the platform this year. These people get very concerned about the middle class. The same with Edward Perez with the scholarship program he's adopting as he is running for re-election. These are middle class vote buying issues and have proven very effective. So, all of a sudden about every four years everybody is worried about the middle class. The problem when Jimmy Carter increased the Middle Income Students Assistance Act was that it went from being a Capped Grant or voucher system to an exploding student load system and many institutions that relied very heavily on tuition and fees could now rely even more heavily on tuition and fees.

I'm speaking from real experience here, because this happened when I hit college. And nobody said a word about the tuition and fee escalation or student loan issue until 1991 or 92 when we woke up with a whole decade of students in massive student loan debt. Many institutions had become as quickly reliant on student aid as they could: some in the form of a grant, but many in the form of a loan. There are many institutions out there that don't care if the dollar shows up in the form of a grant or the form of a loan. I'll give an example, for-profit institutions here in Los Angeles: many of them get almost 100 % of what they're asking for from the Federal Government on the GI bill, yet they are still encouraging their students to take out student loans. We talked about this issue this morning; about milking the system for as much as they can possibly get.

Something also happened by expanding the higher education funding structure to more of a loan tuition based system. In 1980 we were at our peak in funding on the part of the state. Since 1980 the nation has fallen 43 % in its tax support based on the wealth of the nation: that's an average. Some states may have fallen 32 %. Some states like Colorado have dropped 82 % on what they spent on higher education in 1980. We've dropped 49 %, which puts us in the lowest 12, the fastest abandoning higher education in the state of California. The incentives for politicians that are built into this system are that if you can become more reliant than you can get re-elected by not raising revenues for higher education has grown and continues to grow more rapidly. This was made painfully apparent to me when I was standing in the parking lot of University of Louisville when the Speaker of our State Senate said, "King, I'm going to let you raise tuition, because I'm not going to raise taxes. I'm going to get re-

elected. You can just go to the federal programs and get your assistance and I'm going to still cut your budget." There are a lot of legislators that have figured this out indirectly, so they don't have to raise revenues. They can leave it on us to try to figure out how to manage it ourselves, yet they still turn around and throw the criticism at us if we are trying to manage our way out of it.

We lost the public private battle in 1972. The demand for student aid kept expanding and keeps expanding. So also at that time we had very strong provisions in many states that determined who qualified for the student aid and who could qualify to be a university. When you look at the history of these states, you'll find agencies, CPEC was one -- and we had other organizations that were supposed to oversee this issue. But quietly states started not paying attention to who is a university and gets aid, we were deferring to accrediting bodies. Well the accrediting bodies are our fault. We've let accreditation get so out of hand that we've got 178 for-profit institutions in California today that are milking Cal Grant A's and Cal Grant B's and living off federal student aid. Why, because they are accredited by somebody. There are about 30 different private accrediting bodies out there that are determining, where 1.1 billion dollars in Cal Grant student Aid money is going and determining where a 180 billion dollars in Federal Student Aid and programming money is going.

This wasn't supposed to happen. So the states are abandoning their commitment and we're down now 50 % from where we were in 1980. The states now are no longer the primary feeder of funding to higher education. The federal government has become the primary feeder. States now contribute only 72 billion dollars to higher education when a high was \$86 billion a couple of years ago. The federal government is now up to \$180 billion dollars in revenues to higher education. The catch is if you're tuition fixed, you're going to be more greatly assisted than the institutions like ours that have struggled hard to keep prices low to keep affordable for the benefit of access; that have done everything we can to keep those prices low. So tuition reliance, spending races, maximization of institutional prestige these have all been going on in higher education.

There are good institutions in public higher Ed that have not run off in these directions and there are many institutions that have done everything they can to privatize: you know many. I mean the charter movement by UVA, Virginia Tech, William and Mary separated themselves completely from the state so that Virginia could drive their out of state enrollments up to 60 and 70 percent, not 38 and 40 percent. Michigan, the fights they've had with their state legislature to drive their student population up more from 40 percent and even beyond that, because they're bringing in bigger bucks in exchange for lower income students within the state of Michigan. In fact, there's a joke in Virginia that the legislature calls the UVA, the University of New Jersey at Charlottesville [audience laughter] because there are so few in-state students left there. So, we've seen this abandonment on the part of the state's responsibility. We've seen this massive increase on the part of the federal government. And what ultimately has happened -- well, we were in a meeting with President Obama on December 4th, about eight of us and the first words out of his mouth student loan debt is going to be the next bank crisis for our country. We can't leave our students in this kind of debt, even though the role they play in it is fueling a lot of this. Number two, that states have got to quit abandoning their commitment to higher education, because the federal government cannot sustain higher education by itself.

If this trend continues, all states will not spend a penny on higher education by the year 2052. North Carolina has made a good effort with proper state support: their second and they'll hang around to about 2090, but Colorado will be the first one out. In 2021 Colorado will not spend a penny on higher education. California is at 2054, without any changes and they basically shift the entire responsibility to the federal tuition based system. That is the path we're on. That is the path we're trying to rectify because we have such demographic needs. All of us in this room believe in affordable access to our institutions. Yet we're always penalized for it.

A couple other things have happened before I get back to possible remedies, remedies that we're trying to get embedded and working. One is the fact that we created our own monster in all this, about 1990 a bunch of institutions without the state oversight, with accreditation becoming more and more flexible, figured out its pretty easy to get accredited; and if you don't believe me, go back to your campuses and pull up your WASC site. You won't believe who's accredited alongside you, along with Berkley, Stanford -- the University of the United States of America, the University of the West, John Paul the Great University. I mean these are considered real institutions! Trident University that once was TIU a little while ago, got in trouble, changed their name now they're Trident. These -- would be universities -- are all operating in California. And we've lost our ability to hold them accountable at the

state level and the federal government is trying everything they can to real this back in.

