

## “Funding the Future of the CSU”

A symposium held on the Northridge campus, April 2 and 3, 2012

# SYMPOSIUM REPORT



### PREFACE:

On April 2<sup>nd</sup> and 3<sup>rd</sup> of 2012 a symposium was convened on the Cal State Northridge campus to address the dilemma of “Funding the Future of the CSU.” The event was hosted by the faculty of the CSUN campus who invited delegations from each CSU campus along with members from the Chancellors office, university administration and researchers from the UC and other Universities.

It was noted early in the event by Dean Joyce Feucht-Haviar that the California Master Plan “... has remained the same but the world has changed.” The world and especially the state have become different and diverse from previous decades and are now headed in directions that no one can predict. How do we do business in an environment where almost everything has changed dramatically? As we look to accommodate that *brave new world* how do we position ourselves to meet that demand? How do we meet that future?

Leading indicators tell us all that as a system of higher education we are at a crossroad or precipice: our choice is whether we look at this as a crisis or an opportunity. All who attended were of the same mindset: to search for answers on how to help maintain the integrity of the CSU in this most serious time of economic crisis. The participants at the symposium came to explore key questions that might offer solutions to the dilemma.

There was no intent to point fingers and fault find. Rather, participants acknowledged that the system is caught in a quagmire of dynamic change and the state’s economic system failing health, providing sufficient motivation to bring all who attended together.

As a state we have some history in innovation. Therefore we look for innovation from the state’s wealth of experts imbedded in the community of higher education and in its university systems. We enjoyed representation from the State Legislative Analyst Office, the Chancellor’s office, the State Assembly, the State Academic Senate and representation from most of the southern CSU campuses: a healthy mix of interested, knowledgeable and concerned people.

The symposium was held for the express purpose of *exploring solutions to the on-going crisis in funding to the public institutions of higher education.*

### BODY:

For this symposium we limited the scope of discussion to the general topic of Funding the Future of the CSU acknowledging that, given the size of the CSU and its value to the state, such a discussion could have a positive effect on the CSU future, the greater community, and perhaps even the nation. Such a potential effect is a responsibility we took with soberness.

The participants invited to this event were selected by one of two criteria: 1. a general invitation extended to each of the CSU campuses via the campus Provost and Faculty Senate Chair to select a delegation of 4 to 6 people to represent their campus in the discussion. 2. Experts who have reputations in recognized research on the topic and who could help with accurate information and professional insight were invited.

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For a free flow of ideas we felt that the work groups not be too large to better enable an exchange of ideas. The only significant limit to participation was our budget, which required us to a limited head count in order to be diligent with room costs and normal hosting considerations.

As we began the discussions there was a general consensus that the principles imbedded in the California Master Plan for Higher Education, which it is commissioned to achieve: AFFORDABILITY, ACCESSIBILITY and EXCELLENCE were and still are important values. The question is: “How do we afford them in this new economy?”

One of the more important issues discussed through the two days was, because of its use of such large amounts of public funds, what should be expected from public higher education?

What is the public good provided by public higher education? Certainly the personal (and/or private) interest of being prepared for a good job in the market place is hoped for. This notion has a measurable social interest accompanied by the promise that a college education would offer a higher income over one’s lifetime. But is that notion what the future requires?

### CONCLUSION:

From our various perspectives that future bodes to require higher education to provide much more than a vocation.

It looks as if it will require problem solvers. It will require the work force to be conceptual, open, and able to see and imagine alternatives in order to lead purposeful innovation. It needs to be resilient and able to respond to the challenges of life with wisdom and courage (not to mention to maintain the health of our democratic experiment.) Much more now than ever before our students will have to accommodate:

- Diversity of communities
- Interdependent and interconnected nature of the global economy
- The evolution of scholarship within and across disciplines
- 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 return us to a competitive advantage.

The private good, which as a single goal could be measured in baccalaureate degrees completed, sounds like we prepare students only to be workers on an assembly line.

Historic moments such as we are in now, where rapid changes in technology, as well as our current political and economic climates, have stymied our tasks and mission. However these same historic moments demonstrate the absolute need for higher education to engender the higher thinking necessary to produce creative and innovative thought.

