

## Comments for the Board of Trustees Meeting, 1/22/2013

Governor, BoT, Chancellor, Presidents, Faculty, Students, and Friends of CSU,

California was hard hit from the recession and collapse of the housing market .... so we all appreciate the Governor's enormous effort to put a floor under our deeply damaged economy and lead California back to the road of solvency.

Of course, California needs a lot more new jobs. But there are already thousands of jobs open and unfilled in California, mostly because the people who apply for them don't yet have the required skills to do them. The CSU helps to educate Californians for skilled jobs and the new jobs that are actually going to be created.

So – what is the mission of the CSU? [ Answer CSUN's Mission Statement: The University's first priority is to promote the welfare and intellectual progress of students. To fulfill this mission, we design programs and activities to help students develop the academic competencies, professional skills, critical and creative abilities, and ethical values of learned persons who live in a democratic society, an interdependent world, and a technological age; we seek to foster a rigorous and contemporary understanding of the liberal arts, sciences, and professional disciplines.]

Now what does the Masterplan ask us to do? [ Answer: CSU's primary mission according to the Masterplan is to provide undergraduate education and graduate education through the master's degree including professional and teacher education. Faculty research is authorized consistent with the primary function of instruction. The CSU can award a specific applied doctorates and a Doctor of Education (Ed.D) Educational Leadership.]

The Masterplan has not functioned properly since the 1970's. Nonetheless, people like to hold up the plan's main tenets -- Access, Affordability, or Quality -- as functional, whenever it is convenient to do so.

So how does the GOVERNOR'S 2013-14 BUDGET support the mission and the master plan...and where does it fall short? The Governor's budget suggests profound changes in funding – general fund monies must start to cover the interest on the debt of capital projects and there needs to be benefit/pension reform. These are the big ticket costs.

So let's review our top priority for the coming year: improving graduation rates. All parties can support the Graduation Initiative. The Initiative comes down from the federal government. It is good for the state. It is good for students. Higher graduation rates speaks well for management and the faculty and all the support staff. The Graduation Initiative implicitly supports the need for research, justifies the hiring new faculty, and keeps the workload reasonable. Although starting college is no guarantee of completion -- only the student's hard work is -- the Graduation Initiative reminds us that it is high time that we find more efficient paths to complete an undergraduate or master's degree education. Let's work on improving graduation rates - it is a win-win for everyone.

And if this was all the Governor's Budget had to say, we would be struck with his brilliance and political expertise. But alas, it is hard to resist the temptation to offer conflicting objectives and add poorly thought-out fiscal policies to placate constituencies.

Where does the Governor's Budget solutions veer off track?

\* offer buy-backs in tuition fee; this was alluring to young voters, many of color and first time college goers; some were easily intimidated by political advocacy in the classroom and application process.

\* subverting the Chancellors' and Board of Trustees' authority in setting tuition fees.

\* suggesting spending cuts in a manner that degrades academics and research and crosses the line of academic freedom from government's interference.

Let's clear up a few points:

1. Tuition should not be controlled by the Legislature. The Legislature's job is the create a budget from the State General Fund. Legislators seem to have a great deal of trouble even performing their own jobs, leave alone ours. The Legislature has the authority to raise taxes. Tuition fee are not to be set by trailer bills attached to propositions to fund county prisons or anything else. Students and CFA should not be encouraged to subvert the proper funding process. This was an extremely poor way of creating a stable \$5 billion budget.

2. The state does not need only MORE degree holders: we need a larger, better educated work force and citizenry! Any suggestions to decrease the time to graduation which also lowers the standards, just wastes both the student's and the state's time and money.

3. College costs are not exploding at the CSU in terms of total dollars compared to any national measure – tuition fees have risen -- but they continue to be LOW. More than \$700 million is available in SUG funding. Many millions are available in Pell grants. A large portion of college costs have been met with new student loan program programs with low interest rates. Congress passed new rules for federal students loans guaranteeing the right to repay those loans as a clear, fixed, low percentage of the student's income for up to 20 years.

The Governor's Budget praises us for being one of the least expensive public university system's in the country and recognizes that the CSU graduates students with little debt. Then we are told that we are charging students too much tuition. It was true that fees rose rapidly and fell hard on a few. Many studies show that CSU costs are low by any numbers of measure, particularly when all the aid and loans are considered.

To the extent that an education is a private good -- most CSU graduates are doing well in the labor market --- they made a very good investment. To the extent that higher education is a public good --- the State of California has done well by the CSU. So stop telling students that they are paying too much.... NO APOLOGIES. One can obtain a first class education at 7K or 8K and that's still a hell of a bargain.