Currently there are over nearly 1,500 for-profits operating in the country, about 1,500! Of those 1500, 1,100 rely on at least 70 % of their money coming from student aid. That's just federal student aid. That's not the GI bill money. That's not the state great money that I told you about: the Cal Grants of which its \$300 million dollars goes to the California institutions. So, here we're in this room and the Secretary of Education and the President turned to us and said, "*Can you help us reel this back in*", because their powerful lobbying efforts are against everything we do up here, we are barely, barely having impacting this. With earnings provisions, employment provisions, you don't reach a certain amount of student loan provisions. The point is that this thing has become such a wild west for higher education in our funding that we our lost our summer Pell Grants two years ago, grants that we fought for a decade to get for our students. This is because there wasn't enough Pell Grant money to go around. Now an institutional sector, a for-profit sector that serves 11 % of the student body now acquires 30 % of Pell Grant money and 47 % of the nation's student loan defaults. So, that 30 % of Pell Grants was the \$10 billion dollars that the federal government was trying to find. We've given that away. Now we're having trouble reeling it back in: now we're playing defense on the Pell Grant money for our students. We've already lost the first fight for the December Pell Grants.

We're fighting for maximum caps to stay where they are because these may come down. Unlike any other OECD country we never put any parameters on where they could actually go. It could go to Joe's Car University in a garage. It could go anywhere. These are vitally needed resources that need to be prioritized better. We need to also do this with the Cal Grant money; because Cal State institutions get \$4,000 dollars per student. That's what we average from our Cal Grant A and the same student that picks Argosy or John Paul the Great will average about \$10 to \$11,000 dollars per Cal Grant. You see how this voucher system works and if you take a look at Cal Grant students and the Cal Grant program, Cal State students have 26 % of all the awardees that get Cal Grants, we get 13 % of that money. For-profits and not for-profits have 26 % of the awardees just like we do but they get 34 % of all the Cal Grant money for no other reason than having an inflated tuition, an inflated price. And this is exactly how the GI Bill has also been aiding many of these institutions. Half of all GI Bill money has gone to these types of institutions: they have manipulated the system through the yellow ribbon program and the maximum caps, they're pulling in anywhere from 13 to 30 in the yellow ribbon program.

So, this is kind of how we've ended up where we are. And we are functioning like none of our OECD peers. They don't give money to non-public places without non-public accountability. They don't base their public money on what an institution charges. In fact, there are a couple of good ranking systems out there that I would like us to adopt. For instance the postal code ranking system in England is a fantastic funding performance model. It ranks the 112 British universities based on how many low income students they serve. Imagine if U.S. News and World Report did that kind of assessment! In fact, they do the opposite. We get no credit for serving Pell students. In fact, they bring down your selectivity index, which is about 20 % of the score. They bring down the graduation rate and those cost a lot more money. So, no wonder public research universities are down to 19 % Pell eligible. Private Research universities are down to 12 % of Pell eligibility. When we delve into these numbers what we discover is the exact numbers that we've been working to get people to pay attention to. Why in the world would we fund institutions like Ivy League institutions with any grant money that have \$80 billion dollars in the bank! All of them have 7,200 Pell students. All eight institutions, the wealthiest institutions in the world for higher education and they have 7,200 Pell students. And yet we are always reading about what they're doing for aid. We read about them in the New York Times, their new ideals, what they're going to do for aid. Cal State Long Beach has 12,500 Pell students of our own. Cal State Northridge has twice that number on this campus. They have nearly 15,000 Pell students without any additional assistance, cost of education assistance, the same ideals and the same premise that we funded the ESDA which will get re-authorized. Why is it that Title One exists for K through 12 education, but for some reason all these students lose their socio-economic status and become equal to everybody else when they enter higher education? So, you don't create any incentives whatsoever for institutions to continue serving this population. We've got a complete reversal in higher education from what we've done in K-12. For some reason we've said that well when they're 18 and older they all of a sudden must not have any socio-economic differences. They must not cost more than other students. We know why they do and that's why Virginia goes to New Jersey and doesn't educate them in Virginia, because it costs them a lot more money.

So, we're in the process of working with a number of people that I hope can and will listen. Steve Boilard for one

has been very gracious in meeting with us and talking with us.

There are good and bad institutions with tuition and fees. I'll give you a bad one. About three years ago University of Richmond decides to raise its tuition and fees \$7,000 dollars. And the students asked, "Why?" And the president actually said in the Chronicle for Higher Education, "Because we're getting a lot more applications from the Northeast and many of those parents think that we're far cheaper than the institutions that they're competing against. So, we must look like we're not as cheap as they are. So, they had a massive \$7,000 increase.

Why did Princeton raise their tuition 4 % this year when they had a 22 % endowment growth? There are good and bad players in this. Why are for-profit institutions setting many of their own tuition and fees based on the maximum amount of federal, state aid and GI bill aid that they can acquire? Why are these small for-profits popping up on every street corner? All you have to do when you drive home along the freeway is count how many green signs you see of these institutions that you've never heard of before. They're more publically reliant than we are in terms of how much aid they're getting and assistance. In fact, for the last three years they've been trying to change a provision called the 90-10 Rule in Washington. The 90-10 Rule is set so that no school, public or private can get more than 90 % of their money from federal student aid, 90 %. So, at least 10 % has to come from somewhere else. Well, you got over a 1,000 of them at 70 %, and you have nearly 500 of them that are almost at 90 % right now. So, we're not one big happy family as far as I'm concerned on this topic. We've some institutions serving the right populations. We've got institutions serving students with no money.

When we took a look at efficiency; and we hear about inefficiencies all the time because there are way too many highly inefficient institutions out there. There are many average institutions out there, I'm here to tell you and this is both a good and bad fact, there are 115 universities that have 15,000 or more students enrolled. Ten of the lowest spending 20 universities in the nation with 15,000 students or more are CSU institutions. We spend less, Fullerton leads us, they are 4th in what they spend per student. Long Beach is 10th. Northridge is 11th, right behind us on how little we are able to spend per student.