A web site was created for the benefit of participants and others who were and are interested in this important topic. On the site: <http://www.csun.edu/csufuture/> there is a Resources section, which aspires to provide critical and current information/data related to the future of public higher education.

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### GENERAL SUMMARY OF THE EVENT:

**KEYNOTE SPEAKERS:** During the course of the event we enjoyed three keynote speakers who brought very different and very important perspectives to the event: Dr. John Aubrey Douglass, California Assemblyman Bob Blumenfield, and CSU Long Beach President F. King Alexander.

#### **John Aubrey Douglass, Ph.D.,**

Senior Research Fellow

Center for Studies in Higher Education

University of California, Berkeley

<http://cshe.berkeley.edu/people/jdouglass.htm>

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).

<http://cshe.berkeley.edu/publications/publications.php?id=358>

<http://cshe.berkeley.edu/publications/publications.php?id=36>

<http://articles.latimes.com/2011/sep/13/opinion/la-oe-douglass-higher-ed-20110913>

Dr. Douglass’s opening keynote speech addressed the historical explanation on how we arrived at where we are in this current unstable and unfriendly economic environment. His remarks helped set the optimistic tone for the symposium even with the dower effects of all the data presented.

He spoke on the topic of: “**Funding Model Challenges and How We Got Here**”: a few of his salient points were:

- Our problems stem for inequities with Prop 13, deregulation run wild, political gridlock – the tyranny of the minority, a growing population with a complex demography and a growing income inequality.
- By comparison with the rest of the world in terms of access to higher ed, degree attainment and program quality and the cost to society where we were once on the top of the list we are now at the bottom. Our peak was in 1970.
- Our current problems are that we have low degree production, we have a decline in transfer, we are severely underfunding the community colleges, and the UC and CSU are significantly limiting enrollment for the first time.
- 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%.
- California’s financial structure for higher education is faulty; we have too many students in the CCC, too many part-time students, high Higher Ed attrition and low degree production. This seems to assure high attrition rates in Higher Ed and low degree production.
- Future issues are that we need to grow (400,000 more students by 2020 according to CPEC) perhaps 1.5 million more by 2050, we need to rebalance across public higher education and more diversity among higher education providers.
- We need a new visionary goal for education, we need to rebalance where student go to college, perhaps establish a polytechnic segment and a California Open University, create a progressive Tuition Policy and finally see a larger federal role in financial aid and capacity building.
- California was once number one in most categories and it’s at the bottom of the barrel. Our California Education Report Card: Sample Rankings:

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<u>California</u>	<u>U.S. Ranking</u>
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

  

<u>United States</u>	<u>OECD Ranking</u>
High School Graduation Rate	10
25-34 Year Olds with Some Higher Ed Experience	12
Higher Ed Graduate Rates Among 18-24 Year Olds	15

- 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.
- John's goals: 1. Rebalance where students go to college, 2. Establish a Polytechnic Segment, 3. Establish a New California Open University, 4. Revised funding model – “Progressive Tuition Policies”, 5. A larger Federal role in Financial Aid and Capacity building.
- In looking at possible funding models there are variables to consider: 1. Fees can be too high and too low. 2. The CSU must examine the Quality versus Quantity paradigm – including how to reduce costs. 3. There is a need for advocacy for the coherency of the system as a whole, the CSU is part of a symbiotic system of higher education.
- Political/Managerial Considerations for CSU Funding models: 1. Differential fees among campuses, 2. Differential fees among programs, 3. International and out-of-state students help fund operational costs, but MUST be pursued as a means to expand enrollment capacity and access to Californians, 4. Have Regional Partnerships – The Hub Model

### **California Assemblyman Bob Blumenfield,**

*Chair of the Assembly Budget Committee*

Member of the Appropriations Committee

Other Committee work includes: Governmental Organization, Transportation, and Water, Parks and Wildlife committees and

Select Committee on Revitalization of the Los Angeles River and Pacoima Wash.