4. The Faculty have had no pay raise for many years. CSU already has one of the highest SFR in the US. The CSU faculty work extremely hard. We are nationally and internationally recognized for a significant contributions in research, creative activities, teaching, and community service.

The Governor's budget report says: "However, from 2007-08 to 2012-13, when other public agencies were retrenching, CSU expenditures increased by 3 percent ..... By comparison, over the past three years, personal income growth in California has averaged slightly less than 4 percent per year. California taxpayers cannot sustain institutions whose cost growth greatly outpaces the state's income growth." One thing is for sure, THE FACULTY'S INCOME GROWTH DID NOT MATCH THE CALIFORNIA'S INCOME GROWTH.

"Further, the Budget also proposes that the state continue to fund retirement contributions for CSU employees, based on the number of 2012-13 employees. If CSU chooses to add employees or increase wages beyond 2012-13 levels, CSU will be responsible for the associated costs. These two changes will require CSU to factor these costs into the university's overall fiscal outlook and decision-making process." It is time to rectify that situation. We have the funds for some general fund salary increases and equity raises.

Let's just say that there were some bad decisions made with respect to hiring and non-replacement of personal over the past few years. FIXING THE NUMBER OF EMPLOYEES IN AN GIVEN YEAR IS NOT A GOOD IDEA FOR MANY REASONS. LOOK AT TRENDS. MAKE STRATEGIC DECISIONS on GROWTH. GIVE OUR NEW CHANCELLOR SOME TIME TO STRAIGHTEN OUT THE MESS THAT HE INHERITED.

5. Research is important. 35% faculty are tenured in CSU , 55% are non-tenure track (so probably only 30% are doing research). IPEDS Data shows that the CSU average expenditure on student for research was around \$300 per student last year. Yet, nationally, the CSUN, Calstate Long Beach, & San Diego State are known to be among the top 15 universities for graduating STEM students from diverse backgrounds The CSU gives thousands of Hispanic and Afro-American students their primary research experiences needed to continue onwards in R&D careers and doctoral programs. Funded research generated \$1/2 billion in indirect last year. RESEARCH IS THE TICKET TO THE HIGHEST PROFESSIONAL AND MOST INNOVATIVE CAREERS. Do not cut the road to the highest path!

A specific example of ground-breaking work recently came out of Calstate San Luis Obispo. A new chemistry Professor, Andres Martinez, and two undergraduates students (Kevin Schilling and Anna Lepore) may have found a way to make a paper strip to test blood for a wide range of markers that requires no refrigeration, no sophisticated equipment, and no trained lab technicians and costs one penny per test. This is CALSTATE RESEARCH and it will have worldwide impact. Do you really think that Professor Martinez's time would be better spent teaching an additional class?

6. Online learning is not a panacea, but there are some very good and convenient aspects to online instruction. I

teach an online very semester, summer, and intersession. I enjoy the freedom and flexibility, but I know that a \$10 million investment in online courses is NOT the answer to the fiscal crisis. Do not expect big savings from online classes.

OK, let's focus on the revenue and expenses that really drive the system.

Enrollment - it appears that the CSU cut enrollment for political reasons. Further, it is likely that the CSU LOST money cutting enrollment. What might be good politics does not work well in the academia...because the purpose of higher education is not to get funding.... it to help individuals from diverse backgrounds become more knowledgeable, analytical, creative, fair, honest, contributing members of society. We need to evaluate whether we would be better off giving campuses more local control of their enrollment targets.

Where will large cost savings can come from?

- from better understanding our marginal costs and employing more sophisticated enrollment strategies and differential tuition.
- from funding more of Advancement's costs from auxiliary sources.
- from controlling the costs of capital projects and cutting maintenance costs.
- from asking students to do work-study, service learning, and internships in exchange for their SUG financial aid.

In the longer run, we also need pension/benefit reform.

No savings can come by cutting research and forcing faculty to teach another class.

Some relatively small cost savings can come from limiting excessive unit loads. It might be a good idea to study tuition priced by the unit.

THE CSU's PROBLEMS ARE SOLVABLE. Give the faculty and management the time to work them out. Don't politicize our business which we operate in the best interests of our students and employees.

Lastly, let's all dedicate ourselves to jointly improving the CSU, while retaining some perspective of our state's overall need for social funding. We must not fund higher education at the expense of the weak and the vulnerable. It is for us - the strong and the able -- to protect those who have no lobbies or unions and can not vote.