On the other side of that, you've got 5 UCs on the upper end of what they spend per student. You could argue, are you basing funding formulas on efficiency or do you need more graduates because you should pay attention to these numbers? Pay attention to Delta cost study data. CSU institutions are graduating a student on an average of \$49,000 dollars. We will put a graduate in the economy; that is a school teacher or an engineer, a whole spectrum of jobs. Research One institutions cost around \$86,000 dollars per student and the community colleges, because they lose so many students, are around \$70 and that's with completion. So, are we really talking about efficiency? And is it a good thing to go around and brag at your state capital that we spend less per student than anybody in the country, even though we've got some of the most expensive students in the nation and the largest percentage of students in the nation. This is the world we're living in now.

It is peculiar when we have groups that say, "Hey, we think you're inefficient because we read about it somewhere else." I asked them to go find those institutions that are more efficient than we are. We are good at what we do. But on the other hand, it's not a good thing to tell your students, to tell the parents, to tell our faculty and staff that; "congratulations we spent less on you than anybody in America!" The "you really ought to come to our campus" pitch we try to use when you're recruiting faculty, when you're recruiting deans, when you're recruiting students is awkward when you make this statement.

So, I've seen these trends, and California is moving more quickly to do it than others recently. I think that the saving grace in this was an experiment that we put together with the Federal Stimulus Package. Most people don't know why I think the Federal Stimulus Package was a great success. Nobody added up how many jobs it saved first of all; teachers, faculty members, nobody added that up. Nobody's talking about that. That's kind of the PR fault of the Obama Administration. But, what it really did for us is it supplied us with much needed resources at a terrible time in our economy and it stopped California from cutting below a critical point.

The first thing California tried to do is back its money out, just like K-12 schools did in 1965. So, the language of the MOE provisions, which was the first higher education experiment to use MOE. We had 48 governors against this concept, against this idea. They wanted the flexibility to hammer higher education whenever they wanted to, they wanted that flexibility. Well, the first thing that the state of California did was cut its budget within \$3 billion

dollars of the MOE. of where the MOE kicked in at the 2006 level. Nineteen other states also cut their budgets. Oregon and Colorado cut it within a dollar. Tennessee cut a \$1.1 billion dollar higher education budget within \$13 dollars of when the federal money would have to have been paid back. So, our challenge is to make sure that we have good ears and good belief in Washington that if you've got \$180 billion dollars in there, tie the federal tuition tax credits to it, the maximum amount. That already gives middle class families \$20 billion dollars back in aid that nobody knows about.

Nearly 50 % of CSU parents within the last two years have gotten nearly \$2,000 dollars back with their tax returns and nobody is associated with tuition increases. Nobody has said a word about the tieback. Maybe even our students don't know their parents are getting it back. And I do believe that's the case in many instances. This will become the largest federal program in about 3 years because it's grown so fast. Pell Grants will be 30, this is 20 and that was 2 years ago. So, tie as much federal leverage to MOE provisions and bad state behavior. Tie bad institutional behavior to federal aid. For example, why is it that K-12 schools have to have a threshold of free lunch money? They have to have a threshold of free lunch money for students before they can get Title One money, because not every school should get Title One money. We don't give Title One money to the suburbs of Chicago. We don't give money to Montgomery County, Virginia, some of the richest school districts in America. Why, because they only have a small percentage of low income students. If we are so hard up on financial aid why don't we set the same provisions in place for higher education so that you need 20 % Pell eligible students before you can get student aid. In fact the only institutions that have less than 20 % today are the vast majority of the richest publics and the richest privates in higher education today.

You could reverse the trend by even encouraging more institutions to start enrolling and educating more families. Tie a percentage of the resources that goes to their graduation so that goes back into the programs that we have. These are the types of discussions that I think may be the saving grace in this, may be the saving grace for our state governments. Right now Medicaid protects the elderly. The courts protect the prisons. Title One at least protects the poor schools and people can argue about Prop 98, but it is a protection that has to be paid back even though it's been borrowed and run back and forth. But -- there are no protections for higher education and what we learned from the stimulus packages is that it will work. It will work and especially now that the federal government has \$180 billion dollars and is the main revenue supplier of higher education today. I think this is a fight worth fighting and, in fact, there's enough MOE in the access challenge grant that \$150 million was set aside after the direct lending was rolled into the healthcare, the healthcare package had a direct lending package rolled in so it would pass. However, we only got \$150 million dollars in that, not \$6 billion, which we were hoping to get but \$150 million was enough to cost Alabama and Michigan Federal Funds last week. If you read the wire it said Alabama and Michigan are losing federal funds because they cut their states' higher education funding again. If we can get that pool up to enough money, if it were at \$6 billion that it was originally intended to be, California would take notice, Florida would take notice, Texas would take notice, New York would take notice. And we've made it clear that if those states aren't noticing and those states continue to decimate higher education funding and remove themselves from those obligations, it won't matter what your 2020 higher education goals are in the OECD because our states have to move because we have the bulk of the incoming student populations.

Now we know these things work. We need to tighten up. We need to get control of accreditation. Did you know the WASC board has 21 members for our institutions? That's our main accrediting body. Do you know how many CSU members are on that board? We have three now. It was two. Do you know how many UC members are on that board? They have two, so we have only five on the board. But did you know that the CSU and the UCs have 70 % of all the students that are accredited by WASC. And we're being told what to do by a place called *Patton University*. We're being told what to do by institutions that probably just popped up and that are doing everything they can to garner the favor of WASC. So, think of proportionality like the House of Representatives in this one and not a U.S. Senate model. We ought to be controlling the accrediting bodies to make sure that we are legitimately accrediting good institutions and working with Washington to help them do it. We've actually advocated the creation of a national public university accrediting board. We think public universities would come running all over the country to join us where we can actually take those big WASC reports that we do that cost my campus \$1.2 million dollars for the 10 year view. Add it up amongst all of us. It costs us \$1.2 million dollars to do a 10 year review. We could actually take those reports and make them publically legible first of all and provide public goods about how many students we're serving from low income background, how many students are graduating in debt, how many are not, because we post this but our accrediting bodies have no interest in this. So it remains this

secret garden that has no support at the U.S. Senate level and has very little support in the House level that this system works. Senator Harkin wants this. Senator Durbin wants this and many in the Department of Education are chomping at the bit to see us do something so that they don't lose all their federal money to the wrong places. And that's the scenario we're living with.