<http://sundial.csun.edu/2012/03/lets-stand-up-for-education-together-a-california-assemblymans-idea-to-save-education/>

Assemblyman Blumenfield's after dinner keynote speech helped inform the audience on the concerns and working of the legislature regarding funding; how personalities and politics affect funding. A few of his noted observations were:

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- He stated that he did not have the silver bullet to resolve the educational budget issue but hoped that working together we can find solutions that will get us on the right path.
- California taxpayers spend about 29 percent more per person than the average taxpayer in all other states, making us 11<sup>th</sup> in the nation in per capita spending on higher education. However we have more people which results in the money we do take in must be spread out over a larger number of people and the actual impact on each student of our tax dollar is less.
- The proposed general fund support for higher education has actually declined by 21 percent over the last five years. The sad fact is that the State of California has been dramatically reducing its commitment to education as it has to everything else it traditionally funds. It's across the board.
- The recession has forced the state to reduce its budget by a third.
- There are restrictions and dysfunctions in the system that needs fixing, there are unnecessary tax breaks and deductions what in budget parlaments are called tax expenditure programs. In some of these deductions you see a lot of schizophrenic policies. There is some tweaking that could save millions of dollars.
- There are a number of tax loop holes that allow state companies to game our system. Many of the loop holes were written into the laws by special interests as in Prop 13.
- In the last nine years the tuition has gone up 191 percent.
- Each segment of the budget affects the other segments. We have an on-going tug of war; pitting education against prisons. We must look at things in context. Three years ago 10 percent of the fund was going to higher education and 3 percent to prisons and now they are about equal.
- It might surprise you to know that much of the state spending is untouchable by the legislature. Portions of our budget are tied up by federal mandates or by voter issues. The legislature controls less that 10 to 15 percent of the state general funds.
- It is both politically and technically difficult to make changes because of the 2/3 rds vote

### **CSU Long Beach President F. King Alexander,**

President King is a respected national expert in domestic and international higher education finance and public policy. He is the past Director of the Higher Education Program at University of Illinois at Urbana-Champaign and a 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.

- The more we talk about these issues the more leverage we are getting in Washington and Sacramento. We have gained a lot of ground with the White House policy. The Obama administration is concerned.
- Most politicians say they support education but then they cut it. 40 states cut education in the last round.
- Beginning in 1965 we could take credit for having the best higher education in the country. We were at our best between 1965 and 1972. At that time the federal government 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. We then adopted a primarily tuition based system.

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- Now 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.
- When the feds started putting in money the states tried backing out so in 1965 the feds said if you want money from us then you can't remove your money. However, the states are still trying to abandon their commitments to higher education.
- In 1980 we were at the peak in funding on the part of the state. Since 1980 the nation has fallen 43 percent in its tax support based on the effort of the wealth of the nation. We have dropped 49 percent which puts us in the lowest, fastest abandoning 12 of higher education.
- The problem regarding California's higher Ed is that we relied on the state, not on tuition based formulas.
- In 1972 we lost the public private battle. Quietly, states started not paying attention to who is actually a university and the aid we hand out to them. The CPEC was to oversee this but they were disbanded.
- The accrediting bodies are at fault. We let accreditation get so out of hand that we have 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. There are about 30 private accrediting bodies out there that are determining where 1.1 billion dollars in Cal Grant Student Aid money goes, where 180 billion dollars in federal student aid and programming money is going.
- 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.
- By 1991 or 92 we woke up with a whole decade of students in massive student loan debt. In a December 4<sup>th</sup> 2011 meeting President Obama said that student loan debt is going to be the next bank crisis for our country.
- Currently there are over 1500 for-profits operating in the country. Of these 1500 institutions, 1100 rely on at least 70% of their money coming from student aid. The White House is asking for assistance to help reel this in but the for-profits have powerful lobbying.
- As an institutional sector, the for-profit sector that serves 11% of the student body now acquires 30% of Pell Grants and 47% of the nation's student loan defaults. So, that 30% of Pell was the \$10 billion dollars that the federal government was trying to find, we've just given that away.
- The OECD peers do not give money to non-public places without non-public accountability, they do not base their public money on what an institution charges.
- Many universities had become as quickly reliant on student aid as they could. Many of the for-profits in Los Angeles get almost 100 percent from the Federal Government on the GI Bill yet they are still encouraging their students to take out student loans. They are milking the system for as much as they can possible get.
- In the early 1990s the OECD countries started investing in Higher Ed, they became very aggressive in this and they did it in a time when they were treading water. They are succeeding and we are falling behind. The number one issue in American higher education is college completion. (America needs far more baccalaureate degrees than we are producing.)
- Medicaid protects the elderly, the courts protect the prisons, Title One at least protects the poor schools...but there are no protections for higher education.
- It's the reinvigoration of the state/federal partnership, a change in the dynamics of how the federal government is actually providing money to higher education to help institutions doing the right thing and helping states do the right things.
- We are the public university the public wants, they just don't know it yet...the data is all pointing in our favor. So that is our fight.

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### **WORK SESSION SEGMENTS:**

The activities of the symposium were arranged into three work shop sessions, each session addressing the same question or theme. Each group had a moderator to help move the discussion so that they were less about editorializing more about solutions. Each group also had a Participant Observer whose role was to summarize the discussions and then report out to the general body at the end.

The first session pondered how we might find a blend between mission and funding given the trend towards lesser state support. The second session worked on the theme of where the necessary money might come from. The final session on Tuesday gave some attention to how we might spend what we have more prudently and also spent time looking for action items that would lead us forward.

**REPORT OUT OBSERVATIONS:** The following are some of the general observations from the five Participant Observers and are listed in the order of presentation.

#### **John Tarjan:**

California State University, Bakersfield  
Associate Professor of Management  
Education: Ph.D., University of Utah

- One theme that kept coming across is that there were/are very different levels of understanding about the issues we discuss.
- Another interesting theme is people seem to be unclear as to what's CSU policy for instance what's in title 5 or what's just practice.
- Our people thought we were doing a good job with higher ed and that is not recognized by public officials or elected officials or the general public which means that we need better communication all the way around.
- As an Organizational Behavior Professor it struck me that the work group people did not understand how the system works.
- Another perceptual issue was that we were unsure of any system wide strategy for prioritization, etc.
- It is easier for politicians to cut higher education than other areas of the budget because there are few negative ramifications for them.
- Here are some of the ideas we came up with:
  - one was to have governments incentives to employee college attendees/graduates,
  - Allow more specialization/uniqueness across campuses,
  - Decouple measures of success (student outcomes) from unit completion,
  - Limit enrollment to ensure quality.
  - Do more partnering with employers who benefit from the “product” we produce well.
  - Perhaps a “3<sup>rd</sup> track” between a vocational and BA is appropriate for some students.
  - Perhaps we should incorporate outcomes with standards. Students who do no progress should not be retained.
  - The middle income/work students are hurting the most.
  - Conditional admits until we have a firm budget.

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- Consolidate programs within geographic areas
- Have Regional governance structures for CSU/CCC campuses
- Reduce low-enrolled graduate programs.
- Use distance learning, EUD to provide access.
- Have Differential fees across campuses (SLO example)
- Let campuses set their own tuition.
- Recruit more international/out-of-state students.
- There were also question we felt needed answering:
  - How should we define educational success?
  - Is “some college” at least something? Do we “fail” if someone does not get a degree?
  - If we are the gateway for access, should we expect everyone to graduate?
  - What is the appropriate middle ground between high selectivity (Ivy League) and open access (CCCs)? Who should decide?
  - What is the appropriate mix of funding? (Tuition, General funds and other)What is our most important goal – upward economic mobility for our students or other goals such as citizenship, life-long learning?
  - How can we become more informed/involved in policy making?
- Finally my personal take away is that we are all generally very committed to the CSU “mission.” We have an almost religious fervor and dedication to student success. We are however frustrated because of the lack of information/incorrect information, the lack of input into decision-making and a lack of appreciation for what we accomplish.
- Crises can bring families together or tear them apart.
- Bottom Line Question: What can board/executive/faculty leadership do to bring us TOGETHER to face the daunting future for the CSU?