We must stop these states from abandoning higher education, using instead federal money. We must get control of student aid and give it to places that are publically accountable. Otherwise, there's not going to be any student aid and the states are going to be out of this game in no time. So, are there good and bad players? Way too often we get blamed for the bad players in the dilemma of inflating tuition well above \$50,000, of which there are 500 universities charging more than \$50,000 a year now: that's what everybody reads about. So, it's no wonder that nearly 40 % of the population always overstates what colleges are actually charging. It's never our amount, it's always something they've read somewhere else or they saw Brian Williams talk about it on the NBC News. I mentioned Brian Williams because about a year ago he called to get a comment from me. He asked, "What do you have to say about a family we've identified that is sending all four kids to college and is mortgaging their retirement benefits in order to do that?" You can hear the sob story already starting -- that this should never happen to what colleges have done to costs -- and I responded, "Where does he live Brian?" "They live in New York." I asked "Where do you think they're all four going? They're not going to CUNYs, they're not going to SUNYs; they are going to some of the most expensive universities in New York." That's a choice issue. That's a choice issue that the federal government shouldn't be funding. They should be funding institutions that remain committed that are doing what we're doing and we can't fight each other about this.

We've got to fight to change all these things. Use historical funding formulas that tuition based the higher you get the more you get structures. We've got to start getting people to realize that if we are keeping our prices low and we are among the lowest in student loan debt and we are among the most efficient in the country then why aren't you supporting us?

In many ways we're the public university the public wants, they just don't know it yet. We need to make sure that they understand the data is pointing in our favor, Delta Cost Study Data, and You Trust Data. We just have to get people to notice it before we have our institutions abandoned, which has been going on all over the United States. So, that's our fight. That's our fight at CSU institutions. That's our fight at UC institutions. In fact, UCs have done a good job at least staying committed to Pell Grant students, as they are well above the national average; they're around 30 %. Most other Research Ones, even my Wisconsin where I went to school is down to 11 %. Always prided itself on being sort of the egalitarian of the Big 10. Well, they just went through a major battle with their system and their governor to privatize the University of Wisconsin, Madison and they lost. However, everybody seems to be moving in that direction. That's our fight to push back. I look forward to working with each and every one of you on this. And I'd like to open this up to any questions you might have for me.

[Applause]

J. King Alexander: I know you're not a shy group.

Yea, two questions.

Carol Shubin: So, first of all thanks a lot for that speech. That was great. I know there was legislation in the House about limiting money that was going to for-profits and that's got sort of tied up to some extent. So, I want you to comment on that as well as Obama's changes to student aid that are going to kick in the future.

J. King Alexander: The credit hour reduction? Yea, first of all we weren't really in favor of the credit hour -- well at least for the 8 to 6 years you can get Pell. We have a lot of students who take longer, especially some of those students that take-- the disproportionate amount of our students that take longer than university students. And we have the highest jump of the [Inaudible] graduation and closing the gap between our 6th and 7th year. Unfortunately, they're considered dropouts at 7. And so, and they're less likely to take out student loans. So, we're learning as we go about what they think. I can say for this, they think if you take 8 semesters of Pell, mash it down to 6 than everybody will cram more classes in and they'll graduate faster. This is sort of a Northeastern mentality and then they canô

[42:14]

[Inaudible student response] I mean there is some, it may not go down that low, but I mean people do respond to market forces to some extent.

J. King Alexander: Well, yes but our students working students in 7-8 we do want to get our credit. We are working in getting credit hours down. I think our average is 146 of 120 that we [Inaudible] community college transfers coming in for courses they didn't need. That's a tough fight. What Obama, what they're doing is they're looking for any way possible. They're playing defense because they can't reel in all of this other money being lost. And they can't sustain it as its going because as we speak, one of the problems that we're sharing with Steve and others is there are 178 of these operations in California, some good, some not good. And what's going to happen in two years? They are going to be 300 or 320. And that means they're going to take another percentage of Cal Grant As and Bs. That's the problem they're dealing with in Washington. There is enough Pell money. They're just giving it too many places. They wouldn't even have this debate and this discussion about the credit hour issue if it hadn't been for the money that's getting lost sort of with no regulation.

[43:34]

[Inaudible student comment]

J. King Alexander: Yea, we're-- okay there's good and bad legislation in the Cal grant program and what we think is bad with our students is raising the GPA to get the award. And that's A and B. I don't want to get that lumped in, but I think it's already happening. I don't want to get that lumped in with what was already done on the other side of this. When we showed the data to the governor's staff on Expressions College getting 12,100 dollars and Cal State Long Beach getting 3900 for the same kid, when we get 4500 from the state. So, our total appropriation is well below their Cal grant appropriation, which wasn't supposed to happen in the beginning. What's happened here is quiet evolution governor to governor to governor who put more money into the Cal grant program without realizing that we well surpassed any other average aid award, the maximum average aid award where the average can go up to 13,000 in some cases. We passed that along and then nobody's dug into the data. When we showed that to the Governor's staff, they didn't like it. When we showed it to the Whitehouse staff they were offended because they were actually fighting a lot of efforts on the part of republicans to show that Pell grants, which are income based primarily, not price based are like the price based grants. So, they didn't even know we had state student aid programs that function in the opposite way that Pell grants do. And what would be nice is to get Cal grants to function like Pell grants and not reward institutions for inflating. So, there's a section of this I don't want to lose, of this reform we don't want to lose. That saves 70 million dollars if for-profit institutions and other institutions are capped with what a CSU student gets. And that's really what the provision is. In addition to that, they did actually add in that if your institution has a 25 percent or above default rate, then you don't get any Cal grant, which is another good piece of legislation. So, there's-- you what you hear in the Cal grant A and the Cal grant B, because it hits us pretty hard on the grade point average increase, especially the B, but there's also rational thought about this. Why are we ratcheting up these funds when it was never supposed to work in this manner? It was never supposed to award institutions that much money. It was supposed to give them a little bit of money to take the pressure off of us to enroll students in a public sector. So they said, "Give us a little bit [Inaudible] and it'll cost you less." Well, what happens when it costs you more and nobody revisits it? So, that's the piece, the second piece. The piece you're talking about that I hope gets passed, because the more people I show around the country, the more appalled they are that that actually exists. No wonder for-profits are pouring into California, because they cannot only maximize federal aid but they can get 12 and 13,000 dollars from Cal grant programs.