### Steven Boilard:

Assignment: Managing Principal Analyst, Education

#### Education

PhD/1992, Political Science, University of California, Santa Barbara

MA/1988, Government, California State University, Sacramento

BA/1984, Political Science, University of California, Santa Barbara

- Should we try to figure out where to cut or how to fund our mission?
  - There are many outside groups that seem to be telling us what the priorities of higher education should be.
  - Should we be involved in the remediation business if we are expected to be all about degree production?
  - Not everything can be retained just because it has value—we have to look at what has the most value.
  - Should each campus be “generic?” Should we have some “destination campuses?” Should only a few offer doctorates?
  - How can we “keep” savings/efficiencies without having the state just cut us more as a result?
  - There appears to be no coherent goal regarding enrollment and tuition.
  - What is our “core” mission, most important measures of success? What does Sacramento want us to do?

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- There are a lot of questions about why, how funds get allocated from Sacramento and what incentives there are for the campuses.
- Our fee structure seems to have problems.
- Should the state give us differential funding for high demand programs? Who should decide? Would it be a good world if Sacramento built more incentives into the funding process?
- How are allocations from the CO made to the campuses? What are the criteria? Who determines the criteria?
- We should attempt to have a more defined and publically understood mission.

### **Judy Heiman:**

Legislative Analyst’s Office

Assignment: California State University

#### **Education:**

MBA/1998, Business Administration, University of California, Berkeley

BA/1982, Environmental Studies, Brandeis University

- We need more information. We are too large and complex to have such a directive central office.
- Despite our funding problems, we could be more productive. We could reconfigure incentives and allow campuses to adapt and innovate. This might mean more autonomy and the ability for campuses to “fail.”
- There are arguments for and against CSU differentiation. We are more regional in nature but there are many of us.
- We should think more about student outcomes as an investment for the state and make policy/provide incentives accordingly.
- It seems like we are in a reactive mode rather than making decisions based upon values and strategy.
- Should we align with regional economies? We could be more responsive and less redundant.
- Should we rethink instruction? We are increasing class size without accompanying infrastructure such as TA’s.
- We seem to be getting more students with remediation (expensive) needs.
- We are facing a faculty retirement bubble. We do not have a pipeline of young faculty to replace retirees.
- Better accounting and reporting/information. How are decisions and allocations made at the system and campus level? We should have IS in place to help us with this.
- Perhaps a payroll tax to fund higher education.
- Differential tuition by course, program, campus, repeats, etc.

#### Judy’s Top 5 Ideas

1. More system/campus autonomy with accountability measures attached.
2. These measures could be applied to regional networks. It would provide incentives rather than change the structure.
3. Higher fees for high-cost programs with monies retained by programs to provide upper-division education.
4. Higher fees for excess units and repeats.
5. Mechanism for graduates to “pay back” to the CSU over their working careers.

### **Joyce Feucht-Haviar:**

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*Dean of The Tseng College*

*California State University, Northridge*

Education: BA, Ohio University including a teaching credential

MA, University of Chicago

Post graduate work at University of Chicago, University of Virginia and UCLA studying marketing, theology and philosophy, cultural anthropology, physics, psychology and higher education.

- What about the degree production gap for CA? It appears other universities are more than happy to rush in and fill the need.
- How do we make a case for the CSU? We have a pretty broad mission.
- We have no generally-agreed-upon definition of quality. Neither for access nor affordability.
- What does it mean to align mission and funding. While our mission has remained the same, the world (environment) continues to change. Graduates face a much different world than most of us did.
- The notion of career preparation needs to change to meet the new realities.
- The economy is becoming increasingly the global economy.
- Applied research is becoming more important than ever.
- There are lots of sources of funds (gifts, sponsored research, grants and contracts, etc.)

### Joyce's Top Ideas

1. Easy to understand and accessible data.
2. Promote a culture of mission-focused innovation and future-focused thinking through selection and hiring.
3. Allow campus and system innovation.

### **Michael Spagna:**

*Dean of Michael Eisner College of Education*

*California State University, Northridge*

Education: Ph.D. Special Education, Joint-Doctoral Program, University of California at Berkeley and San Francisco State University, 1991.

- We don't understand “how to move the needle” in Sacramento. For example, can we propose a trade-off and negotiate with them?
- We should have a broad P-20 focus.
- Do we leverage our internal and external communications? No.
- Until we become aligned on goals internally, it will be difficult to make a compelling case to outside groups.

### Michael's Top Ideas

1. Evidence-based real-time system with goals. (See LAPD) We need to get info to local decision-makers. Decisions often have unintended consequences.
2. We need more autonomy to more effectively realize our goals. But we should be accountable and remain loyal to the overall mission.
3. A mission should not be very flexible. We should have a 5-10 year perspective.
4. We need a safe environment to ask difficult questions. Many ideas are “taboo” on many of our campuses.
5. Is there intentionality in our allocation and other policies?

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### **CONCLUDING REMARKS:**

#### **Harry Hellenbrand:**

Interim President Cal State Northridge

#### **“TOO MUCH CRISIS”**

##### **TOO MUCH**

We have too many students and new faculty according to the CSU, and we have too much reserve funding, new building and renovation, according to CFA. Some legislators think we sink too much in research, sabbaticals, and travel. The governor says that the presidents make too much; the presidents fret that employee health benefits cost too much. Traditionalists argue that we spend too much on hi-tech, but research faculty bewail that remediation taxes us too much.

Each interest group fingers its local demons for the demise of the university. Each implies that, especially during financial crisis, the university should concentrate spending on the interest's priorities. All else is either waste or indiscretion.

These perceptions and ensuing arguments oversimplify decision-making in the university and system as well as the current fiscal dilemma. Oversimplifications make for pungent press clips and slogans; they present the ongoing dilemma as a transient crisis that can end when the good defeats the evil.

A large university has a general mission and policies for framing decisions about programs and distributing the budget. But it does not impose a singular interpretation of the mission that is then instituted unilaterally. Rather, it is a decentralized organization of administrative units, committees, and alliances; a local majority to fund a priority often reflects a minority of the university.

##### **CRISIS AS NORMAL**

But why spend on anything but basic needs in such a crisis? Crises have been annual since '08. The state lacks revenue and cuts CSU. At first, the CSU balks at raising fees, but then it does, albeit below the amount cut. This sequence could repeat as long as the underlying dilemma – the state budget gap – remains.

The reluctance to raise fees leads campus administrators to reduce per capita expenses, in part to build reserves that could backfill reduction for several years. This reluctance also inhibits the hiring of new permanent staff and the augmentation of entitlements to new work. As a result, funds are available for one-time allocations for deferred maintenance and renovation.

So, here is the rub. Many people expect the university to act as if in emergency. Instead, it has adapted to a new normal of certain reduction from the state and uncertain response from the system.

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### **NEW COMPACT**

There is a way out of this mess, but it requires facing reality and compromising. Under the Legislative Analyst’s direction, a team re-establishes the average funding for a CSU full-time equivalent student (ftes), indexed for wage increases and inflation. Another technical team projects enrollment.

These teams recall the technical committees behind the 1960 Master Plan. The legislature then accepts the principle that fees will increase as state support decreases. The increases can be offset nearly 50% by reducing the state university grant set-aside proportionately. A 5% fee increase, offset by a 5% decrease in state university grants, reduces the fee increase to 2.5%.

### **BRIDGING, SCALING**

If the projected amount per full-time equivalent student comes to below current costs, then CSU would have to deploy one-time reserves as a bridge until it could implement lasting change. Or it could direct the fee dollars from enrollment, beyond the ftes that the state will fund, to this bridge. We must be mindful as well that the gap between projected revenue and actual cost per ftes will scale as CSU grows. Thus, the lasting solution must be scalable, too.