[46:33]

[Audience member]: I want to pick up on your comment about proprietaries. In the late 80's he had similar explosive growth for proprietary's in California then not really decree granting in mostly vocational and when the federal government tossed out of the student aid program anybody with default rates over 20 percent, they disappeared to reappear as these for-profit decree granting ones. So it seems to me that a simple bold stroke that somehow measures informants and default rates were a very primitive measure but effective from accreditation or from federal government would send a clear market signal to the public and to these institutions that you know there has to be some performance in return for this huge, as you point out, public investment and any other ideas on that?

[47:26]

J. King Alexander: Well, there is one other idea. Those are all-- those are good first steps but the amount of blood on the ground in Washington, I'm getting just the earnings and the default rates, getting institutions to report that. I mean they got Dick Gephardt working for them as one of their chief lobbyists. They've hired anybody and

everybody under the sun who has influence and if it really wasn't for Senator Harkin who actually is now after the GI bill because these institutions have gotten actually in two years have gotten-- pulled in 260 million of the 540 million dollars that have gone under GI bill money. Even if only having about 15 percent to 16 percent of the student population that they're starting to realize that something, they've got something at the federal level and our knee jerk reaction in higher education is like it was in this freeze. If you look at the early 90's Bill Clinton tried to adopt this freeze and all higher education said, "No, this is a bad idea. We don't want federal or any other state regulation." We got to have it. I mean it's not so bad and now there's a provision by 2014 that every state, and they're trying to kill it. Every state even WASC is against this. Every state has some sort of regulatory authority that determines and qualifies for public money but also determines who qualifies for a university in your state. This is what we used to have that we did away with. And it's what, you can't be helping a university in Germany unless you get the lender to agree that you can grant degrees and put university on your name. That's how the rest of the world functions. And it's pretty embarrassing to me what these guys on a yearly or every other year basis come to me and say, "Why don't you tell us what a university is because we see one on every street corner when we come and visit the United States." And I can't tell them what a university really is. It's all over the map. So, this is a regu issue. It's really important and I don't want us to have a springing knee jerk reaction to higher education. All the feds are getting involved. We need the feds to get involved because accreditation is-- this is falling on our face in accreditation. And the states have completely beení in Kentucky the Counsel of Post Secondary Education was supposed to oversee this. After one debate they had with a for-profit school that moved out of Jacksonville, they sold-- Jacksonville Florida is a for-profit law school, moved to Paducah Kentucky, built a library, got accreditation then a couple years later were busted on federal Pell grant fraud finds. But they were able to operate in Kentucky, but the CPE back in the 80's had the authority to really legitimately tell them to go somewhere else. So, you're seeing a lot of attorney generals starting to step in this. And they're piece-mealing though. They're hitting the worst ones of the worst ones. Without looking at an abroad policy scope if we don't do anything, there's not going to be any state money down the road. It's going to be so diluted, first of all that our students we already lost, I mean we already loss some to Pell in this issue. And our states have said, look they Pontius Piloted this thing and now you wake up with Expressions College getting 12,500 or 13,000 and our kids are getting 3,900 and for all the wrong reasons without any measurement, without anybody sort of overseeing this. And Steve do you have any, I mean you've been here a long time.

[50:38]

Steve Boilard: What you said. [Laughter]

J. King Alexander: It's just good public policy that we get this thing under control.

Stepanek: Other questions?

[Moving microphone around í sound drop out]

J. King Alexander: í more money and we'll become just as inefficient as they are. It's the wrong-- it hasn't gone very far. It's still out there floating around Washington. The good pitch that I believe that I am confident that at least the people in the White House believe is that the Land Grant Act is much broader than that. And the Land Grant Act was started 149 years ago and was a federal state partnership that outside the colonies it helped the state governments invest for the first time in public higher education. And most states did for that purpose.

[**Audience member**]: When revenues were very low by the way. It's a fraction of--

J. King Alexander: And during the Civil War.

Yea.

[51:35]

J. King Alexander: So, here at the first real federal higher education partnership and here you can-- besides West Point the first real federal state partnership because West Point has nothing to do with the state. But here we have an opportunity next year, the 150th Anniversary and we were speaking today on this very issue. What a great time to recreate the federal and state partnership next year with-- after the election especially when states are removing themselves from partnership, create incentives to keep the states engaged and recreate that federal state partnership on the 150th anniversary of the Land Grant Act and call it whatever you want, but it's the reinvigoration of the state

federal partnership before this simply becomes a federal issue of higher education and the states are completely out of the picture. So, that's a great question and a very timely question that could have legs that we believe packaged that way could actually change the dynamics of how the federal government is actually providing money to higher education to help institutions doing the right things and help states doing the right things. That's a great question.

[52:46]

[Audience member]: The second question is much more prosaic. If, if this is a faculty sponsored conference, so this is a completely different question, what, what do you want from us. I mean not just to advocacy but do we need to use our consulting experience to provide better data? Do we need to work for better shared governance? I can't believe I'm asking this, but what do you want as the senior administrator of a campus for us to do at multiple levels to help?

[53:20]

J. King Alexander: We need to work together to make sure that many of these ideas don't get lost in the shuffle, as I believe. With the federal state partnership, we need to make sure that we don't let our legislators off the hook. They all say they support education, republicans, democrats is their top three things. The last thing we need to do is not fight amongst ourselves because that lets them off the hook and we're all in this together. We're all spending less. You can look at administrative per student. You can look at instruction for student. You can look at ENG per student. You can look at current fund per student. We're all down here at the bone level. And, and there are many that would just like us to squabble amongst ourselves and raise nonissues that really have no impact on these budgets. If we have federal influence we need to tell it because you know every governor against this kind of leverage but you need to use your connections. You need to understand, I believe you need to understand how we've evolved into this problem and there are really good examples that aren't in the United States. You know we need to quit thinking that we're the best in the world in higher education, because we've got the most diverse system. You know diverse is not-- diverse system isn't an outcome. It's just you've got more institutions now doing a wider range of things from John Paul the Great university. So, I think we need to rethink how we're approaching public higher education and we need to, it's not the best system in the world in my eyes. And these numbers certainly aren't showing it and when Canada and Australia and others have passed us, we just fell behind Korea and Poland in our young people graduation in Poland. We need to rethink the way we're funding higher education we need to think broadly about the history. Many of the state funding formulas are based on what states used to give you. And they're just going to give you a little bit more. It's not what you do and what you accomplish. We need to post our outcomes. They want engineers to show how many engineers are graduating. We need to blow these secret gardens up of accreditation so that they actually are productive for us. If we maybe had 15 people look at our report, that's online. It took as two years at 1.2 million dollars. So, I think the intrusion can be a good thing because the numbers are on our side. We need to work with policymakers to get them to understand who's doing a good job and who's not and that we're not one big happy family. That's the problem with the Cal grant fight. I think we're now one big happy family so for-profits are going to get saved indirectly if we are able to save A and B instead of dissecting this and using expertise of our faculty to work with our legislators to help our students but it's not easy. It's not easy but we have to know where the problems are, how we've gotten here and what can be done to get out of this?

[56:07]

Thank you. [Applause]

[Audience member]: Can you talk about this state and federal partnership? I'm really interested in that with regards to financially you make a compelling case that the Cal grant program is originally conceived and [Inaudible] has changed what the Cal grant program does but it also-- we talked a little bit over the last couple of days about the SUGs and the state institutional aid and how that might interact with the Cal grant program and how you layer on to that Pell grants and the American Opportunity Tax Credit. So, I just kind of think how do you, at what level - is this a federal job a state job, the university to try and integrate some kind of cohesive way all these various strands of financial just add to that, that who administrators would still be student aid commission. We've talked in the past about decentralization of Cal grants, so how can business work it?

[57:14]

J. King Alexander: You know it's almost gotten so bad it's almost a consumer protection issue in a number of states and sort of it's a consumer protection issue that they're tackling. So, this wide ranging free for all student aid commission is political, because you've got one from every sector and nothing will ever change. And so, what you need are people who understand student aid, who have a broader scope on it at least in a national basis, who's not doing what we're doing, which we've gotten so carried away it's gotten so out of hand. But, picking a student aid

commission that says we've got one for-profit sector, we've got one from the CSU, one from the UCs one from the not-for-profit sector, won't get anything changed. And so, I think another entity has to be created at some point and CPEC lost its value. It's lost its credibility. Something else has to be created with this state that has the regulatory authority that, and I think it's a whole separate conversation that I think we'd love to have. We'd love to have for public purposes in the job you're in. So, I think that's one. I think you're exactly right. This has gotten so complex, complicated and complex. You got 30 big in the Pell grants. You got 120 big in student loans, half of those are subsidized, half aren't subsidized. You got 20 billion in tuition tax credits, that's going to be 30 billion tuition tax credits. We got 700 billion in SUG, 700 million in SUGí seven hundred millioní billion, it's billion.

[58:45]

I've got-- we have 55 million just on our campus so its 700 million, 700 million dollars just in SUG in the CSU. And then you got 1.1 billion in Cal grants that are going out. And all of these just operating sort of independently from one another with no connection, and the federal government has been just as guilty of this as anybody. They finally realized that they just can't keep putting aid into the system and the state backing their money out and tuition offsets what happened. Because they're not-- they can't supplant all the state money. I think it's worth a much broader conversation. I mean this whole tuition tax credit plan goes up to 100 families of 180 thousand. It was expanded from 60 to 180 thousand. So, families that make 180 thousand are getting 1950 dollars back each year. And this just recently happened in the last two years and its 20 billion dollars worth of federal money and nobody thinks of it as federal money because of the tuition tax credit; well, it's federal money that's lost in higher education. So, and he's going to reauthorize this. This is actually on the agenda. It may not get reauthorized this year, but it will get reauthorized before it runs out in two years. So, I think we have to think about these things together and we may need to address SUG. SUG is something that we do that very few places do. And it's been puzzling to me to come in because I've been in other states where public universities are supposed to be as affordable as possible to everybody. And why do we redistribute it amongst ourselves? Why are we caught up in the game that's probably done by only three or four other states or state systems where we're kind of internally moving the money around among families? And that's not why public universities were subsidized in the first place. They were subsidized to keep our costs as low as possible. It was the privates who admitted all this tuition discounting that we actually finally got them to admit with federal legislation that what's the net tuition that they finally have to report, what the average family pays to go to their universities and colleges, which they didn't want to tell anybody, because they wanted to hold all the information and give the consumer, the student or the parent very little information about what the average family is really paying. So, I am very, I think that's an optimistic way to look at it. We got to factor all this in, especially when the states are down to 72 billion and all that federal money adds up to 180 million and then you drop 700 million in the SUGs that we put into this. It's not what it was 10 years ago. And it certainly is not what it was 20 years ago. So, I think a much, much broader conversation at the state level about thinking creative, about whose winning and losing in all of this and because right now we got a Perez bill. We dumped 4,000 dollars in students' hands and 8200 in the UC's hands the CSU's hands because middle class families are taking such a disproportionate hit. Well, he never thought about the fact that the middle class families have never had it better in the last two years because the American Opportunity Tax Credit that went in effect and nobody's even tied that to tuition and what has gone up because in fact, if you tie that 2000 dollars on our campus, middle class families are actually paying less than they did two years ago to go to Cal State Long Beach and to go to most of the Cal State institutions because of the tuition tax credit, but nobody has said a word about it. So, all this has to be factored in. I think it's the next step that really needs high level thinking on it and people to brainstorm about what's the best way to support the greatest access for students who need the most help also and to support those institutions helping them the most.