For example, we have scaled to diminishing resources by increasing work/case/student load for an increasingly temporary corps of employees. Yet these economies have been canceled largely by the rising cost of benefits. This contradiction cannot persist. And we are, as a system, miserable at laying out even a vague plan for changing business practices, information systems, and technology in ways that not only enhance the users’ experience but also scale saving in purchases, mine data to maximize cost-saving decisions, and reduce duplicative functions that do not require co-location on each campus.

### **FEES**

This agreement risks crossing the third rail twice. It increases consumer cost by raising fees and lowering grants. But we no longer can afford among the nation’s lowest fees, the steepest means-tested discounts, and the most generous state grants. Those are feasible only when the general fund is flush. Tax policy, changing priorities, and the recession have drained it.

Further, when we adjust fees with grants, discounts, and scholarships, the students on average pay 1% of the CSU sticker price – a bargain still. And consider this. For the nearly 50% of undergraduates who transfer from community colleges to CSU, the price of a four-year degree is reduced at least by another 33% from full cost in the CSU. The public perception of fee payment differs vastly from reality. Obviously, to get a realistic approach to fee, we must change common beliefs.

Such an agreement anticipates budget cuts and responds predictably. It also makes clear what pundits ignore and demagogues deny: fee levels are linked to state funding levels. Unions are assured of basic wage increases but must accept their effect on fees. To generate more funds for wages than the index suggests, management and employees must collaborate on finding new revenues and achieving savings. The agreement is scalable. This is important. The state can draw down nearly \$2,000,000,000 in the CSU. Of all other funding streams into the CSU, only fees have a large enough multiplier effect, through enrollment, to make up for the loss in state funding.

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### LOCAL DECISIONS

A basic formula like this indicates the total resources that the university system needs from the state and fees, but it suggests sources and allocations only in the most general way. It is agnostic about whether state support comes from a special tax or the general fund. It is agnostic about whether fees should be levied by the credit, by the tiered number of credits, and/or by program. It is agnostic about whether to spend more on smaller classes, up-to-date technology, new tenure-track faculty, research, etc. Those decisions should be made as locally as possible.

We have spent too much time, at system levels, fussing over local questions while not forging an agreement on total resources. Further, these questions about how to collect and allocate should be answered with local knowledge about the goals of an organization and evidence as to whether they are being achieved. We aim to graduate students who are knowledgeable, skilled, and civically minded, in a timely way. Often they arrive with little academic capital. Do we levy fees in ways that encourage students both to persist and take courses efficiently? Are we spending effectively to reduce failures and hence repeats in classes? Questions like these are essentially for staying on mission and perhaps in public favor but inconsequential for resolving the scale of the financial dilemma

### **CONCLUSIONS:**

We plan now to help move the discussions forward. One of the incidental observations we took from the symposium was the spirit of the event itself. With fair representation of faculty and administration from various local campuses, from the legislature and Chancellors’ office as well as the LAO, a diverse cross section of the higher Ed community interests, the event could have easily become a contentious confrontation of competing opinions but it did not. There was a positive communal interest in looking for solutions and with that common concern most all who attended were open to consider the various ideas expressed. We believe this is because of a genuine concern shared by all for the important values of public higher education; that participants most were compelled to help protect this system for the greater good for its future.

Moving this critical discussion forward in a proactive way to better accommodate the bewildering demands of the future it is apparent that a similar spirit ought to follow the discussions. Admittedly the proposition of communal collaboration is challenging enough because of our various and sometime differing points-of-view and because of the oddity in human nature with our individual choices between security and adventure; between what is known and what is unknown, between the conservative sides of who we are and our competing desires of liberation and freedom. So, rather than be reactive to the strains of the current economic challenges we could accept our circumstances as an opportunity to be innovative, to accept our situation as an opportunity to reexamine what we do best and create a strategy to better position our mission as we navigate the buffetings of the future, rather than hunkering down to protect a sinking ship.

*“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, and 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,*

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*and each individual that the CSU comprises to model those capabilities as we respond to the challenges before us.” - Dean Joyce Feucht-Haviar*

The action items coming from this conference will be forth coming and we look forward to hearing from you regarding them as well as suggestions to moving them forward in a meaningful way.