[62:29]

[Audience member]: Thank you.

[Rodriguez ó LA Council member aid]: Good afternoon. I'm Rodriguez with LA city council member Richard [Inaudible] office. I'm the education liaison so I deal with schools. We have about nearly 9 schools from pre-K all the way to high school within our district and as we all know here, most parents don't start preparing for college until their child is a junior or senior, when they take the SAT's. In regards to that point how can someone like me, staff in our office inform and educate our, our educational institutions in our district, the parents, the students, the faculty so that we can work together to prevent this. Because the 8th grader in elementary school right now is not the really best CSUs budget cuts but 10 years from now when they're in college they most definitely will feel it as well as their parents.

[63:40]

J. King Alexander: And we're feeling the effects of the 39 to 1 student teacher ratio when they show up in the schools the largest in America. So, it is, it is a back and forth street on this. I'd invite you to come down to Long Beach because our school partnership with our superintendent, and we were speaking on this this morning, the amount of information-- we think information is absolutely critical and its even before 8th grade. We have every 5th grader in Long Beach, we have 50,000 kids in the school system, but every 5th grader spends a day on our campus. Every 4th grader spends a day at Long Beach City College campus. And we're constantly, and this issue is constantly trying to work on this very issue to get the right information in the right hands so students are taking the right courses at 6th grade all the way through their senior year, with a heads up early warning system being the EAP exam. The Early Assessment Placement Exam for all juniors, which tells them whether they are college ready at the end of their junior year so they can get back into math or English classes their senior year and create more rigor in their senior year. This actually has been perceived as a national model that's been copied by a number of other states. We administer that test. That costs 3 million dollars, the CSU, to test juniors because the Cal State standards test doesn't tell you if they're college ready. So, we want you-- invite you to come down. You can join me, our superintendent, Leroy Oakley at Long Beach City College to show you all the programs and all the information that we're pumping into our community. And I'm pleased to say that for all reasons this may be working, we've seen our college going rate go from 66 percent to 74 percent in the last three years of our local kids in the Long Beach area. So, I think we are doing a lot that needs to be modeled throughout the state. There are things that we can learn from other places that are doing a good job and we certainly need, we're getting a number of legislators on campus this weekend or Thursday and Friday of this week to show some of this, but also to show sort of the budgetary challenges that we face. But we'd love to have you guys come down the campus and sit with our superintendent and go through the litany of things that we're providing for our parents. We go to them. It's no longer a day where we say, "Hey, you want to learn about college, come to our student union building, room 213, and meet us Tuesday night at 7 o'clock." I mean these people have never been to campus and they're not going to find the student union building. You know I had a hard time finding this one today. [Laughter]

[66:02]

Rodriguez: So, and I will take you up on that offer and I don't know who I'll get in touch with.

J. King Alexander: I'll give you my card and we'd love to have you come down.

Rodriguez: And the Beacon City level obviously the councilman has oversight over the state budget and what not, but [Inaudible] City of Los Angeles what can local elected officials to pressure, you talked about accountability and legislators who claim to be for education, but then defund education when there's proposed cuts to prisons and prisoners are the lobbyists. So, how can we here at the local level assist?

[66:56]

J. King Alexander: I somehow get them in the kindergarten classroom or a high school classroom and pick a couple schools that you know are more crowded, which are probably all of them. All it takes is anybody that says they support education, but my two daughters at Woodrow Wilson High School, it's one of the smallest high schools in Long Beach. It has 4500 students. It was built for 2500. They have classrooms which a couple of kids stand up in the back they have so many students. And you can do the same by taking them to some of the elementary schools which have now gone up from 23 to 39 that are in portable facilities. Somehow we have to shame a lot of people into thinking that you know we spent less on education and tax effort now than Kentucky does.

[67:41]

I'm from Kentucky. Everybody makes fun of Kentucky. We spend less

[audience interruption]: What about bathrooms [Inaudible]

J. King Alexander: Yea, the bathrooms at the best elementary school in Long Beach would say they do an exceptional job. One of the best one was [Inaudible]. They've got horrible bathrooms in the middle of the playground. Those are outhouses in Kentucky. The facilities in Kentucky are much better. Mississippi's tax effort in support of higher education is better than ours now. West Virginia is better than ours. Alabama is better than ours and New Mexico is better than ours. Somehow we have to get a rich state to realize what it's not doing for its kids and its students, because this, this is shameful quite honestly to see the facility comparison between rural Kentucky schools and some of our schools that half of those facilities are portable facilities that have become permanent. And I think we need to get people to wake up to see what's really going around them and getting them into the schools to show them not the best, because sometimes we do that all the time, we'll take them to the-- we'll show

them our best advanced classrooms. Show them the average classroom and get the people to understand what we're not doing because it-- that student in 8th grade is going to be our student and we're going to spend a lot more money on that student because he was in a classroom of 39 versus 23. I already know what's coming and I don't know how we can hang on to our Long Beach College promise when all of our resources are going to be going to offset what the state has been removing from us and that's why we need good allies. City council members are very important, especially in LA, big allies to realize what their reading about schools. There are great schools all over the place doing amazing jobs. What you only read about in the LA times is the school that didn't do a good job or the school that had that-- the federal law violations. That's all we read about when we've got so many good examples of hard committed core teachers and principals doing a good job and having to deal with more kids than anybody else in the United States.

[69:49]

Rodriguez: I think it's hard not to know what's happening in our schools. Sorry. Just recently the at the LAUSD they voted to close all their adult education facilities so they will serve 350,000 adults and high school students 90 of which, 9,000 high school students attend [Inaudible] 60,000 have parents that would attend adult education facilities. So, I don't think it's really a lack of seeing or not seeing the benefits of education. Is there any advantage to work with parents to advocate--

J. King Alexander: But let me also point out there's a reason that they made a decision to close adult education, because they have to anticipate losing the November referendum, because they can't react in the middle of the year to just cutting everybody out of the school. They're reacting to losing the referendum in November, which we're all planning to do right now because we don't have time to respond if we lose. We already have students. We have faculty. We have everybody rolling ahead. We have to plan ahead. So, unfortunately we're going to work like we can to get that passed. But we also planned it. We have to plan. What happens if we lose that? And then I'm asked to get back 26 million dollars in 6 weeks. That's the dilemma our principle superintendants, presidents, community college presidents and those who are in, we're all reacting now as if this is going down, because we have no way to react if it goes down and we didn't plan for it.

[71:32]

Rodriguez: I don't want to prolong the conversation about it but I will visit and I look forward to--

J. King Alexander: Please come down. Sure certainly, we'd love to have you. Thank you all very, very much.

[**Audience member**]: One more question, do you think that ELM is too late to juniors. I mean every senior I know has checked it out. I have two kids. Why don't we do this in junior high school when we already know trouble is going to happen in the math? It's too late.

J. King Alexander: Well, I'd be at a for-profit university if I thought it was too late. Not really, but I think, I think-- I'm just a little bit more optimistic about that and we have good teachers and good principals trying to do a good job and we owe it to them, because many of those are our graduates or most of them are our graduates and we need to work closely with them. It's not their problem. It's our problem and it starts in pre-school and it goes through graduate school. Thank you all.

Stepanek: Thank you President Alexander. That was great. [Applause]

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Hellenbrand: Well, let's hear it for Michael and the people who organized this. [Applause]

It's difficult to follow King because of all of the great work that he does. So I'm just going to take a few minutes and talk about next steps. I think next steps begin with going back and reading an essay from 1954 by Milton Freedman, called School of Choice, because that explains a lot of the situations that remain today. Why we have public support for K-12, but we've withdrawn for colleges and the ways that King described. And I think the real issue for us is really the following set of things.

[0:39]

Number one, what we have to do is promote ecumenical discussions about these issues across the campuses so that, we develop independent faculty voices on these issues. It's absolutely crucial.

Number two, we have to define the BA degree in a meaningful way. Yes, it is about job certification and job preparation, but there's lots of evidence out there, and people who go to colleges and get a BA degree are likely to live and promote more diverse neighborhoods, are likely to be more civically involved and more likely to vote, are more likely to make a democratic society tolerable and thriving. It's a strong values in a society like ours and there to be articulated and made clear. I guarantee you if you find ways to common measures across the state of California you will out that institutions like the CSU are far better prepare BA students than, for profit institutions.

[1:31]

Thirdly, what you need to do is work out with our publics to make them understand that the distinction that is in their mind between public universities and private universities is a false dichotomy. You're a public university, but we are preparing students for the public -- for the private sector and doing that well. Whereas there are many private universities -- for profit universities that survive on public funding, as King just explained to us. So that distinction is a false one. And the ideological preference for going over to the other is a false one therefore too.

[2:05]

So it relates to the next point that I think that we have to do. We have to prepare ourselves to be intelligent discussers about these issues across CSU and across the state. King said that we must all learn to work together and currently we are in the environment, where we blame the conditions of CSU on one another and either mismanaging or poor faculty work use of time, or things like that, and we get this antithetical relationship between the CSU and CFA that destroys our ability to confront these larger issues. Until we do that, we're going to be sunk and that's an important role that faculty play on the campuses to create an integrated argument.

[2:45]

Next piece that I think we need to do is the way we approach of things. I think it's extremely important that in the CSU and hopefully across the state we develop these financial portfolios the way Wayne described them, because if you can show the benefits to the students are getting and the investments that we're making in them as a state that might help change the discussions somewhat, because those tax credits would become apparent, the grads would become apparent, the investments that the state is making and then will become a pairing and the notion that the state is not making an investment in the private sector through public universities would be diminished. So that's an absolutely crucial thing to do.

[3:23]

Next thing that I'd say we need to do on the campus is, while we're hoping to right the situation budgetary at the state level you have to understand that there is not going to be more money. And that we do have an imagination and a conceptualization problem. What can we do on the campuses in the system to make a better use of our re-

sources? On each campus that means I think we can make sure that we align evidence with the way that we fund. That's a response that we have if we're going to demand that in the system and demand that in the state, we have to show that at a campus level. We have to make sure that our subsidies are clear and intentional. That has to be first worked out at the campus level and then we can work it out at the system level. And we have to be inventive in the way that we spend money. And by inventive I mean, we have to reserve funding for innovation. We have to take risks. We have to be willing to adventure in change. We have to understand there's choice we can't be dedicated to just one way of doing things. We have to be flexible and that means we have to be imaginative and we have to be willing to use funds in creative ways.

[4:23]

Last piece that I'd mentioned that came up today that we need to locally is, we have to build networks. The existence state of California a tripod hierarchy that is on top of our K-12 hierarchy, and that means, we have these bureaucracies that laterally imposed upon on top of one another, but all of our work is done vertically in our neighborhoods and in our cities. Until we get neighborhoods that ó neighborhoods and institutions that are working together our money problems are not going to have much of an effect.

[4:54]

Finally, the last piece that I'll mention on this front -- this is a local issue and a statewide issue, is the solution that we come up with cannot just be to improve the CSU. We have to come up with solutions that help solve Legislative problems and help solve neighborhood problems, as well. If we just wanted to solve our own problems no one is going to be interested in this piece. If you can present the state with the following sort of solution that are both along these lines; look if you grant us autonomy -- greater autonomy we can save you a billion dollars in some ways and we could tackle and solve workload problems in K-12 in our communities. That could be a selling proposition. I mean, present solutions that are focused on our neighborhood. No one is particularly interested in those things. [Cough in background]. [Inaudible] And I think that's in our capability to do. The first and most important piece is to replicate these discussions across the CSU, to understand these things are all are all among ourselves, really to provide a faculty consciousness about the changes that need to be done. That's why I congratulate Mike and the guys who worked on this. I think you did a wonderful job, and thank you all for coming and appreciate it so much. Thank you. [Applause]

This concludes the transcriptions.